

Cabinet
Monday 8 July 2019

REPORT TITLE:	Celtic Manor Resort
REPORT OF:	Deputy Leader and Portfolio for Finance and Income

REPORT SUMMARY

As part of the Celtic Manor Resort project, the Council have received an application from Nicklaus Joint Venture Group (NJVG) for a loan to progress to the next stage of the project.

This forms part on an existing Development Agreement between the Council and NJVG, whereby if certain conditions of the agreement were met, the Council could offer a loan opportunity to the company to continue to the next stage. The conditions in the agreement are sequential and the first condition, to provide a funding and phasing agreement has been met.

The funding and phasing report was considered by the Business Overview and Scrutiny Committee on 27 June 2019.

The resolution of the Business Overview and Scrutiny Committee is as follows:

That –

1. The financial and investment landscape has changed significantly since the Council sought the option to further invest in this project in 2016 to sit alongside its commitments under the development agreement.
2. In that time, the Council has expanded its acquisition and investment portfolio considerably, seeking to create income to invest in services, to make wider economic and social returns, to regenerate areas and to continue to attract high quality investment by businesses in the Borough.
3. This has led to increased borrowing by the Council to invest elsewhere than that envisaged by Cabinet when it last looked at the development agreement and outline proposals, a revised risk profile for those wider investments and further thought to the priorities that the Council should employ in making investment decisions.

4. In the light of that, this Committee considers that the Council's investment profile and limited resources would be better served if this business venture was funded on the open market, rather than through Council borrowing, and it is therefore recommended that Cabinet do not enter into a separate agreement to fund the Celtic Manor project at this time.

The minute of Council (25 February 2019), and draft minutes from the Business and Overview Scrutiny Committee (27 June 2019) are attached at Appendix A.

The funding and phasing report considered at the Business Overview and Scrutiny Committee contains commercially sensitive information and is included at Appendix B to this report, together with the Overview and Scrutiny Committee Report.

RECOMMENDATIONS

To enable the Cabinet to consider the recommendations from the Business Overview and Scrutiny Committee on 27 June 2019 in relation to the NJVG Funding and Phasing plan and the request for a loan.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To enable the Cabinet to consider the recommendations from the Business Overview and Scrutiny Committee on 27 June 2019 in relation to the NJVG Funding and Phasing plan and the request for a loan, as requested by Council on 25 February 2019.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 To not accept the recommendations from the Business Overview and Scrutiny Committee either in part of in full.

3.0 IMPLICATIONS/RISKS/CONSULTATION

- 3.1 These are set out in the exempt Business Overview and Scrutiny Committee report and Appendix.

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Director of Finance and Investment.

APPENDICES:

- A. Minute of Council 25 February 2019, and draft minutes of the Business Overview and Scrutiny Committee 27 June 2019.
- B. (Exempt) Business Overview and Scrutiny Committee Report 27 June 2019 and (Exempt) Funding Phasing Report Appendix.

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	7 November 2016
Cabinet	18 December 2017