

Name of meeting: **Cabinet**
 Date: **20th October 2015**

Title of report: **Local Growth Funding for Kirklees Housing Sites**

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Is it in the Council's Forward Plan ?	Yes
Is it eligible for "call in" by Scrutiny ?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 12/10/15
Is it signed off by the Director of Resources?	David Smith - 08/10/15
Is it signed off by the Assistant Director - Legal & Governance?	Julie Muscroft - 12/10/15
Cabinet member portfolio	<p>Cllr Graham Turner - Resources & Community Safety</p> <p>Cllr Cathy Scott - Housing and the Relief of Poverty</p> <p>Cllr Peter McBride - Transportation, Skills, Jobs and Regional Affairs</p>

Electoral [wards](#) affected: **Ashbrow, Batley East, Newsome**
 Ward councillors consulted:

Public or private: **Public**

1. Purpose of report

To ask Cabinet to consider funding from the Leeds City Region's Local Growth Fund, for site preparation and access works to 3 large Council owned housing sites in Ashbrow, Batley East and Newsome.

2. Key points

To deliver the Council's Housing ambition, three large, Council owned sites are being progressed. The three sites are at Bradley Boulevard, Ashbrow, Grange Road Soothill and the former Stile Common School in Newsome.

To help bring these sites forward, the Council applied to the Leeds Enterprise Partnership for Local Growth Funding, for advanced site preparation and access works to these sites.

The Investment Committee of the LEP met on 2nd June 2015, to consider an outline proposal and agreed that this project should progress and a full business case be prepared.

A full business case was submitted to the LEP Investment Committee, on the 6th July 2015 and an offer of £1m of loan funding was approved and subsequently confirmed by West Yorkshire Combined Authority at its meeting on 23rd July 2015.

A draft Heads of Terms for the loan has been issued. The funding is in the form of a loan. An initial tranche for the off-site highway works of up to £300,000 is to be drawn down no later than 29th February 2016.

Further tranches of funding will only be drawn down once the detailed costing of the work to sites at Soothill and Stile Common have been worked up.

The offsite highway works at Ashbrow, have been worked up and costed and a start on these, can be made in advance of development work, within the site boundary.

In all cases, but depending on site viability, the costs of these works will be recouped in part or in full, from the Council's chosen developer partner.

Without the loan funding, the cost of this work would be borne in part or in full by the Council and its developer partner through borrowing.

3. Implications for the Council

The provision of the loan arrangement will allow the Council to accelerate the development of these sites.

4. Consultees and their opinions

Legal Services

The Heads of Terms for the loan, are still to be reviewed by legal advisers who will advise the Director of Resources on any issues/risks.

Resources

The draft Heads of Terms for the loan, state that the rate is variable, but clarification has been sought from colleagues at the City Region, who have advised that the rate will be fixed at the point, the agreement is in place and will only be varied, if required to meet State Aid requirements. The loan rate quoted is 2.02%, with a loan period of 7 years.

Short-term borrowing rates are currently low e.g. 0.4% and are not predicted to start rising until June 2016. The rise thereafter, is projected to be slow, with a new norm for Base Rate, being between 2%-3%. However, only a marginal difference i.e. £1,000 (Council borrowing being lower), was calculated when the financing costs associated with a 7 year loan term based on the above short-term interest rate projections, were modelled against the Leeds City Region loan fixed at 2.02%.

5. Next steps

That the heads of terms are agreed and the loan agreement is signed by officers.

That the interest rate for the loan is negotiated and agreed with the Combined Authority.

That this interest rate shall be no more than 2.02% as above that level the Council can borrow using its own facilities at a comparable rate.

6. Officer recommendations and reasons

That Cabinet note the successful application for funding and delegate authority to the Director of Resources, to finalise the terms of the loan agreement and (subject to him being satisfied with the terms), to sign the loan agreement, so that the funding can be drawn down and the off-site highway works for the large housing sites are progressed.

7. Cabinet portfolio holder recommendation

The portfolio holders, Cllr Graham Turner, Cllr Cathy Scott and Cllr Peter McBride, are in agreement for the Council to proceed with the take up of the loan and for Cabinet to authorise the Director of Resources to sign the loan agreement, (subject to him being satisfied with the terms), so that the funding can be drawn down and the off-site highway works for the large housing sites are progressed and that the interest rate shall be no more than 2.02%.

8. Contact officer and relevant papers

Alan Seasman
Strategic Investment - Group Leader
Tel: (01484) 221000
Email: alan.seasman@kirklees.gov.uk

9. Assistant Director responsible

Paul Kemp
Assistant Director - Place
Tel: (01484) 221000
Email: paul.kemp@kirklees.gov.uk