

REPORT OF THE LEADER OF THE COUNTY COUNCIL

REQUEST FOR ADDITIONAL FUNDS FOR THE LINDHURST DEVELOPMENT SCHEME

Purpose of the Report

1. To seek additional funds to ensure flexibility with the cash flow for the Lindhurst Development Scheme.
2. That delegated approval is given to the Corporate Director, Place in consultation with the Service Director Finance, Procurement & Improvement to agree the terms on which any such additional sums are contributed to the Scheme..

Information and Advice

3. Some information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972 because the information relates to the financial and business affairs of the Council and the Lindhurst collaboration partners. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would add a limited amount to public understanding or the issues but would significantly damage the commercial position of the Council and the Lindhurst collaboration partners. The exempt information is set out in the exempt appendix.
4. County Councillors are no doubt aware that the Mansfield area needs new opportunities for employment and housing for its economic and social well-being. The Lindhurst Scheme will help to provide new jobs and homes and improve prospects for the whole area. It is a new neighbourhood which will have 23 hectares of land earmarked for new businesses, build up to 1,700 new homes and provide a community park, shops and bus links. It will also include green routes, a new school, sports and other community facilities.
5. The Committee should note that this is a major landmark development in the Mansfield area which will bring over £70m of investment, creating many jobs and economic growth opportunities from new businesses.
6. The 3 land owners, LJL Ltd, Nottinghamshire County Council and W Westerman, have entered into a developer collaboration arrangement to promote their land for development. This area of land comprised of some 96.522 hectares (238.55 acres) which is located to the east of the Council owned Rushley Farm site. The master plan for the site is shown on Plan A **attached** to the report.

7. The principal objectives of the Lindhurst collaboration arrangements are to obtain planning for the Lindhurst Scheme, maximise the value of the net developable land, procure the infrastructure to enable individual plots to be sold and share costs and income in "Agreed Proportions".
8. In June 2010 the Council entered the First Supplemental Agreement with the collaboration partners. This supplemental agreement provided for the variation to the "Agreed Proportions" for the division of shared costs and shared income between the three parties as being 52.367 % W Westerman 25.229% to Lindhurst (Jersey) and 22.404% to the Council.
9. This agreement also included a rolling cap of £250,000 on the Council's contribution to shared costs until Project Implementation. This contribution has been paid in full but the Council's proportion of the shared costs in regard to the scheme was £107,432 higher than the £250,000 cap. This shortfall was funded by the W Westerman and Lindhurst (Jersey) Limited the Council's collaboration partners.
10. In January 2013 the Finance and Property Committee approved the signing of the S106 Agreement, increased the County Council's contribution to shared costs for the life time of the project by an additional £1m, and also approved project implementation.
11. In April 2013 the Council entered the Second Supplemental Agreement with the collaboration partners. This provided a £1.m 'rolling cap' as a contractual arrangement between the Council and the collaboration partners. It does not limit the liabilities that arise from contractual obligations of the parties to carry out the Lindhurst Scheme to third parties including Section 106 Agreement. This is a commercial risk the County carries as a landowner and partner of the Lindhurst Group.
12. The Third Supplemental Agreement made arrangements for the Lindhurst Group to receive a Home and Community Agency Loan for £8.372 million. The Council is not a direct party to the HCA Loan and no Legal Charge can be granted over the Council's land.
13. In the last quarter of 2016, The Lindhurst Group entered into contract with two housing developers for the sale of the first phase of the scheme. The basis of the sale for the third contract were agreed at the same time, and following approval from the HCA recently, the contract is now ready for engrossment. All the contracts were based on the delivery of serviced plots to be completed between the period of November 2017 and December 2017. In order to provide these serviced plots, significant infrastructure works commenced in March 2017 with a view to completion by the last week of November 2017.
14. A draw-down facility from the Homes and Communities Agency was agreed with LJJ Ltd and W Westerman to fund the infrastructure works. It was initially forecast that this would cover the works up to the first payment from the housing developer.
15. As a result of the difficulties in obtaining necessary approvals, the start of the infrastructure work was delayed, and this has impacted adversely on completion of the delivery of the plots. Consequently the payments from the residential

developers may be delayed by up to two months. This may cause a shortfall in the cash flow up until the first payments are received from the housing developers.

16. A number of mitigation measures are in place by the Lindhurst Group to remedy the shortfall, including seeking an external bridging loan facility from the HCA.
17. The Committee is reminded that the project is financially viable in the medium to long term and it is anticipated that additional temporary funding required from the HCA bridging loan, and temporary capital from the collaborators, will be paid back by March 2018 and the following financial year from the surpluses in the project which are not required for infrastructure works.
18. In the event that the proposed measures set up to alleviate the shortfall in the cash flow do not materialise, a maximum sum of £1.2 million will be required for The County Council for its share to continue to keep the project progressing, along with approx. £4.2 million from LJL Ltd and W Westerman during 2017/18.

Reason/s for Recommendation/s

19. To ensure the continued viability of the project to provide 1,700 new homes, including affordable housing, over 40 acres of high-tech offices and commercial and industrial premises, a new school and many other much needed community facilities in the area

Statutory and Policy Implications

20. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That approval is given to increase the Scheme by the sum of £1.2 million in the Capital Programme to enable the Council to contribute its proportion of the additional funding that may be required to the existing rolling cap.
- 2) That approval is given to delegate approval to the Corporate Director, Place in consultation with the Service Director Finance, Procurement & Improvement to agree the terms on which any such additional sums are contributed to the Scheme.

Councillor Mrs Kay Cutts MBE
Leader of the County Council

For any enquiries about this report please contact: Steve Keating 0115 9939397

Constitutional Comments (SSR 3.11.2017)

21. The recommendations set out in this report fall within the scope of decisions that may be approved by Policy Committee.

Financial Comments (GB 6.11.2017)

22. The financial implications are set out in the report.

Background Papers and Published Documents

23. None.

Electoral Division(s) and Member(s) Affected

24. Ward(s): Sutton Central & East
Member(s): Councillor Samantha Deakin

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Properties affected: 00728 - Land at Rushley Farm