

THIS LAND – PROGRESS UPDATE, FINANCING & RELATED REQUESTS

To: Commercial & Investment Committee

Meeting Date: 16 October 2020

From: Deputy Chief Executive & Chief Finance Officer

Electoral division(s): All

Forward Plan ref: 2020/038

Key decision: Yes

Outcome: That the Committee consider the progress made by This Land, and the detailed funding request received. This funding enables continued development of housing by the company.

Recommendation: The Committee is invited to

- a) Agree to advance loan funds to meet the request received from This Land, as set out within the paragraph 9 of the appendix (in accordance with the strategy and overall totals previously agreed), delegating agreement of the final terms to the Section 151 officer, in consultation with the Chairman
- b) Agree to advance a further equity share capital investment in This Land, in accordance with paragraph 9 of the appendix.
- c) Re-confirm agreement to the consequential property transactions arising from the approach set out in paragraph 3 of the appendix, delegating agreement of the final terms to the Section 151 officer, in consultation with the Chairman.

Officer contact:

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Member contacts:

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1. Background

- 1.1 This Land is the Council's wholly owned housing development company. The company aims to develop the land it has acquired, predominantly from the Council, to provide homes that are in much demand in this region. In doing so, it has a parallel task to pay interest on capital loaned to the company by the Council, and in due course, repay that capital. As at September 2020 the financing advanced to This Land by the County Council is as follows:

Long term loans	£104.01m
Loans maturing in less than one year	£ 2.04m
Equity share capital	<u>£ 4.95m</u>
Total	£111.00m

Since the last report to this Committee, This Land has repaid to the Council £8.5m of loans that were maturing, according to schedule, and received new long term loans of £18.04m. These transactions are reflected in the figures shown above. Interest is payable by This Land on the loans at commercial rates, in order to ensure state aid compliance.

- 1.2 At its meeting in April, this Committee received the updated This Land business plan and agreed a number of associated recommendations and strategies. This included setting the total financing limit for This Land at £185m, with an operational boundary for loans at £150m, and agreed to advance specific lending of £18.6m at that time. That £18.6m has subsequently been utilised or is anticipated to be shortly. As progress continues, and in line with the company's business plan, This Land now request their next funding advance within the operational boundary the Committee has previously agreed.
- 1.3 Further details of the latest funding request, supporting information and other updates from the company are included in the confidential appendix. The section below summarises other recent developments.

2. Recent updates

- 2.1 In accordance with the nomination by this Committee, Councillor J Schumann has taken up appointment as a director of This Land Limited, as well as all of its subsidiary companies. During August 2020, the company's incoming substantive Finance Director, Mr J Heuerman-Williamson commenced his role – he has extensive experience of property development businesses. The Council's Chief Finance Officer has now stood down from the board of This Land, meaning that he is unencumbered in advising the Council, for its part, in relation to This Land going forward.
- 2.2 The company's annual general meeting took place on 2 September 2020, to which all members of this Committee, as shareholder, were invited. The shareholder heard updates from the directors and asked questions about the company's performance and plans. The remuneration policy was received as were the audited financial statements for the year ending December 2019.
- 2.3 In terms of planning applications, outline planning consent was achieved in September 2020 for the land at Worts Causeway, Cambridge, one of the company's major developments. Additionally, detailed planning consents were obtained at both Malta Road

and Fitzwilliam Road in Cambridge and a consent for a revised design was also granted at Over in South Cambridgeshire.

- 2.4 The company has completed the construction of apartments at Milton Road, Cambridge. The scheme also includes re-provision of a public library. This Land are considering the optimum strategy for selling the property in the current market in order to receive a capital receipt in due course, as long planned. The Council's has a 25 year lease as the tenant of the library, and it is likely that this long term commitment, and the resilience of the rental yield derived from a public body such as CCC, will be appealing to any purchaser.

3. Alignment with corporate priorities

- 3.1 A good quality of life for everyone
There are no significant implications for this priority.
- 3.2 Thriving places for people to live
This Land, and its approach to place shaping form a key aspect of the Council's contribution to creating thriving places for people to live.
- 3.3 The best start for Cambridgeshire's children
There are no significant implications for this priority
- 3.4 Net zero carbon emissions for Cambridgeshire by 2050
This Land's ambition is to provide housing that is environmentally efficient, including a commitment to cleaner energy projects as part of its developments.

4. Significant Implications

4.1 Resource Implications

The resource implications are summarised on the title page of this report, in paragraph 1.1 and in various sections of the appendix.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

Approval of the recommendations in this report will entail enter further contractual arrangements with This Land. Attention is drawn to paragraphs 3 and 13 of the appendix.

There are no implications for CCC Procurement

4.3 Statutory, Legal and Risk Implications

Members of the Committee are reminded that as part of consideration of the recommendations in this report, the Council must have regard to:

- its fiduciary duties to ensure overall best value for Council taxpayers in the deployment of public funds – taking account of the security of funds at This Land and that risk is commensurate with potential returns.

- the prudential code and capital financing – that loans and equity to be activated by this report are affordable for the Council in the context of the total capital programme and indebtedness

An assessment of the principal risks facing the venture is included at paragraph 20 of the appendix.

- 4.4 Equality and Diversity Implications
There are no significant implications
- 4.5 Engagement and Communications Implications
There are no significant implications
- 4.6 Localism and Local Member Involvement
This Land operates on an arms-length basis from the Council. The company reports regularly on the steps it takes to engage with local politicians and local authorities.
- 4.7 Public Health Implications
There are no significant implications

Implications Sign offs

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: C Malyon

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Legal Officer: A Smith & F McMillan

Have the equality and diversity implications been cleared by your Service Contact? Yes
Name of Officer: T Kelly

Have any engagement and communication implications been cleared by Communications? Yes
Name of Officer: C Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Name of Officer: T Kelly

Have any Public Health implications been cleared by Public Health Not applicable

5. Source documents

Listed in the appendix