

Agenda

www.oxford.gov.uk



Council

Date: **Tuesday 15 May 2018**

Time: **4.00 pm**

Place: **Council Chamber, Town Hall**

For any further information please contact:

Jennifer Thompson, Committee and Members Services Officer

Telephone: 01865 252275

Email: democraticservices@oxford.gov.uk

The civic Mayor Making ceremonies for Councillors and invited guests start at 5.00pm.

If you intend to record the meeting, it would be helpful if you speak to the Committee Services Officer before the start of the meeting.

This meeting will also be available via a webcast. The webcast will be available to view on the City Council's website after the meeting.

Council

Membership

Lord Mayor

Councillor Jean Fooks

Deputy Lord Mayor

Councillor Christine Simm

Sheriff

Councillor Mohammed Altaf-Khan

Members

**Councillor Lubna Arshad
Councillor Jamila Begum Azad
Councillor Shaista Aziz
Councillor Nadine Bely-Summers
Councillor Susan Brown
Councillor Nigel Chapman
Councillor Mary Clarkson
Councillor Colin Cook
Councillor Tiago Corais
Councillor Steven Curran
Councillor Hosnieh Djafari-Marbini
Councillor Alex Donnelly
Councillor James Fry
Councillor Andrew Gant
Councillor Stephen Goddard
Councillor Angie Goff
Councillor Michael Gotch
Councillor Mick Haines
Councillor Paul Harris
Councillor Tom Hayes
Councillor David Henwood
Councillor Alex Hollingsworth
Councillor Richard Howlett**

**Councillor Rae Humberstone
Councillor Dan Iley-Williamson
Councillor Martyn Rush
Councillor Pat Kennedy
Councillor Tom Landell Mills
Councillor Ben Lloyd-Shogbesan
Councillor Mark Lygo
Councillor Sajjad Malik
Councillor Joe McManners
Councillor Chewe Munkonge
Councillor Susanna Pressel
Councillor Mike Rowley
Councillor Craig Simmons
Councillor Linda Smith
Councillor Roz Smith
Councillor John Tanner
Councillor Richard Tarver
Councillor Sian Taylor
Councillor Marie Tidball
Councillor Ed Turner
Councillor Louise Upton
Councillor Ruth Wilkinson
Councillor Dick Wolff**

The quorum for this meeting is 12 members

Copies of this agenda

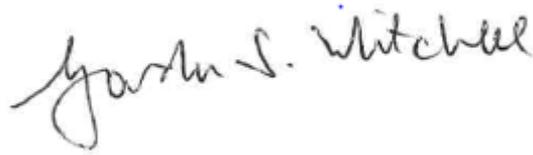
Reference copies are available to consult in the Town Hall Reception. Agendas are published 6 working days before the meeting and the draft minutes a few days after.

All agendas, reports and minutes are available online and can be:

- viewed on our website – mycouncil.oxford.gov.uk
- downloaded from our website
- viewed using the computers in the Customer Services, St Aldate's, or
- subscribed to electronically by registering online at mycouncil.oxford.gov.uk

Summons

A meeting of the City Council will be held in the Council Chamber, Town Hall, on Tuesday 15 May 2018 at 4.00 pm to transact the business set out below.



Proper Officer

AGENDA

Pages

PART 1 - PUBLIC BUSINESS

- 1 **Election of Lord Mayor for the Council year 2018/19**
- 2 **Election of Deputy Lord Mayor for the Council year 2018/19**
- 3 **Election of Sheriff for the Council year 2018/19**
- 4 **Apologies for absence**
- 5 **Declarations of interest**
- 6 **Announcements by the Lord Mayor or Head of Paid Service**
- 7 **Election of Council Leader from May 2018 to May 2020**

Council is asked to elect a Leader of Council in accordance with the Council's executive arrangements as set out in the Constitution for a term of office beginning immediately and ending on the day of the annual Council meeting in 2020 (following all-out elections scheduled for May 2020).
- 8 **Report of the Leader of Council**

Council may receive and note a report from the Leader on:

 1. the appointment of the Deputy Leader of the Council;
 2. the appointment of City Executive Board Members;
 3. the appointment of a member of the Oxfordshire Growth Board;
 4. the appointment of a member and substitute for each of the three Oxfordshire Growth Board sub-groups (see report at item 9):

- a. Infrastructure
 - b. Housing
 - c. Joint Statutory Spatial Plan
5. the appointment of Shareholders for:
- a. Oxford City Housing Limited
 - b. Oxford West End Development
 - c. Oxford Direct Services Company; and
6. the Executive Scheme of Delegation (either as set out in the Council's Constitution or amended)

The Leader may confirm or change these appointments and set the scheme of delegation separately by notification in writing to the Head of Law and Governance.

9 Appointment to Council Committees 2018/19

9 - 16

The Head of Law and Governance has submitted a report inviting Council to appoint non-executive and regulatory committees for the Council year 2018/19 and members to serve on these.

Council is recommended to:

1. **Approve** the committee structure for non-executive and regulatory decision making and the Scrutiny function, as defined within the Council's constitution and set out in Appendix 1: Committee structure;
2. **Approve** the methods, calculations and conventions used in determining political representation on committees as outlined in the report and set out in Appendix 2: Political proportionalities on all non-executive and regulatory committees (other than those to be appointed on an ad hoc basis) 2018-19;
3. **Approve** the appointment of nominated members to non-executive and regulatory committees in accordance with the requirements of political proportionality and the nominations made by political groups, as set out in Appendix 3: Committee nominations 2018-19;
4. **Agree** that all members of Council will form the pool of members able to observe on appeals and some grievances panels;
5. **Appoint** the Chair of the Scrutiny Committee and two other non-executive member representatives to the Oxfordshire Growth Board Scrutiny Panel;
6. **Appoint** one non-executive member to the Joint Oxfordshire Health Overview and Scrutiny Committee (the nominated member is included in Appendix 3: Committee nominations 2018-19);
7. **Authorise** the Head of Law and Governance to make any changes to the constitution as a consequence of these decisions.

10 Conferring of title of Honorary Aldermen and Honorary Alderwomen of Oxford City Council

Council agreed a Scheme for the Enrolment of Honorary Aldermen and Honorary Alderwomen at its [meeting on 23 April 2018](#).

The Monitoring Officer has received three valid nominations for the position of Honorary Alderman or Honorary Alderwoman. Councillor Brown, Councillor Gant and Councillor Thomas have jointly nominated Bob Price, Jean Fooks and Gill Sanders for this honorary award.

Council is therefore asked to agree to convene a special meeting to formally confer these awards, in accordance with the provisions of Section 249 of the Local Government Act 1972.

Recommendation: that Council resolves to

convene a special meeting to be held at a later date to confer the title of Honorary Alderman or Honorary Alderwoman on Bob Price, Jean Fooks and Gill Sanders, in recognition of their eminent services to the city as former members of Oxford City Council.

11 Loan Guarantee to Oxford Harlequins RFC

17 - 24

The Heads of Financial Services and of Community Services have submitted a report to the [City Executive Board](#) meeting on Tuesday 15 May at 3.00pm asking the CEB to consider a loan guarantee to Rugby Football Union in respect of a loan of up to £100k to Oxford Harlequins Rugby Football Club and make a recommendation to this meeting.

Recommendations: subject to the decision of the City Executive Board Council is recommended to resolve:

provide a loan guarantee to the Rugby Football Union in respect of a loan of up to £100k to Oxford Harlequins Rugby Football Club for funding improvements to changing room facilities at Horspath Athletic Grounds, on terms agreed in advance by both the Council's Head of Financial Services and the Executive Director for Sustainable City.

12 Matters exempt from publication and exclusion of the public

If Council wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding agenda items it will be necessary for Council to pass a resolution in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 specifying the grounds on which their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Part 1 of Schedule 12A of the Act if and so long as, in all the

circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(The Access to Information Procedure Rules – Section 15 of the Council’s Constitution – sets out the conditions under which the public can be excluded from meetings of the Council)

UPDATES AND ADDITIONAL INFORMATION TO SUPPLEMENT THIS AGENDA ARE PUBLISHED IN THE COUNCIL BRIEFING NOTE.

Additional information, councillors’ questions, public addresses and amendments to motions are published in a supplementary briefing note. The agenda and briefing note should be read together.

The Briefing Note is published as a supplement to the agenda. It is available on the Friday before the meeting and can be accessed along with the agenda on the council’s website.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed “Declarations of Interest” or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council’s area; licenses for land in the Council’s area; corporate tenancies; and securities. These declarations must be recorded in each councillor’s Register of Interests which is publicly available on the Council’s website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members’ Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members’ Code of Conduct says that a member “must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself” and that “you must not place yourself in situations where your honesty and integrity may be questioned”. What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member’s spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

This page is intentionally left blank

To: Annual Council
Date: 15 May 2018
Report of: Head of Law and Governance
Title of Report: Appointment of Committees for the Council Year 2018-19

Summary and recommendations	
Purpose of report:	For Council to appoint non-executive and regulatory committees and the members serving on those committees for the Council year 2018-19
Key decision:	No
Legislation:	Local Government and Housing Act 1989 (Section 15)
Recommendation(s): Council is recommended to:	
<ol style="list-style-type: none"> 1. Approve the committee structure for non-executive and regulatory decision making and the Scrutiny function, as defined within the Council's constitution and set out in Appendix 1: Committee structure; 2. Approve the methods, calculations and conventions used in determining political representation on committees as outlined in the report and set out in Appendix 2: Political proportionalities on all non-executive and regulatory committees (other than those to be appointed on an ad hoc basis) 2018-19; 3. Approve the appointment of nominated members to non-executive and regulatory committees in accordance with the requirements of political proportionality and the nominations made by political groups, as set out in Appendix 3: Committee nominations 2018-19; 4. Agree that all members of Council will form the pool of members able to observe on appeals and some grievances panels; 5. Appoint the Chair of the Scrutiny Committee and two other non-executive member representatives to the Oxfordshire Growth Board Scrutiny Panel; 6. Appoint one non-executive member to the Joint Oxfordshire Health Overview and Scrutiny Committee (the nominated member is included in Appendix 3: Committee nominations 2018-19); 7. Authorise the Head of Law and Governance to make any changes to the constitution as a consequence of these decisions. 	

Appendices	
Appendix 1	Committee structure
Appendix 2	Political proportionalities on all non-executive and regulatory committees (other than those to be appointed on an ad hoc basis) 2018-19
Appendix 3	Committee nominations 2018-19 (to be circulated separately in the Council Briefing Note)

Introduction and background

1. This report invites Annual Council to appoint non-executive and regulatory committees for the 2018-19 Council year in accordance with the Full Council Procedures set out in section 11.1 (g) and (h) of the Council's constitution.
2. The allocation of committee seats to political groups and nominations to those seats will be circulated separately in the Council Briefing Note, following a review of the Council's political balance.
3. The Local Government and Housing Act 1989 (Section 15) ("The Act") provides a statutory basis for the allocation of seats to political groups based on principles of political proportionality. To enable this the Council has to provide for:
 - a. Political Groups to be formed and Group Leaders elected.
 - b. Seats on committees to be allocated to political groups in accordance with the requirements of the Act.

Formation of Political Groups

4. Individual members are required to indicate a wish to be a member of a particular political group (or cease to be a member of a political group). Political groups comprise two or more members who have indicated that they wish to be a member of that group by signing a notice to the proper officer, the Head of Law and Governance. The Group Secretaries of established groups will normally hold and co-ordinate these notices (commonly known as political group forms). The notice must include the name of the Group Leader and can also include the name of the Deputy Group Leader.
5. Once political groups have been formed, changes to the membership and leadership of groups can be made by notice to the Head of Law and Governance. A change of group leader must be notified by a majority of group members.
6. Any changes to the membership of political groups following Annual Council would affect the political balance of the Council and trigger a review of the allocation of committee seats.

Political balance calculations

7. Council has a duty to appoint to most committees using the principles of political proportionality set out in the Local Government and Housing Act 1989. These principles should be read hierarchically:

- Where there is more than one political group, all seats must not be allocated to the same group.
 - The majority of seats must be allocated to the group with the majority on the Council.
 - When considering all seats available for allocation the total of those given to each group should match their representation on the Council overall.
 - The number of seats on each individual committee allocated to groups should match their representation on the Council overall.
8. Applying these principles may not result in a precise mathematical allocation of seats. In these cases officers will round up at 0.5 and above.
 9. In the event that achieving political proportionality on all committees results in an overall over-allocation of seats to a particular group, the group with the over-allocation will be asked which seat(s) they wish to relinquish. Any such seats will then be reallocated to group(s) with an overall under-allocation of seats. This process may involve some discussion between political groups.
 10. Non-grouped independent members are not treated as political groups in political balance calculations but do affect overall proportionality and should ordinarily be offered any seats left over once all groups have received their full proportional allocation of seats. The Council's independent member has confirmed that he does not wish to be allocated any committee seats and has therefore not been included in the political balance calculations.
 11. The requirements of political proportionality do not apply to the City Executive Board or Licensing and Gambling Acts Committee, although the convention is that Council does apply the principles of political proportionality in the case of the Licensing and Gambling Acts Committee.
 12. Tables 2 and 3 in Appendix 2 (to be circulated in the Briefing Note) show the numbers of non-executive and regulatory committee seats allocated to political groups for the 2018-19 Council year on the basis of the methods, calculations and conventions described in paragraphs 7-11.

Appointments to Council Committees

13. Table 1 in Appendix 1 shows the Council's current committee structure, which Annual Council is recommended to approve. There are a total of 72 committee seats to be included in political balance calculations.
14. The committee structure will be subject to a review as part of an annual review of the Council's constitution. This will be considered at a future meeting of Full Council, with any agreed changes to the committee structure to be implemented from the start of the 2019-20 Council year. Council is therefore invited to appoint to the current committee structure for the whole of the 2018-19 Council year.
15. Table 4 in Appendix 3 (to be circulated separately in the Briefing Note) shows the nominations to committee seats made by political groups, in accordance with the seat allocations shown in Appendix 2. Council is recommended to approve the appointment of the nominated members to committees as set out in Appendix 3.
16. There will be a standing item on Full Council agendas to enable political groups to propose any changes to their committee appointments, should they wish to do so.

17. The Scrutiny Committee may establish sub-committees (known as standing panels) or review groups (otherwise known as ‘task and finish’ groups). Membership of these bodies can be drawn from all non-executive members and the principles of political proportionality do not apply. Nominations to these bodies will be handled separately, once they have been established.

Appeals and grievances

18. The Council’s HR policies require that should an appeal be received against a decision to dismiss an employee, then a hearing should be observed by an elected member. The same applies to certain appeals within the Council’s grievance procedure. A pool of members is required and Council is recommended to agree, as in previous years, that this pool consists of all members of Council.

Oxfordshire Growth Board appointments

19. The Oxfordshire Growth Board is now responsible for delivery of the Oxfordshire Housing and Growth Deal which was agreed by all Oxfordshire authorities and Government in February 2018. The Growth Board Terms of Reference have been updated to reflect these new responsibilities and new programmes of work required to deliver the commitment in the Deal.

20. The Terms of Reference establish advisory sub-groups to the Growth Board to oversee programmes of work on Infrastructure, Housing and the Joint Statutory Spatial Plan. The purpose of the sub-groups is to oversee the programmes of work to deliver the commitments in the deal, to monitor progress against the key milestones and make recommendations to the Growth Board on decisions required. It is expected that the sub-groups will normally meet on a quarterly basis.

21. The advisory sub-groups will be made up of elected member representatives from each of the constituent councils appointed by the Leader of that council and other representatives as agreed by members of the Growth Board Joint Committee. The Chair of the sub-groups will be appointed by the Growth Board and will normally be drawn from the voting membership of the Growth Board, acting as an independent Chair.

22. The Leader of the Council will appoint to the Council’s seats on the Oxfordshire Growth Board and its three sub-groups (see agenda item 8).

23. The Terms of Reference also establish a new Growth Board Scrutiny Panel to enable effective and coordinated scrutiny of Growth Board functions and decisions. The Scrutiny Panel will be non-statutory to enable flexibility for the constituent councils to reflect local scrutiny membership. The ability of the constituent council Scrutiny Committees to scrutinise the Growth Board will remain. The Terms of Reference and working arrangements for the Scrutiny Panel will be developed with input from the Scrutiny Committee Chairs of the individual councils. The Chair will be elected by the members of the Scrutiny Panel.

24. Council is invited and recommended to appoint three non-executive members to the Growth Board Scrutiny Panel. These members can be from any political group. To provide a clear link to the Council’s own scrutiny function, it is recommended that one of these members is the Chair of the Scrutiny Committee, who will be elected at the Scrutiny Committee meeting on 17 May 2018.

Appointment to the Joint Oxfordshire Health Overview and Scrutiny Committee

25. Oxfordshire County Council invites the Council to appoint one member to sit on the Joint Oxfordshire Health Overview and Scrutiny Committee, which delivers the health scrutiny function for Oxfordshire. This should be a non-executive member and will be a member of the controlling Political Group, unless they decide to allocate this seat to another group.
26. Council is recommended to appoint one non-executive member to the Joint Oxfordshire Health Overview and Scrutiny Committee.

Financial issues

27. There are no financial issues to consider.

Legal issues

28. The legal issues including the Council's duty to appoint to committees in accordance with the provisions of S15 of the Local Government and Housing Act 1989 are contained within the report.

Report author	Andrew Brown
Job title	Committee and Member Services Manager
Service area or department	Law and Governance
Telephone	01865 252230
e-mail	abrown2@oxford.gov.uk

Background Papers: None

This page is intentionally left blank

Appendix 1: Committee structure

Table 1: Committee structure

Body	Number of seats	In political balance calculation?	Notes
Council	48	No	Formed by election by halves
City Executive Board	10	No	Appointed by the Leader of the Council. Must have 3-10 members.
Licensing and Gambling Acts Committee	15	No	For appointment by Council
General Purposes Licensing Committee	10	Yes	For appointment by Council
Appointments Committee	5	Yes	For appointment by Council Must include a member of the City Executive Board.
Audit and Governance Committee	7	Yes	For appointment by Council
Disciplinary Committee for Chief Executive, Heads of Service and Directors	4	Yes	For appointment by Council Must include a member of the City Executive Board
East Area Planning Committee	9	Yes	For appointment by Council Council may not appoint a member to more than one planning Committee.
West Area Planning Committee	9	Yes	For appointment by Council Council may not appoint a member to more than one planning Committee.
Planning Review Committee	9	Yes	For appointment by Council Council may not appoint a member to more than one planning Committee.
Scrutiny Committee	12	Yes	For appointment by Council City Executive Board members cannot be members of the Scrutiny Committee
Standards Committee	7	Yes	For appointment by Council

This page is intentionally left blank

To: City Executive Board
Date: 22 May 2018
Report of: Head of Financial Services
 Head of Community Services
Title of Report: Loan Guarantee re Oxford Harlequins Rugby Football Club

Summary and recommendations	
Purpose of report:	To consider a loan guarantee to Rugby Football Union in respect of a £100k loan to Oxford Harlequins Rugby Football Club
Key decision:	No
Executive Board Member:	Councillor Ed Turner, Finance and Corporate Assets Councillor Linda Smith, Leisure Parks and Sport
Corporate Priority:	Strong and Active Communities
Policy Framework:	Council's Corporate plan
Recommendations: That the City Executive Board resolves :	
<p>1. To make a recommendation to Council to provide a loan guarantee to the Rugby Football Union in respect of a loan of up to £100k to Oxford Harlequins Rugby Football Club for funding improvements to changing room facilities at Horspath Athletic Grounds, on terms agreed in advance by both the Council's Head of Financial Services and the Executive Director for Sustainable City.</p>	

Appendices	
Appendix 1	Risk Matrix

1.0 Background

- 1.1 In August 2017 Oxford City Council was approached by the Rugby Football Union (“RFU”) and Oxford Harlequins Rugby Club (“the Rugby Club”) with a proposal to invest in a brand new artificial pitch at Horspath Road as part of a wider scheme to secure a long term home base for the Rugby Club. This proposal represents a significant investment of around £1.6m from the RFU to develop the artificial pitch.
- 1.2 The wider proposal was part of a joint venture between the Rugby Club and Oxford City Athletics Club (“the Athletics Club”) to take on the management and operation of the entire Horspath Sports Ground including investment from both the Rugby Club and the Athletics Club to redevelop the existing facilities.
- 1.3 The existing buildings at the site include the current clubhouse which is leased by the Council to the Rugby Club and the main building which currently comprises changing rooms, toilets, storage and a meeting room/kitchen. The proposal from the Rugby Club addresses the changing rooms in the main building with the remainder of the building being part of a separate project with the Athletics Club.
- 1.4 The current building has a backlog of required maintenance in excess of £200,000 and is currently managed by Oxford City Council’s parks team.
- 1.5 The proposal for the artificial pitch and the redevelopment of the changing rooms go hand in hand as the club will need to be based from the site to manage the artificial pitch effectively and further develop the club in a sustainable way.
- 1.6 A 30 year lease from the Council to the Rugby Club has been completed, together with a licence for alterations covering the proposed works the specification of which has been agreed. The agreement also includes the Rugby Club bringing the premises up to the required Energy Performance Certificate (EPC) standard to meet the Council’s statutory requirements together with provision for ongoing monitoring of the works.
- 1.7 Planning consent for the All Weather Pitch has been granted by South Oxfordshire District Council and a release of a restrictive covenant (preventing development) by Oxford Preservation Trust has been completed to allow the construction of the all weather pitch to proceed. The RFU has entered an Agreement for Lease with the Rugby Club and are planning to start on site in May/June 2018 with completion by the beginning of September 2018.

2.0 The proposal for the works

- 2.1 The Rugby Club have identified that the works to refurbish the changing rooms to conform to Sport England and RFU standards will cost around £120,000. The Rugby Club have sourced local builders to undertake the works to the appropriate standard. The facility will therefore be improved at no cost to the Council although rights enjoyed by the Rugby Club as tenant and RFU as sub-tenant mean that the tenants have a right a new their leases at the end of the 30 year term under the Landlord and Tenant Act 1954.
- 2.2 The Rugby Club has already secured £10,000 external funding towards the project. In addition the Rugby Club have made a first stage application to the RFU for an interest free loan of £100k repayable over 15 years which has been provisionally agreed. The RFU require the loan to be guaranteed although this has proven difficult for the Rugby Club to confirm especially given the planned

imminent start on site which is needed to tie into the start of the 2018 playing season. The Rugby Club have therefore approached the Council to ascertain whether the Council can provide the guarantee.

- 2.3 Latest indications suggest that it would be reasonable to expect that the Rugby Club may be able to raise at least half of the guarantee from amongst its members.

3.0 Evaluation of the Request

- 3.1 Although the details of the request are currently not fully understood the principle can nonetheless be evaluated and summarised below:

Pros

- The Council's asset would be improved at no cost to the Council and should be at least equivalent to the value of the works/loan.
- The works undertaken will reduce the potential backlog in maintenance liability
- The proposal would give responsibility for better facilities at the site to the Clubs and ensure the long term sustainability of the Rugby Club and enable them to further develop their sports and associated community works
- The Rugby Club would draw down the loan on the basis of invoices provided to the RFU up to the maximum of £100k.
- The remaining Council owned pavilion currently in poor condition would be improved

Cons

- Risk of non payment of the loan by the Rugby Club and hence a call on the Council as guarantor. This would have the same effect as if the Council had given a loan in the first place. Given the financial standing of the Rugby Club it is possible that the guarantee would be unsecured although the Council will seek whatever indemnity can be reasonably obtained.
- As guarantor the Council is relatively powerless to do anything even if something is observed to be going wrong. However the conditions of granting the licence for alterations provide for the Council as landlord to monitor the works
- The Rugby Club wish to start on site by May/June 2018 and Council will be asked to approve any recommendation from the CEB which could delay the Rugby Club from securing the loan.
- The Council would need to be satisfied that the loan is being applied properly and would therefore have a mechanism for monitoring that payment was being made on time to the RFU. It is suggested that the Council require that the guarantee is reduced annually by the amount of loan repaid i.e. £6,600 per annum.
- It is unclear where the balance of £10k is to be found for the project and although there is no contingency in the Rugby Club's budgeted costs of £120k it is understood that the Rugby Club could provide for a limited

amount of unforeseen works from its own resources or alternatively make savings during the project.

- This provision of a guarantee may encourage more organisations to request Council guarantees, which would be costly to process and if agreed would have an impact on the Council's risk profile. However, the fact that the Council remains the owner of this site distinguishes this application from those of many other organisations that might make such requests.

3.2 The overall project will support the Council priorities, in particular developing Strong and Active Communities through the development plans of the Rugby Club as well as an Effective and Efficient Council by reducing maintenance obligation costs to the Council whilst maintaining the delivery of services on the site.

4.0 Financial Implications

4.1 Financial due diligence has been undertaken by Council officers on the financial statements provided by the Club and this indicates at least on paper the ability of the Club to repay £6,600 per annum to the RFU and

- a satisfactory level of gross and net profit both current and in future years.
- An adequate level of reserves

4.2 Subject to the details of the loan guarantee from the RFU the Council could in principle agree the loan guarantee. The Rugby Club also continues to canvass members of the Club to act as guarantor and should this be secured then the £100k guarantee requested from the Council may be reduced.

4.3 In order to cushion any adverse impact to the General Fund Revenue Account in the event of default by the Rugby Club and the invoking of the guarantee the Council should ensure that it has adequate cover in a specific earmarked reserve. The Council does have an earmarked reserve already which could serve this purpose.

5.0 Legal Implications

5.1 The Council is legally able to act as a guarantor of a third party loan (under the Localism Act, and other enabling legislation), although to do so the Council will clearly need to comply with its own internal authorisation process. The Council will be asked to enter into a formal guarantor agreement with the Rugby Football Union, and it would then clearly be prudent for the Council to enter into an indemnity agreement with the Rugby Club. The matter of security to protect the Council's position under this indemnity will need to be considered.

In addition the Council should consider whether the provision of the guarantee to the Rugby Club could amount to unlawful state aid.

Article 107(1) of the Treaty on the Functioning of the European Union provides that:

"Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market"

There is a possibility that such a guarantee would be considered state aid, if it was considered that the Rugby Club was an undertaking and there was a market to distort.

"Undertakings", for these purposes, are entities engaged in economic activity, which essentially means that they operate in a market where there either is, or could practically be, competition. From the information supplied in respect of the Rugby Club it is not considered that they would constitute an undertaking in state aid terms as they are not engaged in economic activity in a market where there is competition.

In regard to this matter, therefore, the Council can be confident that the proposed loan guarantee in favour of the Rugby Club should not constitute unlawful State Aid.

6.0 Risk

6.1 The risks of agreeing to this loan extension are detailed in Appendix 1

Report author	Nigel Kennedy
Job title	Head of Financial Services
Service area or department	Financial Services
Telephone	01865 252708
e-mail	nkennedy@oxford.gov.uk

Background Papers: None

This page is intentionally left blank

Risk Register

Appendix 1 of 1

Loan Guarantee to Oxford Harlequins RFC

Risk ID	Risk						Gross Risk		Current Risk		Residual Risk		Risk Mitigation
	Risk Title	Opportunity/Threat	Risk Description	Risk Cause	Consequence	Date raised	I	P	I	P	I	P	
1	Club fails to repay	T	Club fails to make repayments of the loan to the Rugby Football Union	Club gets into financial difficulties	Councils guarantee is invoked and the Councils loses money	13-Apr-18	2	4	2	2	2	2	Club will only draw down loan based on work done. Works will be monitored by property services. Earmarked reserve to protect the revenue account. Guarantee is reduced as loan is repaid
2	Cost Overruns	T	Cost overruns on project which cant be met by club	Project not adequately costed, project costs not monitored,	Financial difficulties for the club possibly leading to default on payment and invoking of guarantees	13-Apr-18	2	4	2	2	2	2	Costings have been prepared by external QS. Periodic monitoring by property services, project re-engineering to bring back under budget
3	External funding not secured	T	Club fails to find external funding for balance of cost of project	No funders found	Project cost cant be funded	13-Apr-18	2	3	2	2	2	2	Reduce project scope

23

This page is intentionally left blank