

Appendix A – Coventry City Council and Northampton Borough Council Experience in Supporting Development of Facilities

The Ricoh Arena, Coventry

1. The development of the Ricoh Arena and associated exhibition, hotel and leisure facilities was undertaken by Arena Coventry Ltd (ACL). ACL was initially a 50/50 joint venture between Coventry City Council (CCC) and Coventry City Football Club (CCFC). In 2003, following CCFC's relegation from the Premier League, CCFC sold its share in ACL to the Alan Edward Higgs Charity. It has been claimed that it was always the intention that CCFC should buy these shares back in due course.
2. The stadium was opened in August 2005 as the home of CCFC. It cost £118m to construct. Funding sources are set out in table 1.

Table 1: sources of funding for construction of the Ricoh Arena

Funding source	Amount /£m
Receipts from the sale of land to Tesco	59
CCC equity	10
CCC meeting overspends	3
CCC Prudential borrowing (see paragraph 4 below)	21
European Regional Development Fund	4
Advantage West Midlands	5
Isle of Capri	6
CCFC	2
Other sources (interest, residual land sales)	8
Total	118

3. In December 2012, SISU Capital – owners of CCFC since 2008 – became embroiled in a rent dispute with ACL. ACL called in the unpaid rent, leading to CCFC putting itself into administration in 2013. CCFC left the Ricoh Arena and played their 2103/14 home games at Northampton Town's Sixfields Stadium.
4. The £21m of CCC Prudential Borrowing listed in Table 1 above was repaid by ACL in 2006 on completion of the stadium lease. The repayment was funded through a loan from Yorkshire Bank. In January 2013, in light of ACL's financial difficulties arising from the rent dispute, CCC bought out ACL's remaining £14.4m debt to Yorkshire Bank. This decision was unsuccessfully judicially reviewed by SISU who alleged that it constituted State Aid. The decision in favour of CCC was eventually upheld by the Court of Appeal in May 2016.
5. In 2014 CCFC returned to playing at the Ricoh. Also in that year Wasps Rugby Club purchased all of the shares in ACL, becoming outright owners of the stadium and also playing their matches there. At the same time, Wasps repaid CCC the remaining outstanding ACL debt. SISU launched a second Judicial Review, this time against the decisions by CCC and the Higgs Charity to sell ACL to Wasps. Again, the court found in favour of CCC. SISU's appeal was heard in June 2018, and at the time of writing a judgment is awaited.

Northampton Town

6. In 2013 Northampton Borough Council (NBC) agreed to loan up to £12m to Northampton Town Football Club (NTFC) for the redevelopment of the Sixfields stadium.
7. The owners of NTFC, Chairman David Cardoza and his father Anthony, formed a joint venture with developer the County Group to oversee the redevelopment. The Joint venture, County Developments (Northampton) Ltd (CDNL), contracted with another County Group subsidiary, 1st Land Ltd, to deliver the stadium.
8. In 2014 work on the East stand was stopped due to a contractual dispute between 1st Land Ltd and a sub-contractor.
9. In September 2015 NBC demanded repayment of the £10.25m loan as the club had missed two repayments. This repayment was not forthcoming. In October 2015 HMRC issued NTFC with a winding up order, and CDNL was forced into liquidation following its failure to pay contractors.
10. By the end of 2015 NTFC had been sold to Kelvin Thomas, and NBC had agreed a deal in principle with the new owner to receive land around the stadium in lieu of the outstanding loan repayment.
11. Criminal investigations were launched into the use of the funds by CDNL and 1st Land Ltd, and the relationship between the owners, the developers and the local MP.
12. In June 2017 Kelvin Thomas sold 60% of shares in the club to Guangzhou-based 5USport, but these shares were sold back in March 2018. In May 2018 the club was put up for sale, with Thomas reportedly citing the ongoing dispute with NBC as the reason.
13. At the time of writing, NBC has not recovered its money, and has spent in excess of £1m pursuing various individuals for the outstanding sum.