

**REQUEST FOR A LOAN TO THE WILDLIFE TRUST FOR
BEDFORDSHIRE, CAMBRIDGESHIRE, NORTHAMPTONSHIRE AND
PETRBOROUGH**

(Report by the Head of Financial Services)

1. INTRODUCTION

- 1.1 The Wildlife Trust for Bedfordshire, Cambridgeshire, Northamptonshire and Peterborough (the Trust) is working with the Council and other partners on the Great Fen Project. They have asked whether the Council would be willing to grant them a loan for up to £1.2M.
- 1.2 The illustrative Great Fen Masterplan, approved by Cabinet on the 17 September 2009 for public consultation, outlines the social and environmental benefits of this major project. Annex A provides further information.

2 THE PROPOSED LOAN

- 2.1 The proposed loan would enable the Trust to acquire, as soon as possible, the leasehold of some key land which will substantially assist in delivering the Great Fen Masterplan. The Trust already owns the freehold of the land.
- 2.2 The Trust is confident that over the next few years it will obtain sufficient donations and grants to repay the loan given the status and significance of the Great Fen project. It is therefore seeking a flexible arrangement which allows repayments when they are available, thus avoiding the significant additional cost that banks impose for early repayment, with a fall-back period of ten years.
- 2.3 Clearly the Council needs to protect its position in the, probably unlikely, event that this funding is not achieved. The Trust is therefore proposing to provide security through a piece of high quality agricultural land that they own and which is let on a short term tenancy. The Council would be able to sell the land for a sum at least equivalent to the value of any outstanding loan and interest.
- 2.4 The Local Government Act 2000 permits a local authority, subject to certain limitations, to do anything they consider likely to achieve the promotion or improvement of economic, social or environmental well being of their area, which includes a power to give financial assistance.
- 2.5 It is considered that the project meets this requirement and whilst

none of the limitations appear to prevent us making such a loan this will be confirmed before any loan is finalised.

2.6 The Council's Treasury Management Strategy sets the balance between reward and risk for any investment the Council makes and provides delegated authority to the Head of Financial Services to agree variations which will reduce or only marginally increase that level of risk. The key issues are that:

- an adequate rate of interest is set to ensure there is no net cost to the Council.
- the security provided ensures the Council could easily and speedily receive the return of its funds and any outstanding interest.

2.7 The Trust expect to complete the purchase by October and, by then, they may be clearer on the results of further fund raising or grant submissions which could reduce the loan amount and the fall-back number of years for the agreement. They would therefore like the loan to have an initial period of up to five years that is interest only which, as long as the security is agreed at an adequate value, would not be an issue for the Council.

2.8 They are comfortable with a variable rate loan but would like a cap on the maximum interest rate. The Council will ensure that it is left with no net cost by adding a margin to base rate to ensure that a surplus is achieved with the cap level being subject to negotiation.

2.9 The Trust need to reach agreement with the Council so they have the ability to finalise their negotiations with the tenant knowing the funding will be available. The completion of the loan agreement will be subject to the terms meeting the requirements of the Treasury Management Strategy, the Director of Commerce and Technology and the Head of Legal and Estates. The Trust will pay the legal costs of the agreement.


3. RECOMMENDATION

It is recommended that Cabinet approve a loan of up to £1.2M being provided to the Trust subject to the Director of Commerce and Technology and the Head of Legal and Estates being satisfied with the terms and security.

BACKGROUND INFORMATION

Correspondence with the Wildlife Trust for Bedfordshire, Cambridgeshire, Northamptonshire and Peterborough

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THE GREAT FEN PROJECT

The Great Fen Project is one of the most significant habitat restoration projects ever undertaken in Britain. The project however, is by no means exclusively about wildlife as it will create a massive green space for people, opening up new opportunities for recreation, education and business. The aims of the project as set out in the emerging Masterplan are:

- To create a new resilient fenland landscape which delivers major wild life benefits and achieves high standards of sustainability in all respects.
- To create an accessible, inspiring and tranquil environment for recreation, education, health and well being.
- To contribute to diversification and development of the local economy, consistent with environmental and social objectives.
- To plan, design and manage the Great Fen to benefit climate change adaptation and mitigation.

The project aims fit closely with those of the Council, particularly:

- The provision of strategic open space both in terms of access to the countryside and in association with the significant growth of the District;
- Diversification of the economy especially in NW Huntingdonshire;
- Promotion of healthy lifestyles;
- Conservation and enhanced local heritage;
- Protection and improvement of wildlife habitats;
- Adaptation and mitigation in the face of climate change.

and also align with and contribute to the achievement of the Council's key strategies, including the :

- Sustainable Community Strategy,
- Core Strategy (Spatial Planning),
- Local Economic Strategy,
- Environment Strategy.

The Great Fen is a key component of the Green Infrastructure Strategy for the Cambridge Sub Region linking with other areas of strategic open space including Paxton Pits and around Needingworth and Grafham Water. The project is given statutory force by inclusion in the Regional Spatial Strategy (now with the Council's adopted Core Strategy part of the 'Development Plan' for Huntingdonshire).