

Record of Urgent Decision taken by Head of Paid Service for the North East Combined Authority

Consultation and Agreement

The Chair and the Vice Chairs of the NECA have not been consulted on this urgent decision. The NECA Constitution provides that the Head of Paid Service can take operational decisions as a matter of urgency in the interests of NECA. Ordinarily such decisions will be taken in consultation with the Chair and Vice Chairs of the Leadership Board. However, the Constitution provides that such consultation should take place if it is practicable to do so. Given the timescales set out below, it has not been possible for the Head of Paid Service to consult with the Chair and Vice Chairs on this particular occasion.

The Monitoring Officer and Chief Finance Officer have been consulted by the Head of Paid Service in relation to this urgent decision.

Record of the Decision

1. Subject of Decision

Authority to be given to the Monitoring Officer to execute on behalf of NECA the Intercreditor Deed and Deed of Subordination relating to the Assignment of the Durham Cricket Limited debt and Security held by CR Financial Solutions Limited to the England and Wales Cricket Board.

2. Thematic Area

Economic Development and Regeneration

3. Executive Summary

Durham County Cricket Club (now Durham Cricket Limited) has been provided with both secured and unsecured loans from various sources including CR Financial Solutions Limited (CRF). CRF have a secured loan. It is now proposed that the CRF secured loan be assigned to the England and Wales Cricket Board (the ECB) and that the ECB become the senior lender to Durham Cricket.

As has been widely publicised, Durham Cricket Ltd is in financial difficulty and various arrangements have been made to ensure that Durham Cricket can continue to operate. Part of those arrangements included the ECB taking over the secured loan given to Durham Cricket by CRF.

The Intercreditor Deed has the affect of having the ECB “standing in the shoes” of CRF in terms of the secured loan advanced by CRF. Therefore, nothing has changed in terms of NECA being amongst the subordinate creditors of Durham Cricket. The new arrangements simply mean that the identity of the leading creditor has changed.

External legal advice has been provided to the LEP by Ward Hadaway in relation to the Intercreditor Deed and Deed of Subordination.

The Solicitors for the ECB require the Deeds duly executed by NECA today. NECA only became aware of the existence of the Deeds late yesterday afternoon.

Given the extremely tight timescales, it has not been possible to consult with the Chair and Vice Chairs of NECA. I have consulted with the Monitoring Officer and Chief Finance Officer of NECA.

4. **Alternative Options Considered**

Option 1

To authorise the Monitoring Officer to execute the Intercreditor Deed and Deed of Subordination after due consideration of the Deeds.

Option 2

Not to authorise the Monitoring Officer to execute the Intercreditor Deed and Deed of Subordination.

5. **Decision:**

To authorise the Monitoring Officer to sign the Intercreditor Deed and Deed of Subordination after due consideration of the Deeds.

6. **Reason for Decision**

After consideration of the legal advice provided by Ward Hadaway and considering the comments of the Monitoring officer and the Chief Finance Officer I consider that it is in the interests of NECA to have the Monitoring Officer execute the Deeds on behalf of NECA and thus ensure that the Durham Cricket Ltd continues to operate and thus continue to repay the monies due to NECA under its loan.

7. **Date of Consultation with the Monitoring Officer and their Comments**

1 November 2016

The LEP have received external legal advice on the arrangements set out above. In effect nothing will change after execution of the Deeds in terms of NECA remaining a subordinate creditor of Durham Cricket Ltd. It simply means that the ECB is the leading creditor rather than CRF.

8. **Date of Consultation with Chief Finance Officer and their Comments**

1 November 2016-11-01

I understand from the legal advice that I have been given that the assignment does not change the current financial terms of the loan arrangements. On this basis I am satisfied that the agreement can be signed. The LEP and NECA will continue discussions to seek the full repayment of the loans with interest, including the early repayment of the loans.

9. **Date of Publication**

1 November 2016

10. **Implementation Date**

1 November 2016