

Key Decision Required:	YES	In the Forward Plan:	YES
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**CABINET
5 SEPTEMBER 2017**

REPORT OF LEADER OF THE COUNCIL

A.2 NORTH ESSEX GARDEN COMMUNITIES – PROGRESS TO DATE AND KEY DEVELOPMENTS

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

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an update on progress made and the current position regarding the Garden Communities project and in particular:

- To note that the joint Part One of the Local Plans has been agreed by the three District Councils;
- To note that the proposed governance arrangements approved by the four authorities have been established and that whilst no land deals have been secured, discussions and negotiations are continuing in respect of all three areas.
- To advise Members of the emergence of the potential to deliver the Garden Communities through the delivery model of a locally controlled Development Corporation and to seek support for the approach proposed by North Essex Garden Communities (NEGC) Limited.
- To advise Members of the potential use of compulsory purchase powers to gain control of the land to deliver the Garden Communities and to seek support in principle to the development of an approach to Compulsory Purchase Order (CPO) powers.
- To provide Members with an update on the financial position of the project and to seek a further financial contribution of £250,000 to the project from each of the Councils.

NOTE TO MEMBERS

The information and 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 during September 2017. The recommendations being made seek the same decisions and commitments from each of the Councils.

EXECUTIVE SUMMARY

The vision and objectives for the Garden Communities in North Essex are wide-ranging and innovative, seeking to achieve multiple benefits for the communities and those who live and work in them. They remain as they were agreed by the Councils in late 2016 and have been captured in the governing documents of North Essex Garden Communities Limited.

The vision for the Garden Communities, as agreed previously, sets out a clear statement of local ambition and establishes a strategic basis for the project. It enables the four

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. The creation of these communities will also bring wider spatial planning benefits across Essex as they seek to reduce urban sprawl and unfettered expansion of smaller heritage communities.

Alongside the vision is 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;
- Providing New Homes;
- Fostering Economic Development;
- Providing New and Improved Infrastructure;
- Ensuring High Quality Outcomes;
- Managing change effectively;
- Long Term Stewardship.

In order to achieve this vision the Councils are using a range of approaches. Principally the Local Plans set a clear and strong planning framework setting out strategic requirements for any development in these areas. In addition through seeking control of the land it is anticipated that this will enable the Councils to ensure the momentum and pace of delivery as well as delivering the high quality of development sought.

This report describes the progress made since the Cabinet last considered the North Essex Garden Communities project and goes on to introduce the very significant opportunities presented by recent changes in legislation to allow the delivery of Garden Communities through a New Town Development Corporation. It then goes on to consider the potential for using Compulsory Purchase powers to acquire the land for the Communities and to seek a further financial contribution of £250,000 from each of the four partner Councils to fund the joint work.

RECOMMENDATION(S)

That Cabinet

1. Notes the progress made in respect of the North Essex Garden Communities project and endorses the work of NEGC Ltd.
2. Notes the updated position on the control of land and supports the continued work by the Local Delivery Vehicle (LDV) Directors to achieve control of the land for each Community by way of voluntary agreements with the current land owners in accordance with the LDV structure.
3. Supports the approach proposed by NEGC Limited that Directors actively engage with Government to promote the positioning of the NEGC Limited as a “Responsible Body” for the establishment of a single new locally-controlled Development Corporation across all three of the proposed North Essex Garden Communities – subject to final consideration of this approach by Members after the publication of the Regulations.
4. Supports the signing of a letter (attached as Appendix A) to be sent by the Leaders of all four of the Councils together with NEGC Limited to the relevant Secretary of State to support the promotion of regulations which enable the formation of a New Town Development Corporation with a locally accountable body in a timely and effective way.

5. Notes that detailed work is being undertaken by NEGC Limited to assess the financial and legal implications and requirements relating to the use of Compulsory Purchase Orders (CPO) to enable future decisions to be taken by the respective Councils / Development Corporation.
6. Supports the principle of using compulsory purchase powers (either as individual Councils or potentially through a new Development Corporation) to secure control of the land if voluntary land agreements cannot be achieved in a reasonable time.
7. Agrees to provide a further contribution of £250,000 to fund the work of NEGC Limited in the development of the project, to be funded from the Garden Communities Project budget which is included within the Council's current budget.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The project fits with each of the four partner Council's Corporate priorities and with particular regard to Tendring it aspires to deliver comprehensive community leadership, including most specifically

- a high quality living environment,
- support for business growth and job creation, and
- active promotion healthier lifestyles and well-being.

FINANCE, OTHER RESOURCES AND RISK

Finance:

Section 5 of the report sets out a detailed section on Business Planning and Finance and provides a project budget update which includes a proposal that each of the four Council's makes a further contribution of £250,000 to fund the ongoing development of the project. The Council has made provision of £2million in its current year budget for the Garden Communities project.

Risk

- a) At the present time there are a significant number of risks for the overall project which are actively managed as part of the overall programme. Key relevant strategic risks and mitigation approaches are reported to the Board of NEGC Limited on a regular basis.
- b) The Local Plans across the three District Authorities have progressed and the three proposed settlements remain areas of search for Garden Communities. These are now progressing towards public examination, and therefore remain a significant risk to the project, as without a planning allocation the project becomes unviable.
- c) Although there are no current land deals, the report notes the continuing need to continue negotiations and to contemplate the use of CPO powers to mitigate the risk.

The project has a number of break points, particularly the development of the detailed business plan. 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. The Councils will receive the NEGC Limited's Long-Term Business Plan and budget for approval.

LEGAL

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.

In exercising the General Power of Competence Local Authorities must do so in a way which does not contravene any pre-existing statutory limitations. The actions identified in this report do not contravene any such restrictions. Any activity which Local Authorities wish to take under the Power 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).

The power of the Council to use CPO powers relies on detailed legislative provisions. There are provisions within planning legislation which authorise the making of CPO for ensuring the proper planning of an area, and housing legislation allows the use of powers for the development of housing. Were the Councils to need to pursue a CPO then a detailed report would consider the detailed proposals and the relevant powers. An NTDC would have its own powers to pursue compulsory acquisition.

NTDCs are subject to a range of detailed legal restrictions and provisions. The current work within DCLG to promote regulations following the Neighbourhood Planning Act 2017 means that the detailed analysis of these structures is not possible until regulations are made; however they represent a potentially powerful option which could secure development with local accountability, and enable the earlier acquisition of land than is likely to be possible if CPOs needed to be promoted by the local authorities. Should a proposal to formally set up an NTDC be presented this will include a review of the legal position once the regulations are known.

OTHER IMPLICATIONS

1. Equalities Impact Assessment

1.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us 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.

1.2 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 (b) or (c) although it is relevant for (a).

- 1.3 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, including those 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.

Conflicts of Interest

- 1.4 It has been raised by some responders to the Local Plan consultations that they consider there is a potential conflict between the Councils' role as Planning Authority and its role with respect to NEGC Limited and LDVs. 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.
- 1.5 This position has been carefully considered and external legal advice has been obtained. Decision making procedures and arrangements are in place which prevent any conflict arising that would justify a successful challenge to decisions. It is, however, equally important to manage the perception of such conflicts so far as is practicable. Equally it should be noted that planning legislation allows CPO of land for planning purposes and there is no reason why land cannot, once acquired, be developed by the Planning Authority.
- 1.6 The three Local Planning Authorities are promoting the allocation of the Garden Community sites through their Draft Local Plans. The soundness of the Local Plan will be determined by an independent Inspector appointed by the Secretary of State. The work undertaken to deliver the Vision is separate to, and does not pre-judge, the outcome of the Local Plan examination processes. This report does not adjust or alter the approach to the Local Plan provisions regarding these communities and as such each Planning Authority should ensure that this report is considered in its capacity as potential developer rather than in its capacity as Local Planning Authority.

PART 3 – SUPPORTING INFORMATION

BACKGROUND AND CURRENT POSITION

2. BACKGROUND

- 2.1 The strategic vision identified through the joint working of Braintree, Colchester, Essex and Tendring Councils and common approach to the development of the project was approved by Cabinet [and Council] reports in November and December 2016. These established a dedicated delivery structure through the creation of North Essex Garden Communities Limited (NEGC Limited) and individual, site-focussed Local Delivery Vehicles (LDVs). These bodies were made responsible for bringing the projects forward through, land assembly, further design and planning stages, and into implementation through the direct delivery of infrastructure alongside the disposal of serviced plots to developers.

2.2 In November Cabinet [and subsequently Council] agreed to:

- Set up North Essex Garden Communities Limited;
- Approve the NEGC Limited Shareholder Agreement;
- Appoint the [Post], Cllr [Name], to be a Director;
- Endorse formation of LDVs (by NEGC Limited);
- Approve the LDV Shareholder agreement;
- Appoint [Name] as Director to [LDV] and [LDV];
- Agreed in principle to provide an appropriate proportion of funding to the LDVs subject to business case and funding options in the future.

2.3 Since the approval of each of the Councils involved NEGC Limited has been formally established and transferred to the Councils, with Directors being appointed. The Board of NEGC Limited is currently chaired by Essex County Councillor John Spence and since January 2017 has been meeting regularly to oversee the project.

2.4 The three individual Local Delivery Vehicles have been established and ownership transferred to NEGC Limited and Directors appointed. The LDV Directors have sought to progress the separate negotiations with land owners and developers with interests in the three sites; this has been supported by independent property and legal advice.

2.5 There is ongoing dialogue with all the interested parties in respect of the land, including landowners and those holding relevant option and/or promotion agreements. Whilst this work is ongoing, no formal agreements with landowners have been signed.

2.6 Lord Kerslake has undertaken a peer review of the project, supported by a strong and experienced team. This provided a significant level of assurance that this was a project with scope and ambition; although it raised a number of challenges, including the need to significantly increase the capacity of the project team and consider alternative delivery models in the context of balancing flexibilities and risks. Although the aim of the landowner discussions to date has been for the LDVs to secure control of the land there remains a willingness to explore other mechanisms proposed by landowners that would secure the delivery of the Garden Communities.

2.7 As Members will be aware, the approval of the Local Plan has its own statutory process and is entirely separate but integral to the success of the joint project. Each of the Local Planning Authorities approved the Publication Draft Local Plan at their meetings in May and June this year. Public consultation was undertaken over the summer and comments received will be submitted to the Inspector with the Publication Draft Local Plan and Sustainability Appraisal in October 2017. It is expected that the independent public examination will be in the early part of 2018.

2.8 The Local Planning Authorities are currently developing site-specific Development Plan Documents for each of the Garden Communities and it is anticipated that an Issues and Options Consultation will commence in October 2017 to assist in formalising the detailed policy framework for each site.

3. LOCAL DEVELOPMENT CORPORATION

3.1 It was originally envisaged that land would be acquired via the governance structure created by the Councils, or via a CPO made by the planning authorities if

necessary. However, changes to the law made by the Neighbourhood Planning Act 2017 mean that the prospect of a New Town Development Corporation with local accountability has now emerged as a realistic option for the onward development of the project. Whilst this would change the current delivery model, it would be based on the same vision and delivery principles as outlined above; particularly early development of infrastructure and it being public sector led.

- 3.2 The Board of NEGC Limited has recognised the potential significant benefits but also the issues arising from the prospect of a locally accountable New Town Development Corporation (NTDC).
- 3.3 The key characteristics of NTDCs are that they are statutory bodies, created by the Secretary of State acting under the authority of Parliament, with specific features including:
- (i) operation within an area designated as a new town by the Secretary of State, with the implication that the Secretary of State accepts the need, if necessary, to confirm Compulsory Purchase Orders;
 - (ii) the power to acquire land, if necessary by compulsory purchase at 'no scheme' values;
 - (iii) the ability to develop proposals for their areas and promote development orders that grant planning permission for the new towns;
 - (iv) the power to carry out their own development and to sell/lease land to others;
 - (v) the power to borrow money to fund their operations including investment in infrastructure and running costs;
 - (vi) the power to make provision for the long-term ownership and care of public amenities such as parks and community meeting places; and
 - (vii) closure of NTDCs can only be brought about by Parliament. This will normally be when the task for which they were set up 'has been substantially completed'.
- 3.4 If a NTDC was created, the use of NTDC planning powers would be supported by land ownership since this provides a stronger mechanism than planning agreements or Community Infrastructure Levy (CIL) for the recovery of investment and an absolute safeguard against opportunistic planning applications that are contrary to the agreed plans. It was standard practice for NTDCs to seek control of relevant land at an early stage. In the previous experience of NTDCs much of the land was acquired by agreement while plans for CPO were being prepared.
- 3.5 Recent amendments to the legislation allow the Secretary of State to appoint one or more local authorities to 'oversee' the delivery of the new town and the NTDC; with the details of how this oversight would work to be fleshed out by regulations. In North Essex, NEGC Limited is proposing that it should position itself as a potential "Responsible Body", a joint local authority body providing oversight for the authorities. It is understood that regulations will, when made, as far as possible put the Local Authorities / NEGC Limited in the place of the Secretary of State. Clearly we are unable to say for sure how this will operate until the final regulations are made by the Secretary of State. Officers are working closely with DCLG to ensure that the emerging regulations, and any future designation orders, can accommodate the proposed North Essex garden community model. Part of this work aims to secure comfort that a Development Corporation and any assets, and the dissolution of a Corporation, will only be controlled by the Local Authorities rather than the Secretary of State.

- 3.6 Under the locally-led model, Local Authorities will bring forward proposals for an area to be designated as a locally-led new town, demonstrating that they have the capabilities to deliver and local support. If the Secretary of State is satisfied with the proposals, following consultation with local interested people, parties and any other necessary bodies, they will designate the area as a new town, to be delivered through the locally-led model.
- 3.7 One of the main advantages of a Development Corporation model is that it is likely to lead to earlier agreements regarding the acquisition of land, in addition to acquisition by compulsion in those cases where agreement proves impossible. The designation of an area as a new town, likely to follow closely after the adoption of the Local Plan, would be a clear signal that the Secretary of State would be likely to confirm a subsequent CPO. That, in itself, would encourage landowners to reach a voluntary agreement. A Development Corporation would also be able to start the CPO process earlier than a Local Planning Authority, being able to rely on the approved proposals/Local Plan rather than having to wait for a planning permission to have been developed.
- 3.8 If agreed as an approach in order to submit a proposal, key issues which will need to be considered, and ultimately approved by the Councils, are:
- a) Which of the Garden Community sites should be covered by NTDC arrangements and the proposed boundaries of each site.
 - b) Whether to create one overall NTDC or one for each selected area.
 - c) When to request that the NTDC(s) should be established.
 - d) What governance changes, if any, might be needed to the constitution of NEGC Limited.
 - e) What governance arrangements need to be introduced for the Development Corporation.
 - f) How the initial funding of the NTDC(s) will be supported, all of which might be through borrowing either by the NTDC acting as main borrower or by Local Authorities borrowing and onward lending to NTDC. If the latter option is selected we would need to consider the subsequent impact on Local Authority budgets.
 - g) The role of the LDVs and the possibility/benefit of the LDV being a subsidiary of the Development Corporation.
- 3.9 Initial consideration of the key issues above indicates that speedy establishment of an NTDC has major advantages, both in terms of ensuring effective delivery in line with the aspirations of the Councils through the Vision, and in respect of delivering effective funding arrangements.
- 3.10 Whilst a final decision cannot be made at this point it is worth considering the advantages of one comprehensive NTDC as against site-specific ones.
- 3.11 A single NTDC would have advantages in terms of economies of scale, recruitment of key staff and/or Board members, negotiating power with Government, Statutory Undertakers, private investors, employers wishing to buy land and premises and house builders. This scale of development controlled by a single entity would enable NTDC to flex resources and maximise opportunities. The NTDC would be able to respond to changes within local markets across the three areas whilst maintaining the pace and growth agenda of the Councils.
- 3.12 Whilst individual NTDCs would lose the economies of scale that a single one would

achieve, each new settlement would still represent a major project which would attract significant economic power. The core advantage of three separate NTDCs is that each of them could become more aligned with the needs and aspirations of the specific community they are developing; creating a sense of place and ownership with the community and avoiding allegations of favouring one community over the others. Furthermore, if Local Authorities have to borrow or underwrite debt they may wish to ensure that their taxpayers are not underwriting debt unrelated to their area. Three NTDCs could still work harmoniously together – as the four sovereign Local Authorities have to date acted in such a manner.

3.13 At its Board meeting on 27th July 2017 NEGC Limited agreed the following:

That NEGC supports the direction of discussion regarding the allocation of powers between the Secretary of State and a locally “Responsible Body” (RB) and seeks to position the NEGC as an RB including amendments to its Articles as may be required.

That NEGC agrees to recommend to its constituent Local Authorities the progression of a single locally accountable NTDC, subject to final consideration of published Regulations, and seeks its officers to progress matters to take full advantage of such powers, including a response to items 1-6 above. [1-6 relates principally to the items in paragraph 4.8 above]

That the Directors of the NEGC write to the appropriate Government Minister(s) stating that given the NEGC’s commitment to use the proposed new Regulations for a locally led NTDC, that they ensure that sufficient priority is given to the preparing of such Regulations which would allow them to be acted upon in a timely manner and avoid them being lost to other Parliamentary work programmes.

4. CONTROL OF LAND UPDATE- CONSIDERATION OF COMPULSORY PURCHASE ORDERS (CPO)

- 4.1 The land within the project areas remains outside the control of the Councils and LDVs. The emphasis to date has rightly been on seeking agreement to acquire land voluntarily. It remains the preferred option that land deals will be entered into between the relevant landowners / developers and the LDV with the view that each LDV will then have the rights to control the delivery of its scheme ensuring that the delivery is undertaken on Garden Community principles. The LDV Directors have continued to have positive ongoing discussions and have continued to build working relationships with the relevant landowners and promoters of the sites with a view to the LDV securing a controlling interest in the land and the landowners working with the LDV to deliver the Garden Communities.
- 4.2 The Neighbourhood Planning Act 2017 (NPA) has recently changed the climate and timetable for the use of compulsory purchase powers. There has been a very clear signal from Government that they are encouraging authorities and communities to promote new Garden Communities and are willing to use the New Towns legislation and powers to create a locally-led model for delivering New Towns including establishment of Development Corporations, which would have land assembly and CPO powers for use if required.
- 4.3 Despite the new legislation, a CPO remains a last resort, therefore negotiations must continue, with CPO powers only ever being used as a fall-back option. That does not, however, prevent authorities starting the process of preparing for a CPO alongside negotiations which may improve the likelihood of reaching negotiated

- settlements, since landowners see that the CPO route is being taken seriously.
- 4.4 The use of CPO powers outside of any development corporation rests with individual local authorities. Cabinet is being requested to support a view that negotiations should continue but that the Councils be willing to consider the principle of using CPO as a means of acquisition. [In practice it is likely that any CPO would be made by the relevant planning authority and the County Council would provide support to the process but would not make the order].
- 4.5 To be able to make a CPO, the Local Authorities would be required to make a detailed decision taking into account relevant considerations including specific legal and financial implications and therefore, a future report to the Councils would be required, when and if this becomes necessary.

The Board of NEGC Limited agreed, on 27th July 2017,

That the land negotiations should continue and that progress should be made to ensure that, if necessary, a CPO can be made either by the relevant Local Authorities and / or by a future Development Corporation.

- 4.6 Accordingly Cabinet is asked to endorse the approach recommended by NEGC Limited and to confirm its willingness in principle to recommend in due course that a CPO be pursued by the [relevant] Council should it be needed, and subject to the detailed decision making that will be required and to take the initial preparatory steps to establish the viability of a future CPO.

5. BUSINESS PLANNING AND FINANCE

- 5.1 As set out in section 1 above, there has been significant progress on a number of aspects of the project. This includes securing support from DCLG; raising the programme's profile with Government; making progress with Local Plans; and establishing a new governance and delivery structure.
- 5.2 During this period the project has also been reviewed by Lord Kerlake, which identified a series of recommendations that have an influence over project resourcing, risk management and appropriate timescales.
- 5.3 Whilst good progress has been made, there is still considerable work to be done, especially in areas of securing appropriate land agreements and defining a strategy to address the programme's long-term funding needs. The following 12-18 months will be a pivotal stage in the programme's evolution and will need to address these important aspects which in turn will define the level of commitment and nature of the Councils' role for the longer term.
- 5.4 In accordance with the Articles of NEGC Limited, a long-term Business Plan is currently being prepared to set out the overall context to the next phases of delivery of the project, with a particular focus on the initial five year period from 2017/18 to 2021/22. This Business Plan will further inform the scope of operations and potential resource implications and set out more information on:
- Key programme objectives & considerations;
 - Progress to date;
 - Overview of approach and operating model;
 - Resource needs including staffing structure;
 - Timetable/milestones and work streams;

- Forecast capital and revenue budget 2017/18 to 2021/22;
- Funding options; and
- Project risks and mitigation strategy.

5.5 The preparation of a comprehensive Business Plan, incorporating a more detailed five year strategy, enables workstreams, activities and resource needs to be put into a wider context in terms of the overall programme scope and related objectives. It will enable a considered approach to defining the key actions required to enable delivery and provides a context to operations necessary within the first five years of operation.

5.6 It is anticipated that a number of key milestones will occur over the following 18 months, some of which will involve decision-making by NEGC Limited and individually by the Councils. Clearly each milestone and the nature of related decisions/approvals will differ and be subject to the amount of background work and advice available at each date. Key anticipated project milestones are:

- September 2017
- Preparation by NEGC Limited of Long-Term Business Plan and Funding Strategy.
- Due diligence review on scheme viability.
- March 2018: Decision points on:
 - Land position: review which sites to move forward (in respect of a delivery role), whether any suitable agreements are in place and/or agree whether to pursue CPO, or alternatively to take no role in land or direct delivery;
 - Development Corporation: whether to apply for the creation of a locally-led Development Corporation;
 - Scheme viability and funding: viability review/outline business case to inform whether to take a role in scheme funding, initiate formal external private sector funding/delivery partner procurement process and/or source direct funding from Public Works Loan Board /Government;
- September 2018: Decision points on:
 - Adoption of the Local Plan by individual Local Authorities;
 - Viability review / business case position for market procurement to secure external funding/delivery partners;
 - Contingent on the Local Plan adoption and viability, the formal establishment of Development Corporation;
 - Initiation of CPO processes;
 - Taking the lead on preparation of site-specific planning applications. Depending on the outcome of the NTDC regulations it may be possible to use a development order process to grant planning permission which would potentially reduce the cost.

5.7 From September 2018 onwards the programme will potentially be committed to a long-term delivery process, with site-specific planning activities required to prepare masterplans and secure all necessary approvals. This would then enable the appointment of infrastructure contractors and a start on-site on infrastructure, land sales to secure initial incomes streams, and initial infrastructure and housing completions.

5.8 This is an ambitious programme and will depend heavily upon:

- Government progress with regulations related to the potential Development Corporation model, and specific eventual procedural requirements;
- Interdependencies with strategic infrastructure provision and status of wider Government funding opportunities;
- Outcomes of investigation of cost of long term financing; and
- Adequate resourcing to undertake all the related work required.

Budget Update

5.9 A programme budget is being actively managed and monitored to deliver the necessary workload and meet the project programme. This budget has evolved in response to influences such as the Kerslake Review, progress with planning and land negotiations, and discussions with Government.

5.10 Current areas of spend and activity in 2017/18 include:

- **Project Resources:** Continuation of current project management resources; recruitment of Managing Director and PA/administrative support and Planning Specialist roles.
- **Governance:** Board costs, administration & overheads;
- **Legal:** Support to consider current arrangements and evolution to Development Corporation; support to planning processes and risk mitigation; support to land agreements process;
- **Finance:** corporate finance consultancy to lead on soft market testing and evolution of funding strategy; property consultancy to support approach to land;
- **Planning and Design:** design work and feasibility of early interventions (infrastructure and exemplar first phase opportunities); other technical evidence-base studies to support evolution of planning documents and proposals (such as transport, economic development, smart cities/technology, environmental and sustainability including low carbon and other innovation / future proofing elements);
- **Engagement:** provision of community enablers; marketing and communication activities, and development of long term stewardship arrangements.

5.11 As part of ongoing liaison with Government, a bid for additional grant support has been made to the Homes and Communities Agency (HCA). This has included bringing forward potential work to accelerate the programme of works, notably in respect of possible early infrastructure interventions. At the current time there is no confirmation on any award amount.

5.12 The table below sets out the latest budget forecasts for the 2017/18 period. This includes additional items of work identified in response to the Kerslake Review, together with aspects of work carried over from 2016/17.

NEGC Limited Programme Budget Headlines 2017/18

	Total '£'000
Project Resource Delivery Team	390
Governance	123
Legal Support	350
Finance & Delivery	375
Planning & Design	850
Engagement & Marketing	100
Contingency (@ 10%)	218
Sub Total: Revenue Expenditure	2,393
Balance carried over	1,479
Balance Required	914

5.13 The overall scope of work and budget requirements show a shortfall of £914,000 for 2017/18. The four Councils are requested to make further equal contributions of £250,000 per Authority to ensure the budget is sufficient for 2017/18. This contribution forms part of the development costs of the project, which may not be recoverable. NEGC Limited will continue to seek opportunities for grant funding from the HCA and other bodies which would, if successful, reduce cost pressures; however because this funding cannot be guaranteed it is prudent to allocate the contribution above.

5.14 The process to prepare a Long-Term Business Plan will involve a further budget review and set out an analysis of funding needs going beyond the end of 2017/18. This budget review, together with the anticipated confirmation of funding support from the HCA, is anticipated to provide sufficient resources to take the work programme forward beyond the end of 2017/18 to the September 2018 milestone, at which point the project may change status. Further work is ongoing in this area and a more detailed approach and funding strategy will be prepared alongside the Business Plan for subsequent consideration and approval by NEGC Limited and the Councils.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Letter to Minister of State for Housing and Planning