

CABINET
Friday, 29 June 2018

PRESENT – Councillors Dixon (Chair), Harker, C.L.B. Hughes, McEwan, S Richmond and A J Scott

INVITEES – Councillors Curry, Haszeldine and Mrs H Scott

ABSENT – Councillors Wallis

C21 REPRESENTATIONS

No representations were made by Members or members of the public in attendance at the meeting.

C22 DECLARATIONS OF INTEREST.

There were no declarations of interest reported at the meeting.

C23 (URGENT ITEM) DELIVERY OF NEW HOMES AT HEIGHINGTON - JOINT VENTURE PROPOSAL

The Cabinet Member with the Efficiency and Resources Portfolio introduced the report of the Managing Director (previously circulated) requesting that consideration be given to the establishment of a Joint Venture Company to provide the infrastructure build and sale of homes in Heighington, under the company name Heighington Joint Venture Limited and to the acquisition of the land at Heighington, as shown on the plan appended to the submitted report, for residential development, through the Council's Joint Venture arrangements.

The submitted report stated that Esh Homes Limited had been appointed as a joint venture partner with the Council for residential development; subject to approval of the terms the Joint Venture Company would purchase the site and procure infrastructure including roads, sewers, drainage and services to open up the site to deliver housing; and that the site had the benefit of detailed planning permission for the delivery of 43 houses.

Particular references were made to the Joint Venture agreement heads of terms; principal elements of the loan agreement and building contracts; cost of build; achievement of sales value; financial implications; the risks associated with the proposal and the mitigation of those risks; and the legal advice received.

Discussion ensued on the variability of the rate of interest, the provision of affordable housing within the development, the size of the properties proposed in the scheme, adherence by the Council's partner to the conditions attached to the planning permission, and the potential apprenticeship opportunities for Looked After Children and young people in Darlington.

RESOLVED – (a) That the establishment of the Joint Venture Company to acquire the site, deliver, build and sell new homes at Heighington, as shown on the plan

appended to the submitted report, be approved.

(b) That £6.1m from the Investment Fund, be approved, to fund the Joint Venture Company financed by prudential borrowing subject to a first Legal Charge in favour of the Council over the land acquired by the Joint Venture Company together with a Guarantee from the Joint Venture Partner in respect of 50 per cent of the loan sum.

(c) That the Joint Venture Agreement be approved and delegated authority be granted to the Managing Director to finalise the establishment of the Joint Venture Company in line with the terms and supporting Development Appraisal and Cashflows annexed at Appendix 2 (Part III) and Appendix 3 (Part III) of the submitted report.

(d) That conditional upon completion of the Joint Venture agreement, a secured loan facility be entered into with the Joint Venture Company as a secured loan simultaneous with the land acquisition.

(e) That the Managing Director, the Assistant Director Housing and Building Services and the Assistant Director Law and Governance be appointed to act as Directors in the Joint Venture Company as part of its Executive Board.

(f) That the Joint Venture be funded from prudential borrowing from the Capital Investment Fund established by the report to Council dated July 2017.

REASONS – (a) To assist in the delivery of the Economic Strategy by speeding up the building of new homes.

(b) To assist in the delivery of the Housing Strategy by enabling the building of nine affordable housing units.

(c) To deliver income for the Council.