



## Cabinet

## Appendix A

Item

21 November 2018

<b>Report of</b>	<b>Strategic Director of Policy &amp; Place</b> <b>Section 151 Officer</b> <b>Monitoring Officer</b>	<b>Author</b> <b>Ian Vipond</b> ☎ 282992 <b>Sean Plummer</b> ☎ 282347 <b>Andrew Weavers</b> ☎ 282213
<b>Title</b>	<b>North Essex Garden Communities Ltd – Shareholder Approvals and update</b>	
<b>Wards affected</b>	All	

### 1. Executive Summary

- 1.1 North Essex Garden Communities Ltd (NEGC Ltd) was established in January 2017 by Braintree, Colchester, Tendring and Essex County Councils (the company shareholders) and is the strategic delivery vehicle for the North Essex Garden Communities project. The basis for this is the Councils shared ambition to promote, plan and deliver sustainable strategic growth at scale and over the long-term; providing the housing, employment and necessary supporting infrastructure required to ensure the best outcomes for current and future communities of North Essex.
- 1.2 In the period to date NEGC Ltd has developed its strategic rationale and operational capacity with the support of both its' shareholder Councils, the Ministry of Housing, Communities & Local Government (MHCLG) and key national agencies such as Homes England. The North Essex Garden Communities project is part of the national Garden Towns Villages & Cities programme run by MHCLG which provides direct access to other Garden Towns with associated learning and knowledge/information sharing opportunities, and resources. NEGC Ltd is the largest and most ambitious project in the programme.
- 1.3 The role of NEGC Ltd has been successfully developed to the point where it is a fully operational company recognised by the public, private sectors, and local communities, as the focal point for the North Essex Garden Communities project. This includes developing a strategic proposition for the North Essex Garden Communities which has gained significant traction with key government departments and the development industry. This report provides an update on overall progress to date and seeks approval of key documents and resources which are required to ensure the effective operation of the company moving forward.
- 1.4 This report overall seeks the Council, as one of the 4 shareholders, to continue to support North Essex Garden Communities Ltd as the strategic delivery vehicle for the North Essex Garden Communities projects through approval of both an Interim Business Plan, Budget and Financial Procedures.

- 1.5 The Board of NEGC Ltd as agreed an Interim Business Plan for 2018-19 for approval by its shareholders setting out the vision, objectives, workstreams and funding requirements for the company in order to continue to support delivery of North Essex Garden Communities. Key tasks during the year are to evolve the approach to master-planning, innovation, economic development, programme funding, governance and delivery including consideration of transition towards a locally led development corporation style of approach to delivery of the NEGC project. The potential for the establishment of a Development Corporation will form part of an options appraisal of a range of options for future delivery of the NEGC programme.
- 1.6 The Interim Business Plan is a precursor to the future preparation of a 5 year Business Plan which will be progressed when further progress is made with the Local Plan. This is considered to be the best, and most prudent, approach to ensuring that NEGC Ltd continues to deliver positive outcomes on behalf of shareholders and grant funders as the overall North Essex Garden Communities project progresses.
- 1.7 The Interim Business Plan includes a draft budget for 2018/19 which requires agreement of shareholders (as part of agreeing the Interim Business Plan). The budget is based on an expenditure of £2.967m against an income of £3.216m. The assumed income includes an additional £100k contribution from shareholder Councils within 2018/19. The budget currently assumes an additional £1m from Government in 2018/19. A final determination is still awaited on the exact amount of Government support; however, in the event that this support is less than is assumed, NEGC Ltd will scale back and/ or cease certain activities contained within the interim business plan, commencing from the beginning of January 2019, so as to mitigate the budget shortfall. In these circumstances Councils will also be provided with a further update. The forecast end of year balance is £249k which is assumed will be carried forward to future years. This report therefore seeks agreement to commit £100k from the Council subject to a formal request from NEGC Ltd.
- 1.8 To date the funding and spending for NEGC Ltd has mostly taken place through Colchester Borough Council's accounts. The Interim Business Plan assumes that in future is that a significant part of the 2018/19 budget will pass to NEGC Ltd, although with some project costs being retained within the Council's account. The allocation of costs will be based on assumptions of which costs should be appropriately met by NEGC Ltd. It is proposed that the allocation between the authority accounts and NEGC Ltd will be determined by the shareholder council's Section 151 officers.
- 1.9 Alongside the Interim Business Plan NEGC Ltd is required to conduct its business efficiently and to ensure that it has sound financial management policies in place, which are strictly adhered to. Part of this process is the establishment of Financial Regulations, which set out the framework which NEGC Ltd will use to manage its financial affairs, and this his requires the approval of shareholders.
- 1.10 Note that this report does not, other than for information, address any Local Plan issues. Decisions relating to the Local Plan and any wider planning functions are dealt with separately. Any decisions made in relation to, or by, NEGC Ltd cannot predetermine or prejudge the outcome of the proper Local Plan process.

## **2. Recommended Decisions**

- 2.1 To approve the implementation of an Interim Business Plan (subject to confirmation of government funding) for NEGC Ltd for 2018/19 including the associated Budget as set out in Appendix A;
- 2.2 To approve the Financial Procedure Rules for NEGC Ltd as set out in Appendix B;
- 2.3 To authorise the Section 151 Officers to agree any future allocation of the project funds held by Colchester Borough Council between NEGC Ltd and the North Essex Authorities;
- 2.4 To approve committing £100k from the Garden Communities Budget upon a formal request by way of a NEGC Board resolution.
- 2.5 To note that a report will be considered at a future Cabinet meeting in respect of funding assumptions for 2019/20; and
- 2.6 To agree the preparation of a full options appraisal of the Garden Communities delivery options to enable members to take future decisions on potential Development Corporation proposals, with linked oversight arrangements between the North Essex Authorities.

## **3. Reasons for Recommended Decision**

- 3.1 To seek Cabinet's on-going support, working together with Braintree District Council, Essex County Council and Tendring District Council, to progress the concept of 'garden communities' and to approve the interim business plan for 2018/19 for NEGC Ltd and governance arrangements for the project.

## **4. Alternative Options**

- 4.1 No further options are being presented within the context of this report, as the alternative decision would be not to approve the Interim Business Plan, Budget and Financial Procedure Rules.

## **5. Background Information**

- 5.1 Colchester Borough Council, Braintree District Council, Tendring District Council and Essex County Council (the North Essex Authorities) as Shareholders for NEGC Ltd have been working on an agreed strategic approach to the allocation and distribution of large scale, mixed use development, including employment opportunities and infrastructure provision, in the form of Garden Communities.
- 5.2 As part of this agreed approach, Cabinet of each of the Authorities agreed in December 2016 to establish a dedicated delivery structure and special purpose vehicle for the Garden Communities. This included:
  - The setting up of NEGC Ltd, being a corporate entity wholly owned by all the four Authorities; and
  - To approve the NEGC Ltd Shareholder Agreement, with each Authority holding an equal shareholding.

- 5.3 Since this approval, NEGC Ltd has been formally established with Directors being appointed by each of the North Essex Authorities. The Board of NEGC Ltd is currently chaired by Essex County Councillor, John Spence and since January 2017 has been meeting regularly.
- 5.4 In September 2017, the Cabinet of each Authority supported the approach of NEGC Ltd and its Directors to actively engage with Government to promote the positioning of the NEGC Ltd 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 the consideration of this approach by Members after the publication of the Regulations.
- 5.5 In order to enable NEGC Ltd to move forward it is required to adopt a number of key documents, procedure rules and approve its budget for the 2018/19 financial year. Under the terms of the Shareholders Agreement, the Shareholders prior written consent is required for a number of reserved matters. This includes the adoption of the Interim Business Plan, Budget and Financial Procedure Rules.

### **Interim Business Plan**

- 5.6 NEGC Ltd is required to have in place a Long-term Business Plan, which is defined within the Shareholder Agreement as including a high level 5 year business plan in relation to NEGC Ltd and that such business plan shall cover, infrastructure requirements, finance, planning and such other matters as NEGC Ltd determines, and take into account the aims and requirements of the Master Plan.
- 5.7 The Shareholder Agreement requires the Long Term Business Plan to be submitted to the Shareholders within three months of the full board being appointed NEGC Ltd. The full Board was established in January 2017. The production of the Long Term Business Plan has not been possible to date, due to ongoing discussions around the future delivery model.
- 5.8 However, the Board are able, in accordance with the Shareholder Agreement, to operate under an Interim Business Plan until such time as a Long-term Business Plan is developed. Accordingly the NEGC Ltd Board determined at its meeting on the 29<sup>th</sup> March 2018 that the Company may operate under an Interim Business Plan for 2018/2019. The Board approved a revised Interim Business Plan on 16 July 2018.
- 5.9 The Shareholder Agreement does not require the Authorities to provide approval of the Interim Business Plan prior to its adoption by the Board. The proposed Interim Business Plan (Appendix A) for NEGC Ltd has been produced for the 2018/19 financial year largely to enable NEGC Ltd to provide support to the Local Planning Authorities in progressing Section 1 of their Local Plans and to develop proposals for a locally led development corporation.
- 5.10 The Interim Business Plan provides an overview of the vision, objectives, necessary workstreams, governance, funding and actions required to deliver NEGC Ltd’s scope of work and bringing forward a number of priorities during 2018/19 to move the Garden Communities towards the delivery phase. The key operational priorities include:
- Continuing to advocate and work with Government for the establishment of a locally led Development Corporation in North Essex including the preparation of a Development Corporation operating structure and funding requirements for testing with Government;

- Undertaking initial work with the Councils to prepare a mandate in support of a designation for a locally led Development Corporation that is financed and supported by all NEGC Ltd's directors and shareholders;
- Stepping up engagement with the existing and proposed new communities to give them a strong sense of ownership of the emerging new Garden Communities;
- Assisting the Councils as planning authorities by carrying out further work in relation to the Local Plan evidence base including: additional infrastructure, delivery and phasing work; demonstrating the viability of the Garden Communities; and input into the Rapid Transit System work;
- Assisting in the creation of a North Essex Economic Strategy, and ensuring that it maximises the benefits to Garden Communities;
- Preparing a costed Business Plan for approval by the Board by January 2019;
- Exploring the approach to secure an interest in land either via negotiation or compulsory purchase;
- Evolving the optimum approach to delivery including the corporate delivery and financing structure, exploring finance agreements with potential external funding and delivery partners;
- Engaging with Infrastructure and Utility providers to confirm anticipated infrastructure demand and how it may be provided (considering the benefit of public/private ownership options), over the proposed NEGC development period.

5.11 Key tasks during the year are to evolve the approach to master-planning, innovation, economic development, programme funding, governance and delivery including consideration of transition towards a locally led development corporation style of approach.

5.12 NEGC Ltd will present options to the North Essex Authorities in 2019 to consider and decide upon the future operating model(s) for the delivery of the garden communities.

5.13 The Interim Business Plan will act as a precursor to the preparation of a 'Long-term Business Plan', which NEGC Ltd will be in a position to begin preparing.

5.14 The Interim Business plan sets out the Vision, Strategic Objectives and key operational priorities for NEGC Ltd during 2018/19:

5.15 Key activities for each of the work streams and activities that will be undertaken by NEGC Ltd during 2018/19 are included within the document, together with details of its Programme Management. In common with all business plans this document will be kept under review.

## **6. 2018/19 Budget**

6.1 In March 2018 NEGC Ltd altered its financial year to enable it to end on 31<sup>st</sup> March in each year, rather than 31<sup>st</sup> August. This allows for NEGC Ltd's accounting period to follow that of the North Essex Authorities and will make it easier to administer in the long

term. Accordingly, the 2018/19 NEGC Budget has been produced by NEGC Ltd and is included within the Interim Business Plan.

6.2 The Shareholder Agreement provides that the draft Budget must be approved by the Authorities prior to its adoption by NEGC Ltd. It further provides that the Board shall submit any draft Budget to the Authorities no later than two months before the start of each financial period of NEGC Ltd. However, the change to the accounting period occurred immediately prior to the new accounting period commencing and therefore it was not possible for the two months' notice to be provided on this occasion.

6.3 The following table sets out a summary of the budget for 2018/19 by work stream, including key sources of funding. The budget includes provision for the additional work required to progress the locally led development corporation proposition in conjunction with Government.

	<b>2018/19</b>
	£'000
<b>Workstreams:-</b>	
Project Resource / Delivery Team	689
Legal Support	330
Delivery Support	1,437
Planning	190
Community & Communications	130
Contingency	191
<b>Total expenditure</b>	<b>2,967</b>
<b>Funded by:-</b>	
Assumed balance of funding b/f April 2018	1,526
Local Authority contributions	500
Government Funding	1,190
<b>Total Funding</b>	<b>3,216</b>
<b>End of Year balance (c/f)</b>	<b>249</b>

6.4 There are a number of key assumptions to note in the budget forecast:-

#### *Expenditure*

- The project resource and delivery team includes the managing director of NEGC Ltd and staff resources seconded to the project. This budget also includes an allowance for support services provided to NEGC Ltd such as HR, finance, ICT and accommodation.
- Provision for specialist advice and support across legal, finance and land and property matters is included.

#### *Income*

The Government Grant funding includes two amounts:-

- £190k – additional funding received from Government earlier in the 2018/19 financial year.

- The budget currently assumes an additional £1m from Government in 2018/19. A final determination is still awaited on the exact amount of Government support; however, in the event that this support is less than is assumed, NEGC Ltd will scale back and/ or cease certain activities contained within the interim business plan, commencing from the beginning of January 2019, so as to mitigate the budget shortfall. In these circumstances Councils will also be provided with a further update.

### **Local Authority Contributions**

- 6.5 The Interim Business Plan and associated budget includes the assumption that the North Essex Authorities will commit additional funding of £100,000 each in 2018/19. The request from NEGC Ltd is that this funding is set aside by each authority for future drawdown from NEGC Ltd should it be required. In addition, NEGC Ltd is seeking a further £40k from third parties including Uttlesford District Council.
- 6.6 It should be noted that in total there is a forecast budgeted surplus and it is assumed that this will be carried forward into 2019/20.

### **Transfer of the Project Budget**

- 6.7 In February 2016 the North Essex Authorities agreed to commit £250,000 to support the joint work on the garden communities project. An additional £250,000 from each North Essex Authority was approved in September 2017 to fund further work undertaken by NEGC Ltd in the development of the project. In addition to the contributions from the North Essex Authorities grants from the Government of just over £2m have been received to support the project.
- 6.8 To date the funding and spending has mostly taken place through Colchester Borough Council's accounts. At the end of 31 March 2018 the balance held was c£1.526m.
- 6.9 The Interim Business Plan assumes that in future part of the 2018/19 budget will pass to NEGC Ltd, with some costs retained in the Council's accounts. The allocation of costs will be based on assumptions of which costs should be appropriately met by NEGC Ltd. It is proposed that the allocation between the authority accounts and NEGC Ltd will be determined by the North Essex Authorities Section 151 officers.

## **7. Financial Procedure Rules**

- 7.1 The Shareholder Agreement identifies the approval of NEGC Ltd's Financial Procedure Rules as a reserved matter, and therefore they must be approved by the Shareholders prior to implementation by NEGC Ltd.
- 7.2 NEGC Ltd is required to conduct its business efficiently and to ensure that it has sound financial management policies in place, which are strictly adhered to. Part of this process is the establishment of Financial Regulations, which set out the framework which NEGC Ltd will use to manage its financial affairs. They set out levels of responsibility and gives clearly identified financial authority to the Board, Group Managing Director and Responsible Finance Officer and are intended to promote good practice in the use of public funds.

- 7.3 The proposed Financial Procedure Rules have been prepared in consultation with the S.151 and Monitoring Officers of each of the North Essex Authorities.
- 7.4 Rule 3.3 of NEGC Ltd.'s Financial Procedure Rules requires the Board to consider and approve its annual budget no later than two months before the start of the financial year. To facilitate the Councils supporting NEGC Ltd, a high level budget will be tabled in October each year which will allow any financial requirements (of the Councils) to be incorporated into the timing of the LA partners budget setting process.

## **8. Locally Led New Towns (Development Corporation) ("LLNTDC")**

- 8.1 Each of the North Essex Authorities submitted a response to the Governments consultation on the New Towns Act 1981 (Local Authority Oversight) Regulations 2018 in December 2017. The new Regulations came into force earlier this year and Guidance has been issued that outlines the way in which LLNTDCs will work.
- 8.2 The New Towns Act 1981 allows the Secretary of State to designate a new town and to incorporate a New Town Development Corporation. Normally the Secretary of State then takes responsibility for all oversight of the Development Corporation. Further detail on the LLNTDCs are included within Appendix C.

## **9. Future Decisions and work programme**

- 9.1 The North Essex Authorities remain committed to using Garden Community principles to secure the future housing requirements in the North Essex Authorities area. In light of the Inspector's initial comments following the examination in public, the local planning authorities are carrying out further work to ensure that the Local Plan is sound.

One of the issues that the Inspector will be considering will be the deliverability of the proposed garden communities. One of the options for delivery is a Locally Led New Town Development Corporation (LLNTDC) (see Appendix C)

No decision has been made about the use of an LLNTDC to deliver garden communities for North Essex. It is recognised that a substantial amount of work is required to review potential options for the Councils to consider a proposal at a later date and, if agreed, for a submission to be made to the Secretary of State. One of the substantive tasks for NEGC Ltd is therefore to prepare a full options analysis that can be considered by the North Essex Authorities.

- 9.2 Throughout the Interim Business Plan reference is made to NEGC Ltd working in conjunction with the Councils in a number of areas, this highlights the internal resource requirements over the same period, sharing resources with NEGC Ltd where it is reasonable and efficient to do so.
- 9.3 In parallel, but separate to the work required to respond to the outcome of the Section 1 of the Local Plan, the Councils will need to consider the form of Oversight Authority arrangements which could be put in place.
- 9.4 The North Essex Authorities will need an agreement in place to regulate their collective operation as an Oversight Authority. The contract will need to be in place ahead of any request to the Secretary of State to designate the three locations as locally led new towns and to incorporate a development corporation. Consequently, in addition to the work as set out in NEGC's Ltd.'s Interim Business Plan, over the forthcoming months, the

Councils will have to commence discussions on the potential oversight body arrangements, in readiness for any submission to request a Development Corporation, should the Councils decide to do so.

9.5 The following issues will need to be addressed in any agreement between the authorities:

- Agreement of controls on Development Corporation
- Changes to Development Corporation
- Delegation of responsibility
- Local Authority support for Development Corporation
- Process for terminating Development Corporation
- Dispute resolution
- Miscellaneous issues

9.6 On the current NEGC Ltd programme timetable the North Essex Authorities will be asked to approve the draft mandate for a Development Corporation following the Board's recommendation in September 2019. Subject to their approval, the Councils will submit the request for the appointment of the Oversight Authority and designation of Development Corporation in December 2019.

**Schedule of milestone – key decisions**

<b>SUBJECT</b>	<b>DECISION BODY</b>	<b>TIMESCALE</b>
<p><b>Local Plan (for information):</b></p> <ul style="list-style-type: none"> <li>• Review of additional evidence base and Sustainability Appraisal work</li> <li>• Major modifications requiring approval and consultation</li> <li>• Consultation feedback to the Inspector to make final decision following re-examination</li> <li>• Section 1 Adoption in 2019</li> </ul>	<p>LOCAL PLAN COMMITTEE &amp; COUNCIL</p>	<p>FEBRUARY 2019</p> <p>Section 1 modifications process completed by Summer 2019 after consultation and further examination</p>
<p><b>NEGC longer term Business Plan</b></p>	<p>CABINET</p>	<p>JANUARY 2019</p>
<p><b>Development Corporation</b></p> <ul style="list-style-type: none"> <li>• Approval of an agreement between the Councils to work collectively as Oversight Authority</li> <li>• Consideration of preferred structure for the future delivery of Garden Communities               <ul style="list-style-type: none"> <li>- including NEGC Ltd recommended option;</li> <li>-Consideration of alternative options, risks and liabilities</li> <li>-Funding decisions</li> </ul> </li> </ul>	<p>CABINET &amp; COUNCIL</p>	<p>SEPTEMBER TO DECEMBER 2019</p>

## **10. Financial implications**

- 10.1 This report set out the proposed budget for NEGC Ltd for 2018/19 and associated funding. The proposals include the allocation of £100,000 in 2018/19.
- 10.2. A budget carry forward of £43k was made into 2018/19 in relation to early garden communities work and this is available to part fund the required contribution. In addition, an allocation of £100k made in respect of land acquisition funded from New Homes Bonus is no longer required as the matter has been dealt with through Section 106 funding and therefore it is proposed that the balance of funding of £57k is funded in this way.
- 10.3 It is worth highlighting that based on current assumptions there is likely to be an ongoing commitment by the North Essex Authorities to fund the Oversight Authority arrangements required for a Development Corporation model. This will also be in addition to funding required to develop the project in the medium term before potential alternative private sector funding becomes available. Therefore, the £100,000 should not be viewed in isolation as it is likely that the North Essex Authorities will be required to consider further financial support of the project until such time as a more clear investment opportunity is presented where long term returns are anticipated.
- 10.4 Consideration of this further funding will be made when the NEGC Ltd.'s business plan for 2019/20 is presented to the North Essex Authorities and will be considered as part of the Council's 2019/20 budget proposals.

## **11. Legal implications**

- 11.1 The General Power of Competence provided for by the Localism Act 2011 was relied upon as the authority for the District/Borough/County Council to establish and subscribe to North Essex Garden Communities Limited. Consequently, a Shareholders Agreement was entered into and the relevant provisions and requirements of the agreement are referred to within the context of this report.
- 11.2 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.
- 11.3 The New Towns Act 1981 (Local Authority Oversight) Regulations 2018 came into force earlier this year, making provision for the local oversight of new town development corporations. Guidance has been issued that outlines the way in which LLNTDCs will work.
- 11.4 The 2018 Regulations apply where the Secretary of State, pursuant to section 1A(2) of the New Towns Act 1981 ("the Act") makes and order under section 1 of the Act appointing one or more local authorities to oversee ("an oversight authority") the development of an area as a new town ("locally led new town").
- 11.5 Further decisions will be required from both Cabinet and Council following consideration of an options appraisal before any request can be made to the Secretary of State for the North Essex Authorities to be appointed as oversight authorities and for LLNTDC's to be designated.

## **12. Risk Management Implications**

## Local Plan - Section 1

- 12.1 Section 1 was the subject of an Examination in Public for two weeks during January and a further session was heard on 9th May 2018, the Inspector issued a Post-Hearing letter on 8th June 2018 providing advice on the further steps considered necessary in order for the Section 1 Plan to be made sound and legally-compliant. 12.2. The Inspector also set out his views on the three main options available to the North Essex Authorities on how to proceed, acknowledging the local planning authorities will evidently need to take into account of the views, expressed within the letter, on the scope of the main modifications and further work that is needed.
- 12.3 The North Essex Authorities have decided to undertake further work to address the Inspector's concerns about Garden Communities and complete the examination of Section 1 before proceeding to Section 2. This work follows Full Council's agreed policy for long term housing growth.
- 12.4 This approach relies on satisfying the Inspector that:
- (i) The timetable for the additional evidence base and Sustainability Appraisal work is considered realistic. Failure to do so risks a delay in the examination process.
  - (ii) The Sustainability Appraisal adequately addresses the Inspector's concerns including obtaining initial agreement from the Inspector that the methodology is robust. Failure to do so risks the plan being found not legally compliant; failure to obtain initial agreement on the methodology risks delay in the examination process. There is also a risk that the North Essex Authorities, as planning authorities, decide, in light of the additional Sustainability Appraisal work, to pursue an alternative spatial strategy for large-scale growth.
  - (iii) The North Essex Authorities carry out the required work on the evidence base to address the Inspector's concerns including adequately addressing any subsequent concerns raised through consultation and at further hearing sessions. Failure to do so risks the plan being found unsound.
- 12.5 The above risks to the Local Plan process are being mitigated by the following respective measures:
- (i) The North Essex Authorities have carefully considered the scope of work required to address the Inspector's concerns. This has included working closely with relevant statutory bodies and consultants to devise a work programme which allows sufficient time to secure further commitments from infrastructure providers and the carrying out of further evidence base work (and Sustainability Appraisal work).
  - (ii) The North Essex Authorities have been working closely with new Sustainability Appraisal consultants to ensure the Inspector's concerns are adequately addressed and a revised methodology properly takes account of alternative sites and alternative spatial strategies.
  - (iii) As above, the North Essex Authorities have carefully considered the Inspector's concerns and have subsequently either commissioned new studies or are amending existing studies to ensure the Local Plan is sound. This mitigation includes working with the relevant statutory bodies and consultants to ensure the North Essex Authorities are suitably represented at further hearing sessions.
- 12.6 The North Essex Authorities / wrote to the Inspector on 22<sup>nd</sup> October 2018 to advise him that the Councils remained committed to using Garden Communities principles to secure

future housing requirements in the North Essex Authorities areas and will provide further evidence requested by the Inspector. A response from the Inspector is awaited/received to the North Essex Authorities letter but work has already commenced on the various pieces of evidence required, including the Sustainability Appraisal.

### **13. Equality and Diversity Implications**

- 13.1 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.
- 13.2 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).
- 13.3 The proposals are for the approval of a range of key documents which will enable NEGC Ltd and its Shareholders to create an inclusive community which meets the needs of all residents regardless of whether or not they have a protected characteristic. The differing needs of people, including those with different protected characteristics, will need to be considered during the design and planning stage of the development and kept under review as the project progresses.

### **14. Strategic Plan References**

- 14.1 Strategic planning supports all four of the strategic goals in the 2018-21 Strategic Plan, including Growth, Responsibility, Opportunity and Wellbeing.

### **15. Consultation and Publicity Implications, Health, Wellbeing and Community Safety and Implications and Health and Safety Implications**

- 15.1 No direct implications.

#### **List of Appendices**

Appendix A - NEGC Ltd Interim Business Plan and Budget 2018/19

Appendix B - NEGC Ltd Financial Procedure Rules

Appendix C - Locally Led New Towns (Development Corporation)

#### **List of Background papers**

*Cabinet Report – Establishment of the North Essex Garden Communities Local Delivery Vehicles and funding requirements– 30 November 2016*

*Cabinet Report – North Essex Garden Communities- Progress to date and key developments – 6 September 2017*  
*NEGC Ltd Board papers insofar as published <https://www.ne-gc.co.uk/about/>*

**North Essex Garden Communities Ltd**  
**Interim Business Plan**  
(Draft August 2018)



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## 1. Executive Summary

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North Essex is a key location in the UK, well related to London, with international sea and air connections, as well as links to wider growth corridors across the South East.

Braintree District Council, Colchester Borough Council, Tendring District Council and Essex County Council have developed a shared vision for the future across North Essex, as set in their emerging Local Plans, The North Essex Garden Communities Charter and Prospectus.

The Councils have a shared desire to promote, plan and deliver sustainable strategic growth at scale and over the long-term; providing the housing, employment and necessary supporting infrastructure required to ensure the best outcomes for current and future communities of North Essex.

The centrepiece of the NEGC Programme is the creation of three new Garden Communities. These new settlements will act as the catalyst for economic growth and address the aspirations of the wider UK's population, making North Essex an attractive place to live, work and spend time for future generations to come.

These proposed Garden Communities will be key to creating a more prosperous North Essex through inclusive economic growth, with new businesses able to compete successfully in national and international markets. The intention is for North Essex to have a diverse and thriving economy, a great choice of job opportunities across many sectors, and growing prosperity and improving life chances for all its citizens, today and into the future.

The Councils have come together to create 'North Essex Garden Communities Ltd' (NEGC Ltd) as a private company wholly owned by The Councils with an overall mission to "lead, create, inspire and develop exemplar self-sustaining Garden Communities across North Essex through working proactively and effectively in partnership with local communities and key stakeholders."

This document has been produced to set an Interim Business Plan for NEGC Ltd for the 2018/19 financial year. It provides an overview of the vision, objectives, necessary workstreams, governance, funding and actions required to deliver NEGC Ltd's scope of work and bring forward a number of priorities for 2018/19 to move the Garden Communities towards delivery phase. A key task during the year will be to evolve the approach to masterplanning, innovation, economic development, programme funding, governance and delivery, including consideration of transition towards a locally led development corporation style of approach.

This Interim Business Plan will act as a precursor to the preparation of a 'Long-Term Business Plan' as defined within the NEGC Shareholders Agreement, which will align with the preferred delivery model approach and preparation of associated business case/s and set the basis for 2019/20 onwards.

## 2. Introduction

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### 2.1 Introduction to North Essex

North Essex is a key location in the UK; it is well related to London, includes the country's largest deep sea freight port at Harwich and the third-largest air bound freight gateway at London Stansted Airport, as well as being related and linked to the growth areas of Cambridge and the economic growth corridors of Cambridge – Stansted – M11 and Cambridge – Milton Keynes – Oxford.

As a result, the area has seen significant growth in housing and employment over recent years, in particular around the key existing towns and settlements.

However, North Essex is a part of the UK economy that is currently underperforming in the context of the South East of England. Initial research has identified that the current GVA for North Essex is 0.8% pa compared to the UK national level of 1.3%. Furthermore, the North Essex area lags behind comparable GVA per capita in the South East with North Essex currently at £18k compared to at least £25k for comparator areas and £44k for Milton Keynes.

The North Essex Councils (Essex County Council, Braintree District Council, Colchester Borough Council and Tendring District Council – thereafter referred to in the remainder of this document as 'The Councils') are determined to work together to not only reverse this trend but to put North Essex on the international map.

To address this, The Councils have therefore developed plans to provide a catalyst for its economic ambition by creating what is currently the largest scale housing, employment and infrastructure project in the UK.

### 2.2 The North Essex Garden Communities Programme

The North Essex Garden Communities (NEGC) programme comprises a coalition of The Councils, established because of their shared desire to promote, plan and deliver sustainable strategic growth at scale and over the long-term; providing the housing, employment and necessary supporting infrastructure required to ensure the best outcomes for current and future communities of North Essex.

The centrepiece of the NEGC Programme is the creation of three new Garden Communities. Subject to examination through the Local Plan process, these new settlements will act as the catalyst for economic growth and address the aspirations of the wider UK's population, making North Essex an attractive place to live, work and spend time for future generations to come. This growth will require an appropriate response from The Councils to ensure that a broad range of new homes, employment opportunities, and supporting social and other infrastructure are provided in an effective and timely manner.

The Garden Communities concept is ideally suited to deliver on this local ambition because it can:

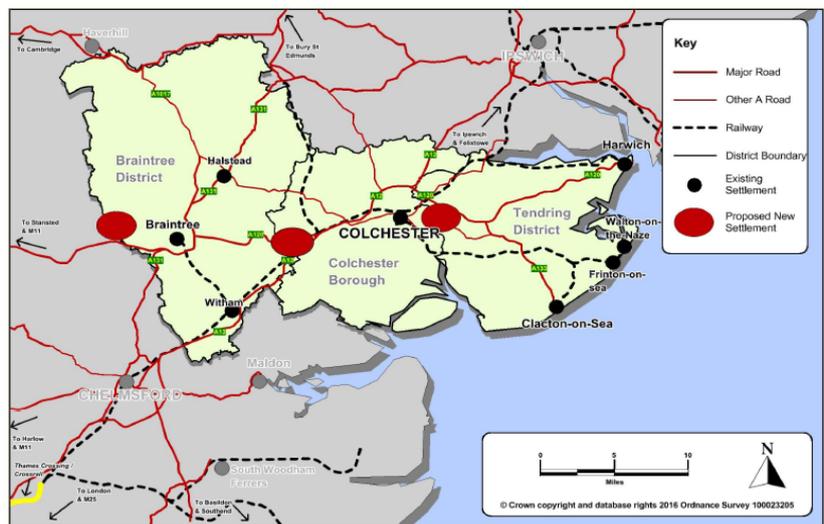
- Respond positively to the context of North Essex - providing the best of town and country;
- Be planned comprehensively with timely delivery of infrastructure;

- Provide a key role in promoting local economic development, both within the Garden Communities but also across the wider North Essex corridor, creating and attracting new jobs and businesses into the area;
- Place the concept and function of community at the heart of place making with active local engagement and long-term stewardship of community assets;
- Enable the provision of integrated and sustainable transport options, reducing reliance on the private car;
- Enable public sector leadership and a long-term approach to investment and community development; and
- Overall create a great place to live, work and spend leisure time.

Figure 1.1 shows the location of the three new Garden Communities that are proposed. These will accommodate a substantial amount of the housing and employment growth planned for North Essex within the Local Plan period, up to 2033, and well into the future:

- Tendring Colchester Borders, a new garden community will deliver between 7,000-9,000 homes (with at least 2,500 homes within the Local Plan period to 2033).
- Colchester Braintree Borders, a new garden community will deliver between 15,000-24,000 homes (with at least 2,500 homes within the Local Plan period to 2033).
- West of Braintree in Braintree DC, a new garden community will deliver between 7,000-10,000 homes (with at least 2,500 homes within the Local Plan period to 2033).

Figure 2.1: North Essex and locations of proposed Garden Communities



Each of the Garden Communities will be holistically planned new settlements that respond directly to their regional, local, and individual site context and opportunities, to create developments underpinned by a series of interrelated principles which are based on the Town and Country Planning Association (TCPA) Garden City Principles, adapted for the specific North Essex context through the NEGC Charter and NEGC Prospectus. Refer to Chapter 3 for further information.

The Garden Communities will be designed and delivered to attract residents and businesses who value innovation, community cohesion and 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

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high quality innovatively designed, contemporary homes, accommodating a variety of needs and aspirations. These will be set within a network of leafy streets and green spaces, incorporating and enhancing existing landscape features, and providing areas for leisure and recreation. The level of ambition is set out comprehensively in the ‘North Essex Garden Communities Charter’, produced in 2016 as part of initial work to inform and support the preparation of Local Plans. A North Essex ‘Strategic Narrative’ has subsequently been produced by The Councils to set out the strategic approach and rationale.

### 2.3 North Essex Garden Communities Ltd

In order to progress the delivery of the programme’s key objectives and ensure the delivery of the three Garden Communities, a new dedicated delivery structure has been put in place to take the proposals forward.

This delivery structure was approved by The Councils’ respective Cabinets and Council Committees in November and December 2016 with North Essex Garden Communities Ltd (NEGC Ltd) formally established on 30<sup>th</sup> January 2017 (Company No: 10319743).

In addition, site specific ‘Local Delivery Vehicles’ (LDVs) were also created on 30<sup>th</sup> January 2017 to potentially act as separate operating companies tasked with the delivery of each individual Garden Community.

NEGC Ltd was established as a wholly owned public entity between The Councils to act as the body to guide the proposed Garden Communities through the design process and into implementation, providing ultimate oversight and scrutiny of the delivery.

The Shareholders of NEGC Ltd are 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 holding a 25% shareholding.

As approved by each of The Councils (as shareholders of the Company), the Directors of NEGC Ltd are currently nominated as:

- Cllr Tim Young (representing Colchester Borough Council);
- Cllr Neil Stock OBE (representing Tendring District Council);
- Cllr John Spence CBE (representing Essex County Council); and
- Cllr Graham Butland (representing Braintree District Council).

In addition to the Directors, there are nominated Alternate Directors in place for each of the shareholders as follows:

- Cllr Carlo Guglielmi (representing Tendring District Council in the absence of Cllr Neil Stock OBE);
- Cllr David King (representing Colchester Borough Council in the absence of Cllr Tim Young);
- Cllr David Finch (representing Essex County Council in the absence of Cllr John Spence CBE); and
- Cllr Lynette Bowers-Flint (representing Braintree District Council in the absence of Cllr Graham Butland).

Cllr John Spence OBE currently acts as the Chairman of the NEGC Ltd Board, a position that the Board has agreed should continue until the end of the 2018/19 financial year, or until such point as a Development Corporation is established in North Essex.

The Purpose of NEGC Ltd is set out in Schedule 1 of the NEGC Shareholders Agreement as follows:

*The purpose of the Company is to coordinate 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 and long term planning and effective engagement.*

In addition to the above, and in August and September 2017, all four councils approved the ability for NEGC Ltd to explore with Government the potential for creating a locally led development corporation for North Essex. This is currently the primary focus of the work that NEGC Ltd will undertake ahead of progressing the Local Delivery Vehicles.

Alongside the Purpose, Schedule 1 of the NEGC Shareholders Agreement also sets out 11 objectives that a Garden Community should achieve. Refer to Chapter 3 for further information.

NEGC Ltd will operate to deliver its services in a commercial way, while maintaining high standards of integrity and social purpose. As a private limited company, it is controlled by Board Members who have a duty to promote the success of the company for the benefit of its shareholders as a whole.

The Board has an overall responsibility for overseeing the successful delivery of the Garden Communities across the area in accordance with Business Plans, planning frameworks and Local Plans.

The Board meets at least quarterly to carry out this work and receives regular reports on progress against operational matters and programme budgets.

## **2.4 Progress so far**

The Councils have been working jointly for several years to plan effectively for long-term growth across the area. This has involved joint work prior to NEGC Ltd being formally set up. Considerable progress has therefore been made over recent years, including:

- Council commitment to funding the delivery vehicle to deliver the Garden Communities, (subject to Business Plans being agreed, affordability and value for money)
- Council commitment to leading the delivery of the Garden Communities including approvals for and the subsequent establishment of NEGC Ltd.
- Exploring the potential establishment of a locally led development corporation – which could become the first in the UK.
- In principle support from The Councils to long term public sector funding to enable delivery (subject to future business cases and being able to demonstrate affordability and value for money).

- Becoming part of the Garden Towns Villages & Cities programme run by the Ministry of Housing, Communities & Local Government (MHCLG). North Essex Garden Communities is the largest and most ambitious project in the programme. Being part of this programme provides direct access to other Garden Towns with associated learning and knowledge/information sharing opportunities.
- Since 2015, securing over £2m of capacity funding and support from MHCLG to support in bringing forward the design, planning and technical work necessary to evolve and bring forward the proposals. This is in addition to £2m of capacity funding that the partnership Councils have also contributed to the programme.
- Securing funding and in kind commitment from each of The Councils to provide necessary resources to lead on project management, planning, programming and communications, and evolving work on operational readiness.
- Coordinating the Council's approach to Local Plans, including the confirmation, publication and Examination in Public of a joint 'Part 1' of the Local Plans which sets out a shared strategy to growth in North Essex and preferred locations for new Garden Communities.
- Council preparation of Issues and Options strategic site Development Plan Documents (DPDs) for each Garden Community.
- Building relationships with land owners and promoters and establishing necessary structures to lead on the delivery of the proposals.
- Development of a community engagement programme, including providing community enablers for the benefit of each proposed community.
- Developing stewardship arrangements for the long-term maintenance of public amenities.
- Progressing work on a financial model, initiating discussion with Government over long term funding, soft market testing, and testing finance and scheme funding parameters.
- Increasing and direct high- level engagement with Government on the potential for direct infrastructure investment, the use of new delivery powers such as those enabled via the Neighbourhood Planning Act in respect of locally led development corporations, and opportunities for comprehensive land assembly.
- Two Forward Funding Housing Infrastructure Funding bids that were submitted by ECC for approximately £165m in total have been successful and have made it through to Round 2 which is a period of co-development of a potential business case.

A peer review of the programme has been undertaken by a team of experts led by Lord Kerslake. The report's recommendations can be found here [[http://www.essex.gov.uk/News/Documents/Garden\\_Communities.pdf](http://www.essex.gov.uk/News/Documents/Garden_Communities.pdf)]. Since the review was conducted NEGC Ltd and The Councils have responded as follows:

- Preparing individual 'concept frameworks' for each community and a 'Prospectus' that sets out the vision for the programme as a whole
- Appointed a full time Group Managing Director for NEGC Ltd and dedicated project team.
- Strengthened engagement with Government including a number of high profile visits from Government officials to North Essex, including the MHCLG Permanent Secretary, Melanie Dawes, and adding Homes England representation to the NEGC Ltd Board

## 2.5 The Local Plan Process

The Local Plan process is clearly relevant to the work that NEGC Ltd will be undertaking in 2018/19. For the sake of clarity, it is therefore worth setting out the different roles that the Councils have in their function as planning authorities and their roles with respect to the operation and ownership of NEGC Ltd.

The three Local Planning Authorities (Colchester, Tendring and Braintree) are responsible for taking forward their respective Local Plans and are currently promoting the allocation of the Garden Community sites through their Draft Local Plans. The soundness of the Local Plans will ultimately be determined by an independent Inspector appointed by the Secretary of State.

However, it is clear that the work undertaken by NEGC Ltd to help to deliver the Vision is separate to, and will not pre-judge, the outcome of the Local Plan processes. Indeed, the work of NEGC Ltd does not propose to adjust or alter the approach to the Local Plan provisions regarding these communities.

Following the conclusion of the Section 1 Examination in Public (EiP) sessions, the Local Planning Authorities received two letters from the Planning Inspector during the course of June 2018. One letter concluded that the Local Planning Authority's approach to housing need was sound. This first letter set out his considerations and thoughts on the broad matters covered in the Section 1 evidence.

This first letter outlined some areas where the Inspector considers further work would need to be undertaken in order that the Garden Communities proposals contained in Section 1 could be found sound. The Inspector also provided three options for the Local Planning Authorities to consider in terms of moving forward: Option 1 which was to temporarily remove the Garden Communities from Section 1 and proceed with Section 2 Local Plans prior to reinstating Garden Communities proposals in the development plan subject to later decisions by the Local Planning Authorities; Option 2 which was continue with Section 1 and present further evidence for consideration at a future EiP; Option 3 was to start the Local Plan process again.

The Local Planning Authorities have considered those options and all three have decided to proceed by collecting the additional evidence required by the Inspector and asking the Inspector to continue with the Local Plan Examination. The Planning, transport/infrastructure and viability work that NEGC will need to do to support the Local Planning Authorities with progressing the evidence base therefore forms a significant part of the revised 2018/19 Interim Business Plan for NEGC Ltd

At midnight on Tuesday 24 July 2018, New Towns Act 1981 (Local Authority Oversight) Regulations 2018 came into force. In June 2018, MHCLG issued Guidance for the implementation of locally led development corporations. Taken together, these Regulations and Guidance enable Local Authorities to present a proposal to Government for the creation of a locally led development corporation in their area(s). NEGC is undertaking work to evaluate and develop a proposal for a locally led development corporation to deliver the three garden communities in North Essex. This delivery work therefore forms a significant part of the revised 2018/19 Interim Business Plan for NEGC Ltd. The aim is to prepare options for consideration by the Board and the Shareholder Councils during 2019.

## 2.6 Role & Purpose of this document

This document has been produced to set an Interim Business Plan for NEGC Ltd for the 2018/19 financial year to enable it to provide support to the Local Planning Authorities in progressing Section

1 of their Local Plans and to develop proposals for a locally led development corporation. It has been prepared in accordance with Section 5 of the NEGC Ltd Shareholders Agreement that says:

*5.1 Interim Business Plans*

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

This Interim Business Plan provides an overview of the vision, objectives, necessary workstreams, governance, funding and actions required to deliver NEGC Ltd's scope of work and bring forward a number of priorities for 2018/19 to move the Garden Communities towards delivery phase. Given the early stage of the wider project, and continual evolution of the programme's delivery approach, it is recommended that this document is kept under constant regular review.

This Interim Business Plan will act as a precursor to the preparation of a 'Long-Term Business Plan' as defined at Section 5.2 of the NEGC Shareholders Agreement. It is envisaged that this Long-Term Business Plan will be submitted to the Board for approval in January 2019 (noting that this may need to be reviewed should a decision be made on whether to proceed with a locally led development corporation).

### 3. Strategic Outline Case

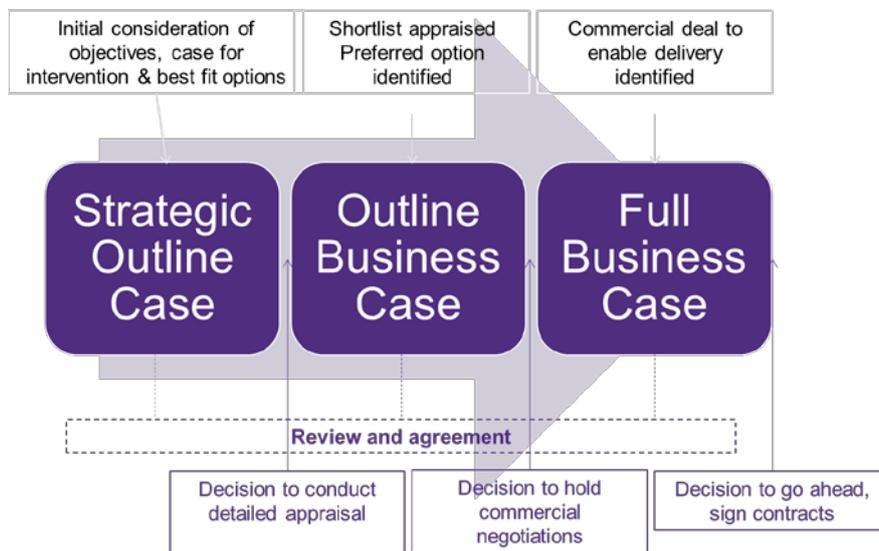
#### 3.1 Introduction

The Councils have been evolving the approach to the NEGC programme for some time, including detailed consideration of the spatial approach to development across the local area (through the preparation of Local Plans), and associated consideration of delivery and implementation mechanisms.

Given the scope and scale of the anticipated public sector role in delivery, potential financing and the wider achievement of garden community ambitions, the approach that is adopted will need to accord with the process of preparing an appropriate ‘Business Case/s’ in line with the HM Treasury Green Book. This will be separate to but closely associated and aligned with wider business planning activity related to the operations of NEGC Ltd as set out in this document, and as required by the Company Articles of Association.

The overall process map relating to the preparation of such HM Treasury Green Book Business Case/s is set out at Figure 2.1, providing an overview of how the project progresses from outline to full detail stages.

Figure 3.1: Business Case Development Process Map



Work undertaken by The Councils to date has advanced work pertaining to several key components of the Strategic Outline Case stage of the process, most notably in defining the strategic need and partner objectives, and beginning to consider the associated management, commercial, financial and economic considerations.

The approach going forward through 2018/19 will further evolve and refine the way forward and lead to the preparation of a subsequent Outline Business Case/s in line with the Green Book methodology. This will enable The Councils and other partners to make decisions on the scope and scale of public sector direct involvement in the delivery process. This will focus on the planning (pre-procurement)

phase to better define the preferred option, value for money assessment, affordability and achievability. It will set out further information across:

- the Strategic Case – further evolving the business strategy aims and objectives;
- the Economic Case – a full review of business options, their economic appraisal (including consideration of benefits, risks and sensitivities);
- the Commercial Case – outlining the envisaged structure/s, key contractual terms/operational and implementation considerations;
- the Financial Case – a detailed analysis of funding needs, affordability and net impacts on income/expenditure and balance sheets; and
- the Management Case – setting out how the scheme will be delivered with an outline of the proposed programme/project management plan and procurement.

The final stage will be to draw together the approach into a Full Business Case/s, which will define and select the preferred service solution, fully define the implementation arrangements and funding requirements. This can follow relatively quickly from the outline stage.

Appendix B provides an overview of the key rationale for intervention and decision making to date, including the strategic context to the proposal, the case for change and an indication of the proposed way forward. It sets out information pertaining to several key components of the ‘Strategic Outline Case’ as per the HM Treasury Green Book and forms the basis of subsequent work in 2018/19, which will feed into the development of the ‘Outline Business Case/s’.

## 4. NEGC Vision & Strategic Objectives

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### 4.1 Introduction

A mission statement, a vision and a set of objectives provides the strategic framework within which the company will operate and which emerging proposals can be evaluated over time. The strategic context will continue to evolve over time and new influences will undoubtedly emerge. This interim Business Plan for NEGC Ltd therefore represents a ‘starting point’.

### 4.2 Mission Statement for North Essex Garden Communities Limited

The overall Mission Statement for NEGC Ltd sets out in high level terms what the company will do:

*To lead, create, inspire and develop exemplar self-sustaining Garden Communities across North Essex through working proactively and effectively in partnership with local communities and key stakeholders.*

### 4.3 Vision for North Essex Garden Communities Ltd

The overall Vision Statement for NEGC Ltd sets out in high level terms why and how the company is pursuing its mission statement.

There have been a number of vision statements prepared for the individual North Essex Garden Communities projects including those set out in the Local Plan and NEGC Prospectus. The following overall Vision Statement for NEGC Ltd is consistent with both of these documents as well as the NEGC Charter.

*Our vision is to establish an area for growth across North Essex that is of strategic national importance. At the heart of our vision are the creation of new Garden Communities where people want to live, work and play.*

*Our vision has three interconnecting strands: jobs, sustainable communities and a supportive infrastructure:*

- ***Jobs:*** *to achieve our vision, we will strive to make North Essex an area of inclusive economic growth and prosperity, of strategic importance to the economy of the UK, with businesses capable of competing on a national and international stage. To make this happen we will help North Essex create a diverse and thriving economy, with a great choice of job opportunities across many sectors, and growing prosperity and improving life-chances for all its citizens, today and into the future;*
- ***Communities:*** *sustainable development principles will be at the core of the Garden Communities, balancing social, economic and environmental issues. The garden communities will attract residents and businesses who value innovation, community cohesion and a high quality environment, and who will be provided with opportunities to take an active role in managing the garden community to ensure its continuing success;*
- ***Infrastructure:*** *within the new garden communities, there will be a focus on providing the right level of infrastructure (roads, utilities, education, health, green areas, community and leisure centres etc.) at the right time to in a manner that supports the development of substantial new growth whilst ensuring that the countryside and heritage assets are protected and enhanced. Surrounding the garden communities, there will be a focus on ensuring that improvements to the supporting strategic infrastructure will be planned and implemented alongside the development of the new garden communities.*

#### **4.4 Strategic Objectives for North Essex Garden Communities Ltd**

The following strategic objectives have been derived from the objectives as set out in Schedule 1 of the NEGC Shareholders Agreement. They have been designed to deliver the mission statement and vision for NEGC Ltd. They have not been set in any order of priority on the basis that the delivery of Garden Communities requires a holistic approach that ensures the key strands are delivered in an inter-connected manner.

NEGC Ltd.'s overarching mission is to make North Essex a place where people want to live, work and play by delivering new Garden Communities. We will achieve that goal by delivering the following objectives:

- Undertaking consistent and meaningful engagement with existing and proposed communities to ensure they are at the heart of the Garden Communities' evolution.
- Fostering economic development within the Garden Communities in order to create a resilient and self-sustaining economy, and also offering access to a strong local jobs offer in North Essex in order to help achieve a better balance between the location of jobs and housing.
- Providing connectivity to and within the new Garden Communities to be achieved through the timely provision of physical and social infrastructure in an integrated manner to ensure ease of access and movement across the North Essex area.
- Focusing on innovation within the Garden Communities to future proof them by securing the delivery of a smart and sustainable approach to the design and management of services, infrastructure and utilities through the application of the highest standards of technology.
- Ensuring that the quality and design of place in the Garden Communities are seen to be exemplar and can create great places to live, work and play with access to great green spaces; in a manner that attracts both existing and future residents in North Essex as well as those from further afield, including the provision of different types of tenure.
- Establish and implement suitable models for the long term stewardship of community and place making assets that are structured and funded in a manner that provides long term management and governance of those assets.
- Achieve sustainability in its widest sense not only because the new Garden Communities are places that excel in their environmental quality and performance including healthy living, but also because the places are commercially sustainable in a manner that supports delivery and is capable of providing ongoing revenue receipts for reinvestment by the respective shareholders.

#### **4.5 The North Essex Garden Communities Prospectus**

A prospectus has been produced to set out and illustrate the strategic potential, with an ambition to establish North Essex as a key corridor of growth of national significance. The prospectus focusses on two key strands:

- creating a corridor of economic growth and prosperity, with North Essex having a diverse and thriving economy; and
- securing investment in all supportive infrastructure, ranging from transport through to green infrastructure, innovation, skills and social & community development.

The prospectus also sets out 10 strategies that will ensure that the objectives are delivered and these are listed below:

*Strategy 1: “Good Design” – the very best in Garden Community planning and design*

*Strategy 2: “Employment Opportunity” – growing the productive economy of North Essex*

*Strategy 3: “Green Infrastructure” – blue and green spaces all*

*Strategy 4: “Integrated and Sustainable Transport” - mobility for all*

*Strategy 5: “Smart and Sustainable Living” – community infrastructure*

*Strategy 6: “Living Environment” – new homes to support growth*

*Strategy 7: “Community Engagement”*

*Strategy 8: “Active Local Stewardship”*

*Strategy 9: “Strong Corporate and Political Public Leadership”*

*Strategy 10: “Innovate Delivery Structure”*

These strategies are consistent with NEGC Ltd mission statement, vision and objectives outlined in sections 4.1 – 4.4 above.

## 5. NEGC approach

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### 5.1 Overarching approach

The delivery of this ambitious vision of the Garden Communities will require a positive and active approach by both the public and private sectors.

Notably, and different from standard development approaches, The Councils are taking a proactive approach to delivery of the Garden Communities – their masterplanning, promotion and development.

The approach reflects an anticipated need for strong public-sector leadership, but with flexibility to integrate appropriate partnership approaches and sharing of project risk and reward where these can deliver on the programmes objectives.

The active involvement of the public sector in supporting the delivery of the Garden Communities will be rewarded not just by the creation of great places for the residents of North Essex to live and work in, but also through unlocking a share of the value created through this endeavour.

For the delivery structure to succeed, deliver on the vision and realise the potential, there will need to be close working between The Councils, Government, landowners, developers, funding & delivery partners as well as local communities.

From the outset NEGC Ltd has been established to oversee and coordinate this activity.

It is also recognised that the delivery structure will need to adapt to local circumstances and adopt the most appropriate structure to deliver on the vision and objectives.

The Councils have agreed that NEGC Ltd should explore the establishment of a locally led new town style ‘Development Corporation’ as enabled by the Neighbourhood Planning Act 2017. A locally led Development Corporation has great potential to provide a strong and focussed body responsible for delivery with wide ranging powers in terms of land acquisition, funding and planning.

- Secure appropriate control and/or take ownership of the land through whatever means necessary (via negotiation or compulsory purchase);
- Bring forward proposals in line with an approved masterplan and secure necessary approvals);
- Undertake pre-development and facilitating works;
- Deliver infrastructure works to meet requirements of the masterplan, planning application/s and conditions;
- Create serviced development plots;
- Market the development sites and seek the best price achievable in the open market, consistent with the achievement of desired design and quality standards;
- Arrange development agreements with the successful bidders;
- Supervise the construction to ensure standards are achieved;
- Distribute the receipts in accordance with the terms of and associated land, funding or delivery partner agreements; and

- Ensure that public facilities and assets are adopted and/or transferred to appropriate bodies to secure their long term stewardship.

Funding arrangements would be agreed for each operational delivery body in liaison with NEGC Ltd. The operational delivery bodies would be responsible for identifying and securing appropriate funding to enable the provision of services and infrastructure at the time when it is needed by the community.

## 5.2 Approach to Planning & Infrastructure

The proposed Garden Communities will need to be planned carefully, be appropriately located, and accessible by a wide range of sustainable forms of transport. Provision will need to be made to provide the full range of supporting services and facilities. Job creation would need to go hand in hand with population growth to provide new and enhanced economic opportunities for existing and new residents.

Future growth at scale will undoubtedly create demand for additional road and rail use with the associated need for new and upgraded infrastructure, both within and outside the Garden Communities. The education needs of a growing population must also be addressed, requiring careful planning to assess future pupil numbers and address further education needs. Opportunities must be provided for local affordable housing, helping all on to the property ladder. The ageing profile of residents also requires a proactive response to provide the right type and mix of homes, including independent living and supporting services; as well as sufficient healthcare facilities to support both older residents and the population as a whole. It will also be important to ensure a housing mix that encourages older people to live in the Garden Communities from day one.

To facilitate this, NEGC will need to lead a programme of masterplanning work to enable progression once Section 1 of the Local Plan has been agreed. This masterplanning will enable the local Planning Authorities to progress further iterations of the Development Plan Documents for the three sites, a process that could evolve into the preparation of Local Development Order(s) should a Development Corporation designation be forthcoming.

In relation to Infrastructure, the timely delivery of this will be a central element of the work that NEGC will need to undertake in order to ensure effective delivery of well-planned Garden Communities. Infrastructure includes on-site (e.g. roads, utilities, energy, green spaces, education, health, community centres) and off-site (e.g. roads, public transport). The benefit of this ‘infrastructure led’ approach is that there can be more confidence by existing communities that the appropriate level of supporting infrastructure is planned, delivered and financed at the right times during the phasing of the future development of the Garden Communities.

## 5.3 Approach to Delivery & Finance

In order to give The District 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 the delivery structure and ensuring the Garden Communities can deliver on their ambition.

The proposed approach is one of a public sector led delivery structure as set out above, with responsibility for bringing the projects forward through further design and planning stages, and into

implementation through the direct delivery of infrastructure alongside the generation of income from serviced land sales. The structure would facilitate the delivery of infrastructure and disposal of serviced plots to house builders/commercial developers who would be responsible for physical building construction costs and property sales, within approved design parameters. 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 delivery project vehicles to manage their risks.

In accordance with approved Cabinet decisions across The Councils, ‘in principle’ commitment has been given to consider funding. Subsequent business cases will determine a detailed set of funding requirements; including the scale of funding required and the timescales which will be relevant to each block of funding. This further work will be presented back to The Councils and will consider the appropriate future funding mix including opportunities for leveraging in private sector and other sources of funding.

#### **5.4 Approach to Economy, Engagement & Communications**

The development of three substantial Garden Communities amounting to around 45,000 homes requires an ambitious economic strategy for North Essex to ensure that the new settlements don’t just become dormitory towns but more importantly have a catalytic effect in the wider economy. At the heart of the economic offer for the Garden Communities will be the creation of an ambitious economic strategy for North Essex involving The Councils, the university, economic partnerships and NEGC. As this work progresses, key business representatives will also play an important role, ultimately becoming advocates for the strategy.

As NEGC moves more to the delivery phase, it will also need to focus on its PR and Communications activity. In particular, the masterplanning work (including infrastructure aspects as a key theme) will require a more in depth and sophisticated public engagement programme than has taken place to date – moving it away from being a statutory and Local Plan issue. In addition, the North Essex economic strategy will need to be communicated and ‘marketed’ both across the region and internationally.

#### **5.5 Approach to Innovation**

Given the long term nature and overall scale of the ambition, it will be important to ensure that the Garden Communities embed a forward thinking approach, including full and active consideration across new and innovative aspects of community life and place management. It will also be important to ensure that opportunities for innovation across the Garden Communities should support Garden City Principles and improves the quality of life for both new and existing residents.

Opportunities for innovation across the North Essex Garden Communities will be explored under three themes of ‘People; Place; & Operation’ to ensure they can accommodate and make full advantage of new and modern approaches that can add value. Opportunities could range from new forms of transport including accommodating future anticipated trends in movement, through to implementing the ‘Smart City’ agenda such as via technology and sensors to ensure the new places and associated utility infrastructure are run effectively and efficiently to achieve sustainability gains.

The approach will need to draw from the very best innovators from local, national and international realms. It will consider key opportunities and involve horizon scanning to ensure that NEGC Ltd is at the forefront of both thinking and implementation.

A key part of the approach will be the need to define the inter-relationships and pre-conditions needed to encourage and facilitate innovation across a variety of topics and themes and ensure these are embedded in the approach to related activity such as masterplanning and economic strategy development.

## 5.6 Approach to Legacy & Stewardship

The Garden Communities will be developed and managed in perpetuity with the direct involvement of their residents and businesses.

Residents will be directly engaged in the long-term management and stewardship, fostering a shared sense of ownership and identity. The legacy and stewardship approach will develop over many years, but from the outset will be planned to create the conditions needed to place people, community, identity and belonging at the heart of successful and healthy place making.

The development of community assets such as parks, allotments, community centres, other forms of communal space, schools, local centres and opportunities for formal and passive recreation will form guiding principles of the development.

An organisation, such as a community trust, Parish/Town Council or similar, could be set up and funded to maintain and develop community assets over the long term. The new community will be empowered from the start, secure community benefits in perpetuity and be provided with sufficient financial resources to deliver on this role. Although the approach to legacy and stewardship hasn't been settled yet, its remit might include:

- Provision and maintenance of parks, other open space & community assets;
- Generate revenue streams from endowments & community assets;
- Reinvest income for the benefit of the community;
- Advance public education, especially environmental awareness;
- Promote health and wellbeing, provide facilities for leisure and recreation; and
- Lead and coordinate local community development, including community events.

## 6. NEGC Ltd - Priorities & Deliverables for 2018/19

### 6.1 Operational Priorities for 2018/19

It is envisaged that the key operational priorities for NEGC Ltd during 2018/19 will be:

- Continuing to advocate and work with Government for the establishment of a locally led Development Corporation(s) in North Essex including the preparation of a Development Corporation operating structure and funding requirements for testing with Government.
- Undertaking some initial work with The Councils to prepare a mandate in support of a designation for a locally led Development Corporation in North Essex that is financed and supported by all NEGC directors and shareholders.
- Stepping up engagement with the existing and proposed new communities to give them a strong sense of ownership of the emerging new Garden Communities.
- Assisting The Councils with work required to progress their Local Plans including: additional infrastructure, delivery and phasing work; demonstrating the viability of the Garden Communities; and input into the Rapid Transit System work.
- Assisting in the creation of a North Essex Economic Strategy, and ensuring that it maximises the benefits to the Garden Communities.
- Preparing a costed Business Plan for approval by the Board by January 2019 (noting that this may need to be reviewed should a decision be made on whether to proceed with a locally led Development Corporation).
- Exploring the approach to secure an interest in land either via negotiation or compulsory purchase.
- Evolving the optimum approach to delivery including the corporate delivery and financing structure, exploring finance agreements with potential external funding and delivery partners.
- Engaging with Infrastructure and Utility providers to confirm anticipated infrastructure demand and how it may be provided (considering the benefit of public/private ownership options), over the proposed NEGC development period.

These priorities, along with the key Council dates, are set out in the table below:

NEGC Date	Council Date	Activity
July 2018	N/A	Development Corporation Regulations Laid in Parliament
Autumn 2018	N/A	Engagement on high level issues and opportunities with existing and proposed communities
September 2018	December 2018	Delivery of North Essex Economic Strategy
November 2018	December 2018 / January 2019	Development Corporation operating structure and funding requirements
January 2019	March 2019	Board to approve NEGC Ltd Full Business Plan with potential land deal(s)

Further detail on the sequencing of these milestones and the NEGC priorities is set out in **Appendix A** of this Business Plan.

Clearly, the creation of the Garden Communities is a long term programme. During the first few years of operation NEGC Ltd will be engaging and working with partners and local communities to further evolve the vision for the area, develop the forward strategy and agree longer term delivery plans.

## 6.2 Key Workstreams & Activities for 2018/19

It is envisaged that the operating structure will continue to be reviewed through 2018/19 and informed by a number of workstreams, to ensure that an appropriate approach is in place to deliver on the projects vision and objectives, and level of local ambition.

For NEGC Ltd to achieve the objectives, deliverables and targets set out in this document, there will need to be sufficient resources in place to take proposals forward.

Notwithstanding the above, key activities for each of the NEGC workstreams are set out below:

### 1. Development Corporation Mandate

The Councils agreed (through Cabinet resolutions in late 2017) that NEGC explores the potential for creating a locally led Development Corporation in North Essex. Since that time, NEGC has been helping and advising Government on amendments to the New Towns Act 1981 to facilitate locally led Development Corporations and how that might apply and benefit the North Essex Garden Communities programme. Government laid revised regulations in Parliament in July 2018. This now enables NEGC to develop an operating structure and funding requirements for a potential North Essex Development Corporation(s) and begin to work with The Councils to prepare a ‘mandate’ which will include a request for those powers to be devolved as part of any designation. The submission of this mandate would be subject to Section 1 of the Council’s Local Plans being found sound sometime during 2019.

During 2018/19 NEGC Ltd will:

- Develop an operating structure and funding requirements for a potential locally led Development Corporation in North Essex.
- Undertake some initial work on a draft Mandate for a potential Development Corporation in conjunction with The Councils.
- Continue to engage closely with Government to consider the scope and scale of Government involvement and support for a locally led Development Corporation in North Essex.

### 2. Business Strategy & Plan

This Interim Business Plan will act as a precursor to the preparation of a financed ‘long-term Business Plan’ as defined at Section 5.2 of the NEGC Shareholders Agreement.

During 2018/19 NEGC Ltd will:

- Work with The Councils to consider their ‘hard’ and ‘soft’ ambitions and wider objectives for the Garden Communities.
- Evolve the corporate delivery and financing structure to best achieve the aims and objectives of The Councils.
- Evolve outline business cases as necessary in relation to funding needs and financing proposals.
- Prepare a costed Long-Term Business Plan that will be submitted to the Board for approval in January 2019 and thereafter to The Councils for their approval.

### 3. Planning & Transport

- Undertaking Planning and Transport studies that assists The Councils with work required to progress their Local Plans including: additional infrastructure, delivery and phasing work; demonstrating the viability of the Garden Communities; and input into the Rapid Transit System work.

During 2018/19 NEGC Ltd will:

- Continue to provide assistance and advice to The Councils Local Plan teams in relation to the Local Plan (Section 1) process including the preparation of relevant key additional evidence and technical studies such as.
  - additional infrastructure, delivery and phasing work;
  - work to demonstrate the viability of the Garden Communities;
  - input into the Rapid Transit System work.

### 4. Infrastructure & Utilities

Extensive work has already been undertaken by Essex County Council working with Highways England on the route options for the A12 and A120 and also by all of four councils on the North Essex rapid transit proposals. It is envisaged that this work will be connected to the Planning and Transport workstream outlined above.

During 2018/19 NEGC Ltd will:

- Evolve demand and capacity studies for strategic on site infrastructure works, including opportunities to accelerate infrastructure delivery and benefit from Government funding initiatives.
- Continue to work with Essex County Council, Highways England, the Department for Transport, Government, and other relevant stakeholders to advocate for, and assist in, the delivery of the A12 and A120.
- Engage with Network Rail and other relevant stakeholders to consider and evolve wider infrastructure opportunities such as those presented in relation to access to the Greater Anglia network.

- Evolve the feasibility of the North Essex Rapid Transit System proposals in partnership with The Councils.
- Engage with utility providers to ensure their best co-operation and wherever possible the inclusion within their capital programmes of the relevant infrastructure demand from the proposed NEGC development.

## 5. Commercial Delivery

As part of the consideration of the locally lead Development Corporation, by both NEGC and The Councils, it will be necessary to consider the optimum approach to delivery, including the corporate delivery structure, funding options and sources to support the programme.

The delivery workstream will also need to consider whether commercial deals that meet the Development Corporation's objectives can be agreed with the existing landowners across the Garden Community sites or, alternatively, whether there is sufficient evidence to progress Compulsory Purchase Orders to gain control of the land once the Development Corporation is in place.

During 2018/19 NEGC Ltd will:

- Consider options for land control and securing appropriate infrastructure to enable a start on site within the required timescale.
- Fully investigate and identify the optimum approach to funding – both for short term revenue needs and longer-term infrastructure/land purchase.
- Fully assess the implications and opportunities offered via fully public sector funded route, including discussions with HMT, MHCLG and the HCA over their potential roles and potential for financial flexibilities.
- Identify and develop proposals for the financing and delivery of the development including infrastructure (e.g. master developer company) to ensure quality and deliver value for money.
- Investigate further the mechanism and opportunities presented by compulsory purchase powers.
- Investigate the potential for collaboration with partners in relation to cost synergies, for example the related commercial opportunities that the Garden Communities could bring to the 'peripherals' of the programme.

## 6. North Essex Economic Strategy

Work is currently underway and will continue throughout 2018/19 to develop an ambitious economic strategy for North Essex. This work involves NEGC, The Councils, the university, economic partnerships as well as other key economic stakeholders. This Strategy will aim to leverage economic growth from the Garden Communities for the benefit of North Essex as well as seeking to attract major employers to North Essex.

NEGC will play a pivotal role in the evolution and delivery of the North Essex Economic Strategy.

During the 2018/19 NEGC Ltd will:

- Work with The Councils and key partners to deliver the North Essex Economic Strategy, ensuring that it maximises the benefits of Garden Communities.
- Work closely with partner marketing and communications team to ensure that the North Essex Economic Strategy is communicated and ‘marketed’ both across the region, nationally and internationally.

## 7. Public Relations & Communications Strategy

As NEGC moves into facilitating the delivery of the Garden Communities, it requires an increase in its public relations and communications activity. This will be distinct and separate to The Councils engagement and consultation processes associated with the statutory Local Plan making process.

During 2018/19 NEGC Ltd will:

- Step up engagement with a programme to discuss high level issues and opportunities with the existing and proposed communities.
- Ensure that, the North Essex economic strategy is communicated and ‘marketed’ both across the region and internationally.
- Continue and advance the work already underway with partners and local communities to refresh the vision for the area and develop a strategy to market and deliver it.
- Continue to engage with the main areas of Government including MHCLG, Homes England, Department for Transport, Highways England and HM Treasury.
- Regularly brief and update all affected MPs on the Garden Communities.
- Engage in lobbying within Parliament, especially in relation to the Development Corporation proposal.

## 8. NEGC Company Matters

Work has been undertaken to enable NEGC Ltd to manage the key workstreams and activities. This work has investigated the potential for NEGC to undertake more of the processing for the financing and procurement activities utilising The Councils finance and procurement systems. This will remove the requirement for NEGC to have to rely exclusively on support from The Councils.

During the period, NEGC Ltd will:

- Create a suite of financial and contract policies to enable NEGC to operate and function more independently.
- Evolve and refine the in-house project management approach to include dedicated contract and budget management resources.
- Establish a NEGC company management structure.

### **6.3 Programme Timeline & Key Milestones**

This 2018/19 period reflects the current position of the NEGC Ltd as a relatively new organisation. Engagement with partners and stakeholders is underway in order to develop a longer term detailed plan. Future long term business plans will provide more detailed information on workstreams, activities, outputs, performance measures and outcomes.

## 7. Programme Management

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### 7.1 Operating Model

For NEGC to achieve the objectives, deliverables and targets set out in this document, there will need to be sufficient structures and staff resources in place to take proposals forward.

The NEGC operating model is based on a small core team which has responsibilities for:

- Project leadership and vision.
- Business strategy and structure.
- Programme and project management, including the coordination of workstreams and commissioned work.
- Concept development through the evolution of site specific masterplans.
- Planning for infrastructure, identifying and lobbying for funding.
- Evolving the economic strategy and exploring opportunities for innovation.
- Community outreach and engagement to make resources available to local Parish Councils and interest groups to help engagement in the process.
- Communications, engagement and marketing to ensure proposals evolve with local community involvement and are understood by wider audiences.

The operating structure will become more self-sufficient as time goes on but will continue where appropriate to draw on the support of a range of specialists across the other partners, including on planning, legal and financial officers within each of The Councils. A service level agreement will be put in place to provide support services for NEGC such as accommodation, ICT, human resources and payroll. Other specialist services like Planning, Engineering, Architects, Strategic Finance, Tax, Commercial Delivery, and Property Agents will be provided by external consultants.

### 7.2 Staffing Structure

The team scope and remit will evolve and expand considerably over the first few years as the locally led development corporation structure and individual project vehicles require more detailed support in terms of design and planning, including the need for multi-disciplinary technical inputs.

During the course of 2018/19, the current staff team at NEGC Ltd is likely to remain in place and be supplemented by specific experts, either employed as contractors or through consultancy contracts:

- Employees: Group Managing Director (currently directly employed by NEGC Ltd); Head of Programme; Programme Manager; Communications Manager; Delivery Team Administrator (currently employed by Colchester Borough Council and seconded to NEGC Ltd).
- Expert contractors<sup>1</sup>: Commercial; Procurement; MMC/Construction; Finance; Engagement & Marketing.

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<sup>1</sup> Rates commensurate to Living Wage levels.

- Consultants: Economic Strategy; Delivery & Financial; Tax; Planning & Property; Legal; Land & Valuation; Masterplanning & Transport; PR & Communications; Company Secretary.

### 7.3 Governance

The NEGC Ltd Board oversees and provides strategic direction to the overall programme.

The day-to-day working of NEGC Ltd will be overseen by the company's Group Managing Director and supported by a dedicated Programme Delivery Team who will coordinate all work and programme-related activity, including overall project programming and budget management.

The work of the core NEGC team will also involve some close joint working with a range of internal and external stakeholders, including officers from The Councils across a number of key areas.

The Programme workstreams will focus on the following specific areas:

- **Planning & Infrastructure:** to advance masterplanning and project infrastructure requirements and dependencies.
- **Commercial & Delivery:** to evolve the commercial delivery and land model, financial analysis, legal and corporate financing and tax considerations, including input to the evolution of associated Business Cases.
- **Economic & Engagement:** to evolve the economic strategy and manage programme-wide external engagement, communications and public relations activity.

It is anticipated that Task & Finish groups will be set up, as appropriate, and will report into the workstreams to take forward specific pieces of work. Other cross cutting related activity, such as Innovation and Legacy/Stewardship, will be integrated into this workstream structure. An overarching Steering Group will oversee and monitor the work across the workstreams, including the budget, on behalf of the NEGC Board. This will be led by the Group Managing Director of NEGC Ltd and comprise of Senior Officers from The Councils, together with key staff in NEGC Ltd and external stakeholders, including representatives from Homes England.

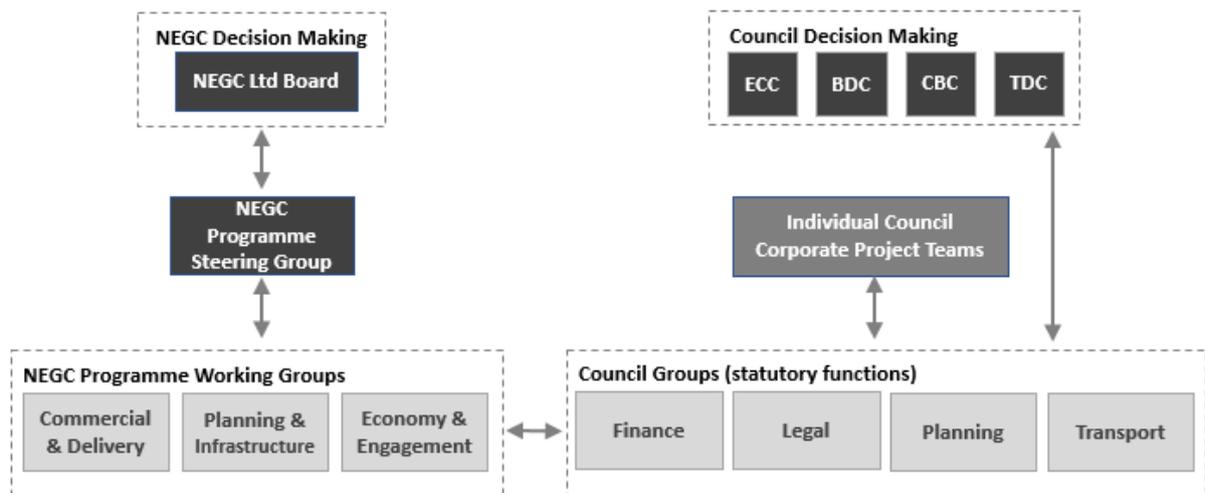
Additionally, a number of specialist Groups formed by the Council leads on key statutory functions will also be in place to ensure there is close working between the NEGC programme and the wider statutory functions of The Councils. This approach will ensure there is distinction between the operational activities of NEGC Ltd, such as in relation to the evolution of land use proposals and its business model, and the statutory functions/duties and wider roles of The Councils. The statutory function groups will enable close communication, regular structured liaison and effective joint working between NEGC Ltd and The Councils across the following themes:

- **Finance:** to establish regular liaison between the programme and Council finance representatives (s151 Officers).
- **Legal:** to establish regular liaison between the programme and Council legal representatives (Monitoring Officers).
- **Planning:** to consider the approach alongside statutory planning functions of The Councils with respect to plan making and development management.

- **Transport:** to consider the approach alongside statutory transport functions and initiatives.

Each Council will also draw together specific inputs to the programme via internal project groups to ensure coordination across separate Council officers who are working with NEGC Ltd.

Figure 7.1: Workstreams & Governance



## **8. Finance**

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### **8.1 Overview**

The project to date has been supported through a combination of MHCLG capacity funding (grant) and equal contributions from the four Councils. It is however also clear that The Councils are working within a climate of reducing general financial support, revenue pressures and the need to find savings.

As set out in this document, taking the programme forward during 2018/19 is resource intensive as the workload steps up to fund all necessary technical and design work to progress the Local Plan (Section 1) process and to develop a locally led development corporation proposition including bringing the schemes to delivery ready status. As such, 2018/19 is a year of transition towards the establishment of a locally led development corporation in North Essex. It should be noted that whilst this Interim Business Plan reflects the work that needs to be done by NEGC Ltd during 2018/19, The Councils will separately directly fund work associated with the Local Plan process and documentation.

### **8.2 2018/19 Budget**

Appendix C sets out the budget for 2018/19 by workstream. The expenditure is be funded by a mix of Councils and Government funding. A request has been submitted to Government (specifically the MHCLG Garden Towns Villages Fund) by NEGC Ltd on behalf of all of The Councils for £1.035m capacity funding for 2018/19 to support both the Pre-Development Corporation and Development Corporation activities contained in the budget. The MHCLG Garden Towns Villages fund exists to support local authorities develop Garden Community proposals for their areas and has already provided £2.19m funding to the project. North Essex is the largest project in that programme. The Government funding is expected to be confirmed during Autumn 2018 and if this was not forthcoming then activities will need to be stopped or substantially scaled back from the end of December 2018. Further detail on the budget can be found at Appendix C of this Plan. The progress of the activity to deliver the Interim Business Plan, together with a reconciliation of spend against budget, will be monitored monthly via a programme report and presented as a standing item at future NEGC Ltd Board meetings.

## 9. Risk

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### 9.1 Overview

To support the successful delivery of the NEGC Programme, the Programme Team maintains a high level Strategic Risk Register for the NEGC Ltd Board.

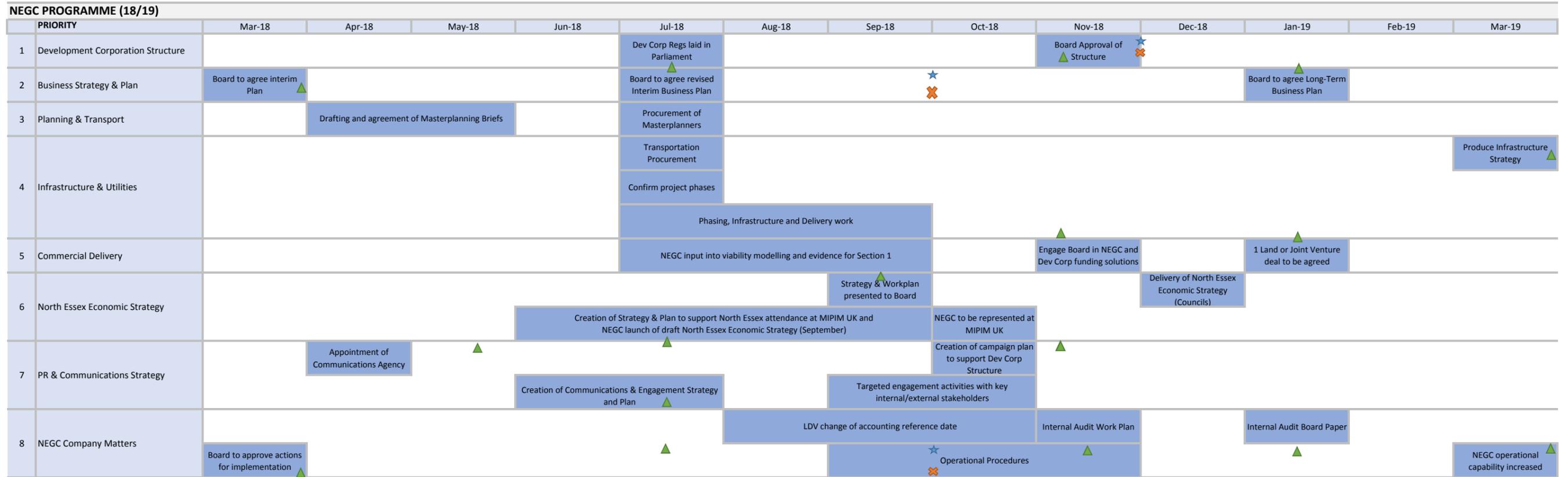
The Strategic Risk Register focuses on the key risks the Board have identified as the most significant areas that need to be monitored and reported to them on a regular basis. These risks are set out in accordance with the Treasury Green Book approach to risk appraisal and are categorised as follows:

- Strategic;
- Economic;
- Commercial;
- Financial Case; and
- Management.

The Register uses a RAG (red, amber, green) rating system to highlight the total score of the recommended probability and impact of these strategic risks and also details the mitigation that has been put in place to manage these concerns. The programme's workstreams have contributed to the validity of these ratings to ensure they reflect the current position.

These key risks will continue to be monitored and updated as the programme progresses and will reflect the impact of the key workstreams and activities of NEGC Ltd. Any changes to the status of each of the risks will be reported to the Board in a timely fashion, as appropriate.

**APPENDIX A: NEGC PRIORITIES AND MILESTONES**



**KEY**

- ★ Full Council
- ✘ Cabinet
- Local Plan Committees
- ▲ NEGC Board

## APPENDIX B: RATIONALE AND STRATEGIC BUSINESS CASE CONTEXT

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This Appendix sets out information pertaining to several key components of the ‘Strategic Outline Case’ as per the HM Treasury Green Book and forms the basis of subsequent work in 2018/19 which will feed into the development of the ‘Outline Business Case/s’.

### **The Rationale: Key Issues – Opportunities and Challenges**

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 infrastructure for the benefit of existing and new communities.

Future growth at scale across North Essex will need to address a number of key issues. It will be challenging and require a robust response to ensure proposals come forward that can meet the overall scale of ambition, vision and a clear set of defined local objectives. Sustainable development principles will be at the core of the strategic area’s response to its growth needs, balancing social, economic and environmental issues.

The future response will need to address the following key components.

### **Meeting the need for new housing**

The North Essex authorities are committed to plan positively for new homes and to significantly boost the supply of housing to meet the needs of the area. To meet the requirements of national policy to establish the number and type of new homes, the authorities commissioned an Objectively Assessed Housing Need Study.

The study has identified the objectively assessed need across the Housing Market Area (which includes Braintree, Colchester, Tendring and Chelmsford) and sets a challenging context to The Councils in needing to plan positively for future growth in a sensible and sustainable manner.

The Councils are also taking a long-term approach to ensure that new development can be planned in a thorough and holistic way to set the basis for future growth and infrastructure planning across North Essex for many years into the future. This in turn helps to consider and define appropriate strategic infrastructure needs in response to the overall scale of growth.

### **Providing for Employment**

A key objective for the area is to strengthen and diversify local economies to provide the capacity and opportunity to enhance and diversify local employment; and to achieve a better balance between the location of jobs and housing, which will reduce the need to travel and promote sustainable growth.

Braintree District’s employment is relatively focused on industrial-type sectors, including construction and manufacturing. London Stansted airport plays a significant role in not only employing residents of the District, but through the indirect economic benefits associated with proximity with such a large employment hub. Retail is the second largest sector by employment and plays an important role in sustaining the District’s three key town centres. The financial and insurance sector, where Braintree District traditionally has a relatively small proportion of employment, has seen some strong employment growth in recent years.

Colchester is the dominant town within the Essex Haven Gateway and will accommodate much of the future growth in the sub-region. It is one of the UK's fastest growing towns and has developed a strong economy, linked to the town's historic character, cultural activities, and its university.

Tendring District has a diverse economy with local employment across a range of activities. Health, retail and education are the largest sectors in terms of the number of jobs and together represent 45% of the District's total employment.

The employment offer will need to provide new opportunities, taking care to ensure that these supplement and complement existing employment areas, settlement hierarchies, and the role and function of existing centres of activity.

### **Infrastructure and Connectivity**

A growing economy requires good accessibility and has impacts on travel demand. The challenge is to provide a sustainable transport system, while providing good access to jobs and services, to support economic growth.

The new Garden Communities will need to be supported by appropriate transport infrastructure. Braintree, Colchester and Tendring will continue to work closely with Essex County Council, Highways England, and other partners to improve roads and public transport and to promote cycling and walking, and to better integrate all forms of transport.

The A12 is set to have major improvements as part of the Government's Roads Investment Strategy (2015-2020) (RIS), with the aim of improving capacity and relieving congestion. The plans were announced in December 2014 and will represent the largest investment in road infrastructure received by Essex.

The A120 is a key east-west corridor across Essex providing access to London Stansted Airport in the west to Harwich Port in the east and serving the economies of Colchester, Tendring and Braintree, with links to Chelmsford via the A130. The road is dualled between the M11 and Braintree, but the section from Braintree to the junction of the A120/A12 is of a low standard with heavy congestion, high accident risk and poor journey reliability. Highways England and Essex County Council are working together to study options for dualling the A120 between Braintree and A12 junction, with the County Council taking the lead.

The aim is to ensure that the work on both the A12 and A120 are directly linked and informed by the planned growth across North Essex through partnership working between all parties. In addition, such projects are essential in enabling planned growth to come forward supported by the necessary strategic infrastructure. The scale of new development envisaged will also need to deliver public transport improvements, including improved rail infrastructure and potential for rapid transit services.

The rail network is heavily used by passenger trains and through freight from the Haven Ports. The Great Eastern Main Line provides services to London Liverpool Street. The Anglia Route Study shows that while capacity varies along the line, capacity to accommodate growth is limited and is particularly constrained in peak times from Chelmsford to London. Improvements are required along the line to accommodate growth and provide a faster more competitive service across the region. A package of improvements will be necessary to respond to the need for increased capacity, which are seen as priorities to enable growth, improve services and journey reliability.

### *Promoting sustainable transport opportunities*

Alternative forms of transport to the private car (walking, cycling and public transport including rapid transit) to travel will be key to managing congestion and to accommodating sustainable growth. By promoting travel by sustainable modes there are wider benefits to local people such as personal health, less pollution and using less resources (including land), and they are cost effective.

The levels of growth will require proactive travel planning and management. Travel planning and smarter choices initiatives will be promoted to ensure that all residents have good access to local jobs, services and facilities, preferably by either walking or cycling. For longer trips and in rural areas where there are fewer local services and employment opportunities, public transport will be promoted.

### *Education and Healthcare*

New development must provide for the educational needs of new communities. A range of educational opportunities will need to be addressed as part of a sustainable growth strategy, including practical vocational training and apprenticeships.

NEGC will need to work with the NHS and key local health providers to ensure the provision of healthcare facilities to support new and growing communities. This will be particularly important given the ageing profile of existing and future residents. There is already a need for more and better quality health care facilities across the region.

### *Broadband*

High quality communications infrastructure is crucial for sustainable growth. The availability of high speed and reliable broadband is a key factor in unlocking new development opportunities and ensuring that people can access services online and work from home. Fast broadband connections and telecommunications are an increasingly important requirement to serve all development. The priority is to secure the earliest availability for universal broadband coverage and fastest connection speeds for all existing and new developments.

## **Creating Quality Places**

New development must reflect high standards of urban and architectural design. It must also be functional and viable. The new Garden Communities will be planned carefully with the use of masterplans and design codes, and potentially independent design panels, to further evolve the approach set out in Local Plans and emerging Concept Frameworks.

This requirement for high design standards will apply to public and private buildings across all scales of development as well as to infrastructure projects. Enhancements to the public realm, landscaping measures and attention to architectural detail will be important features that the authorities will wish to see included in new developments.

At new Garden Communities, there will be a particularly strong emphasis on strategic scale and local green infrastructure, creating a strong natural environment for living, working and leisure whilst also making a vital contribution to quality of place, biodiversity and health outcomes.

## **The Councils Response: Spatial Planning for North Essex**

Local authorities are required to set out the strategic priorities for the area and be ultimately responsible for ensuring such plans come to fruition. The Councils through Local Plans, a North Essex Garden Communities Charter, and Prospectus have come together to establish a strategic context which establishes the case for change and starts to inform a potential way forward.

The approach is being evolved to enable a joined up and effective approach that can:

- Deliver the homes and jobs needed in the area over the long term;
- Secure the provision of infrastructure for transport and telecommunications, education, health, community and cultural infrastructure; and
- Ensure the creation of quality places including the conservation and enhancement of the natural and historic environment, including landscape, together with an affective long term approach to effective local stewardship.

Braintree, Colchester and Tendring have all been evolving new Local Plans which have been brought forward through separate decision-making structures within the respective Councils. Alongside this and in accordance with the Duty to Cooperate, The Councils have worked closely to plan effectively for the long term.

The Local Plan making processes have considered the most appropriate spatial approach to future development, including formal consideration and consultation on initial issues & options, and identification and consultation on preferred options, leading to the proposed joint approach being agreed and submitted to the Planning Inspectorate for examination.

The approach has evolved into the consideration of cross boundary strategic matters (including the potential location of 3 proposed Garden Communities) through a joint “Part 1” component of the plan, together with separate “Part 2” components which address local matters for each separate Council. The Plans are accompanied by a broad evidence base which has informed decision making, have included formal stages of public and stakeholder consultation and strategic environment assessment, which included evaluation of potential alternatives.

The vision for North Essex at a strategic level has been set out by the local planning authorities within Part 1 of the Preferred Option Local Plans. This addresses both an agreed joint spatial 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.

### **Corporate Consideration of the Delivery Approach**

The Local Plans have been brought forward through respective plan making committees and decision making structures, which has considered the spatial approach and evidence underpinning the consideration of options leading to a preferred spatial scenario including the 3 proposed Garden Communities.

Cabinet Meetings for each of the Councils in January/February 2016 specifically considered the progress of joint work relating to Local Plans, with specific reference to the potential for cross-boundary sites to come forward, and the Councils role in their further consideration and potential delivery.

The Councils agreed to formalise the joint working into a joint working governance structure including representation on a Shadow Joint Delivery Board, project Steering Group and topic based working group structures. Initial advice had been provided in respect of potential delivery options and implications, and further advice was to be commissioned. The Shadow Delivery Board was established to provide overall direction in respect of the project and an appropriate delivery structure should the partners decide to progress with strategic cross boundary Garden Communities, subject to the plan-making process.

At the meetings, The Councils agreed to the continued joint working and further consideration of proposals including scope to take an active role in the development and construction of the new proposal Garden Communities. Following this the Council committed resources both in relation to officer time and a financial contribution to support the joint work alongside grant funding secured from the Department for Communities and Local Government to support the evolution of further feasibility studies.

Reports were subsequently brought back to respective Council Cabinets in November/December 2016 to seek approval for The Councils 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 and establish further companies (Local Delivery Vehicles (LDVs) for each proposed garden community. The Councils were asked to give in principle agreement to provide proportionate funding to enable the initiative to proceed.

Further papers were considered at Council Cabinet meetings in August/September 2017 which provided an update on the general approach, and secured endorsement to promote the positioning of NEGC Ltd with respect to the potential establishment of a single new locally led development corporation, as well as support to the principle of using compulsory purchase orders to secure control of land if voluntary agreements could not be achieved in a reasonable time. The Councils committed further revenue contributions to continue working on the initiative.

Importantly, the decisions made clear that the corporate decision relating to delivery did not commit any council to allocate any sites within the Local Plan, as this has been subject to separate decision-making processes in accordance with the statutory requirements and material considerations at the relevant time.

## **The Commercial Case & Options Considered**

The Councils have considered a wide range of alternative delivery mechanisms and structures.

The principal alternative options would be to allow for the development of the settlements, namely:

1. by the private sector under traditional approaches to such development;
2. via some form of public/private partnership/joint venture; or
3. via a public sector led delivery structure.

Current and past experience provides evidence of the difficulty of relying upon a solely private sector approach, and weaknesses in relying purely on planning policy to secure suitable outcomes. Multiple issues have hindered the progress of such large-scale sites, be it due to the nature of land promoters/developers, their ability to deliver and raise suitable finance, and often a reliance on the public sector to ultimately intervene and/or provide some form of funding support. In addition, planning policy can be open to interpretation and a degree of flexibility, most notably in respect of viability concerns, meaning that full policy objectives have potential to not be achieved.

Given the level of local policy and place-making ambition and choice that has been made to bring forward schemes along true ‘Garden City’ principles, their scale and timescale of delivery, complexity and landownership position of the sites being considered, it was considered that neither private sector led or joint public/private approaches (whereby the private sector retains a controlling stake) would offer the same level of confidence that over a development programme of 30 years that the garden community objectives would be met throughout different economic cycles.

The approach has therefore focussed on adopting a positive and proactive public sector leadership role from the outset, with a strong planning policy basis and direct role in delivery. This was considered to offer sufficient certainty about ambition and eventual delivery.

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.

It was originally envisaged that land would be acquired via the LDV’s in the governance structure created by The Councils and through successful negotiations with existing landowners, or via a CPO made by the planning authorities if necessary. Negotiations have as yet not been able to conclude to a satisfactory outcome.

Changes to the law made by the Neighbourhood Planning Act 2017 has meant that the prospect of a New Town style, locally led Development Corporation (LLDC) with local accountability has emerged as a realistic option for the onward development of the project. Whilst this would change the currently formulated 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.

If a LLDC was created, the use of LLDC planning powers would be supported by land ownership to provide a stronger mechanism than traditional planning agreements or Community Infrastructure Levy (CIL) for the recovery of investment and a safeguard against opportunistic planning applications that are contrary to the agreed plans.

Initial consideration of the key issues indicated that speedy establishment of an LLDC could provide 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.

The project was reviewed by Lord Kerslake in January 2017, which identified a series of recommendations that have an influence over project resourcing, risk management and appropriate timescales. This has informed the approach. The proposals will enable the Council to have a significant role in ensuring that there is a sustainable environment with strong community facilities

including green spaces. This focus on a sustainable community with strong infrastructure will also include both education and health facilities which meet the needs of all sectors of the community.

Clearly within the proposals there is the potential for a significant investment by The Councils. This would need to be managed in such a way as to ensure that this is viable. The Council's will be looking at this as a long-term investment and therefore there may need to be careful consideration of the details of future funding agreements and their impacts on The Council's budgets, while also recognising affordability within budget envelopes.

Such matters will evolve further and be encapsulated into the progression of related Business Cases, prepared to align with HM Treasury Green Book approaches. This Interim Business Plan sets out information aligned to elements of the initial scoping and Strategic Outline Case stage of the process.

## **Working with Stakeholders**

The existing stakeholder picture is a complex one. NEGC is currently working together with The Councils, along with a number of statutory organisations and local business groups such as the Haven Gateway and South East Local Enterprise Partnership. In addition, the future delivery at the scale envisaged through the NEGC programme interfaces with the expansion plans for many key bodies such as the University of Essex, Stansted Airport, Harwich/Felixstowe ports, and the opportunity and ambition for economic growth as set out in the NEGC Prospectus.

The focus will need to be placed on NEGC having a key focus on delivery, distinct from the wider roles of the founding Councils. This refocussing will provide an opportunity for a wider discussion with key individuals / groups and an emphasis on aligning the work to achieve broader aims and objectives across the North Essex area.

Having a structured approach to stakeholder management will help to identify quick wins to progress or where there are stakeholder issues that may take longer to fix. It can also help to identify issues, where there are gaps in relationship management or where additional support is needed to facilitate new relationships.

An initial list of stakeholder groups is set out below. All will need to continue to be effectively engaged in the programme for it to be a success, and deliver on wider ambitions:

- Political (national/local MPs / Members / parish and town councils);
- Officials (key Government Departments and organisations, Civil Servants / Senior Officers);
- Local Interest & Pressure Groups (national/local);
- Social & Community Groups (local authority area);
- Business Groups (national/local);
- Education & Skills (sub region/local authority area);
- Health (sub region/local authority area);
- Statutory groups (Police/Fire, Transport, Utility, Environment, Heritage etc.);
- Housing & Construction sector (national/local);
- Economic (national/regional (LEPs & corridors)/local).

NEGC will need to continue to interface with key stakeholder groups so that joint initiatives can be progressed and delivered. To do this successfully, responsibilities need to be refined between the key partners and then allocated accordingly.

It is important to recognise that stakeholders directly (or indirectly) interface across a number of relationship owners. For example, they may have an interest in multiple issues or areas of control. Their influence may change over time. Stakeholders can ‘wear different hats’ for different scenarios and issues (and may behave differently with different situations or audiences). Continuing to be aware of these interfaces and multiple interests is important, plus knowledge of stakeholder networks and cross- connections will be key.

It will be important for NEGC to consider how it expands its existing engagement programme and continues to raise its profile in the future. Further detailed analysis, building on the work done to date, will be undertaken on comprehensive stakeholder mapping as part of a wider approach to publicity and & communications and as work on a North Essex Economic Strategy and site specific masterplans begin to take shape.

Stakeholders and relationships will change over time and any stakeholder analysis can only provide a snapshot in time. Therefore, it will be important to continue to regularly monitor and measure stakeholder views, interfaces and associated influencing factors.

**APPENDIX C: NEGC SHORT TERM BUDGET FORECAST 2018/19**

WORKSTREAM / BUDGET AREA	18-19				18-19
	Q1 Apr-Jun	Q2 Jul-Sept	Q3 Oct-Dec	Q4 Jan-Mar	
<b>Project Resource / Delivery Team</b>					
<b>Sub Total</b>	<b>188.0</b>	<b>163.5</b>	<b>169.5</b>	<b>167.5</b>	<b>688.5</b>
<b>Legal Support</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>18-19</b>
<b>Sub Total</b>	<b>75.0</b>	<b>90.0</b>	<b>80.0</b>	<b>85.0</b>	<b>330.0</b>
<b>Delivery Support</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>18-19</b>
<b>Sub Total</b>	<b>235.5</b>	<b>519.7</b>	<b>372.3</b>	<b>309.3</b>	<b>1,436.8</b>
<b>Planning</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>18-19</b>
<b>Sub Total</b>	<b>0.0</b>	<b>70.0</b>	<b>45.0</b>	<b>75.0</b>	<b>190.0</b>
<b>Community &amp; Communications</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>18-19</b>
<b>Sub Total</b>	<b>30.0</b>	<b>40.0</b>	<b>30.0</b>	<b>30.0</b>	<b>130.0</b>
Contingency @ 10% of original budget fixed at £253.4k	0.0	66.8	62.4	62.0	<b>191.2</b>
<b>Total All</b>	<b>528.5</b>	<b>950.0</b>	<b>759.2</b>	<b>728.8</b>	<b>2,966.5</b>
<i>Total Cumulative</i>	<i>528.5</i>	<i>1,478.4</i>	<i>2,237.7</i>	<i>2,966.5</i>	
<b>Total Funding Sources</b>	<b>All 18/19</b>				
MHCLG	1.035				
Local Authorities	500				



# Financial Regulations

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## **1. Introduction**

- 1.1. North Essex Garden Communities Ltd (the Company) is required by the Companies Act 2006 (as amended) to conduct its business efficiently and to ensure that it has sound financial management policies in place, which are strictly adhered to. Part of this process is the establishment of Financial Regulations, which set out the financial policies of the Company.
- 1.2. Financial Regulations provide clarity about the accountabilities of individual employees/contractors, the Group Managing Director (GMD), the Responsible Finance Officer (RFO) and the Board.
- 1.3. Employees should link the Financial Regulations with other documents which form part of the Company's Constitution, e.g. Articles and Shareholders Agreement.
- 1.4. These Financial Regulations may only be amended by approval of the Board which in turn requires resolution of its shareholders.
- 1.5. The RFO is responsible to the Board for the overall control of NEGC's financial affairs and the continuous provision of financial information.
- 1.6. The RFO is responsible for maintaining the integrity of the financial control systems of NEGC. He should be consulted, as required, over any proposed change to accounting and financial operations wherever they are performed.
- 1.7. As NEGC is formed of Braintree District Council (BDC), Tendring District Council (TDC), Essex County Council (ECC) and Colchester Borough Council (CBC), NEGC will make use of the existing policies and procedures from CBC as an interim arrangement until such time as NEGC's policies and procedures have been created and are formally approved by the NEGC Board and its shareholders.

## **2. Internal control**

- 2.1. The Board has ultimate responsibility for establishing proper systems of internal control, whether financial or otherwise. Day-to-day responsibility for internal control is delegated to the RFO who shall provide the Board with an annual statement of assurance that the appropriate controls are in place and working effectively.
- 2.2. The RFO is responsible for ensuring that appropriate and effective systems of internal assurance and control (including proper segregation of duties, where applicable) are established, monitored and maintained.

## **3. Budget preparation, monitoring and control**

- 3.1 Preparation of budgets for expected income and expenditure shall be co-ordinated by the RFO.

- 3.2 The budget is to be prepared in a form agreed by the Board in a manner that is consistent with the objectives of NEGC and its Long-Term Business Plan (or Interim Business Plan). When being considered by the Board, the annual budget should be accompanied by recommendations on its acceptability and its impact on overall finances.
- 3.3 The Board will consider and approve the annual budget no later than two months before the start of the financial year. Once approved by the Board and the Shareholders, the annual budget is to be used as the basis for authority to incur expenditure on individual headings up to the agreed levels and for comparisons between budgeted and actual results, until it is revised. To facilitate the Councils supporting NEGC, a high level budget will be tabled in October each year which will allow any financial requirements (of the Councils) to be incorporated into the timing of the LA partners budget setting process.
- 3.4 If, at the end of any financial period, the Budget for the next financial period has not been agreed by the Shareholders, NEGC will operate on the basis of the budget approved for the preceding year until such time the Budget for the next financial period has been approved by the Shareholders.
- 3.5 The GMD has authority to approve virements or transfers between budget headings, up to an amount of £50,000 or such other agreed amount as determined from time to time in consultation with the Chairman (up to a maximum of £100,000) or in consultation with the Board (above £100,000). Any such variations in budget headings initiated by the GMD or the Chairman shall be reported to the next meeting of the Board.
- 3.6 If during the financial year it becomes apparent that expenditure on a budget heading is likely to exceed the approved budget by an amount in excess of any allowable virement, the GMD, in consultation with the Chairman of the Board, will have authority to agree a budget virement or adjustment. Such an adjustment must be limited to a maximum of £100,000 and must be reported to the next meeting of the Board together with an indication of other areas of expenditure where compensatory savings could be made. The total approved budget for the year may not be exceeded without the approval of the Board and the Shareholders.
- 3.7 Nothing in these Financial Regulations will prevent GMD from incurring expenditure that is essential to meet any immediate needs created by an emergency, subject to such action being discussed beforehand with the Chairman of the Board whenever possible and being reported as soon as possible to the Board.
- 3.8 Inclusion of approved budgeted expenditure will constitute authority to incur such expenditure except where the Board has placed a condition on any item.
- 3.9 The RFO will present to the Board a quarterly report on the state of NEGC's finances and will report on the draft accounts of each financial year within one month of the financial year end and provide audited year-end accounts within three months of the year end.
- 3.10 The RFO will provide the Steering Committee with monthly reports as appropriate, of income and expenditure under each heading or approved budget and such other relevant information which is available; for example transaction listings..

## **4. Business Plan**

- 4.1 The GMD will ensure that a business plan covering a period of five years, in accordance with 5.2 of the Shareholders' Agreement, and related financial projections are prepared and are reviewed and updated at least annually before the start of each financial year. The financial projections should be based on the approved budget and incorporate suitable assumptions.
- 4.2 The RFO will arrange for sensitivity testing of the projections and assumptions by reference to key risks identified in the strategic risk analysis. The RFO will arrange for the business plan and projections to be independently audited periodically and if required by the Board, any lender/investor or the Regulator.
- 4.3 The financial projections, including sensitivity testing analysis, will be considered in detail by the Steering Group and Statutory Finance Group before recommendation for approval by the Board. The business plan will be considered by the Board before the start of each financial year. The RFO will prepare a suitable timetable and plan to allow for the budget, business plan and stress testing to be considered and approved appropriately.
- 4.4 The RFO will prepare quarterly monitoring reports of performance against the financial projections.

## **5. Accounting**

- 5.1 The RFO will provide guidance and training on the accounting principles and procedures to be used throughout NEGC by employees in all financial matters.
- 5.2 The RFO, subject to consideration and approval by the Board, will determine all accounting procedures and records of NEGC and its employees in accordance with the requirements of statutory agencies and regulatory authorities. Where appropriate, the RFO will seek guidance from NEGC's auditors or the Shareholders statutory finance officers.
- 5.3 All accounts and accounting records of NEGC shall be compiled under the direction of the RFO, who will be responsible for ensuring their accuracy.
- 5.4 The RFO will make sure that a proper segregation of duties exists between those employees responsible for collection of income or making payments and those employees responsible for providing information or examining and checking transactions relating to income or payments. As such, Contracts shall be signed by the GMD or in the GMD's absence, a NEGC Board member. Invoices will be authorised by the GMD and the NEGC Commercial Manager.

## **6. Audit requirements**

### **External audit**

- 6.1 The Board will appoint external auditors as required by company law and in a way consistent with the requirements of current guidance and codes of practice.
- 6.2 The Board will carry out an annual review of the auditors' performance before any recommendation that the Board reappoint the same auditors for a further period.
- 6.3 The RFO will arrange for the completion of external audits and will liaise with the external auditor. The timetable will make sure that draft accounts are considered by the Board before the Annual General Meeting, and that the financial statements are available for adoption at the Annual General Meeting, which will be held within six months of the end of the financial year.
- 6.4 The external auditors will be invited to present their annual final management letter to the Board and to discuss issues that have arisen during their work, including highlighting areas of concern and recommendations for improved efficiency and control.

### **Internal audit**

- 6.5 The Board has ultimate responsibility for ensuring that an adequate system of internal control is implemented for safeguarding the assets of NEGC. The Board will make sure that adequate and effective internal audit takes place for the governance, financial and operational systems employed in the effective delivery of services.
- 6.6 At the RFO's discretion, an internal audit function may be provided either by any of the Shareholders acting independently or together or procured from an external agency.
- 6.7 Internal and external audit services will not be provided by the same organisation.
- 6.8 The internal and external auditors have direct access to the Chair of the Board to ensure the independence of the audit functions. Similarly, the Chairman of the Board will have a right of access to internal audit where he/she considers this necessary.
- 6.9 Internal auditors shall have authority to:
  - enter at all reasonable times any of NEGC's premises or land
  - have access to all records, documents and correspondence relating to any financial and other transactions of NEGC
  - require and receive without delay such explanations as are necessary concerning any matter under examination
  - require any NEGC employee to produce cash, or any other property under their control.

## **7. Expenditure authorisations**

- 7.1 The Board has delegated authority for the authorisation of expenditure commitments and approving invoices for payment in line with the approved

budget to the GMD. The GMD may from time to time, issue specific delegated responsibilities to another NEGC Officer in accordance with the thresholds set in Appendix E hereto.

- 7.2 The purchase of land or property can only be enacted by the GMD, following approval by the Board.
- 7.3 The purchase of Contractors (Interim Resource) shall be capped at £700 per day up to a maximum of £50,000 per annum at the GMDs discretion. Any engagement valued at between £50,000 and £100,000 per annum will require approval by the Chairman or the Board (above £100,000 per annum).
- 7.4 The GMD may write off bad-debt up to a maximum of £5,000 at his sole discretion. Any bad-debt above £5,000 will however require consultation with the Chairman and Board approval before being considered obsolete and being duly removed from the NEGC accounts.

## **8. Contracts, Purchase orders and certificates**

- 8.1 Official contracts and purchase orders will be issued for all works, goods or services to be supplied to NEGC, except for supplies of public utility services, periodical payments such as rent or rates, petty cash purchases or sundry payments or such other exceptions as the GMD may approve.
- 8.2 Orders will only be raised where there is specific budget provision to cover the estimated cost of the order. The GMD has authority to approve virements or transfers between budget headings, up to an amount up to an amount of £50,000 or such other agreed amount as determined from time to time in consultation with the Chairman (up to a maximum of £100,000) or in consultation with the Board (above £100,000)..
- 8.3 The GMD has NEGC Board Authority to enter into and execute contracts on the NEGC Boards behalf as an authorised signatory and to manage their execution.

## **9. Purchasing cards**

- 9.1 The use of Purchasing cards is not currently permitted and NEGC will instead adopt Colchester Borough Council's Expenses Policy as and when appropriate.

## **10. Payments of accounts**

- 10.1 Each application for payment must be approved by both the GMD and the Commercial Manager Such certification may be in manuscript or by secure electronic authorisation by each employee.
- 10.2 The Commercial Manager is responsible in the application approval for ensuring that:

- the prices, extensions, calculations, trade discounts, other allowances, credits, tax and allocation (i.e. coding) are correct
  - the relevant expenditure has been properly incurred and is within the relevant budget provision
  - appropriate entries have been made and in inventories, store records or stock books as required
  - the account has not been previously passed for payment and is a proper liability of NEGC.
  - the invoice identifies the purchase order or contract certificate to which it relates (which should be marked off against that order)
- 10.3 The GMD is responsible in the application approval for ensuring that:
- the work, goods or services to which the account relates have been received, carried out, examined and approved
- 10.4 The Responsible Finance Officer is responsible for ensuring:
- the expenditure is charged to a financial budget code for which that employee has authority
  - the financial budget codes are correctly stated and appropriate for that expenditure
  - adequate budget remains for the expenditure.
- 10.5 Once accounts have been correctly certified and authorised, they will be processed through NEGC's payments system under the direction of the RFO. The RFO will be entitled to make such enquiries and to receive such information and explanation as he/she may require about any payment.
- 10.6 Incorrect invoices should be resolved with the supplier by the Commercial Officer and either returned for amendment or appropriate credit agreed.
- 10.7 Each Budget Holder that has been delegated authority by the GMD to manage one or more Budget Headings shall, as soon as possible after the financial year end in each year, agree with the RFO any outstanding expenditure in relation to the previous financial year.
- 10.8 Apart from petty cash and other payment from advance accounts, the normal method of payment of money due from NEGC shall be by cheque or electronic transfer drawn on NEGC bank accounts and signed and approved by signatories duly authorised by the Board for the NEGC bank accounts.
- 10.9 The general rule is that invoices are paid within 30 days of receipt or subject to variations as agreed with the individual supplier of goods and services. NEGC will be sensitive to the needs of small local traders in particular.

## **11. Employment status of suppliers**

- 11.1 It is necessary to consider the circumstances of each supplier and determine whether that supplier should be treated as self-employed or as an employee of NEGC. The nature and amount of work that a supplier, typically a sole trader or small unincorporated business, carries out for NEGC can mean that they should be treated as employees of NEGC and taxed accordingly.

- 11.2 An assessment of employment status must be completed for all suppliers before first payment is made. The assessment should be completed by the RFO. The assessment checklist describes features that may indicate self-employed status and the decision will be a balanced judgement based on the evidence collected. Completed assessments will be retained.
- 11.3 Assessments of unincorporated organisations/suppliers that have been assessed as self-employed should be reviewed annually to make sure that this judgement remains appropriate.
- 11.4 If the assessment indicated that a supplier ought to be considered as an employee then the supplier should be informed of the assessment and either invited to become an employee or required to withdraw as a supplier.

## **12. Salaries, wages and pensions**

- 12.1 NEGC pay levels (excluding the GMD) will be consistent with market principles and be kept under review by the GMD
- 12.2 Items to be included in pay (including variable hours, overtime etc.) must be authorised by the GMD. In terms of the GMD remuneration will be set by the NEGC Board.
- 12.3 Employees of NEGC Ltd will be paid on the 28th of each month or, if this is not a banking day, on the immediately preceding banking day. Payments will be made under arrangements approved and controlled by the RFO. Payments will be made by bank transfer to the employee's nominated account unless otherwise agreed by the RFO in exceptional circumstances.

## **13. Travel and business expenses**

- 13.1 All claims for payment of business expenses, travelling and incidental expenses will be approved by the GMD or may be approved by Commercial Manager up to the value of £250. All expense/petty cash claims for payment of travel/business expenses must be in accordance with the NEGC Travel and Expenses Policy.

Expenses claimed on behalf of the GMD may only be authorised for payment by the Chairman of the Board.

- 13.2 All claims for a financial year are to be submitted within one month of the financial year-end.
- 13.3 Employees' claims submitted more than three months after the expenses were incurred will be paid only with the approval of the RFO.

## **14. Income**

- 14.1 The collection of all money due to NEGC will be under the supervision of the RFO.

- 14.2 All employees are responsible for providing the RFO with such information concerning work done, goods supplied or services rendered – including contracts, leases and other agreements – to enable the determination of income due to NEGC.
- 14.3 The RFO will ensure that income due to NEGC is pursued and that all reasonable efforts are made for full recovery.
- 14.4 All money received by employees of NEGC will, without delay, be paid to the RFO or as directed into NEGC bank account. No deduction will be made from the income without authority of the RFO.
- 14.5 No amount can be written off unless all practical procedures for recovery have been tried.

## **15. Fixed assets**

### **Asset Register**

- 15.1 The GMD and Responsible Finance Officer will be responsible for maintaining a fixed asset register for all items above £500, recording an adequate description of furniture, fittings and equipment, plant and machinery and other equipment owned by NEGC.
- 15.2 NEGC's property will not be removed other than in the ordinary course of business.
- 15.3 Employees responsible for individual assets shall ensure that property and equipment is maintained in good working order.

### **Asset and Liabilities Register**

- 15.4 An Asset and Liabilities Register is to be maintained by the RFO.
- 15.5 This will maintain a register of documents, for example, deeds, which will incorporate a record of the location of individual documents.

### **Disposals**

- 15.6 Any fixed asset owned by NEGC may be disposed of or scrapped by the RFO, where he/ she is satisfied that that asset has exceeded its useful economic life or is no longer required for the continuing business.
- 15.7 Where an asset is disposed, the RFO must obtain its current value before agreeing any disposal and must obtain the best value available.
- 15.8 Losses written off as a result of disposal of assets will be reported to the next meeting of the Board.
- 15.9 The RFO will ensure that the Asset Register is updated accordingly.

- 15.10 The RFO is responsible for ensuring that no confidential information is left on the item to be disposed.

## **16. Control of stocks**

- 16.1 If a stock of any item is kept the RFO will ensure that there are proper procedures for the issue and control of the stock, including carrying out regular stock takes.
- 16.2 If a loss arises as a result of a stock take or other stock adjustment, the GMD has delegated authority to write off such losses. Such write offs will be reported to the next meeting of the Board.
- 16.3 All amounts written off must be recorded in the Register of Losses held by the RFO.

## **17. Investments and borrowings**

- 17.1 It is essential that NEGC's investments and borrowing are properly and professionally managed, and to this end NEGC Ltd will follow CIPFA's Treasury Management in the Public Services – Code of Practice and Cross Sectorial Guidance Notes.
- 17.2 A Treasury Management Policy and an annual treasury strategy will be agreed by the Board and the Shareholders, and thereafter its implementation and monitoring will be delegated to the RFO.
- 17.3 All investments of money under its control will be made in the name of NEGC.
- 17.4 All securities which are the property of (or in the name of) NEGC will be held in the custody of NEGC's bankers or custody agents, as appropriate, except where held by a lending authority.
- 17.5 All borrowings will be within the limits authorised and will be effected in the name of NEGC.
- 17.6 The RFO will maintain adequate records of all borrowings of money by NEGC.
- 17.7 The RFO will report to the Board no less than twice in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers that have been delegated.
- 17.8 The RFO will present an annual report to the Board on treasury management within three months of the financial year end.

## **18. Banking**

- 18.1 Bank accounts will only be opened with the approval of the Board. All arrangements with NEGC bankers will be made by the RFO who shall be authorised to operate such bank accounts.

- 18.2 Payments from NEGC's bank accounts can only be made upon the authority of two authorised signatories. Authorised signatories for the issue of cheques and giving of other instructions will be as approved by the Board from time to time.
- 18.3 All blank cheques and cheque books will be ordered only on the authority of the RFO, who will make sure that proper arrangements are made for their safe custody.

## **19. Control of cash**

- 19.1 The RFO will be responsible for maintaining a petty cash float or floats for the reimbursement of minor items of expenditure up to £30 for each item.
- 19.2 The amount of petty cash imprests will be determined by the RFO from time to time.
- 19.3 Receipted vouchers (which should include a VAT registration number) will be needed to support the petty cash forms,
- 19.4 The petty cash float will be agreed at the end of each month and be kept locked in a secure place.

## **20. Insurances**

- 20.1 The RFO will be responsible for procuring and administering all insurances for NEGC, which will be arranged following the approval of the Board. The RFO will be responsible for determining the procedures for the reporting, recording and recovery of insured losses.
- 20.2 Employees must immediately notify the RFO in accordance with the appropriate procedure, of any loss, liability or damage or any event likely to lead to a claim (informing the Police where appropriate unless otherwise directed).
- 20.3 The RFO will be responsible for arranging, no less than annually, a review of all insurance cover and reporting on that review to the Board.
- 20.4 Employees must agree the terms of any indemnity which NEGC is requested to give with the RFO.

## **21. Taxation**

- 21.1 The RFO is responsible for submitting all statutory and other returns to HM Revenue & Customs relating to VAT and other taxation matters, and for obtaining and giving advice and guidance to employees on taxation matters.

## **22. Security procedures**

- 22.1 The RFO is responsible for ensuring that proper security arrangements are maintained at all times for buildings, stocks, furniture, equipment, cash, books and records, and so on.

- 22.2 Every employee has a responsibility to consult the RFO in any case where security is thought to be defective or where special security arrangements may be needed.
- 22.3 The RFO will agree the maximum limits for any cash held, which will not be exceeded without authorisation. All cash held will comply with the limits and other requirements for the time being of NEGC insurers.
- 22.4 Keys to safes or similar containers should be carried by the authorised employee(s) at all times. Loss of any such keys should be reported to the RFO immediately. Duplicate keys will only be issued in exceptional circumstances on satisfaction that all reasonable efforts have been made to recover lost keys. No keys should be marked in such a way as to make them identifiable to any person who is not authorised to hold that key.
- 22.5 The RFO will make sure that suitable arrangements are in place for back-up usage of computer facilities in the event of a serious malfunction.
- 22.6 The RFO will ensure that NEGC is registered with the Information Commissioner under the Data Protection Act 1998 or any other legislation as from time to time enacted

### **23. Retention of documents**

- 23.1 The RFO is responsible for ensuring that all financial and other records are retained for such periods as are required by HMRC and Companies House,

## Appendix A – Definitions

In case of conflict between the Financial Regulations and the Shareholders Agreement and the Articles of Association, the order of precedence shall be:-

1. Shareholders Agreement
2. Articles of Association
3. Financial Regulations
4. Other policies as required in clause 1.8

In these Financial Regulations reference to:

**Amendment:** These financial rules may not be amended, change, altered, waived or, save as provided for in Regulation 3.8, without the consent of the NEGC Board.

**Articles of Association** means the NEGC **Articles of Association** dated/signed 30<sup>th</sup> January 2017.

**The Board** means the full Board of North Essex Garden Communities Limited or any committee of the Board or individual Board Member that the full Board has duly authorised to act for it in the matter under consideration.

**The NEGC Budget Headings** include the following sections, as approved by the Board:

- Development Corporation Mandate
- Business Strategy and Plan
- Masterplanning
- Infrastructure & Utilities
- Commercial delivery
- North Essex Economic Strategy
- Public Relations & Communications Strategy
- NEGC Company Matters

**The NEGC Budget categories** that apply within each of the Budget Headings include the following sections, as approved by the Board:

- Project Resource / Delivery Team
- Legal Support
- Delivery Support
- Planning
- Community & Communications
- Contingency

**The Council/s** refers to either Braintree District Council (BDC), Essex County Council (ECC), Tendring District Council (TDC) and/or Colchester Borough Council (CBC).

**Commercial Manager (CM)** means the NEGC Commercial Manager or alternate employee as nominated by the GMD, to hold this area of responsibility

**Director** means a Director of the Company from time to time

**Group** means NEGC and its subsidiaries from time to time.

**Group Managing Director (GMD)** means the NEGC Group Managing Director, appointed by the Board from time to time.

**NEGC** means North Essex Garden Communities Ltd;

**NEGC Officer** means any employee or consultant of NEGC

**Responsible Finance Officer (RFO)** means the NEGC Finance officer, appointed to enable the GMD to manage the financial controls effectively; or in the absence of such an appointment, a nominated Council officer appointed by the Board from time to time.

**Shareholders Agreement** means the Shareholders agreement dated/signed 30<sup>th</sup> January 2017

## Appendix B - Document Control Sheet

<b>Title:</b>	Financial Regulations		
<b>Electronic File Name &amp; location:</b>	NEGC Financial Regulation Sept 2018 v1.11		
<b>Consultation with stakeholders:</b>	Monitoring Officers and section 151 officers from (i) Braintree District Council (BDC), (ii) Essex County Council (ECC), (iii) Tendring District Council (TDC) and (iv) Colchester Borough Council (CBC).		
<b>Approved:</b>	NEGC Board, May 2018		
<b>Circulation Date:</b>	September 2018	<b>Implementation Date:</b>	November/December 2018
<b>Circulation method:</b>	Email		
<b>Next Review date:</b>	TBA		
<b>Equality Impact Assessment:</b>	N/A		

### Document amendment history

Version	Type (new/major revisions/minor revisions)	Date	Brief Description of changes
1.10	New	May 2018	Original Document
1.11	Minor revision	Sept 2018	Paragraph 3.3 amended to bring in line with NEGC Ltd Articles of Association & Shareholders Agreement

## Appendix C – NEGC Financial Limits / Delegations

The GMD may formally delegate financial authority from time to time, in agreement with the Chairman and / or the Board; where the Chairman's authority is exceeded.

In so doing, formally in writing, the following contract / order thresholds must not be exceeded:

Role	Maximum Financial Authority
NEGC Officer	£1,000 per transaction
NEGC RFO	£5,000 per transaction
NEGC CM	£10,000 per transaction
NEGC GMD	£50,000 per transaction
NEGC Chairman	£100,000 per transaction
NEGC Board	£500,000 per transaction
NEGC Shareholders	Above £500,000 per transaction

### Locally Led New Towns (Development Corporation) (“LLNTDC”)

The New Town Act 1981 (Local Authority Oversight) Regulations 2018 came into force earlier this year and Guidance has been issued that outlines the way in which LLNTDCs will work.

The 1981 New Towns Act allows the Secretary of State to designate a new town and to incorporate a New Town Development Corporation. Normally the Secretary of State then takes responsibility for all oversight of the Development Corporation.

The 2017 Neighbourhood Planning Act introduced a provision that allowed the Secretary of State, as an alternative, to designate a Locally Led New Town Development Corporation in which the majority of the Secretary of State's functions under the 1981 Act can be transferred to identified local authorities.

An LLNTDC can only be established at the request of a local authority or group of local authorities. The Guidance notes that before designating a new town and incorporating a Development Corporation the Secretary of State will have to be satisfied that it is in the national interest to do so. The Guidance sets out six criteria on which the Secretary of State will need to be satisfied.

The Secretary of State will consult on any proposal. If agreed, an Order will be laid in Parliament for approval of both houses that will both designate the new town and will create the Development Corporation.

If approved, the Secretary of State will then appoint an "Oversight Authority". This will be the local authorities who requested the designation. They will be responsible for managing, monitoring and overseeing the way in which the Development Corporation operates. Before requesting an LLNTDC the authorities will need to agree between themselves how the oversight authority will be managed and the decision making processes.

An Oversight Authority has specific statutory responsibilities to:

- plan for the creation of a high quality settlement which is a sustainable community;
- support sustainable development and good design;
- plan from the outset for:
  - the long term stewardship of the assets and new town;
  - the participation of the community; and
  - the legacy arrangements following the dissolution of the new town.

The Oversight Authority will do this using a number of mechanisms including the appointment of Board members of the Development Corporation, the approval of business plans and debt limits, the approval of masterplans and other specified tasks. A number of powers continue to be reserved to the Secretary of State. Any Compulsory Purchase Order made by the Development Corporation has to be

confirmed by, and any distribution of surpluses needs the consent of, in each case the Secretary of State.

The dissolution of the Development Corporation can only take place on request of the local authority. When making a request there is ability (but not an obligation) to identify the proposed allocation of any assets and surpluses. If a proposal is made then the Secretary of State is bound to implement it. If no proposal is made then the Secretary of State will distribute assets and liabilities as appropriate

If an LLNTDC is used the hierarchical structure could comprise:

1. Oversight Authority - comprising a local authority or group of local authorities (this is the body that the Secretary of State devolves its responsibilities to);
2. Development Corporation(s) - which would act as the master planner body delivering development in the designated areas;
3. Local Delivery Vehicles - which could sit beneath the Development Corporation(s).