
Cabinet Member for Strategic Finance and Resources

27th September 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive Place

Ward(s) affected: All

Title:

Coventry Loop Line Public Space Financing

Is this a key decision?

No

Executive Summary:

As part of the plans to develop the Heritage Park around the Charterhouse off London Road, the Historic Coventry Trust (HCT) aims to create a woodland walk into the city centre. Integral to the project will be the transformation of part of the former Coventry freight railway loop line which was fully closed over 35 years ago.

In order for the project to proceed Historic Coventry Trust has to secure the site and provide the route for public access. In order to facilitate this it is proposed that a loan of £150,000 is provided by the Council to the HCT, repayable over 5 years, on terms to be negotiated by the Director of Finance and Corporate Services and approved under Financial Procedure Rules.

Recommendations:

Cabinet Member for Strategic Finance and Resources is recommended to

- (1) Approve the provision of a loan facility up to the sum of £150,000 to Historic Coventry Trust to meet the capital requirement of acquiring the Coventry freight railway loop line site and the provision of the route for public access.
- (2) Delegate authority to the Director of Finance and Corporate Services in consultation with the Cabinet Member for Strategic Finance and Resources to:

- Negotiate the detailed terms of the loan arrangement and appropriate security, ensuring state aid compliance; and
- Make such amendments and variations to the loan arrangements as is deemed necessary over the lifetime of the loan subject to the overall capital amount not exceeding the sum of £150,000

List of Appendices included:

None

Other useful background papers:

None

Will this report go to Council?

No

Coventry Loop Line Financing

1. Context (or Background)

1.1 Background

- 1.2 As part of the plans to develop the Heritage Park around the Charterhouse off London Road, the Historic Coventry Trust (HCT) aims to create a woodland walk into the city centre. Integral to the project will be the transformation of a piece of land which was part of the former Coventry freight railway loop line which was fully closed over 35 years ago.
- 1.3 The planned two mile circular walking route will link Gosford Green, Charterhouse and the Sherbourne viaduct to the city centre and provide the potential for developing cycle routes, providing an amenity of great social value in an area important for local wildlife.

2. Options Considered and Recommended Proposal

- 2.1 In order for the project to proceed, Historic Coventry Trust has to secure the site and make a route available for public access. To this end it has negotiated the purchase of land which is made up of three linked areas, located in between Gosford Green and the Lower Stoke area of the City of Coventry, about one mile to the South-East of the city centre. The majority of the subject land is currently overgrown with mature woodland and vegetation throughout. It predominantly runs behind residential properties, although the Bilton Industrial Estate is situated adjacent to the middle section of land and Gosford Park Primary School backs on to part of the northern section. The total area of land extends to circa 8.4 acres and will be acquired at a cost of £150,000. The Trust is striving to raise money to cover the cost of the purchase, and for the scheme to advance it is seeking temporary finance in the form of a loan from the Council.
- 2.2 An option of providing a grant to the Trust in order to fund the purchase has been explored. However, this option would provide no return to the Council, and would not reflect the fact that the Trust is seeking to raise finance.
- 2.3 The alternative option is for the Council to provide loan finance. It is anticipated that a loan of £150,000 would be provided to the Trust, repayable in 5 years. It would be at an interest rate sufficient to cover the Council's cost of borrowing, with an option for HCT to repay the entire loan within 2 years whereupon the Council could determine to waive any interest payable. This would provide an incentive for earlier repayment to the Council, but would result in the Council incurring financing costs in the region of £3k, over 2 years. It is planned that the loan, as capital expenditure, will be resourced through the use of capital receipts.
- 2.4 The Council will also seek to maximise the level of security for the loan through charges over the land and other assets owned by Historic Coventry Trust.
- 2.5 The detailed terms will be negotiated by Director of Finance and Corporate Services and approved under the Financial Procedure Rules.

3. Results of consultation undertaken

- 3.1 There is no separate consultation outside that relating to the Local Plan.

4. Timetable for implementing this decision

- 3.2 It is understood that the land purchase is close to completion and that the requirement to provide the loan finance will follow, subject to HCT's cash-flow requirements. The subsequent programme to transform the plot into the pedestrian and cycle route will be subject to HCT's other funding proposals and measures to arrange support from those organisations supporting the project.

5. Comments from the Director of Finance and Corporate Services

5.1 Financial implications

The financial implications are set out in section 2 above. The recommended option is for the Council to provide a loan, repayable for HCT. If the loan is repaid early without incurring interest the minimal financing costs incurred by the Council will be absorbed within the Asset Management Revenue Account.

5.2 Legal implications

Under sections 1 and 12 of the Local Government Act 2003, the Council may borrow money or invest for any purpose relevant to its functions or for the prudent management of its financial affairs.

It is proposed that Council lending to the Historic Coventry Trust will be structured and provided on terms and rates and so would not constitute State Aid. The issue of State Aid will be kept under review and considered on an on-going basis. The Council may also secure its lending to the Historic Culture Trust with legal charges on the property owned by the Trust.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

The development of a Heritage Park, including the loop line scheme, is an integral part of the December 2017 Local plan.

6.2 How is risk being managed?

The Council will seek to maximise the security against the loan and will seek to secure a charge over the land being purchased.

6.3 What is the impact on the organisation?

The provision of a loan has no direct impact on the organisation.

6.4 Equalities / EIA

The provision of a loan has no direct impact.

6.5 Implications for (or impact on) the environment

The provision of a loan has no direct impact.

6.6 Implications for partner organisations?

The development of the Heritage Park relies on partnership working, most notably with the Historic Coventry Trust as the organisation taking forward the scheme. In turn HCT is working with both the Woodland Trust and Warwickshire Wildlife to take the project forward.

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