



CABINET

DATE:	Friday, 25 November 2016
TIME:	10.30 am
VENUE:	Essex Hall, Town Hall, Clacton-on-Sea, CO15 1SE

MEMBERSHIP:

Councillor Stock	- Leader of the Council
Councillor CGuglielmi	- Deputy Leader of the Council / Enforcement and Community safety Portfolio Holder
Councillor Ferguson	- Tourism and Culture Portfolio Holder
Councillor Honeywood	- Housing Portfolio Holder
Councillor Howard	- Finance and Revenues and Benefits Portfolio Holder
Councillor Hughes	- Corporate Services Portfolio Holder
Councillor McWilliams	- Leisure, Health and Wellbeing Portfolio Holder
Councillor Talbot	- Environment Portfolio Holder
Councillor Turner	- Commercialisation Portfolio Holder
Councillor Watling	- Planning and Regeneration Portfolio Holder

Most Council meetings are open to the public and press.

Agendas and Minutes are published on the Council's website www.tendringdc.gov.uk. Agendas are available to view five working days prior to the meeting date and the Council aims to publish Minutes within five working days of the meeting.

Meeting papers can be provided, on request, in large print, in Braille, or on disc, tape, or in other languages.

For further details and general enquiries about this meeting, contact Ian Ford on (01255) 686584

DATE OF PUBLICATION: WEDNESDAY, 16 NOVEMBER 2016

AGENDA

1 Apologies for Absence

The Cabinet is asked to note any apologies for absence received from Members.

2 Minutes of the Last Meeting held on Friday 4 November 2016 (Pages 1 - 12)

To confirm and sign the minutes of the last meeting of the Cabinet held on Friday 4 November 2016.

3 Declarations of Interest

Members are invited to declare any Disclosable Pecuniary Interests, or other interests, and the nature of them, in relation to any item on the agenda.

4 Announcements by the Leader of the Council

The Cabinet is asked to note any announcements made by the Leader of the Council.

5 Announcements by Cabinet Members

The Cabinet is asked to note any announcements made by Members of the Cabinet.

6 Matters Referred to the Cabinet by the Council

There are none.

7 Reference from the Service Development and Delivery Committee - A.1 Impact of the £1.5 million Three Year Strategic Investment Strategy (Pages 13 - 14)

To note the recommendation made to Cabinet by the Service Development and Delivery Committee following a presentation made from the Council's Head of IT & Corporate Resilience (John Higgins) on the impact on the Council of the £1.5 million, three year strategic investment strategy.

8 Report of the Leader of the Council - A.2 The Establishment of Garden Communities Local Delivery Vehicles and Funding Requirements (Pages 15 - 104)

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

- Establish governance arrangements for the project; and
- 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.

9 Report of the Corporate Services Portfolio Holder - A.3 Performance Report - Quarter Two 2016 - July 2016 to September 2016 (Pages 105 - 128)

To present the Performance Report for the period July 2016 – September 2016 (Quarter Two).

10 Report of the Finance and Revenues & Benefits Portfolio Holder - A.4 Corporate Budget Monitoring - Second Quarter 2016/17 (Pages 129 - 166)

To provide an overview of the Council's financial position against the budget as at the end of September 2016 and to set out a number of budget adjustments required in 2016/17.

11 Report of the Finance and Revenues & Benefits Portfolio Holder - A.5 Financial Baseline 2017/18 - Savings Identified from Portfolio Holder Working Parties (Pages 167 - 178)

To present the outcomes from the various Portfolio Holder Working Parties to consider whether to take them forward / develop further for inclusion in the budget from 2017/18 and beyond.

12 Report of the Monitoring Officer - A.6 Local Government Ombudsman (Pages 179 - 180)

To present to Cabinet a recent Local Government Ombudsman decision.

13 Exclusion of Public

The Cabinet is asked to consider the following resolution:

“That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 14 on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12A, as amended, of the Act.”

14 Exempt Minutes of the Last Meeting held on Friday 4 November 2016 (Pages 181 - 184)

To confirm as a correct record the exempt minutes of the meeting of the Cabinet held on Friday 4 November 2016.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Cabinet is to be held in the Essex Hall, Town Hall, Clacton-on-Sea, CO15 1SE at 10.30 am on Friday, 16 December 2016.

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Notice of Intention to Conduct Business in Private

Notice is hereby given that, in accordance with Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, Agenda Item No. 14 is likely to be considered in private for the following reason:

The item detailed below will involve the disclosure of exempt information under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) to Schedule 12A, as amended, to the Local Government Act 1972:

Exempt Minutes of the Last Meeting held on Friday 4 November 2016

Information for Visitors

ESSEX HALL **FIRE EVACUATION PROCEDURE**

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the fire exits in the hall and follow the exit signs out of the building.

Please heed the instructions given by any member of staff and they will assist you in leaving the building.

Please do not re-enter the building until you are advised it is safe to do so by the relevant member of staff.

The assembly point for the Essex Hall is in the car park to the left of the building as you are facing it.

Your calmness and assistance is greatly appreciated.

**MINUTES OF THE MEETING OF THE CABINET, HELD ON FRIDAY 4 NOVEMBER 2016
AT 10.35 AM IN THE ESSEX HALL, TOWN HALL, CLACTON-ON-SEA**

PRESENT:

Councillor N R Stock
Councillor G V Guglielmi

Councillor P B Honeywood
Councillor T A Howard
Councillor M J Hughes
Councillor L A McWilliams
Councillor M J Talbot
Councillor N W Turner (except items 80 – 94)
Councillor G F Watling

PORTFOLIO:

Leader of the Council (Chairman)
Deputy Leader of the Council, Portfolio Holder for
Enforcement and Community Safety
Portfolio Holder for Housing
Portfolio Holder for Finance and Revenues & Benefits
Portfolio Holder for Corporate Services
Portfolio Holder for Leisure, Health and Well-being
Portfolio Holder for Environment
Portfolio Holder for Commercialisation
Portfolio Holder for Planning and Regeneration

Group Leaders Present by Invitation:

Councillors J A Broderick (Leader of the Holland-on-Sea Residents' Group), I J Henderson (Leader of the Labour Group) M E Stephenson (Leader of the UKIP Group) and B A Poonian (Deputy Leader of the Tendring Independents Group)

In Attendance: Chief Executive (Ian Davidson), Corporate Director (Corporate Services) (Martyn Knappett), Corporate Director (Operational Services) (Paul Price), Head of Governance and Legal Services & Monitoring Officer (Lisa Hastings), Head of Finance, Revenues & Benefits & Section 151 Officer (Richard Barrett), Head of Property Services (Andy White), Management and Members' Support Manager (Karen Neath), Committee Services Manager (Ian Ford), Communications Manager (Nigel Brown), Benefits Manager (Jenny Haggis) and Committee Services Officer (Janey Nice)

70. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors T M Ferguson (Portfolio Holder for Tourism and Culture) and J Chittock (Leader of the Tendring Independents Group).

The Leader of the Council referred to a recent email from the Committee Services Manager that had informed the Leader and the Deputy Leader of the Tendring Independents Group that they did not have an automatic right to attend formal Cabinet meetings and to participate fully in the discussion of all agenda items under Cabinet Procedure Rule 1.5 which set out who may attend formal Cabinet meetings. It was felt that they did not meet the criteria of Paragraph (ii) of that Rule which stated:-

“(ii) The Leader or Deputy Leader of the opposition groups may, as of right, attend meetings of the Cabinet and participate fully in discussion on all agenda items, but cannot vote. If requested by the Leader or Deputy Leader of an opposition group to do so, the minutes of the meeting of Cabinet on a particular matter will record their Group’s opposition to all or part of a decision.”

The Leader of the Council stated, in his capacity as “chairman of cabinet meetings”, that he had now extended a standing invitation to the Leader (or in his absence the Deputy Leader) of the Tendring Independents Group to attend formal Cabinet meetings and to participate fully in the discussion of all agenda items. He felt that it was important that every Group Leader who was not a member of the Cabinet be able to take part in the Cabinet’s decision making process. He also felt that the Constitution lacked a definition of what constituted an “opposition group”.

Councillor Broderick, on behalf of the Holland Residents’ Group, expressed concern that, in her view, the Leader of the Council was overriding the Constitution and stated that, in future, her Group would not be represented at formal Cabinet meetings.

71. MINUTES OF THE LAST MEETING HELD ON FRIDAY 9 SEPTEMBER 2016

It was **RESOLVED** that the minutes of the last meeting of the Cabinet, held on Friday 9 September 2016, be approved as a correct record and signed by the Chairman.

72. DECLARATIONS OF INTEREST

There were no declarations of interest made at this time, though later in the meeting under Minute 82 below,. Councillor I J Henderson declared a non-pecuniary interest in item A.6 of the Report of the Portfolio Holder for Enforcement and Community Safety insofar as he was a member of Harwich Town Council.

73. ANNOUNCEMENTS BY THE LEADER OF THE COUNCIL

(1) Electoral Review of Tendring District Council

The Leader of the Council (Councillor Stock) was pleased to inform Cabinet that the Local Government Boundary Commission for England (LGBCE) had announced that it was minded to approve the recommendation submitted by Tendring District Council that the number of Members on the Council be reduced from 60 to 48. He further stated that the LGBCE had invited the Council and any other interested party to now put forward a pattern of electoral wards that would accommodate 48 Members and also meet the LGBCE’s statutory criteria.

(2) Local Plan Committee

The Leader of the Council was also pleased to inform Cabinet that the Local Plan Committee, which he chaired, had made excellent progress the previous evening in moving the Local Plan onto the Pre-Submission Draft stage. The Committee had unanimously supported a huge reduction in the housing allocation for Weeley. The Leader of the Council congratulated the residents of Weeley for the way in which they had fully engaged in the process and which had contributed to this positive result. He recognised that the Council would still face a lot of opposition from those developers and landowners whose sites had not been included right up to, and including, the Examination-in-Public. Councillor Stock also announced that the Garden Settlements proposal was progressing very well and a further report would shortly be submitted to Cabinet.

The Deputy Leader of the Council (Councillor Guglielmi) welcomed the fact that the Council had met its “duty to co-operate” and that Essex County Council and Colchester Borough Council were not objecting to the Local Plan.

Councillor Watling congratulated Councillor Stock on the way in which he had chaired the Local Plan Committee meeting.

74. ANNOUNCEMENTS BY CABINET MEMBERS

(1) Galloper Offshore Wind Farm

The Portfolio Holder for Planning and Regeneration (Councillor Watling) was delighted to announce that Galloper Wind Farm Ltd was looking to set up an Operations and Maintenance base on five acres at Harwich International Port with construction expected in spring 2017. The base would fulfil the long-term contract for the operation and management of the Galloper Offshore Wind Farm – which has scheduled to commence operations in spring 2018 – which was an extension of the existing Greater Gabbard Wind Farm off the coast of Suffolk. The construction and operation would produce an anticipated 90 jobs. Councillor Watling added that it would also provide new opportunities for the Harwich Energy Skills Centre – a training facility run from Hamilton House by Colchester Institute. Councillor Watling commended the Council's Head of Regeneration and his team in bringing this to fruition and those commendations were endorsed by Councillors Stock, I J Henderson and the Chief Executive.

Councillor I J Henderson urged the Regeneration Team to ensure that all commercial spin-off opportunities were vigorously pursued and that local schools and training organisations pursue the possibilities for local apprenticeships.

Councillor Watling also informed Cabinet that, on 2 November 2016, 40 representatives from businesses in the District attended a breakfast seminar at Harwich International Port to mark National Offshore Wind Week. The seminar had been arranged by the Council's Regeneration Team and attendees had received valuable advice and guidance on how to future proof a business; intellectual property protection; design repeatability; sustainable manufacturing as well as information on offshore renewables and supply chain opportunities.

(2) Essex Hall

The Deputy Leader of the Council welcomed the refurbishment of the Essex Hall and commended the Corporate Director (Operational Services) and his Theatre Management Team.

75. MATTERS REFERRED TO THE CABINET BY THE COUNCIL

There were no matters referred to the Cabinet by the Council on this occasion.

76. MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.1 – REFERENCE FROM AUDIT COMMITTEE – POLICY IN RESPECT OF LAND PURCHASES IN JAYWICK

Cabinet was informed that, at its meeting held on 22 September 2016, the Audit Committee had considered the actions in respect of the Annual Government Statement 2016 and, in particular, the acquisition and development of sites in Jaywick. At the same meeting, the Audit Committee had been informed as part of the Statement of Accounts process that an impairment charge had been made to the Housing Revenue Account in 2015/16 totalling £0.700m, which reflected the lower balance sheet or 'book' value of land purchased in Jaywick compared with the actual purchase price.

The Audit Committee had agreed to comment to Cabinet as follows:

“That Cabinet review the policy in respect of any future land purchases in Jaywick given the impairment loss of £0.700m in 2015/16.”

Members were aware that the existing policy in respect of the purchase and development actions in Jaywick had been set out in a report to Cabinet on 5 September 2014 when it had been acknowledged that the Council would need to take a leadership role to ‘kick start’ regeneration in Jaywick and that it could take a longer term view on its initial investment.

The Finance, Revenues & Benefits Portfolio Holder had considered the Audit Committee’s comment and had responded as follows:-

“It has been and remains the policy that all land purchases are carefully considered to fully assess the financial implications.”

Having considered the comment of the Audit Committee and the Portfolio Holder’s response thereto:-

It was moved by Councillor G V Guglielmi, seconded by Councillor Turner and **RESOLVED** that the Finance, Revenues & Benefits Portfolio Holder’s response be endorsed.

77. MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.2 – REFERENCE FROM COMMUNITY LEADERSHIP AND PARTNERSHIPS COMMITTEE – CAREERS ADVICE WITHIN SCHOOLS

Cabinet was informed that, at its meeting held on 3 October 2016, the Community Leadership and Partnerships Committee had raised concerns about the lack of careers advice for students within schools.

Following the closure of the Connexions career’s advice service, the Committee had discussed the availability and consistency of career’s advice across schools. Members had expressed concern that opportunities could be missed if advice was not available. In particular, the Committee had raised concern that students might not have access to advice to raise aspirations and awareness of higher learning opportunities, such as university, which could have a detrimental effect on the student’s future job options and career.

The Community, Leadership and Partnerships Committee had agreed to request that Cabinet look into the lack of career’s advice in schools and what else can be done to assist pupils when making career choices.

The Leisure, Health & Well-being Portfolio Holder had considered the Community Leadership and Partnerships Committee’s request and had responded as follows:-

“Whilst not considered to fall within the remit of Cabinet, the Portfolio Holder will look into this matter in line with her influencing role on Education projects.”

Having considered the request of the Community Leadership and Partnerships Committee and the Portfolio Holder’s response thereto:-

It was moved by Councillor McWilliams, seconded by Councillor Turner and **RESOLVED** that the Leisure, Health & Well-being Portfolio Holder’s response be endorsed.

78. **MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.3 – REFERENCE FROM CORPORATE MANAGEMENT COMMITTEE – RENT REDUCTION**

Cabinet was informed that, at its meeting held on 26 September 2016, the Corporate Management Committee had raised concerns about the 1% rent reduction and the impact of this policy within Tendring. As part of the Committee's review of the Corporate Budget Monitoring report for the First Quarter 2016/17, the Committee had discussed the 1% rent reduction and the implications for Tendring.

The Corporate Management Committee had agreed to recommend to Cabinet that:

- (a) *Cabinet notes the concerns about the 1% rent reduction and the impact for Tendring District Council; and*
- (b) *Members of the Cabinet raise this matter as a concern at any relevant Local Government Association conferences.*

The Finance, Revenues & Benefits Portfolio Holder had considered the Corporate Management Committee's recommendations and had responded as follows:-

"Cabinet shares the Committee's concerns about the implications of the 1% rent reduction and will raise these concerns where the opportunity exists."

Having considered the recommendations of the Corporate Management Committee and the Portfolio Holder's response thereto:-

It was moved by Councillor Honeywood, seconded by Councillor Turner and **RESOLVED** that the Finance, Revenues & Benefits Portfolio Holder's response be endorsed.

79. **MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.4 – REFERENCE FROM CORPORATE MANAGEMENT COMMITTEE – FLY TIPPING**

Cabinet was informed that, at its meeting held on 26 September 2016, the Corporate Management Committee had raised concerns about the potential for increased fly tipping and costs associated with the removal of fly tipping, throughout the District as a result of business waste no longer being accepted at Essex Recycling Centres from 31 October 2016.

The Corporate Management Committee had agreed to comment to Cabinet that:

- (a) *The Committee would like Cabinet to note their concerns about the restrictions to the Recycling Centres within the District from 31st October 2016 and the potential for increased fly tipping across the District; and*
- (b) *Members of the Committee would like to ask the Environment Portfolio Holder for information about who will be responsible for covering the cost of any increase in fly tipping, associated with these changes.*

The Environment Portfolio Holder had considered the Corporate Management Committee's comments had responded as follows:-

"The Portfolio Holder is in active discussion with the County Council to obtain the best possible outcome in relation to this matter."

Having considered the comment of the Corporate Management Committee and the Portfolio Holder's response thereto:-

It was moved by Councillor Talbot, seconded by Councillor Stock and **RESOLVED** that the Environment Portfolio Holder's response be endorsed.

80. MATTERS REFERRED TO THE CABINET BY A COMMITTEE – A.5 – REFERENCE FROM SERVICE DEVELOPMENT AND DELIVERY COMMITTEE – DOG FOULING AND BIN PROVISION

Cabinet was informed that, at its meeting held on 19 September 2016, the Environmental Services Technical Officer, Mr Hamlet, had given the Service Development and Delivery Committee, an overview of the services currently offered by his team in relation to dog fouling in Tendring.

Mr Hamlet had informed Members that the Council had two designated dog wardens that covered the whole of the District and that they could issue a fixed penalty notice to any dog-fouling or littering offenders. He had also mentioned that other authorised Officers, including himself, had the ability to issue Fixed Penalty Notices. Mr Hamlet had informed the Committee that there were approximately 1,200 litter bins around the District and that wrapped or bagged dog waste could also be put in the normal black waste bins.

Mr Hamlet had said that the street sweeping contract also had a dog waste disposal machine called "Faeces Intake Disposal Operation" (FIDO) which could collect dog waste on grassed areas such as the Greensward and other grassed areas and playing fields. Finally, Mr Hamlet had reported that By-Laws were in place for certain fenced-off play areas and that that a Public Space Protection Order could be used in the future to make it a lot easier to enforce and protect sensitive areas such as children's play areas.

There had been a general discussion amongst Members about the different services undertaken by Essex County Council, Tendring District Council, and Town and Parish Councils, including grass cutting and street cleaning. It was noted that there was some overlap and that there might be opportunities to improve efficiencies and save funds.

The Service Development and Delivery Committee had agreed to recommend to Cabinet that:

- (a) *That the relevant Officers work with the Council's Communications Manager to compose a press release reminding residents of the number of litter bins the Council provided and that they could be used for bagged dog waste and that the press release should include details of the number of Fixed Penalty Notices that had been issued regarding dog fouling;*
- (b) *That the relevant Officers produce a schedule for the Faeces Intake Disposal Operation (FIDO) which would state when and where FIDO would be in operation and that the schedule should be placed on the Council's website;*
- (c) *That an information sharing forum be created to include Members from the Council, County Council and Town and Parish Councils, to discuss topics affecting them, such as street sweeping, dog fouling and waste bin provision, in order to promote the co-ordination of activities and promote best practice; and*

(d) *That the relevant group look at incorporating dog fouling within the new Open Space Public By-law.*

The Environment Portfolio Holder had considered the Service Development and had responded as follows:-

“The Portfolio Holder for Environment has confirmed that he is very happy with the report of the Service And Development Committee and its recommendations to Cabinet.”

Having considered the recommendations of the Service Development and Delivery Committee and the Portfolio Holder’s response thereto:-

It was moved by Councillor Talbot, seconded by Councillor Watling and **RESOLVED** that the Environment Portfolio Holder’s response be endorsed.

81. LEADER OF THE COUNCIL’S ITEMS

There were no items from the Leader of the Council on this occasion.

Cabinet Members’ Items – Report of the Portfolio Holder for Enforcement and Community Safety

82. A SURRENDER OF THE CURRENT LEASE AND GRANT OF A NEW LEASE OVER THE SKATE PARK ADJACENT TO THE SWIMMING POOL, LOW ROAD, DOVERCOURT (Report A.6)

Councillor I J Henderson declared a non-pecuniary interest in this item insofar as he was a member of Harwich Town Council.

There was submitted a report by the Portfolio Holder for Enforcement and Community Safety (Report A.6), which sought Cabinet’s approval, in principle, for the surrender of the current lease and the granting of a new lease of the skate park adjacent to the swimming pool at Low Road Recreation Ground, Dovercourt.

Cabinet was informed that the current tenants, Harwich Town Council (HTC), had taken a Lease over the land on Low Road Recreation Ground in 2002 and had built the skate park. HTC had now advised this Council that the current facility was now over 10 years old and becoming more expensive to repair and maintain. HTC were proposing to fully replace the skate park and wished to apply for grant funding to do this. The current Lease was due to expire in 2023 and in order to qualify for a grant HTYC needed a longer unexpired term.

It was the Officers’ recommendation that the surrender of the current Lease be accepted and a new 21 year Lease be granted in accordance with the Heads of Terms set out in item B.1 of the Report of the Portfolio Holder for Enforcement and Community Safety.

Having considered the information provided together with the advice of Officers:-

It was moved by Councillor G V Guglielmi, seconded by Councillor Watling and:-

RESOLVED that Cabinet approves, in principle, the surrender of the current lease and the granting of a new lease of the site to the Lessees.

83. DISPOSAL OF ACCESS LAND FOR DEVELOPMENT OFF MAIN ROAD, DOVERCOURT (Report A.7)

There was submitted a report by the Portfolio Holder for Enforcement and Community Safety (Report A.7), which sought Cabinet's approval, in principle, for the disposal of land at Dovercourt Green to facilitate development of the redundant Delford's factory site.

It was reported that the redundant Delfords Factory site lay immediately north of Dovercourt Green, off Main Road, Dovercourt. It had lain vacant and derelict for some years. Between the redundant factory site and Main Road the Council owned Dovercourt Green, which was public open space and registered as a Town/Village Green.

Cabinet was advised that the current owner had agreed to sell the site factory site to a housing association which planned to develop around 70 new homes. In order to provide the highway access requested by Essex County Council the existing access must be reconstructed and widened to include footways.

Cabinet was made aware that terms had been provisionally agreed with the current owner to dispose of the necessary access land. The detail of those terms was outlined in item B.2 of the Report of the Portfolio Holder for Enforcement and Community Safety.

Having considered the information provided together with the advice of Officers:-

It was moved by Councillor G V Guglielmi, seconded by Councillor Watling and:-

RESOLVED that Cabinet approves, in principle, the disposing of 166m² of land at Dovercourt Green in order to provide access for development.

84. PRINCIPLE OF GRANTING A NEW LEASE, EASTCLIFF PLAYING FIELDS, OFF DULWICH ROAD, HOLLAND-ON-SEA (Report A.8)

There was submitted a report by the Portfolio Holder for Enforcement and Community Safety (Report A.8), which sought Cabinet's approval, in principle, for the granting of a new lease of land to the rear of Eastcliff Playing Fields, off Dulwich Road, Holland-on-Sea.

Cabinet was made aware that Scott Residential Limited was developing a number of bungalows on land edged green on the plan attached as Appendix A to item A.8 of the Report of the Portfolio Holder for Enforcement and Community Safety and was under a Section 106 planning obligation to provide open space including a basic football pitch and to construct a new pavilion on the land shown edged red on the plan and to transfer both to the Council. The proposals included the provision of a new car park on the land coloured yellow on the plan. Work on the bungalow development was already under way.

Cabinet was informed that the Council owned the land shown edged blue on the plan. It leased the land shown coloured yellow on the plan to the Holland Sports Association.

It was reported that Holland Sports Association had changed its name to Holland Football Club ("Holland FC"). Holland FC was holding over on a 14 year lease that reached the end of its contractual term on 30 November 2007. In July 2016 the Council had served notice to end that lease in order to facilitate the development of the new facilities.

Cabinet was advised that Holland FC was seeking a new lease of the land edged red and the land coloured yellow on the plan for a 25 year term which would facilitate the seeking of grant funding for further enhancements to the ground. Holland FC was building up a fund to improve and develop the main pitch to the standards required for Step 6 Football following its promotion to the Thurlow Nunn Eastern Counties League. Provisional terms for such a lease had been agreed by officers. Details of the terms were set out in item B.3 of the Report of the Portfolio Holder for Enforcement and Community Safety.

Having considered the information provided together with the advice of Officers:-

It was moved by Councillor G V Guglielmi, seconded by Councillor Watling and:-

RESOLVED that Cabinet approves, in principle, the granting of a new 25 year lease of the land shown edged red and coloured yellow on the plan attached as Appendix A to item A.8 of the Report of the Portfolio Holder for Enforcement and Community Safety to Holland Football Club.

Cabinet Members' Items – Reports of the Portfolio Holder for Finance, Revenues & Benefits

85. LOCAL COUNCIL TAX SUPPORT SCHEME, COUNCIL TAX DISCOUNTS 2017/18, ANNUAL MINIMUM REVENUE PROVISION AND HARDSHIP POLICY (Report A.9)

There was submitted a report by the Portfolio Holder for Finance, Revenues & Benefits (Report A.9), which sought Cabinet's approval of the Local Council Tax Support Scheme 2017/2018 (including the associated exceptional hardship policy); the Council Tax Exemptions and Discounts for 2017/2018 and the Annual Minimum Revenue Policy Statement for 2017/2018 all for recommendation to Council.

Accordingly and in order to allow these matters to progress to Council it was moved by Councillor Howard, seconded by Councillor G V Guglielmi and:

RECOMMENDED TO COUNCIL that

- (a) the Local Council Tax Support Scheme (LCTS) remains the same as the current year, as set out as Appendix A and that therefore:
 - i) the LCTS be approved with the maximum LCTS award being 80% for working age claimants; and
 - ii) delegation be given to the Corporate Director (Corporate Services), in consultation with the Finance, Revenues & Benefits Portfolio Holder, to undertake the necessary steps and actions to implement the LCTS scheme from 1 April 2017.
- (b) the Council Tax Exceptional Hardship Policy, as set out in Appendix B, be approved.
- (c) the proposed Council Tax exemptions and discounts, as set out in Appendix C, be approved and that delegation is given to the Corporate Director (Corporate Services), in consultation with the Finance, Revenues & Benefits Portfolio Holder, to undertake the necessary steps and actions to implement the Council Tax exemptions and discounts from 1 April 2017..
- (d) the Annual Minimum Revenue Provision (MRP) Policy Statement for 2017/18, as set out in Appendix D, be approved.

86. MANAGEMENT TEAM ITEMS

There were no items from the Management Team on this occasion.

87. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor Stock, seconded by Councillor G V Guglielmi and:

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Items 18, 19, 20 and 21 on the grounds that they involve the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12A, as amended, of the Act.

88. EXEMPT MINUTE OF THE LAST MEETING HELD ON FRIDAY 9 SEPTEMBER 2016

The exempt minute of the last meeting of the Cabinet, held on Friday 9 September 2016, was approved as a correct record and signed by the Chairman.

89. THE TERMS FOR THE GRANTING OF A NEW LEASE, EASTCLIFF PLAYING FIELDS, OFF DULWICH ROAD, HOLLAND-ON-SEA

RESOLVED that Cabinet:-

- (a) approves the Heads of Terms; and
- (b) authorises the Corporate Director (Corporate Services) to enter into a lease on the terms set out and subject to such other terms that he considers necessary.

90. TERMS FOR THE SURRENDER OF THE CURRENT LEASE AND THE GRANT OF A NEW LEASE OVER THE SKATE PARK ON LOW ROAD PLAYING FIELDS, DOVERCOURT

RESOLVED that Cabinet approves the terms for the surrender of the current Lease and the granting of a new lease and authorises the Corporate Director for Corporate Services to enter into a lease of the property on these terms and such other terms as he considers appropriate.

91. TERMS FOR THE DISPOSAL OF ACCESS LAND FOR DEVELOPMENT OFF MAIN ROAD, DOVERCOURT

RESOLVED that Cabinet:-

- (a) approves the proposed Heads of Terms; and
- (b) authorises the Corporate Director (Corporate Services) to enter into a lease on the terms set out and subject to such other terms that he considers necessary.

DATE AND TIME OF NEXT SCHEDULED MEETING

The next scheduled meeting of the Cabinet was due to take place on Friday 25 November 2016 at 10.30 a.m. in the Essex Hall, Town Hall, Station Road, Clacton-on-Sea.

The meeting was declared closed at 11.51 a.m.

Chairman

This page is intentionally left blank

Key Decision Required	No	In the Forward Plan	No
------------------------------	-----------	----------------------------	-----------

CABINET

25 NOVEMBER 2016

REFERENCE REPORT FROM SERVICE DEVELOPMENT AND DELIVERY COMMITTEE

A.1 IMPACT OF THE £1.5 MILLION THREE YEAR STRATEGIC INVESTMENT STRATEGY

(Report prepared by Mark Westall)

BACKGROUND

At its meeting held on 24 October 2016 the Service Development and Delivery Committee received a presentation from the Council's Head of IT & Corporate Resilience (John Higgins) on the impact on the Council of the £1.5 million, three year strategic investment strategy.

The presentation covered the following areas:

New computer storage area network (SAN) investment;
Replacement Cisco based Council network (Voice & Data);
Strategic Operational Investments;
Strategic Communications Investments; and
Strategic IT Investment Programme Financial Analysis.

There followed a general question and answer session and it became clear that not all Members were aware of the resources available to them i.e. a council managed laptop, how to go about accessing these resources, and further support available to facilitate the most efficient use of these resources i.e. laptops, tablets, software programmes, access to the Council network.

The Head of IT & Corporate Resilience undertook to email all Members with regard to the availability of Council laptops etc. together with the Council's conditions of use of the Council's IT hardware.

The Committee **RESOLVED** that the Head of IT & Corporate Resilience be required to attend a further meeting of the Committee in twelve months' time to give a practical demonstration of the Council's new IT systems in operation such as Microsoft Skype for Business.

COMMITTEE RECOMMENDATIONS AND COMMENTS TO CABINET

The Committee **RECOMMENDED TO CABINET**:

That the Head of IT & Corporate Resilience arrange an IT Surgery for Members over the course of an afternoon and evening together with an ongoing schedule of IT training for Members.

PORTFOLIO HOLDER'S COMMENTS AND RECOMMENDATIONS TO CABINET

Arrangements will certainly be put in hand for another IT surgery for Members as the Committee has suggested and consideration will be given to the provision of further IT training for Members.

Key Decision Required:	Yes	In the Forward Plan:	Yes
-------------------------------	------------	-----------------------------	------------

CABINET

25 NOVEMBER 2016

REPORT OF LEADER OF THE COUNCIL

A.2 THE ESTABLISHMENT OF GARDEN COMMUNITIES LOCAL DELIVERY VEHICLES AND FUNDING REQUIREMENTS

(Report prepared by Martyn Knappett, Lisa Hastings and Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
<p>To provide Members with a comprehensive overview of the proposals which have been developed over the past twelve months jointly with Colchester Borough Council, Braintree District Council and Essex County Council for Garden Communities in North Essex including one on the Tendring / Colchester border close to the University and, in particular to provide Members with information and recommendations to enable them to:</p> <ul style="list-style-type: none"> • 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.
<p>NOTE TO MEMBERS</p> <p><i>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.</i></p> <p><i>Similar recommendations to those proposed to Full Council below will also be recommended to go to the Full Councils of Colchester and Braintree.</i></p>

EXECUTIVE SUMMARY
<p>Tendring District Council, Braintree District Council, Colchester Borough Council and Essex County 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, open space provision, roads, schools, healthcare facilities and sustainable transport systems.</p>

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 deals with local landowners to secure a share in the land value which will arise from the development in return for the Local Delivery Vehicles providing 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. (Tendring Colchester Borders Ltd)
- Clear Masterplans for each Community to be developed.

The issues associated with a project of this scale and complexity are many and varied and the topics covered in the report are as follows:

PART 1

Purpose
Executive Summary
Recommendations
Delivering Priorities

PART 2 – SUPPORTING INFORMATION

Section 1 Background
Section 2 Vision and Objectives
Section 3 Planning Background
Section 4 Delivery Models
Section 5 Control of Land
Section 6 Conflicts of Interest
Section 7 Proposed Governance Structure

PART 3 - IMPLICATIONS

Section 8 Summary of the Financial Model
Section 9 Short term requirements and revenue budget implications
Section 10 Proposals for Tendring Colchester Borders Ltd
Section 11 Funding principles for the LDVs
Section 12 Legal Powers
Section 13 Risk Assessment
Section 14 Equalities Impact Assessment
Section 15 Implementation

RECOMMENDATION(S)

Recommendations to Cabinet:

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 Executive Decision No. 2636 on 22nd January 2016 (minute 130) 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 Neil Stock, in his capacity as the Leader of the Council, to represent the Council as a Director on the Board of North Essex Garden Communities Limited.

Tendring Colchester Borders Limited

6. In line with Executive Decision No. 2636 on 22nd January 2016 (minute 130), Cabinet endorses the formation of Tendring Colchester 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 Tendring Colchester Borders Limited shareholder agreement between the Local Authorities in accordance with the terms set out in the report and Appendix 5.
8. To appoint Martyn Knappett to represent the Council as a Director on the Board of Tendring Colchester 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 Tendring Colchester 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.

That Cabinet Recommends to Council that it:

10. Notes the decision of the Cabinet to set up and subscribe to the North Essex Garden Communities Limited.
11. Notes the Cabinets endorsement of the formation of the Tendring Colchester Borders Limited
12. Endorses the in principle decision of Cabinet to provide an appropriate proportion of necessary funding to the Tendring Colchester 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.
13. 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.

DELIVERING PRIORITIES

The development of a Garden Community on the Tendring / Colchester border will deliver Community Leadership in a multitude of ways. It will deliver against all of the key elements of the Corporate Plan in significant ways over a sustained period of time:

The vision set out in the Corporate Plan is “To put community leadership at the heart of everything we do through delivery of high quality, affordable services and working positively with others”.

In particular the proposals will deliver the following specific elements in the Plan at significant scale:

Health and Housing

- A quality living environment
- Local Regeneration
- Improved Community Health
- The opportunity for Council House building
- Healthier lifestyles and wellbeing

Employment and Enjoyment

- Support business growth
- Enable better job prospects
- Facilitate improved qualification and skills
- First rate Leisure facilities

PART 2 – SUPPORTING INFORMATION

BACKGROUND AND CONTEXT

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 22nd January 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 21st 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.

DELIVERY AND GOVERNANCE STRUCTURES

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. Proposed governance structure:

- 7.1. 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.

7.2. 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.

7.3. 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 (relevant Term Sheet is attached as appendix 4 and Shareholder Agreement as appendix 5)
 - b. Colchester Braintree Borders Limited (relevant Term Sheet is attached as appendix 6 and Shareholder Agreement as appendix 7)
 - c. West of Braintree Limited (relevant Term Sheet is attached as appendix 8 and Shareholder Agreement as appendix 9)
- 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 [2-4] 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.

PART 3 – IMPLICATIONS OF THE DECISION

FINANCIAL MODEL INCLUDING PROPOSALS FOR TENDRING COLCHESTER BORDERS LIMITED AND RISK ASSESSMENT

8. Summary of the Financial Model:

- 8.1. 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.
- 8.2. 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.
- 8.3. 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.

- 8.4. 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.
- 8.5. 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.
- 8.6. 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.
- 8.7. 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.
- 8.8. 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.
- 8.9. 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.
- 8.10. 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.

- 8.11. 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.
- 8.12. 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.
- 8.13. 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).
- 8.14. 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.

9. Short term requirements & revenue budget implications:

- 9.1. 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.
- 9.2. 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.

9.3. 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.

9.4. 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.

9.5. 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.

9.6. 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.

9.7. 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.

- 9.8. 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.
- 9.9. 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
Revenue						
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)				
Net Revenue Expenditure	(0.5)	1.1	3.5	3.5	4.4	12

10. Proposals for Tendring Colchester Borders Limited:

Scheme Overview

- 10.1. A detailed financial model has been created to assess the costs, income and overall viability of the Tendring Colchester Borders proposal. The modelling 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.
- 10.2. The Concept Feasibility set out several options in this location, with growth potentially running northwards up to and beyond the railway line and onto to the boundary of Severalls industrial area. For the time being Option 1 provides a baseline scenario for testing but any increase in scheme size will have associated impacts on the scale of costs and values.
- 10.3. 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. All future stages will involve further community and stakeholder

engagement, to ensure proposals deliver on the level of ambition as set out in the current Garden Communities Charter and vision as established in Part 1 of Preferred Option Local Plans. As such both the quantum of development and scale of land is subject to further change; although it must be recognised that some key infrastructure requirements will drive a need for a certain minimum scale to ensure viability.

Financial Modelling Headlines

- 10.4. Financial modelling indicates that the scheme is viable overall, generating a positive residual surplus of £10m over the life of the project 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 11.1 sets out the base case financial headlines relating to the scheme:

Figure 11.1: Base Case Financial Headlines

	Tendring Colchester Border
Houses	6,608
Jobs ¹	2,253
Total Scheme Costs ²	£583m
Total Scheme Income ³	£593m
Residual ⁴	£10m
Residual equivalent per hectare ⁵	£283k
Start on Site	2021/22
Years to complete	26
Year cashflow goes positive	2046/47
Peak Debt	£122m

1 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.

2 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.

3 Scheme values relate to disposals of serviced land to plot developers.

4 Residual is the balance between costs and income and illustrates viability.

5 Residual spread over total gross site area.

- 10.5. Figure 11.2 sets out further detail around the breakdown of costs included within the financial modelling. The analysis has been broken down to:

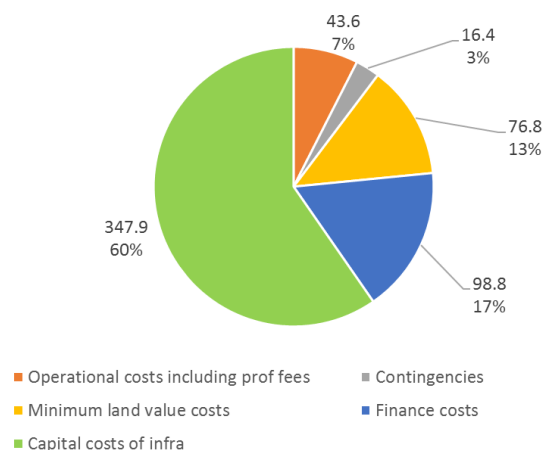
- **Operational costs:** including all cost related to operations such as LDV running costs (staff, administration, engagement & communications, business support, etc.); professional fees (scheme wide masterplanning & planning applications, infrastructure design, project management, legal fees, property 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.

10.6. As illustrated in Figure 11.2 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 11.2: Scheme Cost breakdown by cost heading

Type	Tendring Colchester Border
Operational costs	£44m
Land costs	£77m
Capital costs of infra	£348m
Contingencies	£16m
Finance costs	£99m
Total Costs	£584m



Key infrastructure

10.7. 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.

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

- **Education Facilities:** including the provision of 4 Primary Schools, 1 Secondary School and 10 Early Years Facilities (overall totalling circa £60m);
- New Community & health centres (£15m);
- **Leisure & Sports** facilities (£18m);
- New **Country Park** with facilities (£10m);
- Sustainable **transport (travel plan) measures, bus service subsidies, new on site** public transport hub, & contribution to strategic public transit system (£28m);
- New **link road** between A133 and A120 (£17m);
- Upgraded **pedestrian & cycle links** including greenways & bridge over A133 (£6m)

Phasing & Cashflow

- 10.9. 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 East Colchester Garden Community.
- 10.10. As indicated in Figure 11.3, the net funding requirement will quickly rise to a potential peak debt position of circa £120m. 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.
- 10.11. 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 (which could be a blend of public and private finance/equity).
- 10.12. 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:
- 2017/18 to 2021/22: design and planning stage, mainly requiring revenue funding to prepare planning applications (site wide and initial infrastructure) and secure related approvals;
 - 2021/22: 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. The debt would rise over time to circa £75m in 2025/26, £100m by 2030/31, and peaking at £120m in 2033/34.
 - 2033/34 debt would be reducing to circa £100m in 2037/38, £75m in 2040/41 and £25m in 2044/45.

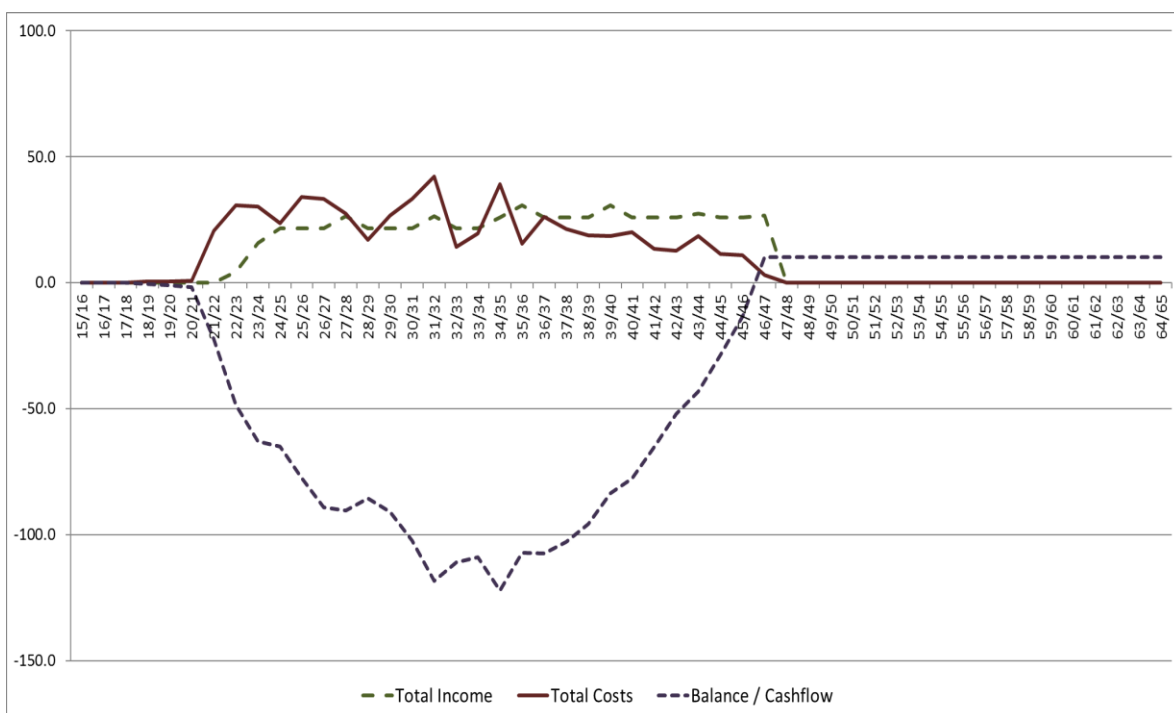


Figure 11.3: Tendring Colchester Borders Cashflow

Sensitivity Tests

10.13. The sensitivity tests indicate that a careful approach will be required, 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.

11. Funding principles for the LDVs:

11.1. 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.

11.2. 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.

11.3. 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

	Tendring Colchester Borders Limited	Colchester Braintree Borders Limited	West of Braintree Limited	Total
Braintree District Council		1/3 of total = £70m	1/2 of total =£75m	£145m
Colchester Borough Council	1/3 of total =£40m	1/3 of total =£70m		£110m
Essex County Council	1/3 of total =£40m	1/3 of total =£70m	1/2 of total =£75m	£185m
Tendring District Council	1/3 of total =£40m			£40m
Total	£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.

11.4. 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.

- 11.5. 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.
- 11.6. 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.
- 11.7. 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.
- 11.8. 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.
- 11.9. 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.
- 11.10. 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.

12. Risk Assessment:

- 12.1. The project has developed a strategic risk assessment profile. This is attached as appendix 10.
- 12.2. 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.
- 12.3. 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.
- 12.4. 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.

LEGAL

13. Legal Powers:

- 13.1. 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.
- 13.2. 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).
- 13.3. 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].
- 13.4. 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).

- 13.5. 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.
- 13.6. 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].
- 13.7. 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.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

14. Equalities Impact Assessment:

- 14.1. 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.
- 14.2. 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).
- 14.3. 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.

IMPLEMENTATION

15. Implementation:

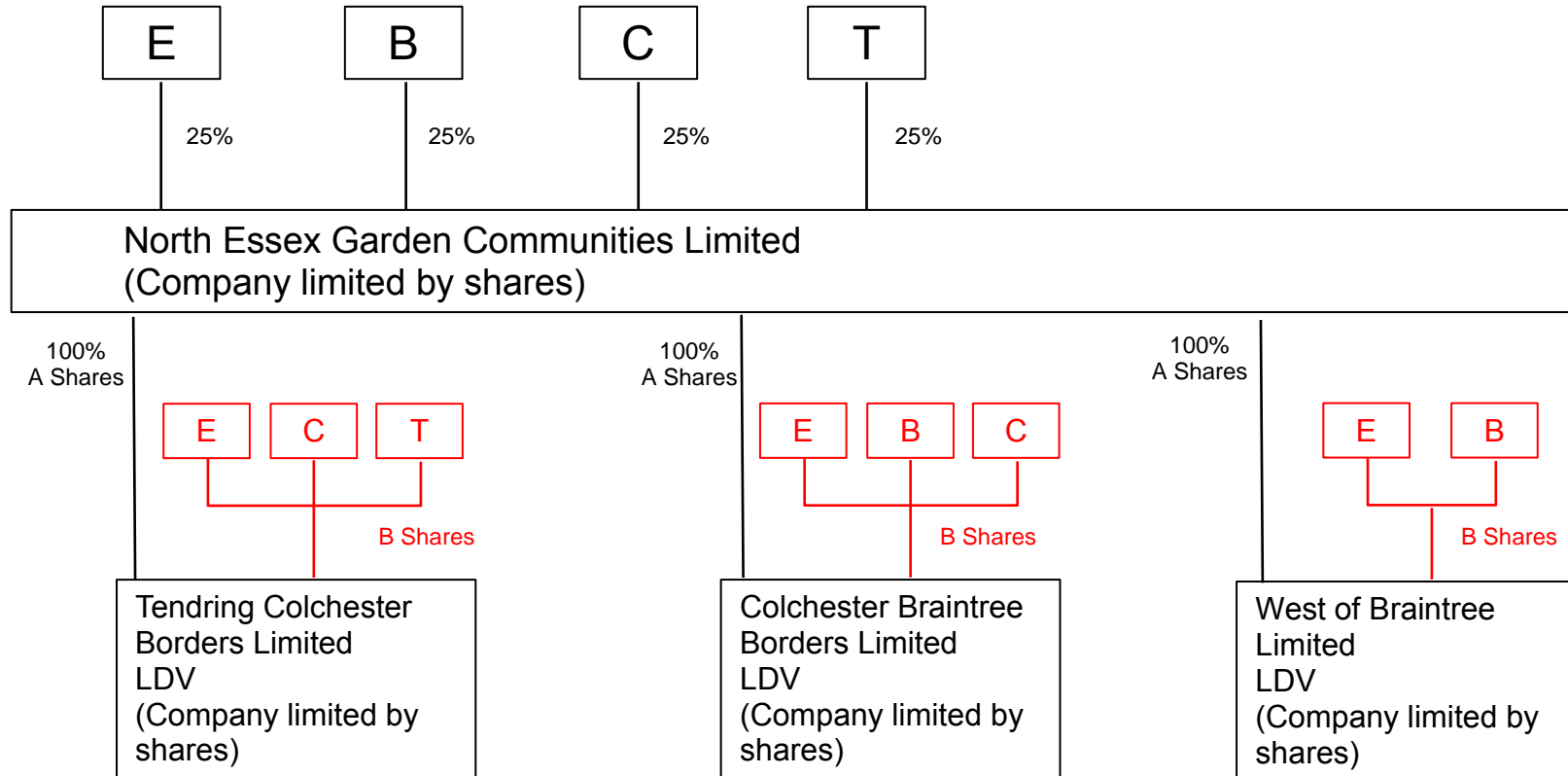
- 15.1. The project is currently seeking the support of the four relevant Councils in order to form the North Essex Garden Communities Limited, and it will then set up the constituent LDV's. It is anticipated that the LDV's will enter into legal agreements with landowners / developers before the end of the year.
- 15.2. 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.
- 15.3. 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
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.

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 Tendring Colchester Borders Limited
- 5 Shareholders Agreement Tendring Colchester Borders Limited
- 6 Strategic Risk Assessment Profile

Diagram showing Corporate Structure:



A Shares - voting shares; no right to dividend

B Shares - non-voting shares; right to dividends; principal right to capital return

DRAFT TERM SHEET

North Essex Garden Communities Limited

1. Definitions	<p>Articles means the articles of association of the Company from time to time</p> <p>B Share means a B share of nominal value £1 in the capital of an LDV</p> <p>B Shareholder means a holder of B Shares</p> <p>Board means the board of Directors</p> <p>Braintree means Braintree District Council</p> <p>Budget means a budget (including revenues, operating and capital expenditures, and cash flow) of the Company for a relevant financial period</p> <p>Colchester means Colchester Borough Council</p> <p>Company means North Essex Garden Communities Limited, a joint strategic private company entity which is owned equally by each Local Authority</p> <p>Director means a director of the Company</p> <p>Director Letter means an engagement letter to be entered into between the Company and each Director</p> <p>Essex means Essex County Council</p> <p>Financial Procedure Rules means the financial procedure rules adopted by the Company from time to time¹</p> <p>Funding Agreement means any funding agreement entered into from time to time between (1) Essex, Braintree, Colchester or Tendring as lender, and (2) the Company as borrower²</p> <p>Independent Director means a director who is not a Nominated Director</p> <p>LDV means each of:</p> <ul style="list-style-type: none"> (i) Tendring Colchester Borders Limited (ii) Colchester Braintree Borders Limited; and (iii) West of Braintree Limited
-----------------------	--

¹ Set of financial procedures to be drafted.

² How will NEGC be funded?

	<p>each a private company limited by shares</p> <p>LDV Budget means a budget (including revenues, operating and capital expenditures, and cashflow) of an LDV for a relevant financial period</p> <p>LDV Business Plan means a 2 year business plan as adopted and amended by each LDV (with the approval of the Company) from time to time; such business plan covering delivery of the Project and such other matters as the board of directors of the LDV determines, and consistent with the aims and requirements of the Master Plan and the Long-term Business Plan.</p> <p>Local Authority means each of Essex, Braintree, Colchester or Tendring</p> <p>Long-term Business Plan means a business plan for the lifetime of the Project (with a higher level of detail for the next 5 years) as adopted by the Company from time to time; such business plan covering infrastructure requirements, finance, planning and such other matters as the Board determines, and consistent with the aims and requirements of the Master Plans</p> <p>Master Plan means the planning policy document adopted in relation to each property which set out proposals for buildings, spaces, movement strategy and land use in three dimensions and matches these proposals to a delivery strategy and development programme</p> <p>Nominated Director means a Director appointed by Essex, Braintree, Colchester or Tendring</p> <p>Project means the development of the Properties as garden community in accordance with the Purpose</p> <p>Property means each of the properties [<i>location descriptions</i>], each of which is approximately identified in the plan attached in Schedule 2</p> <p>Purpose has the meaning given in paragraph 2 below</p> <p>Share means an ordinary share of nominal value £1 in the capital of the Company</p> <p>Shareholder means a holder of Shares</p> <p>Shareholders' Agreement means the shareholders' agreement to be entered into in relation to the business and operation of the Company between Essex, Braintree, Colchester, Tendring and the Company</p> <p>Tendring means Tendring District Council</p>
<p>2. Purpose</p>	<ul style="list-style-type: none"> • The purpose of the Company is (i) to hold shares in the LDVs, and (ii) to co-ordinate funding of the LDVs, and to oversee and hold to account the LDVs as set out in Schedule 1 (the Purpose) • The Purpose (as set out in Schedule 1) will be included in the following

	<p>documents:</p> <ul style="list-style-type: none"> - the Shareholders' Agreement - the Articles (perhaps in an abbreviated form) - the Director Letters <ul style="list-style-type: none"> • The Purpose can only be changed with the prior consent of all of the Local Authorities
<p>3. Shares</p>	<p>Initial Shareholders: At closing each Local Authority will subscribe for 25 Shares at £1 each</p> <p>Voting: The Articles should be drafted so that in relation to any decision of the Shareholders or Board specifically affecting one LDV only, the Local Authorities (or their Nominated Directors) who do not hold B Shares in that LDV shall not be entitled to vote on that decision</p>
<p>4. Directors</p>	<p>Appointment/Removal: The directors shall be appointed as follows:</p> <ul style="list-style-type: none"> • Each of Essex, Braintree, Colchester and Tendring have the right to appoint and remove a Director (each a Nominated Director) • The Board shall be entitled, if it feels it is appropriate to do so (e.g. in order to introduce any required skills, experience or expertise to the Board), to appoint up to a further three independent Directors (each an Independent Director) • Any Director other than a Nominated Director may be removed by notice sent by a majority of the Shareholders to the Company • On appointment, each Director and the Company will enter into a Director Letter <p>Chair: The Board will appoint a chair from amongst the Directors. Any such appointment will be for a maximum 2 year term. The Chair shall not have a casting vote.</p> <p>Operation: The Directors will manage the business of the Company to achieve the Purpose and in accordance with the requirements of the Business Plans (other than the Short-term Business Plans).</p> <p>Board Meetings: It is expected that Board meetings will be held four times a year, or more frequently as the Board may decide</p> <p>Notice: There will be seven days' notice of any Board meeting (or shorter notice if agreed by a majority of the Directors)</p> <p>Quorum: The quorum for Board meetings will be at least three Nominated Directors. If the quorum is not present at the appointed time for the meeting, an adjourned meeting will be called. At that adjourned meeting, at least two Nominated Directors need to be present for a quorum</p> <p>Voting: On any Board decision a majority in favour is required including all</p>

	<p>Nominated Directors, save that where a decision relates to one LDV only, the Nominated Directors appointed by a Local Authority who does not hold B Shares in that LDV shall not be entitled to vote</p> <p>Conflicts: In relation to a Director's conflict:</p> <ul style="list-style-type: none"> • The Director is obliged to declare his or her conflict at the beginning of any Board meeting • If that declaration indicates a dispute or possible dispute, the Board may decide whether or not the conflicted Director should withdraw from all or part of that meeting <p>Alternate Directors: It is expected that each Director will make every effort to attend Board meetings, and will only miss Board meetings in exceptional circumstances. Each Director Letter will name an alternate to attend, speak and vote in Board meetings in the appointing Director's absence</p> <p>Indemnity: The Articles will contain a standard permission to allow a Director to receive the benefit of an indemnity from the Company</p>
<p>5. Business Plan³</p>	<p>The Company's business will be operated in accordance with, and to achieve the aims set out in the Long-term Business Plan. The initial Long-term Business Plan will be attached to the Shareholders' Agreement. The Board will be responsible for (i) preparing the Long-term Business Plan and Budget and (ii) monitoring progress against the Long-term Business Plan and Budget, and may suggest changes to the Long-term Business Plan and Budget from time to time. Any Long-term Business Plan or Budget, and any changes to either must be approved by all of the Local Authorities. In addition, any such changes need to be consistent with the Master Plans and the Purpose. If there are any changes made to the Master Plans or the Purpose, the Board will meet to discuss whether any changes are required to the Long-term Business Plan and Budget, subject to the Local Authorities' approval</p> <p>If the Company undertakes any business which is outside the remit of the Long-term Business Plan or Master Plans, or incurs any expenditure or liability that means the Company will breach the budget, or is likely to be in breach of the Budget, the Board will promptly notify the Local Authorities in writing</p>
<p>6. Reserved Matters</p>	<p>Schedule 3 contains a number of reserved matters. Subject to interpolated voting, before the Company undertakes any of the reserved matters in Schedule 3, it needs the prior written approval of each of the Local Authorities (save that where the matter relates to one LDV only, a Local Authority who does not hold B Shares in that LDV shall not be required to provide its prior written approval).</p>
<p>7. Share Transfers</p>	<p>No Shares may be transferred without the prior written consent of each of the Local Authorities, save that Shares may be transferred to successor bodies (including any new town development corporation)</p>

³ The intention is to give NEGC, through flexible drafting of the Long-term Business Plan and the Budget (in the context of the Financial Procedures Rules), sufficient operational freedom.

<p>8. Termination</p>	<p>The Company shall continue until such time as:</p> <ul style="list-style-type: none"> • The Purpose has been achieved; or • The Company is wound up pursuant to a statutory process <p>On a termination, any assets of the Company may transfer to a successor (or other appropriate) body (including any new town development corporation)</p>
<p>9. Disputes</p>	<p>If there is any dispute in relation to the Company, either at Board or Shareholder level, any party may call a meeting of the CEOs/Leaders of each Local Authority to try to resolve that dispute. If the dispute is still unresolved 21 days after that meeting any party may refer the matter to mediation. If the dispute is still unresolved 42 days after that meeting, any party may refer the matter to arbitration</p>
<p>10. Documentation</p>	<p>Following the agreement of this term sheet, Dentons will prepare the following documentation:</p> <ul style="list-style-type: none"> • Shareholders' Agreement – in addition to the provisions referred to above, that agreement will also contain provisions in relation to: <ul style="list-style-type: none"> – set-up arrangements – business housekeeping (company books, insurance etc) – information provision to the Local Authorities – confidentiality and announcements • Articles • Director Letters – in addition to the provisions referred to above, each letter will also contain the following details: <ul style="list-style-type: none"> – the period of the appointment – name of alternate director – costs and expenses – indemnity

Schedule 1 – Purpose

To co-ordinate the funding of the LDVs and to oversee and hold to account the LDVs in order to develop each of the Properties as garden communities, being self-sustaining communities which secures the future stewardship of public assets for community benefit, the design, development and delivery of which is underpinned by local public sector leadership, a strong vision, inclusive and long term planning and effective engagement.

A garden community should:

- Be implemented using new models of delivery with the public and private sectors sharing risk and reward and ensuring that the cost of achieving the following is borne by those promoting development of the communities: (i) a high quality of place-making; (ii) timely delivery of both on-site and off-site infrastructure needed to address the impact of the new community; (iii) a mechanism for future stewardship, management, maintenance and renewal of community infrastructure and assets;
- Be planned and delivered in conjunction with a masterplan and other design guidance that have been developed through innovative community engagement;
- Be designed and executed to achieve the highest quality of place-making and design, structuring the new community to create an appropriate hierarchy of centres and walkable neighbourhoods that accommodate strong local cultural, recreational, leisure and retail facilities that underpin community life and relate to the wider urban context, as well as establishing environments that promote health, happiness and well-being;
- Have an appropriate mechanism and funding for community governance and empowerment as well as the long term stewardship of community assets;
- Provide beautifully and imaginatively designed homes with easy access to great green spaces, combining the very best of town and country living;
- Provide development that will contribute to building a balanced and inclusive community including a range of mixed-tenure homes and housing types that are affordable – including to rent – for local people including provision of self- and custom-build, co-ownership and affordable homes;
- Contribute to the creation of a resilient & self-sustaining local economy through offering access to a strong local jobs offer, including within the community itself, that provide a variety of employment opportunities within easy commuting distance of homes;
- Ensure provision of generous green space that builds on existing natural assets and is linked to the wider natural environment, with well-connected and biodiversity-rich public parks, a mix of public and private networks of well-managed, high quality gardens, allotments, tree-lined streets and open spaces;
- Provide in a timely fashion to meet the needs of the growing community, a range of great local schools & education facilities catering for all age groups, needs & skills development, health facilities and other services needed to underpin community life;
- Promote and deliver a step change in sustainable and integrated local transport with excellent walking, cycling and public transport systems fully integrated with land use at its heart, encouraging and incentivising more sustainable active travel patterns overall;
- Secure delivery of a smart and sustainable approach to the design and management of services, infrastructure and utilities to secure the highest standards of technology to reduce the impact of climate change, water efficiency with the aim of being water-neutral, energy efficiency and local energy generation, net gains in biodiversity, efficient management of utilities, excellent access to information technology networks and sustainable waste and mineral management.

Schedule 2 – Property Plan

To be included in the final Term Sheet.

Schedule 3 – Reserved Matters

- 1 Passing any resolution or presenting any petition for the Company's winding up (unless the Company is insolvent).
- 2 Issuing or allotting any share or other capital or reducing, converting, sub-dividing, cancelling or otherwise reorganising, or altering any rights attaching to, any Shares.
- 3 Registering any transfer or allotment of Shares.
- 4 Granting any share option or right to subscribe, acquire or convert into Shares or implementing or varying any incentive, bonus or commission arrangement.
- 5 Ceasing, or making any material change in the nature of, the Company's business, the Purpose or establishing any new business.
- 6 Altering the Company's Articles.
- 7 Changing the Company's auditors.
- 8 Changing the Company's accounting reference date or accounting policies.
- 9 Adopting or approving the Company's annual accounts.
- 10 Approving the Long-term Business Plan or Budget, or amending the Long-term Business Plan or Budget.
- 11 Approving or amending the Financial Procedure Rules.
- 12 Transferring the whole or any material part of the undertaking of the Company.
- 13 Save as set out in the Long-term Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring or disposing of (whether by one or more transactions) any assets, entering into any commitment, or incurring any expenditure.
- 14 Save as set out in the Long-term Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring, disposing of, surrendering or assigning any freehold or leasehold property.
- 15 Save as set out in the Long-term Business Plan or Budget, forming any subsidiary, acquiring or disposing of any interest in any business or company, participating in any partnership, joint venture or profit/revenue sharing arrangement or entering into any scheme of arrangement or merger.
- 16 Save as set out in the Long-term Business Plan or Budget, and subject to the Financial Procedure Rules, incurring any borrowings or creating any encumbrance upon or in respect of the whole or part of the business or the Company's assets.

- 17 Entering into any agreement not on bona fide arms' length terms, or (same as set out in the Long-term Business Plan or the Budget) any agreement with any director or with any Shareholder or with any associate of a Shareholder.
- 18 Other than as set out in the Long-term Business Plan, entering into, or varying, any agreement.
- 19 Save as set out in the Long-term Business Plan or Budget, making any loan or providing any surety or security arrangement in respect of any loan or third party obligation whatsoever.
- 20 Save as set out in the Long-term Business Plan or Budget, granting any service or consultancy agreement to any employee or varying or terminating any such agreement.
- 21 Paying any Directors' remuneration, fees or expenses other than pursuant to a Director Letter.
- 22 Save as set out in the Long-term Business Plan or Budget, initiating or settling any litigation or arbitration which will, or is likely to, have:
 - (i) a material impact on the reputation of the Local Authorities, the Company or any LDV, or
 - (ii) the ability of the Company to achieve the Purpose.
- 23 Opening any bank account or signing or varying any bank mandate, in each case other than in accordance with the Financial Procedure Rules.
- 24 Giving any approval for and on behalf of the Company required under Part A of Schedule 3 of each LDV term sheet.⁴

⁴ This will cover the NEGC consent matters set out in the list of reserved matters for each LDV. Is any more required? Will there be anything else in the LDV term sheet/shareholders' agreement/articles that required a reference here? In relation to each LDV what NEGC consents are expected, and which of these also need Local Authority consent?



Shareholders' agreement in relation to North Essex Garden
Communities Limited

Dated

Essex County Council
(Essex)

Colchester Borough Council
(Colchester)

Tendring District Council
(Tendring)

Braintree District Council
(Braintree)

North Essex Garden Communities Limited
(The Company)

Dentons UKMEA LLP
One Fleet Place
London EC4M 7WS
United Kingdom
DX 242

Contents

1	Definitions and Interpretation	13
1.1	Definitions	13
1.2	Interpretation	15
2	Purpose of the Company	16
3	Completion arrangements	16
3.1	Completion	16
3.2	Completion Obligations	17
3.3	No partial Completion	17
4	The Board	17
4.1	Decisions to be referred to the Board	17
4.2	Action by the Board	17
4.3	Nominated Directors	17
4.4	Independent Director	17
4.5	Alternate Directors	18
4.6	Chair	18
4.7	Board meetings	18
4.8	Quorum	18
4.9	Voting at Board meetings	19
4.10	Compliance with Agreement	19
4.11	Shareholders to procure Director's resignation	19
4.12	Indemnity	19
4.13	Directors may pass information to their appointor	19
4.14	[Removal of a director	19
5	Business Plans and Budget	20
6	Financing the Company	20
7	Information and Operation of the Company	21
7.1	Information	21
8	Reserved matters	22
9	Transfer of Shares	22
10	Protection of Name: Intellectual Property	22
10.1	Shareholders' rights to their intellectual property	22
10.2	Company's rights to its intellectual property	22
11	Freedom of Information	22
12	Announcements and Confidentiality	23
12.1	No announcements without agreement	23
12.2	Shareholders' confidentiality obligations	23
12.3	Company's confidentiality obligations	23
12.4	Duration of confidentiality obligations	23
13	Relationship between Shareholders and the Company	23
13.1	Shareholders' procurement obligation	23

13.2	No partnership	24
14	Entire Agreement and Severance	24
14.1	Entire agreement	24
14.3	Conflict with the Articles	24
14.4	Severance	24
15	Amendments	24
16	No assignment	25
17	Remedies and Waivers	25
17.1	No waiver or discharge	25
17.2	Saving for future waivers	25
17.3	Failure to exercise etc. not a waiver	25
17.4	Rights and remedies cumulative	25
18	Third party rights	25
19	Costs	25
20	Termination	25
21	Duration	26
22	Notices	26
22.1	Service	26
22.2	Receipt	26
23	Disputes	26
24	Governing Law and Jurisdiction	27
24.1	Governing law	27
24.2	Jurisdiction	27
25	Execution of different copies	27
	Schedule 1 – The Purpose	27
	Schedule 2 - Particulars of the Company	29
	Schedule 3 – Property Plans	30
	Schedule 4 – Reserved Matters	30
	 List of Agreed Form Documents	
-	Articles (Clause 3.2(a))	
-	Financial Procedure Rules	
-	Director's Letter (Clause 3.2(b))	

Shareholders' Agreement

Dated

Between

- (1) **Essex County Council (Essex)** of County Hall, Market Road, Chelmsford, CM1 1QH;
- (2) **Colchester Borough Council (Colchester)** of Rowan House, 33 Sheepen Road, Colchester, Essex, CO3 3WG;
- (3) **Tendring District Council (Tendring)** of Town Hall, Station Road, Clacton-On-Sea, Essex, CO15 1SE;
- (4) **Braintree District Council (Braintree)** of Causeway House, Bocking End, Braintree, Essex, CM7 9HB;
and
- (5) **North Essex Garden Communities Limited (the Company)** a company incorporated in England and Wales with registered number 10319743 having its registered office at ** .

Recitals

- A. The Company is a joint strategic entity which is equally owned by each Local Authority.
- B. The parties have agreed to incorporate the LDV's which will develop the Properties in accordance with the Purpose, through the Company and the LDVs.

It is agreed

1 Definitions and Interpretation

1.1 Definitions

In this Agreement the following definitions shall apply.

Act means the Companies Act 2006.

Articles means the articles of association of the Company in the agreed form and as subsequently amended time to time in accordance with this Agreement.

Board means the board of Directors.

Borrowings means [bank and other loans, and finance provided under hire purchase, factoring, leasing acceptance credits and similar arrangements.]

Budget means a budget (including revenues, operating and capital expenditures and cash flow) of the Company for a relevant financial period.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for the transaction of general business.

Chair means the chair from time to time of the Board.

Completion means completion of the matters specified in Clause 3.

Director means a director of the Company from time to time.

Director's Letter means an engagement letter in the agreed form to be entered into between the Company and each Director.

Encumbrance means any mortgage, charge, pledge, hypothecation, lien, assignment by way of security, title retention, option, right to acquire, right of pre-emption, right of set-off, counterclaim, trust arrangement or other security, preferential right or agreement to confer security, or any equity or restriction (but excluding liens arising by operation of law) and **Encumber** shall be construed accordingly.

Financial Procedure Rules means the financial procedure rules in the agreed form adopted by the Board [with the approval of the Shareholders] (as amended from time to time).

Funding Agreement means any debt funding agreement entered into from time to time between a Local Authority (as lender) and the Company (as borrower).

Independent Director means a director who is not a Nominated Director, such director being appointed by the Board.

Intellectual Property means patents, trade marks, service marks, trade names, domain names, rights in designs, semiconductor topography rights, database rights of unfair extraction and reutilisation, copyrights (including rights in computer software), rights in know-how and other intellectual or industrial property rights (whether registered or unregistered and including applications for the registration of any of the foregoing) and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world.

Joint Delivery Group means a joint delivery group established by the Company to provide the Services

LDV means Tendring Colchester Borders Limited, Colchester Braintree Borders Limited and West of Braintree Limited.

LCIA Rules means the LCIA Arbitration Rules 2014.

Local Authority means Essex, Braintree, Colchester or Tendring.

Long-term Business Plan means a business plan for the lifetime of the Project (with a higher level of detail for the next 5 years in relation to the Company as adopted from time to time by the Company with the prior consent of Essex, Braintree, Colchester and Tendring; such business plan covering, infrastructure requirements, finance, planning and such other matters as the Company determines, and consistent with the aims and requirements of the Master Plan.

Master Plan means a document in relation to the Project as adopted by the relevant local planning authority that sets out proposals for land uses buildings, spaces, access and movement and other spatial components and sets the basis for planning applications.

New Town Development Corporation means a corporation established under section 1 of the New Towns Act 1981 or similar future legislation, as amended from time to time.

Nominated Director means a Director appointed by a Local Authority.

Project means the development of each of the Properties as a garden community in accordance with the Purpose.

Property means each of the properties which are approximately identified in the plans attached in Schedule 4.

Purpose has the meaning given in Clause 2.1 below.

Senior Employee means an employee whose total annual remuneration exceeds or is likely to exceed £75,000.

Services means management and technical support and such other support and services the LDVs may require, and the Company may provide, from time to time.

Share means an ordinary share of £1 each in the capital of the Company.

Shareholder means a holder of Shares.

1.2 Interpretation

In this Agreement, unless otherwise specified:

- (a) the index and headings are for ease of reference only and shall not be taken into account in construing this Agreement;
- (b) references to this Agreement or any other document shall be construed as references to this Agreement or that other document as amended, varied, novated, supplemented or replaced from time to time;
- (c) references to any recital, clause, paragraph or Schedule are to those contained in this Agreement, and all Schedules to this Agreement are an integral part of this Agreement;
- (d) the expression **this Clause** shall, unless followed by reference to a specific provision, be deemed to refer to the whole clause (not merely the sub-clause, paragraph or other provision) in which the expression occurs;
- (e) references to a **party** mean a party to this Agreement including that party's successors in title and assigns or transferees permitted in accordance with the terms of this Agreement provided that the relevant property, right or liability has been properly assigned or transferred to such person;
- (f) references to a **director** shall, where the context allows, include reference to the alternate of such director;
- (g) references to a **subsidiary** shall include reference to a subsidiary and a subsidiary undertaking, each as defined in the Act, but on the basis that a company is to be treated as a member of another company for the purposes of subsections 1159(1)(b) and (c) of the Act even if its shares in that other company are registered in the name of:
 - (i) its nominee or any other person acting on its behalf, or
 - (ii) another person by way of security over those shares;

- (h) a document is in the **agreed form** if it is in the form of a draft agreed between and initialled by or on behalf of the Shareholders on or before the date of this Agreement;
- (i) references to any gender shall include the others; and words in the singular include the plural and vice versa;
- (j) references to **legislation** include any statute, bye-law, regulation, rule, subordinate or delegated legislation or order; and reference to any **legislation** is to such legislation as amended, modified or consolidated from time to time and to any legislation replacing it or made under it;
- (k) references to a **person** (or to a word importing a person) shall be construed so as to include:
 - (i) an individual, firm, partnership, trust, joint venture, company, corporation, body corporate, unincorporated body, association, organisation, any government, or state or any agency of a government or state, or any local or municipal authority or other governmental body (whether or not in each case having separate legal personality); and
 - (ii) that person's successors in title and assigns or transferees permitted in accordance with the terms of this Agreement provided that the relevant property, right or liability has been properly assigned or transferred to such person;
- (l) the words and expressions defined in sections 250, 390, 391, 471, 540, and 1173 of the Act have the same meanings;
- (m) **in writing** includes any communication made by letter, e-mail or other forms of electronic communication;
- (n) the words **include**, **including** and **in particular** shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words; and
- (o) the words **other** and **otherwise** shall not be construed ejusdem generis with any foregoing words where a wider construction is possible.

2 Purpose of the Company

- 2.1 The parties hereby agree that the purpose of the Company is to hold shares in each of the LDVs, to coordinate funding of the LDVs and to oversee and hold to account the LDVs as set out in Schedule 1.
- 2.2 The Company will set up a Joint Delivery Group to provide services to the LDVs.
- 2.3 The Purpose can only be amended with the prior written consent of all of the Local Authorities.

3 Completion arrangements

3.1 Completion

Completion shall take place immediately following signature of this Agreement at [*insert relevant address*].

3.2 Completion Obligations

At Completion:

- (a) the parties shall procure that:
 - (i) the Company is established, organised and financed as detailed in Schedule 3;
 - (ii) the Company adopts the Articles; and
 - (iii) **[others?]**.
- (b) the Company shall, and the Shareholders shall procure that the Company shall, enter into the following:
 - (i) Director's Letters;
 - (ii) [Any other contracts to be entered into at Completion];
- (c) Each [LDV/Local Authority] shall enter into the following agreements:
 - (i) [list]

3.3 No partial Completion

No party shall be obliged to complete its obligations under Clause 3.2 unless all of the obligations listed in Clause 3.2 are completed with simultaneous effect.

4 The Board

4.1 Decisions to be referred to the Board

- 4.1.1 The Board will manage the business of the Company to achieve the Purpose and in accordance with the requirements of the Long-term Business Plan.
- 4.1.2 All policy and management decisions of the Company (including the matters set out in Clause 8) shall be referred to the Board before implementation.

4.2 Action by the Board

The Board shall act by majority vote, except in relation to any matter listed out in Clause 8 in which case no decision or action shall be taken unless any prior written consent required under Clause 8 has been received by the Company and if such consent is so received each of the Directors shall, unless otherwise constrained by their fiduciary duties, vote in favour of such matter.

4.3 Nominated Directors

Each Local Authority shall have the exclusive right to appoint, remove or replace a Nominated Director.

4.4 Independent Director

The Board shall have the right to appoint up to three Independent Directors if it feels it is appropriate to do so.

4.5 Alternate Directors

It is expected that each Director will make every effort to attend Board meetings, and shall only miss Board meetings in exceptional circumstances. Each Director's Letter will contain details of an alternate to attend, speak and vote in Board meetings in the appointing Director's absence.

4.6 Chair

The Board will appoint a chair from amongst the Directors. Any such appointment will be for a maximum 2 year term.

4.7 Board meetings

Board meetings shall be held at such location as a quorum of the Directors agree at intervals of not more than three months. Save as otherwise agreed by a majority of the Directors:

- (a) Board meetings shall be convened by any Director by not less than 7 days' notice, or where the particular circumstances require a shorter period, such shorter period as the circumstances reasonably require, if agreed by a majority of Directors;
- (b) each notice shall be sent to each Director to the address, and/or e-mail address notified to the Company for these purposes, and if notice is required to be sent by e-mail a copy of such notice shall also be sent by post (and air mail if the address is overseas);
- (c) each notice of a Board meeting shall be accompanied by a full agenda and supporting papers;
- (d) each Board meeting shall only deal with the business set out in the agenda which accompanied the notice convening that Board meeting; and
- (e) minutes of each meeting of the Board shall be taken and kept by the company secretary in the books of the Company. Copies of the minutes of each such meeting shall be delivered to each member of the Board as soon as practicable. If a member has not been present at the meeting copies of all papers considered by the Board at the meeting shall be sent to him with the minutes.

4.8 Quorum

The quorum for a Board meeting shall be at least three Nominated Directors present in person or by his alternate (but so that not less than three individuals shall constitute the quorum). If within 30 minutes of the time appointed for a Board meeting there is no quorum, the Director(s) present shall adjourn the meeting to a place and time not less than five Business Days later provided that at such adjourned meeting the requirement that such Director(s) shall be present shall not apply, and two Nominated Directors present and shall constitute a quorum and may conduct the business of the meeting.

4.9 Voting at Board meetings

- 4.9.1 At each Board meeting the Directors present shall be entitled to cast one vote on each issue put to a vote.
- 4.9.2 On any Board decision a majority (including all Nominated Directors) in favour is required for the vote to pass, save that:
- (a) where a decision relates to Tendring Colchester Borders Limited only, any Nominated Director appointed by Braintree shall not be entitled to vote, and shall not be required in the majority for the vote to pass;
 - (b) where a decision relates to Colchester Braintree Borders Limited only, any Nominated Director appointed by Tendring shall not be entitled to vote, and shall not be required in the majority for the vote to pass;
 - (c) where a decision relates to West of Braintree Limited only, any Nominated Director appointed by Colchester or Tendring shall not be entitled to vote, and shall not be required in the majority for the vote to pass; and
 - (d) where a decision relates to Tendring Colchester Borders and West of Braintree Limited but not Colchester Braintree Borders Limited, any Nominated Director appointed by Tendring shall not be entitled to vote, and shall not be required in the majority for the vote to pass.

4.10 Compliance with Agreement

The Company shall procure that any person who is appointed a Director after the date of this Agreement shall immediately upon becoming a Director of the Company enter into a Director's Letter with the Company to comply with and implement the terms of this Agreement.

4.11 Shareholders to procure Director's resignation

If a Shareholder ceases to be a Shareholder, it shall procure that every Director appointed by it under this Clause 4 is removed.

4.12 Indemnity

Each Shareholder shall procure that any Director appointed by it who vacates his office as director (whether by virtue of being removed by that Shareholder or otherwise) shall do so without cost to the Company. That Shareholder shall indemnify the Company and any other Shareholder from and against all claims, demands and rights which any such Director may have against the Company in respect of removal, dismissal, redundancy or otherwise.

4.13 Directors may pass information to their appointor

A Director may from time to time disclose to the Party who appointed him and its representatives such information as he has regarding the Company.

4.14 Removal of a director

Any Independent Director may be removed by notice sent by a majority of the Shareholders to the Company.

5 Business Plans and Budget

5.1 Interim business plans

Until such time as a Long-term Business Plan is adopted in accordance with this Clause 5, the Company may operate under such business plan as the relevant Board shall determine.

5.2 Business plans

5.2.1 Within three months of a full Board being appointed (being at least four Directors) the Company shall, subject to the approval of the Local Authorities, formally adopt an Long-term Business Plan.

5.2.2 The Board shall submit any draft Long-term Business Plan to the Local Authorities no later than two months before the end of the period to which the then current Long-term Business Plan relates. Such draft Long-term Business Plan shall not be adopted by the Company until such time as the Local Authorities' approval has been received.

5.2.3 Any amendments to a Long-term Business Plan or Budget must first be approved in writing by the Local Authorities. In order to obtain the Local Authorities' written approval, the Board shall submit to the Local Authorities in writing the Long-term Business Plan or Budget together with a proposal setting out the amendments, and an explanation for the amendments. Any such amendments need to be consistent with the Master Plan and the Purpose.

5.2.4 Subject always to the Local Authorities' approval, if there are any amendments made to the Master Plan or the Purpose, the Board will meet to discuss whether any amendments are required to the Long-term Business Plan and Budget.

5.2.5 If the Company undertakes any business which is outside the remit of the Long-term Business Plan or Master Plan, or incurs any expenditure or liability that means the Company will breach or exceed the Budget, or is likely to be in breach of the Budget, the Board will promptly notify the Local Authorities in writing. Such notification will provide:

- (a) detailed information in relation to such expenditure or liability, including an explanation of the circumstances; and
- (b) suggested remedial action.

5.3 Budget

5.3.1 The Board shall submit any draft Budget to the Local Authorities no later than two months before the start of each financial period of the Company. Such Budget shall not be adopted by the Company until such time as the Local Authorities' approval has been received.

5.3.2 If, at the end of any financial period, the Budget for the next financial period has not been agreed, the Company should comply with the requirements of the Financial Procedure Rules until such time as the relevant Budget has been approved by the Local Authorities.

6 Financing the Company

6.1 Financing

The Company shall be financed through the moneys subscribed for issued shares and lent under any Funding Agreement, or otherwise as the Shareholders may agree.

6.2 Borrowing limit

The parties shall procure that the Company does not exceed any borrowing limit contained in the Budget or Financial Procedure Rules.

6.3 No Shareholder obligations to fund

No Shareholder shall be obliged to advance any loan to the Company except in accordance with a Funding Agreement.

7 Information and Operation of the Company

7.1 Information

The Company shall provide to each Shareholder and Director and where requested, to their representatives, the following:

- (a) a profit and loss account estimate for the Company within 10 Business Days of the end of each month;
- (b) unaudited management accounts for the Company within 20 Business Days from the end of each month including a profit and loss account for that month and for the financial year to date (in each case measured against the budget for the relevant period) and 12 month forecast cash flows;
- (c) audited statutory accounts for the Company within 60 Business Days from the end of the financial year;
- (d) access to the Company's books, records and auditors at such times as may reasonably be requested; and
- (e) such other information relating to the Company as any Shareholder may reasonably request from time to time,

and without prejudice to the foregoing, the Company shall keep the Shareholders fully and promptly informed of all material developments regarding the Company's financial and business affairs and all significant events (including any litigation or arbitration) which will or may affect the Company.

7.2 Operation of the Company

The Company shall, and the Shareholders shall procure that the Company, shall:

- (a) carry on and conduct its business on a commercial basis in a proper lawful and efficient manner for its own benefit;
- (b) transact all business on arm's length terms;

- (c) ensure that all its business other than routine business is undertaken or supervised by the Directors;
- (d) obtain and maintain all necessary licences and approvals required in order to carry on the business; and
- (e) observe and perform its obligations under each contract referred to in Clause 3.2(b).

8 Reserved matters

The Company agrees so far as it lawfully may, and the Shareholders agree to procure, so far as is within their powers as Shareholders, that before the Company undertakes any of the matters listed in Schedule 4 the prior written consent of each of the Local Authorities is required, save that where the matter relates to one LDV only, a Local Authority who does not hold B ordinary shares in the relevant LDV shall not be required to provide its prior written consent.

9 Transfer of Shares

No Shareholder shall assign, transfer, exchange, encumber or otherwise dispose of any of the Shares held by it or any interest in them without the prior written consent of the other Shareholders. Save that Shares may be transferred to successor bodies (including any New Town Development Corporation).

10 Protection of Name: Intellectual Property

10.1 Shareholders' rights to their intellectual property

The Shareholders hereby acknowledge and agree that all Intellectual Property Rights used in the Business but owned or provided by a Shareholder or any associate of a Shareholder (not being the Company) shall unless specifically otherwise agreed in writing remain the property of that Shareholder, shall be deemed licensed to the Company on such terms as agreed by the Shareholder and the Company, or if there is no agreement on a non-exclusive royalty-free basis for so long as the party remains a Shareholder.

10.2 Company's rights to its intellectual property

Any Intellectual Property Rights which arise in the course of the Company's activities and are developed by the Company, its Directors, employees or agents shall belong to the Company and shall be deemed licensed to each of the Shareholders on such terms as are agreed by the Company and the relevant Shareholder or if there is no agreement, on a non-exclusive royalty-free basis for so long as the relevant Shareholder remains a Shareholder.

11 Freedom of Information

The parties acknowledge that the parties to this Agreement may be subject to the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004 and may be required to disclose information in response to requests within the terms of that legislation. Where appropriate the relevant party shall rely on any applicable exemptions in that legislation to justify not disclosing such information. Each party agrees to consult with the other parties to this Agreement as soon as reasonably practicable after receiving any such request and before disclosing any information concerning the Company.

12 Announcements and Confidentiality

12.1 No announcements without agreement

Save as required by law or with the prior written consent of the other parties no statement or announcement of any nature relating to the subject matter of or the transaction referred to in this Agreement or the establishment or operations of the Company shall be made to the public, the press or otherwise unless in a form previously agreed between the Shareholders.

12.2 Shareholders' confidentiality obligations

12.2.1 Subject to Clause 11 each Shareholder shall (and shall procure that their representatives shall) at all times keep confidential and shall not use (other than for the benefit of the Company) any confidential information which it or they may have or acquire in relation to the business, finances, assets or affairs of the Company or any other party, save for any information:

- (a) which is publicly available or becomes publicly available otherwise than as a result of a breach of this Clause 12;
- (b) which is disclosed to that party by a third party which did not acquire the information under an obligation of confidentiality;
- (c) which is required to be disclosed by law or the rules of any recognised investment exchange (as that term is used in section 285 of the Financial Services and Markets Act 2000) to which that Shareholder.

12.2.2 No Shareholder shall use any confidential information acquired in relation to another Shareholder pursuant to the performance of this Agreement for any purpose without the prior consent in writing of that Shareholder.

12.3 Company's confidentiality obligations

The Company shall observe a similar obligation of confidence to that set out in Clause 12.2.1 in favour of each Shareholder.

12.4 Duration of confidentiality obligations

The obligations in this Clause 12 shall continue to apply after termination of this Agreement and after any party has ceased to be party to this Agreement without limit in time.

13 Relationship between Shareholders and the Company

13.1 Shareholders' procurement obligation

Each of the Shareholders agrees it shall exercise its rights hereunder and as a Shareholder in the Company in such manner as could reasonably be expected to prevent, and shall not exercise those rights in any manner which could reasonably be expected to result in, a breach by the Company of any of its obligations under this Agreement or any Funding Agreement or any restrictions imposed upon it under its Articles (whether or not enforceable against the Company itself).

13.2 No partnership

Nothing in this Agreement, and no action taken under this Agreement, shall create a partnership or establish a relationship of principal and agent between any of the parties or (save as otherwise stated herein) otherwise authorise any party to bind any other party for any purpose.

14 Entire Agreement and Severance

14.1 Entire agreement

This Agreement together with the documents referred to in it sets out the entire agreement between the parties, and supersedes any previous agreement between them in relation to the subject matter of this Agreement and those documents.

14.2 Acknowledgment by parties

Each party acknowledges that:

- (a) in entering into this Agreement and the documents referred to in it, it does not rely on, and shall have no remedy in respect of, any representation (whether negligent or otherwise) made to it by any person (whether a party to this Agreement or not) which is not expressly set out or referred to in this Agreement;
- (b) the only remedy available to it in respect of any representation or warranty expressly set out or referred to in this Agreement shall be for breach of contract in respect of that term of this Agreement; and
- (c) nothing in this Clause 14 shall operate to exclude or restrict any liability for fraudulent misrepresentation.

14.3 Conflict with the Articles

The parties intend that the provisions of this Agreement shall prevail over the Articles in the event of conflict and, accordingly, the Shareholders shall, if necessary, exercise all voting and other rights and powers available to them as Shareholders or under this Agreement to procure any amendment to the Articles required to give effect to the provisions of this Agreement.

14.4 Severance

If any provision of this Agreement or part thereof is rendered void, illegal or unenforceable in any respect (whether against all or only some of the parties), the validity, legality and enforceability of the remaining provisions (and such aforesaid provision against the other parties) shall not in any way be affected or impaired thereby.

15 Amendments

This Agreement may not be amended, changed, altered, waived or, save as provided in Clause 20, terminated without the written consent of the parties.

16 No assignment

No party may assign its rights under this Agreement without the prior written consent of all other parties.

17 Remedies and Waivers

17.1 No waiver or discharge

No default by any party in the performance of or compliance with any provision of this Agreement shall be waived or discharged except with the express written consent of all other parties.

17.2 Saving for future waivers

No waiver by any party of any default by another party in the performance of or compliance with any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default whether of a like or different character.

17.3 Failure to exercise etc. not a waiver

No failure to exercise, nor delay or omission by any party in exercising, any right, power or remedy conferred on it under this Agreement or provided by law:

- (a) affect that right, power or remedy; or
- (b) operate as a waiver of it.

No single or partial exercise by any party of any right, power or remedy shall prevent any further exercise of that right, power or remedy or the exercise of any other right, power or remedy.

17.4 Rights and remedies cumulative

The rights, powers and remedies conferred on the parties by this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law or otherwise.

18 Third party rights

The parties do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement.

19 Costs

Each party shall bear the costs and expenses incurred by it in connection with the preparation and implementation of this Agreement.

20 Termination

20.1 The Company shall continue until such time as:

- a) the Purpose has been achieved; or

b) the Company is wound-up pursuant to a statutory process.

20.2 If the Purpose is achieved a Board meeting shall be called to decide whether the Company should ask the Shareholders to liquidate the Company.

20.3 On termination of this Agreement, any assets of the Company may transfer to a successor (or other appropriate) body, including a New Town Development Corporation.

21 Duration

The rights and obligations of each Shareholder shall continue and be enforceable by or against it only while it is a Shareholder of the Company save for rights and obligations in respect of antecedent breaches of this Agreement or the Articles.

22 Notices

22.1 Service

22.1.1 Any notice or other communication to be given under this Agreement shall be in writing and shall be delivered by hand, sent by prepaid first class, recorded delivery or registered post, and shall be addressed to the party to be served in the case of:

- (a) a company at its registered office for the time being;
- (b) Essex's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**];
- (c) Colchester's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**];
- (d) Braintree's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**]; and
- (e) Tendring's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**].

22.1.2 Any claim form, application notice, judgment, order, or other notice of legal process relating to this agreement may be served on a Local Authority by posting it first-class to the address for service specified above, or to such other address for service within England as the relevant party may notify to the other parties from time to time.

22.2 Receipt

Any notice or other communication under this Agreement shall only be effective when received.

23 Disputes

23.1 In the event of a dispute in relation to the Company, or arising out of or relating to this Agreement (including any question regarding its existence, validity or termination) either at the Board or between

the Shareholders, any party shall be entitled to call a meeting of the CEOs/Leaders of each Local Authority with the aim of resolving the dispute (**CEO Meeting**).¹

- 23.2 If the dispute is not settled within 21 days of the CEO Meeting to resolve the dispute, any party may refer the matter to mediation in accordance with the LCIA Mediation Rules, which are deemed to be incorporated by reference into this Clause 23.
- 23.3 If the dispute is not settled by mediation within 42 days of the CEO Meeting or such further period as the parties to the dispute shall agree in writing, the dispute shall be referred to and finally resolved by arbitration under the LCIA Rules, which are deemed to be incorporated by reference into this Clause 23.
- 23.4 In any arbitration commenced pursuant to this Clause 23,
- (a) the number of arbitrators shall be one;
 - (b) the seat, or legal place, of arbitration shall be London, England; and
 - (c) the language to be used in the arbitral proceedings shall be English.

24 Governing Law and Jurisdiction

24.1 Governing law

This Agreement is governed by and is to be construed in accordance with English law.

24.2 Jurisdiction

Subject to Clause 23 the parties agree to submit to the exclusive jurisdiction of the English courts as regards any claim or matter arising out of or in connection with this Agreement.

25 Execution of different copies

The parties may execute this Agreement in any number of copies and on separate copies. Each executed copy counts as an original of this Agreement and all the executed copies form one instrument.

Signed on the date appearing at the beginning of this Deed.

Schedule 2 – The Purpose

The purpose of the Company is to co-ordinate the funding of the LDVs and to oversee and hold to account the LDVs in order to develop each of the Properties as garden communities, being self-sustaining communities which secures the future stewardship of public assets for community benefit, the design, development and delivery of which is underpinned by local public sector leadership, a strong vision, inclusive and long term planning and effective engagement.

A garden community should:

¹ RB: Should we include further provisions in respect of such meeting e.g. every LA must have a representative present, notice etc.

1. be implemented using new models of delivery with the public and private sectors sharing risk and reward and ensuring that the cost of achieving the following is borne by those promoting development of the communities: (i) a high quality of place-making; (ii) timely delivery of both on-site and off-site infrastructure needed to address the impact of the new community; (iii) a mechanism for future stewardship, management, maintenance and renewal of community infrastructure and assets;
2. be planned and delivered in conjunction with a masterplan and other design guidance that have been developed through innovative community engagement;
3. be designed and executed to achieve the highest quality of place-making and design, structuring the new community to create an appropriate hierarchy of centres and walkable neighbourhoods that accommodate strong local cultural, recreational, leisure and retail facilities that underpin community life and relate to the wider urban context, as well as establishing environments that promote health, happiness and well-being;
4. have an appropriate mechanism and funding for community governance and empowerment as well as the long term stewardship of community assets;
5. provide beautifully and imaginatively designed homes with easy access to great green spaces , combining the very best of town and country living;
6. provide development that will contribute to building a balanced and inclusive community including a range of mixed-tenure homes and housing types that are affordable – including to rent – for local people including provision of self- and custom-build, co-ownership and affordable homes;
7. contribute to the creation of a resilient & self-sustaining local economy through offering access to a strong local jobs offer, including within the community itself, that provide a variety of employment opportunities within easy commuting distance of homes;
8. ensure provision of generous green space that builds on existing natural assets and is linked to the wider natural environment, with well-connected and biodiversity-rich public parks, a mix of public and private networks of well-managed, high quality gardens, allotments, tree-lined streets and open spaces;
9. provide in a timely fashion to meet the needs of the growing community, a range of great local schools & education facilities catering for all age groups, needs & skills development, health facilities and other services needed to underpin community life;
10. promote and deliver a step change in sustainable and integrated local transport with excellent walking, cycling and public transport systems fully integrated with land use at its heart, encouraging and incentivising more sustainable active travel patterns overall; and
11. secure delivery of a smart and sustainable approach to the design and management of services, infrastructure and utilities to secure the highest standards of technology to reduce the impact of climate change, water efficiency with the aim of being water-neutral, energy efficiency and local energy generation, net gains in biodiversity, efficient management of utilities, excellent access to information technology networks and sustainable waste and mineral management.

Schedule 3 - Particulars of the Company²

Name:	North Essex Garden Communities Limited			
Registered Number:	10319743			
Registered office:	**			
Directors:				
Nominated Directors:	**	**	**	**
Independent Director:	**	**	**	
Company Secretary:	**			
Share Capital:	25 Shares Essex			
	25 Shares Braintree			
	25 Shares Colchester			
	25 Shares Tendring			
No. and type of Shares subscribed:	100 Shares			
Total subscription price (including any premium)	£100			
Auditors:	**			
Accounting Reference Date:	**			
Bankers:	**		**	

² All to be confirmed.

Schedule 4 – Property Plans

To be included in the final Shareholders' Agreement.

Schedule 5 – Reserved Matters

- 1 Passing any resolution or presenting any petition for the Company's winding up (unless the Company is insolvent).
- 2 Issuing or allotting any share or other capital or reducing, converting, sub-dividing, cancelling or otherwise reorganising, or altering any rights attaching to, any Shares.
- 3 Registering any transfer or allotment of Shares.
- 4 Granting any share option or right to subscribe, acquire or convert into Shares or implementing or varying any incentive, bonus or commission arrangement.
- 5 Ceasing, or making any material change in the nature of, the Company's business, the Purpose or establishing any new business.
- 6 Altering the Company's Articles.
- 7 Changing the Company's auditors.
- 8 Changing the Company's accounting reference date or accounting policies.
- 9 Adopting or approving the Company's annual accounts.
- 10 Approving the Long-term Business Plan or Budget, or amending the Long-term Business Plan or Budget.
- 11 Approving or amending the Financial Procedure Rules.
- 12 Transferring the whole or any material part of the undertaking of the Company.
- 13 Save as set out in the Long-term Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring or disposing of (whether by one or more transactions) any assets, entering into any commitment, or incurring any expenditure.
- 14 Save as set out in the Long-term Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring, disposing of, surrendering or assigning any freehold or leasehold property.
- 15 Save as set out in the Long-term Business Plan or Budget, forming any subsidiary, acquiring or disposing of any interest in any business or company, participating in any partnership, joint venture or profit/revenue sharing arrangement or entering into any scheme of arrangement or merger.
- 16 Save as set out in the Long-term Business Plan or Budget, and subject to the Financial Procedure Rules, incurring any Borrowings or creating any Encumbrance upon or in respect of the whole or part of the business or the Company's assets.

- 17 Entering into any agreement not on bona fide arms' length terms, or (same as set out in the Long-term Business Plan or the Budget) any agreement with any director or with any Shareholder or with any associate of a Shareholder.
- 18 Other than as set out in the Long-term Business Plan, entering into, or varying, any Agreement.
- 19 Save as set out in the Long-term Business Plan or Budget, making any loan or providing any surety or security arrangement in respect of any loan or third party obligation whatsoever.
- 20 Save as set out in the Long-term Business Plan or Budget, granting any service or consultancy agreement to any Senior Employee or varying or terminating any such agreement.
- 21 Paying any Directors' remuneration, fees or expenses other than pursuant to a Director's Letter.
- 22 Save as set out in the Long-term Business Plan or Budget, initiating or settling any litigation or arbitration which will, or is likely to, have:
 - (i) a material impact on the reputation of the Local Authorities, the Company or any LDV, or
 - (ii) the ability of the Company to achieve the Purpose.
- 23 Opening any bank account or signing or varying any bank mandate, in each case other than in accordance with the Financial Procedure Rules.
- 24 Giving any approval for or on behalf of the Company required under Part A Schedule 4 (Reserved Matters) of each LDVs shareholders' agreement.

Signed by ** authorised)
 for **ESSEX COUNTY COUNCIL**)

Signed by ** authorised)
 for **COLCHESTER**)
BOROUGH COUNCIL)

Signed by ** authorised)
 for **TENDRING DISTRICT COUNCIL**)

Signed by ** authorised)
 for **BRAINTREE DISTRICT COUNCIL**)

)
Signed by ** authorised)
 for **NORTH ESSEX**)
GARDEN COMMUNITIES LIMITED)

Appendix 4:

DRAFT TERM SHEET

North Essex Garden Communities: LDV1

Tendring Colchester Borders Limited

1. Definitions	<p>A Share means an A share of nominal value £1 in the capital of the Company.</p> <p>A Shareholder means a holder of A Shares.</p> <p>Articles means the articles of association of the Company from time to time.</p> <p>B Share means a B share of nominal value £1 in the capital of the Company.</p> <p>B Shareholder means a holder of B Shares.</p> <p>Board means the board of Directors.</p> <p>Braintree means Braintree District Council.</p> <p>Budget means a budget (including revenues, operating and capital expenditures, and cash flow) of the Company for a relevant financial period.</p> <p>Chair means Chair of the Board.</p> <p>Colchester means Colchester Borough Council.</p> <p>Company means Tendring Colchester Borders Limited, a private company limited by shares.</p> <p>Director means a director of the Company.</p> <p>Director Letter means an engagement letter to be entered into between the Company and each Director.</p> <p>Essex means Essex County Council.</p> <p>Financial Procedure Rules means the financial procedure rules adopted by the Company from time to time with the approval of NEGC.¹</p> <p>Funding Agreement means any funding agreement entered into from time to time between (1) Essex, Colchester or Tendring as lender, and (2) the Company as borrower.</p> <p>Independent Director means a director who is not a Nominated Director or a Landowner Director.</p> <p>Landowner/Optionholder means [] (for so long as [it/they]</p>
-----------------------	--

¹ Set of financial procedures to be drafted.

	<p>[has/have] any interest in the Property), and/or such other person as NEGC determines.</p> <p>Landowner Directors means a person nominated by the Landowner/Optionholder and appointed as a Director.</p> <p>LDV Business Plan means a 2 year business plan as adopted and amended by the Board (with the approval of the Shareholders) from time to time; such business plan covering delivery of the Project and such other matters as the Board may determine, and consistent with the aims and requirements of the Master Plan and the Long-term Business Plan.</p> <p>Local Authority means Essex, Braintree, Colchester or Tendring.</p> <p>Long-term Business Plan means a business plan for the lifetime of the Project (with a higher level of detail for the next 5 years) as adopted by NEGC from time to time; such business plan covering infrastructure requirements, finance, planning and such other matters as NEGC determines, and consistent with the aims and requirements of the Master Plan.</p> <p>Master Plan means the planning policy document adopted by the relevant local planning authority in relation to the Property which set out proposals for buildings, spaces, movement strategy and land use in three dimensions and matches these proposals to a delivery strategy and development programme.</p> <p>NEGC means North Essex Garden Communities Limited, a joint strategic entity which is owned equally by each Local Authority.</p> <p>Nominated Director means a Director appointed by Essex, Colchester or Tendring.</p> <p>Project means the development of the Property as a garden community in accordance with the Purpose.</p> <p>Property means the property [<i>location description</i>] which is approximately identified in the plan attached in Schedule 2.</p> <p>Purpose has the meaning given in paragraph 2 below.</p> <p>Senior Employee means an employee whose total annual remuneration exceeds or is likely to exceed £75,000.</p> <p>Share means an A Share or a B Share.</p> <p>Shareholder means an A Shareholder or a B Shareholder.</p> <p>Shareholders' Agreement means the shareholders' agreement to be entered into in relation to the business and operation of the Company between NEGC, Essex, Colchester, Tendring and the Company.</p> <p>Tendring means Tendring District Council.</p>
<p>2. Purpose</p>	<ul style="list-style-type: none"> • The purpose of the Company is to secure the development of the Property in accordance with the Project Plan, the Master Plan and the

	<p>principles set out in Schedule 1 (the Purpose)</p> <ul style="list-style-type: none"> • The Purpose (as set out in Schedule 1) will be included in the following documents: <ul style="list-style-type: none"> – the Shareholders' Agreement – the Articles (perhaps in an abbreviated form) – the Director Letters • The Purpose can only be changed with the prior consent of all of the Local Authorities
<p>3. Shares</p>	<p>Initial Shareholders: At closing:</p> <ul style="list-style-type: none"> • NEGC will subscribe for 100 A Shares at £1 each • Essex will subscribe for • B Shares at £• each • Colchester will subscribe for • B Shares at £• each • Tendring will subscribe for • B Shares at £• each <p>A Share rights: The A Shares shall have the following rights:</p> <ul style="list-style-type: none"> • Each A Share will entitle the holder to one vote on any Shareholder resolution • The A Shares will carry no right to receive dividends • On a return of capital, the A Shares will entitle the holder to a return of nominal value, but no more <p>B share rights²: The B Shares shall have the following rights:</p> <ul style="list-style-type: none"> • The B Shares will carry no right to vote save that each B share shall carry the right to 2 votes on any vote which: <ul style="list-style-type: none"> – materially affects, or is likely to materially affect, the delivery of the Project, or the infrastructure for the Project, in accordance with the timetable set out in the Business Plans; or – materially affects, or is likely to materially affect, the Company's ability to repay any sums due under any Funding Agreement when due; or – is likely to result in a material breach of any Funding Agreement by the Company • The B Shares shall carry a right to receive dividends • The B Shares shall be entitled to receive (on a pro-rata basis) any capital

² It may also be that B Shares are issued to an external funder

	<p>return to Shareholders (subject to the A Share rights mentioned above)</p> <p>Interpolated voting: The NEGC constitution should be drafted so that in relation to any decision of the NEGC shareholders or board specifically affecting the Company only, only Essex, Colchester and Tendring shall be entitled to vote on that decision.</p>
<p>4. Directors</p>	<p>Appointment/Removal: The directors shall be appointed as follows:</p> <ul style="list-style-type: none"> • Each of Essex, Colchester and Tendring have the right to appoint and remove a Director (each a Nominated Director) • The Landowner/Optionholder shall have a right to appoint up to 3 Directors; provided that any replacement Director must be approved by NEGC before they are appointed (each a Landowner Director). If a Landowner/Optionholder ceases to have any interest in the Property, the Landowner Director nominated by that Landowner/Optionholder shall (unless NEGC otherwise requires) immediately resign as a Director • NEGC shall be entitled to appoint a further 3 independent Directors (each an Independent Director) • Any Director other than a Nominated Director may be removed by notice sent by NEGC to the Company • On appointment, each Director and the Company will enter into a Director Letter <p>Chair: The Board will either (i) appoint an appropriate person as Chair (and Independent Director) or (ii) appoint a chair from amongst the Directors with the expectation that an Independent Director will be elected. If the proposed Chair is not an Independent Director the approval of all Nominee Directors will be needed for the appointment. Any such appointment will be for a maximum 2 year term. The Chair shall not have a casting vote.</p> <p>Operation: The Directors will manage the business of the Company to achieve the Purpose and in accordance with the requirements of the LDV Business Plan and the Long-term Business Plan.</p> <p>Board Meetings: It is expected that Board meetings will be held four times a year, or more frequently as the Board may decide.</p> <p>Notice: There will be seven days' notice of any Board meeting (or shorter notice if agreed by a majority of the Directors).</p> <p>Quorum: The quorum for Board meetings will be at least one Nominated Director, one Landowner Director, and one Independent Director. If the quorum is not present at the appointed time for the meeting, an adjourned meeting will be called. At that adjourned meeting, at least one Nominated Director needs to be present for a quorum.</p> <p>Conflicts: In relation to a Director's conflict:</p>

	<ul style="list-style-type: none"> • The Director is obliged to declare his or her conflict at the beginning of any Board meeting • If that declaration indicates a dispute or possible dispute, the Board may decide whether or not the conflicted Director should withdraw from all or part of that meeting <p>Alternate Directors: It is expected that each Director will make every effort to attend Board meetings, and will only miss Board meetings in exceptional circumstances. Each Director Letter will name an alternate to attend, speak and vote in Board meetings in the appointing Director's absence.</p> <p>Indemnity: The Articles will contain a standard permission to allow a Director to receive the benefit of an indemnity from the Company.</p>
<p>5. Business Plan³</p>	<p>The Company's business will be operated in accordance with, and to achieve the aims set out in, the Long-term Business Plan and the LDV Business Plan. The Board will be responsible for (i) preparing the LDV Business Plan and Budget and (ii) monitoring progress against the LDV Business Plan and Budget, and may suggest changes to the LDV Business Plan and Budget from time to time. Any LDV Business Plan or Budget, and any changes to either must be approved by NEGC. In addition, any such changes need to be consistent with the Long-term Business Plan, Master Plan and the Purpose. If there are any changes made to the Long-term Business Plan, Master Plan or the Purpose, the Board will meet to discuss whether any changes are required to the LDV Business Plan and Budget, subject to NEGC approval.</p> <p>If the Company undertakes any business which is outside the remit of the Long-term Business Plan or the LDV Business Plan, or incurs any expenditure or liability that means the Company will breach the Budget, or is likely to be in breach of the Budget, the Board will promptly notify NEGC in writing.</p>
<p>6. Reserved Matters</p>	<p>Schedule 3 contains a number of reserved matters. Before the Company undertakes any of the reserved matters in Part A of Schedule 3, it needs the prior written approval of Essex, Colchester and Tendring. Before the Company undertakes any of the reserved matters in Part B of Schedule 3, it needs the prior written approval of NEGC.</p>
<p>7. Share Transfers</p>	<p>No Shares may be transferred without the prior written consent of Essex, Colchester and Tendring, save that Shares may be transferred to successor bodies (including any new town development corporation).</p>
<p>8. Termination</p>	<p>The Company shall continue until such time as:</p> <ul style="list-style-type: none"> • The Purpose has been achieved; or • The Company is wound up pursuant to a statutory process <p>On a termination, any assets of the Company may transfer to a successor (or</p>

³ The intention is to give the LDV, through flexible drafting of the LDV Business Plan and the Budget (in the context of the Financial Procedure Rules), sufficient operational freedom

	other appropriate) body (including any new town development corporation).
9. Disputes	If there is any dispute in relation to the Company, either at Board or Shareholder level, that dispute will be escalated to the NEGC board. If the dispute is still unresolved 21 days after the NEGC board has met to discuss, Essex, Colchester or Tendring may refer the matter to mediation. If the dispute is still unresolved 42 days after the NEGC board has met to discuss, Essex, Colchester or Tendring may refer the matter to arbitration.
10. Documentation	<p>Following the agreement of this term sheet, Dentons will prepare the following documentation:</p> <ul style="list-style-type: none"> • Shareholders' Agreement – in addition to the provisions referred to above, that agreement will also contain provisions in relation to: <ul style="list-style-type: none"> – set-up arrangements – business housekeeping (company books, insurance etc) – information provision to NEGC, Essex, Colchester and Tendring – confidentiality and announcements • Articles • Director Letters – in addition to the provisions referred to above, each letter will also contain the following details: <ul style="list-style-type: none"> – the period of the appointment – name of alternate director – remuneration (if any) – costs and expenses – indemnity

Schedule 1 – Purpose

To secure the development of the Property to create a garden community, being a self-sustaining community which secures the future stewardship of public assets for community benefit, the design, development and delivery of which is underpinned by local public sector leadership, a strong vision, inclusive and long term planning and effective engagement.

A garden community should:

- Be implemented using new models of delivery with the public and private sectors sharing risk and reward and ensuring that the cost of achieving the following is borne by those promoting development of the communities: (i) a high quality of place-making; (ii) timely delivery of both on-site and off-site infrastructure needed to address the impact of the new community; (iii) a mechanism for future stewardship, management, maintenance and renewal of community infrastructure and assets;
- Be planned and delivered in conjunction with a masterplan and other design guidance that have been developed through innovative community engagement;
- Be designed and executed to achieve the highest quality of place-making and design, structuring the new community to create an appropriate hierarchy of centres and walkable neighbourhoods that accommodate strong local cultural, recreational, leisure and retail facilities that underpin community life and relate to the wider urban context, as well as establishing environments that promote health, happiness and well-being;
- Have an appropriate mechanism and funding for community governance and empowerment as well as the long term stewardship of community assets;
- Provide beautifully and imaginatively designed homes with easy access to great green spaces, combining the very best of town and country living;
- Provide development that will contribute to building a balanced and inclusive community including a range of mixed-tenure homes and housing types that are affordable – including to rent – for local people including provision of self- and custom-build, co-ownership and affordable homes;
- Contribute to the creation of a resilient & self-sustaining local economy through offering access to a strong local jobs offer, including within the community itself, that provide a variety of employment opportunities within easy commuting distance of homes;
- Ensure provision of generous green space that builds on existing natural assets and is linked to the wider natural environment, with well-connected and biodiversity-rich public parks, a mix of public and private networks of well-managed, high quality gardens, allotments, tree-lined streets and open spaces;
- Provide in a timely fashion to meet the needs of the growing community, a range of great local schools & education facilities catering for all age groups, needs & skills development, health facilities and other services needed to underpin community life;
- Promote and deliver a step change in sustainable and integrated local transport with excellent walking, cycling and public transport systems fully integrated with land use at its heart, encouraging and incentivising more sustainable active travel patterns overall;
- Secure delivery of a smart and sustainable approach to the design and management of services, infrastructure and utilities to secure the highest standards of technology to reduce the impact of climate change, water efficiency with the aim of being water-neutral, energy efficiency and local energy generation, net gains in biodiversity, efficient management of utilities, excellent access to information technology networks and sustainable waste and mineral management.

Schedule 2 - Property Plan

To be included in the final Term Sheet.

Schedule 3 – Reserved Matters

Part A

- 1 Passing any resolution or presenting any petition for the Company's winding up (unless the Company is insolvent).
- 2 Issuing or allotting any share or other capital or reducing, converting, sub-dividing, cancelling or otherwise reorganising, or altering any rights attaching to, any Shares.
- 3 Registering any transfer or allotment of Shares.
- 4 Granting any share option or right to subscribe, acquire or convert into Shares or implementing or varying any incentive, bonus or commission arrangement.
- 5 Ceasing, or making any material change in the nature of, the Company's business, the Purpose or establishing any new business.
- 6 Altering the Company's Articles.

Part B

- 1 Changing the Company's auditors.
- 2 Changing the Company's accounting reference date or accounting policies.
- 3 Adopting or approving the Company's annual accounts.
- 4 Approving the LDV Business Plan or Budget, or amending the LDV Business Plan or Budget.
- 5 Approving or amending the Financial Procedure Rules.
- 6 Transferring the whole or any material part of the undertaking of the Company.
- 7 Save as set out in the LDV Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring or disposing of (whether by one or more transactions) any assets, entering into any commitment, or incurring any expenditure.
- 8 Save as set out in the LDV Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring, disposing of, surrendering or assigning any freehold or leasehold property.
- 9 Save as set out in the LDV Business Plan or Budget, forming any subsidiary, acquiring or disposing of any interest in any business or company, participating in any partnership, joint venture or profit/revenue sharing arrangement or entering into any scheme of arrangement or merger.

- 10 Save as set out in the LDV Business Plan or Budget, and subject to the Financial Procedure Rules, incurring any borrowings or creating any encumbrance upon or in respect of the whole or part of the business or the Company's assets.
- 11 Entering into any agreement not on bona fide arms' length terms, or (same as set out in the LDV Business Plan or the Budget) any agreement with any director or with any Shareholder or with any associate of a Shareholder.
- 12 Other than as set out in the LDV Business Plan, entering into, or varying, any Agreement.
- 13 Save as set out in the LDV Business Plan or Budget, making any loan or providing any surety or security arrangement in respect of any loan or third party obligation whatsoever.
- 14 Save as set out in the LDV Business Plan or Budget, granting any service or consultancy agreement to any Senior Employee or varying or terminating any such agreement.
- 15 Paying any Directors' remuneration, fees or expenses other than pursuant to a Director Letter.
- 16 Save as set out in the LDV Business Plan or Budget, initiating or settling any litigation or arbitration which will, or is likely to, have:
 - (i) a material impact on the reputation of the Local Authorities, NEGC or the Company, or
 - (ii) the ability of the Company to achieve the Purpose.
- 17 Opening any bank account or signing or varying any bank mandate, in each case other than in accordance with the Financial Procedure Rules.



Shareholders' agreement in relation to Tendring Colchester Borders Limited

Dated

North Essex Garden Communities Limited
(NEGC)

Essex County Council
(Essex)

Colchester Borough Council
(Colchester)

Tendring District Council
(Tendring)

Tendring Colchester Borders Limited
(The Company)

Dentons UKMEA LLP
One Fleet Place
London EC4M 7WS
United Kingdom

Contents

1	Definitions and Interpretation	44
1.1	Definitions	44
1.2	Interpretation	46
2	Purpose of the Company	48
3	Completion arrangements	48
3.1	Completion	48
3.2	Completion Obligations	48
3.3	No partial Completion	49
3.4	Shareholders' services	49
4	The Board	49
4.1	Decisions to be referred to the Board	49
4.2	Action by the Board	49
4.3	Nominated Directors	49
4.4	Landowner Director	49
4.5	Independent Director	50
4.6	Alternate Directors	50
4.7	Chair	50
4.8	Board meetings	50
4.9	Quorum	51
4.10	Voting at Board meetings	51
4.11	Compliance with Agreement	51
4.12	Shareholders to procure Director's resignation	51
4.13	Indemnity	51
4.14	Directors may pass information to their appointor	51
4.15	Removal of a director	51
5	Business Plans and Budget	51
6	Financing the Company	53
7	Information and Operation of the Company	53
7.1	Information	53
7.2	Operation of the Company	54
8	Reserved matters	54
9	Transfer of Shares	54
10	Protection of Name: Intellectual Property	54
10.1	Shareholders' rights to their intellectual property	54
10.2	Company's rights to its intellectual property	54
11	Freedom of Information	55
12	Announcements and Confidentiality	55
12.1	No announcements without agreement	55
12.2	Shareholders' confidentiality obligations	55
12.3	Company's confidentiality obligations	55
12.4	Duration of confidentiality obligations	56

13	Relationship between Shareholders and the Company	56
13.1	Shareholders' procurement obligation	56
13.2	No partnership	56
14	Entire Agreement and Severance	56
14.1	Entire agreement	56
14.3	Conflict with the Articles	56
14.4	Severance	57
15	Amendments	57
16	No assignment	57
17	Remedies and Waivers	57
17.1	No waiver or discharge	57
17.2	Saving for future waivers	57
17.3	Failure to exercise etc. not a waiver	57
17.4	Rights and remedies cumulative	57
18	Third party rights	58
19	Costs	58
20	Termination	58
21	Duration	58
22	Notices	58
22.1	Service	58
22.2	Receipt	59
23	Disputes	59
24	Governing Law and Jurisdiction	59
24.1	Governing law	59
24.2	Jurisdiction	59
25	Execution of different copies	59
	Schedule 1 – The Purpose	60
	Schedule 2 - Particulars of the Company	61
	Schedule 3 – Property Plan	62
	Schedule 4 – Reserved Matters	62
	List of Agreed Form Documents	
-	Articles (Clause 3.2(a))	
-	Financial Procedure Rules	
-	Director's Letter (Clause 3.2(b))	
-	Landowners' Agreement	

Shareholders' Agreement

Dated

Between

- (1) **North Essex Garden Communities Limited (NEGC)** a company incorporated in England and Wales with registered number 10319743 having its registered office at ** ;
- (2) **Essex County Council (Essex)** of County Hall, Market Road, Chelmsford, CM1 1QH ;
- (3) **Colchester Borough Council (Colchester)** of Rowan House, 33 Sheepen Road, Colchester, Essex, CO3 3WG;
- (4) **Tendring District Council (Tendring)** of Town Hall, Station Road, Clacton-On-Sea, Essex, CO15 1SE; and
- (5) **Tendring Colchester Borders Limited (the Company)** a company incorporated in England and Wales with registered number 10320201 having its registered office at ** .

Recitals

- A. NEGC is a joint strategic entity which is equally owned by each Local Authority.
- B. The parties have agreed to develop the Property in accordance with the Purpose through the Company.

It is agreed

1 Definitions and Interpretation

1.1 Definitions

In this Agreement the following definitions shall apply.

A Share means an ordinary share of £1 each in the capital of the Company.

A Shareholder means a holder of A Shares.

Act means the Companies Act 2006.

Articles means the articles of association of the Company in the agreed form and as subsequently amended from time to time in accordance with this Agreement.

B Share means a B ordinary share of £1 each in the capital of the Company.

B Shareholder means a holder of B Shares.

Board means the board of Directors.

Borrowings means [bank and other loans, and finance provided under hire purchase, factoring, leasing acceptance credits and similar arrangements.]

Budget means a budget (including revenues, operating and capital expenditures and cash flow) of the Company for a relevant financial period.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for the transaction of general business.

Chair means the chair from time to time of the Board.

Completion means completion of the matters specified in Clause 3.

Director means a director of the Company from time to time.

Director's Letter means an engagement letter in the agreed form to be entered into between the Company and each Director.

Encumbrance means any mortgage, charge, pledge, hypothecation, lien, assignment by way of security, title retention, option, right to acquire, right of pre-emption, right of set-off, counterclaim, trust arrangement or other security, preferential right or agreement to confer security, or any equity or restriction (but excluding liens arising by operation of law) and **Encumber** shall be construed accordingly.

Financial Procedure Rules means the financial procedure rules in the agreed form adopted by the Company with the approval of NEGC (as amended from time to time).

Funding Agreement means any debt funding agreement entered into from time to time between a Local Authority and the Company.

Independent Director means a director who is not a Nominated Director or a Landowner Director, such director being appointed by NEGC.

Initial Shareholders means together NEGC, Essex, Colchester and Tendring.

Intellectual Property means patents, trade marks, service marks, trade names, domain names, rights in designs, semiconductor topography rights, database rights of unfair extraction and reutilisation, copyrights (including rights in computer software), rights in know-how and other intellectual or industrial property rights (whether registered or unregistered and including applications for the registration of any of the foregoing) and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world.

Joint Delivery Group means a joint delivery group established by NEGC to provide the Services.

Landowner means [each of][**] (for so long as [it/they] [has/have] any interest in the Property), and/or such other person as NEGC may determine.¹

Landowners' Agreement means an agreement [in the agreed form] entered into from time to time between each of the [Landowners] [Optionholders] and the Company.

¹ TBD

Landowner Director means a person nominated by the [Landowner/Optionholder] and appointed as a Director.

LCIA Rules means the LCIA Arbitration Rules 2014.

LDV Business Plan means a 2 year business plan as adopted and amended by the Board (with the approval of NEGC) from time to time; such business plan covering delivery of the Project, a detailed short-term action plan and such other matters as the Board may determine, and consistent with the aims and requirements of the Master Plan and the Long-term Business Plan.

Local Authority means Essex, Braintree District Council, Colchester or Tendring.

Long-term Business Plan means a business plan for the lifetime of the Project (with a higher level of detail for the next 5 years) relation to the Company as adopted from time to time by NEGC with the prior consent of Essex, Colchester and Tendring; such business plan covering, infrastructure requirements, finance, planning and such other matters as NEGC determines, and consistent with the aims and requirements of the Master Plan.

Master Plan means a document in relation to the Project as adopted by the relevant local planning authority that sets out proposals for land uses buildings, spaces, access and movement and other spatial components and sets the basis for planning applications.

New Town Development Corporation means a corporation established under section 1 of the New Towns Act 1981 or similar future legislation, as amended from time to time.

Nominated Director means a Director appointed by Essex, Colchester or Tendring.

[Optionholder means [each of]**] (for so long as [it/they] [has/have] an option in respect of the Property), and/or such other person as NEGC may determine.]

Project means the development of the Property as a garden community in accordance with the Purpose.

Property means the property [*location description*] which is approximately identified in the plan attached in Schedule 4.

Purpose has the meaning given in Clause 2.1 below.

Senior Employee means an employee whose total annual remuneration exceeds or is likely to exceed £75,000.

Services means management and technical support and such other support and services the Company may require, and NEGC may provide, from time to time.

Share means an A Share or a B Share in the share capital of the Company.

Shareholder means an A Shareholder or a B Shareholder.

1.2 Interpretation

In this Agreement, unless otherwise specified:

- (a) the index and headings are for ease of reference only and shall not be taken into account in construing this Agreement;
- (b) references to this Agreement or any other document shall be construed as references to this Agreement or that other document as amended, varied, novated, supplemented or replaced from time to time;
- (c) references to any recital, clause, paragraph or Schedule are to those contained in this Agreement, and all Schedules to this Agreement are an integral part of this Agreement;
- (d) the expression **this Clause** shall, unless followed by reference to a specific provision, be deemed to refer to the whole clause (not merely the sub-clause, paragraph or other provision) in which the expression occurs;
- (e) references to a **party** mean a party to this Agreement including that party's successors in title and assigns or transferees permitted in accordance with the terms of this Agreement provided that the relevant property, right or liability has been properly assigned or transferred to such person;
- (f) references to a **director** shall, where the context allows, include reference to the alternate of such director;
- (g) references to a **subsidiary** shall include reference to a subsidiary and a subsidiary undertaking, each as defined in the Act, but on the basis that a company is to be treated as a member of another company for the purposes of subsections 1159(1)(b) and (c) of the Act even if its shares in that other company are registered in the name of:
 - (i) its nominee or any other person acting on its behalf, or
 - (ii) another person by way of security over those shares;
- (h) a document is in the **agreed form** if it is in the form of a draft agreed between and initialled by or on behalf of the Shareholders on or before the date of this Agreement;
- (i) references to any gender shall include the others; and words in the singular include the plural and vice versa;
- (j) references to **legislation** include any statute, bye-law, regulation, rule, subordinate or delegated legislation or order; and reference to any **legislation** is to such legislation as amended, modified or consolidated from time to time and to any legislation replacing it or made under it;
- (k) references to a **person** (or to a word importing a person) shall be construed so as to include:
 - (i) an individual, firm, partnership, trust, joint venture, company, corporation, body corporate, unincorporated body, association, organisation, any government, or state or any agency of a government or state, or any local or municipal authority or other governmental body (whether or not in each case having separate legal personality); and

- (ii) that person's successors in title and assigns or transferees permitted in accordance with the terms of this Agreement provided that the relevant property, right or liability has been properly assigned or transferred to such person;
- (l) the words and expressions defined in sections 250, 390, 391, 471, 540, and 1173 of the Act have the same meanings;
- (m) **in writing** includes any communication made by letter, e-mail or other forms of electronic communication;
- (n) the words **include, including** and **in particular** shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words; and
- (o) the words **other** and **otherwise** shall not be construed ejusdem generis with any foregoing words where a wider construction is possible.

2 Purpose of the Company

- 2.1 The parties hereby agree that the purpose of the Company is to secure the development of the Property in accordance with the Master Plan and the principles set out in Schedule 2.
- 2.2 The Purpose can only be amended with the prior written consent of all of the Local Authorities.

3 Completion arrangements

3.1 Completion

Completion shall take place immediately following signature of this Agreement at [*insert relevant address*].

3.2 Completion Obligations

At Completion:

- (a) the parties shall procure that:
 - (i) the Company is established, organised and financed as detailed in Schedule 3;
 - (ii) the Company adopts the Articles; and
 - (iii) [*others?*].
- (b) the Company shall, and the Shareholders shall procure that the Company shall, enter into the following:
 - (i) Director's Letters;
 - (ii) [Any other contracts to be entered into at Completion];
- (c) NEGC shall enter into the following agreements:

(i) [list]

(d) Each of Essex, Colchester and Tendring shall enter into the following agreements:

(i) [list]

3.3 No partial Completion

No party shall be obliged to complete its obligations under Clause 3.2 unless all of the obligations listed in Clause 3.2 are completed with simultaneous effect.

3.4 Shareholders' services

Any Services reasonably required by the Company shall, at the discretion of the board of directors of NEGCG, be delivered by the Joint Delivery Group at rates to be agreed between the parties.

4 The Board

4.1 Decisions to be referred to the Board

4.1.1 The Board will manage the business of the Company to achieve the Purpose and in accordance with the requirements of the Long-term Business Plan and the LDV Business Plan.

4.1.2 All policy and management decisions of the Company (including the matters set out in Clause 8) shall be referred to the Board before implementation.

4.2 Action by the Board

The Board shall act by majority vote, except in relation to any matter listed out in Clause 8 in which case no decision or action shall be taken unless any prior written consent required under Clause 8 has been received by the Company and if such consent is so received each of the Directors shall, unless otherwise constrained by their fiduciary duties, vote in favour of such matter.

4.3 Nominated Directors

4.3.1 Each of Essex, Colchester and Tendring shall have the exclusive right to appoint, remove or replace a Nominated Director.

4.3.2 The Directors at the date of Completion shall be as specified in Schedule 3.

4.4 Landowner Director²

4.4.1 The [Landowner/Optionholder] shall have the right to appoint up to three Landowner Directors. If any of the initial Landowner Directors ceases to be a Director, any replacement Landowner Director can only be appointed following receipt by the Company of the prior written consent of NEGCG.

4.4.2 In the event a [Landowner][Optionholder] ceases to have any interest in the Property, the Landowner Director shall, unless NEGCG otherwise requires, immediately resign as a Director of the Company.

² We will need to reflect this in the Landowners' Agreement.

4.5 Independent Director

NEGC shall have the exclusive right to appoint up to three Independent Directors.

4.6 Alternate Directors

It is expected that each Director will make every effort to attend Board meetings, and shall only miss Board meetings in exceptional circumstances. Each Director's Letter will contain details of an alternate to attend, speak and vote in Board meetings in the appointing Director's absence.

4.7 Chair

4.7.1 The Board will either:

- (a) appoint an appropriate person as Chair (being an Independent Director); or
- (b) appoint a chair from amongst the Directors with the expectation that an Independent Director will be elected.

Any such appointment will be for a maximum 2 year term.

4.7.2 If the proposed Chair is not an Independent Director the approval of all Nominated Directors will be needed for the appointment. The Chair shall not have a second or casting vote.

4.8 Board meetings

Board meetings shall be held at such location as a quorum of the Directors agree at intervals of not more than three months. Save as otherwise agreed by a majority of the Directors:

- (a) Board meetings shall be convened by any Director by not less than 7 days' notice, or where the particular circumstances require a shorter period, such shorter period as the circumstances reasonably require, if agreed by a majority of Directors;
- (b) each notice shall be sent to each Director to the address, and/or e-mail address notified to the Company for these purposes, and if notice is required to be sent by e-mail a copy of such notice shall also be sent by post (and air mail if the address is overseas);
- (c) each notice of a Board meeting shall be accompanied by a full agenda and supporting papers;
- (d) each Board meeting shall only deal with the business set out in the agenda which accompanied the notice convening that Board meeting; and
- (e) minutes of each meeting of the Board shall be taken and kept by the company secretary in the books of the Company. Copies of the minutes of each such meeting shall be delivered to each member of the Board as soon as practicable. If a member has not been present at the meeting copies of all papers considered by the Board at the meeting shall be sent to him with the minutes.

4.9 Quorum

The quorum for a Board meeting shall be at least one Nominated Director, one Landowner Director (if any are appointed) and one Independent Director (if any are appointed) present in person or by his alternate (but so that not less than three individuals shall constitute the quorum). If within 30 minutes of the time appointed for a Board meeting there is no quorum, the Director(s) present shall adjourn the meeting to a place and time not less than five Business Days later provided that at such adjourned meeting the requirement that such Director(s) shall be present shall not apply, and one Nominated Director present and shall constitute a quorum and may conduct the business of the meeting.

4.10 Voting at Board meetings

At each Board meeting the Directors present shall be entitled to cast one vote on each issue put to a vote.

4.11 Compliance with Agreement

The Company shall procure that any person who is appointed a Director after the date of this Agreement shall immediately upon becoming a Director of the Company enter into a Director's Letter with the Company to comply with and implement the terms of this Agreement.

4.12 Shareholders to procure Director's resignation

If a Shareholder ceases to be a Shareholder, it shall procure that every Director appointed by it under this Clause 4 is removed.

4.13 Indemnity

Each Shareholder shall procure that any Director appointed by it who vacates his office as director (whether by virtue of being removed by that Shareholder or otherwise) shall do so without cost to the Company. That Shareholder shall indemnify the Company and any other Shareholder from and against all claims, demands and rights which any such Director may have against the Company in respect of removal, dismissal, redundancy or otherwise.³

4.14 Directors may pass information to their appointor

A Director may from time to time disclose to the Party who appointed him and its representatives such information as he has regarding the Company.

4.15 Removal of a director

Any director may be removed by notice sent by NEGC to the Company.

5 Business Plans and Budget

5.1 Interim business plans

Until such time as an LDV Business Plan is adopted by the Company in accordance with this Agreement, the Company may operate under such business plan as the Board shall determine

³ Do we need the Landowner to sign up to a similar provision in the Landowners' Agreement?

(provided that such business plan is not in conflict with any Long-term Business Plan adopted by NEGC at that time).

5.2 Business plans

5.2.1 Within three months of a full Board being appointed (being three Nominated Directors and at least three other Directors) the Company shall, subject to NEGC approval, formally adopt an LDV Business Plan.

5.2.2 The Company's business will also be operated in accordance with, and to achieve the aims set out in, the Long-term Business Plan.

5.2.3 The Board shall be responsible for, amongst other things:

- (a) preparing the LDV Business Plan and Budget; and
- (b) monitoring progress against the LDV Business Plan and Budget,

and may suggest amendments to the LDV Business Plan and Budget from time to time.

5.2.4 In addition, the Board shall submit any draft LDV Business Plan to NEGC no later than two months before the end of the period to which the current LDV Business Plan relates. Such LDV Business Plan shall not be adopted by the Company until such time as NEGC approval has been received.

5.2.5 Any amendments to the LDV Business Plan or Budget must first be approved in writing by NEGC. In order to obtain NEGC written approval, the Board shall submit to NEGC in writing the LDV Business Plan or Budget together with a proposal setting out the amendments, and an explanation for the amendments. Any such amendments need to be consistent with the Long-term Business Plan, Master Plan and the Purpose.

5.2.6 If there are any amendments made to the Long-term Business Plan, Master Plan or the Purpose, the Board will meet to discuss whether any amendments are required to the LDV Business Plan and Budget, subject always to NEGC's approval.

5.2.7 If the Company undertakes any business which is outside the remit of the Long-term Business Plan or LDV Master Plan, or incurs any expenditure or liability that means the Company will breach or exceed the Budget, or is likely to be in breach of the Budget, the Board will promptly notify NEGC in writing. Such notification will provide:

- (i) detailed information in relation to such expenditure or liability, including an explanation of the circumstances; and
- (ii) suggested remedial action.

5.2.8 Where there is any amendment to the Long-term Business Plan, Master Plan or the Purpose, the Board shall ensure that any corresponding amendments necessary to the remaining LDV Business Plan are also made.

5.3 Budget

- 5.3.1 The Board shall submit any draft Budget to NEGC no later than two months before the start of each financial period of the Company. Such Budget shall not be adopted by the Company until such time as NEGC approval has been received.
- 5.3.2 If, at the end of any financial period, the Budget for the next financial period has not been agreed, the Company should comply with the requirements of the Financial Procedure Rules until such time as the relevant Budget has been approved by the NEGC.

6 Financing the Company

6.1 Financing

The Company shall be financed through the moneys subscribed for issued shares and lent under any Funding Agreement, or otherwise as the Shareholders may agree.

6.2 Borrowing limit

The parties shall procure that the Company does not exceed any borrowing limit contained in the Budget or the Financial Procedure Rules.

6.3 No Shareholder obligations to fund

No Shareholder shall be obliged to advance any loan to the Company except pursuant to any Funding Agreement.

7 Information and Operation of the Company

7.1 Information

The Company shall provide to each Shareholder and Director and where requested, to their representatives, the following:

- (a) a profit and loss account estimate for the Company within 10 Business Days of the end of each month;
- (b) unaudited management accounts for the Company within 20 Business Days from the end of each month including a profit and loss account for that month and for the financial year to date (in each case measured against the budget for the relevant period) and 12 month forecast cash flows;
- (c) audited statutory accounts for the Company within 60 Business Days from the end of the financial year;
- (d) access to the Company's books, records, Senior Employees and auditors at such times as may reasonably be requested; and
- (e) such other information relating to the Company as any Shareholder may reasonably request from time to time,

and without prejudice to the foregoing, the Company shall keep the Shareholders fully and promptly informed of all material developments regarding the Company's financial and

business affairs and all significant events (including any litigation or arbitration) which will or may affect the Company.

7.2 Operation of the Company

The Company shall, and the Shareholders shall procure that the Company, shall:

- (a) carry on and conduct its business on a commercial basis in a proper lawful and efficient manner for its own benefit;
- (b) transact all business on arm's length terms;
- (c) ensure that all its business other than routine business is undertaken or supervised by the Directors;
- (d) obtain and maintain all necessary licences and approvals required in order to carry on the business; and
- (e) observe and perform its obligations under each contract referred to in Clause 3.2(b).

8 Reserved matters

The Company agrees, so far as it lawfully may, and the Shareholders agree to procure, so far as is within their powers as Shareholders, that the matters listed in:

- (a) Part A of Schedule 5 in relation to the Company shall require and shall only be implemented if the Company shall have received the prior written consent of Essex, Colchester and Tendring; and
- (b) Part B of Schedule 5 in relation to the Company shall require and shall only be implemented if the Company shall have received the prior written consent of NEGC.

9 Transfer of Shares

No Shareholder shall assign, transfer, exchange, encumber or otherwise dispose of any of the Shares held by it or any interest in them without the prior written consent of the other Shareholders.

10 Protection of Name: Intellectual Property

10.1 Shareholders' rights to their intellectual property

The Shareholders hereby acknowledge and agree that all Intellectual Property Rights used in the Business but owned or provided by a Shareholder or any associate of a Shareholder (not being the Company) shall unless specifically otherwise agreed in writing remain the property of that Shareholder, shall be deemed licensed to the Company on such terms as agreed by the Shareholder and the Company, or if there is no agreement on a non-exclusive royalty-free basis for so long as the party remains a Shareholder.

10.2 Company's rights to its intellectual property

Any Intellectual Property Rights which arise in the course of the Company's activities and are developed by the Company, its Directors, employees or agents shall belong to the Company

and shall be deemed licensed to each of the Shareholders on such terms as are agreed by the Company and the relevant Shareholder or if there is no agreement, on a non-exclusive royalty-free basis for so long as the relevant Shareholder remains a Shareholder.

11 Freedom of Information

The parties acknowledge that the parties to this Agreement may be subject to the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004 and may be required to disclose information in response to requests within the terms of that legislation. Where appropriate the relevant party shall rely on any applicable exemptions in that legislation to justify not disclosing such information. Each party agrees to consult with the other parties to this Agreement as soon as reasonably practicable after receiving any such request and before disclosing any information concerning the Company.

12 Announcements and Confidentiality

12.1 No announcements without agreement

Save as required by law or with the prior written consent of the other parties no statement or announcement of any nature relating to the subject matter of or the transaction referred to in this Agreement or the establishment or operations of the Company shall be made to the public, the press or otherwise unless in a form previously agreed between the Shareholders.

12.2 Shareholders' confidentiality obligations

12.2.1 Subject to Clause 11 each Shareholder shall (and shall procure that their representatives shall) at all times keep confidential and shall not use (other than for the benefit of the Company) any confidential information which it or they may have or acquire in relation to the business, finances, assets or affairs of the Company or any other party, save for any information:

- (a) which is publicly available or becomes publicly available otherwise than as a result of a breach of this Clause12;
- (b) which is disclosed to that party by a third party which did not acquire the information under an obligation of confidentiality;
- (c) which is required to be disclosed by law or the rules of any recognised investment exchange (as that term is used in section 285 of the Financial Services and Markets Act 2000) to which that Shareholder.

12.2.2 No Shareholder shall use any confidential information acquired in relation to another Shareholder pursuant to the performance of this Agreement for any purpose without the prior consent in writing of that Shareholder.

12.3 Company's confidentiality obligations

The Company shall observe a similar obligation of confidence to that set out in Clause 12.2.1 in favour of each Shareholder.

12.4 Duration of confidentiality obligations

The obligations in this Clause 12 shall continue to apply after termination of this Agreement and after any party has ceased to be party to this Agreement without limit in time.

13 Relationship between Shareholders and the Company

13.1 Shareholders' procurement obligation

Each of the Shareholders agrees it shall exercise its rights hereunder and as a Shareholder in the Company in such manner as could reasonably be expected to prevent, and shall not exercise those rights in any manner which could reasonably be expected to result in, a breach by the Company of any of its obligations under this Agreement or any Funding Agreement or any restrictions imposed upon it under its Articles (whether or not enforceable against the Company itself).

13.2 No partnership

Nothing in this Agreement, and no action taken under this Agreement, shall create a partnership or establish a relationship of principal and agent between any of the parties or (save as otherwise stated herein) otherwise authorise any party to bind any other party for any purpose.

14 Entire Agreement and Severance

14.1 Entire agreement

This Agreement together with the documents referred to in it sets out the entire agreement between the parties, and supersedes any previous agreement between them in relation to the subject matter of this Agreement and those documents.

14.2 Acknowledgment by parties

Each party acknowledges that:

- (a) in entering into this Agreement and the documents referred to in it, it does not rely on, and shall have no remedy in respect of, any representation (whether negligent or otherwise) made to it by any person (whether a party to this Agreement or not) which is not expressly set out or referred to in this Agreement;
- (b) the only remedy available to it in respect of any representation or warranty expressly set out or referred to in this Agreement shall be for breach of contract in respect of that term of this Agreement; and
- (c) nothing in this Clause 14 shall operate to exclude or restrict any liability for fraudulent misrepresentation.

14.3 Conflict with the Articles

The parties intend that the provisions of this Agreement shall prevail over the Articles in the event of conflict and, accordingly, the Shareholders shall, if necessary, exercise all voting and other rights and powers available to them as Shareholders or under this Agreement to

procure any amendment to the Articles required to give effect to the provisions of this Agreement.

14.4 Severance

If any provision of this Agreement or part thereof is rendered void, illegal or unenforceable in any respect (whether against all or only some of the parties), the validity, legality and enforceability of the remaining provisions (and such aforesaid provision against the other parties) shall not in any way be affected or impaired thereby.

15 Amendments

This Agreement may not be amended, changed, altered, waived or, save as provided in Clause 20, terminated without the written consent of the parties.

16 No assignment

No party may assign its rights under this Agreement without the prior written consent of all other parties.

17 Remedies and Waivers

17.1 No waiver or discharge

No default by any party in the performance of or compliance with any provision of this Agreement shall be waived or discharged except with the express written consent of all other parties.

17.2 Saving for future waivers

No waiver by any party of any default by another party in the performance of or compliance with any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default whether of a like or different character.

17.3 Failure to exercise etc. not a waiver

No failure to exercise, nor delay or omission by any party in exercising, any right, power or remedy conferred on it under this Agreement or provided by law:

- (a) affect that right, power or remedy; or
- (b) operate as a waiver of it.

No single or partial exercise by any party of any right, power or remedy shall prevent any further exercise of that right, power or remedy or the exercise of any other right, power or remedy.

17.4 Rights and remedies cumulative

The rights, powers and remedies conferred on the parties by this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law or otherwise.

18 Third party rights

The parties do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement.

19 Costs

Each party shall bear the costs and expenses incurred by it in connection with the preparation and implementation of this Agreement.

20 Termination

20.1 The Company shall continue until such time as:

- a) the Purpose has been achieved; or
- b) the Company is wound-up pursuant to a statutory process.

20.2 If the Purpose is achieved a Board meeting shall be called to decide whether the Company should ask the Shareholders to liquidate the Company.

20.3 On termination of this Agreement, any assets of the Company may transfer to a successor (or other appropriate) body, including a New Town Development Corporation.

21 Duration

The rights and obligations of each Shareholder shall continue and be enforceable by or against it only while it is a Shareholder of the Company save for rights and obligations in respect of antecedent breaches of this Agreement or the Articles.

22 Notices

22.1 Service

22.1.1 Any notice or other communication to be given under this Agreement shall be in writing and shall be delivered by hand, sent by prepaid first class, recorded delivery or registered post, and shall be addressed to the party to be served in the case of:

- (a) a company at its registered office for the time being;
- (b) Essex's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**];
- (c) Colchester's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**]; and
- (d) Tendring's address for service under this Clause 22 is [**address**, England]. Items served at this address must be marked for the personal attention of [**name** and **name**].

22.1.2 Any claim form, application notice, judgment, order, or other notice of legal process relating to this agreement may be served on Essex, Colchester or Tendring by posting it first-class to the address for

service specified above, or to such other address for service within England as the relevant party may notify to the other parties from time to time.

22.2 Receipt

Any notice or other communication under this Agreement shall only be effective when received.

23 Disputes

23.1 In the event of a dispute in relation to the Company, or arising out of or relating to this Agreement (including any question regarding its existence, validity or termination) either at the Board or between the Shareholders, the dispute will be escalated to the NEGC board of directors to make a decision.

23.2 If the dispute is not settled within 21 days of the NEGC board of directors having met to resolve the dispute, Essex, Colchester or Tendring may refer the matter to mediation in accordance with the LCIA Mediation Rules, which are deemed to be incorporated by reference into this Clause 23.

23.3 If the dispute is not settled by mediation within 42 days of the NEGC board of directors' meeting referred to in Clause 23.1, or such further period as the parties to the dispute shall agree in writing, the dispute shall be referred to and finally resolved by arbitration under the LCIA Rules, which are deemed to be incorporated by reference into this Clause 23.

23.4 In any arbitration commenced pursuant to this Clause 23,

- (a) the number of arbitrators shall be one;
- (b) the seat, or legal place, of arbitration shall be London, England; and
- (c) the language to be used in the arbitral proceedings shall be English.

24 Governing Law and Jurisdiction

24.1 Governing law

This Agreement is governed by and is to be construed in accordance with English law.

24.2 Jurisdiction

Subject to Clause 23 the parties agree to submit to the exclusive jurisdiction of the English courts as regards any claim or matter arising out of or in connection with this Agreement.

25 Execution of different copies

The parties may execute this Agreement in any number of copies and on separate copies. Each executed copy counts as an original of this Agreement and all the executed copies form one instrument.

Signed on the date appearing at the beginning of this Deed.

Schedule 1 – The Purpose

The purpose of the Company is to secure the development of the Property to create a garden community, being a self-sustaining community which secures the future stewardship of public assets for community benefit, the design, development and delivery of which is underpinned by local public sector leadership, a strong vision, inclusive and long term planning and effective engagement.

A garden community should:

1. be implemented using new models of delivery with the public and private sectors sharing risk and reward and ensuring that the cost of achieving the following is borne by those promoting development of the communities: (i) a high quality of place-making; (ii) timely delivery of both on-site and off-site infrastructure needed to address the impact of the new community; (iii) a mechanism for future stewardship, management, maintenance and renewal of community infrastructure and assets;
2. be planned and delivered in conjunction with a masterplan and other design guidance that have been developed through innovative community engagement;
3. be designed and executed to achieve the highest quality of place-making and design, structuring the new community to create an appropriate hierarchy of centres and walkable neighbourhoods that accommodate strong local cultural, recreational, leisure and retail facilities that underpin community life and relate to the wider urban context, as well as establishing environments that promote health, happiness and well-being;
4. have an appropriate mechanism and funding for community governance and empowerment as well as the long term stewardship of community assets;
5. provide beautifully and imaginatively designed homes with easy access to great green spaces , combining the very best of town and country living;
6. provide development that will contribute to building a balanced and inclusive community including a range of mixed-tenure homes and housing types that are affordable – including to rent – for local people including provision of self- and custom-build, co-ownership and affordable homes;
7. contribute to the creation of a resilient & self-sustaining local economy through offering access to a strong local jobs offer, including within the community itself, that provide a variety of employment opportunities within easy commuting distance of homes;
8. ensure provision of generous green space that builds on existing natural assets and is linked to the wider natural environment, with well-connected and biodiversity-rich public parks, a mix of public and private networks of well-managed, high quality gardens, allotments, tree-lined streets and open spaces;
9. provide in a timely fashion to meet the needs of the growing community, a range of great local schools & education facilities catering for all age groups, needs & skills development, health facilities and other services needed to underpin community life;
10. promote and deliver a step change in sustainable and integrated local transport with excellent walking, cycling and public transport systems fully integrated with land use at its heart, encouraging and incentivising more sustainable active travel patterns overall; and
11. secure delivery of a smart and sustainable approach to the design and management of services, infrastructure and utilities to secure the highest standards of technology to reduce the impact of climate change, water efficiency with the aim of being water-neutral, energy efficiency and local energy generation, net gains in biodiversity, efficient management of utilities, excellent access to information technology networks and sustainable waste and mineral management.

Schedule 2 - Particulars of the Company⁴

Name:	Tendring Colchester Borders Limited	
Registered Number:	10320201	
Registered office:	**	
Directors:		
[Nominated Directors:]	**	**
[Landowner Director:]	**	
Independent Director:	**	
Company Secretary:	**	
Share Capital:	100 A Shares	[**] B Shares
	NEGC	Essex, Colchester, Tendring
No. and type of Shares subscribed:	100 A Shares	[**] B Shares
Total subscription price (including any premium)	£100	£**
Auditors:	**	
Accounting Reference Date:	**	
Bankers:	**	

⁴ All to be confirmed.

Schedule 3 – Property Plan

To be included in the final Shareholders' Agreement.

Schedule 4 – Reserved Matters

Part A

- 1 Passing any resolution or presenting any petition for the Company's winding up (unless the Company is insolvent).
- 2 Issuing or allotting any share or other capital or reducing, converting, sub-dividing, cancelling or otherwise reorganising, or altering any rights attaching to, any Shares.
- 3 Registering any transfer or allotment of Shares.
- 4 Granting any share option or right to subscribe, acquire or convert into Shares or implementing or varying any incentive, bonus or commission arrangement.
- 5 Ceasing, or making any material change in the nature of, the Company's business, the Purpose or establishing any new business.
- 6 Altering the Company's Articles.

Part B

1. Changing the Company's auditors.
2. Changing the Company's accounting reference date or accounting policies.
3. Adopting or approving the Company's annual accounts.
4. Approving the LDV Business Plan or Budget, or amending the LDV Business Plan or Budget.
5. Approving or amending the Financial Procedure Rules.
6. Transferring the whole or any material part of the undertaking of the Company.
7. Save as set out in the LDV Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring or disposing of (whether by one or more transactions) any assets, entering into any commitment, or incurring any expenditure.
8. Save as set out in the LDV Business Plan or Budget, and subject to the Financial Procedure Rules, acquiring, disposing of, surrendering or assigning any freehold or leasehold property.
9. Save as set out in the LDV Business Plan or Budget, forming any subsidiary, acquiring or disposing of any interest in any business or company, participating in any partnership, joint venture or profit/revenue sharing arrangement or entering into any scheme of arrangement or merger.

10. Save as set out in the LDV Business Plan or Budget, and subject to the Financial Procedure Rules, incurring any Borrowings or creating any Encumbrance upon or in respect of the whole or part of the business or the Company's assets.
11. Entering into any agreement not on bona fide arms' length terms, or (save as set out in the LDV Business Plan or the Budget) any agreement with any director or with any Shareholder or with any associate of a Shareholder.
12. Other than as set out in the LDV Business Plan, entering into, or varying, any Agreement.
13. Save as set out in the LDV Business Plan or Budget, making any loan or providing any surety or security arrangement in respect of any loan or third party obligation whatsoever.
14. Save as set out in the LDV Business Plan or Budget, granting any service or consultancy agreement to any Senior Employee or varying or terminating any such agreement.
15. Paying any Directors' remuneration, fees or expenses other than pursuant to a Director's Letter.
16. Save as set out in the LDV Business Plan or Budget, initiating or settling any litigation or arbitration which will, or is likely to, have:
 - (i) a material impact on the reputation of the Local Authorities, NEGC or the Company, or
 - (ii) the ability of the Company to achieve the Purpose.
17. Opening any bank account or signing or varying any bank mandate, in each case other than in accordance with the Financial Procedure Rules.

Signed by ** authorised)
 for **NORTH ESSEX**)
GARDEN COMMUNITIES LIMITED)

Signed by ** authorised)
 for **ESSEX COUNTY COUNCIL**)

Signed by ** authorised)
 for **COLCHESTER**)
BOROUGH COUNCIL)

Signed by ** authorised)
 for **TENDRING DISTRICT COUNCIL**)

Signed by ** authorised)
 for **EAST OF COLCHESTER**)
LIMITED)

Strategic Risk Assessment Profile

Risk Description	Score			RAG Rating / Consequence	Mitigation	Owner
	P	I	O			
1. PLANNING						
1.1 A scheme is not included in the Pre-Submission Draft Local Plan on the basis of appropriate planning policy determination.	1	4	4	GREEN It would not be possible for the LDV to pursue any development and accordingly it would be wound up.	Dentons engaged to provide planning policy advice. M&IWG will actively work to ensure the planning viability of all 3 Garden Communities.	M&IWG Dentons
1.2 Part 1 not considered robust enough and is not approved by PINS.	2	4	8	AMBER Part 1 doesn't provide a sufficiently robust policy justification for the Garden Communities.	Dentons engaged to provide planning policy advice. M&IWG will monitor and ensure appropriate evidence-based research is commissioned as part of fortnightly meetings.	M&IWG
1.3 Action groups / Parish Councils successfully lobby Members and/or MPs requesting for the programme to be halted.	3	4	12	AMBER This could cause a delay to the timescales for the Pre-Submission Draft Local Plan and Examination in Public. Confidence in programme could be reduced.	The Marketing & Comms Plan includes specific reference to proactively engaging with Action Groups and Parish Councils. Consideration is being given to "Community Enablers" to positively assist Parish Councils as part of this process.	M&IWG / PR & Marketing Manager
1.4 The "infrastructure first" principle of the NEGC ambition is not able to be sufficiently achieved in order to support the early sustainability of the communities.	3	4	12	AMBER This would impact on the sustainability and connectivity of the communities as well as undermine confidence in the programme.	All workstreams of the programme will actively work with relevant stakeholders to ensure the timely delivery of the infrastructure required by the communities.	M&IWG / TWG / FWG
2. LANDOWNER AGREEMENT / ENGAGEMENT						
2.1 Landowner agreements are not reached before the Pre-Submission Draft Local Plan is approved by Councils.	3	4	12	AMBER This would 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.	Dentons will support the LWG in the positive negotiation and implementation of the landowner agreements in order to meet the programme timescales.	LWG / Dentons
3. DELIVERY VEHICLE EVOLUTION						
3.1 NEGC Ltd / LDV Board breakdown and being unable to take decisions and/or reach agreement.	2	3	6	AMBER This could affect the successful delivery of the objectives as set out in the respective business plans for the Garden Communities.	Comprehensive governance processes will be set out in the Articles of Association and Shareholders Agreement.	LWG / Dentons
Risk Description	Score			RAG Rating / Consequence	Mitigation	Owner

	P	I	O			
4. FINANCIAL						
4.1 Commercial imperatives override wider vision.	2	4	8	AMBER May not deliver on broader ambition. May cede too much control / safeguards to satisfy landowner expectations.	Ensure vision and objectives underpin all workstreams.	SDB & SG
4.2 Sharing of rewards offer poor value for money to Councils.	3	3	9	AMBER Reward to Councils does not reflect extent of risk – balance too far in landowner favour.	Legal negotiations to be fully cognisant of financial positions and reflect risk exposure.	SDB, SG, LWG & FWG
4.3 Inaccurate financial modelling.	3	4	12	AMBER Scheme could be unviable leading to loss of investment, no/lower capital repayment or longer pay-back period.	Ongoing analysis of all assumptions and further evolution of modelling approach.	FWG
4.4 Projects unviable.	2	5	10	AMBER Loss of investment, no/lower capital repayment.	Ensure further design & planning work achieves viable schemes.	FWG & MIWG
4.5 Unable to raise sufficient finance.	2	3	6	AMBER Limits scope for funding options, may restrict to Council funding only.	Ensure approach is sufficiently attractive to the wide market through derisking and clear Council backing.	LWG & FWG
4.6 Impact on Council revenue budgets.	3	3	9	AMBER Impact on monies available for other Council services or need to raise further monies locally.	Ensure prudent approach. Consult auditors. Consider scope for capitalisation.	FWG
5. PROGRAMME						
5.1 The development of the NEGC Ltd Business Case leads to the conclusion that the programme is commercially unviable or involves a high level of uncontrollable risks.	2	5	10	AMBER The partner Councils will have the option to terminate the programme at this juncture.	Effective programme management and the active involvement of all key stakeholders will endeavour to ensure that the viability of this programme is maximised as much as possible.	SDB
5.2 The programme is not sufficiently resourced, both in terms of the necessary skills or capacity, and does not have a comprehensive contingency strategy in place in the event of the unexpected absence/ departure of key project officers and/or internal/external partners.	5	3	15	AMBER The lack of a sufficiently resourced team will significantly impact upon the function and timely support, co-ordination and delivery of the programme and LDVs.	The delivery team will undertake a comprehensive analysis of the resourcing and contingency required for achieving delivery of the programme's objectives. Sufficient budget will be made available to recruit to any vacant positions and the workforce needs of the programme will be regularly reviewed to respond to any changes in these requirements.	Delivery Team / Steering Group

Risk Description	Score	RAG Rating / Consequence	Mitigation	Owner
------------------	-------	--------------------------	------------	-------

	P	I	O			
6. EXTERNAL FACTORS						
6.1 Changes to Central Government policy (e.g. Housing Bill).	3	3	12	AMBER Could impact on Central Government support for the programme and/or ability to attract additional funding.	All workstreams will monitor the legislation applicable to their specialisms and will provide proactive support to the governance arrangements should changes to the programme approach be required to respond to the new environment.	LWG / FWG / M&IWG / TWG

Explanatory Key

A risk is something that **could** happen in the future and have an impact on the completion or outcome of the Programme.

All programmes have an element of risk; all new risks will be recorded as soon as they are identified and all risks will be updated when a change (positive or negative) occurs. This is to ensure that the programme can demonstrate how it will deal with potential problems or varying severity in a controlled manner.

Risk is calculated according to the probability (P) of it happening and the impact (I) of this occurrence, based on a scale of 1 (very low) and 5 (very high) for each element of the calculation. A RAG rating is then assigned to the total score (i.e. the outcome, which is calculated by multiplying the probability score and the impact score: $P \times I = O$).

Definition of Scores

	1 (Very Low)	2 (Low)	3 (Medium)	4 (High)	5 (Very High)
Probability	Unlikely 0-10%	Low 11-30%	Possible 31-50%	Probable 51-80%	Definite 81-100%
Impact	Minimal (no interruption to programme delivery)	Minor (temporary interruption to programme delivery)	Significant (lasting interruption to programme delivery)	Severe (complete interruption to programme delivery)	Catastrophic (programme will fail unless risk urgently mitigated/resolved)

RAG Status	Score	Definition	Action
Green (Low)	1-4	The programme is meeting expectations.	No action required.
Amber (Medium)	5-15	The programme is not meeting expectations. There are mitigating circumstances in most cases and improvement is likely but risks need to be flagged to the programme team.	The programme team should be notified at the earliest opportunity; mitigation action will be explored at the appropriate governance level and implemented, as appropriate.
Red (High)	16-25	There are significant problems with the programme and it is not meeting expectations to date. Corrective action is required to meet business objectives. The problem cannot be handled solely by the programme team.	The matter should be escalated to the programme team immediately for consideration/resolution at the appropriate governance level.

Key Decision Required:	No	In the Forward Plan:	No
-------------------------------	-----------	-----------------------------	-----------

CABINET

25 NOVEMBER 2016

A.3 PERFORMANCE REPORT – QUARTER TWO REPORT JULY – SEPTEMBER 2016 (Report prepared by Anastasia Simpson & Katie Wilkins)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To present the Performance Report for the period July – September 2016 (Quarter Two).

EXECUTIVE SUMMARY
<p>The Performance Report 2016/17 sets out the detailed actions and targets for the delivery of the Council's priorities for the coming year.</p> <p>Current Performance</p> <p>Three of the indicators and projects highlighted in the report are deemed 'non measurable' as Tendring's role is that of influence only. Of the 14 indicators and projects where performance is measured, 12 (86%) are on, or above, their expected target and 2 (14%) are not currently in line with the expected performance. Explanations of the performance and the supporting data are included in each topic</p> <p>This report will be presented to members of Corporate Management Committee on 12 December 2016. Any feedback from Corporate Management Committee will be presented to a future meeting of the Cabinet as a separate reference report.</p>

RECOMMENDATION
That Cabinet considers the Performance Report for the period July – September 2016 (Quarter Two).

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
<p>The report shows the high-level projects that are being undertaken to deliver key objectives for the Council. Each project shows details of the objective, how it is being delivered and an update on progress. Furthermore, milestones detail the timeframe that is being worked to, along with the added benefit of any slippage being highlighted.</p> <p>The performance indicators show key areas of performance in detail, how each is progressing, along with charts and tables to present the ongoing position.</p>

FINANCE, OTHER RESOURCES AND RISK
<p>Resources</p> <p>The priorities highlighted within the Performance for the period July – September 2016 (Quarter Two) can be delivered within the Council's existing budgets.</p>

Risk

These priorities are all within the current TDC risk framework.

LEGAL

The actions proposed in this report are within the Council's legal powers.

OTHER IMPLICATIONS

None.

APPENDICES

Appendix A: Performance Report for the period July – September 2016 (Quarter Two).

Tendring
District Council



Page 107

PERFORMANCE

REPORT

Q2 SEPTEMBER



INVESTORS
IN PEOPLE

Gold

APPENDIX A



Introduction

The following pages include the Council's Corporate Plan 2016 - 2020 and Our Priorities and Projects for 2016. There is clear linkage between our aspirations, detailed in the Corporate Plan, and Our Priorities and Projects. This performance report details our performance against these key projects and targets, as well as headline performance in dealing with complaints and our staff's absence rate. Each project has an exceptions area where departments can highlight areas of performance outside of normal boundaries, which are monitored within their own departmental arrangements.

Projects and Performance Indicators (PI) targets sit under the following headings:-

PROJECTS

	Council and Community		Health and Housing		Employment and Enjoyment
■ ✓	Project—Transforming the way we work Page 4 and 5	■ ✓	Project—Jaywick Community Development Page 8	■ ✓	Project—Local Plan Page 11
■ ✓ Page 108	Project—Financial Self Sufficiency Page 6	■ ✓	Project—Cliff Stabilisation (Protecting our Coastline) Page 9	■ ✓	Project—Economic Development Delivery Page 12
	Project—Improved Broadband (Influencing) Page 7		Project - Health and Wellbeing (Influencing) Page 10	■ ✓	Project—Maximising Tourism and Leisure Opportunities Page 13 and 14
				■ ✓	Project—Enhancing Leisure Facilities Page 15
				■ ✓	Project—Garden Community Page 16

TARGETS

■ ↑	PI—Fly Tipping Page 17		Miscellaneous Indicators
■ ✓	PI—Missed Bins Page 18	-	PI - Sickness and Authorised Covert Surveillance Page 20
■ !	PI—Recycling Rate Page 18	■ ✓	PI—Complaints Page 21
■ !	PI—Handling of Planning Applications Page 19		
	PI—5 Year Housing Land Supply Approvals (Influencing) Page 19		

Current Position - Within the Index and on each page, for each project and target, a colour icon is placed as a quick visual identifier regarding the current position.

- ! for performance below or behind target,
- ✓ for performance on target; and
- ↑ for performance ahead of target.

Corporate Plan 2016-2020

Our Council Our Community

What we will achieve:

- Deliver high quality affordable services
- Balance our budget
- Good governance
- Transform the way we work
- Make the most of our assets
- Engagement with the community
- Support the vulnerable
- Support rural communities
- Effective partnership working

Health and Housing

What we will achieve:

- Promote healthier lifestyles and wellbeing
- Support improved community health
- Deliver a quality living environment
- Local regeneration
- Council house building

Community Leadership

Employment and Enjoyment

What we will achieve:

- Support business growth
- Enable better job prospects
- Facilitate improved qualification and skills attainment
- First rate leisure facilities
- Attractive events programme

Our Vision

To put community leadership at the heart of everything we do through delivery of high quality, affordable services and working positively with others.

Our Values

- Councillors and staff uphold **personal integrity, honesty** and **respect** for others
- **Innovative, flexible, professional** staff **committed** to delivering excellence
- Recognising the **diversity** and **equality** of individuals
- Working **collaboratively**

Our Challenges

- Poor health
- Pockets of high unemployment
- Low economic activity
- Reducing budgets while delivering key services
- Poor infrastructure

Our Opportunities

- Clear vision for economic growth and prosperity
- Our coast
- Tourism, culture and sport
- Sea, road and rail connectivity

Our Priorities and Projects 2016

Chief Executive

- Financial strategy - £3.5m savings by 2019
- Electoral review
- Community Safety Hub
- Improved broadband
- Economic development delivery
 - Harwich incubation units
 - Business support fund
- Coastal regeneration
- Working with other Councils

Head of Planning

- Local Plan completion
- Strategic Planning
- Planning enforcement
- Garden Community - masterplanning

Community Leadership

- Delivery of high quality, affordable services
- Working positively with others

Corporate Director (Corporate Services)

- Transforming the way we work
 - Balanced budget
 - IT improvement programme
 - Workforce planning
 - Efficient use of office accommodation
 - Service reviews
- Elections and referendum
- Garden Community – legal and finance

Corporate

Director (Life Opportunities)

- Jaywick new build and community development
- Cliff stabilisation
- Seafront projects
- Waste contract renewal
- Maximising tourist opportunities through events
- Enhanced leisure facilities
- Improving customer access to services

Transforming the way we work (Council and Community)

“Develop firm costed proposals and project plan/timetable, for Members to agree, and deliver on time and budget.”

Martyn Knappett – Corporate Director

Enforcement & Community Safety Portfolio Holder



Milestone	Target Date	Progress
Programme of works for delivery of £1.5m IT investment – J Higgins		
Wi-Fi Networks, server upgrades and virtualisation to be completed.	Ongoing	Virtualisation scheduled for completion 31st October, before next PSN Health check. New Wi-Fi testing commenced utilising device-based security, instead of additional manual passwords.
Mobile hardware issued.	Ongoing	As reported in Q1, IT are currently building/testing a Members' tablet (standard build). New software Microsoft Direct Access being trailed by officers and is successful to date.
IDOX Document management implemented	Full deployment previously scheduled for 31st November 16. New estimated date 31/05/17.	The project has been delayed due to IDOX withdrawal of specialist 'category training' and replacement with IDOX consultancy costs. This is one of a number of IDOX support resourcing issues causing delays with a number of IT projects. However, training has been provided and Tendring IDOX document management project will commence imminently using new 'in house' category change expertise rather than additional consultancy charges.
Citrix software rolled out to all mobile users	Citrix laptops deployed to 280 staff March 16 (original request was for 252)	Completed.
MS Lync rolled out to all users	Managed service by service take-up completion February 17	Network resilience work for Skype failover survivability completed. Trustmarque resources loading latest MS 'Business Skype' build. Contact centre will 'go live' in early November alongside around 25 willing 'Skype pioneers' with a service by service roll-out to follow. Tendring leading 'shared IT resourcing pool' Essex-wide initiative utilising spare Essex County Council IT trainer capacity for our Skype user training (providing excellent value for money and a budget saving).

Page 111

Transforming the way we work (Council and Community)

“Develop firm costed proposals and project plan/timetable, for Members to agree, and deliver on time and budget”

Martyn Knappett – **Corporate Director**

Enforcement & Community Safety Portfolio Holder



Milestone	Target Date	Progress
Customer interface and document handling and postal process changes – M Westall		
Produce a delivery strategy to modernise the customer interface	August 16	Report completed with suggested amendments for Management Team. To be presented to Senior Managers Forum in October 16.
Recruit temporary staff to address back scanning of archives	December 16	Cannot be addressed until IDOX fully up and running.
Deploy centralised post processes	To be determined	Initial stages completed. Contingent on document management as above.
Office Rationalisation – A White		
Initiate process to review options and identify preferred option(s) to evaluate and cost.	Summer 16	Lead role established in Assets and Transformation Portfolio Holder Working Group. Working group met to consider a range of options on 30th September 16. Officers aiming to report preferred options to all Member Briefing proposed on 12th October 16 and Cabinet on 25th November 16.
Portfolio Holder working party to identify preferred options/savings proposals and recommend to Cabinet.	Oct/Nov 16	Working party meetings were held on 1st September 16 and 30th September 16. Recommendations to be made to Cabinet as above.
Dispose of Clay Hall	Autumn 16	Sale completed on 28th July 16.
Develop detailed delivery plan and seek additional approvals as required.	Spring 17	Cabinet determination of preferred option. Detailed planning and budgeting (including commissioning of specialists to assist) to follow in order to generate a full business case.

Financial Self Sufficiency (Council and Community)



“Investigate opportunities to generate a self-sufficiency approach to the funding of the Council’s overall budget.”

All Corporate Directors

Finance and Revenues and Benefits Portfolio Holder

Delivery Mechanism: Portfolio Holders /Services to identify and develop potential items as part of the formulation of the budget from 2017/18 and beyond.

Current activities that have been identified / being explored to deliver the necessary savings

To be populated when identified by Cabinet

Current Savings Activity	Estimated / Potential Saving	Savings Identified	Comments
Review of Assets	£200,000+	£0 -	
Transformation Service provision / alternative service delivery	£200,000+	£0 -	
Other / Change in internal service provision / working	£1,000,000+	£0 -	
Income / Core	£200,000+	£0 -	
	£450,000+	£0 -	
Totals	£2,050,000	£0	

*This represents the position as at the end of September. Working parties have now met, outcomes will be reported to Cabinet 25 November 2016.

Update: The Financial Baseline for 2017/18 was reported to Cabinet on 5th August 16. A number of potential savings have been identified, a number of which are being supported by Portfolio Holder led working parties with outcomes expected in mid-October to feed into the budget setting process.

N.B. This represents the position at the end of September 16. Working parties have recently met and a report will go forward as a result to Cabinet on the 25th November 16.

Savings Target over period 2017/18 to 2019/20	
Savings target 2017/18 at Start of Year	£1.9m
Changes included in Financial Strategy (Cabinet 5.8.16)	(£0.3m)
Current Savings target 2017/18	£1.6m

Milestone	Actual to Date	Progress
Increase in Business Rates Rateable Values	(£132,313)	Reduction compared to position at end of March 16
Increase in Council Tax Base	£3,570,411	Increase compared to position at end of March 16

Improved Broadband (Influencing Role)

(Council and Community)

“To ensure as many properties as possible across Tendring have access to improved broadband services”

Ian Davidson – **Chief Executive**

Finance and Revenues and Benefits Portfolio Holder

Delivery Mechanism: To work with Superfast Essex and commercial partners to secure additional improvements and upgrades to broadband infrastructure across the District, and to influence developers through the planning process to ensure that new developments are connected to superfast services.

Update: Cabinet approved £164,000 contribution to the Superfast Essex programme on 18th March 16, which will improve services to 1673 properties across the District by 2020. Cabinet on 10th June 16 allocated an additional £500,000 towards broadband improvements.

Milestone	Target Date	Progress
Attend Superfast Essex Board Meetings	Quarterly	Meeting took place on 8th September 16. Next meeting scheduled to take place on 14th December 16.
Prepare report on additional costs required to reach up to 100% coverage for Cabinet	September 16	A requirement to wait on updated information on the programme from Superfast Essex means that the report to Cabinet has been delayed. Superfast Essex Team scheduled to provide an update presentation on 3rd October 16.
Ensure planning condition on broadband connections is attached to planning applications for new housing or commercial developments	Ongoing	
Influence investment plans Superfast Essex programme to ensure optimum coverage in Tendring	Ongoing	A public consultation has been launched by Superfast Essex which will run until 12th October 16, to ensure that the remaining white Next Generation Access (NGA) areas are correctly defined.



Jaywick Sands Community Development (Health and Housing)



“To increase the stock of new affordable/Council homes.”

Paul Price – Corporate Director

Housing Portfolio Holder

Delivery Mechanism: Bring forward at least one development at Jaywick – work with Essex County Council (ECC) and other potential partners to develop options for residential and other development. Develop options for housing company and lead on set up of company. Work with planning to develop urban design layout utilising Dutch experience for Jaywick.

Update: Visits have now been made by two potential funding partners and further consideration is due to take place by the Coastal Community Team (CCT) as to how to proceed. A private sector developer has submitted planning applications for two new developments in Brooklands and further work is underway to try to secure more funding for the Starter Homes development. Further viability work has been undertaken and submitted to ECC for consideration in respect of any potential investment. The CCT has agreed to create a Renewal Advisory Panel of which the Terms of Reference are currently being formulated.

Milestone	Target Date	Progress
Development vehicle/mechanism agreed may be linked to garden settlement delivery vehicle	Funding workshop to be held with Housing Finance Institute (HFI) by August 16 to identify funding mechanisms - delivery vehicle to be determined following funding agreement.	Funding workshop held June 16 with 2 possible funding partners, follow up meetings have been held and way forward presented to CCT meeting in September 16.
Acquire further key development sites, both greenfield and brownfield to ensure viable development proposals can be delivered	Deliverability dependant upon vendors but target to complete by August 16	Agreement reached to purchase a further key site and meeting held with ECC to explore purchase of a further site.
Put in place development pipeline based on outputs from funding workshop and collaborative work with ECC and residents	Have development pipeline with key deliverables / timelines in place by Autumn 16	Agreement at September CCT meeting to run parallel with development and renewal work streams .
Commence development of one of the three identified preferred development sites	Outline plans in place by December 16 for one of the sites	Awaiting response from Government mechanism to resolve potential state aid issue on Starter homes site to enable project to commence.



Cliff Stabilisation (Protecting our Coastline)

(Health and Housing)



“To protect 5km of coastline and 3,019 properties and businesses from coastal erosion for the next 100 years”

Paul Price– *Corporate Director*

Commercialisation Portfolio Holder

Delivery Mechanism: Appoint consultant, via Environment Agencies government led framework, to undertake detailed geomorphological assessment of the cliff frontage and prepare detailed design of measures to improve performance and stability of those areas of the coastal slope identified as in the greatest need.

Update: Tenders returned and evaluated. Seeking clarifications before moving to award which will be actioned early October

Page 116

Milestone	Target Date	Progress
Seek expression of interest	June 16	3 expressions of interest received.
Tender documents	August 16	Tenders sent out 24th August 16.
Appoint Consultant	October 16	

Exception: Further detail/milestones to be added once tender accepted and project plan agreed.



Health & Wellbeing (Influencing Role)

(Health and Housing)

“To seek to influence and assist partners in the delivery of improved health and wellbeing outcomes for residents and visitors to the area”

Paul Price– *Corporate Director*

Leisure, Health and Wellbeing Portfolio Holder

Delivery Mechanism: By holding meetings to work with partners to identify shared opportunities to help drive improvements.

Update: This month’s progress comments are noted next to each individual milestone in the table below.

Milestone	Target Date	Progress
To hold meetings of the Local Health and Wellbeing Board on a four monthly basis.	The next meeting is scheduled to be held on 20th October 2016.	The last meeting was held on the 15th August 16 with the Chief Executive of Colchester and Ipswich Hospital explaining the current situation with Colchester Hospital.
The Public Health Improvement Coordinator (appointed in April 16) will develop projects via working with health partners to improve the health and wellbeing of those in the area.	Project Plan developed and reported to Cabinet 9th September 16.	<p>A Park Run route has been developed following support from Sport and Leisure to provide a running route on the seafront to encourage physical activity. The test run is due to occur on 9th October and the Park Run route will be fully operational from 16th October 16.</p> <p>Making Every Contact Count training has been organised and there has been one delivery session on 29th September 16 with a further training event on 27th October 16. This seeks to provide staff with the skills to make brief interventions and help signpost people with health concerns to the right area whilst doing their usual role.</p> <p>Contact has been made with the breast feeding lead at Anglia Community Enterprise to help promote breast feeding friendly premises as officers undertake their routine work by providing basic advice and promotion.</p>

Page 117



Local Plan (Employment and Enjoyment)



“Ensure a robust Local Plan is adopted within the timeframe stipulated”

Catherine Bicknell – Head of Planning Planning & Regeneration Portfolio Holder

Delivery Mechanism: Elements of the evidence base will be updated to inform the Plan. The timetable will coincide with that of Colchester Borough Council and Braintree District Council, as far as possible, to support the Councils' duty to co-operate.

Update: Local Plan Preferred Options Draft was put to Full Council on 5th July 16 having been considered by Local Plan Committee on 9th June 16 and Cabinet on 10th June 16. Consultation commenced on 14th July 16 and ended 8th September 16. The consultation responses will be reported to the Local Plan Committee on 3rd November 16.

Milestone	Target Date	Progress
Issues and options consultation	Complete	Fulfilling the Duty to co-operate is a legal requirement and working with Colchester and Braintree also brings financial efficiency and better planned outcomes.
Agree preferred options for consultation	June 16	Agreed.
Preferred options consultation	July/September 16	Consultation period now closed.
Report consultation outcomes to Local Plan Committee	November 16	
Submit deposit draft Plan to Secretary of State	January 17	

Page 118



Economic Development Delivery

(Employment and Enjoyment)



“To deliver against the objectives of the Council’s Economic Development Strategy. The Council’s approach focuses on the development and delivery of projects already in the pipeline and on those linked to the opportunities afforded by: Offshore Renewables in Harwich; the A120 Growth Corridor; and links with the University of Essex and it’s Knowledge Gateway.”

Ian Davidson – **Chief Executive**

Planning & Regeneration Portfolio Holder

Delivery Mechanism: Projects and other interventions will be developed and delivered in-house and in partnership with the Council’s key public and private sector partners.

Update: Finalise arrangements for the annual Jobs and Careers Fair, scheduled to take place on 4th October 16 and the Blue Ribbon Business Awards Event, scheduled to take place on 6th October 16. Facilitate meeting with South East Local Enterprise Partnership (SELEP) Chair and Director on 29th September 16 to discuss the regeneration and economic development of the district, with particular focus on Jaywick and the proposed Harwich Innovation Centre.

	Milestone	Target Date	Progress
Page 119	Secure land and buildings to facilitate the delivery of an Innovation Centre in Harwich	16 December 16	Whitworth appointed as lead contractor following interview on 13th July 16. MOU agreed and signed by all parties (Tendring District Council, ECC, Trinity House). Whitworth draft report received and follow-up meetings with Whitworth have taken place – awaiting revised draft. Cabinet report now going to Cabinet in December/ January 17. Heads of Terms (parameters for lease negotiations) detailing the Council's occupation of Mermaid House exchanged with Trinity House.
	Secure £500,000 external funding in support of the Council’s inward investment and growth agenda	31 March 17	To date £250k in Capital Funding has been secured via ECC in support of the Council’s Small and Medium sized Enterprise (SME) Growth Fund and a Funding Agreement has been prepared for signature. A further £350k in Capital Funding has been earmarked by ECC at Outline Business Case in support of the proposed Harwich Innovation Centre. Full Business Case to be submitted to ECC in January/February 17.
	Work with the University of Essex and Colchester Institute to identify the growth opportunities in Care & Assisted Living	31 March 17	This work is embryonic and officers are working to establish whether or not there are any tangible growth opportunities associated with this sector.



Maximising Tourism and Leisure Opportunities

[Back to Top](#)

(Employment and Enjoyment)



“To deliver our key events to a high standard, working with partners to showcase the District and encourage tourism and inward investment. These high-profile events should contribute towards the Council’s aspiration to stage a year round programme.”

Paul Price– **Corporate Director**

Tourism and Culture Portfolio Holder

Delivery Mechanism: The Clacton Air Show will be delivered by the Council’s Tourism and Events Team, with support from our partners in the emergency services and private and voluntary sectors. Tendring are the primary organiser of the Tour de Tendring. Beat the Street is a partnership with Essex County Council (ECC) and Mayflower 400 will involve working with private and voluntary sector partners, together with the other key destinations involved in the Mayflower story.

Update: Significant progress has been made in the delivery of key District events, as outlined in the section below:

Milestone	Target Date	Progress
Tour de Tendring and Clacton Beach Festival	May 16 and June 16	Now complete for 2016, preparation has began for 2017 events.
Beat the Street	July 16	The Beat the Street programme attracted 10,065 participants from across the district, travelling some 35,863 miles. 20 schools signed up for the event which ran for 8 weeks prior to the school summer holiday. Participants could walk, cycle or skate, whilst accumulating distance by scanning their proximity cards on designated beat boxes. A full evaluation of the scheme will take place over the coming months.
Clacton Air Show	August 16	The 25th Clacton Air Show attracted record numbers, estimated to be in the region of 250,000 over the two days. Night flights were held for the first time in the event's history and the feedback from visitors and businesses alike were extremely positive. The income received from programme sales and bucket collections was just over £33,000.
Princes Theatre	December 16: Delivery of Annual Pantomime March 16: Deliver two events/ exhibitions	Planning for the pantomime is well underway, ticket sales are currently on a par with last year. A formal launch took place at the Clacton Air Show, which received positive PR and interest from local people. As reported in Q1, two successful wedding fayres have been held in the Princes theatre (to date 7 weddings being booked for 2017/18).

Maximising Tourism and Leisure Opportunities Continued... [Back to Top](#)

<p>Mayflower 400: Series of events and projects to build up to the celebrations in 2020</p>	<p>Produce Harwich promotional film</p> <p>Harwich Tourism Group events</p> <p>Mayflower replica on Harwich roundabout</p> <p>June 16: Play an active role and influence the National Mayflower Compact group of Destinations</p> <p>August 16: Complete a Mayflower 400 Delivery Plan</p> <p>November 16: Deliver key event to launch</p> <p>Harwich: Mayflower 400</p>	<p>Filming for the Harwich promotional film has taken place with the production finalised in August 16. A formal launch will take place in the coming months, so it can be used to promote the town in the lead up to 2017 season. This will compliment the 'Historic Harwich' brand and website which is already complete. A Tourism Group has been set up and includes representatives from the Private, Public and Voluntary Sectors.</p> <p>The Tourism Team have been working with ECC Highways to install a skeletal replica of the Mayflower on the first roundabout after Harwich International Port. This is currently being constructed and is due to be installed prior to the end of 2016.</p> <p>The Council is representing Tendring at a national level to ensure Harwich involvement in the Mayflower story is recognised. The next meeting will take place in Leiden in early October 16 and a reception for dignitaries and international commercial business took place at the US Embassy on 14th September 16. A Heritage Lottery Bid will be submitted for the national Mayflower Trail in February 17.</p> <p>An action plan has been completed in draft form, which is now being worked up to include deliverable actions in the build up to 2020. The formation of a localised Mayflower Sub Group met for the first time in September 16 and now group members are in the process of adding their own action points prior to completion. At this point, the action plan can be published.</p> <p>Preparations are well underway to hold an Illuminate event in November 16, which will be driven forward by the local delivery group. This will involve a range of local organisations. The event is being project managed by the Harwich Festival of the Arts Team and a communications plan for public information will be published shortly.</p>
---	--	--

Enhancing Leisure Facilities (Employment and Enjoyment)

On
Target

“To complete the refurbishment of Frinton and Walton Swimming Pool (Walton on the Naze Lifestyles) and deliver increased attendances and lower operating subsidy.”

Paul Price– **Corporate Director**

Leisure, Health and Wellbeing Portfolio Holder

Delivery Mechanism: The refurbishment of Walton on the Naze Lifestyles was project managed by the Council’s Building Services Team and delivered by an external contractor. The business plan targets are delivered by the facility management team and operational management.

Update: The newly refurbished facility at Walton on the Naze is now complete and open for business, the various strands to drive the facility forward are being progressed as set out below:-

Page 122

Milestone	Target Date	Progress
Complete refurbishment	May 16	The newly refurbished building was open to the public in May 16.
Official opening of the facility	June 16	The official opening and media launch of the newly refurbished facility took place successfully on 17th June 16. The event received positive local publicity.
Deliver Year 1 Business Plan targets		
Increase membership sales by 150%	March 17	Prior to the refurbishment, there was a total of 98 pre paid members at the facility. At the end of September 16 this has risen to 302, which is an increase of 208%.
Increase overall attendances by 6%	March 17	Attendances until the end of September 16 have increased by 13% when compared with the previous year. There have been 55,471 visits to date, which is 6,263 more than in 2015/16. (1st April to 30th September 16 inclusive)

Garden Community (Employment and Enjoyment)



“Innovative joint work with Colchester Borough Council, Braintree District Council and Essex County Council to develop a number of communities in North Essex based on Garden City principles. ”

Martyn Knappett – Corporate Director

Leader

Catherine Bicknell – Head of Planning

Delivery Mechanism: Selection of locations to be part of the Local Plan process.

Funding made available (£640k) by Central Government to support the work.

Leader and Chief Executive sit on Shadow Delivery Board which oversees the project.

Corporate Director and Head of Planning Services sit on senior officer Steering Group and Legal, Finance and Planning Officers participating in topic work streams.

Close collaboration on Local Plan process re Garden Communities approach – a shared Chapter 1 of the Plan and specific requirements of any proposed Garden community proposals across North Essex.

Looking to form Local Delivery Vehicles (LDV's) (potential Companies) to progress each Garden Community Area allocated in the Local Plan. LDV's to take a key role in bringing forward development quickly and to a high quality.

Update: Commission to develop Concept Framework for the North Essex Garden Communities has been awarded and work will commence on the 6th October 16. This will map out site boundaries, access points and key land uses for garden communities with the engagement of residents and other stakeholders. There will be a further report to Cabinet on the 25th November 16 and Full Council on the 29th November 16.

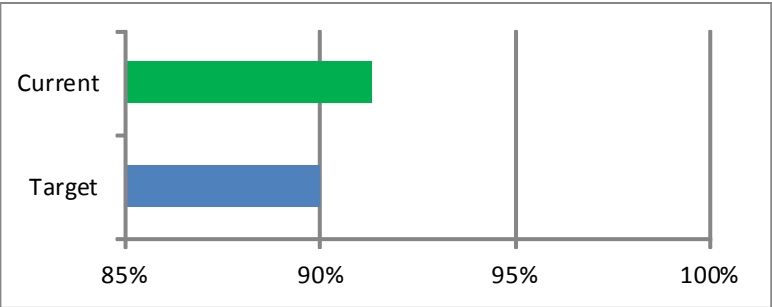
Milestone	Target Date	Progress
Agreement of Preferred Options stage of Local Plans including a common Chapter 1 by Tendring District Council, Colchester Borough Council and Braintree District Council. Identify preferred areas across the three Council areas for Garden Community developments and a robust planning framework for Garden Communities.	June 16	Tendring District Local Plan Preferred Options for consultation agreed including a common Chapter 1 for strategic issues.
Draft legal agreement with land owners be prepared for consideration by Council	October 16	Now anticipated December 16.
Report to Full Council to recommend formation of LDV's and appropriate investment in the project, including full risk assessment and business case.	December 16	

Fly Tipping (Health and Housing)

To ensure that 90% of all reported incidents of fly tipping are removed within 72 hours of notification.



Monthly Performance Data



Data does not include asbestos fly tipping which is outsourced to a specialist contractor (PHS) and is not subject to 72 hours clearance. May data greater than 72 hours include fly tipping requiring grab lorry and JCB for removal.

Month	A	M	J	J	A	S	O	N	D
No. of incidents	123	104	97	106	112	150			
No. r'mvd <72hrs	119	98	92	98	104	137			
Performance (%)	96.7 %	94.2 %	94.8 %	92.4 %	92.86 %	91.33 %			

TARGETS

Missed Bin Collection

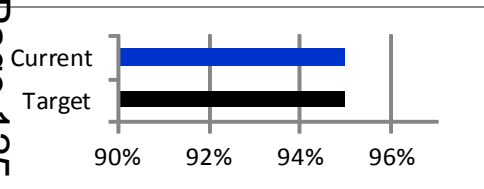
(Health and Housing)

To ensure that 95% of missed bins are collected within 24 hours of being notified.

With approximately 65,000 homes in Tendring, and each property having two bins collected per week, there is over half a million bins collected per month in Tendring.

Monthly Performance Data

Page 125



Month	A	M	J	J	A	S	O	N	D	J	F	M
Target	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Performance	97%	93%	96%	96%	96%	95%						

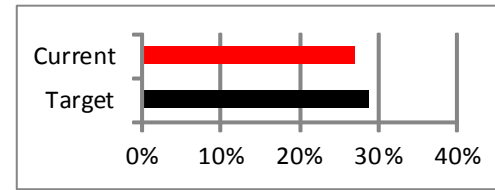
Recycling Rate

(Health and Housing)

Ensure that waste and recycling is disposed of in the most environmental and economically advantageous manner— 29% of household waste sent for reuse, recycling or composting.

Recycling data minimum of 1 month behind.

Monthly Performance Data



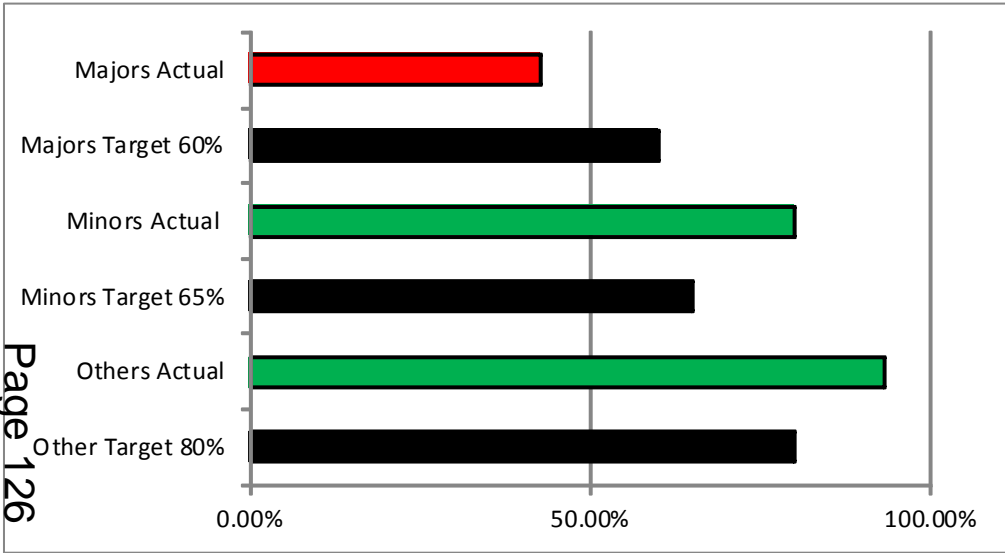
Month	M	A	M	J	J	A	S	O	N	D	J	F	M
Target (%)	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Performance	28.9%	28.9%	28.4%	28.4%	27.2%	27.2%							

Exception: Consideration has been given to collecting all types of plastics, for recycling, however, the decision to collect only plastic bottles and not “all types of plastic” was based purely on finances: the “all types of plastic” would typically include wrappings, food trays, yoghurt pots etc. A lot of these materials are actually non recyclable and therefore would be classed as contamination at cost to the processor, which in turn effects the overall cost to us per tonne. The remainder which whilst recyclable are of lower grade plastics and as such the demand for these materials on the commodity market is lower and reflected in the price per tonne; this is then reflected in the gate fee at the processors. Where as plastic bottles are prepared from premium grade plastics which when recycled can be used for a variety of products and is therefore reflected in the demand and ultimately revenue received per tonne of the product.

Handling of Planning Applications

(Health and Housing)

Cumulative performance 2016/17



CUMULATIVE % TOTALS : April 16–March 17

Major : 42.6%

Minor : 80.2%

Others : 93.4%



5 YEAR HOUSING SUPPLY (Influencing Role)

As at 30.09.16 there is approximately 4.3 YEARS housing supply in the Tendring District.

Note: This figure is updated monthly but some information that contributes to the calculation is only available periodically and so the figure may not be wholly accurate.

PLANNING APPEALS

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No. Lodged	3	6	3	3	9	6						
No. Decided	5	4	1	5	4	5						
No. Allowed	3	3	1	4	0	4						
% Allowed	60%	75%	100%	80%	0%	80%						
% Cumulative Total	60%	67%	70%	60%	50%	55%						

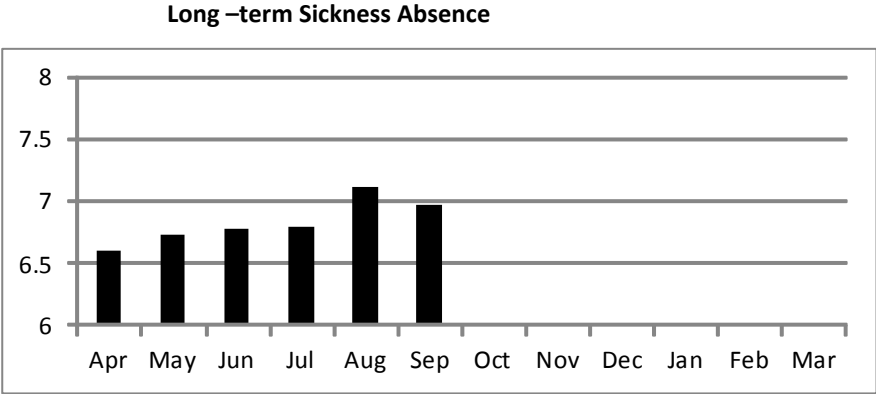
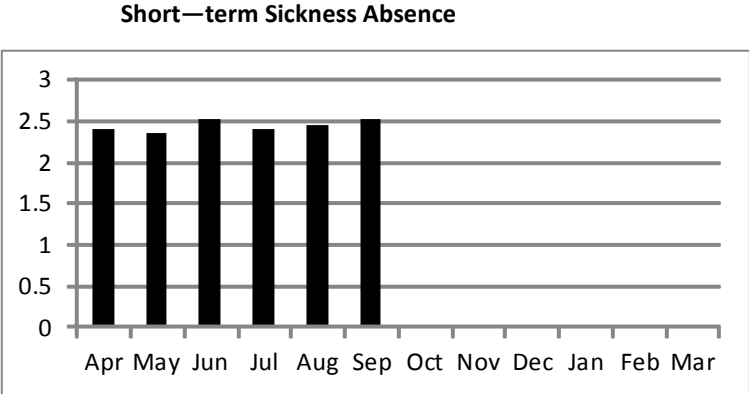
Exception: Increased number of applications received and level of complexity has resulted in a 'behind target' position for 'Major' applications.

Sickness (Council and Community)

To measure the sickness absence rate of the Council.

Objective: To measure the rate of sickness absence at TDC.

Mth	S/T	L/T
Apr	2.40	6.59
May	2.35	6.73
Jun	2.50	6.77
Jul	2.39	6.79
Aug	2.45	7.11
Sep	2.51	6.96
Oct		
Nov		
Dec		



NB: Data displayed as both Short-Term (under 28 days) & Long Term (28 days & over).

Notes: - Sickness absence continues to be actively managed. Absence Management training for managers is now underway and options to reduce viral short term sickness absence are currently being investigated. The Council continues to support employees' mental health using a range of methods to do so, this includes: provision of a counselling service, flexible working options/improved work-life balance, corporate gym membership and access to an occupational health specialist.

Staff sickness absence is monitored by the HR Committee, who undertake a detailed analysis of all reported figures.

The 2015 CIPD (Chartered Institute of Personnel and Development) national report regarding absence management, reported national absence levels in the public sector at 8.7 days per employee.

Authorised Covert Surveillance (Council and Community)

Record of number of approved surveillances under the Regulation of Investigatory Powers Act 2000 (RIPA).

It is important to note that this does NOT apply to all enforcement activity and therefore, it is likely that nil or low returns will be recorded. Council's officers in the course of investigating frauds and certain regulatory criminal offences within the district may be required to undertake covert monitoring operations to gather evidence to present to a court. In doing so those officers must comply with the relevant legislation i.e., the Regulation of Investigatory Powers Act 2000 (RIPA) and the associated regulations and codes of practice. RIPA provides a strict authorisation mechanism for public authorities to undertake covert surveillance in compliance with the [Human Rights Act 1998](#). Lawful interference with Article 8 (right to respect for private and family life) rights is only permissible, if it is necessary and proportionate to do so, therefore can only be undertaken in accordance with the Council's Policy and Procedures, approved by an Authorising Officer and the Magistrates' Court. The Council is required to report the number of authorisations granted on an annually basis to the Office of Surveillance Commissioners.

OType of Surveillance	Number of Approved Authorisations											
	Monthly											
	A	M	J	J	A	S	O	N	D	J	F	M
Directed Surveillance	0	0	0	0	0	0						
Covert Human Intelligence Source	0	0	0	0	0	0						

Complaints (Council and Community)

To measure the number of complaints received and handling of them within the prescribed time limits.

Objective: To measure the standard of performance in responding to complaints against the TDC standards.

Target: 100% within the specified timeframes for each stage of complaint.



Page 128
Stage 1
Complaints
Performance

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
No.	10	8	1	7	7	11			
% Time	80%	100%	100%	100%	100%	100%			

Stage 2
Complaints
Performance

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
No.	1	2	3	1	1	1			
% Time	100%	100%	100%	100%	100%	100%			

Notes: The stage 2 complaint for September relates to Planning Services. There were 2 Ombudsman complaints, these relate to Benefits and Revenues and Planning cases.

Key Decision Required:	Yes	In the Forward Plan:	Yes
-------------------------------	------------	-----------------------------	------------

CABINET

25 NOVEMBER 2016

REPORT OF FINANCE, REVENUES AND BENEFITS PORTFOLIO HOLDER

A.4 CORPORATE BUDGET MONITORING REPORT FOR THE SECOND QUARTER OF 2016/17

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an overview of the Council’s financial position against the budget as at the end of September 2016 and to set out a number of budget adjustments required in 2016/17.

EXECUTIVE SUMMARY

- The Council’s financial position against the approved budget has been prepared for the period to the end of September 2016 and is the second such report for 2016/17.
- It is still relatively early in the financial year and therefore some expenditure or income trends may still be emerging / evolving. However any significant issues arising to date have been highlighted and comments provided as necessary.
- The position to the end of September 2016, as set out in more detail in the Executive Summary attached, shows that overall the General Fund Revenue position is behind the profiled budget by **£5.807m**. After allowing for significant one-off budgets such as the Fit for Purpose Budget where commitments or decisions are still to be made, the position is revised to **£1.701m** behind the profiled budget. A considerable element of this variance is due to the timing of expenditure and income although some emerging issues have been identified which have been set out below.
- In respect of other areas of the budget such as the Housing Revenue Account, Capital Programme, debt recovery, treasury activity and LCTSS / council tax and business rates there are no significant issues that have been identified to date.
- Any emerging issues will be monitored and updates provided in future budget monitoring reports along with their consideration as part of the Financial Strategy and budget setting framework for 2017/18 where a longer term response may be required.
- The budget monitoring process continues to form a fundamental element of supporting the forecast for future years through the identification of savings that can be ‘banked’ as the year progresses rather than just as part of the annual budget setting cycle. This enables the medium term forecast to be updated on an on-going basis with the savings identified being available to support the future year’s budget. No transfers to the Building for the Future Reserve are proposed within this report

but further consideration of such changes will form part of the detailed estimates process that will be reported to Cabinet in December following the completion of the comprehensive processes behind the formulation of the revised budget for 2016/17.

- A number of emerging issues have arisen during the second quarter that require budget adjustments to be made and specific recommendations required with further details highlighted below.
- A half year treasury management review has been carried out with a summary set out later on in this report along with an associated recommendation to revise the Council's Treasury Management Practices to provide additional flexibility around investments with other Local Authorities.
- As mentioned in the first quarter's report, the appendices reflect both the revised organisational restructure and portfolio structure. Although budgets have been reallocated to a revised department / portfolio, there are a limited number of budgets that will need to be split out with the timeliest opportunity to do this being the revised budget process over the autumn. This does not have a direct impact on the budget monitoring process as emerging issues will be highlighted where necessary regardless of where they may appear in the structure.

RECOMMENDATION(S)

It is recommended that:

(a) The financial position as at the end of September 2016 be noted;

(b) that in respect of 2016/17 budget it be agreed that:

- **Planning expenditure budgets are increased to facilitate additional capacity to meet the current demand for the service with the associated income budget increased by £0.102m as set out in this report;**
- **The General Fund Capital Programme be increased by £0.120m to accommodate the increased cost of the air handling units at Clacton Leisure Centre funded by the adjustments set out in this report and;**

(c) that the Council's Treasury Management Practices are amended to allow the aggregate amount that can be invested with any one Local Authority be increased from £4.000m to £6.000m.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability plays a key role in delivering the Council's corporate and community aims and priorities.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are considered in the body of the report.

Risk

A number of variances will be subject to change as the year progresses although at this stage it is expected that any adverse position can be managed within the overall budgets. The budget position will be monitored and reviewed as part of both the future budget monitoring arrangements and Financial Strategy Processes.

LEGAL

The Local Government Act 2003 makes it a statutory duty that Local Authorities monitor income and expenditure against budget and take appropriate action if variances emerge.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no direct implications arising from this report.

PART 3 – SUPPORTING INFORMATION**BACKGROUND**

The Council's financial position against the approved budget has been prepared for the period ending 30 September 2016.

Some expenditure or income trends may still be emerging / evolving as it is still relatively early in the financial cycle. However any significant issues arising to date have been highlighted and comments provided as necessary.

GENERAL FUND REVENUE

The position to the end of September 2016, as set out in more detail in the Executive Summary attached, shows that overall the position is behind the profiled budget by **£5.807m**. (£3.025m at the end of the last quarter)

After allowing for significant / one-off budgets such as the Fit for Purpose Budget where commitments or decisions are yet to be made, this position is revised to **£1.701m** behind the profiled budget with further details as follows:

Variance As Set out In Executive Summary	(£5.807m)
Less Variances to date for Significant / One-off Budgets	
Fit For Purpose	£0.812m
Contingency	£0.165m
New Homes Bonus	£2.527m
Local Plan	£0.602m
Variance Excluding Significant / One-off Budgets	(£1.701m)

After further excluding the variance for employee costs of **£0.745m**, which is covered separately below, the remaining net variance is **£0.956m**. (£0.612m at the end of the first quarter)

As set out in the appendices, a considerable element of this remaining variance is due to

the timing of expenditure and income or where commitments / decisions have yet to be made.

Appendix B provides further narrative around variances with the following drawing out the significant issues that have emerged to date:

EXPENDITURE BUDGETS

a) Expenditure Budgets Behind Profile

➤ Salaries / Employee Costs

Overall employee expenses are behind profile by **£0.745m**. (£0.319m at the end of the first quarter)

As explained in previous reports, this position is mainly due to restructures remaining subject to implementation and/or in progress so for example, vacancies remain until the associated recruitment processes are completed. It is also important to highlight that services continue to challenge how they deliver their services so opportunities are taken to further review staffing levels, such as when vacancies exist, rather than automatically recruit on a like for like basis.

The more detailed salary estimates are currently being prepared for 2017/18 along with a revised position for 2016/17 as part of the 2017/18 budget cycle. Therefore no general adjustments are proposed at the present time as the necessary changes will be made as part of this wider review which will be reported to Cabinet in December as part of the detailed budget process. However given the increase in the estimated cost of the air handling units at Clacton Leisure Centre, which is set out in more detail later on in this report, it is proposed to transfer up to **£0.054m** from employee budgets to this capital project with an associated recommendation included above.

b) Expenditure Budgets Ahead of Profile

➤ Planning Appeals

At the end of September 2016, **£0.091m** of expenditure had been incurred in respect of planning appeals. This will be reviewed as part of the revised budget process for 2016/17.

INCOME BUDGETS

The majority of significant income budgets are currently ahead of the profile as set out in **Appendix H**. Additional details are set out below for items where it is necessary to highlight some associated issues:

a) Income Budgets Ahead of Profile

➤ Planning Fees - £0.102m (11% of the annual income budget) (£0.038m at the end of the first quarter)

Although the above reflects the continued trend in increased demand for the service, a commensurate level of capacity within the service is required in response. Therefore rather than 'bank' this favourable position via a transfer to the Building for the Future Reserve, it is proposed to increase expenditure budgets within the planning service to provide the right level of capacity. Therefore the following budget adjustments are proposed:

Budget	Budget Proposed	Adjustment
Planning Income	Increase by (£0.102m)	
Employee Costs	Increase by £0.069m <i>(includes £0.057m for an additional fixed term post for 2 years)</i>	
Supplies and Services Budgets	Increase by £0.033m	

It is important to highlight that utilising the increased level of income achieved to date at this point in the year does present the risk that if income 'falls away' in the second half of the year then the outturn position for 2016/17 may not be favourable. This will be monitored over the remainder of the year where further budget adjustments may be necessary to react to any income fluctuations

In terms of the budgets for 2017/18, the above will be subject to further review to identify if there are any additional commitments required to support the service going forward.

- **Parking Income – £0.113m ahead of the budget (18% of the annual income budget) (£0.013m behind profile at the end of the first quarter)**

The above position reflects a number of factors that affect the level of parking income, not least the weather which has been exceptionally good this year especially over the summer months where car park usage is at its highest. The changes to the residents parking scheme have also had an impact on the position to date and it may be that the revised scheme can be accommodated within the budget with a reduced call on the parking reserve at the end of year which is currently budgeted at **£0.074m**.

As part of the budget process for 2016/17 the revised residents parking scheme was extended for three years subject to availability of funding within the Parking Reserve which will be reviewed as part of the annual Financial Strategy and budget setting processes in 2017/18 and 2018/19. Based on the current favourable financial performance of the scheme / budget in 2016/17 there will be available funding in 2017/18. Given the lead in time to organise the continuation of the scheme, officers will now put in place the necessary arrangements to extend the scheme into 2017/18 in-line with the earlier agreement, which will be confirmed as part of the detailed estimates that will be presented to Cabinet in December.

b) Income Budgets Behind Profile

A few income budgets are currently behind profile but overall actual income at the end of the second quarter is significantly ahead of the budget. One issue worth highlighting at this stage of the year is set out below:

- **Recycling credit income** – Although this variance is 'masked' within Appendix B (Operational Services (Environmental Services)) this income budget continues to be behind profile although the service continues to undertake promotional work to increase the level of recycling. It is likely that the income budget will not be fully met by the end of

the year although this is anticipated to be offset by lower than budgeted waste and recycling contract costs due to the actual annual inflation factor being lower than expected. This will be further reviewed as part of the revised budget process later in the year.

OTHER BUDGETS

➤ **LCTSS / Council Tax and Business Rates**

Additional information relating to the Local Council Tax Support Scheme (LCTSS), Council Tax and Business Rates is included in **Appendix I**.

There are no significant issues to highlight at the present time in terms of the position at the end of September 2016. It is however worth highlighting that the overall rateable value relating to business rates suffered a downward trend in the first half of the year that reflected changes such as significant commercial properties being removed from the rating list. However this trend is now starting to reverse as new / replacement properties are brought onto the rating list.

2016/17 BUDGET ADJUSTMENTS / ADDITIONAL COMMENTS

Included within the 2016/17 Capital programme is a **£0.050m** budget for the replacement of air handling units at Clacton Leisure Centre. As this project has developed it has been identified that there are a number of associated costs over and above the direct purchase of the air handling units such as potential alterations to the building and specialist work in installing / setting up which were omitted from the original estimate. This has resulted in the projected costs increasing from **£0.050m** to **£0.170m**. However the service have reviewed existing revenue estimates to identify budgets that can be redirected to support the increased costs of the scheme without an adverse impact elsewhere, with the proposed adjustments as follows:

Budget	Budget Proposed	Adjustment
Capital Programme – Air Handling Units Clacton Leisure Centre	Increase £0.120m	budget by
Brightlingsea Pool Grant budget as no longer required as pool subject to decommissioning or transfer of ownership	Reduce £0.040m	budget by <i>(this removes this budget completely)</i>
Sports and Leisure Management	Reduce a number of budgets by a total of £0.026m	
Employee Budgets <i>(from favourable position at end of September 2016)</i>	Reduce budgets by up to £0.054m	<i>(to be reflected in salary estimates within revised budget process 2016/17)</i>

HOUSING REVENUE ACCOUNT – REVENUE

An overall position is set out in the Executive Summary with further details included in **Appendix C**.

As at the end of September 2016, the HRA is **£0.283m** behind the profiled budget (£0.476m behind profile at the end of the first quarter) with no significant issues to highlight to date as this largely reflects the timing of expenditure and income along with the delayed payment of utility bills which remain subject to dispute with the utility provider.

CAPITAL PROGRAMME – GENERAL FUND

The overall position is set out in **Appendix D**.

As at the end of September 2016 the programme is behind profile by **£0.052m**. (£0.038m behind profile at the end of the first quarter)

Where schemes are currently being delivered, relevant information is provided in the appendix. Given the lead in time to some schemes, some capital projects are subject to development and detailed procurement processes for example, with additional information planned on being provided in future budget monitoring reports as they progress. There are no significant issues to highlight at the present time with additional comments set out in **Appendix D**.

CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT

As at the end of September 2016 the programme is behind profile by **£0.054m**. (£0.014m behind profile at the end of the first quarter)

This budget relates primarily to the on-going major repairs and improvements to the Council's own dwellings. There are no specific issues to highlight at this stage and the expectation is that expenditure / commitments will be broadly in line with the budget over the course of the year as work is progressed and procurement processes completed.

CORPORATE DEBT

An analysis of the current position is shown in **Appendix E**.

There are no significant issues to highlight at the present time. Income will continue to be collected over the remainder of the year with recovery arrangements and action taken as necessary.

TREASURY ACTIVITY

A detailed analysis of the current position is shown in **Appendix F**.

The Council agreed the Treasury Strategy for 2016/17 on 5 April 2016 and in accordance with Financial Procedure Rules this strategy and associated activity have been subject to a half yearly review with the outcomes set out below, which is based on summarised commentary provided by the Council's external treasury advisors that gives a wider view of the economy and potential issues that the Council needs to take into account going forward such as inflation forecasts.

The Economy and the outlook for next 6 months

The UK GDP growth rate in 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth fell back to +0.4% (2.0% year on year) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% year on year) in quarter 2. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

The Bank of England responded to economic data by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

Comments from many forecasters suggest that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation with only limited impact from base rate reductions and quantitative easing. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in their economies and economic growth.

Investments

In respect of the Council's budget for income from investments, returns are ahead of budget, mainly as a result of higher balances being available to invest than expected due to the timing of expenditure within the General Fund capital programme. This is expected to reverse in the second half of the year as the impact of the August base rate reduction kicks in, although to minimise this, officers are actively seeking alternative investment opportunities within the agreed treasury management framework with the aim of achieving the budgeted level of investment income for the year. This will be done by looking for high credit rated investments in other financial instruments such as callable deposits or investing money for longer periods of time rather than accepting higher credit risks.

Investing with Local Authorities still provides good value and with this in mind it is recommended that the limit that can be invested with an individual local authority be increased to **£6.000m** from **£4.000m**. This does not add any additional risk to the investment portfolio as Local Authority borrowing is essentially backed by their tax raising powers and having a different maximum investment limit to banks for example better differentiates the level of credit risk between such organisations.

The weighted average rate of return is currently 0.48%, but this is now dropping each month as the reduced base rates takes effect.

There was one occasion during the first half of the year where the approved limits within approved treasury management practices were exceeded. From the period 9 September 2016 to 25 October 2016 **£5.000m** was invested with one Local Authority, which was **£1.000m** above the approved limit of **£4.000m**. This arose due to the fact that a forward deal was made with the specific Local Authority but it was identified that the current treasury management software does not adequately provide robust management information where such deals are made therefore no 'flag' was raised at the time the deal was being considered. This issue has been raised with the software suppliers who have been requested to correct this on future software updates. To prevent recurrence in the intervening period, officers will extract the necessary reports from the system and manually check as reasonably practicable, the relevant information when considering forward deals. In respect of the specific occurrence above, there were no adverse financial consequences or real additional risk.

Borrowing

The borrowing rates that the Council can access remain relatively low although no additional borrowing is currently planned in 2016/17.

Interest rate forecast

The latest interest rate forecast provided by the Council's treasury advisor, Capita Asset Services is below, although since this was issued PWLB rates have risen and the markets are no longer anticipating a further bank rate cut this autumn.

	Dec 2016 (%)	Mar 2017 (%)	Jun 2017 (%)	Sept 2017 (%)	Dec 2017 (%)	Mar 2018 (%)	Jun 2018 (%)	Sept 2018 (%)	Dec 2018 (%)	Mar 2019 (%)	Jun 2019 (%)
Bank rate	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.50
5yr PWLB	1.00	1.00	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.30
10yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80
25yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60
50yr PWLB	2.10	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.40

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Front Cover and Executive Summary

- Appendix A – Summary by Portfolio / Committee
- Appendix B – General Fund Budget Position by Department
- Appendix C – Housing Revenue Account Budget Position
- Appendix D – Capital Programme
- Appendix E – Corporate Debt and Housing Rents
- Appendix F – Treasury Activity
- Appendix G – Income from S106 Agreements
- Appendix H – Significant Fees and Charges
- Appendix I – LCTSS, Council Tax and Business Rates

Tendring

District Council



Appendices Included:

Executive Summary	A summary of the overall position.
Appendix A	A summary of the overall position by Portfolio/Committee
Appendix B	An analysis by Department of all General Fund Revenue budgets.
Appendix C	An analysis of Housing Revenue Account Revenue budgets.
Appendix D	The position to date for General Fund and HRA capital projects.
Appendix E	Position on corporate debt and housing rents
Appendix F	Treasury activity.
Appendix G	Section 106 monies.
Appendix H	Position against significant fees and charges budgets
Appendix I	LCTSS, Council Tax and Business Rates

Corporate Budget Monitoring

September 2016

(The variance figures set out in these appendices that are presented in brackets represent either a net underspend to date position or additional income received to date)

Corporate Budget Monitoring - Executive Summary as at the end of September 2016

The tables below show the summary position for the General Fund, Housing Revenue Account, Capital, Debt and Treasury Activity.

General Fund - Summary by Department Excluding Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
Office of the Chief Executive	4,127,250	879,331	740,609	(138,722)
Corporate Services	(18,503,710)	(124,212)	(3,710,909)	(3,586,697)
Operational Services	11,699,960	4,336,927	3,042,051	(1,294,876)
Planning	2,676,500	977,685	190,596	(787,089)
Total General Fund	(0)	6,069,731	262,347	(5,807,384)

Housing Revenue Account

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
Total HRA	(0)	(5,020,850)	(5,303,821)	(282,971)

Capital

	Full Year Budget £	Profiled Budget to Date £	Actual to Date £	Variance to Profile £
General Fund	11,651,800	1,100,015	1,048,341	(51,674)
Housing Revenue Account	7,024,010	1,209,339	1,155,736	(53,603)
Total Capital	18,675,810	2,309,354	2,204,077	(105,277)

Debt

	Arrears this month as % of Amount Collectable to date	Collected to Date (Against Budgeted Collection)
General Debt	12.14%	
Housing Rents	1.36%	
Council Tax		59.48%
Business Rates		59.64%

Treasury

	£'000
Total External Borrowing	46,997
Total Investments	60,243

Revenue Budget Position at the end of September 2016

Portfolio / Committee Summary

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £
Leader	250,000	0	0	0
Enforcement and Community Safety	72,220	840,885	655,892	(184,993)
Corporate Services	1,539,180	1,219,684	1,124,358	(95,326)
Commercialisation	2,054,870	(28,351)	(427,277)	(398,926)
Environment	5,698,570	2,011,691	1,395,827	(615,863)
Finance, Revenues and Benefits	(7,273,460)	(3,106,936)	(6,409,390)	(3,302,454)
Housing	14,772,340	3,353,769	2,837,529	(516,241)
Leisure, Health and Wellbeing	2,137,890	927,017	707,453	(219,564)
Planning and Regeneration	5,594,450	1,186,742	344,634	(842,108)
Tourism and Culture	488,280	(11,975)	69,914	81,889
Budgets Relating to Non Executive Functions	480,730	97,147	100,506	3,359
Net Cost of Services	25,815,070	6,489,673	399,446	(6,090,227)
Revenue support for Capital Investment	2,014,180	0	0	0
Financing Items	(779,180)	1,518,973	1,518,831	(142)
Budget Before use of Reserves	27,050,070	8,008,646	1,918,277	(6,090,369)
Contribution to / (from) earmarked reserves	(13,052,330)	0	0	0
Total Net Budget	13,997,740	8,008,646	1,918,277	(6,090,369)
Funding:				
Revenue Support Grant	(2,563,840)	(1,128,090)	(1,128,090)	0
Business Rates Income	(4,599,140)	(2,414,294)	(2,414,298)	(4)
Collection Fund Surplus	20,040	10,020	10,031	11
Parish Precepts	1,439,263	719,632	719,637	6
Income from Council Tax Payers (including Parish Precepts)	(8,294,063)	(4,147,032)	(4,147,032)	0
Total	(0)	1,048,882	(5,041,474)	(6,090,356)

Corporate Budget Monitoring - General Fund Budget Position at the end of September 2016

Department - Office of Chief Executive

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	754,200	376,135	348,801	(27,334)	187,977	
Premises Related Expenditure	25,990	19,735	18,275	(1,460)	3,128	
Transport Related Expenditure	28,590	14,290	10,612	(3,678)	7,255	
Supplies & Services	3,462,470	568,395	486,940	(81,455)	148,605	
Third Party Payments	870	0	0	0	0	
Total Direct Expenditure	4,272,120	978,555	864,627	(113,928)	346,965	
Direct Income						
Government Grants	(47,360)	(47,360)	(47,365)	(5)	0	
Other Grants, Reimbursements and Contributions	(16,200)	(14,250)	(31,940)	(17,690)	(975)	
Sales, Fees and Charges	(2,310)	(2,215)	(4,657)	(2,442)	(47)	
Rents Receivable	(70,200)	(35,399)	(40,056)	(4,657)	(17,401)	
Total Direct Income	(136,070)	(99,224)	(124,018)	(24,794)	(18,423)	
Net Direct Costs	4,136,050	879,331	740,609	(138,722)	328,542	
Net Indirect Costs	(8,800)	0	0	0	0	
Total for Office of Chief Executive	4,127,250	879,331	740,609	(138,722)	328,542	

Department - Office of Chief Executive

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Chief Executive and Member and Management Support	921,280	480,445	409,677	(70,768)	
Total for Regeneration	3,205,970	398,886	330,932	(67,954)	Primarily salary variances
Total for Office of Chief Executive	4,127,250	879,331	740,609	(138,722)	

Corporate Budget Monitoring - General Fund Budget Position at the end of September 2016

Department - Corporate Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	7,783,550	4,137,615	3,768,552	(369,063)	1,339,657	
Premises Related Expenditure	176,450	166,550	160,592	(5,958)	3,960	
Transport Related Expenditure	62,610	48,670	41,301	(7,369)	8,620	
Supplies & Services	10,182,970	5,024,382	1,305,082	(3,719,300)	2,347,179	
Third Party Payments	2,280	1,140	30,934	29,794	570	
Transfer Payments	55,291,550	24,058,000	25,868,270	1,810,270	12,029,000	
Interest Payments	89,860	43,440	41,889	(1,551)	0	
Total Direct Expenditure	73,589,270	33,479,797	31,216,620	(2,263,177)	15,728,987	
Direct Income						
Government Grants	(59,810,930)	(25,728,700)	(27,137,021)	(1,408,321)	(12,757,275)	
Other Grants, Reimbursements and Contributions	(1,400,990)	(749,503)	(638,515)	110,988	(384,079)	
Sales, Fees and Charges	(16,370)	(12,655)	(20,867)	(8,212)	(857)	
Rents Receivable	(42,520)	(8,110)	(4,686)	3,425	(10,630)	
Interest Receivable	(218,870)	(145,277)	(166,689)	(21,412)	(67,818)	
RSG, Business Rates and Council Tax	(13,997,740)	(6,959,764)	(6,959,751)	13	(4,061,263)	
Total Direct Income	(75,487,420)	(33,604,009)	(34,927,529)	(1,323,520)	(17,281,923)	
Net Direct Costs	(1,898,150)	(124,212)	(3,710,909)	(3,586,697)	(1,552,937)	
Net Indirect Costs	(3,553,230)	0	0	0	0	
Net Contribution to/(from) Reserves	(13,052,330)	0	0	0	0	
Total for Corporate Services	(18,503,710)	(124,212)	(3,710,909)	(3,586,697)	(1,552,937)	

Department - Corporate Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Corporate Director, PR and Electoral Services	380,310	209,952	290,878	80,926	This reflects the cost of the PCC Election and EU Referendum that will be reimbursed during the second half of the year.
Total for Governance and Legal Services	208,020	278,920	205,228	(73,692)	Primarily salary variances
Total for Finance, Revenues and Benefits	1,370,630	1,237,904	1,497,072	259,168	The current position primarily relates to the timing of housing benefit payments and the subsequent receipt of the associated subsidy from the Government along with salary variances.
Total for Finance - Other Corporate Costs	6,533,920	2,250,991	(1,403,920)	(3,654,911)	The current variance primarily reflects the position against the Fit for Purpose, Contingency and New Homes Bonus budgets which remain subject to commitments and decisions. Following a retender exercise during the first half of the year, insurance costs have come in lower than expected which will be considered as part of the revised budget for 2016/17.
Total for Finance - Financing Items	(13,417,020)	1,620,810	1,643,630	22,820	
Total for Finance - RSG, Business Rates and Council Tax	(13,997,740)	(6,959,764)	(6,959,751)	13	

Department - Corporate Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Total for Property Services	38,290	107,200	125,697	18,497	
Total for People, Performance and Projects	436,640	405,890	342,776	(63,114)	
Total for IT and Corporate Resilience	(56,760)	723,885	547,482	(176,403)	This reflects the timing and lead in time for a number of IT initiatives and projects.
Total for Corporate Services	(18,503,710)	(124,212)	(3,710,909)	(3,586,697)	

Corporate Budget Monitoring - General Fund Budget Position at the end of September 2016

Department - Operational Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	8,158,690	4,128,353	3,853,592	(274,761)	2,013,520	
Remises Related Expenditure	3,131,990	1,903,986	1,591,871	(312,115)	528,893	
Transport Related Expenditure	601,520	195,889	184,969	(10,920)	148,507	
Supplies & Services	3,228,100	1,479,824	1,507,297	27,473	695,687	
Third Party Payments	4,663,300	2,074,010	1,560,925	(513,085)	1,156,964	
Transfer Payments	48,710	0	100,795	100,795	0	
Total Direct Expenditure	19,832,310	9,782,062	8,799,447	(982,614)	4,543,571	
Direct Income						
Government Grants	(103,250)	(92,850)	(135,188)	(42,338)	0	
Other Grants, Reimbursements and Contributions	(1,327,310)	(574,887)	(342,895)	231,992	(280,482)	
Sales, Fees and Charges	(7,483,860)	(4,482,756)	(4,929,272)	(446,516)	(1,533,248)	
Rents Receivable	(203,840)	(130,456)	(180,792)	(50,336)	(24,863)	
Total Direct Income	(9,118,260)	(5,280,949)	(5,588,147)	(307,198)	(1,838,594)	
Net Direct Costs	10,714,050	4,501,113	3,211,300	(1,289,812)	2,704,977	
Net Indirect Costs	985,910	(164,185)	(169,249)	(5,064)	(31,008)	
Total for Operational Services	11,699,960	4,336,927	3,042,051	(1,294,876)	2,673,969	

Department - Operational Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Corporate Director and Administration Operational Services	22,950	65,870	64,241	(1,629)	
Total for Public Realm	1,671,550	482,350	45,592	(436,758)	Income from the crematorium and cemeteries is higher than budgeted to date in addition to a number of salary variances. Income from parking is also ahead of the profiled budget with some further details set out in the main body of the report.
Total for Environmental Services	5,126,370	1,839,980	1,435,558	(404,422)	In addition to a number of salary variances, the contract payments for Waste Collection and Street Cleansing are behind the profiled budget. It is expected that recycling credits may be lower than anticipated by the end of the year with some further details set out in the main body of the report.
Total for Coastal Protection	1,312,310	136,305	134,380	(1,925)	
Total for Customer and Commercial Services	217,680	270,325	256,697	(13,628)	

Department - Operational Services

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Total for Sports and Leisure	2,061,820	(8,562)	(232,390)	(223,828)	In addition to a number of salary variances, there are a number of variances against expenditure budgets such as utility costs that are currently more than offsetting lower than budgeted income against leisure facility budgets. Income from Beach Huts is also significantly ahead of the annual budget.
Total for Housing	1,269,280	559,945	524,334	(35,611)	
Total for Building and Engineering	18,000	990,715	813,638	(177,076)	The current position reflects the timing of expenditure against budgets such as utilities and building repairs.
Total for Operational Services	11,699,960	4,336,927	3,042,051	(1,294,876)	

Corporate Budget Monitoring - General Fund Budget Position at the end of September 2016

Department - Planning

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	1,710,880	812,865	739,220	(73,645)	406,432	
Premises Related Expenditure	2,230	1,115	280	(835)	557	
Transport Related Expenditure	27,570	13,785	11,205	(2,580)	6,893	
Supplies & Services	1,705,910	825,835	223,432	(602,403)	408,543	
Total Direct Expenditure	3,446,590	1,653,600	974,137	(679,463)	822,425	
Direct Income						
Other Grants, Reimbursements and Contributions	0	0	(180)	(180)	0	
Sales, Fees and Charges	(1,369,120)	(675,915)	(783,361)	(107,446)	(337,958)	
Total Direct Income	(1,369,120)	(675,915)	(783,541)	(107,626)	(337,958)	
Net Direct Costs	2,077,470	977,685	190,596	(787,089)	484,467	
Net Indirect Costs	599,030	0	0	0	0	
Total for Planning	2,676,500	977,685	190,596	(787,089)	484,467	

Department - Planning

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Head of Planning and Customer Services	0	164,310	203,560	39,250	
Total for Planning and Development	847,400	54,285	(68,091)	(122,376)	Planning fee income is now significantly ahead of the profiled budget which is planned on being used to support additional capacity within the service to respond to current demand. Further details are set out in the main body of the report including the cost of planning appeals which are now a significant costs against this area of the budget.
Total for Planning Policy	1,695,660	742,695	69,645	(673,050)	As in previous quarters, the timing of expenditure against the Local Plan budget is associated with the various strands of work that are required to deliver this project that spans financial years. A major element of the process relates to the examination of the plan in public, where it is anticipated that a high level of expenditure will be incurred against this budget next year.
Total for Building Control	133,440	16,395	(14,518)	(30,913)	
Total for Planning	2,676,500	977,685	190,596	(787,089)	

Corporate Budget Monitoring - Housing Revenue Account Budget Position at the end of September 2016

Housing Revenue Account

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Next Quarters Profile £	Comments
<u>Analysis by Type of Spend</u>						
Direct Expenditure						
Employee Expenses	798,630	193,650	173,015	(20,635)	96,825	
Premises Related Expenditure	3,633,200	1,379,498	1,097,785	(281,713)	995,151	
Transport Related Expenditure	18,320	9,160	9,243	83	4,580	
Supplies & Services	451,470	192,063	146,861	(45,202)	74,926	
Third Party Payments	1,030	515	0	(515)	258	
Transfer Payments	17,000	8,500	8,240	(260)	4,250	
Interest Payments	1,533,470	415,500	415,497	(3)	309,520	
Total Direct Expenditure	6,453,120	2,198,886	1,850,641	(348,245)	1,485,509	
Direct Income						
Government Grants	(45,000)	0	0	0	0	
Other Grants, Reimbursements and Contributions	(8,000)	0	(7,155)	(7,155)	0	
Sales, Fees and Charges	(678,370)	(386,298)	(368,307)	17,991	(145,128)	
Rents Receivable	(13,663,150)	(6,833,438)	(6,779,000)	54,438	(3,414,822)	
Interest Receivable	(61,600)	0	0	0	0	
Total Direct Income	(14,456,120)	(7,219,736)	(7,154,462)	65,274	(3,559,950)	
Net Direct Costs	(8,003,000)	(5,020,850)	(5,303,821)	(282,971)	(2,074,441)	
Net Indirect Costs	8,003,000	0	0	0	0	
Net Contribution to/(from) Reserves	0	0	0	0	0	
Total for HRA	(0)	(5,020,850)	(5,303,821)	(282,971)	(2,074,441)	

Housing Revenue Account

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
<u>Analysis by Service/Function</u>					
Total for Finance, Revenues and Benefits	(9,041,690)	(6,224,528)	(6,171,582)	52,946	
Total for Finance - Financing Items	3,519,460	0	0	0	
Total for Corporate Director and Administration Operational Services	639,300	13,685	9,632	(4,053)	
Total for Customer and Commercial Services	(66,810)	(84,000)	(77,034)	6,966	
Total for Housing	1,265,560	91,540	(43,618)	(135,158)	This position primarily reflects delays in the payment of utility bills as the supplier has yet to provide updated bills / information.
Total for Building and Engineering	3,684,180	1,182,453	978,781	(203,672)	This position primarily reflects the timing of repairs and maintenance work to tenant's properties.
Total for HRA	(0)	(5,020,850)	(5,303,821)	(282,971)	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Expenditure					
Commercialisation Portfolio					
Replacement of beach hut supports - The Walings	11,620	0	0	0	
Clacton Seafront Improvements	3,330	0	0	0	
Coast Protection - Cliff Road Sea Wall	15,130	15,130	0	(15,130)	
Coast Protection - Clacton and Holland Works	2,540	2,540	6,528	3,988	
Venetian Bridge Clacton	165,240	5,030	13,715	8,685	This project is currently subject to a second procurement exercise. Initial indications are that this will cost significantly more than budgeted which will need to be reviewed as part of the revised budget for 2016/17 later in the year once likely costs are known.
New Beach Huts	64,600	0	0	0	
Seafront Cafe Design & Planning	17,520	0	0	0	
Beach Rake and Tractor	50,000	28,000	28,650	650	
Cliff Stabilisation Scheme	5,028,100	3,960	3,964	4	
Frinton Resurfacing Works	30,130	30,130	30,124	(6)	
Total for Commercialisation Portfolio	5,388,210	84,790	82,981	(1,809)	

Corporate Budget Monitoring - General Fund Capital Programme Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Corporate Services Portfolio					
Joint HR and Payroll System	14,250	7,125	5,818	(1,307)	
Individual Electoral Registration - Scanning Equipment	10,830	10,830	9,265	(1,565)	
Total for Corporate Services Portfolio	25,080	17,955	15,083	(2,872)	
Enforcement and Community Safety Portfolio					
Westleigh House Demolish/additional parking provision	23,710	0	0	0	This scheme remains on hold whilst the wider review of Assets is undertaken as part of the Financial Strategy process for 2017/18
Commercial Property Investment Fund	750,000	0	0	0	
Information and Communications Technology Core Infrastructure	86,780	0	1,728	1,728	
IT Strategic Investment	416,940	25,000	20,440	(4,560)	
Inspire Annexe III New Burden set up	6,770	6,770	7,010	240	
New Committee Management System	10,500	10,500	7,000	(3,500)	
Enhanced Equipment replacement - Printing and Scanning	31,500	31,500	27,884	(3,616)	
Total for Enforcement and Community Safety Portfolio	1,326,200	73,770	64,062	(9,708)	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Environment Portfolio					
Cremator Replacement and Crematorium Car Park	24,990	24,990	(15,644)	(40,634)	
Brook Country Park	530	0	0	0	
Cranleigh Close, Clacton, landscaping works	13,650	6,990	6,990	0	
Environmental Health Database Migration	5,250	0	0	0	
Public Access Module to CAPS	56,000	0	0	0	
Laying Out Cemetery	179,710	5,000	4,190	(810)	
Lower Marine Parade D'Court Putting Green Enhancements	18,380	0	0	0	
Football Field & Play Area, Hare Green Rec, Gt Bromley	4,160	4,160	4,166	6	
Crematorium Flower Court Extension	150,000	0	0	0	
Road Resurfacing, Kirby Playing Field	37,710	37,710	35,676	(2,035)	
Total for Environment Portfolio	490,380	78,850	35,378	(43,472)	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Finance, Revenues and Benefits Portfolio					
Replacement of High Volume Printers	29,000	0	0	0	The existing machine is currently being maintained. This position is being monitored to identify if any further commitment is required against this budget.
Replacement of Northgate Unix Server	60,000	0	0	0	The existing equipment is currently being maintained. This position is being monitored to identify if any further commitment is required against this budget.
Audit management software	2,230	0	0	0	
Replacement debit and credit card payment facility	14,630	0	0	0	
Replacement Scan Stations	42,000	0	0	0	
Agresso e-procurement	84,000	0	0	0	
Total for Finance, Revenues and Benefits Portfolio	231,860	0	0	0	

Corporate Budget Monitoring - General Fund Capital Programme

Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Housing Portfolio					
Town Hall - replacement of fire alarm system	53,000	53,000	52,700	(300)	
Alteration of Redundant Cash Office	29,260	0	0	0	
Private Sector Renewal Grants/Financial Assistance Loans	625,140	21,000	20,537	(463)	
Disabled Facilities Grants	2,646,600	679,800	679,858	58	
Private Sector Leasing	42,660	0	0	0	
Empty Homes funding	164,220	0	0	0	
Total for Housing Portfolio	3,560,880	753,800	753,095	(705)	
Leisure, Health and Wellbeing Portfolio					
Frinton & Walton Swimming Pool Re-Development	103,850	88,850	94,713	5,863	
Clacton Leisure Centre Air Handling Units	50,000	2,000	1,875	(125)	Please see main body of the report for further details relating to this scheme
Total for Leisure, Health and Wellbeing Portfolio	153,850	90,850	96,588	5,738	

Corporate Budget Monitoring - General Fund Capital Programme Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Planning and Regeneration Portfolio					
Clacton Regeneration	42,340	0	1,153	1,153	
Regeneration Capital Projects	308,000	0	0	0	
SME Growth Fund Capital Grants	125,000	0	0	0	
Total for Planning and Regeneration Portfolio	475,340	0	1,153	1,153	
Total Approved General Fund Capital Programme	11,651,800	1,100,015	1,048,341	(51,674)	

Corporate Budget Monitoring - Housing Revenue Account Capital Programme Budget Position at the end of September 2016

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual to date £	2016/17 Variance to Profile £	Comments
Improvements, enhancement & adaptation of the Council's housing stock	4,280,730	1,063,359	1,012,070	(51,289)	This budget covers a range of individual schemes which will be delivered as the year progresses and are subject to the appropriate procurement processes, which are planned, being progressed or are underway.
IT Upgrade & Replacement	20,000	3,000	2,267	(733)	
Disabled Adaptations	479,980	129,980	129,019	(961)	
Cash Incentive Scheme	60,000	0	0	0	
New Build Initiatives and Acquisitions	2,183,300	13,000	12,381	(619)	
Total Housing Revenue Account Capital Programme	7,024,010	1,209,339	1,155,736	(53,603)	

Corporate Debt : Position at the end of September 2016

The position against General debt and Housing debt are set out below.

GENERAL DEBT

	Amount collectable to date £'000	Arrears this Quarter £'000	Arrears last Quarter £'000	Arrears this Quarter as % of Amount Collectable to date %		Comments
Page 160 Sundry / General Debt	4,134	502	392	12.14%		<p>A significant amount included within the arrears this quarter figures relates to money owed by ECC, which has now been paid. If removed from the figures, this would reduce the arrears to approximately 10%, which is broadly in line with the position at the same time last year.</p> <p>Appropriate recovery action will be taken in respect of all outstanding amounts.</p>

HOUSING RENTS

	Total Due for the Year £'000	Amount Collectable to Date £'000	Arrears this Quarter £'000	Arrears Last Quarter £'000	Arrears this Quarter as % of Total Due %	Comments
Housing Rents and Service Charges	13,410	6,705	183	266	1.36%	No significant issues have arisen to date.

Treasury Activity : Position at the end of September 2016

Key Treasury Management Performance Data and Prudential Indicators are set out below.

TREASURY ACTIVITY

Borrowing	Opening Balance 1 April £'000	Borrowing to date £'000	Borrowing Repaid to date £'000	Balance to Date £'000	Comments
Long Term PWLB Borrowing - GF	1,055	0	139	916	
Long Term PWLB Borrowing - HRA	47,063	0	982	46,081	
TOTAL BORROWING	48,118	0	1,121	46,997	
Investments	Opening Balance 1 April £'000	Investments to date £'000	Investments Repaid to date £'000	Balance to Date £'000	Comments
<i>Investments less than a year</i>					
Investments with UK Government via Treasury Bills/Investments with DMO, and Local Authorities and other public bodies	32,600	131,350	120,200	43,750	Net investments have increased over the reporting period due to the timing of the Council's cash flow such as expenditure budgets behind profile or income being received ahead of expenditure.
Investments with UK financial Institutions (including Money Market Funds)	12,660	29,828	25,995	16,493	At the end of the period, investments were held with 8 counterparties.
Investments with non-UK Financial institutions	0	0	0	0	
Total Investments for less than a year	45,260	161,178	146,195	60,243	
<i>Investments for longer than a year</i>	0	0	0	0	
TOTAL INVESTMENTS	45,260	161,178	146,195	60,243	
Interest Paid / Received	Full Year Budget £'000	Profiled Budget to Date £'000	Actual to Date £'000	Variance to date £'000	Comments
Interest Paid on Borrowing - GF	83	43	41	(2)	The weighted average rate of interest on the Council's GF borrowing is currently 8.21%. (on an accrued basis)
Interest Paid on Borrowing - HRA	1,533	415	415	0	The weighted average rate of interest on the Council's HRA borrowing is currently 3.28%. (on an accrued basis)
Interest Received on Investments	(236)	(130)	(148)	(18)	The weighted average rate of interest being received on the Council's investments is currently 0.48%. (on an accrued basis)
PRUDENTIAL INDICATORS					
	Approved Indicator £'000	Highest amount reached in the period £'000	Comments		
Authorised limit for external borrowing	74,968	48,118	Borrowing has remained within approved limits.		
Operational boundary for external borrowing	67,471				
Debt Cap - HRA	60,285				

Income from S106 Agreements

Information in respect of S106 income has been split across two areas below - Where money has been formally allocated / being spent and where money remains unallocated / uncommitted.

The information below relates to only S106 amounts applicable to TDC.
Where related to capital schemes - see Appendix D for overall scheme progress.

ALLOCATED / BEING SPENT

Scheme	Amount Committed / Planned to be Spent in 2016/17 (including accrued interest as appropriate) £'000
Capital Schemes	
Road Resurfacing, Kirby Playing Field	38
Cranleigh Close, Clacton - landscaping works	14
Football Field and Play Area, Hare Green Recreation Ground	4
Lower Marine Parade - Putting Green Improvements	18
Revenue Schemes	74
TOTAL	148

UNALLOCATED / UNCOMMITTED TO DATE

Permitted Use as per S106 Agreement	Amount Held / 'Spend by' Date			
	Less than 1 Year	1 to 2 Years	2 to 4 Years	4 years +
	£'000	£'000	£'000	£'000
Regeneration Programme and Initiatives	0	0	0	7
Affordable Housing**	102	0	91	43
Town Centre Improvements	0	0	0	42
Open Space***	6	49	90	768
TOTAL	108	49	181	860

** For schemes with a 'spend by' date of less than one year, this money must be spent by June 2017

*** For schemes with a 'spend by' date of less than one year, £2k must be spent by January 2017 and £4k must be spent by April 2017

Corporate Budget Monitoring - General Fund Income Budget Position at the end of September 2016

Income Analysis

	2016/17 Current Full Year Budget £	2016/17 Profiled Budget to date £	2016/17 Actual £	2016/17 Variance to Profile £
Leisure Facilities	(2,252,420)	(1,145,066)	(1,110,261)	34,805
Development Control - Chargeable Account	(960,000)	(480,000)	(582,038)	(102,038)
Building Regulations-Chargeable Account	(208,910)	(104,455)	(102,191)	2,264
Land Charges	(178,960)	(89,480)	(98,873)	(9,393)
Cemeteries	(311,550)	(148,768)	(160,796)	(12,028)
Crematorium	(1,285,220)	(644,343)	(713,372)	(69,029)
Recreation Grounds	(30,530)	(15,265)	(8,555)	6,710
Beach Hut Sites	(888,760)	(874,895)	(957,489)	(82,594)
Careline	(607,620)	(271,944)	(298,550)	(26,606)
Licencing	(279,350)	(139,675)	(164,511)	(24,836)
Car Parks - Off St	(630,580)	(436,430)	(549,843)	(113,413)
TOTAL	(7,633,900)	(4,350,321)	(4,746,479)	(396,158)

LCTSS, Council Tax and Business Rates

The cost / collection performance and analysis of the Local Council Tax Support Scheme / Council Tax along with the level of Business Rates collected to date is set out as follows:

COUNCIL TAX AND LOCAL COUNCIL TAX SUPPORT SCHEME

COLLECTION FUND	Budget £	Actual £	Variance £	Comments				
Cost of LCTS Discounts	12,210,000	11,707,927	(502,073)	This will be subject to fluctuations over the year as claims are made or ended.				
LCTS Hardship Relief	26,550	2,435	(24,115)					
COUNCIL TAX COLLECTION PERFORMANCE 2014	Budgeted Collection £	Actual Collection £	Variance £	Accounts where LCTS Awarded Actual Collection %	(for the same period last year) Accounts where LCTS Awarded Actual Collection %	TOTAL Actual Collection %	(for same period last year) TOTAL Actual Collection %	
	Apr to June	(21,080,268)	(21,362,634)	(282,366)	22.35	22.69	29.59	29.67
	July	(27,548,771)	(27,808,568)	(259,797)	33.68	30.87	38.48	38.71
	August	(33,834,203)	(34,429,516)	(595,313)	40.84	36.32	47.59	47.51
	September	(40,451,875)	(40,993,221)	(541,346)	47.59	42.97	56.59	56.75
	October	(46,872,915)				48.71		65.75
	November	(53,293,955)				54.18		74.72
	December	(59,728,556)				67.40		83.75
	January	(65,878,380)				77.34		92.36
	February	(67,573,481)				81.11		94.76
March	(68,916,000)				84.19		96.65	
Comments	There are no significant issues to highlight to date							

LCTSS, Council Tax and Business Rates

BUSINESS RATES RETENTION

BUSINESS RATES COLLECTION PERFORMANCE	Budgeted Collection £	Actual Collection £	Variance £	TOTAL Actual Collection %	(for the same period last year) TOTAL Actual Collection %	Comments
Apr to June	(8,565,127)	(8,136,120)	429,007	29.60	31.61	
July	(11,023,637)	(10,795,339)	228,298	39.24	40.81	
August	(13,288,234)	(13,174,473)	113,761	47.72	49.06	
September	(15,677,183)	(15,782,594)	(105,411)	57.14	57.96	
October	(18,070,835)				66.84	
November	(20,416,929)				75.46	
December	(22,743,361)				84.12	
January	(24,963,972)				92.41	
February	(25,796,444)				65.66	
March	(26,463,000)				98.22	

This page is intentionally left blank

Key Decision Required:	Yes	In the Forward Plan:	Yes
-------------------------------	------------	-----------------------------	------------

CABINET

25 NOVEMBER 2016

REPORT OF FINANCE, REVENUES AND BENEFITS PORTFOLIO HOLDER

A.5 FINANCIAL STRATEGY BUDGET REDUCTIONS – OUTCOMES FROM PORTFOLIO WORKING PARTIES

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present the outcomes from the various Portfolio Holder Working Parties to consider whether to take them forward / develop further for inclusion in the budget from 2017/18 and beyond.

EXECUTIVE SUMMARY

- As part of the financial strategy process for 2017/18, Cabinet agreed that Portfolio Holder led working parties be established with the aim of identifying the necessary budget reductions to meet the budget ‘gaps’ estimated for the period 2017/18 to 2019/20.
- Four working parties met on a number of occasions during September and October where ideas were put forward along with supporting information to inform the discussions.
- Following the working party meetings, the relevant Portfolio Holders have put forward budget reduction proposals totalling **£0.268m** in 2017/18 rising to **£0.528m** on an on-going basis from 2019/20. These amounts include a number of other items that have been identified outside of the working party meetings but in consultation with the relevant Portfolio Holder where relevant.
- A number of proposals will be subject to further decision making processes via separate reports presented to Cabinet later in the year. However subject to the recommendations below, the items put forward will be considered for inclusion in the budget as it is developed over the next three months for recommending to Council in February next year, which could include an initial investment to deliver the budget reductions.
- The budget reductions identified to date do not meet the required savings target of **£1.565m** in 2017/18. Officers therefore continue to work in consultation with Portfolio Holders to identify further savings. At this stage of the budget process, the one-off use of reserves to balance the budget cannot be ruled out which will add further budget pressures in 2018/19 where further on-going savings will need to be found to replace any money drawn down from reserves in 2017/18.
- Given the scale of the estimated budget ‘gaps’ of **£1.700m** and **£1.500m** in 2018/19 and 2019/20 respectively, it is proposed to continue the Portfolio Holder led working

parties to support the identification of further savings needed to deliver a balanced and sustainable budget in future years.

RECOMMENDATION(S)

That Cabinet:

- a) **Notes the outcome from the Portfolio Holder Working Parties and other savings proposals identified and requests comments from the Corporate Management Committee;**
- b) **requests the relevant Corporate Director to undertake the necessary actions to take forward the proposed budget reductions to be considered for inclusion in the detailed estimates for recommending to Council in February 2017 and/or to present further reports to Cabinet in due course.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This report will have direct implications for the Council's ability to deliver on the commitments, objectives and priorities set out in the Corporate Plan, the Corporate Goals and the Community Strategy.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are considered in the body of the report and will be subject to separate reports and/or further review as part of the detailed estimates process for reporting to Cabinet later in the year.

Risk

There are significant risks associated with the estimates process such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process.

Failure to identify the necessary savings required to deliver a balanced budget will require the use of one-off reserves which would not provide for a sustainable solution and any use of such reserves in 2017/18 would need to be replaced by on-going revenue savings in 2018/19 and beyond. These risks need to be managed to ensure the savings proposals are deliverable.

LEGAL

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other implications that significantly impact on the financial baseline. However, the ability of the Council to appropriately address these issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

Where necessary, an impact assessment will be undertaken as part of the separate budget decisions or activities required to deliver the necessary savings to meet the budget 'gap'

PART 3 – SUPPORTING INFORMATION

PROPOSED BUDGET REDUCTIONS – OUTCOME FROM PORTFOLIO WORKING PARTIES

At its meeting on 5 August 2016, Cabinet considered the **Financial Strategy – General Fund Financial Baseline 2017/18** which introduced a new Portfolio Holder led framework within which savings would be identified. Within the same report, a number of savings ideas / proposals were put forward for further investigation but this was by no means exhaustive and all members were encouraged to put forward further ideas wherever possible.

Four Portfolio Holder Working Parties were established which met on a number of occasions during September and October. The working parties provided a forum for members and officers to discuss ideas and for information to be shared.

Following the various working party meetings, a summary of the budget reductions proposed by the relevant Portfolio Holder is set out below:

Portfolio Working Party	Proposed Budget Reduction	Budget Reduction Amount	Comments
Review of Assets / Transformation Agenda	Office Transformation	£0.020m in 2017/18 rising to £0.120m by 2019/20	Please see separate sheets attached for further details
	Changes to the Community Rent Offsetting Scheme	£0.010m in 2017/18 rising to £0.040m by 2019/20	These items will be subject to separate / further reports as part of the decision making process.
Service Provision / Alternative Service Delivery - Environment and Open Spaces	Efficiency savings from Open Space and Play areas	£0.042m in 2017/18 rising to £0.072m by 2019/20	Please see separate sheet attached for further details
Service Provision / Alternative Service Delivery –	Reduction in Public Convenience Provision	£0.060m in 2017/18 rising to £0.100m by 2019/20	Please see separate sheet attached for further details

Commercialisation			This item will be subject to separate / further reports as part of the decision making process.
Service Provision / Alternative Service Delivery - Leisure Other / Change in Internal Service Provision / Working with Partners	Closure / Transfer of ownership of Brightlingsea Pool	£0.063m 2017/18	from At its meeting on 10 June 2016 Cabinet agreed to work with Brightlingsea Town Council to explore the option to transfer ownership of the pool to them, with an appropriate delegation to the relevant portfolio holders agreed. Although discussions remain on-going, if a transfer of ownership is not possible then it is proposed to dispose / decommission the facility to secure this saving. (A separate decision would then be required.)

Other Budget Reductions

Within the framework set out to identify the necessary savings, a number of further items were identified for review by officers in consultation with the relevant Portfolio Holder. Outcomes from this work are set out in the table below:

Item / Activity	To Explore / Include in Review	Budget Reduction Identified	Comments
Review of Assets	Investment in Property	£0.026m from 2017/18	Cabinet agreed a Commercial Property Investment Policy at its 9 September 2016 meeting. The budget reduction proposed, when added to the existing budget of £0.026m represents an average full year return of 7% on the associated capital budget of £0.750m .

			Potential acquisitions are now being considered to deliver the required return in 2017/18.
Transformation Agenda	New Scanning / Postal Processes Staff Reorganisations	£0.020m from 2017/18 in respect of revised postal processes	A new internal / centralised postal process is planned on being implemented which will see a reduction in postage costs. In respect of staff reorganisations, this remains an on-going strand of work with the most up to date position to be included in the detailed estimates that will be presented to Cabinet in December. Channel shift projects are also being developed and it is planned to present a separate report to Cabinet later in the year setting out an associated business case for investment in a Revenues and Benefits scheme
Other / Change in Internal Service Provision / Working with Partners	Review / Cease Subscriptions	TBC	Work remains ongoing with outcomes being reflected in the detailed estimates to be presented to Cabinet in December
Other / Change in Internal Service Provision / Working with Partners	Reduction in number of Members	£0.060m from 2019/20	This is based on a reduction in the number of members to 48 in-line with the work currently being undertaken with the boundary commission.
Other / Change in Internal Service Provision / Working with Partners	Coast Protection Maintenance Budgets	£0.030m from 2017/18	Existing maintenance budgets will be reduced – the current annual budgets total £0.370m so this amount represents just under 10%. The aim is to accommodate annual planned and reactive work within the reduced budget but if unexpected

			costs arise in any one year then these will need to be considered against other budgets / reserves as necessary.
Other / Change in Internal Service Provision / Working with Partners	Office Cleaning Provision	TBC	This is a longer term project that will remain on-going into 2017/18
Other / Change in Internal Service Provision / Working with Partners	Join Up Services across the Council e.g. cleaning provision	TBC	This is a longer term project that will remain on-going into 2017/18.
Other / Change in Internal Service Provision / Working with Partners	Review of previous years outturn provision	TBC	Work remains ongoing with outcomes planned on being reflected in the detailed estimates to be presented to Cabinet in December
Income / Core Funding Changes	Increase income from lowering risk threshold on treasury management decisions	£0	Work remains on-going to identify alternative investment opportunities to deliver against the existing budget given the recent reduction in the base rate to 0.025%, so it will not be possible to generate additional income at this time to deliver further savings in this low interest rate environment.
Income / Core Funding Changes	Council Tax Sharing agreement with major preceptors	TBC	Work remains ongoing with outcomes planned on being reflected in the detailed estimates to be presented to Cabinet in December
Income / Core Funding Changes	Increase Income from Fees and Charges	TBC	Work remains ongoing with outcomes planned on being reflected in the detailed estimates to be presented to Cabinet in December

Based on the information obtained from the above reviews, the profile of when the budget reductions are expected to be realised is set out below:

Summary of Budget Reductions (On a Cumulative Basis)

	2017/18	2018/19	2019/20	On-going thereafter
Timing / Total of Budget Reductions Proposed	£0.268m	£0.323m	£0.518m	£0.528m

The total of the budget reductions identified to date is significantly less than the budget gaps currently estimated for the period 2017/18 to 2019/20 – the current estimated budget gaps are **£1.565m, £1.700m and £1.500m** for 2017/18, 2018/19 and 2019/20 respectively.

Subject to the recommendations set out earlier in this report, the budget reductions currently identified will be considered for inclusion in the detailed estimates that will be presented to Cabinet in December, although the timing of their inclusion will be subject to further decision making process / separate reports to Cabinet as applicable.

Some budget reduction proposals include one-off investment to secure the actual reduction, which will also be considered for inclusion in the detailed estimates as appropriate during the 2017/18 budget cycle or within the separate reports that may be necessary to present to Cabinet as part of the decision making process.

Although a number of items have yet to be finalised as highlighted in the tables above, it is not expected that they will completely close the budget gap of **£1.565m** in 2017/18. Therefore Portfolio Holders remain in consultation with Officers to identify where additional budget reductions can be made to deliver a balanced budget for reporting to Full Council in February. At this stage of the budget process, the use of reserves to support a balanced budget cannot be ruled out.

Given the fact that significant savings are still required over the period 2018/19 to 2019/20, it is proposed to continue with this working party approach going into 2017/18.

Although most of the initial items for consideration have been explored, with outcomes set out in the table above, the savings anticipated against the refuse collection and street cleansing budgets are unlikely to be realised. During work undertaken as part of the relevant Portfolio Holder Working Party, it was identified that there will be a number of supply chain cost pressures that will emerge once the contract is exposed to the market, which would happen if variation orders were raised to implement changes such as potentially revising the current refuse collection or street cleansing frequencies. Such cost pressures could include the living wage, pension costs and the significant reduction in the value of recyclables which are currently borne by the contractor. It is therefore considered that at this stage there is value in maintaining the current contract arrangements until the contracts reach their first review milestone in early 2019, where the Council will need to decide whether to extend the contracts or retender them based on value for money considerations. Therefore no action is proposed at the current time but options to potentially reduce or limit increases in costs will be considered when negotiating potential revised terms with the existing contractor if the contract is extended or alternatively they will be built into the specifications / options if it is decided to expose the service to competition via a tender process during 2018/19.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Outcomes from Portfolio Working Parties
--

FINANCIAL STRATEGY 2017/18 AND BEYOND

PORTFOLIO HOLDER WORKING PARTIES - BUDGET REDUCTION PROPOSED

1. Budget Reduction title:	Gross Revenue Reduction (Cumulative)			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
Office Transformation	20	20	120	120

2. Is an investment required to deliver the Budget Reduction? <i>If Yes then please specify amounts and timing here (please include zeros where no costs anticipated) :</i>	Yes				
	2017/18 £000	2018/19 £000	2019/20 £000	After 2019/20 £000	
	Capital	550	610	0	0
	Revenue	25	25	0	0

3. Will a Capital Receipt be generated? <i>If Yes then please indicated the asset, value and timing of receipt :</i>	Yes			
	2017/18 £000	2018/19 £000	2019/20 £000	After 2019/20 £000
	Disposal of Weeley Site	0	0	1,160

4. Brief description of the Budget Reduction proposed

The savings set out for 2017/18 and 2018/19 are those to be achieved following the recent disposal of Clay Hall and other minor properties, which have not yet been reflected in the budget. The savings from 2019/20 onwards include those expected from the disposal of Weeley.

5. Briefly explain the Capital or Revenue Investment stated above that is required to deliver the Budget Reduction

A detailed business case is to be developed that fully investigates structural and planning issues prior to contractual commitment. Specific consultancy will be required to deliver this. Although the project is aimed at being capital neutral it will be necessary to prepare the offices to be retained before Weeley can be disposed of.

6. What adverse impact is anticipated and how will this be managed?

Modernisation of working methods and radical reduction in storage and archiving will be required. IT investment to facilitate this is under way. Temporary staff for backscanning of archives have been budgeted for. A cross departmental team will be established to deal with operational issues.

7. Will a further Portfolio Holder Report / Cabinet Report / Council Report be required? <i>If yes please set out purpose of reports / who to and expected timetable.</i>	Yes
A separate report is planned to be presented to Cabinet in December 2016.	

8. Is an impact assessment required? <i>If yes please set out timetable for completing this</i>	Yes
This will form part of the business case that will be required to support the implementation of this budget reduction.	

9. Are you planning on undertaking consultations? <i>If no please state the reason why; if yes please state who with and expected timetable</i>	Yes
Staff and member consultations will be run during the project.	

FINANCIAL STRATEGY 2017/18 AND BEYOND

PORTFOLIO HOLDER WORKING PARTIES - BUDGET REDUCTION PROPOSED

1. Budget Reduction title:	Gross Revenue Reduction (Cumulative)			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
Community Asset Rent Offsetting Scheme - No new leasees accepted onto the scheme from 1 April 2017	10	20	30	40

2. Is an investment required to deliver the Budget Reduction? <i>If Yes then please specify amounts and timing here (please include zeros where no costs anticipated) :</i>	No			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
Capital	0	0	0	0
Revenue	0	0	0	0

3. Will a Capital Receipt be generated? <i>If Yes then please indicated the asset, value and timing of receipt :</i>	No			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
-	0	0	0	0

4. Brief description of the Budget Reduction proposed

The figures shown represent the natural growth in rents of community properties within the scheme as it currently stands but not available to any new community users, which together is expected to deliver a net saving year on year. Further changes to the scheme are being considered which would require a separate decision by the Portfolio Holder.

5. Briefly explain the Capital or Revenue Investment stated above that is required to deliver the Budget Reduction

n/a

6. What adverse impact is anticipated and how will this be managed?

The additional income referred to will have some impact on current community users but this impact is inherent in the scheme as it currently stands. Changes to the scheme will have additional impact that will be considered as part of the review.

7. Will a further Portfolio Holder Report / Cabinet Report / Council Report be required? <i>If yes please set out purpose of reports / who to and expected timetable.</i>	Yes
--	-----

A Portfolio Holder decision is required to implement the above proposals, which is will form part of a combined annual and general review of the scheme in early 2017.

8. Is an impact assessment required? <i>If yes please set out timetable for completing this</i>	Yes
--	-----

This will be undertaken to inform the Portfolio Holder decision above.

9. Are you planning on undertaking consultations? <i>If no please state the reason why; if yes please state who with and expected timetable</i>	Yes
--	-----

With community users as part of the annual review of the scheme.

FINANCIAL STRATEGY 2017/18 AND BEYOND

PORTFOLIO HOLDER WORKING PARTIES - BUDGET REDUCTION PROPOSED

1. Budget Reduction title:	Gross Revenue Reduction (Cumulative)			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
Open Spaces and Play Areas Efficiencies	42	72	72	72

2. Is an investment required to deliver the Budget Reduction? <i>If Yes then please specify amounts and timing here (please include zeros where no costs anticipated) :</i>	Yes			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
Capital	0	0	0	0
Revenue	5	15	0	0

3. Will a Capital Receipt be generated? <i>If Yes then please indicated the asset, value and timing of receipt :</i>	No			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
-	0	0	0	0

4. Brief description of the Budget Reduction proposed

It is proposed to make efficiency savings from reorganisation and use of casual staff and overtime budgets along with bringing some minor contracts back in-house.

5. Briefly explain the Capital or Revenue Investment stated above that is required to deliver the Budget Reduction

When bringing contracts in-house this will require some small investment for training along with the purchase of tools and equipment.

6. What adverse impact is anticipated and how will this be managed?

No significant impact is envisage arising from these savings. Staff will be better utilised and some re evaluation of roles and workloads will need to be addressed.

7. Will a further Portfolio Holder Report / Cabinet Report / Council Report be required? <i>If yes please set out purpose of reports / who to and expected timetable.</i>	Yes
Additional Cabinet / Portfolio Holder reports will be required when amending existing contract arrangements.	

8. Is an impact assessment required? <i>If yes please set out timetable for completing this</i>	No
-	

9. Are you planning on undertaking consultations? <i>If no please state the reason why; if yes please state who with and expected timetable</i>	No
The savings will be undertaken in consultation with staff where necessary. These savings have been carefully considered to minimise frontline service impact and therefore the requirement to consult members or the public as a result.	

FINANCIAL STRATEGY 2017/18 AND BEYOND

PORTFOLIO HOLDER WORKING PARTIES - BUDGET REDUCTION PROPOSED

1. Budget Reduction title:	Gross Revenue Reduction (Cumulative)			
	2017/18 £000	2018/19 £000	2019/20 £000	Ongoing Thereafter £000
Public Conveniences	60	75	100	100

2. Is an investment required to deliver the Budget Reduction? <i>If Yes then please specify amounts and timing here (please include zeros where no costs anticipated) :</i>	Yes			
	2017/18 £000	2018/19 £000	2019/20 £000	After 2019/20 £000
Capital	60	10	0	0
Revenue	0	0	0	0

3. Will a Capital Receipt be generated? <i>If Yes then please indicated the asset, value and timing of receipt :</i>	No			
	2017/18 £000	2018/19 £000	2019/20 £000	After 2019/20 £000
-	0	0	0	0

4. Brief description of the Budget Reduction proposed

Closure of up to 11 public conveniences with ongoing revenue savings in respect of utilities - electricity and water, cleaning costs, costs of materials and maintenance.

5. Briefly explain the Capital or Revenue Investment stated above that is required to deliver the Budget Reduction

A capital investment of £20,000 over two years is required for demolition of dilapidated buildings and / or the marketing of others for alternative uses otherwise business rates will remain payable. Additional capital expenditure is also required to improve the remaining public conveniences as part of the overall strategic approach to managing these facilities.

6. What adverse impact is anticipated and how will this be managed?

Some impact on quality of visitor experience to seafronts and town centres. However, care has been taken to minimise impact on tourism , town centres and other sources of income to the Council such as beach hut areas.

7. Will a further Portfolio Holder Report / Cabinet Report / Council Report be required? <i>If yes please set out purpose of reports / who to and expected timetable.</i>	Yes
To seek agreement for the closure of up to 11 public conveniences. A key decision requiring Cabinet or PH report report. Possible to complete before end of 2016 / 2017 financial year	

8. Is an impact assessment required? <i>If yes please set out timetable for completing this</i>	Yes
To form part of the decision process highlighted above.	

9. Are you planning on undertaking consultations? <i>If no please state the reason why; if yes please state who with and expected timetable</i>	Yes
Discussion has already been wide reaching by means of the Budget Saving working groups. The Portfolio Holder has contacted all ward members affected and presented reasons for the proposed closures. Any objections received will highlighted in the associated report / decision making process.	

Key Decision Required:	No	In the Forward Plan:	No
-------------------------------	-----------	-----------------------------	-----------

CABINET

25 NOVEMBER 2016

REPORT OF THE MONITORING OFFICER

A.6 LOCAL GOVERNMENT OMBUDSMAN

The Constitution (Article 12.03(a)) requires the Monitoring Officer to report to Council, or to Cabinet for executive functions, if any decision or omission has given rise to maladministration. The Ombudsman has recently found that the Council was at fault in relation to the way in which it dealt with a Disabled Facilities Grant application. The Ombudsman made two recommendations in her decision which included sharing lessons learnt with the service and making a compensation payment, which the Ombudsman suggested should be withheld until the outcome of an appeal, recently granted to the complainant, is known. The recommendation of the Ombudsman has been accepted and no further action will be taken by the Ombudsman in this matter.

This item is submitted for **INFORMATION ONLY**.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank