

## **COUNTY COUNCIL**

**22 SEPTEMBER 2021**

### **PUBLIC QUESTIONS**

#### **QUESTION FROM MR M CUNNINGHAM**

Reading from the Council's latest Statement of Accounts on Page 124, I note that the Council holds a remainder, from the original gift of Six Millions Sterling of taxpayers' cash: of Three Million One Hundred and Sixty Thousand Pounds Sterling which has been 'invested' (my emphasis) in redeemable preference shares in Durham Cricket Community Interest Company (D.C.C.I.C.); formerly the Durham County Cricket Club.

My training and expertise is in heavy Electrical Engineering, and not in Finance, but, having studied the Accounts of the D.C.C.I.C., even a neophyte or mere beginner would swiftly realise that there is little or no chance of seeing even a fraction of that cash owed the Council being either available or still there at the end of the "Loan period" (again, my emphasis), mainly due to the parlous financial position of the aforementioned D.C.C.I.C.; which owes nearly £6 million pounds Sterling.

The Council's duty is to supervise and care for the cash entrusted to it by the people who voted for you, and should make every effort to recoup any money handed to prop up inadequately financed and poorly-run risky endeavours.

As I have previously stated, I am no financial expert, but I would ask the Leaders of the New Administration if we should not indeed see the Council, as the majority Debtor, strongly advise the D.C.C.I.C. directors that they should provide new capital; and allow the redemption of the Loan: or look at the viability of forcing this Company into Liquidation, sell the land to a developer, and see the return of Council Taxpayer's cash from the developer back into the Council's bank accounts?

#### **RESPONSE**

Can I thank Mr Cunningham for his question.

Durham County Cricket Club is one of the only major representative sports teams that represent the county on the national stage and able to bring international sport to the county and ensure the county of Durham receives exposure on a global stage.

This has been recognised in the past, with the county council providing financial support to the club in the form of loans, very much in line with the support other local authorities across the country have provided to their county cricket clubs. At the same time, the council has always sought to be prudent in the funding provided, has set clear expectations on repayment of any sums it has loaned it and has sought to protect the public funding invested.

In this regard the county council provided loans of £4.3 million to the cricket club between 2009 and 2014, a period that culminated in the staging of an Ashes five day game at Chester-le-Street in 2013. Over the period 2009 to 2017 the cricket club repaid £560,000 of principal repayments and were also required to pay £750,000 of interest that was being charged at rates of up to 7.5%. This interest return to the council being significantly higher than what the council could have received from investing this sum elsewhere.

During 2016 and 2017 the council worked in partnership with the English Cricket Board to secure the future of the cricket club. As part of this arrangement the English Cricket Board agreed to write off all of their debt whilst the council agreed to convert its remaining outstanding debt of £3.740 million into ten year redeemable preference shares. In this circumstance the redeemable preference shares do not attract dividend payments but the value of the redeemable preference shares must be repaid to the council over the 10 year period to 2027.

In that regard the cricket club have continued to commit to repay sums to reduce the value of the sum to be redeemed even during the period of the pandemic. In total since 2017 the club have redeemed £780,000 from the outstanding sum, resulting in the sum still to be redeemed reducing to £2.960 million currently.

The council have board membership to the club and have access to all financial performance information. This would indicate that the club are in a stronger position that at any time over the last 10 years and are now receiving additional income in relation to the new 'hundred' cricket competition.

To summarise, the council has provided £4.3 million of financial support to the cricket club, with this support provided a number of years ago now. To date the cricket club have repaid or redeemed £1.340 million or 30% of this sum, with £2.960 million still left to be redeemed. Interest repayments of £760,000 have been received. In line with the 10 year redemption deadline, the council fully expects that the outstanding £2.960 million will be redeemed by 2027 and are content that the improved financial position of the club will ensure this is the outcome that is achieved.