

EXECUTIVE BOARD – 17th September 2019

Subject:	Loan to Nottingham City Homes Enterprise Limited for the re-development of the former Meadows Police station.
Corporate Director(s)/Director(s):	Chris Henning, Corporate Director for Development and Growth
Portfolio Holder(s):	Councillor Linda Woodings, Portfolio Holder for Planning, Housing and Heritage Councillor Sam Webster, Portfolio Holder for Finance, Growth and City Centre
Report author and contact details:	Fran Cropper, Regeneration Team Leader, Regeneration Fran.cropper@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision:	See exempt appendix.
Wards affected:	Meadows
Date of consultation with Portfolio Holder(s):	21 August 2019
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input checked="" type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input type="checkbox"/>
Jobs, Growth and Transport	<input type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
To provide a loan to Nottingham City Homes Enterprise Limited (NCH E Ltd), to facilitate the expansion of their private rent portfolio by the re-development of the former Meadows police station with 21 two bedroom apartments.	
Exempt information: State 'None' or complete the following	
The amount of the loan and an appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial affairs of the authority and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it may adversely impact the future trading activities of NCH, specifically by making public the anticipated build costs. This could prejudice contract negotiations.	

Recommendation(s):

- 1 To approve a loan to Nottingham City Homes Enterprise Limited (NCH E Ltd) on the terms set out within the exempt financial advice.
- 2 To delegate authority to the Strategic Director of Finance to approve loan drawdown subject to the completion of due diligence as detailed in the exempt finance comments

1 REASONS FOR RECOMMENDATIONS

- 1.1 To support NCH E Ltd to expand their private rent portfolio by providing a loan for the re-development of the former Meadows police station with 21 two bedroom apartments for private rent.
- 1.2 This loan is subject to further due diligence by the Finance section of the City Council.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The private rented sector (PRS) is the fastest growing housing market locally and nationally. NCH E Ltd is a trading subsidiary, the purpose of which is to generate new business and secure additional income to reinvest into Nottingham communities. NCH E Ltd is committed to develop new private rented homes ensuring high quality, well managed properties for private renters are available.
- 2.2 The Loan will be on market terms in compliance with State Aid regulations, at a rate equivalent to the Public Works Loan Board (PWLB) annuity rate borrowing plus a premium for the inherent risk taken by the City Council.
- 2.3 The new development (see CGI imaged attached) will be a land mark building on a key arterial route, close to other new Nottingham City Council developments. It will provide highly sought after two bedroom apartments in an excellent location for the city centre, and will add to NCH E Ltd's private rental portfolio.
- 2.4 The Police declared this site surplus to their requirements, and the site was acquired by NCH E Ltd in order to re-develop the site with new private rented two bed apartments.
- 2.5 NCH E Ltd secured planning permission for the development on the 8th January 2019; planning permission reference 17/02512/PFUL3. Demolition is planned to commence October 2019, construction in January 2020 and will complete by June 2021.
- 2.6 This re-development project complements the ongoing regeneration of the Meadows and the Southern Gateway to the city.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Not to provide loan financing. If NCH Ltd is not given a loan then it will not be possible to meet the shared objective of improving the PRS offer in Nottingham and will not allow NCH E Ltd to develop a property portfolio and asset base. It will not enhance the regeneration of the Meadows and would leave a prominent building/site undeveloped.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 Please see exempt appendix.
Tom Straw – Senior Accountant (Capital Programmes) 29 July 2019

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The main legal issues are:-

- A) To ensure that the loan is compliant with State Aid strictures. Enquiries are currently being conducted to assess the impact of these strictures upon the terms of the loan and that they are taken in consideration.
- B) To ensure that there is legal documentation to ensure an enforceable loan and security. Security should not only include charges but also that the Council is satisfied as to the construction contractor, construction contract documentation and design
- C) To ensure that the whole site is secured.

Brian Stewart, Senior Solicitor, Contracts and Commercial Team 15/8/2019

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 6.1 The former Meadows Police Station was acquired by the council and sold on to Nottingham City Homes on 31st July 2017. When NCH and NCH E Ltd have secured internal approvals NCH will transfer the land to NCH E Ltd. NCH E Ltd's proposal for the site includes additional land that was not purchased by NCH at the time the Former Meadows Police Station was acquired. This additional land is land that was compulsorily purchased for the NET tram extension and is vested in the council. Property are working with NCH, NCH E Ltd and the NET team to facilitate the sale of the additional land required for NCH E Ltd to carry out the proposed development.

Comments provided by Rod Martin, Development Manager 30/7/2019

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 Not applicable

8 REGARD TO THE NHS CONSTITUTION

- 8.1 Not applicable

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

No significant impact regarding 6 equality strands, therefore an EIA deemed unnecessary

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Planning permission reference 17/02512/PFUL3

CGIs of new development.



Project Name: [REDACTED]
Client: [REDACTED]
Location: [REDACTED]
Date: [REDACTED]

Prepared by: [REDACTED]
Checked by: [REDACTED]
Approved by: [REDACTED]

Scale: 1:500
Date: [REDACTED]

Notes:
1. All dimensions are in meters.
2. All areas are in square meters.
3. All areas are rounded to the nearest 0.01.

