



**AGENDA ITEM: 8**  
**SUMMARY**

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>29<sup>th</sup> May 2012</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Growing Places Fund</b>
Contact:	Cllr Andrew Williams, Leader of the Council  Author/Responsible Officer: Chris Taylor Group Manager for Strategic Planning & Regeneration x3405
Purpose of report:	To agree the terms of the Growing Places Fund offer from the Hertfordshire Local Enterprise Partnership (LEP)
Recommendations	<ol style="list-style-type: none"> <li>1. to agree the Growing Places Fund offer conditions for Spencer's Park as set out by the Hertfordshire LEP;</li> <li>2. to agree to a resubmission to the Hertfordshire LEP within the next 6 months for a further £2,000,000 of funding for development on the Maylands Gateway;</li> <li>3. to delegate authority to the Corporate Director (Finance and Governance) to agree the terms of, and enter into, the loan agreement with Hertfordshire County Council as the Hertfordshire Local Enterprise Partnership's accountable body, necessary to secure the funding;</li> <li>4. to delegate authority to the Portfolio Holder for Planning and Regeneration and Portfolio Holder for Finance and Resources to accept any further offers of infrastructure funding from the Growing Places Fund provided the conditions remain the same;</li> <li>5. to delegate authority to the Corporate Director (Housing and Regeneration), in consultation with the Corporate Director (Finance and Governance) in respect of any necessary agreements with the Homes and</li> </ol>

	Communities Agency to give effect to, or in consequence of, recommendations 1 and 2.
Corporate objectives:	<p>The project will help deliver against the corporate objectives of: “Regeneration” &amp; “Dacorum Delivers”.</p> <p>It will help to drive housing and business growth in Maylands by reducing the risks on developers and help these sites come to the market and be delivered sooner.</p>
Implications:	<u>Financial</u>
‘Value For Money Implications’	<p>No direct funds from the Council’s General Fund or Capital Programme are required, as the funding offer comes direct from Hertfordshire LEP by way of a loan. Issues around repayment and management of the funds are contained in the section 151 Officer’s comments.</p> <p><u>Value for Money</u></p> <p>The funding will help drive developments in Maylands creating a catalyst for further future development, without directly impacting on resources held by the Council.</p>
Risk Implications	Preliminary risk assessment completed on 10/05/12 There is a low risk that the investment of the GPF funding in the sites will not realise receipts sufficient to repay Herts LEP. A full risk assessment will be completed upon acceptance of the offer conditions.
Equalities Implications	None in this report
Health And Safety Implications	None in this report
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>There will be a need to agree a loan agreement with the Hertfordshire LEP and ensure that the repayment obligations are realistic and achievable. Furthermore, any secondary loans to third parties must be appropriately documented and include indemnities/guarantees in order to restrict the Council’s liability on the primary loan from the LEP. The Legal Governance team should be instructed to agree suitable loan agreements.</p> <p><b>S.151 Officer</b></p> <p>Under Financial Regulation F.5 (b) the S151 Officer is responsible for ensuring that, before receiving external funding, all requirements and obligations are considered prior to entering into any agreement, and that future revenue budgets reflect these requirements.</p> <p>Acceptance of the funding from the Local Enterprise Partnership (LEP) is contingent on repaying the full capital</p>

	<p>amount and on meeting certain conditions set out in the offer letter and summarised at paragraph 1.8 of the report. The offer letter requires all Growing Places Fund monies to be repaid within five years but does not require interest to be paid on the loan. Enquiries have been made with representatives of the LEP to confirm that the loan is interest free but final confirmation is awaited at the date of this report.</p> <p>A financial appraisal has been undertaken which indicates that repayments can be met, as anticipated, from the value of the development enabled by the investment. However, two financial risks remain that need to be taken into account:</p> <ol style="list-style-type: none"> <li>1. The development may not occur as planned due to failure of the developers to bring plans forward or due to wider economic circumstances or other factors. This risk is mitigated as per paragraph 1.12 in that the Council will seek assurances from the HCA to repay the original capital sum, plus interest, in the event of default by the developers. A formal loan agreement will be required in respect of the payment to HCA to secure the development of the site.</li> <li>2. Final confirmation of the full financial conditions pertaining to the contract is awaited.</li> </ol> <p>If the proposal is accepted, the arrangement may represent a borrowing arrangement under the Prudential Code of Practice and may therefore count towards the Council's borrowing limits. Further work is required to understand any impact that the arrangement will have. The current operational and authorised limits will be reviewed in discussion with the Council's treasury advisers, Sector, and will be revised, if necessary, during the scheduled half-year treasury review in autumn 2012.</p>
<p>Consultees:</p>	<p>Homes and Communities Agency</p> <p>Hertfordshire Local Enterprise Partnership</p> <p>Hertfordshire County Council</p> <p>Assistant Director – Planning, Development and Regeneration</p>
<p>Background papers:</p>	<p>Maylands Masterplan</p> <p>Hertfordshire LEP – Growing Places Fund offer letter</p> <p>Growing Places Fund – Initial Expression of Interest for Funding.</p> <p>Growing Places Fund prospectus</p>

## BACKGROUND REPORT

- 1.1 In November 2011 the Government announced the creation of the Growing Places Fund (GPF). This is a £500 million national pot of funding that is released and administered by the Department for Communities and Local Government (DCLG) and the Department for Transport (DFT) aiming to enable targeted investment in pieces of infrastructure which unlock stalled developments.
- 1.2 The fund is designed to unlock stalled regeneration schemes and to allow places to realise development values which can be recycled back to provide a longer term solution to infrastructure provision for local areas.
- 1.3 The funding was issued to Local Enterprise Partnerships (LEPs) based on the extent of two components within LEP areas; population and employed earnings. The Hertfordshire LEP received funding of approximately £10.7 million in the first round of funding, with a further £5.2 million being released for a later round of bidding.
- 1.4 The Hertfordshire LEP then invited bids from Local Authorities within Hertfordshire towards the infrastructure costs to unlock stalled developments in their areas.
- 1.5 Dacorum Borough Council (hereafter referred to as ‘the Council’) has clear regeneration aspirations for Maylands Business Park including helping to deliver some of the much needed housing for the borough. The Maylands Masterplan sets out these aspirations. The GPF can be seen as a tool that could help to bring forward some of the key sites to help Maylands continue to grow and deliver positive change.
- 1.6 The Council, working with the Homes and Communities Agency (HCA) submitted bids totalling £7.5 million across four sites to the Hertfordshire LEP. Three of these sites are either on the Council or HCA owned land with the fourth in multiple ownership (including with the Council). The sites put forward by the Council were:
  - Spencer’s Park Phases 1 & 2 – £1.5 million (owned by the HCA) – of which £1 million for new infrastructure to service the site, particularly new road access for phase 1, with a further £0.5 million for the masterplanning of phase 2;
  - Maylands Gateway, Wood Lane End (owned by the HCA) - £2 million – for road access and other site infrastructure;
  - Maylands Gateway, Green Lane - £2 million (owned by DBC) — for road access and other site infrastructure;
  - Heart of Maylands (in various ownerships) - £2 million – for land assembly.
- 1.7 The Hertfordshire LEP then evaluated the bids submitted from the various authorities across Hertfordshire with two of the sites submitted by the Council selected to receive funding.
- 1.8 The Spencer’s Park site was offered a maximum capital sum of £1,500,000. The offer is subject to a formal contract which will be based upon, but not limited to, the following:
  - Submission of development appraisal for phases 1 and 2.

- Supplementary evidence for the claimed outputs.
  - Copy of the planning approval.
  - Copy of the tender of works and tender evaluation.
  - Copy of the tender brief for the master plan.
  - Appointment of a development partner within six months.
  - Copy of the brief for a development partner.
  - Growing Places Funds monies to be repaid in full within five years.
- 1.9 The Hertfordshire LEP Board would also like to encourage a resubmission for a further £2,000,000 for the Maylands Gateway, Wood Lane End site. This is based on the following pre conditions;
- Submission of a revised application within six months of the offer letter (16 April 2012).
  - The submission should include for the phase 1 works: planning application, full development appraisal, contract of works and a brief for the development partner.
- 1.10 The formal contract will place the obligation to pay back the monies borrowed to the LEP in full within 5 years. The contract will most likely take the form of a Primary Loan Agreement with the liability for the repayment being held by the Council.
- 1.11 Both the Spencer's Park and Maylands Gateway (Wood Lane End) sites that have been chosen by the Hertfordshire LEP to receive funding, subject to conditions, are on land owned and being promoted by the Homes and Communities Agency. The Council will provide the funding for the development to the HCA and seek assurances over repayment by the HCA in sufficient time to met the obligations under the arrangement. A specific
- 1.12 The bids are considered to represent an acceptable level of risk to the Council as a 'borrower'. Prior to the transfer of any funds to the HCA, a separate loan agreement will need to be entered into between the Council and the HCA, which will seek to indemnify the Council against the financial risk. This may include a provision that should the HCA not meet its requirements to pay the full costs of the loan to the Council that land on one or both of the sites to the value of loan plus interest be transferred into Council ownership. It is not possible, however, to mitigate all risk and there will remain some residual risk in the event that the anticipated income streams which facilitate repayment of the loan are not forthcoming and that the assets are less than the required realisable value. The likelihood of both eventualities occurring is considered below.
- 1.13 It is therefore recommended that the Cabinet supports the bids which were approved at the Hertfordshire LEP Board meeting 12<sup>th</sup> April 2012, and delegates authority to the Corporate Director (Finance and Governance) to agree the terms of, and enter into the loan agreement with Hertfordshire County Council; and to give authority to the Corporate Director (Housing and Regeneration), in consultation with the Corporate Director (Finance and Governance) to take any action, or enter into any further agreements, he considers appropriate to give effect to, or in consequence of, this, which will include entering into a separate agreement with the HCA.
- 1.14 A financial assessment has been undertaken in conjunction with finance officers and an anticipated cash flow statement compiled which can be used to monitor progress and assess timely evaluation of the risks of required returns not materialising as

planned.

- 1.15 Copies of the Hertfordshire LEP offer letter & Maylands Masterplan will be placed in the Group rooms for inspection.



**Hertfordshire Local Enterprise Partnership**  
c/o Economic Development  
Hertfordshire County Council  
Pegs Lane  
Hertford  
Hertfordshire  
SG13 8DN  
11 November 2011

Caroline Tapster,  
Hertfordshire County Council,  
Pegs Lane,  
Hertford,  
Hertfordshire  
SG13 8DN

CC Councillor Richard Thake and Councillor Stuart Pile

Dear Caroline,

### **Growing Places Fund**

As you are probably aware, the coalition Government has announced the £500m Growing Places Fund. As part of this, Hertfordshire has been allocated £10,078,517.

The fund has three overriding objectives:

- to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
- to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies; and
- to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

The Hertfordshire Local Enterprise Partnership (LEP) has been invited to submit proposals based on prioritised projects that can deliver on the above objectives. There is a clear emphasis on supporting schemes that are 'ready to go'.

We are required to complete a Pre-Qualifying Questionnaire by 20 December to demonstrate how it will meet the criteria in terms of determining spend and managing funds. A lead local authority is required to manage and account for the funding and I have asked Hertfordshire County Council to undertake this role.



As part of the PQQ process we need to determine the projects the fund will support. In order to collect this information a pro-forma (attached) has been developed for

your authority to complete in order to ensure consistency of information. We require completed pro-formas to be submitted by **25 November 2011**.

I recognise that this is new territory for the LEP therefore I have asked the Hertfordshire Infrastructure and Planning Partnership (HIPP) to provide the expert advice required in relation to development and infrastructure to enable the LEP to prioritise activity. It is proposed that the partnership will meet in early December. A small technical advisory group will also be formed to assist the process.

The LEP Board is scheduled to meet on 13 December. At this meeting the Board will agree the PQQ and determine which of the schemes will be supported.

I appreciate this is a challenging timescale but the Growing Places Fund represents a significant opportunity to unlock economic growth in Hertfordshire.

Finally, I recognise that this opportunity is just one element of a wider conversation on how we can work together to develop the local economy and I would welcome an opportunity to discuss this in more detail with you in the near future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Gourd', enclosed within a thin black rectangular border.

John Gourd  
Chair, Hertfordshire Local Enterprise Partnership





## HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP: GROWING PLACES FUND

### INITIAL EXPRESSION OF INTEREST FOR FUNDING

*Before completing this form, please visit the following link for further information:*

[www.communities.gov.uk/publications/regeneration/growingplacesfund](http://www.communities.gov.uk/publications/regeneration/growingplacesfund)

The Project	
<b>1. District</b>	<b>Dacorum</b>
<b>2. Project title and description</b>	Maylands – Ready to Deliver
<b>3. Project location/address</b>	Maylands Business Park, Hemel Hempstead
<b>4. Project outputs:</b> Please describe the number of jobs or homes to be created and any other quantifiable benefits	<p>Road and utility infrastructure to enable 3 stalled yet viable sites, creating:</p> <p><b>1400 new homes</b> 300 by 2013 (Wood Lane End 200 + 100 Spencers Park) 800 by 2015 (Heart 225 + 275 Spencers Park) 1,400 by 2020 (Spencers phase 2 – 600)</p> <p><b>1750 new jobs</b> 250 by 2015 (Other uses at peoplebuilding) 1000 by 2018 (Gateway phase 1 – 250) 1750 by 2025 (Gateway phase 2 – 1000 &amp; Heart – 250)</p> <p><b>250 new construction jobs</b> Approximate number</p>
<b>5. Infrastructure constraint to be overcome and for which funding is sought</b>	<p><b>Spencers Park:</b></p> <ul style="list-style-type: none"> <li>Junction access to unlock Spencers Park from Three Cherry Trees Lane</li> </ul> <p><b>Maylands Gateway:</b></p> <ul style="list-style-type: none"> <li>Initial junction to unlock housing at north of site from Wood Lane End.</li> <li>Site access and servicing provision for commercial development from Peoplebuilding site and on corner gateway plot.</li> </ul> <p><b>Heart of Maylands:</b></p> <ul style="list-style-type: none"> <li>Land assembly on the Heart of Maylands.</li> </ul>
<b>6. Which</b>	Hertfordshire County Council

<p><b>organisation/agency would be responsible for delivering this infrastructure?</b></p>	<p>Homes and Communities Agency Dacorum Borough Council</p>
<p><b>7. Has planning permission been granted?</b></p>	<p>Yes in part</p> <p>Scheme 1 of the project will involve the delivery of Spencers Park for which phase 1 has a formal resolution to grant outline planning permission. The section 106 agreement is fully drafted and awaiting sign off by the applicant (HCA)</p> <p>Scheme 2 is the initial opening up of Maylands Gateway by new housing development and unlocking commercial space on a gateway site. There is planning permission on the Peoplebuilding site; Planning permission for the other sites has not yet been sought.</p> <p>Scheme 3 is the Heart area and a specific development brief for this area for a mixed commercial, retail and housing development is in place but no planning permissions.</p>
<p><b>8. Is the development supported by/consistent with the Core Strategy?</b></p>	<p>Yes. The Core Strategy is well advanced, currently at pre-submission stage and heading for public examination in mid 2012 with adoption expected in early 2013.</p>
<p><b>9. What is the earliest date by which the project could start/finish or has the project started already and stalled?</b></p>	<p>Planning &amp; viability work already completed for all the sites (except housing element of Gateway). Delivery elements of the project can start immediately.</p> <p><b>1. Spencers Park:</b> Starting onsite: <b>2012</b>. Phase 1 of this development will recycle funds to the LEP 2014/15</p> <p><b>2. Maylands Gateway:</b> Starting onsite: <b>2013</b>. Site 1: (Wood Lane End housing delivery) recycling funding to the LEP 2015/16 Site 2: (Green Lane employment sites) recycling funding to the LEP 2015/16</p> <p><b>3. Heart of Maylands</b> Stating land assembly: <b>2012</b> Funding recycled to LEP 2017/18</p>
<p><b>Funding</b></p>	
<p><b>10. Total value of project?</b></p>	<p>The project totals just short of £600 million of development, with this comprising of:</p> <p style="text-align: right;">Agenda Item 8 Page 10 of 12</p>

	<table border="1"> <tbody> <tr> <td><b>Spencers Park:</b></td> <td><b>250</b></td> </tr> <tr> <td>Phase 1:</td> <td>75</td> </tr> <tr> <td>Phase 2:</td> <td>175</td> </tr> <tr> <td><b>Maylands Gateway:</b></td> <td><b>236</b></td> </tr> <tr> <td>Phase 1:</td> <td>100</td> </tr> <tr> <td>Phase 2:</td> <td>136</td> </tr> <tr> <td><b>Heart of Maylands:</b></td> <td><b>100</b></td> </tr> <tr> <td>Phase 1:</td> <td>10</td> </tr> <tr> <td>Phase 2:</td> <td>40</td> </tr> <tr> <td>Phase 3:</td> <td>100</td> </tr> <tr> <td><b>Total</b></td> <td><b>586</b></td> </tr> </tbody> </table>	<b>Spencers Park:</b>	<b>250</b>	Phase 1:	75	Phase 2:	175	<b>Maylands Gateway:</b>	<b>236</b>	Phase 1:	100	Phase 2:	136	<b>Heart of Maylands:</b>	<b>100</b>	Phase 1:	10	Phase 2:	40	Phase 3:	100	<b>Total</b>	<b>586</b>
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<p><b>11. Funding sought from Growing Places Fund for the infrastructure described in 5 above</b></p>	<p>£7.5m in total is sought to deliver three development sites</p> <p><b>1. Spencers Park:</b> Access road: £1m Phase 2 masterplanning: £0.5m</p> <p><b>2. Maylands Gateway:</b> Wood Lane End access road + utility infrastructure: £2m Site 2 road widening + utilities: £2m</p> <p><b>3. Heart of Maylands</b> Land Assembly: £2m</p>																						
<p><b>12. Match or other funding sources available?</b></p>	<p>GAF DBC capital funds</p>																						
<p><b>13. Private sector funding leveraged?</b> Please describe the sources of private sector funding and whether any other conditions have to be met before it can be released?</p>	<p>The project will be fully funded by the private sector.</p> <p>£586m of private sector funding will be invested into the sites enabling the creation of 1400 homes and 2000 jobs.</p>																						
<p><b>14. What mechanism (i.e. S106 or CIL) will be used to ensure that any funding from the Growing Places Fund is returned to the LEP to be recycled into other projects?</b></p>	<p>These schemes offer security as the land holdings where the developments will take place and mainly in public ownership between both the HCA and Dacorum Borough Council. This is underpinned by the Local Investment Plan which will ensure future funding is recycled into further sites that have been identified.</p> <p>Developer contributions &amp; contractual arrangements between the land owner, developer and local authority will be used to ensure that all upfront funding for infrastructure from the Growing Places Fund will be returned to the LEP.</p>																						
<p><b>Value for money</b></p>																							
<p><b>15. What evidence</b></p>	<p>This programmes of schemes will deliver 1400 homes &amp;</p>																						

<b>is there that the project represents good value for money?</b>	2000 jobs as well as enabling further sites to be unlocked in the future through the Local Investment Plan. The programme will use the refundable £7.5m to leverage nearly £600m of development the 3 sites.
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Please return to [HertfordshireLEP@hertsc.gov.uk](mailto:HertfordshireLEP@hertsc.gov.uk) by 25<sup>th</sup> November 2011.

For further information please contact Charles Osimen: 01992 555156.