Committee:	Council	**Date:** 21 August 2025
Title:	Aspire (CRP) Limited – Request for Funding	
Portfolio Holder:	Councillor Neil Hargreaves, Portfolio Holder for Finance and the Economy	
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Summary

1. The Council has been approached by its wholly owned subsidiary, Aspire (CRP) Limited, with a request for loan funding to the value of £7,600,000.

2. The purpose of the loan is to fund development at Chesterford Research Park, namely an additional sum for Building 800 and the solar farm (£2,500,000) plus the refurbishment of Building 900 (£5,100,000) which was recently vacated by AstraZeneca.

3. The loan is forecast to provide a significant positive return to the Council over the coming years. Furthermore, should the Council decide not to proceed, there is a risk that the value of Aspire's existing stake in Chesterford Research Park will be adversely affected. For these reasons, it is recommended that the Council proceeds with the loan as requested.

4. The request from Aspire (CRP) Limited (Appendix D) also includes an update on the sale of the Park.

Recommendations

5. Council is recommended to:

   a. approve a new loan facility of up to £5,100,000 be made available to Aspire (CRP) Limited, for the refurbishment of Building 900 at an interest rate of 6.25% on a repayment basis, to be drawn down in tranches over a period of up to 2 years with repayments commencing from 1 April 2027;

   b. approve a new loan facility of up to £2,500,000, be made available to Aspire (CRP) Limited, for the completion of Building 800 at an interest rate of 6.25% on an interest only basis, to be drawn down in tranches over a period of up to 2 years with repayments commencing from 1 April 2026;

   c. note the implications of making the loan on the Council's access to Public Works Loan Board, as set out in paragraphs 24 to 26;

   d. approve the financing of the new loan facility through additional external borrowing, with the cost of borrowing being met in the interest free period by drawdown from the Commercial Reserve.

Financial Implications

6. The loans will be financed by a mix of short and long term borrowing based on the split across the borrowing portfolio. The portfolio is based 60:40 in favour of long term borrowing. Cost of borrowing during the interest free period to be met from the Commercial Reserve.

Background Papers

7. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

    - August 2023 letter from the Board of Aspire (CRP) Ltd – request for additional funding for further development at Chesterford Research Park (Appendix B)
    - Council report (August 2023) recommending loan of £21.06 million (Appendix C)

Impact

Communication/Consultation	Cabinet
Community Safety	None
Equalities	None
Health and Safety	None – Aspire (CRP) Ltd is a passive investor in Chesterford Research Park and is not therefore directly responsible for health and safety matters
Human Rights/Legal Implications	The legal form of any new loan agreement will mirror previous agreements entered into with Aspire (CRP) Ltd
Sustainability	The request for funding is partly to finance an on-site solar farm, which will greatly enhance the Park's sustainability credentials
Ward-specific impacts	The Park is located in the Littlebury, Chesterford and Wenden Lofts Ward
Workforce/Workplace	None

Background

8. In December 2016, Full Council gave its approval for the acquisition of a 50% share in Chesterford Research Park, through the Council's wholly owned subsidiary, Aspire (CRP) Ltd (referred to throughout this report as 'Aspire').

9. In order to fund this acquisition, a 50-year maturity loan of £47.5 million was made by the Council to Aspire at a fixed rate of 4%.

10. At the time of acquisition, the development of the park was still in the first of three planned phases, with outline planning consent in place for a further 21 units to be built. The Council recognised and supported the principle that additional borrowing would be required in the future to enable the park to develop further.

11. Since this time, 11 additional loans have been advanced to Aspire totaling £31.4 million. These have been for a mix of small and large scale development and improvements to existing assets on the site. The loans are on a mixture of terms and durations depending upon their purpose. As at the date of this report, the total principal amount outstanding on all loans is £78.65 million.

12. Aspire has now approached the Council seeking funding for completion of the first large scale development on the site since its acquisition (Building 800), along with the refurbishment of the fourth largest building on site (Building 900).

13. The total funding being sought is £7,600,000, to be drawn down in tranches over a period of up to 2 years.

Loan Terms

14. The original loan of £21.06 million for Building 800 and the solar farm was agreed (Appendix B and C) at an interest rate of 7.5% i.e. 2.25% above the Bank of England base rate at the time. It is proposed that the new loan of £2,500,000 for completion of Building 800 is set at 2.25% above the current base rate (4%), a loan rate of 6.25% with repayments commencing from April 2026 as per the original agreement.

15. It is proposed that the loan of £5,100,000 for refurbishment of Building 900 is set at 2.25% above the current base rate (4%), a loan rate of 6.25% on a repayment basis with repayments commencing from April 2027.

16. It is proposed that the main terms of the loan (except interest rate) be broadly consistent with the original loan made to Aspire for the acquisition of the Park, namely:-

    a. the loan shall be secured on the assets of Aspire as a whole (i.e. not just the individual building being financed);

b. the Building 800 loan shall be a maturity loan with a duration of 50 years from the date of first drawdown, to reflect its primary purpose in financing a new building which will have a useful life of at least 50 years;

c. the Building 900 loan shall be a repayment loan with a duration of 20 years from the date of first drawdown, to reflect its primary purpose in financing the refurbishment of a building which will have a useful life of 20 years before requiring a new refurbishment;

d. the loans shall be repayable in full upon demand by the Council.

17. With a margin on the loans of 2.25% above Bank of England base rate the income for the Council from Aspire will be in the region of £140,000 above the cost of borrowing, which will help to achieve the Blueprint savings target.

Statutory Compliance

Prudential Code

18. Under local government finance regulations, the making of loans from capital purposes is classified as capital expenditure, and therefore the Council is required to have due regard to the CIPFA Prudential Code.

19. The Prudential Code was last updated in 2021, and there is now a general prohibition on local authorities borrowing to finance capital expenditure where the primary purpose is for commercial yield. Authorities with existing commercial land and property are, however, expressly permitted to invest in maximising its value.

20. The investment appraisals referenced in paragraphs 19 to 20 above provide evidence that the making of this loan would increase the value of the Aspire's share of the Park by a greater amount than the sums invested, which clearly demonstrates compliance with the Prudential Code.

    Furthermore, the Council has sought professional advice from Cushman & Wakefield (who advised on the original acquisition) as to the impact should the Council choose not to proceed with this investment. The terms of the joint venture mean that, in this case, the other partner could proceed alone, which would dilute the Council's 50% holding in the whole Park. Specifically, Cushman & Wakefield have advised that:-

    "Where minority stakes are offered to the market the potential buyer audience is smaller, the liquidity of the stake diminishes and there is often a negative pricing implication although the quantum of such is difficult to determine as no two JVs are alike. Therefore, in conclusion, in order to protect the value of UDC's interest in CRP we would advise that any future developments and conducted in line with the JV agreement, on a 50:50 basis with Aviva, thus ensuring an equal shareholding with your JV partner."

21. The above provides further justification for proceeding with the investment under the ‘maximising value’ provisions of the Prudential Code.

Minimum Revenue Provision

22. Under the Council’s Minimum Revenue Provision (MRP) policy, last approved by Full Council in February 2025, the Council charges MRP on all capital loans to subsidiaries on an annuity basis over the life of the loan in accordance with guidance.

23. The Council will need to undertake new external borrowing in order to finance the loan to Aspire.

Other Implications

24. In June 2023, HM Treasury updated the lending terms of the Public Works Loan Board (PWLB). Under these terms, any local authority which incurs capital expenditure on investments primarily for commercial yield are unable to access the PWLB for new borrowing until the end of the following financial year.

25. In this particular case, strong representations would be made to HM Treasury concerning the need to protect and enhance the value of the Council’s existing commercial investments, as set out at paragraph 18 above. However, it is ultimately for HM Treasury to determine their own lending terms, therefore it is considered likely that, should the Council proceed with making new loans to Aspire, it will be unable to access new PWLB borrowing until at least 1 April 2028. Furthermore, the specific borrowing undertaken to support the loan will be unable to be refinanced using PWLB at any point in the future.

26. Whilst unable to access PWLB borrowing, the Council would have the option of short term borrowing or the use of other commercial funding streams, such as obtained previously via Phoenix Life.