

NORTHAMPTON BOROUGH COUNCIL
Overview and Scrutiny Committee

Your attendance is requested at a meeting to be held in The Jeffrey Room,
The Guildhall, St. Giles Square, Northampton, NN1 1DE on
Thursday, 11 August 2016 commencing at 6pm

D Kennedy
Chief Executive

If you need any advice or information regarding this agenda please phone Tracy Tiff, Scrutiny Officer, telephone 01604 837408 (direct dial), email ttiff@northampton.gov.uk who will be able to assist with your enquiry. For further information regarding **Overview & Scrutiny Committee** please visit the website www.northampton.gov.uk/scrutiny

Members of the Committee

Chair	Councillor Jamie Lane
Deputy-Chair	Councillor Brian W Sargeant
Committee Members	Councillor Tony Ansell Councillor Rufia Ashraf Councillor Mohammed Azizur Rahman (Aziz) Councillor John Caswell Councillor Janice Duffy Councillor Terrie Eales Councillor Elizabeth Gowen Councillor Phil Larratt Councillor Dennis Meredith Councillor Nilesh Ramesh Parekh Councillor Samuel Shaw Councillor Zoe Smith Councillor Graham Walker

Northampton Borough Overview & Scrutiny Committee

Agenda

Item No and Time	Title	Pages	Action required
1	Apologies		Members to note any apologies and substitution
2	Deputations/Public Addresses		<p>The Chair to note public address requests.</p> <p>The public can speak on any agenda item for a maximum of three minutes per speaker per item. You are not required to register your intention to speak in advance but should arrive at the meeting a few minutes early, complete a Public Address Protocol and notify the Scrutiny Officer of your intention to speak.</p>
3	Declarations of Interest (Including Whipping)		Members to state any interests.
4	Call-In of Cabinet Decision of 13 July 2016; Item 7:- Update on Recovery of Sixfields Loan Money	1 - 7	<p>Called in by Councillors Danielle Stone and Arthur McCutcheon (copy attached).</p> <p>Item 7, decision taken on Wednesday, 13 July 2016:</p> <p>Decision: “Cabinet approved to transfer up to £500,000 from the Future Pressures Earmarked Reserve for professional fees to continue the recovery of monies lent to Northampton Town Football Club (NTFC).”</p> <p>Procedure for the Call-In Hearing Public speakers will be asked to address the Committee; a maximum of three minutes is given to each to make comment.</p> <p>The Call-In Authors, Councillors Danielle Stone and Arthur McCutcheon, will be invited to expand upon their reasons for concern, following which the Overview and</p>

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		<p>Scrutiny Committee will question the Call-In Authors.</p> <p>Councillor Mary Markham, Leader of the Council, and Councillor Brandon Eldred, Cabinet Member for Finance, will be invited to make a presentation outlining their main reasons for the decision. The Committee will then put questions to the Cabinet Members and Officers.</p> <p>Officers will be invited to give evidence and respond to the Overview and Scrutiny Committee's questions. The Officers will be asked to give their reasons for any recommendations or advice to Members. A question and answer session will follow.</p> <p>The Call-In Authors will then be given the opportunity to add any points of clarification before any resolution or recommendation is moved.</p> <p>The Chair will then sum up the findings regarding the Cabinet decision. If there are still concerns, the Chair will lead in the determination of the recommendation with reasons for consideration by Cabinet. At the conclusion of the debate and following response to all matters raised, the Chair will ask the Committee to vote to determine whether or not it upholds the decision of the Cabinet.</p>
5	Exclusion of the Public and Press	<p>The Chair to Move:</p> <p>“that the public and press be excluded from the remainder of the meeting on the grounds that there is likely to be disclosure to them of such categories of exempt information as defined by section 100(1) of the Local Government Act 1972 as listed against such items of business by reference to the appropriate</p>

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			paragraph of Schedule 12a to such act.”
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Agenda Item 4

We wish to 'call in' the Cabinet decision (Item 7, 13th July 2016) as the report gave insufficient detail and information for the decision to have been taken.

The decision was,

“Cabinet approved to transfer up to £500,000 from the Future Pressures Earmarked Reserve for professional fees to continue the recovery of monies lent to Northampton Town Football Club (NTFC).”

- 1) It is not explained in the report how the figure of £500,000 is derived?
- 2) We need to know the detail of the expected spend of an additional £500,000.
- 3) The land around NTFC was the security for the £10.25 million loan. Why then is recovery necessary? Collateral is the surety.
- 4) So far Northampton Borough Council has not been successful in recovering the loan and therefore there is a serious risk this £500,000 will not be recovered.
- 5) What is a realistic expectation of how much of the monies will be recovered?

Call-In Authors

Cllr Danielle Stone

Cllr Arthur McCutcheon



CABINET REPORT

Report Title	UPDATE ON RECOVERY OF SIXFIELDS LOAN MONEY
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	13 th July 2016
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Borough Secretary and Finance
Accountable Cabinet Member:	Councillor Markham
Ward(s)	St James

1. Purpose

- 1.1 The purpose of this report is to provide an update on steps that have been taken to recover the Sixfields loan money, and to request that further reserves be made available to continue the recovery of these monies.

2. Recommendations

2.1 That approval is given to:

1. Transfer upto £500,000 from the Future Pressures Earmarked Reserve for professional fees to continue the recovery of monies lent to Northampton Town Football Club (NTFC).

3. Issues and Choices

3.1 Report Background

- 3.1.1 At its meeting on 24th November 2015, Cabinet was updated on progress towards resolving the position with regards to loans outstanding to NTFC. At this meeting Cabinet agreed to use existing budgets and reserves (if required) to finance the additional costs of resolving the position and attempting to recover the loan monies.
- 3.1.2 The Cabinet Report estimated that the cost of the initial professional fees from legal and financial experts would be £200k, and that the costs associated with the recovery of monies would be £250k. This amount of £450k has now been spent or committed on the activity outlined below.
- 3.1.3 On-going work has included:
- The cancelling of the loans and the land agreement following non-payment of monies due under the loan facility;
 - The use of specialist administration and insolvency advice, prior to the sale of NTFC;
 - The recovery phase, including forensic accounting on the NTFC records, the issuing of injunctions and commencement of proceedings against the individuals and companies concerned;
 - Liquidation of 1st Land Ltd and related parties.

3.2 Issues

- 3.2.1 The work to date has been successful in establishing a firm position from which the Council can continue its work to recover monies.
- 3.2.2 However, further monies will be required to continue with this recovery. It is estimated that an additional amount of up to £500k will be required for this. It is requested that this additional money be made available from existing reserves, specifically the Future Pressures Earmarked Reserve.
- 3.2.3 To ensure the costs of the recovery of the loan monies and liquidation of 1st Land Limited are minimised the Council will continue to utilise a mix of external and internal professional advice. The Council is also using Conditional Fee Arrangements, colloquially known as “no win no fee arrangements” to risk share on certain recovery streams.

3.3 Choices (Options)

- 3.3.1 Not commit any further resources to the attempted recovery of the loan monies.
- 3.3.2 Set aside a further amount from reserves to allow the attempted recovery of the loan money to continue.

4. Implications (including financial implications)

4.1 Policy

4.1.1 No policy implications

4.2 Resources and Risk

Financial Implications.

4.2.1 By continuing to fund the attempted recovery of monies, the Council will retain the potential to recover, in total or in part, the monies that were lent to NTFC and passed on to third parties.

4.2.2 These costs are anticipated to be funded through reserves on a temporary basis. It is intended, as mentioned in the Cabinet report on 24th November 2015 that these costs will ultimately be recovered through either the recovery of monies from the individuals and companies concerned, and/or the sale of the development land at Sixfields.

4.2.3 Throughout this process it is important that the Council ensures that the money being spent on the attempted recovery is obtaining value for money. It is therefore important to balance the potential recovery of the monies for the taxpayer with the amount being spent on that recovery. This value for money position is being regularly monitored.

Risks

4.2.4 There is a litigation risk – any actions taken are subject to legal process, and there can be no guarantee of the successful recovery of the monies. There is therefore a risk that the Council will be unable to trace or recover, in total or in part, monies that were lent to NTFC and passed on to third parties. However, litigation risks will be minimised so far as possible and will be considered continuously through the recovery process.

4.3 Legal

4.3.1 All legal issues are covered in the body of this report.

4.4 Equality and Health

4.4.1 No particular implications have been identified.

4.5 Consultees (Internal and External)

4.5.1 The Leader of the Council, Executive Members and Officers are being consulted at all stages of this work.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The intention of this work is to protect the public purse.

4.7 Other Implications

4.7.1 None

5. Background Papers

5.1 Report to Cabinet meeting of 24th November 2015

**Glenn Hammons
Chief Finance Officer**

**Francis Fernandes
Borough Secretary**

Item No 7: Update on Recovery of Sixfields Loan Money

Councillor Beardsworth commented that she had concerns about the report, and questioned the long term value of spending a further £500,000 on the overall money that was hoped to be recovered. She stated that she supported pursuing those responsible for taking the money and questioned whether the administration would consider approaching blue chip companies to buy or redevelop the associated land.

The Leader, in response, commented that the Administration were speaking to a wide range of people interested in redeveloping the land but that the onus was on retrieving the money from the people who took it.

Councillor Meredith commented that he did not agree with taking the money out of reserves but agreed that the money should be pursued from the perpetrators. He stated that there was not enough information relating to what the extra funding would be spent on and noted that he thought that a consultation should have been undertaken.

Councillor Stone stated that there was a need to protect public funds and agreed that the money needed to be recovered but questioned why extra funding was needed. She stated that the cost was not only financial but had impacted on the credibility of the Council. She questioned what the parameters were and what risks were involved in spending further funds.

Councillor Birch questioned what form the recovery of the money would take.

Councillor McCutcheon questioned whether it would be plausible for a blue chip company to purchase and/or re-develop the land around the Sixfields Stadium and commented that there was a need to have more clarity on the issue to properly determine the risks and values and stated that the Labour Group were considering calling in the decision should it be agreed by Cabinet.

Councillor Russell questioned what steps were being taken to reduce the litigation risks.

The Leader stated that whilst the original estimated costs of the initial professional fees from legal and financial experts had been exceeded, it had been a necessity due to procedures that had to legally be followed but that for some part of the negotiations solicitors had been engaged on a 'no win,

no fee' basis. The Leader noted that it was imperative that whilst ongoing talks was had with interested parties, those responsible for taking the money had to be pursued and held accountable for their actions. She further noted that there had previously been cross party support for action to be taken against those responsible and questioned the oppositions commitment to the retrieval of the money. It was noted that the Administration did not intend to spend more money that was necessary and that it was being monitored on a weekly basis. She urged the opposition to reconsider calling in the decision as the delay would potentially jeopardise urgent issues being resolved in the retrieval of the money.

Councillor Eldred, as the Cabinet Member for Finance, commented that the opposition were effectively asking the Administration to give up on the notion of retrieving the money and stated his, and the Cabinet Members commitment to pursuing those responsible. Councillor Nunn stated the continued assurance to retrieve as much of the money as possible and there was an obligation to the tax-payers to do so.

RESOLVED:

That a transfer of up to £500,000 from the Future Pressures Earmarked Reserve for professional fees to continue the recovery of monies lent to Northampton Town Football Club (NTFC) be approved. .



**NORTHAMPTON
BOROUGH COUNCIL**

CABINET

WEDNESDAY, 13 JULY 2016

DECISIONS

PRESENT:	Councillor Markham (Chair); Councillor Nunn (Deputy Chair); Councillors Hallam, Hadland, Bottwood, Eldred, Hibbert and King .
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Set out below is a summary of the decisions taken at the meeting of the Cabinet held on Wednesday, 13 July 2016. The wording used does not necessarily reflect the actual wording that will appear in the minutes.

These decisions will come into force and then may be implemented on the expiry of three working days after the publication of this list.

If you have any queries about any matters referred to in this decision sheet please contact Emma Powley.

THIS LIST OF DECISIONS PUBLISHED:	<u>14th July 2016</u>
DATE OF EXPIRY OF CALL IN:	<u>19th July 2016 AT 17:00 HOURS</u>

Agenda Item No	Declaration/Conflict of Interests: None
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7. UPDATE ON RECOVERY OF SIXFIELDS LOAN MONEY

Cabinet approved to transfer up to £500,000 from the Future Pressures Earmarked Reserve for professional fees to continue the recovery of monies lent to Northampton Town Football Club (NTFC).

Agenda Item No	Declaration/Conflict of Interests: None
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8. FINANCE AND MONITORING OUTTURN 2015-16

1. Cabinet noted the outturn for the General Fund and Housing Revenue Account for the financial year 2015/16 as set out at Appendix 1 and Appendix 5 of the report.
2. Cabinet approved the contributions to General Fund Revenue Earmarked Reserves as shown in Appendix 3 of the report.

3. Cabinet approved the net movement in Housing Revenue Account Reserves and working balances as set out at Appendix 6 of the report.
4. Cabinet noted the outturn for the Council's General Fund and Housing Revenue Account Capital Programmes for 2015/16 and how the expenditure was financed as set out at Appendix 4 and Appendix 7 of the report.
5. Cabinet approved the carry forward for revenue and capital schemes from 2015/16 into 2016/17.
6. Cabinet noted the outturn for Northampton Partnership Homes for 2015/16 as set out at Appendix 8 of the report.