

## BOROUGH OF KETTERING

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<b>Report Originator</b>	Strategic Management Team	<i>Fwd Plan Ref No:</i> A16/012	
<b>Wards Affected</b>	All	19 <sup>th</sup> October 2016	
<b>Title</b>	<b>NORTH NORTHAMPTONSHIRE DEVELOPMENT COMPANY (NNDC) – FUTURE FUNDING</b>		

**Portfolio Holder: Councillor Lesley Thurland**

### **1. PURPOSE OF REPORT**

To consider future funding arrangements for NNDC

### **2. INFORMATION**

- 2.1 NNDC is a private limited company supported by Kettering Borough Council (KBC) and East Northamptonshire District Council (ENC). The Company is run by a Board, comprising of a Chair, a representative from KBC, (currently Cllr Jan Smith) and ENC, and five representatives from local business and the voluntary sector.
- 2.2 The Company was set up after a merger of North Northamptonshire Together and Catalyst Corby, at a time when the government was prepared to put significant capacity funding into local regeneration agencies, to support and encourage the growth agenda. NNDC was an alternative to setting up a formal urban development corporation (as happened in West Northamptonshire). The membership of NNDC previously included the four North Northamptonshire District Councils, Northamptonshire County Council, and two government agencies, East Midlands Development Agency and the Homes and Communities Agency. The Members were responsible for funding NNDC. When the coalition government in 2010-11 removed central government funding and the various government agencies which were also core funders, withdrew from membership. Corby, Wellingborough and Northamptonshire County Council also withdrew in 2011 leaving KBC and ENC as Members of the Company, providing the majority of the financial support needed to maintain the company.
- 2.3 KBC currently contributes £30,000 per annum to NNDC, and additionally provides free accommodation in Chesham House. On the information provided by NNDC the trajectory of its finances is such that it will run out of money during 2018-19 without a significant uplift in the contributions from KBC and ENC.

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2.4 Both Councils have agreed that the long term NNDC is not financially sustainable and have therefore reluctantly concluded that now is the right time to consider the future funding arrangements. The options essentially are:

- To increase the contribution to approximately £40,000 per annum (this will simply maintain the existing level of service)
- To continue funding £30,000 per annum for a further 18 months to two years
- To terminate funding at the end of this financial year, giving adequate time for the company to wind up its affairs between now and then.

2.5 The principal service that NNDC currently provides to its member Councils is viability testing of development proposals, although it is able to provide project support, advice, market intelligence, and capacity when called upon. It has been shown that all of these services can be secured through the open market as other authorities within North Northamptonshire have made those alternative arrangements since withdrawing from NNDC.

2.6 Given the overall constraints on local authority finances, it is appropriate to consider now whether continuing to fund NNDC for up to another two years was worthwhile, given that its demise is largely unavoidable after that time.

### **3. FINANCE**

3.1 The withdrawal of funding will produce an immediate saving of £30,000.

3.2 The return of space within Chesham House will allow the unit to be rented out on a commercial basis for a sum of approximately £6000 per annum.

3.3 However, provision will need to be made to buy in viability testing expertise for development proposals that require it, and therefore £15,000 should be retained in the development services budget for this purpose.

### **4 LEGAL IMPLICATIONS**

4.1 KBC can resign from the Company and cease to be a member by the giving of written notice to the company.

4.2 NNDC is a private limited company. Under the Articles of Association should the Company cease trading and be wound up the maximum that KBC would be liable to pay is limited to £1. This means KBC will not be liable for any debts of the Company including any payments due to the Local Government Pension Scheme. This has been confirmed by external legal advice.

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### 5. CONSULTATION AND CUSTOMER IMPACT

NNDC have been advised of the Councils' likely position on funding, pending the submission of reports to their respective committees, and at their Board meeting in September, NNDC started to make arrangements to close down the company, with effect from a date in 2017.

### 6. RECOMMENDATION

**The Strategic Management Team recommends that**

- a) Funding contributions to NNDC cease from 31<sup>st</sup> March 2017
- b) A sum of £15,000 be provided for viability testing in future budgets
- c) Written notice of termination of membership be served on NNDC in accordance with the Articles of Association to expire on 31 March 2017.
- d) Subject to the decision above the Chairman, Chief Executive and Board members of NNDC be formally thanked for their service in their respective roles over the last few years and for the professional and supportive way in which they have gone about their tasks.