

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
15 March 2016

Subject: BUY-OUT OF HOMES AND COMMUNITIES FUNDING AGREEMENTS

All Wards

Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 Bedale Craft Yard (BCY) and Evolution/Leeming Bar Food Enterprise Centre (LBFEC) are developments that Homes and Communities Agency (HCA) are reviewing as part of the legacy of funding agreements that the Council entered into with Yorkshire Forward. The proposal is for the Council to pay a one-off lump sum to HCA in order to be released early from its obligations of two funding agreements before the official end dates which are **2026 for Bedale Craft Yard and 2029 for LBFEC/Evolution**. The funding agreements require the Council to pay partnership payments each year which are a % of net income for that financial year. In addition to approval by Cabinet, the proposed payment figure is subject to approval by the Board of HCA.
- 1.2 The status of other funding agreements with HCA that do not form part of this report are:

Development	% share	Comments
Binks Close, Northallerton	68.55/31.45 HDC/HCA	Rental payments ceased 31.03.11. HCA interest only if asset sold
Leeming Bar Phase 4 Land	68.5/31.5 HDC/HCA	Tied in with BCY. HCA aim to close this at the same time as BCY. Potential positive financial impact for HDC; extent not known until all the land has been sold
17 Market Place, Bedale	35/65 HDC/HCA	HCA share of income paid to Bedale and Villages Community Forum. No advantage to 'buy out'. HDC do not own the building
Springboard, Stokesley	20.29/52.03/27.68 HDC/HCA/ERDF	No rental payments made; excess income re-invested in the property. HCA interest only if asset sold
Momentum	46.19/22.45/31.36 HDC/HCA/ERDF	Rental share ends 17.07.17; no gain from 'buy out'. Building currently on the market for sale/let as a whole. If sold HCA receive 22.45% of net proceeds. This would be a separate Cabinet report

2.0 LINK TO COUNCIL PRIORITIES:

- 2.1 Links to the Council's priorities on reducing costs and improving productivity of services.

3.0 RISK ASSESSMENT:

- 3.1 There are no significant risks associated with approving this report

4.0 FINANCIAL IMPLICATIONS:

- 4.1 The proposed costs of buying out of the funding agreements are £71,890 for BCY and £86,050 for LBFEC/Evolution; total £157,940. Within the 2015/16 budget there are provisions for partnership payments to HCA of £19,000 for BCY and £28,200 for LBFEC/Evolution; total £47,200. The one off payment of £157,940 is requested to be funded by the One-Off Fund in 2015/16 with a payback time of 3 years and 3 months, with

the funding being returned to the One-Off Fund as detailed in the table below. After the payback period of 3 years and 3 months the Council will realise savings of £39,860 in 2018/19 with a further annual saving of £10,460 from 2019/20

Overall the revenue effects of buying out of the HCA funding agreements will be as follows:-

One-Off Fund effect	2015/16 £	2016/17 £	2017/18 £	2018/19 £
One-Off Fund balance	<u>£157,940</u>	<u>£110,740</u>	<u>£60,600</u>	<u>£10,460</u>
Transfer to the One-Off Fund from Revenue budgets (annual partnership payments)	<u>£47,200</u>	<u>£50,140</u>	<u>£50,140</u>	<u>£10,460</u>
One-Off Fund closing balance	<u>£110,740</u>	<u>£60,600</u>	<u>£10,460</u>	<u>£0.00</u>

- 4.2 There will be efficiencies in service provision in the areas of Finance and Workspace Management as there will not be a requirement to provide the partner payments information for the agreements at BCY and Evolution/LBFEC at the end of each financial year.

5.0 LEGAL IMPLICATIONS:

- 5.1 None – the parties involved in the proposal are the same as those involved in the funding agreements.

6.0 EQUALITY/DIVERSITY ISSUES

- 6.1 There are no equality and diversity issues associated with this report.

7.0 RECOMMENDATION:

- 7.1 That Cabinet approves and recommends to Council the buy-out of the funding agreements for Bedale Craft Yard and Evolution/LBFEC as per this report and that the £157,940 will be funded from the One-Off Fund with revenue being transferred back to the One-Off Fund over 3 years and 3 months.

DAVE GOODWIN

Background papers: Management Team Report – Workspaces Proposals October 2015

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