

# Companies Committee



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



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Tuesday, 4 February 2020 at 2.00 pm  
Witham Room - South Kesteven House, St. Peter's Hill,  
Grantham. NG31 6PZ

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**Committee Members:** Councillor Graham Jeal (Chairman)  
Councillor John Dawson (Vice-Chairman)

Councillor Philip Knowles, Councillor Ashley Baxter, Councillor Chris Benn, Councillor Louise Clack, Councillor Ian Stokes and Councillor Mark Whittington

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## Agenda

- 1. Membership**  
The Committee to be notified of any substitute members
- 2. Apologies for absence**
- 3. Disclosure of interests**  
Members are asked to disclose any interests in matters for consideration at the meeting
- 4. Minutes of the meeting held on 7 January 2020** (Pages 3 - 10)
- 5. Collaboration Agreement relating to Saint Martin's Park, Stamford** (Pages 11 - 27)  
Report of the Leader of the Council
- 6. Gravitas Housing Limited** (Pages 29 - 34)  
Report of the Deputy Leader of the Council

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☎ 01476 406080

Paul Thomas, Interim Chief Executive

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7. **Wherry's Lane Management Company Limited** (Pages 35 - 38)  
Report of the Leader of the Council
8. **Work Programme** (Pages 39 - 40)  
Members to review the Committee's Work Programme.
9. **Any other business which the Chairman, by reasons of special circumstances, decides is urgent**

# Minutes

**Companies Committee**  
**Tuesday, 7 January 2020**



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

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## **Committee members present**

Councillor Philip Knowles  
Councillor Ashley Baxter  
Councillor Chris Benn  
Councillor Louise Clack

Councillor John Dawson (Vice-Chairman)  
Councillor Graham Jeal (Chairman)  
Councillor Ian Stokes  
Councillor Mark Whittington

## **Officers**

Chief Executive (Paul Thomas)  
Strategic Director, Growth (Harry Rai)  
Assistant Chief Executive, Housing  
Delivery (Ken Lyon)  
Director of Finance (Richard Wyles)  
Director of Law and Governance (Shahin  
Ismail)  
Finance Lead for Housing Delivery (Paul  
Clarke)  
Head of Governance (Jo Toomey)

## **Other Members**

Councillor Phil Dilks  
Councillor Barry Dobson  
Councillor Rosemary Trollope-Bellew

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## **8. Disclosure of interests**

No interests were disclosed.

## **9. Minutes of the meeting held on 19 November 2019**

The minutes of the meeting held on 19 November 2019 were agreed as a correct record.

## **10. Housing Delivery in South Kesteven**

The Deputy Leader, in his capacity as the Cabinet Member for Housing introduced his report to the Companies Committee, which provided an overview of the options that were available to promote housing delivery within the district. In doing so he welcomed comments and suggestions from members of the Companies Committee.

The Assistant Chief Executive, Housing Delivery and the Finance Lead for Housing Delivery gave a presentation. Key points within the presentation included:

- The inter-relationship between economic growth and housing delivery
- Activities that were already being undertaken by the Council to promote housing delivery including the introduction of a project team to work with developers and the Design PAD process
- Targets within the current local plan to deliver 13,500 new homes by 2036
- There were wider issues around affordability in the south of the district
- 81% of Local Plan house building targets had been met cumulatively between 2011/12 and 2018/19; of those 18% were affordable
- The question that was being addressed was how the council could play a proactive role in delivering and stimulating the delivery of housing in the district. The council was working with a range of organisations to answer this question
- Best practice had been researched and site visits undertaken to Stoke and Brighton where similar housing delivery challenges had been experienced and action taken to address those challenges
- When the Council went out to market it did so with the idea that it wanted to deliver affordable housing in some quantity
- Market feedback indicated that the council needed to further develop and clarify the aims of the project
- Two initial approaches had been identified; either an asset-backed vehicle or a more flexible investment partnership approach to be determined in conjunction with prospective partners
- It was noted that outside the Housing Revenue Account the council did not own large amounts of land
- Key considerations for any partnership into which the Council might enter included:
  - Ease of exit
  - Governance and control
  - Sustainability / quality
  - Flexibility
  - Local economic impact
  - Costs
- The partnership selection overview process had been designed to demonstrate value for money, transparency and minimising unnecessary times/costs
- The design of the selection process aimed to enable flexibility and innovation
- The draft first-stage selection papers focused on an aligned ethos and objectives, to be validated with example sites
- The second stage involved clarification and negotiation with short-listed partners, agreement of targets and the finalising of partnership documentation
- An overview of timescales for delivery and decision-making

One Member asked about the number of people who were currently on the Council's housing register; members were given an indication of the number of people in the priority bands and the band that included more aspirational requests for council housing. Discussion ensued about the nature of any affordable housing that might be provided through the partnership. There was a concern that some of the properties that were badged as affordable and aimed at first-time buyers could still prove a challenge

for young people and families. A clearer indication of non-market options would be identified through the partner selection and negotiation processes.

A question was asked about linking any housing development with social and community facilities. Whilst there was recognition that Section 106 monies attached to a development would support necessary infrastructure like schools and health facilities, there was concern that informal community hubs including churches and local groups may be overlooked. As part of the partnership questionnaire, bidders were being asked to put together a specific ethos question about community engagement, validated with reference sites, indicating they would approach and address best practice in respect of community provision. This would capture community support and community cohesion, with prospective partners being asked how they would achieve this; their responses would be incorporated within any partnership agreement to provide a contractual commitment. It was suggested that consultation with residents who already lived in an area could help identify actual needs. It was noted that there would ultimately be a balance between the percentage of affordable housing, energy efficiency and additional community / other funded development. The selection process was designed to enable potential partners to play to their strengths and propose their balance and for SKDC to select the proposal that best fits its overall requirements.

The intention was that the Council would enter into a long-standing investment partnership where both parties would retain equal control. Once both partners had agreed on a project, a detailed business case underpinned by financial commitments would be developed. When this had been signed-off by both parties as being financially acceptable, the scheme would proceed.

The advantages of a partnership arrangement had been highlighted, but members were interested in any potential negatives related to the proposed approach in favour of traditional council housing. The committee noted that the Council was still committed to building additional social units within the envelope of the Housing Revenue Account regardless of whether the project proceeded. These would be funded through the Housing Revenue Account and Section 106 commuted sums. The Housing Revenue Account programme was looking to build approximately 100 homes each year. Members were informed that during consultation on an alternative delivery vehicle, the council had indicated that it was seeking a partner with the ability to deliver up to 300 homes a year, but that would be subject to negotiation with prospective partners.

The committee was advised that the rationale behind the partnership was to excite the market and to build as many homes as possible. The housing mix would include both affordable and market housing and that mix would be adjusted depending on the sites coming forward. The disposal or letting arrangements for any homes would be developed by working alongside the selected partner for the venture. One member identified the relationship between the objectives for this venture and the reasons for which Gravitas was set up. A question was raised about how this venture differed from Gravitas. Gravitas was seen as a good vehicle for small scale development using the local supply chain for proof of concept.

Members commented that they were grateful for the opportunity with which they had been provided to speak to officers and ask questions on the proposal prior to the meeting. The chair asked that this was noted.

In response to a series of questions, members were advised:

- Flexibility had been left to enable different types and mixes of development on different sites. Members were also given an indication of the cost per dwelling where the land was in the ownership of the partner and where it had to be acquired
- As part of the preparation of any business case, a decision would be taken with the partner to agree the appetite for risk and targets for affordable dwellings
- It was hoped that with the council being a key development partner, that projects could provide an exemplar as to what Section 106 benefits could be achieved whilst the development remained viable. This could then be used to challenge other developers
- The project timeline had been designed to enable the committee to have the maximum opportunity to comment and contribute as possible
- Any property that was owned by a local authority within its Housing Revenue Account was subject to the Right to Buy. There was, however, a 7-year period for new build properties when discounts did not apply. This protected the local authority from losing money. Where properties were owned by a Registered Provider, tenants had the right to acquire their property
- Additional wording around modern slavery could be built into the partnership questionnaire

A question was raised which related to how the weighting of the questionnaire had been determined. Members were given an opportunity to raise any comments during the meeting or to contact the officers directly, setting out any comments, questions or suggestions by Friday 17 January 2020.

### **Action point**

#### **Members to submit comments on the weighting within the questionnaire to the Assistant Chief Executive, Housing Delivery by 17 January 2020**

Clarification was sought as to whether the Council would be able to bring any land forward for the partnership to develop. Members asked whether it would be possible to pursue an asset-based approach because of comments about how land within the General Fund was limited.

Members asked for clarification about how the partnership would relate to Gravitas with reference being made to a comment within the Cabinet Member's report about avoiding duplication. The Committee was advised that Gravitas was a vehicle that was wholly owned by the Council. What was being proposed as part of this report was a joint venture that complemented the strengths of both partners. It was suggested that working with others and developing a longer-term relationship was likely to deliver more added value on developments, sharing both costs, risks and rewards. How any

partnership fitted with Gravitas would be easier to articulate once the process of selecting a partner progressed.

Business plans would be developed with the selected partner on a site by site basis; these would include a viability assessment of the site, how the land owner wishes to be involved, affordability and cashflow projections related to the disposal of any dwellings or renting them out. The business plan would be brought to council, which would then have to consider whether it wished to proceed with the project.

Reference was made to the timeline that was set out in the presentation and the proposed date for the commencement of trading as a company, which was in April 2021. Whilst the cautionary approach was welcomed, members were concerned that it would take 15-months before delivery commenced. Members were advised that April 2021 was the latest date at which it was anticipated the partnership would begin trading. Once a partner had been selected, there was an intention to take a twin-tracked approach, which could see projects brought to fruition sooner. Alternatively it could provide an opportunity to run a small one-off project to test the delivery vehicle prior to entering into the longer-term, formal partnership arrangement.

Members asked about how long it had taken other local authorities to bring similar projects to fruition. The example of Brighton was cited, and members were advised that its timeline was a year longer than that proposed for SKDC. Brighton did save some time because it began working directly with a preferred partner rather than testing the wider market. The SKDC preference was to consider the wider market to increase the range of opportunities that would be available to it.

The committee was reassured that the process was being led by Members, rather than officers, with the Deputy Leader of the Council confirming that he had been fully involved in his capacity as the Cabinet member for Housing.

Questions were put about the requirements for those officers who were involved in the project to declare interests to ensure that there would be no conflicts in the selection of a partner or letting of any contract. Members were advised that there was a process in place for officers to disclose interests, gifts and hospitality. Members were also reassured that the project would be well-governed and well-led with proper project management, risk assessment and financial appraisal around it. The project would be transparent and accountable with reports being made to the Companies Committee for oversight and scrutiny.

Members asked how pioneering the project was. The committee was informed that there were a number of different models for housing delivery across the country and the proposal was a variation of those. The project was described as innovative but not without precedent.

Based on soft market testing, the expectation was that there would be a reasonable level of market interest with 3 or 4 organisations having expressed a significant interest in becoming the joint venture partner, with others interested in working on the project at a lower level.

The committee identified other areas that they felt should be included in the partner selection questionnaire: declaration of forthcoming legal proceedings and declarations about financial and accounting information and reassurances related to that which were not in the public domain. Members also requested information on prospective partners' ambitions and information to help understand their expectations on the level of the return. It was also felt that there was a need for clearly stating what would happen if the contract was breached, exiting arrangements and governance.

Members talked about their expectations with regard to business plans for the venture. They suggested that they would expect to see a 1-year business plan and a five or 16-year business plan.

### **Action point**

#### **The risk register for the project to be shared with members of the Companies Committee**

Members discussed the model that was being considered. Whilst there were no concerns about due diligence with the top partner in the joint venture, there were concerns that if the top Joint Venture partner entered into a partnership with another partner then it could dilute the control of the Council and mean that it ended up working with an organisation that it had previously dismissed. These concerns were noted. Members were advised that if the decision was made to use an LLP as the top company, it provided the greatest level of control for the Council, as any members that sat on it would represent the interests of the council rather than the interests of the company.

Reference was made to a project in Canterbury and opportunities presented by different types of planning obligations. Particular interest was expressed by one member in using the Community Infrastructure Levy rather than Section 106 Agreements.

### **Recommendation**

#### **That the relevant overview and scrutiny committee(s) consider Community Infrastructure Levy**

The Committee asked for details about the information it would receive when the next report was brought to it in April 2020. The Committee would receive a report summarising the feedback to the questionnaires and initial views on that feedback

It was proposed, seconded and **AGREED**:

- 1. To endorse the Council's strategic ambitions for housing growth and delivery in the district**
- 2. Recommends to Cabinet that the selection process for a strategic partner is pursued to the next stage of seeking bids, to properly form a view as to whether an investment partnership is viable and could deliver additional**

**homes, including affordable housing for the district subject to the comments made during the meeting**

**3. Receives feedback on stage 1 of the partner selection process in**

**11. Updates from the previous meeting**

At the Committee's previous meeting on 19 November 2019, a number of actions were raised relating to InvestSK.

**Action 1: Members asked for InvestSK to circulate the breakdown of newly created jobs in South Kesteven**

Members had been advised that 97 jobs had been created within the district. The Committee clarified that it would like a breakdown of these new jobs by sector to see if any trends or gaps could be identified. A suggestion was made that specific case studies could be used as examples to promote InvestSK's work.

**Action 2: Members asked InvestSK to circulate a list setting out those officers who were on secondment from SKDC and those who worked directly for the company**

This information was provided.

**Action 3: Members requested a copy of the minutes from the InvestSK AGM**

The minutes from the InvestSK AGM were awaiting the sign-off of the Chairman. As soon as the minutes had been signed-off, Committee members were advised that a copy would be sent to them.

**Action 4: Clarification was required on the legal position as to whether an indemnity would be provided in the event of negligence**

The Monitoring Officer stated that Directors and Officers liability cover for negligence was standard in the public sector. All officers acting in good faith would be covered if negligence occurred through their actions. Cover would not cover negligence where an officer was not acting in good faith or where there was criminal misconduct. The Committee was advised that the Articles of Association would be reviewed by legal services and that final instructions on the extent of this work were still awaited.

**Action 5: The Chief Executive and Directors of InvestSK were asked to produce a proposal for sharing accounts with the Companies Committee**

The Committee agreed that it would have been more constructive if it had set out what it expected in respect of the financial information to be provided. It was noted that a workshop had been scheduled for May 2020 at which members would determine the level of finance and governance reporting it required for each company.

**Action 6: Copies of the 3-year budget projection to be circulated to committee members**

The papers circulated at the previous meeting referred to a 3-year budget plan. InvestSK had not circulated a copy because there had been significant changes since that time. Members asked when they could expect to see the company's 3-year budget. There was recognition amongst members that budgets changed over time, but it was important to see that information. Other members did not see how a budget could be produced without an agreed business plan. Reference was made to the Council's proposed budget for 2020/21, which had recently been published as part of the papers for the Budget Overview and Scrutiny Committee. The proposals included a reduction in funding for InvestSK to £800,000. InvestSK would be required to produce a business plan around the level of funding that was being proposed.

**Action 7: InvestSK to update its business plan and forward to the committee for consideration within the proceeding 6-months**

This dovetailed with debate on the Committee's work programme; a copy of the business plan for InvestSK would be presented to the Committee on 28 April 2020.

**12. Work Programme 2019 20**

Members noted the workshop that had been added in May 2020, the date of which was yet to be confirmed. This workshop would be used to discuss the information that would be required from each company. It had been considered most appropriate to do this after all of the companies had been to talk to the committee.

Members looked at the work that had been scheduled for the upcoming meetings. The next meeting would include an item on DeliverSK and a collaboration agreement related to the work of the company. Reports would also be presented on Gravitax and the commercial development at Wherry's Lane, Bourne.

Committee members had found it helpful that officers had made themselves available to discuss the housing delivery project with them prior to the meeting. The suggestion was made that this approach would be useful for other items that would be brought before the committee.

**13. Close of meeting**

The meeting was closed at 11.33am



**SOUTH  
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## Companies Committee

4 February 2020

**Report of:** Councillor Kelham Cooke

The Leader of the Council



## Collaboration Agreement relating to Saint Martin's Park, Stamford

Collaboration Agreement with Burghley Land Limited (Burghley) relating to land at Barnack Road, Stamford.

### Report Author

Jane McDaid, Assistant Director, Growth



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Corporate Priority:	Decision type:	Wards:
<b>Growth</b>	<b>Key</b>	<b>Stamford St Mary's</b>

<b>Reviewed by:</b>	Harry Rai, Interim Strategic Director, Growth	8 January 2020
<b>Approved by:</b>	Paul Thomas, Interim Chief Executive	24 January 2020
<b>Signed off by:</b>	Councillor Kelham Cooke, The Leader of the Council	24 January 2020

### Recommendation (s) to the decision maker (s)

#### 1. That the Committee scrutinise the Key Decision made by Cabinet at the Cabinet meeting on 21 January 2020

Cabinet approved the recommendation in the 21<sup>st</sup> January 2020 report to enter into a contractual Collaboration Agreement with Burghley Land Limited as set out in the Heads of Terms relating to land at Barnack Road, Stamford to bring forward the redevelopment of circa 35 acres of land for commercial, residential and retirement uses on a 50/50 shared development cost and profit basis.

The Cabinet approved the recommendation in the 21<sup>st</sup> January 2020 report that the Cabinet Member for Growth in consultation with the Director for Growth, the Chair of Companies Committee and the Monitoring Officer be given delegated powers to sign and complete the contractual agreement required to implement the recommendation above, based on the approved Heads of Terms.

## **1 The Background to the Report**

- 1.1 The Council purchased land at Barnack Road, Stamford in March 2019 which adjoins land owned by Burghley Land Limited (Burghley), a wholly owned subsidiary of Burghley House Preservation Trust. The land was purchased by the Council as being strategically important to the Council's growth ambitions in Stamford and the Cabinet Minute PD0095 refers.
- 1.2 These adjacent land holdings on Barnack Road, Stamford, now known as St Martin's Park, as shown edged red on the attached plan (Appendix A) extends to approximately 14.429 hectares (35.65 acres) which can be promoted for a mixed-use development including commercial, residential and retirement homes along with associated public open space, car parking, retail and infrastructure, subject to planning consent.
- 1.3 The primary objective of the landowners would be to create space for a minimum of 500 jobs on a mixed-use development (comprising residential, commercial and retirement uses along with associated public open space and infrastructure) that will result in high-quality development that will enhance the economy of Stamford providing new jobs and varied living accommodation to meet the needs of the local economy and residents as well as improving and protecting the setting of Burghley House and its grounds.
- 1.4 The parties believe that working together and treating both sites as a single development opportunity will maximise the value and uses of both sites. For this reason, it is proposed that the Council enters into a contractual Collaboration Agreement with Burghley, as set out in the agreed Heads of Terms (see Appendix B and Appendix C (plan)).

## **2 Consultation and Feedback Received, Including Overview and Scrutiny**

- 2.1 The Companies Committee is being asked to consider the matter on the 4th February 2020.

## **3 Available Options Considered**

### **Option 1 – bring forward development or dispose of the Council site in isolation**

- 3.1 There are substantial vacant holding costs including rates security etc plus cost of debt. The buildings are old and not fit for purpose and the occupier demand for second-hand industrial and office space in this location is very weak. Capital would be required to upgrade and partition both the offices and industrial units which is not economically viable over the short to medium term.
- 3.2 The land could be sold on the open market with residential hope value with a view to recouping the Council's investment. If restrictive covenants were placed on the land to ensure the future commercial use of all or part of the site, the sale proceeds would be substantially restricted and there would be no ability to ensure development took place. The Council could consider seeking a planning consent for a development scheme on the site alone prior to sale, either by itself or finding a funding partner, if required, to share cost and risk. Any sale of the site could be conditional on the planning consent being implemented, such an arrangement would reduce the price achieved and leave substantial risk with the Council over a long period.
- 3.3 To bring forward development that at least replaces the number of jobs lost when the last company using the site closed, approximately 50% of the site would need to be put to commercial use. The remainder could be developed as residential or retirement use subject to planning. The ability to create a commercial and business orientated sense of place and identity is limited on a mixed-use site of this size which would be reflected in

lower commercial rates per acre and would influence the achievable residential land prices.

- 3.4 Holding costs, masterplan, planning and site investigation fees, any infrastructure requirements and exit costs and risk will all fall to the Council over a 3 to 10-year period, depending on exit strategy and market conditions. As with all development, obtaining planning permission is a risk and the developer carries the burden of holding a site over what can be a protracted period during which local or government policies can change.
- 3.5 Planning could be sought for an entirely residential scheme which would have the ability to be of good quality and achieve good rates per acre, however, planning for a full residential scheme will take time and resource, would likely need to be won at appeal and even then may fail, as the site is brownfield industrial with an expectation that commercial activity will remain its main use and would be a departure from the Council's reasons for investing in the site.
- 3.6 A fully commercial scheme could be sought which would likely receive planning support however 15 acres of commercial supply in this location would far outstrip the demand and likely result in a very long period of development as take up slowly came forward over the next 10 years plus. The viability of such a scheme could also be very difficult with rents and land rates being challenging, plus the cost of holding the scheme over a protracted period.

**Option 2 - Bring forward the Council's land for development in a collaboration partnership with the adjacent landowner (the preferred option)**

- 3.7 The inherent risk and reward profile and planning risk outlined above remain pertinent. A partnership with Burghley who are the land owner on 3 sides of the site, removes all risk of objections from this major adjacent land owner and takes account of the historic setting of Burghley House. It promotes a scaled mixed-use development with both a residential and commercial/business orientated sense of place and identity which should attract premium exit prices to underpin the commercial land uses required by both parties.
- 3.8 A masterplan would be developed irrespective of ownership, over the joined site. Both owners would have an equal say and control over design, development and exit strategy. All costs and profits at exit would be shared equally. This joint approach would bring forward a coherent development for the town, whilst delivering outcomes that each party wishes to see from its land.
- 3.9 If this route is pursued, it is likely that approximately 80% of the site could be conditionally sold within 18 to 24 months subject to planning consent.

**Option 3 - An interest in the project is granted to DeliverSK (DSK)**

- 3.10 DSK becoming involved in bringing forward this site remains possible but cannot be considered fully at the present time as DSK is not yet incorporated as a company. There is potential for the site to be transferred into DSK in the future, along with an assignment to DSK of the Collaboration Agreement, so that DSK would take the place of the Council in the Collaboration Agreement. As this is an option for future consideration, the proposal would be brought back with a full financial appraisal of the benefits of such an assignment into DSK.

## **4 Preferred Option**

- 4.1 Following the analysis of the options considered above, it is recommended that the Council accepts Option 2 and enters into a contractual Collaboration Agreement with Burghley.
- 4.2 The Collaboration Agreement sets out the contractual obligations of both parties, with the key issues being:
- 4.3 Control of the partnership is 50/50, meaning that the Council would have an equal say in the design of the project, the mix of uses proposed, and the ultimate exit strategy;
- 4.4 The agreement would be for a term of 5 years with appropriate breach and early termination provisions.
- 4.5 The partners will agree all appointments, an exit strategy and the optimal outline planning application via Project Plans approved by the Project Board.
- 4.6 The development costs and profits will be shared equally.
- 4.7 Control is via a Project Board with proposed representatives from Burghley (Trustees) and the Council (Leader and CEO) and an Executive Team of officers represented by each partner
- 4.8 Once the Project Plan is agreed, which sets out the design, planning application and exit strategy, the two partners are locked in to delivering the outcomes that have been agreed.

## **5 Reasons for the Recommendation (s)**

- 5.1 The Council would be instrumental in bringing forward large-scale commercial, residential and retirement regeneration for the benefit of the Town and District with a reduced budget risk, whilst sharing control, planning and development risk and reward.

## **6 Next Steps – Communication and Implementation of the Decision**

- 6.1 The contractual documents will be entered once in their final agreed form and subject to Companies Committee scrutiny.

## **7 Financial Implications**

- 7.1 There is currently a holding cost associated with this asset and the Council has a stated ambition to realise the full potential of the site and deliver a development that meets the primary objectives of the initial purchase. The opportunity to work collaboratively with an adjoining landowner will maximise the full potential of the development and ensure the financial inputs, risks and rewards are shared on an equitable basis. Working in collaboration will also ensure there is maintained focus and momentum on delivery of the outcomes and ensure the Council realises the capital investment. The capital receipts can then be utilised for funding other capital investments thereby negating the need for incurring external borrowing costs. There is no specific funding allocated to develop the masterplan referred to so it may be necessary to seek one-off funding as the Collaboration Agreement develops. The outlay will be recouped once the full potential of the site is realised.

**Financial Implications reviewed by: Richard Wyles, Director of Finance**

## **8 Legal and Governance Implications**

- 8.1 The Collaboration Agreement is a mechanism by which the Council and Burghley can agree a Project Plan for their combined sites, in which the Council will have an equal influence on this key site in Stamford. If the parties are unable to agree a Project Plan, then they would be able to develop their respective sites alone, and the Collaboration Agreement would fall away. The Council is therefore not committed to doing anything other than to commit to working together to develop a mutually beneficial scheme. This collaborative approach is designed to ensure that the outcomes for the site are optimised for both parties, and as such it is to be welcomed. Specialist commercial property legal advice is being sought on the terms of the Collaboration Agreement, to ensure all the Council's legal interests are protected.

**Legal Implications reviewed by: Shahin Ismail, Monitoring Officer**

## **9 Equality and Safeguarding Implications**

- 9.1 None

## **10 Risk and Mitigation**

- 10.1 Development carries inherent risk which will be managed by the Project Board and the Executive Team which form the management of the Collaboration Agreement.

## **11 Community Safety Implications**

- 11.1 None

## **12 Other Implications (where significant)**

- 12.1 None

## **13 Background Papers**

- 13.1 Key Decision Acquisition of Land in South Kesteven 6<sup>th</sup> September 2018 PD0095

## **14 Appendices**

- 14.1 Plan of site – Appendix A  
14.2 Heads of Terms for a Collaboration Agreement – Appendices B and C (plan)

<b>Report Timeline:</b>	Date of Publication on Forward Plan (if required)	14 October 2019
	Previously Considered by: Cabinet	21 January 2020
	Final Decision date	5 February 2020

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# DRAFT

A	191107	Revised red line	FC
Rev	Date	Description	Initials
<b>PROJECT</b>			St Martin's Park Stamford
<b>TITLE:</b>			Site boundary
<b>SCALE:</b>			1:1000 @A1
<b>DATE:</b>			1 Aug 2019
<b>DRAWING No:</b>			SK01A
<b>DRAWN BY:</b>			FC



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Property: St Martin's Park, Barnack Road, Stamford  
Date: 2 January 2020  
Version: FINAL



## HEADS OF TERMS FOR A COLLABORATION AGREEMENT (SUBJECT TO CONTRACT)

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### Overview

South Kesteven District Council (SKDC) acquired in early 2019 land and buildings known as the “Cummins” factory which has previously provided employment for up to 500 people. Burghley House Preservation Trust (BHPT) own land adjacent to this site which has an extant consent for employment uses. BHPT as a Charity need to transfer the land to Burghley Land Limited (BLL) a wholly owned subsidiary of BHPT for the development to proceed.

These adjacent land holdings to the north of Barnack Road, Stamford (the Property), now known as St Martin's Park, as shown edged red and blue on the attached plan extends to approximately 14.429 hectares (35.65 acres) and in total is to be promoted for a mixed-use development including commercial, residential and retirement along with associated public open space, car parking, retail and infrastructure.

These Heads of Terms are the agreed terms for a Collaboration Agreement between the Landowners for the master planning, promotion and disposal of the Property and they are subject to the satisfactory completion of an agreed Project Plan.

### 1 Property

- 1.1 The freehold of the Property is owned by the following Landowners:
- 1.2 South Kesteven District Council - 6.208 hectares (15.34 acres) – shaded red on the Plan
- 1.3 Burghley House Preservation Trust - 8.221 hectares (20.31 acres) and 0.221 hectares (0.55 acres) – shaded blue and orange on the attached Plan.

### 2 Landowners

- 2.1 South Kesteven District Council (SKDC)

St Peter's Hill  
Grantham  
Lincolnshire  
NG31 6PZ

Contact: Jane McDaid (Assistant Director of Growth)  
Email: jane.mcdaid@peterborough.gov.uk

- 2.2 Burghley House Preservation Trust (BHPT) and Burghley Land Limited (BLL)

Burghley Estate Office  
61 St Martins  
Stamford  
PE19 2LQ

Contact: David Pennell, Estates Director  
Email: david.pennell@burghleyestate.co.uk

### 3 Landowners Solicitors

#### SKDC

Pinsent Masons  
1 Park Row  
Leeds  
LS1 5AB

Contact Anne Bowden  
Telephone: 0113 2945297  
Email: anne-bowden@pinsentmasons.com

#### BHPT and BLL

Farrer & Co  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

Paul Krafft  
0203 375 7442  
[paul.krafft@farrer.co.uk](mailto:paul.krafft@farrer.co.uk)

### 4 Landowners Agents

#### SKDC

Lambert Smith Hampton  
1 Oakwood Road  
Doddington Road  
Lincoln  
LN6 3LH

Contact Sam Elkington  
Telephone: 07887 774155  
Email: selkington@lsh.co.uk

#### BHPT and BLL

Bidwells  
Bidwell House  
Trumpington Road  
Cambridge  
CB2 9LD

Mark Buddle  
07834 943497  
[mark.buddle@bidwells.co.uk](mailto:mark.buddle@bidwells.co.uk)

### 5 Primary Objective

- 5.1 The Primary Objective of the Landowners is to create space for a minimum of 500 jobs on the Property through the grant of a Satisfactory Planning Permission for a mixed-use development (comprising residential, commercial and retirement uses along with associated public open space and infrastructure) that will result in the high-quality Proposed Development on the Property that will enhance and preserve the economy of Stamford providing new jobs and varied living accommodation to meet the needs of the local economy and residents as well as improving and protecting the setting of Burghley House and its grounds.

### 6 Development Costs and Profit

- 6.1 The Landowners agree to fund the approved costs 50/50 with each instruction being in joint names and cost being invoiced to each Landowner on a 50/50 basis which they undertake to pay promptly.
- 6.2 The Landowners agree that the proceeds of disposal will be settled 50/50
- 6.3 The Landowners agree that a Development Costs Account will be maintained by each Party, fully referenced with copy invoices, receipts, instructions and contracts.
- 6.4 Infrastructure costs, if any will be discussed and approved in a Project Plan as and when required.

### 7 Project Plans

- 7.1 The Landowners will work to create and approve Project Plans to achieve the Primary Objective, and shall include but not be limited to;

- 7.2 A Planning Strategy based on an approved Masterplan for a high-quality mixed-use development to achieve a Satisfactory Planning Permission for the redevelopment of the Property by obtaining an outline planning permission.
- 7.3 A Disposal Strategy to allow for the individual uses that will be permitted as part of the Satisfactory Planning Permission to either be disposed of on a subject to planning basis to third party developers or to be retained by both, or either, of the Landowners
- 7.4 A critical time path and programme for the project.
- 7.5 A future Estates Management Strategy for infrastructure elements and common parts.
- 7.6 A communication and Marketing Strategy for St Martins Park.
- 7.7 The Project Plans may be reviewed periodically by the Project Board.

## **8 Landowners Requirements**

- 8.1 The Planning Strategy and Disposal Strategy shall have due regard to the following Landowners Requirements:
- 8.2 The Landowners will have joint input and control over the design of the masterplan in order to achieve the Primary Objective.
- 8.3 The Landowners will follow a Best Sales Process within the Disposal Strategy.
- 8.4 The Landowners will each be able to acquire an investment interest in the development at open market value, to secure future income. This could potentially be achieved through both residential and commercial development.

## **9 Restrictions on Each Party's Title**

- 9.1 Each Landowner will agree to appropriate restrictions on the registered title to each other in respect of the land they own within the Property.
- 9.2 By removing these restrictions at the point of each land disposal, each Landowner will receive its share of the Sale Proceeds when each parcel of land is sold (whether as one or individually).

## **10 Undertakings**

- 10.1 Both SKDC and BHPT undertake with each other that in respect of the Property:
- 10.2 No Landowner will create any material encumbrance that will affect the Property.
- 10.3 Neither Landowner shall do anything with or on their respective land that could fetter the planning promotion of the whole of the Property coming forward as a comprehensive redevelopment proposal.
- 10.4 During the existence of this Agreement, neither party shall sale or enter into any option, promotion or lease agreements on its part of the Property that could fetter the ability to either obtain a Satisfactory Planning Permission or to dispose of all or any part of the Property.
- 10.5 Neither Landowner can assign its interest in the Collaboration Agreement, save for SKDC's ability to assign the Agreement to a 50/50 owned subsidiary company.
- 10.6 The Landowners will each declare in writing to the Landowners' solicitors before the date of this agreement any past disputes, contamination, easements, rights of way, leases, tenancies, covenants, options or other encumbrances which would or might materially adversely affect the full implementation of the provision of the agreement or which might materially reduce the value of the Property.

- 10.7 Each Landowner will deliver vacant possession of their land, at their respective costs, as soon as possible after the date of the Satisfactory Planning Permission but nevertheless within three months as a longstop date.
- 10.8 The Landowners shall permit entry to those parts of the Property respectively owned by them at all reasonable times on reasonable notice for the purpose of carrying out any soil or other investigations or survey on terms that the party so entering causes as little damage as possible and makes good all damaged caused.
- 10.9 The Landowners agree to co-operate to minimise the impact of tax (where applicable).
- 10.10 Any title matters on either part of the Property will be the responsibility of the respective Landowner to resolve and any cost implications will be incurred by the relevant Landowner and will not be a shared cost.
- 10.11 It is understood that SKDC may have an overage provision as part of the acquisition of its part of the Property. SKDC accept that it will be responsible for any payments due to the previous landowner and that these payments will not be passed onto any purchaser of the Property (nor will they become a shared cost).

## **11 Landowners' Development Costs and Costs excluded from Development Costs**

- 11.1 Any clean-up costs associated with any contamination on respective landownerships will be borne solely by that owner.
- 11.2 Holding costs - Any management costs including but not limited to; empty rates, security, insurance and all other associated costs in respect of its site will be the responsibility of the individual landowner.
- 11.3 SKDC acknowledge that any ongoing environmental liability to the former owners that it accepted as part of the acquisition of its part of the Property will not be passed on to any purchaser when the Property is sold following the grant of a Satisfactory Planning Permission.

## **12 Project Board and Executive Team**

A Project Board shall be constituted with agreed terms of reference. The Board will comprise of:

- 12.1 The Board will comprise
  - 12.1.1 2 SKDC representatives – Leader and Chief Executive
  - 12.1.2 2 BHPT Trustees – Chair and one other Director/Governor
- 12.2 An Executive Team shall be constituted with agreed terms of reference and delegation and will comprise
  - 12.2.1 1 BHPT representative – David Pennell
  - 12.2.2 1 SKDC representative – Jane McDaid
- 12.3 Decisions taken by the Project Board will require unanimous approval and a quorum will be 1 member of the Board from each Landowner.
- 12.4 The Executive Team will be responsible for the preparation of the Project Plan and any proposed future amendments for review and approval by the Project Board.
- 12.5 Once approved, the Project Plan will be adopted and form part of the Collaboration Agreement, and the Executive Team charged with its implementation. Further Project Plans can be brought forward for approval if required.
- 12.6 The Council will ensure that any decisions to be taken by the Project Board that require Council governance, are taken with the benefit of Council governance. Enough time will need to be allowed to ensure that this can take place.

- 12.7 All public statements, releases and announcements in respect of the Property or the project are to be approved by the Project Board
- 12.8 The Project Board will attend regular meetings with the Executive Team and all Project Board Meetings will be on a quarterly basis.

### **13 Satisfactory Planning Permission**

- 13.1 Satisfactory Planning Permission means an outline planning permission granted on the Property which achieves the Primary Objective and is free from challenge.

### **14 Planning Agreements**

- 14.1 The Landowners will be required to enter into any planning agreements required for the Satisfactory Planning Permission, provided that these:
- 14.2 relate only to the extent of the Property and any land required for highways works comprised within the planning application area.
- 14.3 are only enforceable following the commencement of the development (other than payment of council legal fees);
- 14.4 has been approved by the Landowners (such approval not to be unreasonably withheld or delayed) and does not require the Landowners to expend any money prior to the sale of the Property; and subject to:
- 14.5 the relevant planning agreement containing terms which either release the Landowners from all liabilities, obligations, restrictions and conditions under the planning agreement once it has parted with its interest in the Property or the Landowners are indemnified in respect of any such liabilities, obligations, restrictions under the planning agreement from which it is not so released once it has parted with its interest in the Property.
- 14.6 It is proposed that any sale contract to a purchaser will include provision for the purchaser to pay any associated costs incurred by the Landowners (i.e. Landowners Solicitor fees in auditing the planning agreement).
- 14.7 The Landowners will use reasonable endeavours to ensure that any planning agreement contains appropriate phasing provisions to prevent liability being triggered with respect to land falling outstanding any phase being developed, where applicable.

### **15 Net Sales Proceeds**

- 15.1 The Net Sales Proceeds will be calculated as follows:
- 15.2  $\text{Net Sales Proceeds} = \text{Gross Sales Proceeds} - \text{Sales and Marketing Costs} - \text{Legal Costs of Sale}$

### **16 Distribution of Net Sales Proceeds**

- 16.1 The Landowners shall jointly appoint a solicitor (the 'Lead Solicitor') to act on behalf of the Landowners in connection with the disposal of the Property benefitting from a Satisfactory Planning Permission and the Landowners shall authorise the solicitor on receipt of Gross Sales Proceeds following a sale to:
- 16.2 Pay the Landowners' Agents and sales solicitor their respective fees (plus VAT) in connection with the sale
- 16.3 Pay the balance of the Net Sales Proceeds to the Landowners on a 50/50 basis.

## **17 Term**

- 17.1 The Term means an initial period of 5 years from the date of the Agreement and can be extended by mutual agreement of the Landowners.
- 17.2 Once a Satisfactory Planning Permission has been obtained, the Agreement will remain enforceable beyond the initial 5 year period until all the Property is sold and all obligations under the sale contracts have been resolved.

## **18 Dispute Mechanisms**

### **18.1 Deadlock**

The Project Board can vote 3 times on any matter. If they cannot resolve the issue the following happens:

a) If the Planning Application has been submitted, conditional sales executed, and Project Plan approved then the default position is the Landowners must complete the Project Plan.

b) if the Planning Application has not been submitted, no conditional sales executed, and the Project Plan not approved then automatic notice will have been deemed to have been served to terminate the Collaboration Agreement 3 months later and each Landowner must pay their 50% share of the Development Costs. The Project Board vote 3 times on 3 separate occasions, if no consensus on the third vote then if the conditions in a) are pertinent then the PP must be played out to its conclusion. If in b) then the agreement falls 3 months after the last inconclusive vote. The 3 months gives a cooling off period where the parties can come to an agreement if they chose but during that 3 months affairs are put in order and invoices sorted so that at the end of the 3 months the agreement comes to an end.

### **18.2 Material Breach**

If either Landowner is in material breach of the obligations within the Collaboration Agreement, then the Agreement can be terminated by either party serving a Termination Notice on the other party. Such Termination Notice will set out what the alleged breach is and will provide the other party 20 working days to rectify the breach. In the event of a dispute the matter will be referred to an Independent Expert.

- 18.3 All disputes relating to the interpretation of the Collaboration Agreement including any Project Plans that have been approved, will be referred for determination to a Mediator in the first instance and an Arbitrator if mediation is unsuccessful.

## **19 Retained or Excluded Land**

- 19.1 It is accepted that BHPT will include a buffer zone on the eastern boundary of the land it owns to establish the extent of the built form along Barnack Road.
- 19.2 The masterplan will establish the extent of this buffer zone and it will form part of the red line area for the submission of the outline planning application that the Landowners will submit. The master plan will provide for agricultural vehicular access to be provided to the buffer zone so that it can be maintained in the future.
- 19.3 BHPT will retain the freehold ownership of the buffer zone and will be responsible for its future maintenance. However, the costs of providing and setting out the buffer zone will form part of the scheme wide costs and will thus be shared equally between the Landowners. This is on the basis that the buffer will form part of the open space area of the overall site and that it will form an important buffer to Burghley House and its gardens.

## **20 Ransom Strips**

- 20.1 No Ransom Strips are permitted between any part of the land holdings that form the Property.

**21 VAT**

21.1 The Landowners are to confirm as soon as possible whether they will be electing to charge VAT.

**22 Good Faith**

22.1 The Landowners shall co-operate, not ransom and act in the utmost good faith in all dealings with each other.

**23 Freedom of Information Act (FOIA)**

23.1 It is acknowledged that the Council, as a public body, is subject to FOIA. The Collaboration Agreement will not of itself be subject to FOIA, however, information produced or held by the Council or relating to the Council in its capacity as a Party of the Collaboration Agreement may be subject to a FOIA request. Whilst respecting the confidentiality of Collaboration Agreement business, the Council will retain unfettered discretion to consider the extent to which it will be obliged to disclose any Collaboration Agreement information it holds or produces (as a matter of law). The Parties will need to consider how best to safeguard the confidentiality of the Collaboration Agreement business and agree a policy for the circulation of any Collaboration Agreement business information and the management of any FOIA request issued to the Council. Matters of a commercially sensitive nature will need to be treated as Exempt Papers within the Councils governance procedures.

.....  
signed for and on behalf  
SKDC

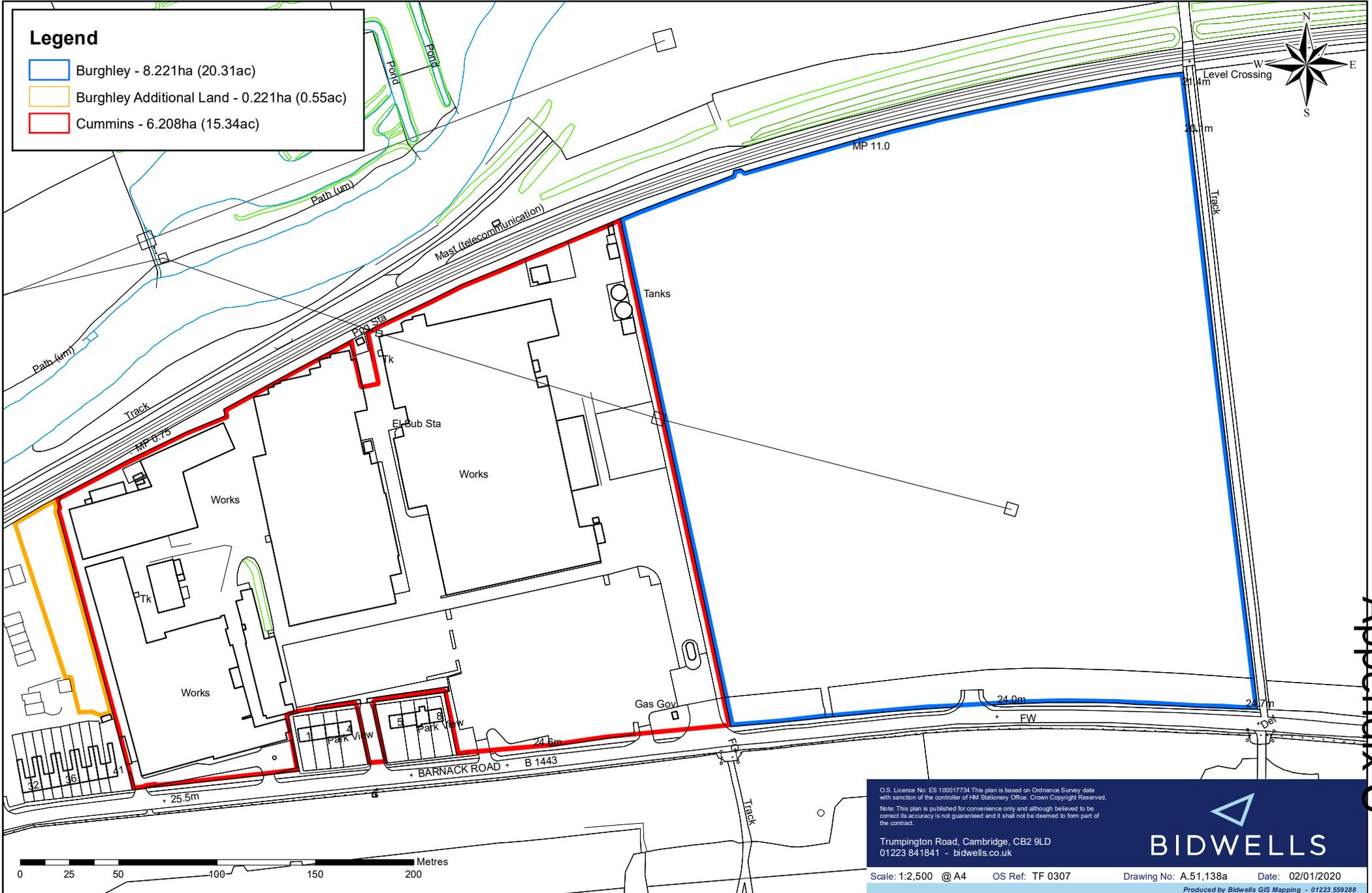
.....  
signed for and on behalf  
BLL and BHPT

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date

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date



# Land at Stamford



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**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

## Companies Committee

4<sup>th</sup> February 2020

**Report of:** Cllr Barry Dobson  
The Deputy Leader of the Council



## Gravitas Housing Limited

The following report is presented to the Companies Committee to inform them of the company's aims, objectives, headline performance plans for future projects and areas of focus.

### Report Author

Jane McDaid, Assistant Director, Growth



07966 299399



Jane.McDaid@southkesteven.gov.uk

Corporate Priority:	Decision type:	Wards:
<b>Administrative</b>	<b>Administrative</b>	<b>All Wards</b>

<b>Reviewed by:</b>	Harry Rai, Interim Strategic Director, Growth	22 January 2020
<b>Approved by:</b>	Paul Thomas, Interim Chief Executive	23 January 2020
<b>Signed off by:</b>	Councillor Barry Dobson, the Deputy Leader of the Council, Cabinet Member for Housing	24 January 2020

### Recommendations to the decision maker (s)

1. That the Committee review and note the contents of the report, which is for information only.
2. That the Committee sets out what future reporting it requires.

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## Gravitas Housing Ltd

### The Company

Gravitas Housing company was established as a wholly Council owned delivery vehicle to deliver new housing outside of the Housing Revenue Account that can include market sales, private rented and shared ownership. It is a private limited company, currently 100% owned and controlled by the Council, and to date land and finance have been sought and secured from the Council.

The company started trading on the 30<sup>th</sup> January 2017, the 2019 accounts have been submitted and it has the following Directors:

Harrinder Rai-Assistant Director- Housing (Housing Lead)  
Richard Wyles- Director of Finance (Finance Lead)  
Jane McDaid- Assistant Director – Growth (Property Lead)

### The Shareholders Agreement

As per the Articles of Association provided to this committee at its last meeting, the Shareholders Agreement states that the business of the company shall be:

To operate as a commercial company (for trading or other purposes) and deliver a financial return for the benefit of the Shareholder and/or to fund the company's future business activities;

To purchase land and property within the Council's administrative area and beyond from either the Council or on the open market;

Develop, acquire, construct and/or refurbish residential homes [and retail and commercial premises] within the Council's administrative area and beyond where such homes will be sold at market or on shared ownership terms or rented (either on the open market or at a sub-market rent) and in either case in accordance with the Lettings Policy and the Sales Policy (as the case may be).

### Current Purpose

The Council identified a need to intervene and provide more housing and a wish to benefit from housing development via Gravitas, which can use the capital receipts from sales to pay off any debt incurred and the Council receives a dividend if Gravitas issues one. Ideally it would do both. However, the ability to provide an industry level profit was found to be challenging.

## **Current Projects**

### Wherry Lane, Bourne – Development update

Gravitas has completed on a 25-unit development in Bourne, that offers houses and apartments across 2 blocks. Estate agents have been commissioned to assist in their sale. The affordable housing provision has been met with offsite commuted sums and these are being delivered as part of the HRA development new build programme. There are also 4 discounted market sales at the development (i.e. 80% of market price) to fulfil the s106 requirements.

Practical Completion was 13<sup>th</sup> January 2020 and to date 7 properties have been sold. The estate agent's view is that now that the development has been completed there will be an increase of interest, as the type of properties were difficult to sell 'off plot' in their opinion

Lessons learned: The design and quality of the homes are of a good standard and the project delivered on time and within cost projections, however, there was some restriction to the options on internal kitchen layouts and design.

Gravitas has incurred costs relating to the build via a third party contractor on a fixed price and its revenue projection is based on anticipated sales. The financial information can be provided when the project is completed.

### Former Police Houses, Stonebridge Road, Grantham

The next development in the programme is to use profits from the above scheme (subject to members' consideration in due course of a full business case and approval of the required funding) and develop on a previously owned Grantham College site, recently acquired by SKDC.

The site has been acquired and work has begun to facilitate a new development, i.e. demolition of existing run down houses, clearing and ground testing etc.

Feasibility studies are underway to identify the most optimum type of development, to ensure an acceptable commercial return, while meeting the demand for these type of properties in that area.

## **Future Trajectory**

The Directors acknowledge that Gravitas can play a part in providing much needed housing in the District and can particularly play a significant role in small and medium size plots (under 40).

This scale and extent would then enable the Council to intervene in schemes that the market would not do otherwise, contribute to a balanced housing market, provide affordable housing (off and/or off site independent on the size of the development), regenerate and improve areas that otherwise negatively impact on the place and provide a positive return to the Council.

There is a known affordable need for 800/850 homes, required under the Council's Housing Register and this approach would help contribute towards that need albeit on a modest scale.

The District needs to provide housing to satisfy its Housing Delivery Supply as part of the target set out in the Local Plan requirement set by government, with a current annual need for the next 3 years of approx. 650 per annum.

Grantham has the most challenging residential viability model within the District, and therefore the greatest need to intervene in the market. The Gravitas approach is ideally placed to respond to that need.

There are various methods of direct intervention available to SKDC:

Housing Revenue Account; currently budgeting to develop 100 houses per year for five years on its own land.

In addition, opportunities are considered and progressed by pre-purchasing the affordable stock from the market supply, which will bring this forward faster with less risk to both the Council and the developer, leaving the HRA land for later in the program.

General Fund development of its land holdings – these can be brought forward by Gravitas via agreed valuation of land and finance packages to intervene in bringing affordable housing forward and in a difficult market sector, town centre sites that bring other community benefits.

The potential to joint venture with a private partner, to create a long term investment partnership, or to partner on a site specific basis, was envisaged for DeliverSK. In this approach the Council could contribute land and/or s finance.

### **The Future:**

Grantham Town Centre is identified as a target business area for Gravitas, bringing forward development and economic benefits where the existing market economic factors prevent the usual market profit generation and thus stalling supply and development by the private sector.

Residential development and re-purposing in and on the edges of the town centre will both remove vacant or under-utilised land and buildings from the townscape and bring forward Town Centre living.

Gravitas will look to the General Fund for suitable SKDC land and to purchasing sites in Grantham, requesting capital by way of commercial financing. Options to purchase will be sought from land owners, where possible, to reduce the debt burden, with full purchase price payment triggered by the grant of planning consent.

### **Financial Considerations:**

Gravitas was set up to generate a positive commercial return to the Council. It still has scope to do this but on a more limited financial basis. However, the financial returns need to be balanced with the social and economic benefit that each unit will bring to Grantham as a community.

Grantham's development viability is under great strain, the costs of construction nationally have increased steadily since the recession, but the value of Grantham's homes have remained stagnant for a number of years, though there are encouraging small signs of increasing prices at present for larger homes. Land prices have not dipped significantly and owners' expectations remain a large hurdle to development. Large schemes in private ownership are set to bring forward circa 8,000 homes over the next couple of decades and it is important not to replicate and therefore compete with market products.

Developers have certain profit expectations – generally a minimum of 20%. Gravitas needs to be able to operate at less than this, perhaps even as low as circa 5% to ensure that development takes place. To avoid saturation of a small market led supply careful thought regarding the optimal mix of housing types and tenures is required and focus could be on the various types

of smaller affordable off mainstream market, with the resulting lower financial returns but higher social and community returns of ensuring homes for all.

### **Looking forward:**

The Directors will be attending to the following matters going forward, some of which are decisions to be taken by the Board and others will be subject to Council level approval by Cabinet or the Companies Committee:

1. Changing the name of the company to bring it in line with other names of SKDC owned companies. The Directors are considering a name change to HomesSK.
2. Whether the scope and purpose of the company should be widened, together with the directorship. This would be to re-focus the scope to the development of residential schemes targeted at small and medium sites circa 40 units of affordable and market homes, with a preference towards Grantham in interventions that otherwise would not come forward on the open market, with each proposal to be supported by business cases.
3. A Business case is to be brought forward for approval for the former Police Houses Stonebridge Road, Grantham for consideration by the Companies Committee at its next meeting.
4. Development of a pipeline of sites both within the General Fund and available on the market will shape the business plan going forward.
5. SKDC will be asked to continue to provide finance where possible on appropriate terms or to consider allowing the company to seek external finance or partners, on a site specific basis, where appropriate and where supported by a sound business case.



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

## Companies Committee

4 February 2020

**Report of:** Councillor Kelham Cooke  
Leader of the Council



## Wherrys Lane Management Company Limited

The following report is presented to the Companies Committee to inform them about the company's aims, objectives, headline performance and financial position.

### Report Author

Jane McDaid, Assistant Director, Growth



07966 299399



Jane.McDaid@southkesteven.gov.uk

<b>Corporate Priority:</b>	<b>Decision type:</b>	<b>Wards:</b>
<b>Administrative</b>	<b>Administrative</b>	<b>All Wards</b>

<b>Reviewed by:</b>	Harry Rai, Interim Strategic Director, Growth	22 January 2020
<b>Approved by:</b>	Paul Thomas, Interim Chief Executive	24 January 2020
<b>Signed off by:</b>	Councillor Kelham Cooke, the Leader of the Council	24 January 2020

### Recommendations to the decision maker (s)

1. That the report is noted.
2. That the Committee sets out what future reporting it requires.

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## Wherrys Lane Management Company Limited

### **Update on the Wherrys Lane Management Company**

The Council owns the freehold of the property known as Wherrys Lane Phase 1. It consists of 7 ground-floor lock up units with the upper floors having been sold off by the Council on 14 residential long leases upon completion of the development. The building is located off the High Street, with the commercial element suffering from low footfall and poor visibility.

**The Council set up this company to run the service charge for the residential long leasehold tenants. It is in effect a single purpose non-profit making company.**

The Council have identified Wherrys Lane as a property that it may wish to sell and a paper is being prepared in this regard for Cabinet.

### **The Purpose of the Company**

The objects of the company under the Articles of Association are as follows;

2.1.1. to acquire, develop, manage, deal with and administer the Estate together with services, facilities and amenities of every description in relation to the Estate; and

2.1.2. to act as an association of and for the Property Owners and to manage, insure and administer the Estate and, in particular, to provide such services for the Property Owners and to carry out such reconstruction, renewal, repairs, maintenance or renovation to it as may be necessary or desirable and to employ and engage workmen, labourers, clerks, builders, surveyors and technical and other staff as the company thinks fit and to enter into contracts for the purposes of carrying out the foregoing objects or any of them.

The company was incorporated to manage the common parts of the estate and service charge for this development which the Council still owns. It is a party to the long leasehold residential interests granted by the Council when the flats were sold upon completion of the development.

Last accounts were made up to the 31<sup>st</sup> December 2018, the accounts made up to the 31<sup>st</sup> December 2019 are due by the 30<sup>th</sup> September 2020. The company has taken advantage of the regulations applying to micro business.

## **Type of Company**

Private company, limited by guarantee with the Council being the sole shareholder, without share capital.

## **Date the Company Started Trading**

29<sup>th</sup> May 2014.

## **Company Directors**

Tim Shaw (of Lambert Smith Hampton)  
CL Wootton  
Cosec Management Services Limited acting as secretary

## **Articles of Association**

### **Appointment and Removal of Directors**

18.1 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director:

18.1.1 by ordinary resolution

18.1.2 by a decision of the Board

### **Key Milestones Looking Forward**

The company was set up to manage the common parts of the estate and service charge for this development which the Council still own.

Lambert Smith Hampton had been awarded the contract to manage various general fund investment properties at the time of incorporation.

If the freehold of this development is sold by the Council, the contract for sale would include for the company to be sold with the land to the purchaser and the current Directors would resign.

## Companies Committee: Work Programme

No	Company/ Item	Committee Date Review	Lead Officer/ Assigned to	Actions and decisions	Progress update
1.	<b>Housing Delivery in South Kesteven</b>	7 Jan 2020	Ken Lyon Assistant Chief Executive, Housing Delivery	It was agreed on 7 Jan 2020 : 1. To endorse the Council's strategic ambitions for housing growth and delivery in the district 2. Recommends to Cabinet that the selection process for a strategic partner is pursued to the next stage of seeking bids, to properly form a view as to whether an investment partnership is viable and could deliver additional	Committee decisions and actions being progressed - Minutes refer
2.	<b>St Martin's Park, Stamford</b>	4 Feb 2020	Jane McDaid Assistant Director, Growth	Companies Committee to scrutinise the Key Decision made by Cabinet on 210220: 1. To enter into a contractual Collaboration Agreement with Burghley Land Limited as set out in the Heads of Terms relating to land at Barnack Road, Stamford to bring forward the redevelopment of circa 35 acres of land for commercial, residential and retirement uses on a 50/50 shared development cost and profit basis. 2. Delegates to the Cabinet Member for Growth in consultation with the Director for Growth, the Chair of Companies Committee and the Monitoring Officer to sign and complete the contractual agreement required to implement the recommendation above, based on the approved Heads of Terms.	
3.	<b>Gravitas Housing Limited</b>	4 Feb 2020	Harry Rai Interim Strategic Director, Growth	To inform on the recent activities of Gravitas, plans for future projects and areas of focus To consider reporting requirements	
4.	<b>Wherry's Lane Management Company Limited</b>	4 Feb 2020	Jane McDaid Assistant Director, Growth	To inform on the company's aims, objectives, headline performance and financial position To consider reporting requirements	
5.	<b>Deliver SK</b>	28 Apr 2020	Jane McDaid Assistant Director, Growth	Committee update report	

6.	<b>Environment SK</b>	28 Apr 2020	Ian Yates Asst Director, Commercial & Operations	Committee update report	
7.	<b>Invest SK</b>	28 April 2020	Steve Bowyer CEO, InvestSK	Committee update report	
8.	<b>Committee Workshop</b>	19 May 2020 10 a.m	Gary Smith Strategic Director, Commercial & Operations	To discuss and consider the information needed from each company going forward	140120 – Workshop date circulated
9.	<b>East Midlands Building Control</b>	New Civic year	Rob Howbrook Building Control Lead Officer	Committee update report	

**Notes:**

- Reports to have front-sheets with recommendations
- Cllr Dawson to be notified of papers proposed to be exempt