

# COUNCIL

29 NOVEMBER 2016

## REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

### A.1 **FUNDING REQUIREMENTS FOR THE GARDEN COMMUNITIES LOCAL DELIVERY VEHICLES**

(Report prepared by Lisa Hastings)

#### **PURPOSE OF THE REPORT**

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:

- 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.

#### **BACKGROUND**

On 25 November 2016 Cabinet are considering an approach whereby the four Councils (Tendring, Colchester, Essex and Braintree) can take a much more direct approach to ensuring that the proposed Garden Communities are delivered in North Essex 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.

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 recommendations to Cabinet are as follows:**

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 22<sup>nd</sup> 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 22<sup>nd</sup> 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 Cabinet's 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.

The Cabinet report and its appendices referred to above is attached as an **Appendix** for the Council's consideration. The implications of the decision, including financial and legal matters, are fully set out in the Cabinet Report.

A copy of the Cabinet decision will be circulated to all Members following the meeting on

25 November 2016 and tabled at the meeting of Council.

## **RECOMMENDATION**

**It is recommended that Council:**

- 1. Notes the decision of the Cabinet to set up and subscribe to the North Essex Garden Communities Limited.**
- 2. Notes the Cabinet's endorsement of the formation of the Tendring Colchester Borders Limited.**
- 3. 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.**
- 4. 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.**