

Appendix 2

Llynfi Valley Sites - Welsh Government Loan Terms

Schedule of repayment scenarios – current Heads of Terms being discussed with Welsh Government

	Loan Repayment – Order of repayment stages and call off costs	Related Comments
A	WASHERY SITES	<p>The terms are founded upon a previous Welsh Government (WG) grant. This entitles WG to the first call off of costs from the receipt.</p> <p>The sites, in BCBC ownership, have low/nominal current values.</p>
1	Marketing and site disposal costs	<p>The loan will need to cover BCBC's marketing and disposal costs – up to a maximum of 4% of the receipt (in line with BCBC policy).</p> <p>Subject to negotiation with WG.</p>
2	Repayment of Site Investigation (SI) costs	<p>Only if land is sold for a sum that exceeds the cost of the SI (less the cost provision for marketing and disposal). BCBC will not be required to repay in the event of the receipt failing to achieve this sum.</p>
3	Repayment of any additional profit from the incoming receipt	<p>Up to the repayment value covered by the previous WG grant.</p>
4	Any extra profit will be shared between BCBC and WG	<p>Beyond the grant repayment entitlement from the earlier Washery reclamation scheme. Not expected to apply.</p>
B	LOWER SCHOOL SITES	<p>There is no previous reclamation grant from Welsh Government</p>
B1	SI only	<p>If SI work confirms that there is only negligible remediation required, it may be financially prudent for BCBC not to take up the WG loan for physical works. BCBC would then market the site and be the beneficiary of the full receipt less cost of SI and marketing.</p>
1.1	Repayment of SI cost to WG	<p>In the event of the BCBC land sale achieving a receipt of sufficient value to enable full or part repayment of the SI cost (equivalent to the receipt figure, up to the cost of the SI). Any value exceeding the SI and marketing costs would be receipt to BCBC.</p>

		Failure to attract either a sale or anything more than a nominal receipt would not require repayment of the SI.
B2	SI and Remediation	If SI concludes that remediation is needed to market the site for development. NB The value of the site is unknown until SI is completed.
2.1	Marketing and site disposal costs	The loan will need to cover BCBC's marketing and disposal costs – up to a maximum of 4% of the receipt.
2.2	As per 1.1, repayment of the SI cost	Second call off cost for repayment to WG under the terms of the loan. It is possible that the sale price could fail to achieve the requisite value to cover the cost of SI and remediation, after the costs of marketing and disposal have been deducted. This situation is currently under negotiation with WG.
2.3	Any profit from a receipt that achieves a value greater than the cost of SI and marketing and disposal costs will be shared between BCBC and WG	