

# Council AGENDA

**Monday, 12th December 2016 at 7:15 PM**

**Council Chamber, Braintree District Council, Causeway House,  
Bocking End, Braintree, CM7 9HB**

**THIS MEETING IS OPEN TO THE PUBLIC**  
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**Members of the Council are requested to attend this meeting to transact the business set out in the Agenda.**

**Membership:-**

Councillor J Abbott	Councillor J Goodman	Councillor Mrs J Pell
Councillor Mrs J Allen	Councillor A Hensman	Councillor R Ramage
Councillor M Banthorpe	Councillor P Horner	Councillor F Ricci
Councillor P Barlow	Councillor D Hufton-Rees	Councillor B Rose
Councillor J Baugh	Councillor D Hume	Councillor Miss V Santomauro
Councillor Mrs J Beavis	Councillor H Johnson	Councillor Mrs W Scattergood
Councillor D Bebb	Councillor Mrs A Kilmartin	Councillor Mrs W Schmitt
Councillor K Bowers	Councillor S Kirby	Councillor P Schwier
Councillor Mrs L Bowers-Flint	Councillor G Maclure	Councillor C Siddall
Councillor G Butland	Councillor D Mann	Councillor Mrs G Spray
Councillor S Canning	Councillor J McKee	Councillor P Tattersley
Councillor J Cunningham	Councillor R Mitchell	Councillor Miss M Thorogood
Councillor Mrs M Cunningham	Councillor Mrs J Money	Councillor R van Dulken
Councillor T Cunningham	Councillor Lady Newton	Councillor Mrs L Walters
Councillor M Dunn	Councillor J O'Reilly-Cicconi	Councillor Mrs S Wilson
Councillor J Elliott	Councillor Mrs I Parker	
Councillor Mrs D Garrod	Councillor Mrs S Paul	

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk) by 3pm on the day of the meeting.

N BEACH  
Chief Executive

## **INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS**

### **Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest**

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

### **Question Time**

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk) no later than 2 working days prior to the meeting. The Council reserves the right to decline any requests to register to speak if they are received after this time. Members of the public can remain to observe the public session of the meeting.

Please note that there is public Wi-Fi in the Council Chamber, users are required to register in order to access this. There is limited availability of printed agendas.

### **Health and Safety**

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### **Mobile Phones**

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### **Documents**

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- 1 Apologies for Absence**
- 2 To receive any announcements/statements from the Chairman and/or Leader of the Council.**
- 3 Declarations of Interest**  
To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.
- 4 Public Question Time**  
(See paragraph above)
- 5 Minutes of the Previous Meeting**  
To approve as a correct record the minutes of the meeting of Council held on 17th October 2016 (copy previously circulated).
- 6 Presentation on the East of England Local Authority Challenge 2016**  
To receive a presentation from Councillor McKee, Cabinet Member for Corporate Services and Asset Management.
- 7 Presentation for the Essex Playing Fields Awards**  
To receive the award from Councillor Mrs W Schmitt, Deputy Leader of the Council and Cabinet Member for Environment and Place.
- 8 Presentation of the National Apprenticeship Service Apprentice of the Year Awards**  
To receive a presentation from Councillor McKee, Cabinet Member for Corporate Services and Asset Management.
- 9 Appointment to Committees and Outside Bodies** **6 - 11**
- 10 The Establishment of Garden Communities Local Delivery Vehicles and Funding Requirements** **12 - 49**

<b>11</b>	<b>Recommendation from Overview and Scrutiny Committee 23rd November 2016 – Scrutiny Review into Broadband Provision in the Braintree District</b>	<b>50 - 60</b>
<b>12</b>	<b>Recommendation from Governance Committee 28th September 2016 – Treasury Management Mid-Year Report 2016-17</b>	<b>61 - 79</b>
<b>13</b>	<b>Recommendation from Cabinet 29th November 2016 - Medium Term Financial Strategy 2017-2018 to 2020-2021</b>	<b>80 - 82</b>
<b>14</b>	<b>Recommendation from Cabinet 29th November 2016 - Proposed Freehold purchase of 3/4 Century Drive, Freeport Office Village, Braintree</b>	<b>83 - 91</b>
<b>15</b>	<p><b>Reports from the Leader and Cabinet Members</b></p> <p>To receive the following reports from each Portfolio Holder.</p> <p>Oral Questions to the Cabinet: Members are reminded that following the presentation of each Cabinet Member's report, Members may put questions to the Cabinet Member on matters relating to their portfolio, the powers and duties of the Council or the District. Questions are not restricted to the contents of the Cabinet Member's report.</p> <p>Where a verbal response cannot be given, a written response will be issued to all Members. (Council Procedure Rules 29.1 to 29.4 apply).</p> <p>A period of up to 1 hour is allowed for this item.</p>	
<b>15a</b>	<b>Councillor G Butland - Leader's Report to Council</b>	<b>92 - 93</b>
<b>15b</b>	<b>Councillor D Bebb - Finance and Performance</b>	<b>94 - 96</b>
<b>15c</b>	<b>Councillor T Cunningham - Economic Development</b>	<b>97 - 99</b>
<b>15d</b>	<b>Councillor Lady Newton - Planning and Housing</b>	<b>100 - 102</b>
<b>15e</b>	<b>Councillor J McKee - Corporate Services and Asset Management</b>	<b>103 - 104</b>

<b>15f</b>	<b>Councillor Mrs W Schmitt - Environment and Place</b>	<b>105 - 107</b>
<b>15g</b>	<b>Councillor P Tattersley - Health and Communities</b>	<b>108 - 110</b>
<b>16</b>	<b>List of Public Meetings held since last Council Meeting</b>	<b>111 - 112</b>

**17 Exclusion of Public and Press: - To give consideration to adopting the following Resolution: -**

That under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12(A) of the Act.

**PRIVATE SESSION**

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<b>18</b>	<b>Recommendation from Cabinet 29th November 2016 - Proposed Freehold purchase of 3/4 Century Drive, Freeport Office Village, Braintree - PRIVATE</b>
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Appointment to Committees and Outside Bodies		Agenda No:9
Portfolio	Overall Corporate Strategy and Direction	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Councillor Graham Butland Leader of the Council	
Report prepared by:	Ian Hunt Head of Governance	
Background Papers:	Public Report	
<a href="#">Constitution</a>	Key Decision: No	
<b>Executive Summary:</b>		
<p>On the 20<sup>th</sup> October 2016 the Council held two by-elections following the resignation of Members.</p> <p>Following this the political balance of the Council has altered requiring reconsideration of the political proportionality of committee appointments by Council under the Local Government and Housing Act 1989.</p> <p>Council is asked to set the proportions for each Committee and to appoint Members as set out in the report. The appointments reflect both the changes to proportionality, but also vacancies on the committees.</p> <p>Further to one of the resignations there is also a vacancy on an outside body, and Council is asked to make the proposed appointment within the report.</p>		
<b>Recommended Decision:</b>		
That the Council:-		
<ol style="list-style-type: none"><li>1. Notes the political balance requirements;</li><li>2. Agrees the proportional balance and the allocation of seats to political groups on committees in accordance with this report; and</li><li>3. That the schedule set out in Appendix A be adopted regarding the appointments to Committees</li><li>4. To appoint Councillor Mrs D Garrod together with Councillor Mrs W Scattergood (as the existing appointment) to the Dedham Vale and Stour Valley Advisory Committee for the remainder of the Civic Year 2016/2017.</li></ol>		

<b>Purpose of Decision:</b>
To comply with legislation and to enable the Council to discharge its functions through Committees and Sub-Committees.

To comply with legislation and to enable the Council to discharge its functions through Committees and Sub-Committees.

**Any Corporate implications in relation to the following should be explained in detail.**

<b>Financial:</b>	None
<b>Legal:</b>	<p>Appointment to Committees:</p> <p>Article 4 Section 1.1.6 of the Constitution states that it is a function of Council to make appointments to Committees unless the appointment is a Cabinet function or has been delegated by Council to a committee or officer.</p> <p>Appointment to Outside Bodies:</p> <p>Members appointed to serve on outside bodies are entitled to claim expenses in accordance with the Member Allowance Scheme in attending meetings of the outside bodies as the Council's representative.</p> <p>Community Representatives will be able to claim mileage for attending meetings of the outside bodies.</p> <p>This will be met from the existing budget for Member Allowances.</p>
<b>Safeguarding:</b>	<p>Appointment to Committees:</p> <p>None.</p> <p>Appointment to Outside Bodies:</p> <p>No direct implications for the Council; any Member engaged with an outside body would be expected to comply with any safeguarding requirements imposed by the body</p>
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	Consultation with relevant Group leaders as to the allocation of seats and membership of committees.
<b>Risks:</b>	The political balance rules can only be departed from if there is no dissenting vote at Council. Failure to comply would result in a breach of statutory duty which could be the subject of judicial review proceedings.
<b>Officer Contact:</b>	Ian Hunt
<b>Designation:</b>	Head of Governance
<b>Ext. No:</b>	2629
<b>E-mail:</b>	<a href="mailto:ian.hunt@braintree.gov.uk">ian.hunt@braintree.gov.uk</a>



## **1. Introduction**

- 1.1 The Council is required under the Local Government and Housing Act 1989 to allocate seats on Council Committees and Sub-Committees to political groups on a politically proportionate basis. The Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 apply with some exceptions to any committees established under the Constitution.
- 1.2 The Council set the proportions at the Annual General Meeting on the 25<sup>th</sup> April 2016. There is a continuing duty on the Council to review the allocations where there is a change of political balance.
- 1.3 At the by-election on the 20<sup>th</sup> October 2016 the Conservative Party lost the Witham North ward to the Labour Party. Council is therefore required to consider the impact of the change.
- 1.4 As a result of the resignations which caused the by-elections there are vacancies on other committees and Council is asked to make relevant appointments to fill these vacancies on committees.
- 1.5 A further vacancy was created on an outside body, Council is asked to make an appointment to fill this vacancy.

## **2. Political balance requirements**

- 2.1 The allocation of seats on ordinary Committees must be in the same proportion as the number of members of the group bears to the membership of the Authority as a whole.
- 2.2 The Council has a duty when allocating or reviewing the allocation of seats on Committees to give effect so far as is reasonably practicable to the following four principles:-
  - (i) all the seats are not allocated to the same political group;
  - (ii) the majority of the seats go to the political group in the majority on the full Council;
  - (iii) subject to the above two principles, the total number of seats on the ordinary Committees of the Authority are allocated to each political group in the same proportion as the group's representation on the full Council; and
  - (iv) subject to the above three principles, the number of seats on each Committee are allocated to each political group in the same proportion as the group's representation on the Council.
- 2.3 The Council currently has three political groups, and one Green Member.
- 2.4 Therefore the membership of the Council for the purpose of the allocation of seats is broken down as follows:-
  - 43 - Conservative Group
  - 3 - Labour Group

- 2 - Halstead Residents Association
- 1 - Green Member

### **3. Committee and Sub-Committee allocations**

- 4.1 Given the change in proportionality there is a requirement to increase the proportion of seats allocated to the Labour group as they are underrepresented, with the Conservative Group being overrepresented.
- 4.2 Given the sizes of committees and the remaining proportionality requirements the imbalance can be met by switching one seat on the Licensing Committee from the Conservative Group to the Labour Group.
- 4.3 The following allocations therefore meet the proportionality rules:

Overview and Scrutiny Committee:

12 Members: 11 Conservative, 1 Labour

Planning Committee:

13 Members: 12 Conservative, 1 Labour

Licensing Committee:

13 Members: 11 Conservative, 1 Labour, 1 Halstead Residents Association

Governance Committee:

7 Members: 6 Conservative, 1 Labour

Standards Sub Committee:

3 Members (3 Substitutes): 2 Conservative, 1 Halstead Residents Association

Appeals Committee:

3 Members (3 Substitutes): 1 Conservative, 1 Labour, 1 Green

- 4.4 Following a Council decision on 19th February 2007 all Members who sit on the Planning Committee and the Licensing Committee (including Hearing Panels) are appointed on the basis that all Members shall participate in appropriate training before undertaking their duties and continue to participate in ongoing training. It should be noted that where a Member is newly appointed to the committee but has undertaken relevant training this can be taken into account.
- 4.5 As a result of Councillor resignations, and existing vacancies, there are vacancies on the Overview and Scrutiny, Planning, Standard Sub-Committee and Appeals Committee.
- 4.6 Nominations for appointments to give effect to the above are listed in Appendix A.

### **5. Outside Body Appointment:**

- 5.1 Following the resignation of former Councillor Bolton a vacancy has arisen on the Dedham Vale and Stour Valley Advisory Committee.
- 5.2 The Council also appoints Councillor Mrs W Scattergood to this body and this is unaffected.
- 5.3 It is proposed that Councillor Mrs D Garrod is appointed.

## Appointments to Committees and Panels

### Planning Committee:

Councillor K Bowers  
Councillor Mrs L Bowers-Flint  
Councillor T Cunningham  
Councillor P Horner  
Councillor H Johnson  
Councillor S Kirby  
Councillor D Mann  
Councillor Lady Newton  
Councillor J O'Reilly-Cicconi  
Councillor Mrs I Parker  
Councillor Mrs W Scattergood  
Councillor P Schwier  
Councillor Mrs G Spray

### Licensing Committee:

Councillor Mrs J Allen  
Councillor M Banthorpe  
Councillor P Barlow  
Councillor J Baugh  
Councillor J Elliott  
Councillor J Goodman  
Councillor A Hensman  
Councillor H Johnson  
Councillor Mrs J Money  
Councillor Mrs J Pell  
Councillor R van Dulken  
Councillor Mrs L Walters  
Councillor Mrs S Wilson

### Overview and Scrutiny Committee:

Councillor Mrs M Cunningham  
Councillor Mrs D Garrod  
Councillor J Goodman  
Councillor P Horner  
Councillor D Hufton-Rees  
Councillor G Maclure  
Councillor D Mann  
Councillor R Ramage  
Councillor F Ricci  
Councillor Miss V Santomauro  
Councillor P Schwier  
Councillor C Siddall

### Appeals Committee:

Councillor J Abbott  
Councillor Mrs A Kilmartin  
Councillor D Mann

#### Substitutes:

Councillor B Rose  
Councillor P Tattersley  
Vacancy

### Standards Sub Committee:

Councillor J O'Reilly-Cicconi  
Councillor Mrs J Pell  
Councillor Mrs S Wilson

#### Substitutes:

Councillor S Kirby  
Councillor D Mann  
Vacancy

Note the Governance Committee memberships remain unchanged.

<b>The Establishment of Garden Communities Local Delivery Vehicles and Funding Requirements</b>	<b>Agenda No: 10</b>
<b>Background Papers:</b>  <a href="#"><u>Reports and Minutes of Cabinet 29<sup>th</sup> November 2016</u></a>	<b>Public Report</b>

**Minute Extract:**

**CABINET – 29<sup>TH</sup> NOVEMBER 2016**

**47     THE ESTABLISHMENT OF GARDEN COMMUNITIES LOCAL DELIVERY VEHICLES AND FUNDING REQUIREMENTS**

**INFORMATION:** Braintree District Council, Colchester Borough Council, Essex County Council and Tendring District Council were collaborating to identify an agreed strategic approach to the allocation and distribution of large scale housing led, mixed use development, including employment opportunities and infrastructure provision, in the form of Garden Communities.

The development of Garden Communities was yet to be determined, and would be discussed at the Local Plan Sub-Committee where recommendations would be put to Full Council next year. The report set out the mechanisms that would be needed should the Garden Communities developments be agreed and proposals whereby the Councils could take a much more direct approach to ensuring that the proposed Garden Communities are delivered and that they met the high standards expected of them.

A delivery mechanism would be needed to initiate the development and would require specialised skill set and expertise that may not be readily available at present. The recommendations put before Cabinet were to establish an overall North Essex Garden Communities Ltd which would act as a mediator to distribute shares equally between the four Local Authorities and subsequently provide local delivery vehicles for each of the potential three sites should any of them make progress.

There were significant issues in respect of the debt that would be acquired during the lifetime of the development. There would be an upfront debt as a result of installing infrastructure ahead of residential developments. In the case of Braintree there would be a debt requirement of up to £145million if both proposed Garden Communities went ahead. The arrangements that were proposed to be put in place were significant, however they would not be

required if the development of the Garden Communities was not agreed.

Due to the large scale of the developments and as part of the project, an Independent Peer Review has been commissioned and has commenced. The review is being led by Lord Kerslake and the results are due in December and would be made public in the new year. The findings would be carefully considered as the project progressed

**DECISION: That Cabinet agreed to;**

1. Note the external legal advice received that these decisions cannot and do not prejudice the outcome of any future decisions that the Council may make about the Local Plan to be made by Council in relation to the allocation of any Garden Community.
2. Note that it is proposed that, if appropriate terms can be agreed, the Local Delivery Vehicles will enter into legal agreements with landowners to enable the delivery of the proposed schemes. North Essex Garden Communities Limited
3. In line with resolution 56 Cabinet on the 4<sup>th</sup> February 2016, Cabinet agrees to set up and subscribe to North Essex Garden Communities Ltd in accordance with the terms set out in the report and Appendix 2.
4. To approve the North Essex Garden Communities Ltd shareholder agreement between the Local Authorities in accordance with the terms set out in the report and Appendix 3.
5. To appoint Councillor G Butland to represent the Council as a Director on the Board of North Essex Garden Communities Limited.

Colchester Braintree Borders Limited

6. In line with resolution 56 Cabinet on the 4<sup>th</sup> February 2016, Cabinet endorses the formation of Colchester Braintree Borders Limited by North Essex Garden Communities Limited in accordance with the terms set out in the report and Appendix 4.
7. To approve the Colchester Braintree Borders Limited shareholder agreement between the Local Authorities in accordance with the terms set out in the report and Appendix 5.
8. To appoint Jon Hayden (Corporate Director) to represent the Council as a Director on the Board of Colchester Braintree Borders Limited, and gives Delegated Authority to the Chief Executive of the Council to terminate the appointment and to undertake any future appointments.
9. That in principle it agrees to provide an appropriate proportion of necessary funding to the Colchester Braintree Borders Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the

project and the funding options available at the time any funding is required by the LDV. Such commitment to be subject to Council approval.

West of Braintree Limited

10. In line with resolution 56 Cabinet on the 4<sup>th</sup> February 2016, Cabinet endorses the formation of West of Braintree Limited by North Essex Garden Communities Limited in accordance with the terms set out in the report and Appendix 6.
11. To approve the West of Braintree Limited shareholder agreement between the Local Authorities in accordance with the terms set out in the report and Appendix 7.
12. To appoint Jon Hayden (Corporate Director) to represent the Council as a Director on the Board of West of Braintree Limited, and gives Delegated Authority to the Chief Executive of the Council to terminate the appointment and to undertake any future appointments.
13. That in principle it agrees to provide an appropriate proportion of necessary funding to the West of Braintree Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project and the funding options available at the time any funding is required by the LDV. Such commitment to be subject to Council approval.

**That Cabinet Recommends to Council that it:**

14. Notes the decision of the Cabinet to set up and subscribe to the North Essex Garden Communities Limited.
15. Notes the Cabinet's endorsement of the formation of the Colchester Braintree Borders Limited and West of Braintree Limited
16. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the Colchester Braintree Borders Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project.
17. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the West of Braintree Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project and the funding options available at the time any funding is required by the LDV.
18. Notes the external legal advice received that these decisions cannot and do not prejudice the outcome of any future decisions that the Council may

make about the Local plan to be made by Council in relation to the allocation of any Garden settlement.

**REASON FOR DECISION:** To provide Members with a comprehensive overview of the proposals which have been developed over the past twelve months jointly with Colchester Borough Council, Essex County Council and Tendring District Council for Garden Communities in North Essex, in particular to provide Members with information and recommendations to enable them to:

- Establish governance arrangements for the project;
- Agree in principle to be a long term funder for the project, in partnership with the other Councils, subject to the terms and requirements set out in this report.

**Recommended Decision:** That Council:

1. Notes the decision of the Cabinet to set up and subscribe to the North Essex Garden Communities Limited.
2. Notes the Cabinet's endorsement of the formation of the Colchester Braintree Borders Limited and West of Braintree Limited
3. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the Colchester Braintree Borders Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project.
4. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the West of Braintree Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project and the funding options available at the time any funding is required by the LDV.
5. Notes the external legal advice received that these decisions cannot and do not prejudice the outcome of any future decisions that the Council may make about the Local plan to be made by Council in relation to the allocation of any Garden settlement.

<b>The Establishment of Garden Communities Local Delivery Vehicles and Funding Requirements</b>		<b>Agenda No:</b>
<b>Portfolio</b>	<b>Overall Corporate Strategy and Direction</b> <b>Environment and Place</b> <b>Planning and Housing</b> <b>Economic Development</b> <b>Finance and Performance</b> <b>Corporate Services and Asset Management</b>	
<b>Corporate Outcome:</b>	<b>A sustainable environment and a great place to live, work and play</b> <b>A well connected and growing district with high quality homes and infrastructure</b> <b>A prosperous district that attracts business growth and provides high quality employment opportunities</b> <b>Residents live well in healthy and resilient communities where residents feel supported</b> <b>A high performing organisation that delivers excellent and value for money services</b> <b>Delivering better outcomes for residents and businesses and reducing costs to taxpayers</b>	
<b>Report presented by:</b>	<b>Councillor Graham Butland, Leader of the Council</b>	
<b>Report prepared by:</b>	<b>Jon Hayden, Corporate Director</b>	
<b>Background Papers:</b>		<b>Public Report</b>
<a href="#"><u>Cabinet report and minutes 4<sup>th</sup> February 2016</u></a>		<b>Key Decision: Yes</b>
<b>Executive Summary:</b>		
<p>Braintree District Council, Colchester Borough Council, Essex County Council and Tendring District Council are collaborating to identify an agreed strategic approach to the allocation and distribution of large scale housing led, mixed use development, including employment opportunities and infrastructure provision, in the form of Garden Communities.</p> <p>The Councils have collaborated closely on the preparation of their Local Plans, with the draft Part 1 – which sets out the approach to Garden Communities across North Essex from a Planning perspective – being identical in all three Plans.</p> <p>This report sets out proposals whereby the Councils can take a much more direct approach to ensuring that the proposed Garden Communities are delivered and that they meet the high standards expected of them – in terms of housing quality and design,</p>		



open space provision, roads, schools, healthcare facilities and sustainable transport systems.

The key elements in the approach are

- A Company – North Essex Garden Communities Ltd - owned equally by the four Councils to oversee the project across North Essex and to drive the delivery of the three planned communities.
- Legally binding agreements with local landowners to secure the land to enable the Local Delivery Vehicles to provide early infrastructure for the developments (with the infrastructure costs being paid for in due course from the land sales)
- A Local Delivery Vehicle for each of the planned Communities with Council, landowner and independent Membership and with the clear purpose of delivering a Garden Community.
- Clear Masterplans for each Community to be developed.

The report does not determine whether or not any site is or is not allocated under the Local Plan, this will be a decision for Council taking into account appropriate planning considerations. This report purely considers the potential for a commercial delivery approach by the Councils.

The proposals set out in this report are being submitted to the Cabinets of all four of the Councils involved in the North Essex Garden Communities project in the coming weeks. The presentation of the reports have been tailored to reflect the report formats of the different Councils and focus on the proposals as they affect each of the Councils but the core of the report is identical and the recommendations being made to each Council seek the same commitments from each of them.

Similar recommendations to those proposed to Full Council below will also be recommended to go to the Full Councils of Colchester Borough and Tendring District Councils.

#### **Recommended Decision:**

6. Note the external legal advice received that these decisions cannot and do not prejudice the outcome of any future decisions that the Council may make about the Local Plan to be made by Council in relation to the allocation of any Garden Community.
7. Note that it is proposed that, if appropriate terms can be agreed, the Local Delivery Vehicles will enter into legal agreements with landowners to enable the delivery of the proposed schemes.

#### **North Essex Garden Communities Limited**

8. In line with resolution 56 Cabinet on the 4<sup>th</sup> February 2016, Cabinet agrees to set up and subscribe to North Essex Garden Communities Ltd in accordance with the terms set out in the report and [Appendix 2](#).
9. To approve the North Essex Garden Communities Ltd shareholder agreement between the Local Authorities in accordance with the terms set out in the report

and [Appendix 3](#).

10. To appoint Councillor G Butland to represent the Council as a Director on the Board of North Essex Garden Communities Limited.

#### Colchester Braintree Borders Limited

11. In line with resolution 56 Cabinet on the 4<sup>th</sup> February 2016, Cabinet endorses the formation of Colchester Braintree Borders Limited by North Essex Garden Communities Limited in accordance with the terms set out in the report and [Appendix 4](#).
12. To approve the Colchester Braintree Borders Limited shareholder agreement between the Local Authorities in accordance with the terms set out in the report and [Appendix 5](#).
13. To appoint Jon Hayden (Corporate Director) to represent the Council as a Director on the Board of Colchester Braintree Borders Limited, and gives Delegated Authority to the Chief Executive of the Council to terminate the appointment and to undertake any future appointments.
14. That in principle it agrees to provide an appropriate proportion of necessary funding to the Colchester Braintree Borders Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project and the funding options available at the time any funding is required by the LDV. Such commitment to be subject to Council approval.

#### West of Braintree Limited

15. In line with resolution 56 Cabinet on the 4<sup>th</sup> February 2016, Cabinet endorses the formation of West of Braintree Limited by North Essex Garden Communities Limited in accordance with the terms set out in the report and [Appendix 6](#).
16. To approve the West of Braintree Limited shareholder agreement between the Local Authorities in accordance with the terms set out in the report and [Appendix 7](#).
17. To appoint Jon Hayden (Corporate Director) to represent the Council as a Director on the Board of West of Braintree Limited, and gives Delegated Authority to the Chief Executive of the Council to terminate the appointment and to undertake any future appointments.
18. That in principle it agrees to provide an appropriate proportion of necessary funding to the West of Braintree Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project and the funding options available at the time any funding is required by the LDV. Such commitment to be subject to Council approval.

**That Cabinet Recommends to Council that it:**

19. Notes the decision of the Cabinet to set up and subscribe to the North Essex Garden Communities Limited.
20. Notes the Cabinet's endorsement of the formation of the Colchester Braintree Borders Limited and West of Braintree Limited
21. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the Colchester Braintree Borders Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project.
22. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the West of Braintree Limited (by an appropriate combination of loan or equity) subject to a satisfactory business case setting out the full terms of the arrangement, which will need to accord with the approved Business Plans and masterplans for the project and the funding options available at the time any funding is required by the LDV.
23. Notes the external legal advice received that these decisions cannot and do not prejudice the outcome of any future decisions that the Council may make about the Local plan to be made by Council in relation to the allocation of any Garden settlement.

**Purpose of Decision:**

To provide Members with a comprehensive overview of the proposals which have been developed over the past twelve months jointly with Colchester Borough Council, Essex County Council and Tendring District Council for Garden Communities in North Essex, in particular to provide Members with information and recommendations to enable them to:

- Establish governance arrangements for the project;
- Agree in principle to be a long term funder for the project, in partnership with the other Councils, subject to the terms and requirements set out in this report.

**Any Corporate implications in relation to the following should be explained in detail.**

<b>Financial:</b>	This report has no material direct financial decisions within it. It does however set out the Council's commitment that it will in principle provide an appropriate proportion of the necessary funding required to support the development of the two garden communities within its area, subject to satisfactory business cases and consideration of the full terms of the funding requirements. Based on the financial modelling undertaken to date, and assuming the participating local authorities are the only funders, this commitment of the Council would cover a potential peak debt requirement of up to £145million across the two garden communities and overall financing requirement for a period of around 50 years. It will be open for the Council to consider a range of funding sources for its share of the funding commitment, which could include prudential borrowing. This will be subject to a detailed decision of the Council at the relevant time.
<b>Legal:</b>	The power for the Council to enter into these arrangements is contained within the Localism Act 2011. Members must be mindful that the decision to invest in delivery structures does not determine the approach the Council will take to decisions on the Local Plan which will be made in relation to relevant planning policy requirements.
<b>Safeguarding:</b>	There are no direct implications from this report in relation to safeguarding.
<b>Equalities/Diversity:</b>	The report does not create any specific equality or diversity impacts; the communities which are ultimately developed will need to take into account these issues in their design, construction and management and this will be an ongoing commitment.
<b>Customer Impact:</b>	The proposals will enable the delivery of sustainable communities which have the delivery of infrastructure as a key requirement ensuring that they are good quality places to live and work.
<b>Environment and Climate Change:</b>	The design and delivery of these communities will take into account garden community principles. This is managed through the Local Plan process and the planning frameworks. By having a strong stake in the delivery of the communities the Council will be in a position to support suitable standards and infrastructure to mitigate impacts.
<b>Consultation/Community Engagement:</b>	The Local Plan process including the master planning processes for these communities enables significant public

	consultation and engagement.
<b>Risks:</b>	<p>A detailed risk assessment is included within the report. There are two substantial risks for the proposals at this point.</p> <ul style="list-style-type: none"> <li>• There is no certainty that any specific site will be included within the Local Plan, whilst the commitment of the Councils to funding will significantly increase the likelihood that the sites could be considered deliverable and viable this is not the only criteria on which they will be assessed. Should a site not be included within the Local plan then the proposed development would not be in a position to proceed and the company would be wound up.</li> <li>• At present there are no agreed legal agreements with the Landowners to enable the delivery companies to have control of the land to enable the development. If suitable agreements cannot be reached which meet the goals for the delivery of garden communities, and financial viability then the companies will be unable to proceed.</li> </ul>
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## **1. Background:**

- 1.1. In the work being carried by Braintree District Council, Colchester Borough Council and Tendring District Council on their respective Local Plans, the potential for new major developments in the form of new 'garden communities' has been identified by the Councils as planning authority as a means of meeting future growth requirements. These include three potential new settlements. One crossing the administrative boundary of Tendring and Colchester in the vicinity of the University. The second crossing the administrative boundary of Colchester and Braintree at Marks Tey. The third site is on land to the West of Braintree on the Uttlesford District Council border.
- 1.2. In accordance with the duty to cooperate, the district Councils are working closely with each other and are at similar stages in their respective Local Plan preparation, to plan effectively for the long term. All three councils are also working with Essex County Council. As part of this process, all four Councils are thinking strategically, are not being restricted by current local plan making time horizons and are considering whether Garden Communities could address some of this long term need both within the plan period and beyond.
- 1.3. As part of the development of their Local Plans the three District Planning Authorities have included the three projects as areas of search within their Preferred Options Consultations under the Local Plan. These consultations occurred over the summer and will lead to recommendations to the respective Councils in January / February 2017.
- 1.4. At the meeting on 4<sup>th</sup> February 2016 Cabinet agreed to the continued joint working and development of proposals for the four Councils to take an active role in the development and construction of the new garden settlements. Following this the Council (along with each of the other three Councils) has committed a further £250,000 to support the joint work and funding was agreed together with a grant from the Department for Communities and Local Government of £640,000.
- 1.5. This joint working has continued with the work undertaken by the Shadow Delivery Board and the Steering Group. These structures will be superseded by the arrangements in this report once they come into effect. Officers from the four Councils will continue to meet during the early stages of implementation as partnership officer groups to aid transition and ensure continuity.
- 1.6. Separate negotiations have occurred with landowners and developers with interests in the three sites, this has been supported by consultants engaged jointly by the four councils.
- 1.7. This report seeks Cabinet approval for the Council to enter into joint arrangements with the other Councils to create an overarching body to be known as North Essex Garden Communities Limited (NEGC) to coordinate the development of the sites. NEGC will establish a further company (a Local Delivery Vehicle (LDV) for each proposed garden community. The Council is asked to give in principle agreement that it will provide proportionate funding

to the LDVs in its area. This funding will be used to pay for delivery of the infrastructure in a more timely and co-ordinated way than can be achieved with a traditional development. The cost of infrastructure will be repaid out of land value as the scheme is developed (referred to as a “waterfall repayment” on which more information is provided under the financial section of this Report).

- 1.8. The decisions in this report do not commit any council to allocate any sites within the Local Plan. A separate decision making process will be undertaken by the three Local Planning Authorities in accordance with the statutory requirements and material considerations at the relevant time.

## **2. Vision & Objectives**

- 2.1. Addressing growth at any spatial scale must be founded on a clear vision of how and where change should occur. Braintree, Colchester and Tendring are all in the process of evolving new Local Plans to address future need with Preferred Options published by all three Councils in summer 2016. The Councils are thinking strategically for the long term, and are not being restricted by current plan making time horizons or administrative boundaries.
- 2.2. The vision for North Essex at a strategic level has been set out by the Councils within Part 1 of the Preferred Option Local Plans. This addresses both the vision for the wider area together with the role and significance of the proposed Garden Communities. The vision sets out a clear statement of local ambition and establishes a strategic basis from which to move forward. It enables the Councils to plan positively for the future homes and jobs needed across the area, the provision of high quality infrastructure (transport, telecommunications, education, health, community and cultural infrastructure); and the creation of quality places including the conservation and enhancement of the natural and historic environment, including landscape.
- 2.3. Figure 1 illustrates the vision for North Essex as set in Part 1 of the emerging Local Plans. This provides a key part of the rationale underpinning the strategy going forward.

**Figure 1: The North Essex Strategic Vision**

*North Essex will be an area of significant growth over the period to 2033 and beyond, embracing positively the need to build well-designed new homes, create jobs and improve and develop its infrastructure for the benefit of existing and new communities.*

*Sustainable development principles will be at the core of the strategic area's response to its growth needs, balancing social, economic and environmental issues. Green infrastructure and new and expanded education and health care facilities will be planned and provided; while the countryside and heritage assets will be protected and enhanced.*

*At the heart of our strategic vision for North Essex are new garden communities. The garden communities will attract residents and businesses who value innovation, community cohesion and a high quality environment, and who will be keen to take an active role in managing the garden community to ensure its continuing success. Residents will live in high quality, innovatively designed, contemporary homes, accommodating a variety of needs and aspirations. There will be a network of leafy streets and green spaces, incorporating and enhancing existing landscape features. This will provide safe and attractive routes and sustainable drainage solutions, as well as excellent opportunities for people to play. Open spaces will be attractive areas which offer leisure and recreation opportunities for residents of the garden communities. All Garden City principles will be positively embraced including new approaches to delivery and partnership working and sharing of risk and reward for the benefit of the new communities.*

2.4. Alongside the vision are a set of related objectives, designed to help achieve the vision for the area and to provide a basis for achieving the necessary outcomes. The objectives include:

- **Delivering for local communities** – to ensure the highest standard of community and stakeholder involvement from the early evolution of proposals, through to the creation of assets of local community value with active local ownership and stewardship;
- **Providing New Homes** – to provide for a level and quality of new homes to meet the needs of a growing and ageing population in North Essex;
- **Fostering Economic Development** – to strengthen and diversify local economies to provide more jobs; these jobs will be across a wide range of new industries reflecting the changes and trends of the 21<sup>st</sup> century, as well as existing sectors exploiting the opportunities of the A120 growth corridor; and to achieve a better balance between the location of jobs and housing, which will reduce the need to travel and promote sustainable growth.
- **Providing New and Improved Infrastructure** – to make efficient use of existing transport infrastructure and to ensure sustainable transport opportunities are promoted in all new development. Where additional capacity is required in the form of new or upgraded transport infrastructure to support new development, to ensure this is provided when it is needed. The approach must also include addressing education and healthcare needs – to provide good quality educational opportunities and health facilities as part of a sustainable growth strategy, together with the provision of upgraded broadband infrastructure and services.



- **Ensuring High Quality Outcomes** – to secure the highest standards of urban and built design which creates attractive places where people want to spend time.
- **Managing change effectively** –through a genuine and pro-active partnership approach between the public and private sectors, where risk and reward is shared and community empowerment enabled.
- **Long Term Stewardship** – appropriate arrangements to secure the management and long term delivery of community infrastructure and facilities.

2.5. In addition, a 'North Essex Garden Communities Charter' has been prepared by the Councils and published alongside the evidence base supporting Local Plans. This sets out a series of interlinked principles to underpin the evolution of further proposals and provides more detail across 3 key themes including:

- **Place & Integration:** including the approach to green infrastructure, the living environment and quality, sustainable place making;
- **Community:** including approach to community engagement & long term stewardship);
- **Delivery:** including the need for strong and proactive public leadership and innovation in delivery.

2.6. The vision and objectives have been encapsulated in the Purpose of the delivery structures and are intrinsic to the Articles of the NEGC Limited and the LDVs.

### 3. Planning Background:

- 3.1. As part of the new Local Plan, Members will be aware that standalone new settlements are likely to be part of the picture to deliver growth in this Plan period and beyond. This has led to the creation of areas of search in each of the preferred options consultations.
- 3.2. New stand-alone communities are being considered only where they can meet garden city principles and where the Councils are confident that they can and will be delivered. Garden communities (cities) as described by the Town and Country Planning Association (TCPA) as; *"holistically planned new settlements which enhance the natural environment and offer high quality affordable housing and locally accessible work in beautiful, healthy and sociable communities."* If proposals do not meet these standards then they cannot properly be supported as meeting the aspirations for development.
- 3.3. Standalone settlements must have a critical mass of new homes to ensure that all the facilities necessary can be provided within the new community. This would include education facilities, including a secondary school, health, retail facilities and other 'town centre' type uses such as restaurants and banks, indoor and outdoor recreation facilities, community buildings and facilities such as halls and doctor's surgeries and significant employment opportunities. The design of a new community is intended to prioritise walking and cycling journeys within the community, and public transport options for journeys further afield, (although it is noted of course that some people will still use their cars to travel to work in other areas or high order shopping

areas etc.). The new community buildings must meet high standards of design, enhance and inhabit the local landscape and environment and deliver an inclusive community.

- 3.4. The approval of the Local Plan has its own statutory process. Each of the Local Planning Authorities will be considering the Pre-Submission Draft of the Local Plan in the New Year.
- 3.5. As noted below it is proposed that the Councils will be supporting the LDV to act as a developer in the schemes through the structures set out in this report. Importantly the Councils will always have a critical role in controlling development and setting the standards which will be applicable through the statutory plan and development management processes for the three Local planning Authorities and the County Council through its statutory planning powers.
- 3.6. It is intended that any garden community taken forward under the Local Plan will be a partnership between the local authorities, county council, and the private sector, with the public sector taking a key role. The public sector role is intended to provide confidence that the communities will be delivered in accordance with the Local Plan requirements; that infrastructure and social and community facilities that are needed to support the new development will be there from the very start of the community; and that housing and employment can be released more quickly to ensure that there are homes and jobs available for people when they need them.

#### **4. Delivery Models:**

- 4.1. In order to give the Councils as planning authorities and the public confidence that the communities will be delivered as intended it is proposed that the public sector will take the primary responsibility – setting up and funding a local development vehicle that will enter into agreements with landowners and secure the necessary infrastructure.
- 4.2. It is accepted that delivery in this way and at this scale is untested since the delivery of the New Towns. However, the Councils have taken advice which has confirmed that the approach is feasible, viable and lawful.
- 4.3. The Councils have considered a wide range of alternative delivery mechanisms and structures.
- 4.4. The principal alternatives would be to allow for the development of the settlements by the private sector or as part of a public/private joint venture. Neither alternative approach can offer the same level of confidence that over a development programme of 30 years that the garden community objectives will be met throughout different economic cycles.
- 4.5. The proposed approach offers sufficient certainty about ambition and delivery to justify the identification of the broad locations for, and size of, the proposed garden communities. On the basis of the present evidence the other approaches cannot offer a similar level of confidence and are therefore not being pursued. .

- 4.6. The projects will take in the order of 30 years to deliver; infrastructure which supports the development of the whole project will necessarily have a long payback period, the public sector is well placed to act as a patient investor taking a long term approach to payback enabling higher levels of investment at early stages.

## **5. Control of Land:**

- 5.1. The significant majority of the land within the project areas is not currently in the control of the Councils. The Councils have jointly worked to build working relationships with the relevant landowners and promoters of the sites with a view to securing a controlling interest in the land.
- 5.2. The land deal will be entered into between the relevant landowners / developers and the LDV with the view that the LDV will then have the rights to control the delivery of the scheme ensuring that the delivery is undertaken on Garden Community principles.
- 5.3. The commercial negotiations for the land deals is currently ongoing; although reasoned assumptions about the outcomes of these negotiations in respect of the base value of land have been included within the modelling.
- 5.4. Although the LDV will only be in a position to deliver the project if it makes a suitable deal in relation to the land, there is no obligation on the LDV (or the Councils) to accept a deal on any terms. If it becomes unviable for the proposed development to proceed then the LDV has the ability to decline to take the offered deal. Should a commercially realistic deal which meets the Garden Community principles not be achieved then this will create risk for the landowner in showing that the site can be viably delivered under the Local Plan which may result in it not being included in the final adopted plan.

## **6. Conflicts of Interest:**

- 6.1. It has been raised by some responders to the local plan consultations that they consider there is a potential conflict between the Council's role as planning authority and its role with respect to the LDV. Given that the councils will be playing a significant role in the delivery of garden communities within their area it has been suggested that this could prejudice proper decision making.
- 6.2. This position has been carefully considered and external legal advice has been obtained. Decision making procedures and arrangements can be put in place that prevent any conflict arising that would justify a successful challenge to decisions. It will, however, be equally important to manage the perception of such conflicts.
- 6.3. Clearly care will need to be taken to ensure that the roles, and decision making processes, are kept separate. As reports for decision are being prepared this will always need to be monitored to ensure clarity of approach.

## **7. Corporate Priorities:**

- 7.1. The proposed projects fit with in all of the Council's corporate priorities by demonstrating a key community leadership role in partnership with the other Councils.
- 7.2. The Local Plan delivers the framework for the strategic growth and infrastructure along with enabling Economic Development. The scale of the projects will have a significant contribution to the delivery of housing supply and the provision of sustainable effective employment. The early provision of infrastructure will ensure that the communities are able to work for residents from the earliest stages of construction and develop into thriving sustainable communities.
- 7.3. The proposals will enable the Council to have a significant role in ensuring that there is a sustainable environment with strong community facilities including green spaces. This focus on a sustainable community with strong infrastructure will also include both education and health facilities which meet the needs of all sectors of the community.
- 7.4. Clearly within the proposals there is the potential for a significant investment by the Council, this would need to be managed in such a way as to ensure that this is viable as well as generating a commercially viable return on investment. The Council will be looking at this as a long term investment and therefore there may need to be careful consideration of the details of future funding agreements and their impacts on the Councils budgets.

## **8. Proposed governance structure:**

- 8.1. The Garden Communities Joint Shadow Delivery Board endorsed the proposed arrangements for the structure of Delivery Vehicles for the Garden Communities on which the Term Sheets appended to this report have been based. The corporate structure consists of an overarching body – North Essex Garden Communities Ltd – with a separate Local Delivery Vehicle ("LDV") for each of the Garden Community areas proposed. A diagram showing the interrelationship between the four local authorities and the new companies is attached as [Appendix 1](#) to this report.
- 8.2. The LDVs will have a high level of autonomy to deliver the development and ensure that a commercially appropriate approach is taken to delivery within the context of the proposal and the Garden Community Principles. The key control mechanism outside of the planning process will be the approval by the Councils / NEGC of the business plans and budgets.
- 8.3. The key elements of the companies' constitutions (governance structures) have been drafted as "Term Sheets" (Heads of Terms) which are attached as Appendices to this report for information. The companies have now been created but are not yet owned by local authorities pending the approval of this report. A summary of the key elements is set out in the following table:

North Essex Garden Communities Limited (NEGC):

Draft Term Sheet and Shareholder Agreement are attached as [Appendix 2 and 3](#) respectively.

- NEGC will hold the main shares (called 'A shares' in the LDV companies (see below), which oversee and hold to account the LDVs in order to develop each of the locations as garden communities, and co-ordinate funding of the LDV's.
- The Shareholders of NEGC will be Essex County Council (Essex), Braintree District Council (Braintree), Colchester Borough Council (Colchester) and Tendring District Council (Tendring) (together referred to as "the Councils") with each hold a 25% shareholding in NEGC.
- Each of the Councils will have the right to appoint or remove a director (a Nominated Director) who will be a Cabinet Member to the NEGC Board. Up to a further 3 Independent Directors can also be appointed to the Board by the NEGC.
- Board Quorum: at least 3 Nominated Directors need to be present. If not, the meeting will be adjourned, and at the adjourned meeting at least 2 Nominated Directors need to be present.
- On any board decision a majority in favour is required, including all Nominated Directors. However, where a decision relates to one LDV only, the Nominated Director of a Council that does not hold B Shares in that LDV (see below) shall not be entitled to vote.
- Business Plan: the directors will from time to time produce a business plan (the Long -term Business Plan for the life of the project conform to the requirements of the Master Plan (the adopted planning policy document for each LDV). This will be refreshed every 5 years and will set out detailed objectives for the following 5 years. The Board will also from time to time produce a budget. Both the Long -term Business Plan and the budget (and any changes) require the approval of each of the relevant Councils through the Cabinet or Cabinet Member.
- Reserved Matters: there are certain matters that require the consent of all of the Councils through the Cabinet process – these include any changes to the structure of the group, and any significant deviation from the Long-term Business Plan or budget.
- Shares can only be transferred with the prior written consent of each of the Councils through the Cabinet or Cabinet Member.
- The Council will have a limited liability to the value of the share capital purchased. Unless additional agreements are entered into there are no liabilities accruing to the Council from holding these shares.

## Local Delivery Vehicles:

The Term Sheet for each LDV is broadly similar and supported by Shareholder Agreements.

Names: 3 LDVs have been incorporated with working names of:

- a. Tendring Colchester Borders Limited
  - b. Colchester Braintree Borders Limited (relevant Term Sheet is attached as [Appendix 4](#) and Shareholder Agreement as [Appendix 5](#))
  - c. West of Braintree Limited (relevant Term Sheet is attached as [Appendix 6](#) and Shareholder Agreement as [Appendix 7](#))
- The LDV is the operational arm of the structure whose Purpose is to secure the development of the relevant area of land as a garden community. The LDV will be responsible for leading on the preparation of the masterplan and funding the provision of the infrastructure. The LDV will either seek planning permissions for sites or control the sale and planning application process through site specific development agreements.
  - The LDV will recover its infrastructure costs at an appropriate time in accordance with the relevant land agreement with the landowner.
  - Shareholders: NEGC will hold 100 A Shares in each LDV. The A Shares will have voting rights on most issues but not rights to a dividend. Each Council investing in the LDV will also hold B Shares (see below). The B Shares will be non-voting (except in exceptional circumstances, principally a breach of any funding agreement) but will carry rights to a dividend. There are no formal requirements for the Councils to hold B Shares or for any to be issued in order for the LDV to deliver the projects.
  - Funding arrangements are to be agreed for each LDV. The expectation is that the LDV will fund the provision of infrastructure at the time when it is needed by the community rather than waiting for development to be completed prior to infrastructure being delivered. In order to do this the LDV will need access to finance. This finance will be repaid from land receipts as the scheme develops. Subject to approvals, the LDVs will be able to obtain finance from any source, but in practice the cheapest way of borrowing is likely to be from local authorities, if they are prepared to lend money to the LDV.
  - There are two main ways in which the councils can provide funding to the LDV:
    - (i) Debt (by way of a funding agreement) which is repayable at a fixed or variable interest rate at a time set out in the agreement.
    - (ii) Equity funding whereby funding is provided in exchange for B Shares which attract a dividend, with the shares being repaid when the company no longer has the requirement for the funding and is able to do so. Investment via equity will have more risk but potentially more reward, depending on the financial performance of the LDV
  - Each of the Councils involved in the LDV have the right to appoint or remove a director (Council Director) who will be an officer of the Council appointed by the Chief Executive. There may also be

appointed [2-3] Independent Directors. Landowners/Option-holders can also appoint the same number of directors as the combined Council Directors. The Council Directors will be in a minority on the board.

- An independent chair will be appointed (one of the Independent Directors).
- Board Quorum: at least 3 directors need to be present (one of each category). If not, the meeting will be adjourned, and at the adjourned meeting at least 1 Council Director needs to be present.
- On any board decision a majority in favour is required.
- Business Plan: the directors will from time to time produce a business plan (the Short-term Business Plan). This will conform to the requirements of the Long-term Business Plan and the Master Plan. The board will also produce a budget. These key documents require NEGC approval.
- Reserved Matters: there are certain matters that require the consent of either all of the Councils (acting through the Cabinet or Cabinet Member) or NEGC – these include any changes to the structure of the LDV, and any significant deviation from the Short-term Business Plan or budget.
- Share Transfers: shares can only be transferred with the prior written consent of each of the relevant Councils.
- The Council will have a limited liability to the value of the share capital purchased. Unless additional agreements are entered into there are no liabilities accruing to the Council from the formation of the LDV.
- The LDV to take a leading role in the preparation of the Master Plan.

## **9. Summary of the Financial Model:**

- 9.1. The project has developed a detailed financial model of the proposed schemes. This enables early consideration of the viability of the projects and an understanding of the likely scope of funding required.
- 9.2. The model was originally created by the Advisory Team for Large Applications in the Homes & Communities Agency and provides a basis to assess the long term financial performance of the emerging projects. Given the extent of input required to maintain and manage the models, the Councils have secured ongoing direct support from Hyas Associates to provide direct capacity support to the Finance Working Group and continue to manage and evolve the modelling process. This resource is embedded within the project team and working directly with key finance managers and analysts from each of the Councils.
- 9.3. Separate models have been created for each of the proposed Garden Communities. Over recent months these have been reviewed, updated and evolved in light of the outcomes of the 'Garden Communities Concept Feasibility Study' commissioned by the Councils to assess the feasibility and deliverability of the potential sites. This work was undertaken by a consultant team of AECOM (international consultancy in design, planning & engineering) and Cushman & Wakefield (property advisors) and has provided further technical evidence to inform decision making on the Local Plans. For each

site, the work has involved assessing the feasibility and deliverability of proposals, and costing all infrastructure requirements including transport, utilities, education, community, open space, etc.

- 9.4. Local property markets have also been reviewed, including the market context for housing and employment alongside a range of broader scheme viability considerations and assumptions. This information has been reviewed and transferred into the financial modelling process and provides the basis to the assessments undertaken to date.
- 9.5. The Councils have also appointed Price Waterhouse Coopers (PWC) to provide additional corporate finance support to the project. Their work has included an integrity check of the financial modelling process undertaken to date to ensure it is appropriate and fit for purpose, a commercial review of the delivery structure and consideration of optimum approaches to project financing, including key sources of funding and capital/revenue issues.
- 9.6. In addition, further consultancy advice has been commissioned from Cushman & Wakefield to consider in more detail the nature of local property markets and behaviour of landowners and developers, to further inform the approach to landowner negotiations.
- 9.7. The financial model incorporates assumptions on the cost and phasing of all necessary infrastructure, not only to ensure that new communities are supported by necessary infrastructure, but also to ensure that they can deliver on garden city principles. Particularly in relation to the timely delivery of infrastructure to support development.
- 9.8. The Concept Feasibility work has helped to further refine the nature of the schemes being considered, but it will be for LDVs to take on ultimate responsibility for detailed site specific master planning. It will then be possible to better understand detailed scheme cost and value implications and as such costs and values are working assumptions at this stage in the absence of more work and technical testing. All assumptions will be subject to continual refinement.
- 9.9. It should be noted that the approach taken is one of a 'master developer' (the LDV/s) undertaking the infrastructure delivery, disposing of serviced plots to house builders/commercial developers who would be responsible for physical building construction costs and property sales. Thus the gross costs and values in relation to all built development activity will be far higher than indicated in the modelling overall, generating broader employment and economic impacts across the construction and other local service industries. The approach does not preclude the opportunity for public sector stakeholders to directly deliver development should they wish, however it does enable the Councils and the LDVs to manage their risks.
- 9.10. It should also be noted that the current assumptions include some contributions towards strategic infrastructure upgrades (such as towards the creation of new bus/tram rapid transit systems and delivery of an upgraded A120). Such items will however serve broader needs and objectives beyond individual sites, and thus will require additional funding (such as through



Central Government, Department for Transport) to be fully realised. Ongoing lobbying for Government grant support in the delivery of key infrastructure will be an ongoing and key part of subsequent processes, especially to present the scale of the opportunity and commitment being shown by the Councils to deliver through innovative means.

- 9.11. All modelling has been done on present day costs and values without any modelling for inflation in the cost of borrowing, construction, wages, land value or house prices. It must therefore be anticipated that these will be subject to change. Figures presented in this report illustrate a base case position, and a number of sensitivity tests have also been undertaken to consider changes to the most significant variables including alternative infrastructure costs, house values, and the impact of cost inflation and house price changes over time.
- 9.12. Inflation will be a key factor in the changes to the actual position, as against the working assumptions of the model. Historically it has been the case that house prices have increased at a greater rate than costs. This would increase overall returns to the proposed schemes as against the modelled sums. Given the long term nature of the projects and the potential variability in inflation and costs it is not possible to give a detailed accurate assessment; however it is anticipated that the outcome would be favourable on the testing done with likely future rates.
- 9.13. The financial models are reliant upon a broad range of input assumptions and calculations. They are highly sensitive to changes and will always only present a picture based upon the best available information and evidence. In order to better understand the potential range of positions, a number of sensitivity tests have been undertaken to consider changes to the most significant variables such as:
- **House values:** to assess baseline house prices being either 10% under or over present day values. The latter could illustrate a potential garden community premium based upon the high quality nature of the environment to be created;
  - **Infrastructure costs:** the base case includes a 5% contingency allowance on infrastructure costs. Scenario tests have been run to consider lower infrastructure costs, a zero contingency rate, and a 10% contingency rate (with contingency being used as a proxy for higher or lower costs);
  - **Inflation:** the base case has been created on present day costs and values. Three scenarios have been run. 2% cost and 2% value inflation – this is to represent things changing as per Bank of England target, with no assumption that house values outpace costs; 2% cost and 4% value – as above but to make allowance for potential house prices outpacing cost inflation; and 3.4% cost and 6% value – based upon historic trends over past 30 years (1985-2015- Bank of England inflation data and Halifax house price index data).
- 9.14. The financial models are reliant upon a broad range of input assumptions and calculations. They are highly sensitive to changes and will always only present a picture based upon the best available information and evidence.

Despite these caveats the Councils are confident that the proposed garden community developments are viable and deliverable.

## 10. Short term requirements & revenue budget implications:

- 10.1. An initial project budget was agreed in December 2015 and updates were brought to the Shadow Delivery Board in May and July 2016. This primarily related to the original grant funding secured from the DCLG (£640,000) as well as an additional contribution from Essex County Council (£15,000) in 2015/16 alongside forecast expenditure across a series of key workstreams.
- 10.2. A positive working relationship is being maintained with DCLG with a view to further support being provided as the project advances. Following further discussions with DCLG officials it is anticipated that a further £648,000 will be transferred in the current financial year. It is also anticipated that further funding would be available from DCLG for the remaining years of the Spending Review period, but any such amounts would be subject to HM Treasury approvals on a year by year basis. The Councils have also committed to contribute £250,000 (each) to ensure the work can continue, and have been allocating significant officer time and resource to the project with particular pressures on planning, legal and financial staff together with senior management.
- 10.3. In total, a project budget of circa £2.3m has been committed, of which by the end of 2016/17 circa £1m will have been spent and/or allocated resulting in a residual of circa £1.3m to be carried forward into 2017/18. To date activity has focussed across the following key workstreams:
  - **Project Resources:** dedicated support for project and programme management and a range of focussed inputs to planning, transport, infrastructure, funding and legal topics;
  - **Legal Support:** External legal support with respect to the planning process, establishment of LDV/s and evolution of legal agreements with landowners;
  - **Corporate Financial Support:** Commissioned work to investigate corporate financing, funding opportunities, and tax implications;
  - **Planning and Infrastructure:** Concept feasibility work and subsequent evolution of concept frameworks for each of the sites, infrastructure planning including transport modelling, property market advice, together with wider evidence gathering to support plan examinations;
  - **Others:** Other communications and consultation activities, secretariat services to the Shadow Delivery Board, Steering Group and project Working Groups.
- 10.4. Moving forward, the approach is to establish a dedicated delivery structure through the creation of NEGC Ltd and individual site focussed Local Delivery Vehicles (LDVs). These bodies will be responsible for bringing the projects forward through further design and planning stages, and into implementation through the direct delivery of infrastructure alongside the disposal of serviced plots to developers.

- 10.5. NEGC Ltd and each of the LDVs will require access to sufficient budget to create sufficient capacity (staff and support) as well as initiate more detailed design and planning consultancy activities over the first few years of operations. These will be required well in advance of potential land sales and the generation of income.
- 10.6. The extent of work required during the next year will involve further evolution of the approach, community engagement, evidence gathering and LDV business planning. The proposed model of resourcing the approach is based upon the creation of a dedicated technical 'Joint Delivery Team' with senior leadership and experience in project management, development and quality place-making to service NEGC Ltd and the LDVs from the outset prior to preparation of business plans which will set out the requirements for the next phases of work. It is proposed that the Joint delivery team will continue to be hosted by Colchester Borough Council in the interim whilst the local plans are considered at the Preferred Options Stage, with a view to preparing detailed transition plans and structures which will be implemented no later than the adoption of the Local Plans by Councils. This transition will be subject to further consideration by the Councils.
- 10.7. Initial estimates on resourcing requirements indicate costs of circa £850,000 in 2017/18 to fund the team and associated consultancy budgets. This is well within the anticipated carry over budget (£1.3m), and excludes any future assumptions on further grant support from DCLG. It is therefore not anticipated that there will be a requirement for further financial contributions by the Councils in 2017/18.
- 10.8. From 2018/19 onwards the projects will enter a new phase and require more significant funding to start to prepare proposals for planning and all necessary consents. The extent to which such costs can be appropriately covered will be explored as part of the LDVs' business planning process including consideration on how to address the revenue requirements in light of the forecast time lag between upfront expenditure and income from land sales. The overall approach is to ensure that all costs are included in the overall financial model, and paid back during the course of the project.
- 10.9. Figure 10.1 illustrates the anticipated overall revenue cost implications for the initial five year period from 2017/18 to 2021/22 based upon the establishment of a Joint Delivery Team and initiation of site specific masterplanning by each LDV.

Figure 10.1: Estimated Programme Revenue Budget Implications

	17/18	18/19	19/20	20/21	21/22	Total
<b>Revenue</b>						
Joint Delivery Team	0.8	1.0	1.1	1.1	1.1	5.1
Tendring Colchester Borders LDV		0.6	0.6	0.6	1.5	3.3
West of Braintree LDV			0.8	0.8	0.8	2.4
Colchester Braintree Borders LDV			1	1	1	3
Sub Total: Revenue Expenditure	0.8	1.6	3.5	3.5	4.4	13.8
Budget carry over from previous	(1.3)	(0.5)				
<b>Net Revenue Expenditure</b>	<b>(0.5)</b>	<b>1.1</b>	<b>3.5</b>	<b>3.5</b>	<b>4.4</b>	<b>12</b>

## 11. Proposals for Tendring Colchester Borders Limited:

### *Scheme Overview*

- 11.1. The modelling for the scheme has been based upon Option 1 of the AECOM Concept Feasibility work, which delivers circa 6,600 residential units together with employment space, social infrastructure (including 4 new primary schools and 1 new secondary school, health and community facilities), local retail, and generous amounts of open space to accord to Garden City principles. The total site area is circa 300 hectare, located between the A133 to the south, Bromley Road to the north and the A120 to the east.
- 11.2. The precise details of the development will be subject to ongoing evolution and refinement as proposals are further considered through work that has recently been commissioned to prepare a Concept Framework for the site, and on into subsequent planning policy making and eventual planning applications in due course.
- 11.3. Given that Braintree District Council does not have a direct stake in the development of this scheme further details of the financial modelling are not included.

## 12. Proposals for Colchester Braintree Borders Limited:

### *Scheme Overview*

- 12.1. A detailed financial model has been created to assess the costs, income and overall viability of the Colchester Braintree Borders proposal. The modelling has been based upon Option 1 of the AECOM Concept Feasibility work, which delivers circa 17,000 residential units together with employment space, social infrastructure (including 11 new primary schools, 2 new secondary schools, health and community facilities), local retail, and generous amounts of open space to accord to Garden City principles. The total site area is circa 800 hectares, located in an arc around Marks Tey, North, West and South of the existing community.

- 12.2. The Concept Feasibility work revealed that a number of development options could be evolved in the location, potentially providing up to a maximum of circa 28,000 residential units. For the time being Option 1 provides a baseline scenario for testing but any increase in size will have associated impacts on the scale of scheme costs and values.
- 12.3. Precise details of the development will be subject to ongoing evolution and refinement as proposals are further considered through the preparation of a Concept Framework for the site, and on into subsequent planning policy making and eventual planning applications in due course. All future stages will involve further community and stakeholder engagement, to ensure that proposals deliver on the level of ambition as set out in the Garden Communities Charter and vision as established in Part 1 of Preferred Option Local Plans. As a result, both the quantum of development and scale of land will be subject to change.

#### *Financial Modelling Headlines*

- 12.4. Financial modelling indicates that the scheme is viable overall, generating a positive residual surplus of circa £69m after accounting for all strategic infrastructure costs, set against income from land sales. Importantly, this is based upon a base case scenario based upon high level assumptions and present day costs and values. Figure 12.1 sets out the base case financial headlines relating to the scheme:

*Figure 12.1: Base Case Financial Headlines*

	<b>Colchester Braintree Borders</b>
Houses	16,858
Jobs <sup>1</sup>	3,190
Total Scheme Costs <sup>2</sup>	£1,425m
Total Scheme Income <sup>3</sup>	£1,494m
Residual <sup>4</sup>	£69m
Residual equivalent per hectare <sup>5</sup>	£338k
Start on Site (infrastructure)	2022/23
Years to complete	45
Year cashflow goes positive	2062/63
Peak Debt	£210m

<sup>1</sup> Jobs forecast from B1, B2, B8 and retail uses only. There will be considerable additional job opportunities created in social infrastructure, community facilities and a broad range of home based employment activities. The aspiration is for there to be 1 job per household within the community or within a sustainable commuting distance.

<sup>2</sup> Scheme costs relate to all strategic infrastructure costs, enabling works, purchasing of land at minimum price provisions, professional fees, contingency and LDV running costs but exclude direct building construction.

<sup>3</sup> Scheme values relate to disposals of serviced land to plot developers.

<sup>4</sup> *Residual is the balance between costs and income and illustrates viability.*

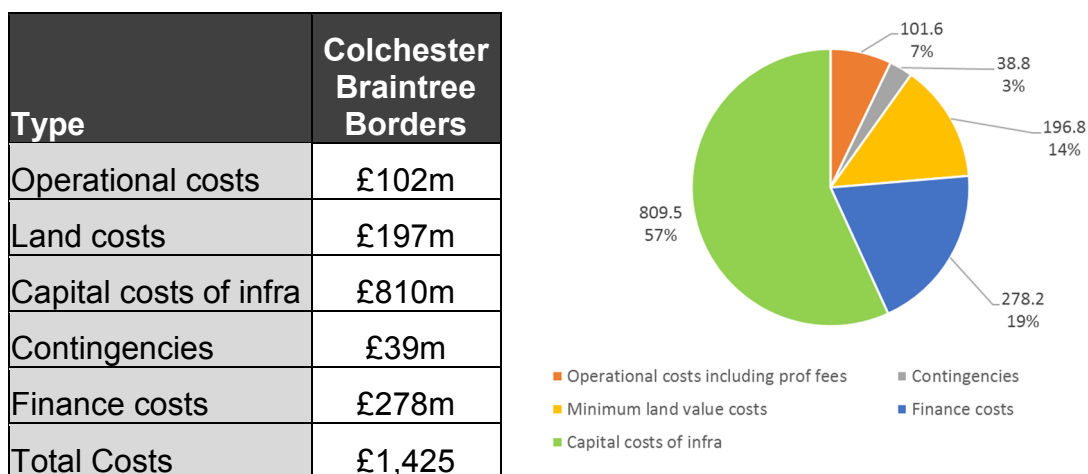
<sup>5</sup> *Residual spread over total gross site area.*

12.5. Figure 12.2 sets out further detail around the breakdown of costs included within the financial modelling. The analysis has been broken down to:

- **Operational costs:** including all cost related to operations such as LDV running costs (staff, administration, engagement & communications, business support, etc.); professional fees (scheme wide masterplanning & planning applications, infrastructure design, project management, legal fees, property disposal fees);
- **Minimum land values:** to allow for contractual obligations to pay minimum land values as land is acquired, serviced and sold on for development.;
- **Capital costs of infrastructure:** All physical infrastructure required to deliver serviced development plots (including utilities, transport, schools, community space, open space, etc.); and
- **Contingencies** to allow for uncertainties and potential cost overruns;
- **Finance costs:** interest costs on negative cash balances. Work is ongoing to assess the optimum approach to project financing. It is anticipated that the rate of finance levied on the LDVs will include a margin above the rates such finance could be secure.

12.6. As illustrated in Figure 12.2 the majority of costs relate to the physical provision of infrastructure (57%). Minimum land value payments will also form a sizeable proportion, and the rate of finance will have a key impact on both the scale of interest charges and overall scheme viability.

Figure 12.2: Scheme Cost breakdown by cost heading



### Key infrastructure

12.7. A key aspect of the Garden Communities approach is to secure the delivery of a full range of infrastructure in a timely manner to ensure new communities are served by a full and extensive range of services and facilities at the point of need. This is a key component of the delivery model and underpins part of

the rationale for the Councils engaging more directly in the process to secure positive outcomes for local communities.

12.8. The financial modelling for the Colchester Braintree Borders Garden Community includes allowances to address a broad range of needs including but not limited to:

- **Education Facilities:** including the provision of 11 Primary Schools, 2 Secondary Schools and 24 Early Years Facilities (overall totalling circa £152m);
- **New Community & health centres** (£38m);
- **Leisure & Sports** facilities (£46m);
- **New Country Park** with facilities (£10m);
- **Sustainable transport** including travel plan measures (car clubs, etc.), bus service subsidies, new on site public transport hub, contribution towards improvements at Marks Tey rail station & contribution to strategic public transit system (£71m);
- **Local highways improvements** including junction upgrades and contribution towards delivery of an upgraded A120 (£60m);
- Upgraded **pedestrian & cycle links** including greenways & bridge over A120 (£17m)

#### *Phasing & Cashflow*

12.9. The approach to the delivery of large scale strategic sites generally involves early, upfront delivery of infrastructure followed by a steady disposal of plots to housebuilders/developers enabling them to deliver houses to the market. Delivery of the Garden Communities will accord to this profile, as illustrated in Figure 11.3 which illustrates the scale of costs and returns on an annual basis throughout the course of the delivery of the Colchester Braintree Borders Garden Community.

12.10. As indicated in Figure 12.3, the net funding requirement will quickly rise to a potential **peak debt position of circa £210m**. As income from land sales outpace costs, the debt would reduce to get to a cashflow positive position towards the end of the development period.

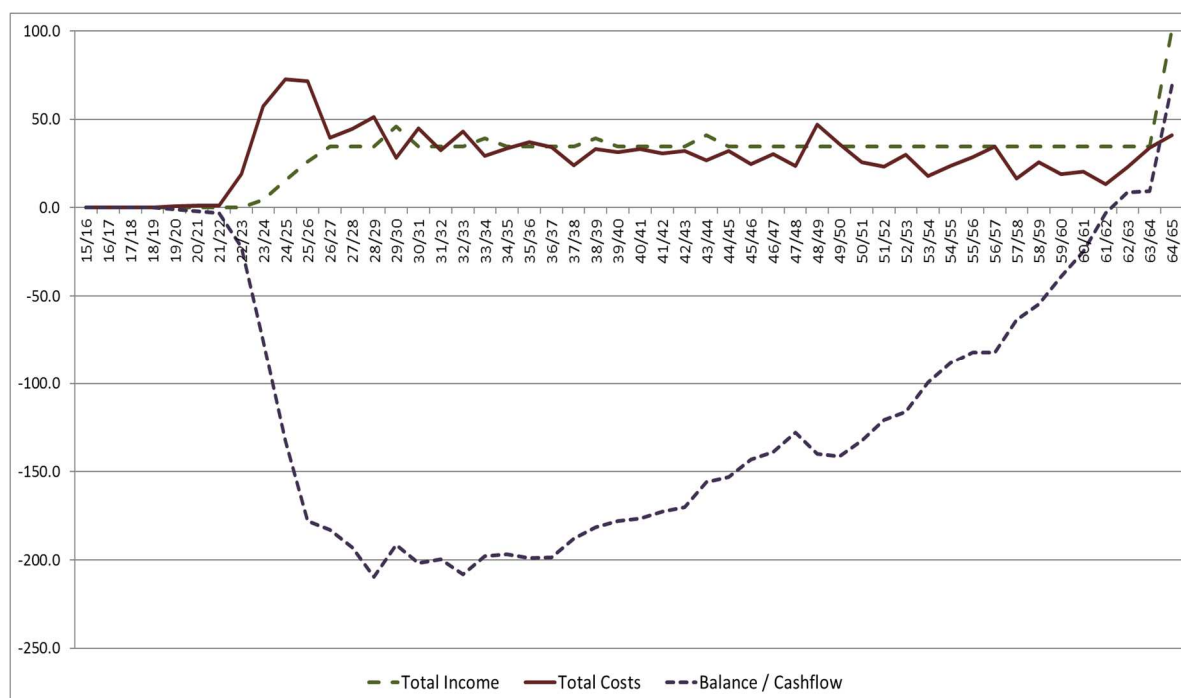
12.11. As indicated across the various figures in this report, the costs will build up over time with the LDVs requiring access to substantial funding via equity/loan finance to enable them to deliver the necessary infrastructure (and all other related costs). It will be for the LDVs to source the optimum funding arrangements at the point of need (which could involve a blend of public and private finance/equity).

12.12. Clearly not all funding will be needed from the outset of the project, and requirements will closely relate to key project stages and milestones, and the scale and type of activity that will be undertaken, in the following general sequence:

- 2018/19 to 2022/23: design and planning stage, mainly requiring funding to prepare planning applications (site wide and initial infrastructure) and secure related approvals;

- 2022/23: first phase acquisition of land and on site implementation of capital works in utilities and site access (initial outlay of circa £25m);
- 2022/23 onwards: ongoing land purchases and implementation of infrastructure delivery, partly offset by income from serviced land sales to the market. Given the scale of potential early contributions to transport infrastructure, the debt would rise quickly over time to its peak of £210m in 2028/29.
- 2028/29 up to 2036/37: the debt remains around the £200m mark;
- 2037/38 debt begins to reduce as incomes exceed costs, reducing to circa £150m in 2044/45, £100m in 2053/54 and £50m in 2058/59.

*Figure 12.3: Colchester Braintree Borders Cashflow*



### *Sensitivity Tests*

- 12.13. The sensitivity test indicate that a careful approach will be required to affordable housing, and that if house prices were to fall or infrastructure cost overrun then viability will become challenging. However, the impact of inflation would be significant under all scenarios, potentially considerably boosting the residual surplus and bringing down peak debt and the timescale for the scheme to go cashflow positive.

## **13. Proposals for West of Braintree Limited**

### *Scheme Overview*

- 13.1. A detailed financial model has been created to assess the costs, income and overall viability of the West of Braintree proposal. The modelling has been based upon Option 1 of the AECOM Concept Feasibility work, which delivers circa 10,000 residential units together with employment space, social infrastructure (including 6 new primary schools, 1 new secondary school, health and community facilities), local retail, and generous amounts of open



space to accord to Garden City principles. The total site area is circa 570 hectares, located to the north of the A120 between Stebbing Green, Rayne, and going northwards towards Great Salling.

- 13.2. The Concept Feasibility set out two potential options in this location. Option 2 included land in Uttlesford District Council, which would increase the site's capacity to circa 13,000 residential units. For the time being Option 1 provides a baseline scenario for testing but should Uttlesford District Council select the site for growth in its Local Plan, an increase in scheme size will have associated impacts on the scale of costs and values.
- 13.3. Precise details of the development will be subject to ongoing evolution and refinement as proposals are further considered through the preparation of a Concept Framework for the site, and on into subsequent planning policy making and eventual planning applications in due course. All future stages will involve further community and stakeholder engagement, to ensure that proposals deliver on the level of ambition as set out in the Garden Communities Charter and vision as established in Part 1 of Preferred Option Local Plans. As a result, both the quantum of development and scale of land will be subject to change.

#### *Financial Modelling Headlines*

- 13.4. Financial modelling indicates that the scheme is viable overall, generating a positive residual surplus of circa £186m after accounting for all strategic infrastructure costs, set against income from land sales. Importantly, this is based upon a base case scenario based upon high level assumptions and present day costs and values. Figure 13.1 sets out the base case financial headlines relating to the scheme:

*Figure 13.1: Base Case Financial Headlines*

	<b>West of Braintree</b>
Houses	9,729
Jobs <sup>1</sup>	3,688
Total Scheme Costs <sup>2</sup>	£890m
Total Scheme Income <sup>3</sup>	£1,075m
Residual <sup>4</sup>	£186m
Residual equivalent per hectare <sup>5</sup>	£579k
Start on Site (infrastructure)	2022/23
Years to complete	35
Year cashflow goes positive	2048/49
Peak Debt	£149m

<sup>1</sup> Jobs forecast from B1, B2, B8 and retail uses only. There will be considerable additional job opportunities created in social infrastructure, community facilities and a broad range of home based employment activities. The aspiration is for there to be 1 job per household within the community or within a sustainable commuting distance.

<sup>2</sup> Scheme costs relate to all strategic infrastructure costs, enabling works, purchasing of land at minimum price provisions, professional fees,

contingency and LDV running costs but exclude direct building construction.

<sup>3</sup> Scheme values relate to disposals of serviced land to plot developers.

<sup>4</sup> Residual is the balance between costs and income and illustrates viability.

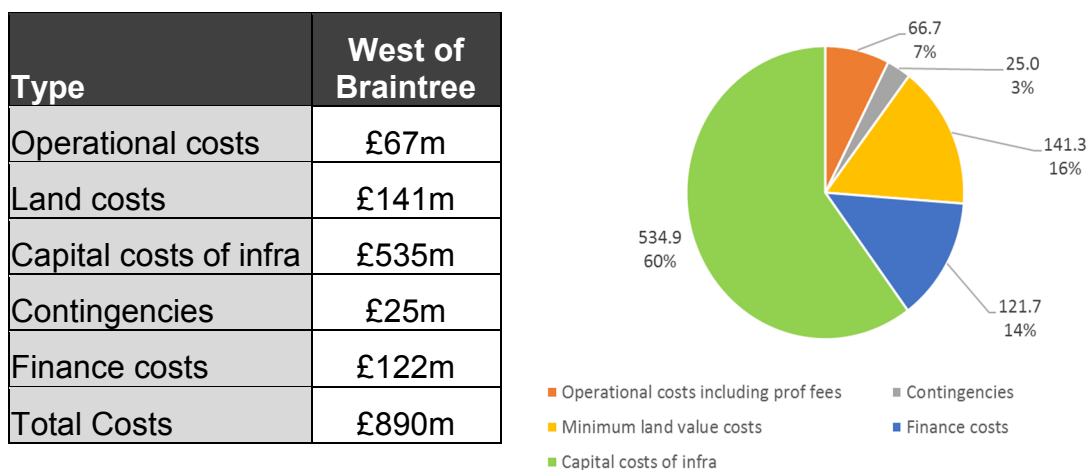
<sup>5</sup> Residual spread over total gross site area.

13.5. Figure 13.2 sets out further detail around the breakdown of costs included within the financial modelling. The analysis has been broken down to:

- **Operational costs:** including all cost related to operations such as LDV running costs (staff, administration, engagement & communications, business support, etc); professional fees (scheme wide masterplanning & planning applications, infrastructure design, project management, legal fees, property disposal fees);
- **Minimum land values:** to allow for contractual obligations to pay minimum land values as land is acquired, serviced and sold on for development.;
- **Capital costs of infrastructure:** All physical infrastructure required to deliver serviced development plots (including utilities, transport, schools, community space, open space, etc); and
- **Contingencies** to allow for uncertainties and potential cost overruns;
- **Finance costs:** interest costs on negative cash balances. Work is ongoing to assess the optimum approach to project financing. It is anticipated that the rate of finance levied on the LDVs will include a margin above the rates such finance could be secure.

13.6. As illustrated in Figure 13.2 the majority of costs relate to the physical provision of infrastructure (60%). Minimum land value payments will also form a sizeable proportion, and the rate of finance will have a key impact on both the scale of interest charges and overall scheme viability.

Figure 13.2: Scheme Cost breakdown by cost heading



### Key infrastructure

13.7. A key aspect of the Garden Communities approach is to secure the delivery of a full range of infrastructure in a timely manner to ensure new communities are served by a full and extensive range of services and facilities at the point of need. This is a key component of the delivery model and underpins part of

the rationale for the Councils engaging more directly in the process to secure positive outcomes for local communities.

13.8. The financial modelling for the West of Braintree Garden Community includes allowances to address a broad range of needs including but not limited to:

- **Education Facilities:** including the provision of 6 Primary Schools, 1 Secondary School and 14 Early Years Facilities (overall totalling circa £88m);
- New **Community & health centres** (£22m);
- **Leisure & Sports** facilities (£27m);
- New **Country Park** with facilities (£10m);
- **Sustainable transport** including travel plan measures (car clubs, etc.), bus service subsidies, new on site public transport hub & contribution to strategic public transit system (£40m);
- **Local highways improvements** including junction upgrades and contribution towards delivery of an upgraded A120 (£75m);
- Upgraded **pedestrian & cycle links** including greenways & bridge connections over A120 (£13m).

#### *Phasing & Cashflow*

13.9. The approach to the delivery of large scale strategic sites generally involves early, upfront delivery of infrastructure followed by a steady disposal of plots to housebuilders/developers enabling them to deliver houses to the market. Delivery of the Garden Communities will accord to this profile, as illustrated in Figure 13.3 which illustrates the scale of costs and returns on an annual basis throughout the course of the delivery of the West of Braintree Garden Community.

13.10. As indicated in Figure 13.3, the net funding requirement will quickly rise to a potential **peak debt position of circa £149m**. As income from land sales outpace costs, the debt would reduce to get to a cashflow positive position towards the end of the development period.

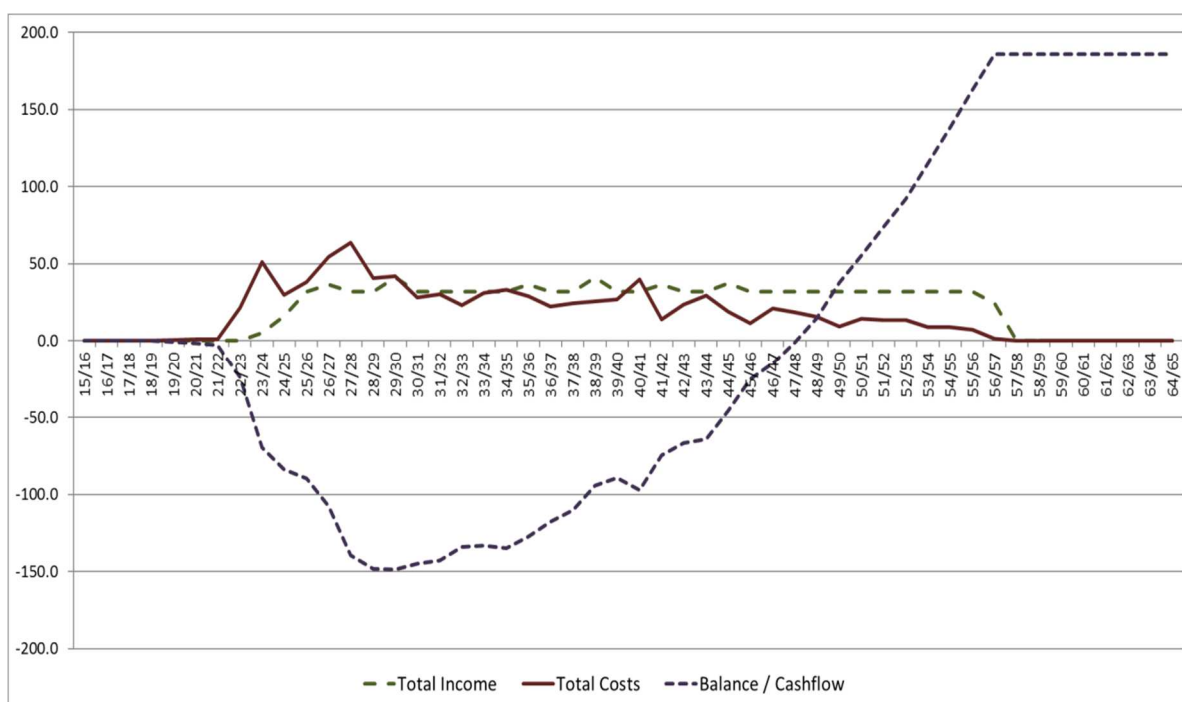
13.11. As indicated across the various figures in this report, the costs will build up over time with the LDVs requiring access to substantial funding via equity/loan finance to enable them to deliver the necessary infrastructure (and all other related costs). It will be for the LDVs to source the optimum funding arrangements at the point of need (which could involve a blend of public and private finance/equity).

13.12. Clearly not all funding will be needed from the outset of the project, and requirements will closely relate to key project stages and milestones, and the scale and type of activity that will be undertaken, in the following general sequence:

- 2018/19 to 2022/23: design and planning stage, mainly requiring funding to prepare planning applications (site wide and initial infrastructure) and secure related approvals;
- 2022/23: first phase acquisition of land and on site implementation of capital works in utilities and site access (initial outlay of circa £25m);

- 2022/23 onwards: ongoing land purchases and implementation of infrastructure delivery, partly offset by income from serviced land sales to the market. Given the scale of potential early contributions to transport infrastructure, the debt would rise quickly over time to its peak of £150m in 2028/29.
- 2028/29 up to 2035/36: the debt remains within the £130-150m mark;
- 2036/37 debt begins to reduce as incomes exceed costs, reducing to circa £75m in 2041/42, and £25m in 2045/46.

*Figure 13.3: West of Braintree Cashflow*



### *Sensitivity Tests*

- 13.13. The sensitivity test indicates that the scheme remains viable under the majority of scenarios with the exception of a 10% fall in baseline house values. However, whilst macro-economic factors cannot be prevented, the design approach to deliver a quality living environment should mitigate against this risk materialising. The impact of inflation would be significant under all scenarios, potentially considerably boosting the residual surplus and bringing down peak debt and the timescale for the scheme to go cashflow positive.

### **14. Funding principles for the LDVs:**

- 14.1. The four Councils have been working on the basis of equal partnership in the delivery of the projects; it is proposed that this approach is maintained at this stage.
- 14.2. The decision in principle to fund each of the LDVs does not create a formal legally binding agreement with the LDVs that the Council will fund them. This will be a separate decision for Cabinet and Council at a later stage once there has been further development of the business case and the detailed funding

requirements. The decision before Members is to commit in principle to being a proactive and patient funding provider to the schemes within its area, providing that the schemes meet appropriate business case and viability thresholds.

- 14.3. In light of the information set out in Sections 11 to 13 of this report, and the relative cashflow and peak debt funding needs of each of the proposals, Figure 14.1 sets out one potential scenario for the order of magnitude which proportionate funding may require from each of the Councils. This is based upon equal apportionment of requirements based upon the geographic location of each of the proposed Garden Community, and the relevant Councils for them. The scenario is based on the Councils being the only funder, without recourse to any third party funding.

*Figure 14.1: Illustrative proportionate share of peak debt*

	<b>Tendring Colchester Borders Limited</b>	<b>Colchester Braintree Borders Limited</b>	<b>West of Braintree Limited</b>	<b>Total</b>
<b>Braintree District Council</b>		1/3 of total = £70m	1/2 of total =£75m	£145m
<b>Colchester Borough Council</b>	1/3 of total =£40m	1/3 of total =£70m		£110m
<b>Essex County Council</b>	1/3 of total =£40m	1/3 of total =£70m	1/2 of total =£75m	£185m
<b>Tendring District Council</b>	1/3 of total =£40m			£40m
<b>Total</b>	£120m	£210m	£150m	£480m

*Note: Where a Council is involved in more than one scheme, the actual peak debt may be different across the combined schemes due to the combination of separate cashflows.*

- 14.4. Each LDV is a separate legal entity with its own financial requirements and delivery aims and objectives. The principle adopted for the illustration above is that each Council will make available funding in equal amounts for the schemes in which it is a partner.
- 14.5. At this stage the Councils are providing an in principle commitment to providing funding. The LDV will in determining its own business plans develop a detailed set of funding requirements; including the scale of funding required and the timescales which will be relevant to each block of funding. It is unlikely that it will seek to borrow the whole amount required in a single funding allocation, the information from specialists indicates that it will be advantageous to split borrowing requirements into phases and deal with these as required. It must be noted that as per the cashflows presented for each project, funding requirements will be phased over the life time of the projects, and reflect the timing and scale of necessary costs, set against the phasing of land sales driving income.

- 14.6. In addition, the Councils will also need to address short term revenue funding implications of the initial planning and design work related to both the operations of the Joint Delivery Team and individual LDVs, as set out at Figure 10.1 of this document. Work is ongoing to further consider the optimum approach to addressing such costs with support from Price Waterhouse Coopers, and financial officers across each of the Councils concerned. This will form a key part of the evolution of more detailed business plans during 2017/18 so as to create suitable funding arrangements and minimise impacts on Council revenue budgets.
- 14.7. Whilst it will be open for the Council to seek a range of funding sources depending on the detailed financial position at the time funding is requested it is likely that if needed the majority of the funding will be in the form of borrowing by the Council. Should the Council borrow funds then this will be subject to the prudential borrowing code requirements and subject to a detailed decision of the Council at the relevant time. The Council would expect to borrow at rates which are preferential to those obtainable by the LDV, given its status as a local government body, but in order to comply with State Aid rules the lending to the LDV would be on commercial terms; therefore, the Council would expect to receive a margin between the rate at which it borrows and that at which it is repaid. This margin would represent a gain to the Council; in part offsetting the risk that it is taking in providing funding.
- 14.8. Detailed considerations about the accounting treatment for the loans and the capitalisation of costs is being developed and would form the basis of subsequent detailed decision making.
- 14.9. In terms of affordability there are expected to be opportunities to control costs through changes to the assumptions in the funding model to react to changing circumstances as the project develops and any decisions made by Councils to provide funding to the LDVs will be made with regard to the Prudential Code as explained in the Legal Powers Section of this report.
- 14.10. It must also be noted that the LDV will have the right to seek to secure funding from other sources as against the Councils. This could be from independent financial institutions, the developers or landowners within a scheme or other funding sources. Should the LDV do this it would reduce the amount sought from the Councils, reducing the call on the Councils' finances. This would however reduce the scope for the Councils to obtain a financial return from the project. Any determination of funding will be determined by prevailing market conditions and the needs of the LDV for any given element.

## **15. Legal Powers:**

- 15.1. The General Power of Competence ("the Power") provided for by the Localism Act 2011 is relied upon as the authority for the District/Borough/County Council to establish and subscribe to North Essex Garden Communities Limited and to subscribe for B shares in relevant Local Delivery Vehicles.

- 15.2. In exercising the General Power of Competence local authorities must do so in a way which does not compromise any pre-existing statutory limitations, and the actions identified in this report do not compromise those restrictions. Any activity which local authorities wish to take for a commercial purpose must be undertaken via a company, given the need for the LDVs to act in a commercially aware way and to develop the projects commercially (although within the requirements of the Garden Community principles the use of a company structure enables reliance on the General Power of Competence in this respect).
- 15.3. Deciding to establish a company, in the context of this report, being North Essex Garden Community is an Executive Function in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended). The 'in principle' funding decisions are in accordance with the Council's Budget and Policy Framework subject to Council approval as set out in the recommendations.
- 15.4. The statutory framework for local authority borrowing and investments is set out in Chapter 1 of the Local Government Act 2003, supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).
- 15.5. A local authority may borrow money or invest (a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of prudent management of its financial affairs. All money borrowed by a local authority, together with any interest on the money borrowed, shall be charged indifferently on all the revenues of the authority.
- 15.6. Local authorities must determine and keep under review how much money it can afford to borrow which is set by each Council as an "Authorised Limit". This borrowing limit cannot be exceeded without the approval of full Council. In the event that the Council agrees to provide funding to the LDV's as illustrated in paragraph 14.3 then its borrowing limits will need to be revised accordingly.
- 15.7. In setting its borrowing limit, Regulations require a local authority to have regard to the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) published by the Chartered Institute of Public Finance and Accountancy. The Prudential Code has been developed as a professional code of practice to support local authorities in taking decisions on capital investment which can be affordable, prudent, and sustainable. These requirements will need to be demonstrated through the business case developed for each of the Garden Communities.

## **16. Risk Assessment:**

- 16.1. The project has developed a strategic risk assessment profile. This is attached as [Appendix 8](#).
- 16.2. At the present time there are a significant number of risks, many of which are inherently uncertain given the timescales over which the project will develop.

Officers have considered the risks carefully and recommend that these are broadly reflective of the risk profile associated with any project of this scale.

- 16.3. The project has a number of break points particularly the development of the detailed business case. Should this demonstrate a scenario which provides an unacceptable commercial viability, or other significant uncontrolled risk, then it is open to the partner Councils to terminate the project at that juncture.
- 16.4. The two largest risks relate to Land Control and Local Plan. Both of these have the potential to halt progress on a particular scheme. Should landowner agreements not be reached by the time the Pre Submission Draft is agreed by the Council, then this will represent a key change to the relationship between the landowners and the Councils / LDV; the underlying assumptions in the agreements would then need to be reconsidered and are not able to be implemented in the form indicated in this report. Equally if a scheme is not included in the Pre Submission Draft of the Local Plan on the basis of appropriate planning Policy determination, then it would not be possible for the LDV to pursue any development and accordingly it would be wound up.

## **17. Equalities Impact Assessment:**

- 17.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires the local authority to have regard to the need to:
  - a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
  - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 17.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (a) or (b) although it is relevant for (c).
- 17.3. The proposals are to create an inclusive community which meets the needs of all residents regardless of whether or not they have a protected characteristic. The intention is to provide housing and facilities for all. By participating in the development in the way proposed the local authorities will have a greater influence over the content and layout than a development undertaken in a traditional way. The differing needs of people with different protected characteristics will need to be considered during the design and planning of the development and kept under review as the scheme progresses.

## **18. Implementation:**

- 18.1. The project is currently seeking the support of the four relevant Councils in order to form the North Essex Garden Communities Limited, and it will then



set up the constituent LDV's. It is anticipated that the LDV's will enter into legal agreements with landowners / developers before the end of the year.

- 18.2. The three local planning authorities are publishing the pre-submission versions of the Local Plans in the New Year. Should any of the proposed project sites not receive support in the local planning process this will be a critical point in the project; effectively closing it and the relevant LDV will be wound up.

- 18.3. For clarity the outline timetable for the project is set out in the following table:

25 November 2016	Tendring District Council; Cabinet
29 November 2016	Braintree District Council; Cabinet
29 November 2016	Tendring District Council; Council
30 November 2016	Colchester Borough Council; Cabinet
8 December 2016	Colchester Borough Council; Council
12 December 2016	Braintree District Council; Council
13 December 2016	Essex County Council; Cabinet
On or after 14 December 2016	Councils sign Shareholder agreements and subscribe to NEGC
Prior to determination of the Local Plan Pre Submission draft.	NEGC Board Meet and agree the subscription of LDVs including appointment of Directors
Prior to determination of the Local Plan Pre Submission draft.	Each of the LDVs Boards meet and agree the Landowner agreement.
Prior to determination of the Local Plan Pre Submission draft.	Landowner Agreement completed.
January 2017	Local Plan Pre-Submission Draft Published for Committee Consideration
January / February 2017	Council meetings to approve Local Plan Pre-Submission Draft
March 2017	Relevant LDVs either wound up on basis of non-allocation; Or continues the development of the schemes.

### Summary of Appendices:

1	Diagram showing Corporate Structure
2	Draft Term Sheet North Essex Garden Communities Limited
3	Shareholders Agreement North Essex Garden Communities Limited
4	Draft Term Sheet Colchester Braintree Borders Limited
5	Shareholders Agreement Colchester Braintree Borders Limited
6	Draft Term Sheet West of Braintree Limited
7	Shareholders Agreement West of Braintree Limited
8	Strategic Risk Assessment Profile

<b>Recommendation from Overview and Scrutiny Committee 23<sup>rd</sup> November 2016</b>	<b>Agenda No:11</b>
<b>Scrutiny Review into Broadband Provision in the Braintree District</b>	
<b>Background Papers:</b>	<b>Public Report</b>
<a href="#"><u>Reports and Minutes of Overview and Scrutiny Committee – 13<sup>th</sup> July, 24<sup>th</sup> August, 21<sup>st</sup> September and 2<sup>nd</sup> November 2016</u></a>	

**Minute Extract:**

**OVERVIEW AND SCRUTINY – 23<sup>RD</sup> NOVEMBER 2016**

**42     OVERVIEW OF BROADBAND PROVISION**

**INFORMATION:** Members were asked to consider the Scrutiny Report and the recommendations to Cabinet contained therein.

Members voiced concerns around applying a time restriction for the completion of 100% coverage in the District, which had been reflected in recommendation 3. It was therefore agreed that an amendment be made to recommendation 3 so that it read;

“That O&S should monitor and report BDC progress/implementation every six months to Committee & Cabinet until 100% coverage is achieved, highlighting success stories from the local area.”

Members agreed also that throughout the report, all references to connection speeds in terms of megabytes per second should reflect the correct abbreviation of ‘mbps’.

The Committee thanked officers for their support and contributions to the Scrutiny Review. The Chairman considered that the report was a comprehensive record of the work carried out by the Committee and presented a number of recommendations which was supportive of the Council’s position on broadband provision.

**DECISION:** That Members approved the recommendations set out below, subject to amendments, and referred the report to Full Council for consideration.

1. Braintree District Council to support and encourage Superfast Essex to achieve 100% superfast (30Mbps) broadband coverage by 2019
2. That Braintree District Council's website should include easy to understand and visual information about the District only, with alphabetically listed Town/Parish information, showing areas already enabled, and areas to be enabled with dates & superfast broadband information.
3. That O&S should monitor and report BDC progress/implementation every six months to Committee & Cabinet until 100% coverage is achieved, highlighting success stories from the local area."
4. Braintree District Council (in conjunction with Superfast Essex) to tender for companies to deliver the most suitable and appropriate broadband solutions to rural areas of the Braintree District. ( Least cost - Fastest to deploy - upgradable)
5. Braintree District Council should consider the funding of 100% of superfast broadband coverage from New Homes Bonus and/or Capital Projects Funding

**REASON FOR DECISION:** To enable the Committees' report to be referred to Full Council and Cabinet in accordance with the Procedure Rules for Scrutiny.

**Recommended Decision:** To refer the Scrutiny Review Report into Broadband Provision to Cabinet on 6th February 2017 for consideration and response.

Note: The attached report has been updated to reflect the comments of the Overview and Scrutiny Committee.

<b>Overview of Broadband Provision</b>		<b>Agenda No:</b>
<b>Portfolio</b>	<b>Economic Development</b>	
<b>Corporate Outcome:</b>	<p><b>A sustainable environment and a great place to live, work and play</b>  <b>A well connected and growing district with high quality homes and infrastructure</b>  <b>A prosperous district that attracts business growth and provides high quality employment opportunities</b>  <b>Delivering better outcomes for residents and businesses and reducing costs to taxpayers</b></p>	
<b>Report presented by:</b>	<b>Councillor Siddall, Chairman of the Overview and Scrutiny Committee</b>	
<b>Report prepared by:</b>	<b>Nathan Rowland, Economic Development Officer</b>	
<b>Background Papers:</b>		<b>Public Report</b>
<ul style="list-style-type: none"> <li>• Reports and Minutes of Overview and Scrutiny Committee – 13<sup>th</sup> July, 24<sup>th</sup> August, 21<sup>st</sup> September and 2<sup>nd</sup> November 2016</li> </ul>		<b>Key Decision: No</b>
<p><b>Executive Summary:</b>  ‘Broadband’ is an issue of concern for many Councillors, particularly those serving the rural communities across the District, with around 27 percent of the District (<i>source: Superfast Essex July 2016</i>) still unable to access superfast broadband speeds, with some areas falling below even the basic 2mbps standard.</p> <p>Between the 13<sup>th</sup> July and 2<sup>nd</sup> November 2016 the Council’s Overview and Scrutiny Committee held a number of information gathering sessions with representatives from a range of organisations in order to gain a greater understanding of the issues affecting the Braintree District with relation to Superfast Broadband Coverage and to explore potential technical solutions available to maximise coverage in the area.</p> <p>This report sets out the recommendations of the committee and along with a summary of the key evidence gathered.</p>		
<p><b>Recommended Decision:</b></p> <p>Members are asked to consider the findings of the scrutiny review and the recommendations set out below:</p> <ol style="list-style-type: none"> <li>1. Braintree District Council to support and encourage Superfast Essex to achieve 100% superfast (30Mbps) broadband coverage by 2019</li> </ol>		

2. That Braintree District Council's website should include easy to understand and visual information about the District only, with alphabetically listed Town/Parish information, showing areas already enabled, and areas to be enabled with dates & superfast broadband information.
3. That O&S should monitor and report progress/implementation in the Braintree District every six months to Committee & Cabinet until 100% coverage is achieved, highlighting success stories from the local area.
4. Braintree District Council (in conjunction with Superfast Essex) to tender for companies to deliver the most suitable and appropriate broadband solutions to rural areas of the Braintree District. ( Least cost - Fastest to deploy - upgradable)
5. Braintree District Council should consider the funding of 100% of superfast broadband coverage from New Homes Bonus and/or Capital Projects Funding

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**Purpose of Decision:**

To enable the Committees' report to be referred to Full Council and Cabinet in accordance with the Procedure Rules for Scrutiny.

**Any Corporate implications in relation to the following should be explained in detail.**

<b>Financial:</b>	None
<b>Legal:</b>	None
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	None
<b>Officer Contact:</b>	Nathan Rowland
<b>Designation:</b>	Economic Development Officer
<b>Ext. No:</b>	2585
<b>E-mail:</b>	nathan.rowland@braintree.gov.uk

## **EXECUTIVE SUMMARY**

The BDUK programme was launched in 2013 by the Department of Culture, Media and Sport (DCMS) with the aim of providing superfast broadband coverage to 90% of the UK by early 2016 and 95% by December 2017. In December 2015 the government also announced a Universal Service Obligation to ensure that all areas of the UK have access to basic broadband (2Mbps) for all from December 2015.

In 2015 Braintree District Council committed £250,000 to support the Superfast Essex rollout programme being operated by Essex County Council under the BDUK programme. This has secured commitment from Superfast Essex ensuring that a minimum of 95% of the District will be connected by 2020. Despite this commitment, the Superfast Essex Programme the Braintree District has faced a number of challenges.

In May 2016, a review of Broadband was added to the Council's Overview and Scrutiny Committee's work programme in order to review the following:

1. Review of the process and progress of Essex Superfast Broadband Programme
  - a) Delivery of Phase 1 of the Programme
  - b) Delivery of Phase 2a of the Programme
  - c) Government Subsidised Interim Schemes
2. To review the Communication on the Broadband improvement programme to the general public and businesses
3. To consider other technologies to establish Superfast Broadband in areas not likely to be connected including their
  - a) effectiveness,
  - b) availability
  - c) affordability
4. To review how businesses can obtain reliable, fast access to broadband across the District
5. To review future growth in the District and how this growth can access superfast broadband
6. Future requirements of Superfast Broadband to meet District Needs

This report sets out the key findings of the Committee and the resulting recommendations.

### **1. Review of the process and progress of Essex Superfast Broadband Programme**

On the 24<sup>th</sup> August Connie Kerbst from the Superfast Essex Programme attended the Committee to update members on the current progress of the rollout programme and outline plans for future phases. At this meeting the following was noted:

Prior to the BDUK programme, BT's commercial rollout of superfast broadband was low in Essex. After phase 1 the Braintree District has achieved 73% coverage, an increase of 11% or an additional 11,487 premises compared to the commercial only coverage at the start of the programme. Despite this increase, coverage in the Braintree District remains the second lowest coverage level ahead of only Uttlesford.

Phase 2 of the Superfast Essex programme is now underway across Essex, and will upgrade an additional 14,916 premises in the district by 2019, bringing superfast broadband coverage levels to 92%.

Superfast Essex also announced the intention to commission Phase 3 of the programme which will bring coverage levels to a minimum of 95% of the District by 2020. The tendering process will commence in late 2016 and will run alongside Phase 2 from next year. This new phase would seek tenders for a variety of different technologies and therefore may not be the standard Fibre to the Cabinet solution implemented so far. *If* a viable and cost effective solution can be found that can deliver over the minimum required level, then Superfast Essex have stated that they will seek to implement this.

## **RECOMMENDATION**

1. BRAINTREE DISTRICT COUNCIL TO SUPPORT AND ENCOURAGE SUPERFAST ESSEX TO ACHIEVE 100% SUPERFAST (30MBPS) BROADBAND COVERAGE BY 2019
2. **To review the Communication on the Broadband improvement programme to the general public and businesses**

The Committee discussed issues around communication with Connie Kerbst from Superfast Essex where it was noted that Braintree District Council had already helped to create a guide for businesses around broadband options and assists with disseminating information to local businesses through the Council's business mailing list. Members noted that communication needs to be ongoing in order to ensure that residents and business stay engaged.

The committee highlighted a number of areas of concern relating to a number of information and communication about the programme for members of the public. This included

- The high proportion of online-only information available
- Lack of information about superfast broadband cabinet locations
- The amount and complexity of information on the Superfast Essex Website
- Difficulties using the interactive map
- The large timescales for given for upgrades

Members noted that Braintree District Council had a role to play at a local level in ensuring information is disseminated through its own communication channels including online and in print.



Superfast Essex informed the committee that the majority of information about the delivery schedule come from their contractor BT, therefore there is a natural lag in getting information passed on. It was noted however that in relation to completion timescales for an area, these are updated as delivery progresses to within a month.

## **RECOMMENDATIONS**

2. THAT BRAINTREE DISTRICT COUNCIL'S WEBSITE SHOULD INCLUDE EASY TO UNDERSTAND AND VISUAL INFORMATION ABOUT THE DISTRICT ONLY, WITH ALPHABETICALLY LISTED TOWN/PARISH INFORMATION, SHOWING AREAS ALREADY ENABLED, AND AREAS TO BE ENABLED WITH DATES & SUPERFAST BROADBAND INFORMATION.
3. THAT O&S SHOULD MONITOR AND REPORT PROGRESS/IMPLEMENTATION IN THE BRAINTREE DISTRICT EVERY SIX MONTHS TO COMMITTEE & CABINET UNTIL 100% COVERAGE IS ACHIEVED, HIGHLIGHTING SUCCESS STORIES FROM THE LOCAL AREA.
3. **To consider other technologies to establish Superfast Broadband in areas not likely to be connected including their**
  - d) **effectiveness,**
  - e) **availability**
  - f) **affordability**

On the 21<sup>st</sup> September the Committee Received Presentations from representatives from three broadband providers including; Lloyd Felton from County Broadband, Joe Frost from Gigaclear PLC, and Giles Ellerton from BT, all of who offer an alternative product to bring superfast broadband to homes and businesses.

County Broadband gave an overview of their main service which is a Fixed Wireless Network solution that provides Internet access using radio waves to transmit signals to fixed access points (which can be connected to buildings such as Churches or Offices). The signal is then sent to receivers mounted on homes and business premises. It was noted that as this solution does not require the laying of cables so it is notably cheaper to implement than other solutions, but can still offer superfast speeds and be classed as NGA compliant. Mr Felton informed the committee that the company currently provides a broadband service to over 130 villages in Essex and Suffolk including ones in the Braintree District.

Joe Frost, gave an overview of Gigaclear plc and talked about their main technology Fibre to the Premises broadband. This provides a fibre optic connection the full distance from the exchange to the home or business premises and can deliver speeds over 100mbps. Where there is no existing ducting, new cables must be buried in the ground to each individual premises being connected. This solution was recognised as being able to provide up to ultrafast speeds however due to the cost of installing the cables underground

it was also the most costly per premises to provide. Mr Frost informed the committee that this technology has been trialled in Epping Forest as part of Superfast Essex's Rural Challenge pilot.

Gilles Ellerton from BT gave an overview of two key solutions that BT has been deploying. One is the provision of fibre to a cabinet and the other is the provision of fibre to a premises. Fibre-to-the-Cabinet involves running fibre optic cables from the telephone exchange or distribution point to the street cabinets which then connect to a standard copper phone line to homes and business premises. The main issue identified with Fibre to the cabinet is that speeds degrade the further away from the cabinet the signal has to travel, therefore not all premises may receive superfast speeds after their street cabinet has been connected. This helps to explain issues that the committee has experienced when constituents report one side of a road can access superfast broadband whilst the other side has a much lower performance or is unable to access it at all.

Mr Ellerton also provided information about BT's 'Community Fibre Partnerships' which helps to connect communities which are not receiving fibre broadband either commercially or through the BDUK programme. This scheme enables communities to co-invest directly with BT who in return provide a broadband infrastructure solution to the area. The community is expected to fund the difference between BT's contribution and the overall cost of the scheme. This arrangement has been in operation for about four years and contracts have been entered into with approximately 100 communities across the United Kingdom.

## **RECOMMENDATION**

4. BRAINTREE DISTRICT COUNCIL (IN CONJUNCTION WITH SUPERFAST ESSEX) TO TENDER FOR COMPANIES TO DELIVER THE MOST SUITABLE AND APPROPRIATE BROADBAND SOLUTIONS TO RURAL AREAS OF THE BRAINTREE DISTRICT. (LEAST COST - FASTEST TO DEPLOY - UPGRADABLE)

5. **To review how businesses can obtain reliable, fast access to broadband across the District**

*Information gathered on this topic has been included under sections 2 and 3 and their resulting recommendations*

6. **To review future growth in the District and how this growth can access superfast broadband**

Connie Kerbst noted that Superfast Essex had fed back comprehensively to the draft policy of the Local Plan to ensure that Braintree District Council had a (draft) policy in place to ensure that developers provided the infrastructure for Superfast Broadband when new developments are constructed. As a result most large developments will not need to be "upgraded" later.

## **7. Future requirements of Superfast Broadband to meet District Needs**

On the 2nd November, the committee undertook its final information gathering session with a talk from James Saunby Founder and Consulting Director of GreySky Consulting. James had previously worked in the IT and telecoms sector and more recently is working with an number of public sector agencies to advise on how to deliver of Superfast Broadband in different areas of the country.

Mr Saunby informed the committee that the demands on broadband infrastructure continue to increase not just for business, domestic and leisure use but also as a tool to deliver essential public services. *“Telehealth” services (the distribution of health-related services and information via electronic information and telecommunication technologies. Allowing for long distance patient/clinician contact and care, advice, reminders, education, intervention, monitoring and remote admissions)* were cited as an example of a new technology that would be essential for the National Health Service in the future.

Mr Saunby also gave an overview of different technologies current available as well as their strengths and weaknesses. It was put to members that no one single solution was likely to deliver close to 100% coverage and that any area aiming for this target should consider a combination of technical solutions.

The Committee also discussed possible funding models and whether 100% coverage would be possible using purely commercial funding models. Mr Saunby noted that in his opinion it was not possible without additional public sector funding. It was also suggested that as areas get over 95% coverage then alternative “demand led” models should be considered instead of a blanket rollout programme. Mr Saunby suggested a two stage funding approach consisting of:

- Public sector funding for the provision of backhaul to all cabinets in an area (thus enabling new superfast connections be put in place if desired by residents/businesses).
- A publically funded voucher scheme to enable interested residents and business to access funding for 100% of their upgrade costs for their individual premises. Interested communities would then have the ability to combine vouchers of each interested party and engage with private suppliers and commission a bespoke solution (or solutions) to meet the needs of their area.

## **RECOMMENDATION**

5. BRAINTREE DISTRICT COUNCIL SHOULD CONSIDER THE FUNDING OF 100% OF SUPERFAST BROADBAND COVERAGE FROM NEW HOMES BONUS AND/OR CAPITAL PROJECTS FUNDING

## **ACKNOWLEDGEMENTS**

The Committee would like to thank the following people and organisations for supporting the work of this review:

- Connie Kerbst, Superfast Essex
- Lloyd Felton, County Broadband
- Joe Frost, Gigaclear PLC
- Gilles Ellerton, BT
- James Saunby, GreySky Consulting

**ENDS**

<b>Recommendation from Governance Committee 28th September 2016</b>	<b>Agenda No: 12</b>
<b>Treasury Management Mid-Year Report 2016/17</b>	
<b>Background Papers:</b>	<b>Public Report</b>
<a href="#"><u>Report and Minutes of Governance Committee 28th September 2016</u></a>	

<b>Minute Extract:</b>
<p><b>GOVERNANCE – 28<sup>TH</sup> SEPTEMBER 2016</b></p> <p><b>22     <u>TREASURY MANAGEMENT MID-YEAR REPORT 2016-17</u></b></p> <p><b>INFORMATION:</b> Consideration was given to the Treasury Management Mid-Year Report 2016-17.</p> <p><b>DECISION:</b> To <b><u>Recommend to Cabinet</u></b> acceptance of the Treasury Management Mid-Year Report 2016-17 prior to its submission to Full Council.</p> <p><b>REASON FOR DECISION:</b> The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that the Council receives at least one mid-year report on the treasury management function. This report is to be considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report will then be considered by Cabinet before submission to Full Council with the benefit of any proposed changes, or comments of the Governance Committee.</p>
<b>Recommended Decision:</b> To note the Treasury Management Mid-Year Report 2016-17.

<b>Treasury Management Mid-Year Report 2016/17</b>		<b>Agenda No:</b>
<b>Portfolio</b>	<b>Finance and Performance</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services</b>	
<b>Report presented by:</b>	<b>Phil Myers, Financial Services Manager</b>	
<b>Report prepared by:</b>	<b>Phil Myers, Financial Services Manager</b>	
<b>Background Papers:</b> Treasury Management Strategy Statement 2016/17 – approved by Full Council on 22 February 2016.		<b>Public Report</b>
		<b>Key Decision: No</b>
<b>Executive Summary:</b>		
<b>1. Background</b>		
1.1 The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).		
1.2 One of the key requirements of the Code is that, along with an annual strategy to be approved prior to the commencement of the financial year and an annual report after the financial year-end, the Council should also receive at least one mid-year report on its treasury management activities.		
<b>2. Treasury Management Strategy</b>		
2.1 The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the overall Budget and Council Tax setting for the forthcoming financial year. The TMSS approved in February 2016, reflected the following circumstances:		
<ul style="list-style-type: none"> <li>• A fully funded capital programme, largely reliant on capital receipts.</li> <li>• The availability of cash balances for investment – the assumption was that these would remain fairly constant over the medium-term</li> <li>• No specific new borrowing would be required other than that via lease type arrangements typically used for vehicles and plant. However, provision was made to increase borrowing capacity ahead of the Council considering future capital investment options.</li> <li>• Diversification and maintaining a longer-term view on investments to counter the risks associated with both a prolonged period of low interest rates and changes in the banking regulatory framework</li> </ul>		

### **3. Treasury Management Position**

3.1 At the 31 August 2016, the Council's treasury management position comprised:

- Financial Liabilities: amounting to £10.391million, including two £3million Lender Option, Borrower Option (LOBO) type market loans, finance lease commitments, and a repayable advance from Essex County Council
- Financial assets: amounting to £56.361million, comprising mainly of investments and deposits, and cash & bank balances. At this point in the year the level of cash balances would be expected to be at their highest due to in-year cash flows, after which balances would normally be expected to reduce as we move towards the year-end.
- Net financial assets of £45.970million

### **4. External Context**

4.1 The mid-year report includes an up to date economic and market commentary on the year so far, provided by the Council's treasury management advisors, Arlingclose, which can be summarised as follows:

- Following an upturn in the preliminary estimate for UK growth at Q2 2016, the outlook changed significantly following the outcome of the referendum vote on membership of the European Union (EU).
- The Bank of England's Monetary Policy Committee (MPC) initiated substantial monetary policy easing at its August meeting, including a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (Quantitative Easing), and cheaper funding for banks to maintain the supply of credit to the economy.
- In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows, with very short-dated periods (overnight to 1 month) falling to between 0.1% and 0.2%. The rates for the Debt Management Account Deposit Facility (i.e. the account used for deposits placed by local authorities with the UK Government) reduced to 0.15% for periods up to 3 months and to 0.10% for 4 to 6 month deposits. The interest rate outlook from Arlingclose has now progressed from 'lower for longer' to 'even lower for the indeterminable future'.
- Following the referendum result gilt yields fell sharply across the maturity spectrum which was reflected in the fall in Public Works Loan Board (PWLb) borrowing rates for local authorities

### **5. Capital Financing Requirement**

5.1 The Council's Capital Financing Requirement (or CFR) – a balance sheet measure of the Council's need to borrow for capital purposes – is forecast to increase by the year-end. This is due to the decision of the Corporate Director (Finance) after a financial appraisal to switch funding used to acquire replacement vehicles from lease type arrangements to traditional borrowing. In the short-term this increase in borrowing requirement will be met from internal borrowing. In the longer-term new external borrowing may be required as cash balances are used on other capital investment projects.

5.2 At the end of the year the CFR will be very close to the actual borrowing and other liabilities.

## **6. Borrowing and Finance Lease Liabilities**

6.1 The TMSS approved in February 2016, provided for an increase in borrowing limits ahead of consideration of investment opportunities. In May the Cabinet approved a District Investment Strategy of £28million to support the District's strategic growth ambitions and which would utilise a combination of new borrowing (£14.5million), New Homes Bonus (£8.5million), and a portion of the unallocated reserves (£5million). As individual projects are developed and approved, these will in time lead to both an expected increase in CFR along with a commensurate increase in the amount of borrowing undertaken.

6.2 In considering any new borrowing the Council's objectives will be to strike a balance between securing low interest costs and achieving cost certainty, which is likely to result in internal resources being used in the short-term.

## **7. Investments**

7.1 The TMSS contains the Council's Annual Investment Strategy (AIS) which is based on the key priorities of:

- Security – minimising the risk of cash not being repaid; and
- Liquidity – having cash available when it is required.

Only when these two priorities are met does the Council consider highest yield.

7.2 At the time of setting the AIS it was envisaged that the level of cash balances would remain fairly constant over the medium-term. At the end of the 2015/16 financial year cash balances were higher than originally anticipated which has carried over into the 2016/17 year. For the period April to end August cash balances averaged £51.45million, operating within a range of daily totals of between £45.43million and £57.99million. However, the expectation is that cash balances will reduce over the remainder of the year with a year-end forecast balance of around £35million.

7.3 Within the overall average amount invested to date, £12million has been maintained in long-term investments (Pooled Funds), with the remaining £39.45million in short-term investments, typically UK and Non-UK bank deposits, money market funds, and the Debt Management Account Deposit Facility. New investments made to the end of August totalled £46.07million, with £28million of investments maturing or being sold. Interest earned on short-term investments to the end August was £87,000 equating to a return of 0.53%. In addition, the Council has earned a further £198,000 of dividends from its Pooled Funds up to the end of August. This represents a return so far this year of 1.65% which is lower than the 1.81% achieved for the same period last year. At the end of August the total market value of all the funds amounted to £12.484million, an unrealised gain of £484,000 against the original sum invested and an improvement since the start of the financial year of £666,000.



## 8. Treasury Management Advisors

Following the outcome of EU referendum vote there has been some volatility in the markets, and uncertainty persists; however, thus far this has not prompted any change in credit advice received from Arlingclose who, in conjunction with the Council, will continue to monitor events and issue advice as appropriate.

### **Recommended Decision:**

To recommend to Cabinet acceptance of the Treasury Management Mid-Year Report 2016/17 prior to its submission to Full Council.

### **Purpose of Decision:**

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that the Council receives at least one mid-year report on the treasury management function. This report is to be considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report will then be considered by Cabinet before submission to Full Council with the benefit of any proposed changes or comments of the Governance Committee.

<b>Any Corporate implications in relation to the following should be explained in detail.</b>	
<b>Financial:</b>	No new financial implications – the report is a summary of activity so far this year.
<b>Legal:</b>	The Council's treasury management activities are subject to regulation by a number of professional codes, statutes, and related guidance. There are no new legal implications from this report.
<b>Safeguarding:</b>	None
<b>Equalities/Diversity:</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	No new risks introduced. The objective of the treasury management strategy and related activity is the management of risk.
<b>Officer Contact:</b>	Phil Myers
<b>Designation:</b>	Financial Services Manager
<b>Ext. No:</b>	2810
<b>E-mail:</b>	phimy@braintree.gov.uk

## **Treasury Management Mid-Year Report 2016/17**

### **1. Background**

- 1.1. The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).
- 1.2. One of the key elements of the Code is that, along with an annual strategy to be approved prior to the commencement of the financial year and an annual report after the financial year-end, the Council should also receive at least one mid-year report on its treasury management activities.
- 1.3. The Council invests substantial sums of money and continues to hold legacy borrowing and is therefore exposed to a range of financial risks. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

### **2. Treasury Management Strategy**

- 2.1. The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the Budget and Council Tax Setting for the forthcoming financial year.
- 2.2. The TMSS approved in February 2016, reflected the following circumstances:
  - A fully funded capital programme, largely reliant on capital receipts.
  - The availability of cash balances for investment – the assumption was that these would remain fairly constant over the medium-term
  - No specific new borrowing would be required other than possibly via lease type arrangements typically used to finance vehicles and plant. However, provision was made to increase borrowing capacity ahead of considering future capital investment options.
  - Diversification and maintaining a longer-term view on investments to counter the risks associated with both a prolonged period of low interest rates and changes in the banking regulatory framework

### **3. Treasury Management Position**

- 3.1. The treasury management position is set out below:

	<b>31 Mar 2016 Principal £'000</b>	<b>31 Aug 2016 Principal £'000</b>
Market Loans	6,000	6,000
Finance Lease Liabilities	3,526	3,391
Other Long-Term Liability	1,000	1,000
<b>Financial Liabilities</b>	<b>10,526</b>	<b>10,391</b>

	<b>31 Mar 2016 Principal £'000</b>	<b>31 Aug 2016 Principal £'000</b>
Investments and Deposits	35,500	53,500
Local Authority Mortgage Scheme (LAMS) Repayable Advance	2,000	2,000
Cash & Cash Equivalents	648	842
Impaired Deposit	19	19
<b>Financial Assets</b>	<b>38,167</b>	<b>56,361</b>
<b>Net Financial Assets</b>	<b>27,641</b>	<b>45,970</b>

- 3.2. Market loans comprise two Lender's Option, Borrower's Option (LOBO) type loans of £3 million each, which give the lender the option to vary the interest rate at six month intervals, subject to the Council then having the option to repay the loans without penalty. To date the lender has not sought to exercise this option – the loans currently run at an average interest rate of 4.7% and have 25 ½ years remaining until maturity. The opportunity to redeem earlier (at a negotiated penalty) is kept under review.
- 3.3. Finance Lease Liabilities relate to the outstanding principal element of leases used to acquire property, vehicles, and plant. Annual payments are made to repay these liabilities over the lease term.
- 3.4. Other Long-Term Liability relates to funding previously received from Essex County Council's towards the Braintree Local Authority Mortgage Scheme (LAMS). A deposit of £2 million was made to the LAMS provider (Lloyds Bank) which is shown under Financial Assets.
- 3.5. Investments and Deposits include amounts placed with UK and Non-UK banks and building societies; and Pooled Funds and other Money Market Funds.
- 3.6. Cash and Cash Equivalents is money held in call accounts with immediate access, balances held on the Council's current bank accounts, and petty cash floats. Amounts held at the end of August is typically the peak period for in-year cash flows, after which it is expected that balances will reduce as the year progresses to the year-end.
- 3.7. Impaired deposit relates to the carrying value of amounts still expected to be received from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander. No further dividends have been declared during the current year.
- 3.8. The amount of investments and deposits held at the end of August reflects the expected peak in cash balances from in-year cash flows, and these will be expected to reduce moving towards the year-end.

#### 4. External Context

4.1. **Appendix A** provides an economic and market commentary covering the current financial year to the end of August written by Arlingclose, the Council's treasury management advisors.

4.2. In summary:

- Following an upturn in the preliminary estimate for UK growth at Q2 2016, the outlook changed significantly following the outcome of the referendum vote on membership of the European Union (EU).
- The Bank of England's Monetary Policy Committee (MPC) initiated substantial monetary policy easing at its August meeting, including a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (Quantitative Easing), and cheaper funding for banks to maintain the supply of credit to the economy.
- In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows, with very short-dated periods (overnight to 1 month) falling to between 0.1% and 0.2%. The rates for the Debt Management Account Deposit Facility (i.e. the account used for deposits placed by local authorities with the UK Government) reduced to 0.15% for periods up to 3 months and to 0.10% for 4 to 6 month deposits. The interest rate outlook of Arlingclose has now progressed from 'lower for longer' to 'even lower for the indeterminable future'.
- Following the referendum result gilt yields fell sharply across the maturity spectrum which was reflected in the fall in Public Works Loan Board (PWLb) borrowing rates for local authorities.

4.3. The table below summarises the level of market interest rates for the period 1 April to 31 August 2016:

	<b>Bank Rate</b>	<b>Overnight LIBID</b>	<b>7-day LIBID</b>	<b>1-MTH LIBID</b>	<b>3-MTH LIBID</b>	<b>6-MTH LIBID</b>	<b>12-MTH LIBID</b>
<b>Average</b>	<b>0.45</b>	<b>0.29</b>	<b>0.40</b>	<b>0.44</b>	<b>0.55</b>	<b>0.68</b>	<b>0.86</b>
Maximum	0.50	0.43	0.55	0.61	0.72	0.83	1.04
Minimum	0.25	0.02	0.15	0.18	0.36	0.50	0.66
Spread	0.25	0.41	0.40	0.43	0.36	0.33	0.38

LIBID = London Interbank Bid Rate

#### 5. Capital Financing Requirement

5.1. The Capital Financing Requirement (CFR) is a balance sheet derived amount which measures the extent to which the Council has invested in capital but has not resourced it from internal resources (e.g. capital receipts from asset sales, grants etc.). It is therefore a measure of the amount of borrowing the authority could potentially justify as being required to meet its capital expenditure requirements. Actual borrowing may differ from the CFR, e.g. if the Council has used its own cash balances instead of borrowing, and therefore where the CFR differs to actual borrowing the circumstances should be understood.

5.2. The change in CFR currently expected during 2016/17 is shown in the table below:

	<b>2016/17 Actual £'000s</b>
<b>CFR at start of the year</b>	<b>8,429</b>
Capital programme for the year	3,789
Acquisition of replacement refuse freighters	1,500
Capital resources applied	(3,789)
<b>Net Change due to Capital Spend</b>	<b>1,500</b>
Mortgage principal repaid	(2)
Minimum revenue provision – invest to save projects	(159)
Minimum revenue provision – finance lease liabilities	(325)
<b>Est. net increase (decrease) in CFR in the year</b>	<b>1,014</b>
<b>Est. CFR at end of the year</b>	<b>9,443</b>

5.3. There is currently an expected net increase in the CFR due to the Corporate Director (Finance) agreeing to switch the source of funding used to acquire replacement refuse freighters from lease type arrangements to using traditional borrowing. In the short-term this increase in borrowing requirement will be met from internal borrowing (i.e. by reducing the cash balances currently available to invest in banks and other financial institutions). In the longer-term new borrowing may be required as cash balances are applied to other capital investment projects.

5.4. The comparison of the estimated closing CFR with expected debt at the year-end is shown below:

	<b>2016/17 Actual £'000s</b>
<b>Est. Closing CFR</b>	<b>9,443</b>
Expected borrowing and other liabilities	10,201
<b>Difference between est. debt and CFR</b>	<b>758</b>

5.5. The above table shows that the forecast for borrowing and other liabilities at the year-end is expected to be close to the CFR, with the small positive balances adding to the Council's cash balances. This difference has been reducing for a number of years as the Council has sought to invest its cash balances in ways other than just placing funds with banks and other financial institutions.

## 6. **Borrowing and Finance Lease Liabilities**

6.1. The following table shows the expected borrowing and other liabilities in the 2016/17 financial year.

	<b>Borrowing</b>	<b>Finance Leases</b>	<b>Other Long-Term Liability</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance 1 April 2016</b>	<b>6,000</b>	<b>3,526</b>	<b>1,000</b>	<b>10,526</b>
Additions	-	-	-	114
Repayments	-	(325)	-	(347)
<b>Est. Balance 31 March 2017</b>	<b>6,000</b>	<b>3,201</b>	<b>1,000</b>	<b>10,201</b>

6.2. The Council approved borrowing limits within the TMSS, including an Operational limit to cover potential borrowing and other liabilities – the limit for 2016/17 was set at £11 million. Actual debt could fluctuate around this limit. An Authorised limit was also set which could not be breached without prior Council approval. This limit was set at £25million on the basis this provided some headroom to undertake new borrowing for invest to save schemes.

6.3. In May the Cabinet approved a District Investment Strategy which would utilise a combination of new borrowing (£14.million), New Homes Bonus (£8.5million), and a portion of the current unallocated reserves (£5million) giving a total of £28million to support the District's strategic growth ambitions. As individual projects are developed and approved, these will be added to the capital programme which will in time lead to both an expected increase in CFR along with a commensurate increase in the amount of borrowing undertaken.

6.4. In considering any new borrowing the Council's objectives are to strike a balance between securing low interest costs and achieving cost certainty over the period for which funds are likely to be required, with the flexibility to renegotiate loans should plans change being a secondary objective.

6.5. Affordability and the "cost of carry" remain important influences on the Council's borrowing strategy to be adopted for the District Investment Strategy. Any new borrowing, if undertaken ahead of need, means the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term rates have remained, and are likely to remain for a significant period, lower than long-term rates, it is currently more cost effective in the short-term to use internal resources instead.

## 7. **Investments**

7.1. The Treasury Management Strategy Statement includes the Annual Investment Strategy (AIS), approved by the Council in accordance with statutory guidance issued by the Department for Communities and Local Government. The AIS sets out the parameters used by the Council when selecting suitable counterparties for investment along with any limits on duration and amounts.

7.2. The AIS is based on investment priorities being:

- Security – minimising the risk of cash not being repaid
- Liquidity - having cash available when it is required

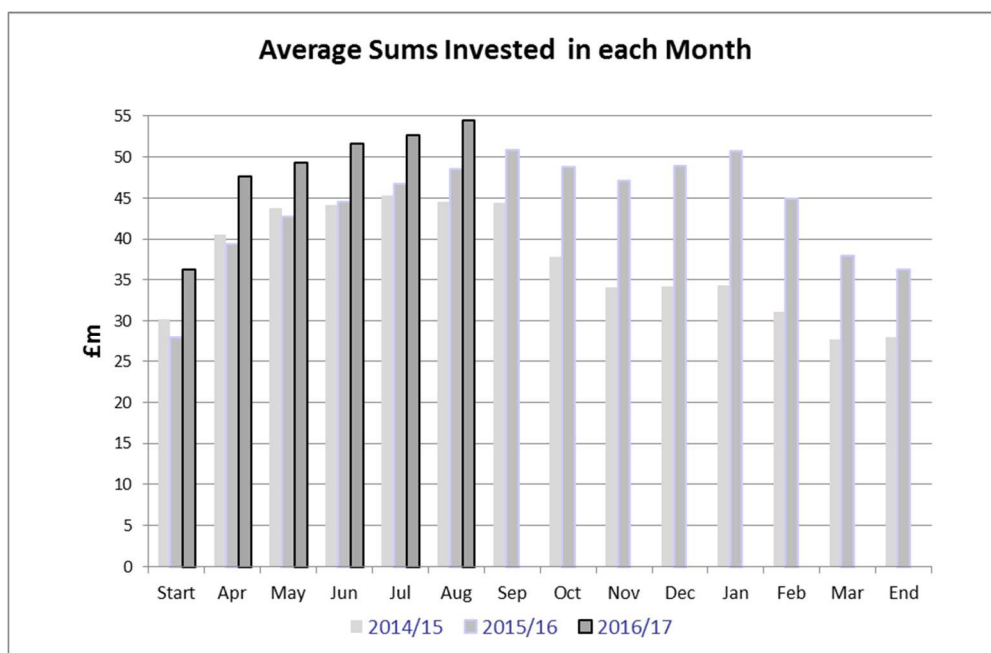
7.3. Only when having ensured these two priorities are met is highest yield considered.

### Cash Balances for Investment

7.4. Investment activity is dependent upon the level of cash balances and requirement for liquid funds to meet day-to-day spending needs. A level of “core” cash is available for the medium-longer term, reflected in revenue and capital reserves.

7.5. The Council ended the 2015/16 financial year with cash balances higher than originally anticipated at the time of approving the TMSS by £7.29million. This included balances and reserves which were higher by £2.22million, and provisions and other working capital (including council tax and business rates held on behalf of the Government and other major precepting bodies) which added a further £5.07million of additional cash. Provisions held at 31 March 2016, included £4.741million set aside for potential refunds of business rates arising from the settlement of appeals against the Rating List. These higher cash balances have carried over into current financial year.

7.6. For the period April to end August cash balances for investment have averaged £51.45million (an increase on the previous year of £6.89 million), and operated within a range of daily totals of between £45.43million and £57.99million. However, as seen in previous years, August/ September is normally a peak for in-year cash flows and, therefore, the expectation is that cash balances will reduce over the remainder of the year ending the year around £35million.



7.7. Within the overall average amount invested for the period April to end August £12million has been maintained in long-term investments (Pooled Funds) and £39.45m in short-term investments (i.e. up to one-year duration).



## Investment Policy

- 7.8. The investment policy sets the parameters over what types of investments will be used by the Council, what criteria potential counterparties must meet, and what limits (amounts/ duration) will be applied. The current policy was approved by Full Council in February 2016.
- 7.9. Applying the investment policy, funds managed so far this year have been invested as follows:

- Fixed term deposits with the major UK and non-UK banks and building societies, which met the Council's criteria of "high credit quality".
- Deposits on call or instant access accounts with major UK banks
- AAA rated Constant Net Asset Value (CNAV) Money Market Funds, where the value of principal invested is expected to remain constant – funds used are: Standard Life Liquidity, Deutsche Managed Sterling, and Goldman Sachs Asset Management.
- A Variable Net Asset Value (VNAV) Money Market Fund, where small fluctuations in the principal invested can occur – the fund used is managed by Royal London Asset Management
- Pooled Funds – equity and property funds
- Direct with the UK Government via the Debt Management Account Deposit Facility (DMADF) for short-term deposits to accommodate timing differences between receipt and payment of monies
- Lloyds Bank held in current accounts as the main banking services provider.

## Investment Activity & Returns

- 7.10. The change in investment balances<sup>1</sup> is shown in the table below.

	Investments:			Balance 31/08/16 £000
	Balance 01/04/16	Made	Matured/ Sold	
	£000	£000	£000	
<b>Pooled Funds (Equity and Property)</b>	<b>12,000</b>	-	-	<b>12,000</b>
<b>Fixed Term Deposits:</b>				
UK Banks & Building Societies	12,000	4,500	1,500	15,000
Non UK Banks	-	6,000	-	6,000
DMADF	-	28,500	24,000	4,500
<b>Sub-Total</b>	<b>12,000</b>	<b>39,000</b>	<b>25,500</b>	<b>25,500</b>
<b>Instant Access Deposits:</b>				
Money Market Funds – CNAV	7,500	7,000	2,500	12,000
Money Market Funds – VNAV	4,000	-	-	4,000
Lloyds Current Account*	770	70	-	840
<b>Sub-Total</b>	<b>12,270</b>	<b>7,070</b>	<b>2,500</b>	<b>16,840</b>
<b>Total</b>	<b>36,270</b>	<b>46,070</b>	<b>28,000</b>	<b>54,340</b>

\*Net Movement

<sup>1</sup> For this purpose investment balances excludes the deposit for LAMS, escrow account and impaired deposit, and petty cash.

7.11. Interest earned on short-term investments up to end of August was £87,000 equating to an average rate of return of 0.53%. The return comprised the following:

	Average Invested to end August £000	Interest  £000	Annualised Return  %
UK Banks & Building Societies	14,290	39	0.65
Non-UK Banks	6,000	15	0.60
Debt Management Office	2,090	2	0.23
Money Market Funds – CNAV	11,380	21	0.45
Money Market Funds – VNAV	4,000	8	0.45
Lloyds Current Account	1,690	3	0.36
<b>Total</b>	<b>39,450</b>	<b>87</b>	<b>0.53</b>

7.12. The rate of return on the Council's short-dated money market investments continued to reflect the prevailing low interest rate environment. Forecasts of the Bank Rate suggest further cuts cannot be discounted which will in term lower market rates.

### Pooled Funds

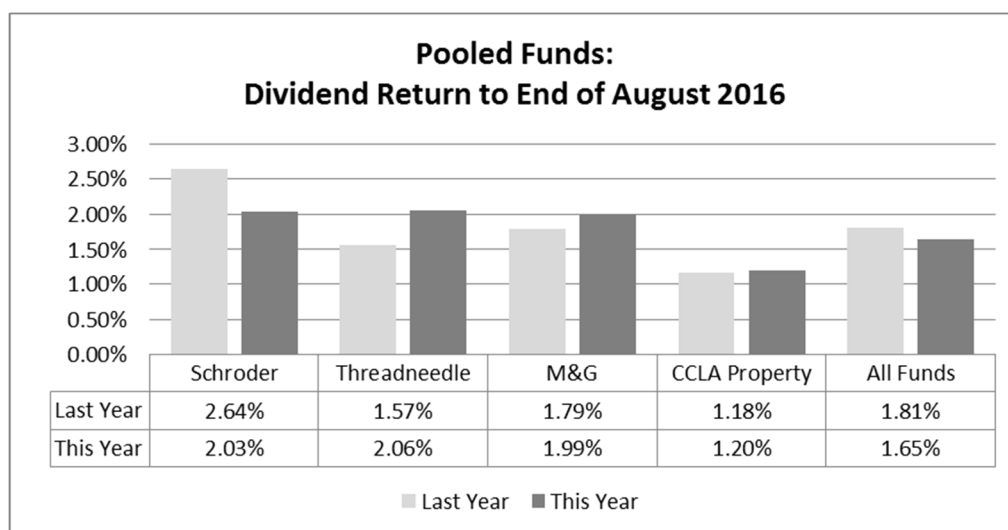
7.13. The Council continues to hold £12million as long-term investments across four pooled funds. Funds were previously chosen to achieve a greater diversified portfolio of underlying securities than the Council could individually manage at a reasonable price. These investments were made on the basis that, if held for the longer term they would offer the potential for enhanced returns albeit recognising there could be volatility in their market pricing. The distributing share class was selected for each of the funds in order to receive regular income.

7.14. The following funds were selected:

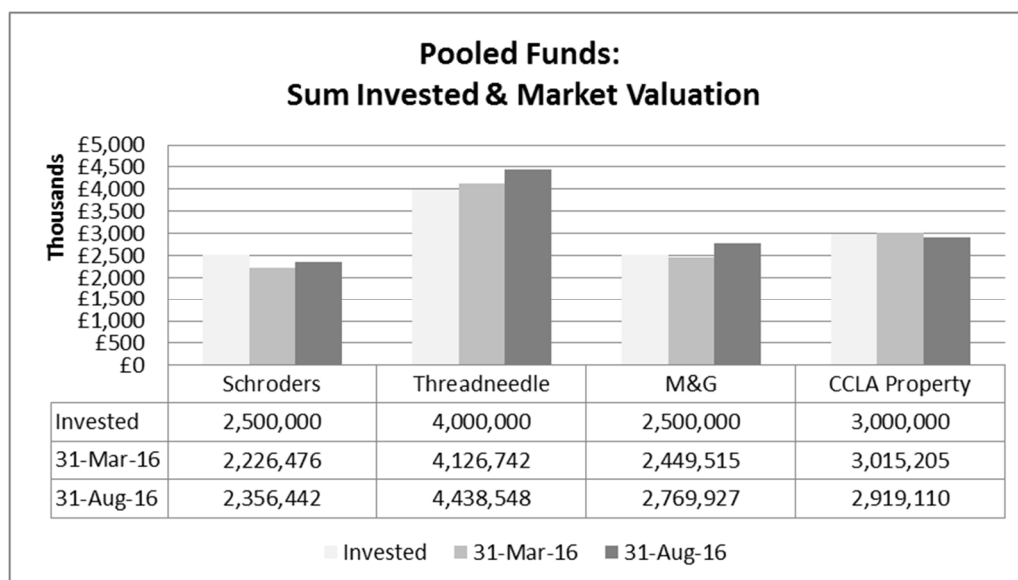
Fund	Total Invested end August £m
<b>Schroder UK Income Maximiser:</b> Seeks to provide income and capital growth with target income of 7% p.a. by investing in mainly UK equities	£2.5
<b>Threadneedle UK Equity Income:</b> Steady growth in income and acceptable capital growth. Aims for a yield greater than 110% of the FTSE All Share	£4.0
<b>M&amp;G Global Dividend Fund:</b> Aims to deliver income yield above market average and aims to grow distributions over the long-term.	£2.5
<b>CCLA Local Authorities Property Fund:</b> Aims to provide long-term capital	£3.0

Fund	Total Invested end August £m
and income return. The fund must pay out the income it generates.	
<b>All Funds</b>	<b>£12.0</b>

7.15. At the end of the August the dividends received or declared totalled £198,000, which represents an in-year return of 1.65% across all funds. This is lower than the return achieved last year for the same period:



7.16. At the end August the market value of all funds amounted to £12.484million, representing an unrealised gain of £484,000 over the original sum invested, and an overall improvement since the 31 March 2016 of £666,000:



## **8. Credit Developments and Credit Risk Management**

- 8.1. Counterparty credit quality is assessed and monitored with reference to credit ratings; credit default swaps; Gross Domestic Product (GDP) of the country in which the institution operates; the country's net debt as a percentage of GDP and share price. The minimum long-term counterparty credit rating set by the Council has been A-based on the three leading rating agencies: Fitch, Standard & Poor's (S&P), and Moody's. This is supplemented by other market intelligence.
- 8.2. Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union (EU). UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing their largest falls. Non-UK bank share prices were not immune although the fall in their share price was less pronounced.
- 8.3. Fitch downgraded the UK's sovereign rating by one notch to AA from AA+, and S&P downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P, and Moody's have a negative outlook on the UK. Similar action has also been taken on bonds guaranteed by the UK Government.
- 8.4. Moody's affirmed the ratings of nine UK banks and building societies and revised the outlook to negative for those banks and building societies that it perceived to be exposed to a more challenging operating environment arising from the vote to leave the EU.
- 8.5. There was no immediate change to the credit advice received from Arlingclose on UK banks and building societies as a result of the referendum result, but as our advisors do believe that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession, they have indicated a review of all UK based institutions with a view to issuing further credit advice.
- 8.6. The European Banking Authority released the results of its 2016 round of stress tests on the single market's 51 largest banks after markets closed on Friday 29 July. The stress tests give a rather limited insight into how the large banks might fare under a particular economic scenario. The Royal Bank of Scotland made headline news as one of the worst performers as its ratios fell by some of the largest amounts, but from a relatively high base. Barclays Bank ended the test with Common Equity Tier 1 (CET1) ratios below the 8% threshold, and would be required to raise more capital should the stressed scenario be realised. The tests support a cautious approach on these banks.

## **9. Treasury Management Advisors**

- 9.1 The Council has continued to employ Arlingclose as treasury management advisors. Regular communications and updates on related matters have been received by officers during the year and a strategy meeting was held in early September involving Members.

## **10. Outlook for the remainder of 2016/17**

- 10.1 Following the UK's vote to leave the EU, the economic outlook for the UK has immeasurably altered. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.
- 10.2 The short-term outlook is easier to predict; economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum will continue through the second half of 2016.
- 10.3 Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by the Bank of England policymakers. The central case for Bank Rate is currently 0.25%, but there is a strong possibility that the rate is cut further towards zero.
- 10.4 Global interest rate expectations have been pared back considerably. A further rise in the US Federal Funds rate appears less likely, although there remains a possibility that the Federal Reserve will wait until after November's presidential election, and probably hike interest rates in December 2016 if economic conditions warrant.
- 10.5 Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent any immediate market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Council's counterparty list have sufficient equity buffers to deal with any localised problems in the short-term.

## **Appendix A - Economic and Market Commentary**

The preliminary estimate of Q2 2016 GDP showed strong growth as the economy grew 0.6% quarter-on-quarter, as compared to 0.4% in Q1 and year/year growth running at a healthy pace of 2.2%. However the UK economic outlook changed significantly on 23 June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of these downside risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the MPC to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks to maintain the supply of credit to the economy. MPC members also played on expectations, suggesting that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic decline worsen.

In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Banks are being heavily encouraged to pass on the reduction in rates to customers – great for borrowers, although the outlook for savers is now rather more downbeat. Since the onset of the financial crisis over eight years ago, Arlingclose's rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.

The new members of the UK government, particularly the Prime Minister and Chancellor, are likely to follow the example set by the Bank of England. After six years of fiscal consolidation, the Autumn Statement is likely to witness fiscal loosening to support activity and confidence. Infrastructure investment is a highly likely element of whatever package is presented, but works all too slowly. Tax cuts or something similar cannot be ruled out. Supported by both monetary and fiscal stimulus, the economic fallout from the referendum vote and the subsequent negotiations may well not be as sharp or prolonged as feared, although the brightly lit uplands envisaged by some Brexit supporters are likely somewhat more distant than envisaged. Whilst the economic growth consequences of BREXIT remain speculative, there is uniformity in forecasts that the outlook in the near-term will be one characterised by lower growth.

Neither the new Prime Minister nor Chancellor support the goal of the previous holders of their respective office of achieving a Budget surplus by 2020; and new Chancellor is open to borrowing to "invest wisely... and get a return on that investment that will be a benefit to the Exchequer" which suggests fiscal loosening is a possibility in the near future.

Meanwhile, inflation is expected to pick up due to a rise in import prices, dampening wage growth and real investment returns. The August Quarterly Inflation Report from the Bank of England forecast a rise in CPI to 0.6% before it increases to 0.8% and

ends 2016 at 0.9%. As outlined in the Report and by Governor Mark Carney this will be driven by the pace of transmission into prices of the higher cost of imports arising from the post-Brexit vote depreciation in sterling implying that there is scope for the rise in inflation to be less linear than the Bank's forecasts suggest.

Market reaction: Following the referendum result gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. The yield on the 10-year benchmark gilt fell from 1.37% on 23rd June to 0.52% in August, a quarter of what they were at the start of 2016. The yield on 2- and 3-year gilts briefly dipped into negative territory intra-day on 10th August to -0.1% as prices were driven higher by the Bank of England's bond repurchase programme. The fall in gilt yields was reflected in the fall in PWLB borrowing rates.

On the other hand, after an initial sharp drop, equity markets appeared to have shrugged off the result of the referendum and bounced back despite warnings from the IMF on the impact on growth from 'Brexit' as investors counted on QE-generated liquidity to drive risk assets.

The most noticeable fall in money market rates was for very short-dated periods (overnight to 1 month) where rates fell to between 0.1% and 0.2%

## Money Market Data

Table: Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/4/2016	0.50	0.36	0.36	0.39	0.46	0.61	0.88	0.78	0.83	0.98
30/4/2016	0.50	0.36	0.36	0.38	0.47	0.62	0.90	0.86	0.95	1.13
31/5/2016	0.50	0.35	0.37	0.39	0.46	0.61	0.89	0.82	0.92	1.09
30/6/2016	0.50	0.35	0.36	0.39	0.43	0.55	0.80	0.49	0.49	0.60
31/7/2016	0.50	0.15	0.45	0.42	0.52	0.64	0.77	0.47	0.47	0.54
31/8/2016	0.25	0.11	0.18	0.21	0.39	0.54	0.76	0.43	0.43	0.50
<b>Average</b>	0.45	0.29	0.40	0.44	0.55	0.68	0.86	0.64	0.68	0.80
<b>Maximum</b>	0.50	0.43	0.55	0.61	0.72	0.83	1.04	0.88	0.99	1.20
<b>Minimum</b>	0.25	0.02	0.15	0.18	0.36	0.50	0.66	0.38	0.37	0.42
<b>Spread</b>	0.25	0.41	0.40	0.43	0.36	0.33	0.38	0.50	0.62	0.78

COUNCIL  
12<sup>th</sup> December 2016



<b>Recommendation from Cabinet 29<sup>th</sup> November 2016</b> <b>Medium Term Financial Strategy 2017/2018 to 2020/2021</b>	<b>Agenda No: 13</b>
<b>Background Papers:</b>  <a href="#"><u>Medium Term Financial Strategy 2017/2018 to 2020/2021 Report</u></a>	<b>Public Report</b>

**Minute Extract:**

**CABINET – 29<sup>TH</sup> NOVEMBER 2016**

**50     MEDIUM-TERM FINANCIAL STRATEGY 2017/18 TO 2020/21**

**INFORMATION:** Councillor Bebb, Cabinet Member for Finance and Performance highlighted the following points;

The efficiency plan that had been put forward in September 2016 had been agreed by the Department for Communities and Local Government (DCLG).

Until the actual Settlement Funding Assessment (SFA) figures were confirmed following the Autumn Statement, it was expected that the revenue support grant from the SFA would fall from £777,000 next year to £272,000 for the following year and for the year after an extra tariff to be payable from business rates of £291,000.

The administrative subsidy for Local Council Tax Support and Housing Benefit schemes made up a total of £658,620 in 2016/17 and it was anticipated that this would be reduced by 7% per annum from 2017/18.

The surplus anticipated from the Council Tax collected for the year was higher than in previous years and it was proposed to make a portion of this payable to Town and Parish Councils. The Council's share of the surplus was £194,255 and it was proposed that £34,820 was allocated to Town and Parish Councils in 2017/18.



The Council had balanced its budget for 2017/18; however, it was proposed to make provision of £150,000 for homelessness and the impact of welfare reforms, resulting in a net withdrawal from General Fund balances of £107,571.

The results of the recent Pension Fund Triennial Review, showed that whilst this Council's part of the Fund continued to be in deficit, i.e. liabilities of £134.084m exceed assets of £119.627m; this had reduced such that the funding level was 89.2%, compared to 82.4% as at the last review conducted at 31 March 2013. The ongoing employer contribution rate was set to rise to 16.5% from the current level of 14.4%; however, this has largely been offset by a reduction in the amount of deficit payment due. The pension deficit recovery period had diminished from 20 years in 2010 to 14 years in 2013 and had now dropped to 10.5 years.

The Council had the option to pay the total pension deficit over the next three years of £4,232,683 in one payment on 1st April 2017. This would be paid by borrowing from unallocated balances or earmarked reserves and paid back over the following two years. As a result of this, the Council would make a saving of £217,000 over the three years.

Members were advised that it was not proposed to make any changes to the current Local Council Tax Support Scheme.

**DECISION: Cabinet recommends to Full Council to agree:**

- a) The Braintree District Council's Local Council Tax Support scheme for 2017/18 as detailed on the Council's website:

[http://www.braintree.gov.uk/info/200302/benefits/367/housing\\_benefit\\_and\\_council\\_tax\\_support](http://www.braintree.gov.uk/info/200302/benefits/367/housing_benefit_and_council_tax_support)

; and

- b) That the surplus on the Council Tax Collection Fund be allocated between the District and parish/town councils as detailed in Appendix B to this report.

**Cabinet to agree that:**

- c) The Pension Deficit payments for the period 2017/18 to 2019/20 due to the Essex Pension Fund be made in a single payment on 1st April 2017, as detailed in section 6.3 of the main report ; and
- d) The Revenue Budget and Capital Programme for 2017/18, as presented in this report, constitute the initial Budget proposals and that views are sought as appropriate.

**REASON FOR DECISION:** Good governance arrangements through the proactive management of the Council's finances over the short and medium term.

To recommend to Council to agree the Local Council Tax Support scheme for 2017/18 for the Braintree District.
<p><b>Recommended Decision:</b> That Full Council agrees;</p> <p>a) The Braintree District Council's Local Council Tax Support scheme for 2017/18 as detailed on the Council's website:  <a href="http://www.braintree.gov.uk/info/200302/benefits/367/housing_benefit_and_council_tax_support">http://www.braintree.gov.uk/info/200302/benefits/367/housing_benefit_and_council_tax_support</a></p> <p>; and</p> <p>b) That the surplus on the Council Tax Collection Fund be allocated between the District and parish/town councils as detailed in Appendix B to this report.</p>

The full Medium Term Financial Strategy 2017/2018 to 2020/2021 report can be found [here](#).

<b>Proposed Freehold purchase of 3/4 Century Drive, Freeport Office Village, Braintree</b>	<b>Agenda No: 14</b>
<b>Background Papers:</b> <a href="#">Reports and Minutes of Cabinet 29<sup>th</sup> November 2016</a>	<b>Public Report</b>

**Minute Extract:**

**CABINET – 29<sup>TH</sup> NOVEMBER 2016**

**54     PROPOSED FREEHOLD PURCHASE OF 3/4 CENTURY DRIVE, FREEPORT OFFICE VILLAGE, BRAINTREE**

**INFORMATION:** Councillor Butland, Leader of the Council, left the Council Chamber whilst this item was considered and determined. Councillor Mrs Schmitt chaired the meeting in Councillor Butland's absence.

Members were reminded that this Item was linked to Item 15a in the Private Session of the Agenda, and that if any Member wished to refer to the private information contained within the report for that Item, it would be necessary for the meeting to be moved into Private Session.

**DECISION:** That, under Section 100(A)(4) of the Local Government Act 1972 the public and press be excluded from the meeting if it is necessary to discuss Item 15a of the Agenda and from the Private Report, on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 2 of Schedule 12 of the Act.

Both agenda items were taken together to enable consideration of all issues. It was not necessary for the meeting to be moved into Private Session.

**INFORMATION:** In accordance with its investment strategy the Council had completed various property investment purchases within the last two years that had supported growth, created job opportunities and generated valuable revenue streams through annual rent.

The recently adopted District Investment Strategy recognised the need for the District Council to prepare for growth by investing and delivering supporting infrastructure improvements across the District. An opportunity had come forward for the Council to purchase the freehold interest in an office property at 3/4 Century Drive, Freeport Office Village, Braintree. The property was a high quality, two storey, modern office building forming part of the Freeport Office Village.

The intent was to purchase this property by way of reserves and borrowing, with income reinvested in to services across the District.

**DECISION (Public Report):**

1. That Cabinet approves the acquisition of the freehold interest at 3/4 Century Drive, Freeport Office Village, subject to contract and due diligence or such other purchase price and terms as may be approved by the Cabinet Member for Corporate Services and Asset Management and the Corporate Director (Sustainable Development).
2. That Cabinet recommends to Full Council approval of the funding to purchase the property.
3. That Cabinet gives delegated authority to the Council's Section 151 Monitoring Officer to approve to Opt to Tax the property if required.

**DECISION (Private Report):**

1. That Cabinet approves the acquisition of the freehold interest at 3/4 Century Drive, Freeport Office Village, Braintree at a purchase price of the sum set out in the report, plus purchaser's costs, subject to contract and due diligence or such other purchase price and terms as may be approved by the Cabinet Member for Corporate Services and Asset Management and the Corporate Director (Sustainable Development).
2. That Cabinet recommends to Full Council approval of the funding to purchase the property.
3. That Cabinet gives delegated authority to the Council's Section 151 Monitoring Officer to approve to Opt to Tax the property if required.

**REASON FOR DECISION:** To enable the Council to obtain better rates of return on its investments.

**Recommended Decision:**

That Council approves the funding to purchase the property.

<b>Proposed Freehold purchase of 3/4 Century Drive, Freeport Office Village, Braintree</b>		<b>Agenda No:</b>
<b>Portfolio:</b> Corporate Services and Asset Management		
<b>Corporate Outcome:</b> A prosperous district that attracts business growth and provides high quality employment opportunities		
<b>Report presented by:</b> Councillor John McKee, Cabinet Member for Corporate Services and Asset Management		
<b>Report prepared by:</b> Mike Shorten, Surveyor and Valuer		
<b>Background Papers:</b>		<b>Public Report</b>
<b>District Investment Strategy Corporate Strategy 2016-2020</b>		<b>Key Decision: Yes</b>
<b>Executive Summary:</b>		
<p>In accordance with its investment strategy the Council has completed various property investment purchases within the last two years that support growth, creates job opportunities and generates valuable revenue streams through the annual rent.</p> <p>The recently adopted District Investment Strategy recognises the need for the District Council to prepare for growth by investing and delivering supporting infrastructure improvements across the District. An important element of this strategy is the provision of increased opportunities for new business and employment and also investment that provides a return for the Council.</p> <p>An opportunity has come forward for the Council to purchase the freehold interest in an office property at 3/4 Century Drive, Freeport Office Village, Braintree on the reported terms.</p> <p>The income generated from this investment purchase will be reinvested in services and into the District.</p>		
<b>Recommended Decision:</b>		
<ol style="list-style-type: none"> <li>1. That Cabinet approves the acquisition of the freehold interest at 3/4 Century Drive, Freeport Office Village, subject to contract and due diligence or such other purchase price and terms as may be approved by the Cabinet Member for Corporate Services and Asset Management and the Corporate Director (Sustainable Development).</li> <li>2. That Cabinet recommends to Full Council approval of the funding to purchase the</li> </ol>		

property.

3. That Cabinet gives delegated authority to the Council's Section 151 Monitoring Officer to approve to Opt to Tax the property if required.

**Purpose of Decision:**

To enable the Council to obtain better rates of return on its investments.

**Any Corporate implications in relation to the following should be explained in detail.**

<b>Financial:</b>	<p>It is proposed that this acquisition can potentially be funded by capital reserves or borrowings or a combination of these options.</p> <p>The Council has applied its Corporate Investment Evaluation Tool to this option which evaluates and scores key investment criteria to provide an overall score for the proposed investment which can be measured against other alternative investment opportunities. The evaluation of this option has produced a weighted score of 6.45: the minimum score to progress is 6.0.</p>
<b>Legal:</b>	The purchase of the freehold interest at 3/4 Century Drive, Braintree is subject to Full Council approval and subject to contract. The Council's Legal Service will be instructed to act on the Council's behalf in respect of the exchange of contracts and completion and ensure that its interests are protected at all times.
<b>Safeguarding:</b>	Not applicable.
<b>Equalities/Diversity:</b>	Disabled car parking, disabled WCs and appropriate signage are provided by the tenant to meet the requirements of disabled users.
<b>Customer Impact:</b>	This valuable source of revenue income will enable the Council to continue to deliver good quality services to its customers and provide value for money.
<b>Environment and Climate Change:</b>	This is a 1990s office building of traditional construction with a 'C' Energy Performance Asset Rating.
<b>Consultation/Community Engagement:</b>	The acquisition of this property will be subject to Cabinet and Full Council approval.
<b>Risks:</b>	See Risk Matrix in the main body of this report.
<b>Officer Contact:</b>	Mike Shorten
<b>Designation:</b>	Surveyor and Valuer
<b>Ext. No:</b>	2925
<b>E-mail:</b>	<a href="mailto:micsh@braintree.gov.uk">micsh@braintree.gov.uk</a>

**1.0 Background**

- 1.1 The Peer Challenge in October 2013 highlighted that the Council should consider identifying opportunities to generate a better return on investments of public funds including having a more innovative use of assets and maximise income.
- 1.2 Asset Management have been proactively researching suitable investment opportunities that generate greater returns (a target above 5% has been assumed) which are considered relatively low risk.
- 1.3 The Council has acquired the Eckard House site (now Easton Road commuter car park) and Mayland House (now Cofunds House) in Witham; 850 The Crescent, Colchester Business Park; an industrial investment at 4 Crittall Drive, Braintree and Block B, Braintree College (for conversion to a medical centre). The purpose of these investments is to provide an annual income stream but other benefits include the creation of job opportunities, economic development and enhancement of local facilities.
- 1.4 An opportunity has now come forward to purchase the freehold interest in an office building at 3/4 Century Drive, Freeport Office Village, Braintree which will generate additional income for the Council.

## **2.0 The Investment Opportunity**

- 2.1 This property is a detached, air-conditioned two storey building forming part of the Freeport Office Village consisting of fourteen office buildings within a gated development. It comprises a floor area of about 4,780 square feet with 18 car parking spaces and is situated adjacent to Greenfields House in the position shown by a red border on the attached location plan.
- 2.2 The property has four different entry points and could be occupied by up to four different occupiers.
- 2.3 Allen Brothers Ltd, a timber window and door business, occupies the entire property on the terms of a 5 year full repairing lease, expiring June 2019.
- 2.4 The property is arranged as a showroom with sales office on the ground floor and administrative offices at first floor level.
- 2.5 Following advice from independent valuers, a freehold purchase price has provisionally been agreed with the owner on a private treaty basis. This price takes into account current rental values and makes allowance in the capitalisation rate for the short unexpired term of the current lease.
- 2.6 The intention is to fund the purchase by way of capital reserves and borrowing.

## **3.0 Risk Assessment.**



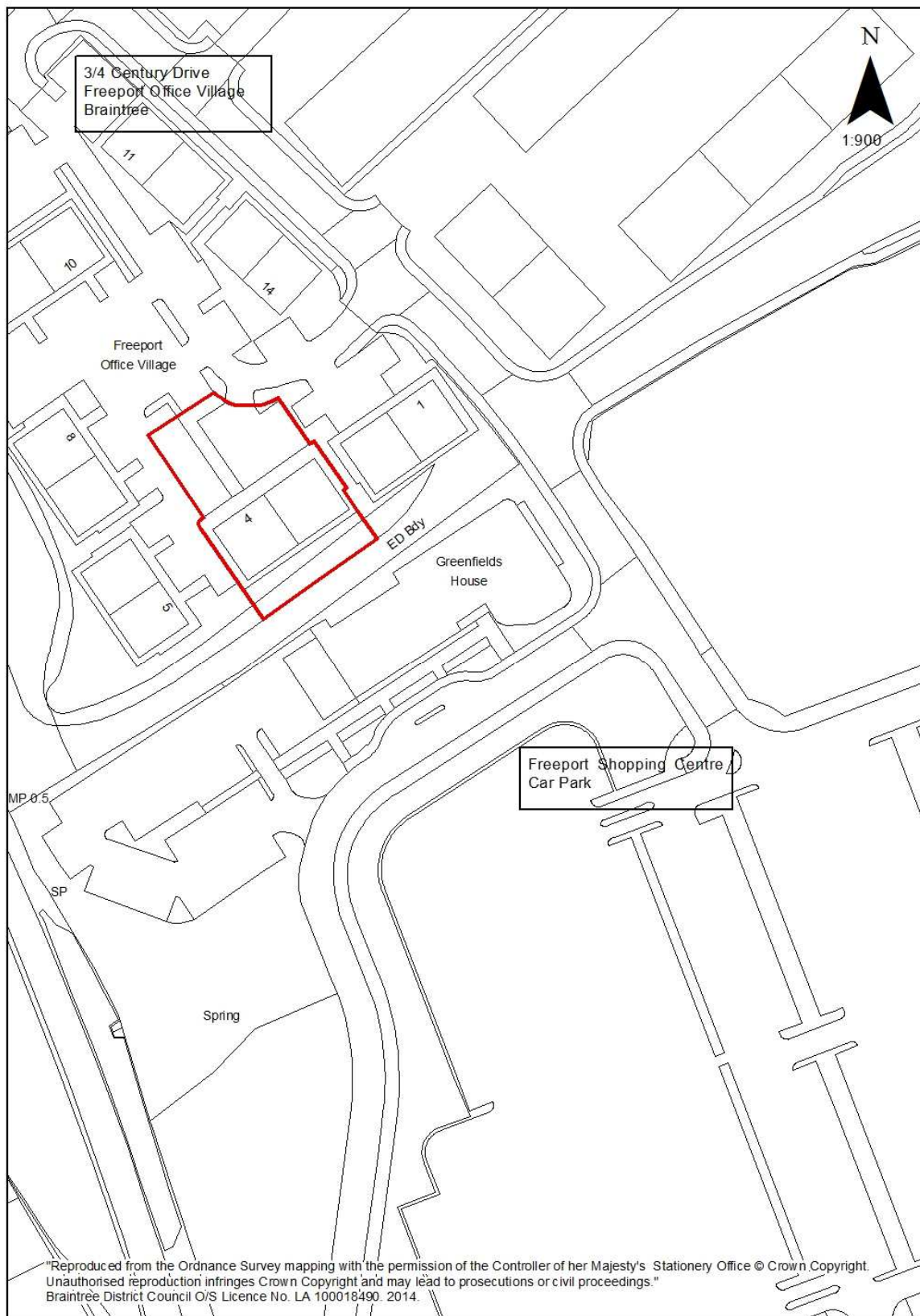
	<u>Item:</u>	<u>Issue:</u>	<u>Action:</u>
3.1	Void property	Tenant vacates property at lease expiry June 2019.	The Council would enter into early discussion with the tenant to renew or re-gear its lease. If the tenant is looking to vacate then the Council would start marketing the property at least 12 months prior to the expiry date.
3.2	Financial standing of the tenant	Significant rent arrears or business failure would negatively impact on the Council's rental income.	Due diligence (credit and rental payment record checks etc) to be completed prior to purchase.
3.3	Economic conditions change and rents/values decline	This would impact on the Council's ability to obtain rental increases at review or lease renewal or potentially dispose of the property in the open market in excess of the price and costs incurred in purchasing the property.	It is assumed that the Council will be holding this investment for at least 10 years plus which will help it to overcome fluctuations in the market. Over this period the Council's equity interest in this property will increase.  Periodic upward only lease rent reviews should provide a degree of stability for this investment.
3.4	Repairing, maintaining and insuring premises	This is a high specification 2 storey property (4,780 sq. feet) which will need to be properly maintained and insured.	The current lease has been granted on a tenant's full repairing and insuring basis. Future leases should be granted on the same basis.

#### **4.0 Summary**

4.1 This property is a high specification office building situated within a

popular Office Village development. The purchase price has been verified by independent valuers as representing 'market value' and accordingly the Council can be recommended to proceed on the agreed terms.

## Appendix 1 – Location Plan.



**LEADER'S REPORT TO COUNCIL**

**Agenda No: 15a**

**OVERALL CORPORATE STRATEGY AND DIRECTION**

**Essex Police and Crime Panel 3<sup>rd</sup> November 2016**

I attended the Panel meeting on behalf of Cllr Mrs Wendy Schmitt. Key items on the agenda were:

- The Police and Crime Plan –the Plan was presented to the Members for their consideration and endorsement.
- Anti-Social Behaviour - tackling anti-social behaviour is one of the priorities in the new Police and Crime Plan. The report updated the Panel on the work of Essex Police in relation to anti-social behaviour.
- Essex Police Estate Strategy and Transformation - to provide the panel with:
  - i) An overview of the Essex Police Estate Strategy and the principles that underpin it.
  - ii) An outline of the core components that will comprise the Future Estate Model and the high level planning to achieve them.
  - iii) A summary of the benefits that the Estate Strategy will deliver.
- Oral Update by the Commissioner on Police and Fire Collaboration

**North Essex Garden Communities Shadow Joint Delivery Board held on the 3<sup>rd</sup> November 2016**

I attended this meeting along with Cllr Lady Newton. Items discussed were the draft reports scheduled to go to the partner authorities' Cabinets and Council meetings in November/December on the establishment of the garden communities' local delivery vehicles and funding requirements. There was also an item on the Peer Review of the Garden Communities project to inform the Board that a Peer Review is being arranged and to seek the Board's comments on the draft terms of reference and the proposed team led by Lord Kerslake.

**Peer Review of Garden Communities**

On the 10<sup>th</sup> November 2106, I chaired a meeting of Leaders (or their deputies) and Chief Executives and Directors from the four partner authorities (Braintree, Tendring, Colchester, Essex CC) where we met with Lord Kerslake. We had a very productive discussion during which Lord Kerslake gave his first impressions and an indication of the lines of enquiry that he and the team will start to explore. The Peer Review is likely to commence in late November/early December 2016 with a report to be published in the new year.

**Meeting with James Cleverly MP on the 4<sup>th</sup> November 2016**

On the 4<sup>th</sup> November Cllr Lady Newton and I met with James Cleverly. We discussed various matters including an update on the local plan and proposed garden communities; infrastructure improvements including the A120, A12, rural broadband

and rail; Braintree District Investment Strategy including Braintree town centre redevelopment project and new health centres for the town; economic development in rural areas and improvement work on Halstead and Braintree town centres; looking ahead to the Autumn Statement and Braintree DC's budget 2017/18.

**East of England Assembly of Council Leaders on the 28<sup>th</sup> November 2016**

I will be attending this meeting and will provide verbal feedback at the Council meeting.

**Meeting with Priti Patel, MP on the 2<sup>nd</sup> December 2016**

Cllr Mrs Wendy Schmitt, Deputy Leader and Cllr Lady Newton, Cabinet Member for Planning and Housing, will meet with Priti Patel MP on my behalf. I will provide verbal feedback at the Council meeting.

**Essex Leaders and Chief Executives meeting on the 8<sup>th</sup> December 2016**

The agenda is not yet confirmed, but I intend to attend this meeting and will provide verbal feedback at the Council meeting.

Councillor Graham Butland  
Leader of the Council

<b>Contact:</b>	<b>Councillor Graham Butland</b>
<b>Designation:</b>	<b>Leader of the Council</b>
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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
FINANCE AND PERFORMANCE**

**Agenda No: 15b**

**Tax Collection rates as at end of October**

**Council Tax** – The running total collected was 68.54% (compared to 69.75% at the same time last year), and amount collected was £54.998million

**Business Rates** – The running total collected was 67.35% (69.178%), and amount collected £29.896million.

**Investments**

Following consultation with Arlingclose, Treasury management advisors, a further sum of £2million has been invested in Equity Funds. This has been phased to take into account of market conditions following the US Presidential election. This takes the Council's total investment in Equity and Property Funds to £14million; the limit in the current Treasury Management Strategy for these investments is £15million.

**Second Quarter Performance: projects and performance indicators**

In the second quarter of the year, the Council has performed well with five projects completed and 41 projects are progressing well.

Of the 18 performance indicators used to measure the success of our priorities, 14 have achieved target, one performance indicator has just missed target and three performance indicators have missed their target by more than 5%.

Re financial performance, a review of the current year budget, undertaken at the end of September, predicts a positive variance for the year of £303,000 against the budget of £13.107million. This is due to additional income of £169,000 and savings against expenditure budgets of £134,000.

**Medium Term Financial Strategy**

Work continues in developing the medium term financial strategy, with a schedule of events culminating in the full council meeting on February 22<sup>nd</sup>. On November 23<sup>rd</sup> initial budget setting proposals were presented to the Overview and Scrutiny Committee.

- Having submitted the Efficiency Plan agreed by the Cabinet on 12 September to the Department for Communities and Local Government (DCLG), we have recently been informed that our plan has been accepted. This means the Council will receive the amounts of Revenue Support Grant as provided in the 4-year settlement issued in February 2016.
- Until the actual Settlement Funding Assessment figures are confirmed by DCLG in the weeks following the Autumn Statement the original figures contained in the offer have been incorporated in the updated Financial Profile. Our Revenue

Support Grant component of SFA is set to fall to £777,347 in 2017/18, £272,280 in 2018/19, and with a Business Rate Tariff (penalty) due of £291,481 in 2019/20.

- The other significant funding received from Central Government is the administrative subsidy for Local Council Tax Support and Housing Benefit schemes (total of £658,620 in 2016/17). It is expected that the allocations for 2017/18 will also be received in the weeks following the Autumn Statement. The MTFS currently anticipates a reduction of 7% per annum to these subsidies.
- The budget setting process includes estimating the amount of council tax expected to be collected. Variation from the estimate results in either a surplus or deficit in the Collection Fund which must be either returned to or requested from council taxpayers in the following year. The surplus or deficit is allocated between the four major preceptors: Essex County Council, Braintree District Council, Essex Police and Crime Commissioner and Essex Fire Authority. It is estimated that the balance on the Collection Fund available for distribution is a surplus of £1,502,454. The Council's proportion of the council tax surplus, to be returned to council taxpayers in 2017/18 is £194,255. At the November 29<sup>th</sup> Cabinet meeting it was proposed that £34,820 of this surplus is paid to town and parish councils in 2017/18.
- The current initial budget proposals, as submitted to Cabinet on November 29<sup>th</sup>, provide a balanced budget for 2017/18 which includes: an increase of 1.97% in the level of council tax; additional income and cost reductions of £0.842million; additional spend and reductions in income of £0.928million on unavoidable demands; a net withdrawal from balances of £0.108million; and the Government's Settlement Funding Assessment at the provisional figure of £4.03million (a reduction of £0.762million over the current year).
- The financial position forecast for 2018/19 to 2020/21: shows savings of £611,400, £524,008 and £234,383 will be required to be found in 2018/19, 2019/20 and 2020/21 respectively. It is intended to continue the work developed under the Peer Challenge Action Plan to address the shortfalls in funding as the Council becomes grant free and a new Business Rate Retention scheme is implemented in 2020/21.

### **Triennial Pension Review**

The result of the Triennial Review of the Essex Pension Fund, as at 31<sup>st</sup> March 2016, was received on 30<sup>th</sup> October 2016. The review determines the pension fund assets and liabilities applicable for each employer in the fund and sets the deficit contribution and employer contribution rate for the three years 2017/18 to 2019/20.

- The review indicates that whilst this Council's part of the Fund continues to be in deficit, i.e. liabilities of £134.084m exceed assets of £119.627m; this has reduced such that the funding level is 89.2%, compared to 82.4% as at the last review.
- The ongoing employer contribution rate is set to rise to 16.5% from the current level of 14.4%. Although this element is increasing, the deficit on the Council's part of the Fund has been reduced such that the combined elements are only marginally higher than that at the previous review in 2013: total contribution rate of 31.4% compared to 31.3%.
- The triennial reviews in 2010 and 2013 set Deficit Recovery periods of 20 years and 14 years, respectively. The current review has determined the recovery period has reduced to 10½ years: a reduction of 3½ years representing an improvement against the anticipated reduction following 3 years of deficit payments.

- The ongoing employer contribution is estimated at £1,650,700 pa. The Deficit payment is £1,427,130 in 2017/18 and rises by 3.9% in each of the two following years.
- The Council has an option to pay the total deficit for the three years in a single payment of £4,232,683 on 1<sup>st</sup> April 2017. This represents a one off saving of £217,842 over the three annual payments option.
- It was proposed to Cabinet on November 29<sup>th</sup> that Council opts to pay the total deficit payment on 1<sup>st</sup> April 2017. The accounting requirement for this is that the total payment is accountable in 2017/18; the implication of this is that two thirds of the payment (re 2018/19 and 2019/20) will need to be funded from the unallocated balance and/or earmarked reserves in 2017/18 but these sources will be repaid over the two following years.

### **Discretionary Business Rates Relief Scheme**

A review is currently in progress of the Council's Discretionary Business Rate Relief for Charities and Not-for-Profit Organisations.

The purpose of the review is to ensure the criteria used is clear and transparent; and to introduce a time limit on awards and a process for re-application.

All current recipients of this discretionary rate relief were informed of the review in March 2016 and have been requested to complete and submit a new application form which will be assessed against the updated scheme and determine the award for 2017/18. The updated scheme will be considered by Cabinet in the first half of 2017.

Councillor David Bebb  
Cabinet Member for Finance and Performance

<b>Contact:</b>	<b>Cllr David Bebb</b>
<b>Designation:</b>	<b>Cabinet Member for Finance &amp; Performance</b>
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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
ECONOMIC DEVELOPMENT**

**Agenda No:15c**

Enterprise Centres

On the 5<sup>th</sup> September, the Council approved the construction of four commercial grown-on units adjacent to Ignite House including additional car parking which will enable Ignite to market and promote the new training and conference facilities in Ignite House. A planning application was submitted on the 24<sup>th</sup> October and construction is due to commence in April 2017.

We are continuing to work with the developer on the Rural Business Hub proposal as part of the Premdor development in Sible Hedingham with Bloor Homes submitting a planning application on the 26<sup>th</sup> August.

Industrial Estates

Following improvement works on Springwood Drive undertaken in the last 12 months, we are now progressing with the next phase of works. We are undertaking some much needed repairs to street lights along some of the footpaths and have recently completed a tender exercise to replace the outdated signage across the estate with a more modern design style. We are also pleased to have agreed with the Witham Industrial Watch for funding towards additional signage as well as upgrades to the CCTV coverage.

Following on from a meeting with Essex County Council Highways and businesses on Springwood Drive earlier this year, we are continuing to progress long term solutions to congestion issues as we continue to be aware of the ongoing issues that businesses face. I would encourage any businesses experiencing issues to make their feelings known to Essex County Council as the Highway Authority.

Regeneration

As noted on the last report, our design work for town centre improvements in Halstead and Witham Town Centre has been developed with stakeholder groups and secured their support for us to proceed to delivery. This has given us sufficient clarity to open a productive dialogue with other agencies, such as the Highways Authority, to work up our delivery plans. Our dialogue is advancing us towards a point where we can be clear on what can be built and when.

With town centre improvement masterplans well underway in Halstead and Witham, our focus in Braintree will develop a masterplan for the town centre. This will build upon our successful improvements to date and we are working closely with the county council to generate a joint vision for the town centre by the spring, which will guide the masterplanning work.

I will update Members in more detail on this work early in the New Year.

### Business Engagement

Following on from our successful Local Plan business event in July, Braintree District Council sponsored an Essex Chambers of Commerce business breakfast on the 2<sup>nd</sup> September where attendees had the opportunity to meet and take part in a lively question and answer session with Roger Hirst the Police and Crime Commissioner for Essex.

Looking forward, we are planning our next business event on 7<sup>th</sup> December focusing on the Apprenticeship Levy, further details of which are in the skills section of this report, plus we are also in the process of planning our final event of the year, in partnership with the Chairman's Office, taking place at the Fennes in Bocking next March. This free event will include talks on key issues identified by business and an exhibition featuring local companies followed by the Chairman's Rural Business Reception.

Cllr Rose attended the LoCASE (Low Carbon Business Support Programme) launch at Colchester United Football Stadium. The launch, which signifies £18 million pounds of investment, was aimed at supporting small and medium sized businesses across the South East Local Enterprise Partnership (SELEP) region. The project will provide business support to new businesses and help to introduce new products, create jobs in the LCEGS (Low Carbon Environmental Goods and Services) sector, transfer knowledge and raise awareness.

Cllr Rose attended the Job Fair at Stansted Hilton Hotel where exhibitor stands were actively recruiting for airport and aviation support sector positions. The close proximity of the Braintree District to Stansted was discussed with a view to raising the awareness of the A120 corridor and the Braintree District as a base for commercial business setup as an alternative to the airport location.

### Broadband

Following the launch of the phase 2 of the Superfast Essex Programme in June of this year; the Superfast Essex Team has announced a further £10million investment across the county for areas which are still experiencing the lowest levels of superfast broadband availability.

The tender for the Phase 3 rollout was launched on Thursday 10 November and has been split into four separate lots across the county. This new approach will focus on the rurality of the remaining areas and consider all technologies capable of providing superfast speeds, not just fibre to the cabinet. It is hoped that the new contracts and opportunity to use alternative solutions will enable smaller network operators to tender to take part in the Superfast Essex scheme and partner with the County Council. Once the procurement process has been completed, Essex County Council is expected to award contracts by May 2017.

Information about when individual areas are due for an upgrade can be found online at the Superfast Essex website along with information about the Better Broadband Voucher scheme. I would also encourage residents and businesses to continue to

register interest if you would like to receive superfast broadband in your area by going online or calling Essex County Council.

### Skills

The Economic Development Team has been joined by a secondee from Essex County Council who will assist in the development of a robust employability and skills strategy for the District and the establishment of a District Employment and Skills Board.

From April 2017, the apprenticeship levy will be coming into effect and will have an impact not just on larger levy paying companies but smaller employers wishing to access funding for apprentices. It is for this reason that, on the 7th December, Braintree District Council will be hosting a business breakfast with support from the Essex Employment and Skills Board, Colchester Institute and consultants UK Levy. The event will give local businesses the opportunity to find out more about how the changes will affect them.

Councillor Tom Cunningham  
Cabinet Member for Economic Development

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
PLANNING AND HOUSING**

**Agenda No:15d**

**INFRASTRUCTURE**

Essex County Council is continuing to work on the options for a new or improved route for the A120 from Braintree to the A12. Regular community, member, environment and business forums are being held, ahead of the expected publication of route options in January 2017.

**Housing Development Strategy**

On 12<sup>th</sup> September 2016 Cabinet approved the resources to develop a full business case relating to the establishment of a Housing Development Company (HDC). The proposed HDC has the potential to bring forward a robust delivery programme of new homes across the District, to include a range of tenures, such as private sale, affordable rent, private rent, keyworker and starter homes. It would also contribute to wider objectives, including the generation of a financial return, the development of under-utilised Council-owned land and employment opportunities through on-site developments.

In partnership with Colchester BC consultants have now been appointed to advise both Councils on all relevant matters, including company structure, governance, legal, taxation, costs and values. Capacity studies covering all Braintree DC-owned sites demonstrate potential capacity of approximately 185 new homes.

**PLANNING POLICY**

A revised Objectively Assessed Need Study was reported to the Local Plan Sub Committee on 10<sup>th</sup> November 2016. The officer recommendation which was accepted by the Sub-Committee was to increase the overall annual housing target in the Local Plan from 845 new homes per year to 868 new homes per year. This takes into account new data released from the government and the shortfall of homes not delivered since 2013.

The Local Plan Sub-Committee continues to consider representations received on the draft Local Plan over the Summer and make changes to the Local Plan to take those responses into account. The Submission Local Plan will be considered by Full Council at a special meeting on 7<sup>th</sup> February 2017.

**DEVELOPMENT MANAGEMENT**

I thought it would be helpful for Members to know that since April 2016 planning consents have been granted for 1,267 homes.

## **HOUSING**

### **Development Programme**

Although this year's programme has been badly affected by the loss of 42 affordable homes on the Premdor site at Sible Hedingham, we have better news for next year. There were starts on sites for 87 new affordable homes in October. Most were in Kelvedon as Greenfields' regeneration schemes get fully under way but also includes 2 additional homes in Bulmer and Colne Housing's new scheme for 21 flats on the site of Crossman House, Braintree.

The developer Bellway Homes has started groundworks on sites in Halstead and Witham, which together will provide 95 affordable homes. No definitive schedule is available yet but we would expect some of the new homes to become available during 2017/18.

Greenfields' development at Forest Road, Witham is proceeding ahead of schedule and there may be some completions in early 2017 – ahead of our predicted April completion date.

### **Contracts for Housing Related Support**

The Essex County Council contracts for most of the support services provided in supported housing are due to be re-let during the next 6 months. The first contract for services to 18-21 year-olds is about to be advertised. After a period of additional consultation, a few changes to the terms of the contract have been agreed but fundamentally, the new contract is likely to mean that the District will not be able to secure nominations to any of the district's housing schemes for young people.

The affected schemes are Bramble Court in Witham, The Foyer and College House in Braintree. We are expecting a loss in the number of units overall and for access to be controlled by Essex County Council; currently we are the main nominee to the schemes.

Advertising for the contracts will take place during December, with contracts let by May 2017. Officers have been discussing the issue with providers but until the terms of the proposed contracts are published, it is difficult to assess alternative ways of securing resources to try to prevent schemes closing.

### **Housing Strategy**

A new Housing Strategy for the District is being considered by the Cabinet on 28<sup>th</sup> November. The Strategy focusses on actions that we can take over the next 5 years to:-

- Provide new affordable housing;
- Help vulnerable people to live independently; *and*
- Help people to access private rented housing and improve housing conditions in the private sector.

Councillor Lady Patricia Newton  
Cabinet Member for Planning and Housing

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
CORPORATE SERVICES AND ASSET MANAGEMENT**

**Agenda No: 15e**

**GOVERNANCE**

The annual canvas of electors is underway, on-going currently at a satisfactory response rate of 94.13%

On October 20<sup>th</sup> there were two by-elections run successfully in the district caused by two members standing down.

Overview & Scrutiny activities:

- Task and Finish Group into Obesity
- Scrutiny Review into Broadband Provision
  - Evidence gathering completed with final report presented to O&S on 23<sup>rd</sup> November and Council on 12<sup>th</sup> December 2016.
- Scrutiny Review into Employment Sites
  - Due to commence 7<sup>th</sup> December 2016
  - Scrutiny of Budget and Council's Priorities Completed 23<sup>rd</sup> November 2016.

**BUSINESS SOLUTIONS**

Cyber Security

ICT continue to roll out the cyber awareness programme to staff, presentations have been prepared and are being rolled out to staff and Councillors.

An online course has been developed to refresh staff on threats, issues, pointers and what they need to do to avoid being infected and how to deal with infections.

Awareness sessions for Members will be held later in the year and all Members are reminded **not to open any attachment** that comes from an unknown source

Over the last few months the ICT team have been dealing with performance problems with the ICT contract. This has now been escalated with the supplier and is being dealt with as a contractual issue with a remedial plan being worked on to bring the performance back into line with expectations and contractual requirements.

**ASSET MANAGEMENT**

Again asset management have been extremely busy and have made significant progress since my last report on a number of investments that form part of our overall investment strategy. Recently two more schemes are in the pipeline for Cabinet approval on 29<sup>th</sup> November 2016 and were discussed during O&S review of the budget on 23<sup>rd</sup> November 2016;

- Purchase of Headlease at 15 Springwood Drive
- Acquisition of Freehold Office Premises at Century Drive , Freeport Village

**COMMUNICATIONS AND MARKETING**

There has been significant communication activity covering :

- Continuation of the garden waste suspension messages – stickers on bins and comms through channels.

- E- contact around composting messages
- PR for garden communities
- Flats recycling scheme
- Recycling incentives scheme implementation

#### Customer Survey results:

- Overall customer satisfaction with the way Braintree District Council runs things = 86%.
- How informed do you feel about the services and benefits available from BDC = 76% feel well informed

## HR AND ORGANISATIONAL DEVELOPMENT

### Apprentices

Lauren Wiffen(Marketing & Comms Level 2) and Michelle Hutchins (Benefits Level 2) were both shortlisted as finalists in the East of England stage of the National Apprenticeships Awards 2016. This was the first time BDC has got through to this stage of the awards which are highly prestigious as they are held by the National Apprenticeship Service. Both apprentices received “Highly Commended” awards and were presented with Trophies. These will be formally presented to them during the meeting.

Lauren was entered for PPMA Apprentice of the Year. This award is open to apprentices in the public service. Lauren was shortlisted and attended a 2 day assessment centre at Warwick University. Although Lauren didn’t win, she fed back that this was one of the highlights of her apprenticeship and she learnt a great deal of new skills and personal development.

Lauren will represent BDC as the winner of the North Essex Business Awards in the Countywide Business Awards which is being held on December 2<sup>nd</sup> at Five Lakes Crowne Plaza. She will be accompanied by the Chairman and Cllr McKee.

### Staff Development

BDC submitted a team into the LG Challenge, which took place in October. The team comprised of a mixture of staff that had been nominated via CMB. The team finished 7<sup>th</sup> on the day, however Dan Mellini won the best “Chief Executive of the day” and was presented with a trophy. This will be formally presented to him by the Chairman at Full Council in December. Sam Jenkins – L&D Consultant also attended the event as an assessor.

Councillor John McKee  
Cabinet Member for Corporate Services and Asset Management

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
ENVIRONMENT AND PLACE**

**Agenda No: 15f**

**OPERATIONS**

**Bocking Allotments**

We have now started letting the plots at the new Bocking Allotment site and tenants are preparing for the new growing season. So far, 19 plots have been allocated to new tenants.

**Best Kept Playing Fields Competition**

The Chairman attended the annual awards of the Essex Playing Fields Association on 13 October. The competition regularly attracts in the region of 100 entrants from around the county and it is generally regarded as being second only to the county's Best Kept Village competition in terms of prestige. I am delighted to report that the Council received a total of 21 separate awards for its playing fields/play areas including overall winner for Spa Road, Witham, and joint runner-up with Chelmsford CC for Mill Chase, Halstead, in the Class 5 category (playing fields professionally maintained and managed by larger authorities/ commercial organisations) and runner-up in the Class 3 category for the Gerald Snook Award for children's playgrounds at our Spa Road, Witham, site.

**Gold** awards were also presented for:-

Ashpole Road, Bocking  
Church Street, Bocking  
King George V Halstead  
Witham Town Park

**Silver** for:-

Meadowside Open Space  
King George V Playing Field junior/toddler areas.

This reflects the high standard of maintenance of our playing fields and play areas, and is also a credit to customers who use and clearly value these facilities by treating them with respect.

**DCLG funded Flats & Schools Recycling Project**

MEL Research was appointed to doorstep over 2,500 flats during November to sign up residents to the DCLG recycling rewards scheme. The scheme is only available to flats where the management company has worked with the Council over the past 10 months to introduce new recycling bins on their sites in order to reduce the amount of residual waste generated.

**Traffic Regulation Orders**

On 20 October 2016, the North Essex Parking Partnership Joint Committee approved the implementation of waiting restriction schemes in the following areas:-

- Nottage Crescent, Braintree

- Church Green, Coggeshall
- High Street, Earls Colne

NEPP will now pursue the legal processes including advertising the proposals for each scheme with the aim of introducing the restrictions in 2017, subject to the outcome of public consultation.

### **Car Parks**

As usual in the run-up to Christmas, the Council will be opening up all floors of the George Yard multi-storey car park on Sundays to accommodate the increased number of shoppers at this time of year. These arrangements commenced to coincide with the Christmas event in Braintree Town Centre on the weekend of 19 & 20 November.

### **North Essex Parking Partnership (NEPP)**

The County Council, in conjunction with District, Borough and City Councils, has undertaken a review of the current management and operation of on and off-street parking enforcement and lines/signs. Braintree District Council has agreed to extend its contract with the NEPP for a further 7 years when the current contract expires in March 2018.

### **Waste**

At the Essex Waste Partnership Board meeting in November, Members discussed the increasing number of fly-tipping incidents across the County and particularly large-scale fly-tips. We are looking at a more collaborative approach in conjunction with the Environment Agency, Essex Police and our fellow local authorities and I am keen that we participate in a cross-boundary working group to share our knowledge and experience of dealing with fly-tipped waste.

## **ENVIRONMENT**

### **Air quality**

The Annual Status Report for Air Quality in the Braintree District was submitted to DEFRA in August 2016. The air quality within the District is quite stable and there is no need to declare any Air Quality Management Areas or proceed to a detailed assessment.

### **Sustainability**

Town Hall – secondary Double Glazing



Spot the Double Glazing

As part of the energy efficiency works at the Town Hall to reduce its operating costs the Sustainability Team has installed high quality secondary glazing in the form of aluminium framed sash windows. These were approved by both ECC Historic Buildings and Historic England. A colour matched oak print with raised wood grain has been applied to the visible parts of the aluminium frame achieving an exact match to the existing oak frame. The windows comprise of thermally efficient low emissivity glass that retains heat, the frames have been measured and manufactured to be airtight. A second benefit has become very apparent in that they also provide excellent sound proofing.

The firm Selectaglaze will produce joint press release on the windows for the trade and historic media. The windows were installed on time and on budget. Cost £37,000, payback against heat loss saving within 12 years.

## **COMMUNITY SAFETY**

A seminar on Gangs was held to raise awareness of emerging issues. Approx. 50 people from BDC, Essex Police and Fire, Social Care, Schools, Health and the Voluntary Sector listened to presentations and looked at how they could work together deal with the issues.

In October I attended the launch of the Volunteer Police Cadets, in Witham and then the public meeting held by the PCC, this was attended by approximately 20 members of the public and several Councillors. Questions were put to the PCC and the chairman of the Community Safety Partnership, Andy Wright.

The Police and Crime Commissioner has published his plan for the year this can be viewed on [www.essex.pcc.police.uk](http://www.essex.pcc.police.uk)

## **LANDSCAPES AND COUNTRYSIDE**

On 3rd December, as part of the Tree Councils national tree planting initiative, trees will be planted in the Hoppit Mead Nature Reserve by the volunteer group and in Coggeshall Pieces, Halstead, with the Halstead group volunteers and some students from Ramsey Academy

Councillor Mrs Wendy Schmitt  
Cabinet Member – Environment and Place

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**REPORT TO COUNCIL – PORTFOLIO AREA OF HEALTH  
AND COMMUNITIES**

**Agenda No: 15g**

**Be Healthy & Live Well**

**Health & Leisure**

The Active Braintree District network held its third annual Sports Awards evening on 7<sup>th</sup> November 2016 hosted at the College at Braintree. The event celebrated outstanding contributions to sport and physical activity and featured awards sponsored by local businesses including Birkett Long Solicitors, Mid Essex Clinical Commissioning Group, Fusion Lifestyle, The Chairman Cllr Frankie Ricci and the Braintree & Witham Times and Colchester Institute. We had a record number of nominations received for a range of awards celebrating areas such as:-

- Elite athletes – competing at County, regional and national levels
- Local athletes – competing and achieving at a local level
- Coaches and volunteers – inspiring elite and developing athletes to reach their full potential
- Inspirational schools, clubs & organisations

This type of event supports and develops the Council's strategic objective of encouraging people to develop healthy lifestyles. The results have been posted on the Members Hub.

**Health provision in the District – delegated commissioning of primary care**

The Mid-Essex Clinical Commissioning Group (MECCG) has notified the Council that it intends to take to a report to its next Board meeting in December recommending that it takes on the commissioning of GP practices from April 2017. The MECCG is currently gathering feedback from member practices that will be taken into account, along with an overview of CCG readiness, at its next Board meeting in public on 1<sup>st</sup> December 2016.

Under the Health & Social Care Act 2012 commissioning of primary care services such as GP services has been the responsibility of NHS England. If the report is approved the Clinical Commissioning Group will assume responsibility for commissioning general practice services in the Braintree District. Other functions will also pass to the MECCG include:-

- General practice commissioning
- Approval of practice mergers
- Decisions on practice closures
- Complaints management
- Poorly performing GP practices
- Premises developments or improvements
- Responsibility for GP practice contract performance management

These new arrangements will introduce more local accountability for GP surgeries and the Cabinet Member for Health & Communities is arranging to hold regular briefings with representatives of the Commissioning Group.

### **Encourage independent and resilient communities**

#### **The Councillors' Community Grant Scheme**

The scheme is supporting an increasing number of local projects, the first eight grants awarded are as follows:-

<b>Organisation Funded</b>	<b>Grant Purpose</b>	<b>Grant Amount</b>
Witham Town Luncheon Club	Purchase of a chest freezer to enable full use of foods donated by local supermarkets	£200
First Stop Centre, Braintree	Purchase of replacement chairs and computers	£1,500
Braintree District Mencap	Staff costs for a parent and toddler group for newly diagnosed children and their families	£633.60
North Essex Table Tennis School	Improved lighting and new Tables	£500
Coggeshall in Bloom	Planting up containers and gardens	£200
Coggeshall Scout & Guides HQ	Contribution towards an equipment storage unit	£500
Bocking Arts Theatre	Contribution towards installing a hearing and induction loop	£784
Witham History Group	Venue rental costs for their monthly meeting to cover one year	£268

Members of the Grants Panel, which is chaired by Cllr. Gabrielle Spray, will be delighted to answer member queries about any prospective opportunities for grant aid under this scheme.

## **Volunteer Awards**

We are working with Braintree District Voluntary Support Agency (BDVSA) to host a Braintree District Volunteer Awards to celebrate and recognise the value of volunteers. The event is planned for early April 17 and will be held at Causeway House. It will include a number of categories including young volunteer, volunteer group, long service, etc. Not only will it give recognition to volunteers who give their time but will also focus on BDVSA as being a first port of call for voluntary and community groups to find volunteers, support and information and for those looking to offer their time as the place to go to seek opportunities. Nominations will be sought with a judging panel deciding who the winners.

## **Protect the Vulnerable**

### **Braintree District Community Transport**

The current membership of the scheme for 2016/17 stands at 1261 individuals and 151 groups and within the first 6 months of this financial year we have carried out 23,054 journeys.

Essex County Council provides an annual grant to help support this Council to run the Community Transport Scheme.

You may be aware that the future level of grant funding by Essex County Council remains unknown, however as shown in the figures above, the team continue to provide an excellent service for individuals and groups across the Braintree District.

We are currently awaiting the outcome of our Community Transport review, which has included the review of options for provision in line with different funding levels and investigation of the most economic and efficient model of delivery at the same time ensuring added value and benefit to local communities.

The Council is aware of the value our customers and councillors place on the service and the review will help identify ways in which the impact could be minimised if the grant funding is reduced.

Councillor Peter Tattersley  
Cabinet Member for Health and Communities

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<b>List of Public Meetings Held Since Last Council Meeting</b>		<b>Agenda No:16</b>
<b>Portfolio:</b> Not applicable		
<b>Corporate Outcome:</b> Not applicable		
<b>Report presented by:</b> Not applicable		
<b>Report prepared by:</b> Chloe Glock, Governance and Members Officer		
<b>Background Papers:</b>		<b>Public Report</b>
Published Minutes of the meetings listed within the report below.		<b>Key Decision: No</b>
<b>Executive Summary:</b>		
<p>Since the last Council meeting held on 17<sup>th</sup> October 2016, the following Minutes have been published for meetings held in public session:</p> <ul style="list-style-type: none"> <li>(1) Braintree Local Highways Panel – 22nd September 2016</li> <li>(2) <a href="#">Planning Committee</a> – 27th September 2016</li> <li>(3) <a href="#">Governance Committee</a> – 28th September 2016</li> <li>(4) <a href="#">Local Plan Sub-Committee</a> – 5th October 2016</li> <li>(5) <a href="#">Planning Committee</a> – 11th October 2016</li> <li>(6) <a href="#">Council</a> – 17th October 2016</li> <li>(7) <a href="#">Planning Committee</a> – 25th October 2016</li> <li>(8) <a href="#">Local Plan Sub-Committee</a> – 31st October 2016</li> <li>(9) <a href="#">Overview and Scrutiny Committee</a> – 2nd November 2016</li> <li>(10) <a href="#">Planning Committee</a> – 8th November 2016</li> <li>(11) <a href="#">Local Plan Sub-Committee</a> – 10th November 2016</li> <li>(12) <a href="#">Licensing Committee</a> – 16th November 2016</li> <li>(13) <a href="#">Planning Committee</a> – 22nd November 2016</li> <li>(14) <a href="#">Overview and Scrutiny Committee</a> – 23rd November 2016</li> </ul>		
<b>Recommended Decision:</b>		
Members are invited to note the Minutes published.		
<b>Purpose of Decision:</b>		
Not applicable.		

**Any Corporate implications in relation to the following should be explained in detail.**

<b>Financial:</b>	Not applicable
<b>Legal:</b>	Not applicable
<b>Safeguarding:</b>	Not applicable
<b>Equalities/Diversity:</b>	Not applicable
<b>Customer Impact:</b>	Not applicable
<b>Environment and Climate Change:</b>	Not applicable
<b>Consultation/Community Engagement:</b>	Not applicable
<b>Risks:</b>	Not applicable
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