SHAREHOLDER SUB-COMMITTEE: MINUTES

Date: 24 July 2025

Time: 2.00p.m. to 4.15p.m.

Venue: Red Kite Room, New Shire Hall, Alconbury Weald

Present: Councillors Bywater, S Fisher, Hathorn (Vice-Chair), Wilson and Young (Chair)

8. Apologies for Absence and Declarations of Interest

Apologies were received from Councillors Boden and Murphy. Councillors Hathorn and Young declared non-statutory disclosable interests in relation to Minute 11, as the master developer sites of Kendal Court and Eddeva Park and were in their Divisions respectively.

9. Minutes – 17th June 2025 and Action Log

The minutes of the meeting held on 17th June 2025 were agreed unanimously as a correct record and signed by the Chair. The Action Log was noted.

10. Public questions and petitions

There were no public questions or petitions.

11. This Land Business Plan

The Sub-Committee considered a report detailing the latest business plan from This Land. The Chair welcomed from This Land, the Chair Barbara Richardson, the Interim Chief Executive Rob Williams, and from Grant Thornton Oliver Haunch and Sam Dean, and Becky Francis, Development Surveyor in the Council's Property Assets Team.

The Executive Director of Finance and Resources reminded Members of the background to the development of this plan. He drew attention to the significant level of diligence by officers and external advisers of the business plan involving scenario testing on a site by site basis, and costs and valuations. Officers were supportive of the plan as the level of detail provided by the company met the Council's requirements and was far greater than considered in some previous years. It set a very clear benchmark for the Sub-Committee to monitor delivery and performance on a quarterly basis. He drew attention to an error in the footer on pages 32 to 46 which stated that they were "Strictly Private & Confidential" which was not the case.

The Chair of the Board of This Land reminded Members that she had been appointed by the Sub-Committee on 17 June. She confirmed that together with other Board members she had extensively reviewed and challenged the business plan. The Board

had focussed on good governance, the shareholder's objectives in aligning the business plan with the Council's ambitions, delivering performance management and accountability, and the relationship with the shareholder.

The Interim Chief Executive reported that his focus had been on delivering a business plan which was acceptable to the shareholder. Arriving at the business three months ago, he had found a team which was working very hard and collaboratively with the shareholder to maintain momentum in the business. He welcomed the shareholder's aim to find a sustainable long term solution, which included the presentation of a low risk business plan focus on deliverability and the maximisation of existing assets in the short term, as well as fulfilling the obligations of the loan agreement. This business plan delivered the following key objectives:

- takes the existing asset base and maximises the value to deliver on the longer term obligations to the Council.
- implements an improved structure of monitoring, reporting and governance across the business to increase and maintain shareholder confidence.
- sets a framework to undertake a strategic review of the business to consider its future purpose and direction.

The company had also looked at the inherent risks which existed in the retail residential sector and how it might manifest itself on the business plan alongside the opportunities for improvement and mitigation. The plan had been scenario tested and received external scrutiny from, the accountants and restructuring specialists, Grant Thornton UK LLP, which had confirmed that it was a viable and deliverable plan.

The Executive Director of Finance and Resources responded to questions raised by Members as follows:

- confirmed that a total £133m of funding had been provided by the Council to This Land of which £13 million had been repaid (with £300,000 interest) resulting in the net figure of £119.8m loans to the company set out on page 13.

- reported that This Land would be transferred on vesting to the appropriate authorities following local government reorganisation.

This Land officers responded to questions raised by Members as follows:

- reported that This Land was considering how the strategic review would be taken forward and what external advisers across the real estate sector would be needed. It was hoped that the strategic review would be concluded by November 2025. The Executive Director of Finance and Resources added that the Council would be providing direction on the company's future for the Sub-Committee to consider in February 2026 as set out in the shareholder agreement.

- acknowledged the generic items listed as opportunities and that the risks were all specific to individual projects. The Executive Director of Finance and Resources added that when considering the opportunities and risks it was important to draw on the site by site analysis across delivery, market, and optimism bias.

- reminded Members that the business plan did not focus on bringing in new sites with the associated risks.

- reported that nearly every current site had consent, with one site having a resolution to grant, which would receive consent soon. There were only two sites where consents needed to be secured which included one site as part of a master development site. Both sites had been through pre-application and twelve months had been allowed for consent even though the statutory deadline was four months. These two sites did not contribute a significant amount of positive cash flow as a proportion of the overall business plan. The sites which secured the most cash flow had consent with 20% of the sites having deals completed.

- confirmed that the business plan did not require further loans from the Council. It maintained a positive cash flow with some contingency in the timing of the repayments were a disposal sale to slide over a few months which had been tested by Grant Thornton. The Executive Director of Finance and Resources added that no further funding from the Council was planned, but it was important to bear in mind that extraordinary circumstances such as another pandemic might cause this to be reviewed in the best interests of the company and the shareholder.

- acknowledged that the team at This Land had been through a challenging time following redundancies but had been resilient continuing to deliver. There was a positive outlook for This Land if the proposed business plan succeeded. It was noted that there was likely to be a push for people once the residential market took off so it was important This Land retained its staff.

- reported that This Land had been working with a change consultant to work on the culture of the organisation. Following the business plan being considered by the Board on 10 June, a first workshop had been held for the entire team to look at the current status of the company, where it was heading and the direction given by the shareholder, and the fact the shareholder and the company were on the same page. The team had appreciated clarification as to the ask for the business over the next twelve months. It was noted that the three new Board members had identified the need for a golden thread from what the shareholder was asking, what the objectives of the business were, and how the business objectives flowed through to a delivery plan. This was key to the team understanding its role in order to deliver and manage performance.

- confirmed that the business plan did not propose acquiring any new sites. The Executive Director of Finance and Resources drew attention to Section 3.9 of the report which stated that no new sites were planned but there could be an overwhelming business case for acquisition which would be presented to the Sub-Committee for decision.

- reported that This Land was exceeding the statutory requirement for biodiversity net gain by 5% compared to the statutory requirement of 10%. Whilst there was a financial impact, the majority of measures were commensurate with the market. The company had changed focus to fabric first which involved removing carbon as part of the design of the building. It was acknowledged that if the company tried to do too much it could impact on viability.

- explained that most developments had between 30% to 40% of affordable housing on each site which was important locally to meet housing need and demand. This meant the company was pre-selling the same amount of homes to a registered provider thus reducing risk. It was noted that housing was still selling well and the difficulty in the market was more around apartments and flatted developments. It was therefore important to plot out best and worse sales rates and values which was achieved by scenario testing.

- acknowledged that the wider market had risks and was significantly exposed to an economic downturn. Attention was drawn to the company's net cashflows which showed that only 25% came from the sale of properties with the remainder relating to land sales. Although land sales could be affected by the market, it was important to note that a lot of housebuilders because of the pandemic and other issues had not restocked their land banks fully for many years. This was therefore a major benefit for the company in trading into a growing market. Also many housebuilders were trading in partnership models such as build to rent and registered providers.

- explained that a lot of decisions regarding sale or development of the company's assets had already been made before the Interim Chief Executive joined the company. This then provided some headroom to look at some of the bigger sites to develop as they were more profitable sites.

- confirmed that anecdotally the team had felt decision making had been slow due to the lack of alignment between the company and the shareholder, and as a result certain deals had not gone ahead; this was not now the case. The lack of engagement with agents and buyers was also changing with five to six housebuilders now interested in one site.

- acknowledged that being a wholly owned subsidiary of a local authority meant that it was important everything was to the benefit of the local authority which included monetary, physical and financial benefit, social value, biodiversity and Environmental, Social and Governance. It was therefore a significant benefit if this could be achieved with the company remaining viable.

- reported that the appraisals for the individual projects had their own consideration of risk with contingency sums built in, which was a first level protection against a change in the market. It was important the company maintained and managed its cashflow in order to deal with any delays. The loan repayments had also been factored into the business plan to target ahead of the due dates. The Executive Director of Finance and Resources drew attention to paragraph 3.6 which substantiated that fact.

- highlighted that the company as a business which dealt in land was on the verge of major growth in the residential sector with the government trying to unlock the supply side by addressing blockages in planning and providing new demand side incentives. It was important to get the business plan right now so the company was in the position to take advantage of the growing residential market in twelve months' time.

- acknowledged that the only way to have met the payments of a larger loan would have been for the council to put more assets or investment into the business. It would not have been possible with the current assets and there was not the resource available to buy additional assets. The Board needed to be transparent and provide the shareholder with assurance that interest would be repaid before delivering more.

In conclusion, Members welcomed the opportunity to scrutinise This Land in significant detail at this meeting and on a quarterly basis which had not happened previously.

It was proposed by the Chair, seconded by the Vice-Chair, and resolved unanimously that the press and public be excluded from the meeting on the grounds that the agenda contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed, information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Chair thanked the representatives from This Land and Grant Thornton for their contributions.

It was resolved unanimously to:

a) scrutinise and approve the latest business plan from This Land and note the latest financial appraisal of the Council's risk relating to its loan to and equity in This Land.

b) receive and scrutinise quarterly monitoring updates from This Land's Board regarding delivery of the Plan.

c) approve the land transactions proposed by This Land and summarised in section 4.2 of this report (at Burwell, Eddeva Park, Landbeach and Ditton Walk, detailed in the confidential annex at Appendix 2) and which accord with the latest business plan, delegating authority to the Section 151 officer in consultation with the Chair and Vice Chair of the Sub-Committee to release the Council's pre-emptions, overages and legal charges.

d) note the further updates provided in relation to properties where releases would be requested in future, as set out in section 4.3 of this report and detailed in the confidential annex at Appendix 2, giving in principle support to the progression of these individual proposals.

12. Shareholder Sub-Committee Agenda Plan

The Sub-Committee considered and noted its agenda plan, which included the cancellation of a meeting in September and the rescheduling of the October meeting to align with This Land's quarterly monitoring report.

Chair