



Uttlesford District Council

Chief Executive: Dawn French

Scrutiny Committee

Date: Tuesday, 4th February, 2020

Time: 7.30 pm

Venue: Council Chamber - Council Offices, London Road, Saffron Walden,
CB11 4ER

Chair: Councillor N Gregory

Members: Councillors M Caton, A Coote, C Criscione, G Driscoll, J Evans,
R Jones, P Lavelle, G LeCount (Vice-Chair), N Reeve and G Sell

Substitutes: Councillors S Barker, C Day, A Dean, M Foley, M Lemon, R Pavitt
and A Storah

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given notice by 12 noon two working days before the meeting. A time limit of 3 minutes is allowed for each speaker. Please refer to further information overleaf.

AGENDA PART 1

Open to Public and Press

1 Apologies for Absence and Declarations of Interest

To receive any apologies for absence and declarations of interest.

2 Minutes of the Previous Meeting

5 - 10

To consider the minutes of the previous meeting.

3 Responses of the Executive to reports of the Committee

To consider any responses of the Executive to reports of the Committee.

4 Consideration of any matter referred to the Committee in relation to call in of a decision

To consider any matter referred for call in.

5 Cabinet Forward Plan 11 - 16

To receive the updated Cabinet Forward Plan.

6 Scrutiny Work Programme 17 - 18

To receive the Scrutiny Work Programme.

7 Corporate Plan, Medium Term Financial Strategy and Commercial Strategy 19 - 54

To consider the drafts of the Corporate Plan, Medium Term Financial Strategy and Commercial Strategy.

8 Planning Obligations and Conditions Task Group

To receive a verbal update on the Planning Obligations and Conditions Task Group.

9 Airport Related Parking Task Group 55 - 60

To consider the report on the progress of the Airport Related Parking Task Group.

10 Major Planning Applications

To receive a verbal update on the Major Planning Applications Task Group.

MEETINGS AND THE PUBLIC

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The agenda is split into two parts. Most of the business is dealt with in Part I which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

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Agenda Item 2

SCRUTINY COMMITTEE held at COMMITTEE ROOM - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, ESSEX CB11 4ER, on TUESDAY, 5 NOVEMBER 2019 at 7.30 pm

Present: Councillor N Gregory (Chair)
Councillors M Caton, A Coote, C Criscione, G Driscoll,
G LeCount, N Reeve and G Sell

Officers in attendance: R Auty (Assistant Director - Corporate Services), A Bochel (Democratic Services Officer), D French (Chief Executive), G Glenday (Assistant Director - Planning) and A Webb (Director - Finance and Corporate Services)

Also present: Councillors A Dean, J Evans, P Fairhurst, A Gerard, B Light, J Lodge (Leader of the Council) and R Pavitt

SC24 **DATES OF FUTURE MEETINGS**

The Chair said that due to preparatory work for the upcoming general election, the meeting on 17 December 2019 was to be cancelled. The next meeting was due to be held on 4 February 2020. It was important that the Committee's task and finish groups continue their work in the interim.

SC25 **POLITICAL PROPORTIONALITY**

The Chair welcomed Councillor Lavelle to the Committee.

The Committee passed a vote of thanks for Councillor Evans for his work on the Committee.

The Chair said since the formation of the Green Party group at the Council, political proportionality rules meant that the group was unrepresented on the Scrutiny Committee. He proposed that the Committee allow a member of the Green Party to participate in meetings, although that member would not have voting rights.

Councillor Gerard said that he was the representative the Green Party was proposing to sit with the Committee.

RESOLVED to invite a representative of the Green Party to participate in meetings of the Scrutiny Committee, albeit without voting rights.

SC26 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillor Jones.

SC27 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting were approved and signed as a correct record subject to the following amendments shown in red:

SC21- The Chair opened the discussion by stating the next three items, while being dealt with individually, were of a similar theme and there was a perception in some quarters that the Council had not always acted as openly and truthfully as might be wished and whether there were issues of trust that might need to be resolved.

He gave a summary of the report. Cabinet had referred a matter to the Scrutiny Committee relating to the engagement of AECOM to review the Local Plan Sustainability Appraisal. The Chair had proposed a note to Cabinet following correspondence and a meeting which took place over the summer. This note summarised that there had been a failure to fully inform Members and the public of the potential challenges to the Sustainability Appraisal and proposed remedial action. This was due to an unintentional oversight by an officer. Measures were now in place that should preclude a repetition.

SC 22 – The Chair opened the discussion by asking if there was an inherent cloudiness in some documentation which caused uncertainty for some individuals.

The Chief Executive said that Probity in Planning as spelt out in the Constitution was clear and went further than the Act required. If Members now wanted to review that then it could be scheduled although she could not commit to a timescale.

Members and officers discussed more generally that there was a perception of a lack of trust between councillors and officers. This was an issue of concern, and it was important to consider why there was a deficit of trust between the two. Referring to an earlier comment about truthfulness, the Chief Executive drew a distinction between truthfulness and trust, and said that if any Member had evidence of officers being untruthful, that was a very serious allegation and needed to be raised as part of the Council's protocols. With regard to the perceptions around trust, she said that the trust that Members had in officers was not to the same standard as she had experienced in other councils, nor as had historically been the case at Uttlesford.

SC28 CABINET FORWARD PLAN

The Assistant Director – Corporate Services said the Cabinet Forward Plan had changed since the agenda was published. The Heritage Strategy was no longer going to the November Cabinet meeting. The North Essex Economic Strategy, the Land West of Woodside Way and the Review of the Housing Repairs and Facilities Service would all be taken to the November Cabinet meeting.

SC29 SCRUTINY WORK PROGRAMME 2019-20

The Chair said measures were being put in place to ensure the work of the Committee would continue until its next meeting.

The Assistant Director – Corporate Services said the work on airport-related parking and planning obligations and conditions could progress after the election and before the next committee meeting.

In response to a Member question, the Assistant Director – Corporate Services said there would be further opportunities for the Committee to comment on the Corporate Plan.

The Chair suggested members of the Airport-Related Parking Task and Finish Group liaise with the Councillor Merfield as the Chair of the Planning Committee. Councillor Gerard said he would be happy to assist with the work of this task group.

SC30 DRAFT CORPORATE PLAN 2020 - 2024

The Chair said his key question on the Corporate Plan was whether it was plausible and deliverable. He invited Councillor Criscione to lead on asking questions on the draft plan.

Councillor Criscione said there was a lack of substance to the document.

In response to a question from Councillor Criscione, the Chief Executive said the Corporate Plan was adopted by Council and ran for four years. The Corporate Plan Delivery Plan was sponsored by Cabinet in terms of what would be achieved throughout one year.

In response to a question from Councillor Criscione, the Leader of the Council said the strategy was new. The Residents for Uttlesford Party had gathered information at local events, and had discussed and prioritised initiatives. It was important to give residents a stronger say in what happened locally.

In response to a question from Councillor Criscione, the Leader of the Council said there would be deliverables for the Corporate Plan. These would come out in the delivery plan. There would be an expansion of this document which would say what the Council wanted to achieve and how. The Chair said the Committee would welcome an early look at this document.

Councillor Sell said the danger with a corporate plan was that it would not necessarily get results. Rigour was needed to ensure goals were accomplished. The South Cambridgeshire District Council Corporate Plan was a good example of showing what success would look like and how it could be measured.

Councillor Caton said the plan did not say enough about the administration's priorities and what the mechanisms were for achieving them. It would be good to see the actions to be taken listed.

The Leader of the Council said so far in its term the administration had expanded the Cabinet, set in motion changes to public speaking at the Planning Committee and set up the Governance Review Working Group amongst other things. There would be an improved Corporate Plan in place when work on it was completed.

Councillor Gerard said it was important to enable parish councils to better represent their communities.

Councillor Criscione said the plan should include reference to the aims of specific public services.

Councillor Sell said the comments of Members were meant to be helpful. The residents of the district should see results from the plan.

SC31 **INVESTMENT STRATEGY**

The Chair invited Councillor Caton to take the lead on questions on the Investment Strategy.

In response to a question from Councillor Caton, the Leader of the Council said his goal was for Uttlesford to be an 'invest and spend' authority'. Members were aware of the current projected shortfall and it was important to invest to help make up this shortfall. £80 million had been reserved for future investments and another £20 million for investment in Chesterford Research Park.

In response to a question from Councillor Caton, the Leader of the Council said that, where the investment involved Aspire, the Section 151 Officer had been separated from the work of investment analysis. This work would be undertaken by the Deputy S151 Officer, and two independent members of the Investment Board would be recruited, both with knowledge of investing.

In response to a question from Councillor Caton, the Leader of the Council said the Investment Board had not had any form of training on property investments. He was happy to look into training for the Board.

In response to a question from Councillor Caton, the Leader of the Council said the Council was not allowed to borrow to invest in equities and bonds. Largely the administration was looking to invest in a broad range of asset classes of real estate. The Chief Executive said the Council could use its own capital to invest in bonds and equities, but had nothing to secure this.

Members expressed concern about the capacity of the Director – Finance and Corporate Services to manage investment analysis, act as director of the Council's companies and carry out his other responsibilities, Councillor Criscione said the Director – Finance and Corporate Services was the best person to look

at identifying investment opportunities. The Leader of the Council said the Council was probably only looking to invest in about 8 properties.

In response to a Member question about the effect of the PWLB interest rate rise, the Director – Finance and Corporate Services said if the Council used PWLB it would have a significant effect on what the administration had been hoping to achieve. It would reduce the net income by £750,000 per annum. However, other brokers had already been in touch to offer to undercut the new rate. Using PWLB with regard to the investment in Purbeck House would reduce the Council's income by £20,000 per annum.

SC32 AIRPORT RELATED PARKING

The Assistant Director – Corporate Services said there were other bodies looking at this issue and it was important not to duplicate this work.

The Assistant Director – Planning reminded Members that the issue had been considered before, and that fly-parking was not illegal.

Members discussed the issue of the cost of parking at Stansted Airport. The high cost was said to be off-putting to the public which then generated parking off-airport. The high parking charges were supposed to encourage people to use public transport to get to the airport, but methods of public transport to the airport were poor.

One potential solution was for the Council to invest in creating a car park. However, what with the growth of the use of electric cars, investing in car parking was a risk. There was a feeling amongst some members that investing in transport infrastructure should be the responsibility of Stansted Airport.

Members discussed the issue of the hotline for making complaints to the airport about flyparking. The airport did not take down the registration number of any vehicles and many complaints did not receive a response. These vehicles were at risk of vandalism. Members said they believed employees of Stansted Airport also flyparked. They were charged £5 per day for parking at the airport.

A successful campaign to cut down on flyparking around Manchester Airport was mentioned. Manchester Airport had hired a contractor to issue permits for parking in the area. It had insisted that residents not be charged for permits.

The Assistant Director – Corporate Services said terms of reference for the Airport Related Parking Task Group would be drafted and a Lead Officer for the group would be appointed.

SC33 PLANNING OBLIGATIONS AND CONDITIONS TASK AND FINISH GROUP UPDATE

Councillor Criscione summarised the notes of the last meeting of the group. Topics of discussion had included available and new guidance for developer

contributions, open spaces, sustainable drainage systems (SUDs), engagement with parish and town councils, the Community Infrastructure Levy and report templates.

Councillor Gerard said he was keen to work with the task and finish group.

SC34 **MAJOR PLANNING APPLICATIONS REVIEW UPDATE**

The Assistant Director – Corporate Services said he and the Assistant Director – Planning had had a useful meeting with the Planning Advisory Service. Onsite interviews would take place with relevant officers and members in either November or January.

The Chair asked that the Committee be informed of the proposed date well in advance.

The meeting closed at 9.45pm.

**UTTLESFORD DISTRICT COUNCIL
DRAFT FORWARD PLAN**

| Item | Meeting | Date | Brief information about the item and details of documents submitted for consideration | Key Decision? | Part 2? | Portfolio Holder | Contact officer from where the documents can be obtained |
|---------------------|---------|-------|---|---------------|---------|--|---|
| Commercial Strategy | Cabinet | 5 Feb | 2020/21 strategy | No | Open | Leader of the Council, Lead for Planning and the Local Plan | Adrian Webb, Director - Finance and Corporate Services awebb@uttlesford.gov.uk |

| Item | Meeting | Date | Brief information about the item and details of documents submitted for consideration | Key Decision? | Part 2? | Portfolio Holder | Contact officer from where the documents can be obtained |
|---|---------|-------|---|---------------|---------|--|---|
| Land west of Woodside Way Great Dunmow | Cabinet | 5 Feb | Proposal to use powers under Section 203, Housing and Planning Act 2016 to override a covenant that is an obstacle to implementation of planning consent for development of land west of Woodside Way. The planning consent provides for access and highway dedication across land owned by the Council as open space. The owner of adjoining land maintains that the covenant bars access across Council land to the full development site and prevents dedication of the access as public highway. Although the land is held by the Council as open space, there is currently an access road across it and there are legal access rights to part of the site. Overriding the covenant would facilitate development of a large strategic site that is required to contribute to the 5 year supply of housing land. | Yes | Open | Leader of the Council, Lead for Planning and the Local Plan | Roger Harborough, Director - Public Services rharborough@uttlesford.gov.uk |

| Item | Meeting | Date | Brief information about the item and details of documents submitted for consideration | Key Decision? | Part 2? | Portfolio Holder | Contact officer from where the documents can be obtained |
|--|---------|-------|---|---------------|---------|------------------|--|
| Corporate Plan Delivery Plan 2019/20 Quarter 3 Progress Update | Cabinet | 5 Feb | To note the progress against the Corporate Plan Delivery Plan | No | Open | | Dawn French, Chief Executive dfrench@uttlesford.gov.uk |
| Budget Outturn Forecast Quarter 3 – 19/20 | Cabinet | 5 Feb | To receive the budget outturn forecast for Qtr 3 2019/20 | No | Open | | Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk |
| Medium Term Financial Strategy Budget Proposals 2020/21 | Cabinet | 5 Feb | To consider the MTFS and Budget Proposals for 20/21 | No | Open | | Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk |
| Draft Corporate Plan 2020 - 2024 | Cabinet | 5 Feb | report to seek approval of the Council's corporate plan | No | Open | | Dawn French, Chief Executive dfrench@uttlesford.gov.uk |

| Item | Meeting | Date | Brief information about the item and details of documents submitted for consideration | Key Decision? | Part 2? | Portfolio Holder | Contact officer from where the documents can be obtained |
|----------------------|---------|-------|--|---------------|---------|------------------|--|
| Documentation Policy | Cabinet | 1 Apr | The Museum's Documentation Policy sets out the Museum's accountability for keeping accurate information about the collections, complying with recognised standards and legal requirements, and defining standards of public access to information on the collections for all users. It is being reviewed and updated as part of the accreditation process. | No | Open | | Carolyn Wingfield, Curator - Saffron Walden Museum cwingfield@uttlesford.gov.uk |

| Item | Meeting | Date | Brief information about the item and details of documents submitted for consideration | Key Decision? | Part 2? | Portfolio Holder | Contact officer from where the documents can be obtained |
|------------------------------------|---------|-------|---|---------------|---------|------------------|--|
| Saffron Walden Museum Forward Plan | Cabinet | 1 Apr | The Museum's Forward Plan (business plan) sets out the Museum's purpose and key aims, with an outline of how these aims will be achieved and the resources required to implement the plan. This will be an interim Forward Plan for 2019/20 and 2020/21 only, because plans for the Museum's long-term development 2021-25 are being developed through our National Lottery Heritage Fund project which finishes in December 2020. Providing an updated Forward Plan is an essential part of the accreditation process. | No | Open | | Carolyn Wingfield, Curator - Saffron Walden Museum cwingfield@uttlesford.gov.uk |

Work Programme 2019/20

| Date | 11 June | 25 June | 24 September | 5 November | 4 February | 10 March |
|-----------------------------|--|--|--|--|--|--|
| Standard agenda items | Responses of the Executive to reports of the Committee | Responses of the Executive to reports of the Committee | Responses of the Executive to reports of the Committee | Responses of the Executive to reports of the Committee | Responses of the Executive to reports of the Committee | Responses of the Executive to reports of the Committee |
| | Consideration of any matter referred to the Committee in relation to call in of a decision | Consideration of any matter referred to the Committee in relation to call in of a decision | Consideration of any matter referred to the Committee in relation to call in of a decision | Consideration of any matter referred to the Committee in relation to call in of a decision | Consideration of any matter referred to the Committee in relation to call in of a decision | Consideration of any matter referred to the Committee in relation to call in of a decision |
| | Invited reports from the Executive |
| | Cabinet Forward Plan |
| | Scrutiny Work Programme |
| Page 17 Agenda items | Reflections on training | Governance discussion | Planning Obligations and Conditions task and finish group update | Draft Corporate Plan 2020-2024 | Corporate Plan, Medium Term Financial Strategy and Commercial Strategy | Annual Report |
| | Statutory Guidance and Memorandum of Understanding | Planning ToR/scope | Major Planning Applications Review update | Investment Strategy | Fly-Parking task and finish group terms of reference | Planning Obligations and Conditions task and finish group update |
| | Work Planning | Major Planning Applications Review proposal | Referral from Cabinet re AECOM engagement | Airport-related parking background report | Planning Obligations and Conditions task and finish group - verbal update | Airport-related Parking task and finish group update |

| | | | | | | |
|--|--|--|---|--|---|------------------------------------|
| | | | Probity in Planning | Planning Obligations and Conditions task and finish group update | Major Planning Applications – verbal update | Major Planning Applications update |
| | | | Discussion with Chief executive and Directors | Major Planning Applications Review update | | |

Agenda Item 7

Committee: Scrutiny

Date:

Title: Corporate Plan
Medium Term Financial Strategy
Commercial Strategy

4 February 2020

Report Author Richard Auty
Assistant Director, Corporate Services

Angela Knight
Assistant Director, Resources

Summary

1. This report presents three key documents:
 - The Corporate Plan 2020-24
 - The Medium Term Financial Strategy (MTFS) 2020-25
 - The Commercial Strategy 2020-24

Recommendations

2. Scrutiny Committee considers the three documents and provides feedback to Cabinet.

Financial Implications

3. Included in the body of the MTFS and Commercial Strategy

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Impact

- 5.

| | |
|----------------------------|--|
| Communication/Consultation | The Corporate Plan is derived from consultation within the R4U party, R4U stakeholder events and issues raised during canvassing for the local elections. There is an intention for the council to |
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|---------------------------------|---|
| | undertake fuller engagement next year when the council's long term financial position is better understood. |
| Community Safety | Community safety continues to be featured in the draft Corporate plan |
| Equalities | None |
| Health and Safety | None |
| Human Rights/Legal Implications | None |
| Sustainability | The draft plan makes clear reference to sustainability |
| Ward-specific impacts | None |
| Workforce/Workplace | A strong vision that creates a sense of purpose is key to engaging staff effectively in their work. |

Situation

6. The three documents appended to this report set out the council's vision and priorities for the next four years (the Corporate Plan), the likely pattern of funding available to achieve these priorities (the Medium Term Financial Strategy) and the way in which necessary funding can be secured (the Commercial Strategy).

Corporate Plan

7. The Scrutiny Committee discussed a previous iteration of the Corporate Plan at its November 2019 meeting. Since then it has been further reviewed by Cabinet and the version attached to this report will go to Cabinet on 5 February and Full Council 25 February.
8. The Corporate Plan sets out the vision for the next four years and the priority areas of work to deliver that vision. It builds on the current Corporate Plan in prioritising the community leadership role of the council and emphasises the focus on the residents' voice.
9. As explained in the November 2019 report, an annual delivery plan is being developed to ensure measurable outputs are delivered within allocated resources.

Medium Term Financial Strategy

10. The Centre for Public Scrutiny advises Scrutiny committees to focus on the Medium Term Financial Strategy (MTFS) rather than the detail of the council's

proposed budget. All members have the opportunity to debate the budget proposals at the budget-setting Full Council meeting later in February. The MTFS sets the financial plan for the council, identifies the various sources of funding and explains the likely trajectory of the council's financial position over the next five years.

Commercial Strategy

11. The Commercial Strategy attached to this report was endorsed by the Investment Board on 23 January and will go to Cabinet on 5 February and Full Council on 25 February. The Commercial Strategy sets out the criteria for potential investment that will provide the financial resource to deliver the council's corporate plan.

12. Any feedback from Scrutiny will be given verbally at the Cabinet meeting.

Risk Analysis

13.

| Risk | Likelihood | Impact | Mitigating actions |
|---|--|---|--|
| The council fails to deliver on its priorities | 1 - The delivery plan will set out an achievable programme of work for 20/21 | 3 – if staff are not sufficiently focused on the priorities, some projects bringing benefit to the community may not be delivered | Greater clarity and explanatory narrative enables staff to understand the priorities more clearly |
| The council does not have the funds to support the resources required to deliver the priorities | 2 – MTFS sets out projected financial position and the commercial strategy gives the framework for addressing the shortfall. | 3 – Some projects bringing benefit to the community would not be able to be delivered | The Commercial Strategy will enable the council to address the financial challenges over the medium term |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

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Our Vision: Making Uttlesford the best place to live, work and play

| Theme: | Putting Residents First |
|---|---|
| <p>Why this is important:</p> <p>We are elected by residents. Their needs and welfare are our first and highest priority.</p> <p>They expect us to be open, honest and responsible. They deserve high standards of governance and trustworthiness.</p> <p>They want good levels of service and expect their council taxes to be used efficiently and wisely.</p> <p>The result will be:</p> <p>Residents will know their views have been listened to; they will feel they have the opportunity to influence the decision making; they will understand why decisions have been made even if they disagree with them. They will report increased levels of trust and confidence in the way the Council conducts its business and manages its resources.</p> | <p>We will:</p> <ol style="list-style-type: none"> 1) Be a council that listens to and acts for residents <ol style="list-style-type: none"> a. Increase the voice and influence of residents in planning and other Council matters b. Administer public consultations that are effective, accessible, timely and high quality c. Increase the reach of the Youth Council d. Improve the council’s use of the web and social media to increase communication with residents e. Actively and positively engage with and listen to our town and parish councils f. Support town and parish councils to better represent their communities 2) Deliver local government with outstanding levels of transparency and accountability <ol style="list-style-type: none"> a. Implement a corporate change programme to increase accountability, transparency and democracy at the Council b. Seek external review of and recognition for positive change achieved by the Council c. Deliver a comprehensive continuing member development programme 3) Be responsible with your money and mitigate the impact of government cuts. <ol style="list-style-type: none"> a. Be a self-sufficient Council that generates its own resources from local taxation (Business Rates and Council Tax) and commercial investments thereby removing the reliance on Central Government grants b. Deliver cost-effective and efficient services that live within the Council’s means c. Constantly seek to improve the quality of contracted out services d. Apply for all relevant grants e. Set a Medium Term Financial Strategy (MTFS) to fund council services by a prudent mix of investment, services and tax income, while maintaining adequate reserves f. Follow best-practices for investment risk management and board composition |

| Theme: Active Place-Maker For Our Towns And Villages | |
|--|---|
| <p>Why this is important:</p> <p>A focus on strategic master-planning in partnership with towns and villages will create better resident-centred places to live.</p> <p>Our unique connectivity, location, and character can be used to drive a local economy that creates local jobs and prosperity.</p> <p>Taking an active role in providing homes and services for in need will safeguard the health and welfare of all our residents.</p> <p>The result will be:</p> <p>District, town and parish councillors will feel they have participated in decision making that positively shapes the communities they represent.</p> <p>New policies and plans will be implemented that give our towns and villages a strong sense of purpose and place.</p> <p>Residents will see that their council is working hard for them and their families to create great places for them to live, work and play.</p> | <p>We will:</p> <ol style="list-style-type: none"> 1) Masterplan our new communities for and with residents <ol style="list-style-type: none"> a. Use locally led Development Corporations to deliver sustainable new settlements b. Provide the greatest level of influence and protection for communities adjacent to new settlements 2) Support our towns and villages to plan their neighbourhoods <ol style="list-style-type: none"> a. Deliver an outstanding planning and place-making capability with the right capacity to create quality outcomes with and for all our communities b. Facilitate Neighbourhood Planning across the district through strong engagement with and support of all town and parish councils c. Implement policies which create better homes and neighbourhoods that meet or exceed national standards d. Work with partners and stakeholders to deliver new sports, play and community facilities 3) Secure greater benefits for our community from new development <ol style="list-style-type: none"> a. Implement the Community Infrastructure Levy along with s106 to deliver strategic community projects and greater local benefit from development b. Increase the transparency of the Section-106 Agreement process and councillor engagement in it c. Ensure that strong Planning Enforcement holds developers to account d. Require developers to be considerate of the communities in which they build 4) Work with the airport on issues of concern to communities <ol style="list-style-type: none"> a. Seek a reduction in night flights b. Implement programmes to reduce airport related village fly-parking c. Work to secure investment in sustainable transport to and from airport, including for local workers 5) Nurture employment and retail areas to create jobs and retain businesses <ol style="list-style-type: none"> a. Protect and grow our town centres as economic hubs b. Increase tourist spend c. Support the creation of amenities that stimulate and facilitates local businesses, such as enterprise zones, business parks, office blocks, industrial areas, and start-up hubs d. Support the expansion and promotion of key relevant employment sectors for the district e. Work with partners to promote the economic opportunities of the London - Cambridge Innovation Corridor, Stansted Airport and our main transport corridors f. Work with the airport to increase local airport-based employment opportunities |

| | |
|--|--|
| | <ul style="list-style-type: none">6) Enforce good business standards in our district<ul style="list-style-type: none">a. Make sure that businesses and trades in our district meet the national standards and licensing required of them7) Deliver more affordable homes and protect those in need in our district<ul style="list-style-type: none">a. Increase the number of affordable homes delivered and different tenure options including social rentingb. Refurbish our existing council homes to sustainable standards when requiredc. Reduce the number of empty homesd. Ensure that landlords maintain high quality private sector housing conditionse. Ensure that services to protect vulnerable women and men who live in our district are accessible and appropriate8) Promote healthy lifestyles in diverse and inclusive communities<ul style="list-style-type: none">a. Work with partners, including the voluntary sector, to improve the general quality of life for residents, including for residents that experience social isolation, poor mental health, obesity, addiction and dementiab. Continue to be an active partner of the Health and Wellbeing Partnership, to promote healthy lifestyles |
|--|--|

| Theme: Progressive Custodian Of Our Rural Environment | |
|--|--|
| <p>Why this is important:</p> <p>Residents live here because of our beautiful and historical rural character. We need to protect it for those that live here now.</p> <p>We must act quickly and responsibly to reduce the chances of a climate catastrophe. We have a clear obligation to ensure a clean, healthy and safe future.</p> <p>The result will be:</p> <p>Residents will see that their council is a strong protector of our environment; they will feel that the council is taking affirmative action on combating the effects of climate change locally.</p> | <p>We will:</p> <ol style="list-style-type: none"> 1) Take action on Climate Change <ol style="list-style-type: none"> a. Adopt policies to meet new environmental national guidelines/standards as they emerge b. Drive policies to deliver low carbon homes c. Improve average energy efficiency of council housing stock d. Increase the number of trees in the district e. Oppose a second runway at Stansted Airport f. Set a Net Zero Carbon goal for the Council and implement supporting policies g. Increase walking, cycling and sustainable transport h. Recognise the district’s ‘greenest’ business and developers 2) Conserve our natural resources <ol style="list-style-type: none"> a. Implement and enforce policies that protect water and reduce energy consumption b. Drive programmes that increase biodiversity c. Support local energy production initiatives d. Implement programmes to reduce single-use plastics e. Work to reduce per-capita landfill in the district 3) Protect and enhance our rural character and heritage <ol style="list-style-type: none"> a. Meet or exceed national standards for open and green spaces b. Encourage positive planning that values and protects our heritage c. Work with others to increase access to the heritage and history of our district d. Work with our rural partners and developers to maintain habitat and wildlife corridors e. Target littering and fly-tipping 4) Take strong action on dealing with pollution <ol style="list-style-type: none"> a. Increase air quality monitoring across the district b. Deliver reductions in pollution at identified problem areas |

| Theme: Champion For Our District | |
|--|--|
| <p>Why this is important:</p> <p>Residents deserve clear accountability, but they would like us to step in to help solve problems even when others are responsible.</p> <p>In our role as a place-maker we must work with other authorities and organisation to influence, prioritise and coordinate actions to collectively deliver the best for our district and its residents. This will include, when necessary, holding others to account.</p> <p>The result will be:</p> <p>Residents will feel that the council is proactively working on their behalf for the good of the district with other authorities and organisations.</p> | <p>We will:</p> <ol style="list-style-type: none"> 1) Improve Uttlesford’s connectivity <ol style="list-style-type: none"> a. Work to set the agenda for ECC highway maintenance and pothole fixing b. Work with ECC and communities to develop the highway improvement schemes we need c. Hold Essex Highways to account to deliver what they promise d. Promote and support sustainable transport initiatives, such as bus, rapid transport and rail upgrades e. Lobby Highways England to improve the capacity and safety of the M11 f. Work with ECC and hold them to account to deliver rural superfast broadband in our district 2) Support our students, schools and libraries <ol style="list-style-type: none"> a. Conduct a wholesale review of school transport to understand the gap in provision of what ECC provides b. Ensure that developer contributions are collected for ECC to provide our local school and Early Years places c. Create and support new services inside our libraries to increase their viability 3) Work with partners to keep the district safe <ol style="list-style-type: none"> a. Work with the Police, Fire and Crime Commissioner and the Chief Constable to reduce crime on our area b. Continue to be an active partner of the Community Safety Partnership 4) Work to create a better local Health Service for residents <ol style="list-style-type: none"> a. Work with NHS on in-district local healthcare provision b. Work to secure Addenbrookes, The Princess Alexandra Harlow, and Mid-Essex hospitals as our recognised local hospital providers c. Deliver programmes to support our aging population |

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Uttlesford District Council

Medium Term Financial Strategy 2020/21 – 2024/25



Prepared by:
Finance
Uttlesford District Council
February 2020

Financial Outlook

1. The Medium Term Financial Strategy (MTFS) was prepared based on the provisional settlement announced on 20 December 2019; this was a one year settlement.
2. The Fair Funding Review (FFR) and Business Rates Reform (BRR) originally planned for the financial year 2020/21 has been delayed due to the political uncertainty around EU Exit and a snap election late in 2019
3. The key items announced in the 2020/21 settlement were:
 - Council Tax threshold – an increase of up to 2% or £5
 - Rural Services Delivery Grant - retained at the same level as 2019/20
 - New Homes Bonus – additional one year payment but this will attract no legacy payments, previous years legacy payments will remain and the baseline was maintained at 0.4%.
 - Business Rates Retention – updates on reliefs and the multiplier
4. Uttlesford are now reliant on the following sources of income and funding in 2020/21:
 - Council Tax
 - Business Rates Retention Income (BRR) – subject to review and significant changes in 2021/22
 - New Homes Bonus (NHB) – one year only
 - Rural Services Delivery Grant (RSDG) – one year only as a standalone grant
 - Investment income
 - Fees and charges

Future Funding

5. The Fair Funding Review will affect how funding is allocated and redistributed between local authorities from 2021 onwards. It is expected to use three main 'cost drivers': population, deprivation and sparsity, together with additional cost drivers related to specific local authority services
6. The basis of the FFR is to provide a simpler and more transparent formula with a fairer allocation of funds which are based on spending need. It is viewed that a flatter formula will benefit rural district councils, although there is also a lot of focus in the review to address the issues faced by counties.
7. The FFR will incorporate the reform of business rates and there is expected to be a full baseline reset in 2021. This will mean that all the growth prior to 2020/21 that has been generated since the introduction of the BRR scheme in 2013 will be incorporated into the baseline funding level.
8. It is not expected that the NHB scheme will continue but remaining legacy payments due will be received. As part of the settlement, the Secretary of State announced it is the Government's intention to consult on the future of the housing incentive. This will include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need and which is aligned with other measures around planning performance.

9. To support these reductions Government are expecting local authorities to 'rebuild' their budgets by supporting local economic growth.
10. Central Government Funding is expected to reduce over the life of the MTFs, a prudent approach has been taken and this is based on the current information available. The table below shows how this translates in actual figures. This emphasises the need for new, more efficient ways of working and to look for innovative income generating opportunities.

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Business Rates Retention | (3,317) | (3,000) | (3,100) | (3,200) | (3,300) |
| New Homes Bonus | (3,635) | (1,550) | (826) | 0 | 0 |
| Rural Services Delivery Grant | (279) | 0 | 0 | 0 | 0 |
| Funding Total | (7,231) | (4,550) | (3,926) | (3,200) | (3,300) |

The above table does not include any surplus/deficits from the collection fund which can affect the overall financial position

Budget Model

11. To inform the financial outlook for UDC, a detailed budget model has been prepared, full details of the General Fund budget for 2020/21 are set out in Appendix H. Direct Services estimated income and expenditure for the next 5 years is set out in the table below.

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Service Expenditure | 36,693 | 36,627 | 36,842 | 37,227 | 37,918 |
| Service Income | (21,820) | (21,537) | (21,631) | (21,686) | (21,741) |
| Demand Growth | | 50 | 100 | 300 | 350 |
| Service Net Expenditure | 14,874 | 15,140 | 15,311 | 15,841 | 16,527 |

The following key inflationary assumptions are used in the model.

- a) **Gross service expenditure and income:** Takes the 2019/20 base budget as a starting point with any one-off in year items being removed. Inflation has been included for salaries at 2%, utilities in line with the current market forecasts and 2% for fees and charges except where special arrangements apply e.g. car park charges and taxi licences.
- b) **Service demand growth** – Due to growing population and housing numbers, it is prudent to assume greater demand for council services such as refuse and recycling, revenues collection, etc.

12. The council also incurs corporate expenditure and non-service related income that sits outside the direct service budgets, these items are set out below.

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Capital Financing | 1,672 | 1,908 | 1,821 | 2,028 | 1,901 |
| Pension Fund - Deficit | 571 | 0 | 0 | 350 | 350 |
| Pension Fund - Added years | 85 | 85 | 85 | 85 | 85 |
| HRA recharge/Corporate Core | (1,747) | (1,428) | (1,428) | (1,428) | (1,428) |
| PFI Interest Cost | 372 | 360 | 348 | 334 | 319 |
| Investment Income | (2,912) | (4,051) | (4,387) | (4,450) | (4,432) |
| Investment Cost | 788 | 1,561 | 1,654 | 1,636 | 1,618 |
| Corporate Costs | (1,171) | (1,565) | (1,908) | (1,446) | (1,588) |

- a) Capital Financing Costs – are in line with the projected capital programme’s financing requirements, set out in Appendix F.
- b) Pension Fund deficit payment – the option for a discounted triennial payment has been included and for the years after 2022/23 the MTFS reverts to annual payments. It is likely that the council will be given the option of the discounted payment but this will not be known until the pension fund valuation is carried out in 2022/23.
- c) Recharges to HRA – based on the apportionment of the actual costs of central services and corporate core used by the Housing Revenue Account.
13. Investment Income and cost – this is the estimated income generated from the investments in Chesterford Research Park and investment 2 and the subsequent cost of borrowing to fund the investments.
14. The following table sets out the funding we expect to receive and this is based on the financial settlement announced in December for 2020/21. Estimates for future years has been calculated based on the current information we have available; the indications Government has provided and consultation with our advisors ‘Pixel Financial Management’.

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Business Rates Retention | (3,317) | (3,000) | (3,100) | (3,200) | (3,300) |
| New Homes Bonus | (3,635) | (1,550) | (826) | 0 | 0 |
| Rural Services Delivery Grant | (279) | 0 | 0 | 0 | 0 |
| Council Tax prior year balance | (20) | | | | |
| Funding Total | (7,251) | (4,550) | (3,926) | (3,200) | (3,300) |

- a) The Council currently retains 40% of business rates income collected, from 2021/22 government has announced that this will increase to 75% income retention and will be included in the BRR alongside the FFR. A prudent forecast has been included for future

years until more information is released on how this will be calculated. The amount allocated for years 2021/22 to 2024/25 includes the transfer of the Rural Services Grant.

b) New Homes Bonus: The model shows the announced figure for 2020/21. Future year's allocations are based on legacy payments only and no payment from 2023/24.

15. The MTFs has been prepared on the assumption that Council Tax will be increased by £5 in 2020/21, with future years based on 1.99% which is the current announced limit of increase.

| | 2019/20 | 2020/21 | % Change |
|--------------------------|-------------------|-------------------|--------------|
| Taxbase (gross) | 39,185.91 | 39,868.69 | 1.74% |
| LCTS Discounts | (1,872.76) | (1,832.54) | -2.15% |
| Taxbase (net) | 37,313.15 | 38,036.15 | 1.94% |
| Band D | £151.61 | £156.61 | 3.30% |
| Council Tax Yield | £5,657,106 | £5,956,841 | 5.23% |

a) Tax base assumptions are in line with housing growth forecasts and an estimate of Local Council Tax Support Scheme discounts has been made.

16. After taking into account all the above expenditure, income and funding the council has achieved a balanced budget for 2020/21, but in future years the financial position changes significantly with a cumulative deficit by 2024/25 of £4.853 million.

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|----------------------------------|--------------|--------------|--------------|---------------|---------------|
| Service Expenditure | 14,874 | 15,140 | 15,311 | 15,841 | 16,527 |
| Corporate Costs | (1,171) | (1,564) | (1,908) | (1,446) | (1,588) |
| Funding | (7,251) | (4,550) | (3,926) | (3,200) | (3,300) |
| Total Net Operating Costs | 6,452 | 9,026 | 9,477 | 11,195 | 11,639 |
| Movement in Reserves | (495) | (617) | (345) | (75) | 25 |
| Council Tax Income | (5,957) | (6,194) | (6,413) | (6,613) | (6,810) |
| True (Surplus) / Deficit | 0 | 2,215 | 2,719 | 4,506 | 4,853 |

17. It is proposed that the Funding and Business Rates Reserves are used to mitigate some of the impact of the actual deficit position on the council, this will allow for a managed programme of change to be implemented over the life of the MTFS.

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--------------------------------------|----------|----------------|----------------|----------------|----------------|
| True (Surplus)/Deficit | 0 | 2,215 | 2,719 | 4,506 | 4,853 |
| Business Rates Reserve | 0 | (500) | (500) | (500) | (500) |
| Funding Reserve | 0 | (250) | (250) | (250) | (310) |
| Damping (Gov't Transitional Funding) | 0 | (475) | (475) | (475) | (475) |
| Total | 0 | (1,225) | (1,225) | (1,225) | (1,285) |
| Adjusted (Surplus)/Deficit | 0 | 990 | 1,494 | 3,281 | 3,568 |

- a) The MTFS shows a balanced budget for 2020/21, projections indicate that during the life of the strategy the deficit position by 2024/25 will be £4.853 million.
- b) To support the Council in managing the deficit and implement a programme of change the following amounts have been allocated from reserves:
- i. Funding Reserve – a total of £1.060 million over 4 years to support the reduction in funding
 - ii. Business Rates Reserve - £2.000 million over 4 years to support the loss of income/growth from the retained income
- b) After allowing for the above reserves and transitional funding the deficit position by 2024/25 is £3.568 million.
18. Sufficient reserves should be maintained to cover the eventualities that may arise in future years. The Council should proactively look for service efficiencies and income generating projects.
19. Due to the degree of estimation involved and the longer term projections referred to in the preceding paragraphs, it will be absolutely essential to maintain strong financial discipline around all aspects of the Council's costs and income.
20. The Council must ensure it is in a strong position to anticipate and adapt to funding outcomes that differ from those currently assumed. Therefore any decision to incur additional costs (e.g. service investment) or to reduce income (e.g. fees & charges reductions) must be fully funded by sustainable cost savings and/or additional income elsewhere in the Council's budget.

Commercial Strategy 2020 – 2024

21. The key financial plan to address the above deficit and support the council in maintaining the delivery of services over the medium term is addressed in the Commercial Strategy presented as Appendix B earlier in the agenda.

22. The Commercial Strategy sets out the requirement for an investment fund with a total value of £300 million with an expected average yield target of 4% (before borrowing costs).
23. This will deliver an income of £12 million per annum, of which £4 million is already built into the MTFS (these figures are gross and do not account for the cost of borrowing).
24. The two investments included in the 5 year budget make a total investment of £86.241 million and comprise:
- a) the council's wholly owned company Aspire (CRP) Ltd with a total current investment at Chesterford Research Park of £54.241 million
 - b) investment 2 has been agreed, which will be purchased by the Council at a value of £32 million.
25. The investment income and projected cost of borrowing is set out in the following table

| £'000 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Investment Income | (2,912) | (4,051) | (4,387) | (4,450) | (4,432) |
| Investment Cost | 788 | 1,561 | 1,654 | 1,636 | 1,618 |
| Corporate Costs | (2,124) | (2,490) | (2,734) | (2,815) | (2,815) |

26. This leaves an investment fund balance of £213.759 million with an expected income of £8 million, this is subject to the timing of the investments and the current interest rates on the cost of borrowing

General Fund – 5 year summary

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | £ '000 | £ '000 | £ '000 | £ '000 | £ '000 |
| Gross Service Expenditure | 36,693 | 36,627 | 36,842 | 37,227 | 37,917 |
| Gross Service Income | (21,820) | (21,537) | (21,631) | (21,686) | (21,741) |
| Demand Growth | | 50 | 100 | 300 | 350 |
| Service Expenditure | 14,874 | 15,140 | 15,311 | 15,841 | 16,527 |
| Capital Financing Costs | 1,672 | 1,908 | 1,821 | 2,028 | 1,901 |
| Pension Fund - Deficit | 571 | 0 | 0 | 350 | 350 |
| Pension Fund - Added Years | 85 | 85 | 85 | 85 | 85 |
| Recharge to HRA/Corporate Core | (1,747) | (1,428) | (1,428) | (1,428) | (1,428) |
| PFI Interest cost | 372 | 360 | 348 | 334 | 319 |
| Investment Income | (2,912) | (4,051) | (4,387) | (4,450) | (4,432) |
| Investment Cost | 788 | 1,561 | 1,654 | 1,636 | 1,618 |
| Corporate Costs | (1,171) | (1,564) | (1,908) | (1,446) | (1,588) |
| Total Net Expenditure | 13,703 | 13,576 | 13,403 | 14,395 | 14,939 |
| Business Rates Retention | (3,317) | (3,000) | (3,100) | (3,200) | (3,300) |
| Business Rates prior year Balance | 0 | 0 | 0 | 0 | 0 |
| New Homes Bonus | (3,635) | (1,550) | (826) | 0 | 0 |
| Rural Services Grant | (279) | 0 | 0 | 0 | 0 |
| Council Tax prior year Balance | (20) | 0 | 0 | 0 | 0 |
| Funding | (7,251) | (4,550) | (3,926) | (3,200) | (3,300) |
| Total Net Operating Costs | 6,452 | 9,026 | 9,477 | 11,195 | 11,639 |
| Movement in Reserves | (495) | (617) | (345) | (75) | 25 |
| Council Tax Requirement | 5,957 | 8,409 | 9,132 | 11,120 | 11,664 |
| Council Tax Income | (5,957) | (6,194) | (6,413) | (6,613) | (6,810) |
| True (Surplus) / Deficit | 0 | 2,215 | 2,719 | 4,506 | 4,853 |
| Business Rates Reserve | 0 | (500) | (500) | (500) | (500) |
| Funding Reserve | 0 | (250) | (250) | (250) | (310) |
| Damping (Gov Transitional Funding) | 0 | (475) | (475) | (475) | (475) |
| Adjusted (Surplus) / Deficit | 0 | 990 | 1,494 | 3,281 | 3,568 |

Reserves

28. Total General Fund reserves during this five year model are estimated to decrease from the predicted balance of £16.999 million to £12.433 million, a reduction of £4.566 million. A schedule of forecasted reserves balances are set out on the following page;

General Fund Reserves – 5 year summary

| | 1 April 2020 | Net Movement | 31 March 2021 | Net Movement | 31 March 2022 | Net Movement | 31 March 2023 | Net Movement | 31 March 2024 | Net Movement | 31 March 2025 |
|--------------------------------------|---------------|--------------|---------------|----------------|---------------|----------------|---------------|--------------|---------------|--------------|---------------|
| RINGFENCED RESERVES | | | | | | | | | | | |
| Business Rates | 2,833 | 197 | 3,030 | (500) | 2,530 | (500) | 2,030 | (500) | 1,530 | (500) | 1,030 |
| Departments for Work and Pensions | 71 | | 71 | | 71 | | 71 | | 71 | | 71 |
| Licensing | 114 | 34 | 148 | | 148 | | 148 | | 148 | | 148 |
| Capital Slippage | 602 | | 602 | | 602 | | 602 | | 602 | | 602 |
| Working Balance | 1,300 | | 1,300 | | 1,300 | | 1,300 | | 1,300 | | 1,300 |
| TOTAL RINGFENCED RESERVES | 4,921 | 231 | 5,152 | (500) | 4,652 | (500) | 4,152 | (500) | 3,652 | (500) | 3,152 |
| USABLE RESERVES | | | | | | | | | | | |
| Financial Management Reserves | | | | | | | | | | | |
| Medium Term Financial Strategy | 1,336 | | 1,336 | | 1,336 | | 1,336 | | 1,336 | | 1,336 |
| Transformation | 1,114 | (3) | 1,111 | | 1,111 | | 1,111 | | 1,111 | | 1,111 |
| EU Exit | 513 | | 513 | | 513 | | 513 | | 513 | | 513 |
| Funding Reserve | 1,060 | | 1,060 | (250) | 810 | (250) | 560 | (250) | 310 | (310) | () |
| | 4,022 | (3) | 4,019 | (250) | 3,769 | (250) | 3,519 | (250) | 3,269 | (310) | 2,959 |
| Contingency Reserves | | | | | | | | | | | |
| Emergency Response | 40 | | 40 | | 40 | | 40 | | 40 | | 40 |
| | 40 | | 40 | | 40 | | 40 | | 40 | | 40 |
| Service Reserves | | | | | | | | | | | |
| Economic Development | 61 | | 61 | | 61 | | 61 | | 61 | | 61 |
| Elections | 45 | 25 | 70 | 25 | 95 | 25 | 120 | (75) | 45 | 25 | 70 |
| Homelessness | 314 | 102 | 416 | | 416 | | 416 | | 416 | | 416 |
| Health and Wellbeing | 84 | | 84 | | 84 | | 84 | | 84 | | 84 |
| Planning | 969 | | 969 | (493) | 476 | | 476 | | 476 | | 476 |
| Neighbourhood Planning | 55 | (15) | 40 | | 40 | | 40 | | 40 | | 40 |
| Housing Strategy | 25 | | 25 | | 25 | | 25 | | 25 | | 25 |
| Development Control | 134 | | 134 | | 134 | | 134 | | 134 | | 134 |
| Strategic Initiatives | 1,660 | | 1,660 | | 1,660 | | 1,660 | | 1,660 | | 1,660 |
| Garden Communities | | | | | | | | | | | |
| Development Projects | 1,354 | (835) | 519 | (149) | 370 | (370) | | | | | |
| Waste Depot Relocation Project | 2,649 | | 2,649 | | 2,649 | | 2,649 | | 2,649 | | 2,649 |
| Waste Management | 371 | | 371 | | 371 | | 371 | | 371 | | 371 |
| Private Finance Initiative | 295 | | 295 | | 295 | | 295 | | 295 | | 295 |
| | 8,016 | (723) | 7,294 | (617) | 6,677 | (345) | 6,332 | (75) | 6,257 | 25 | 6,282 |
| TOTAL USABLE RESERVES | 12,078 | (726) | 11,353 | (867) | 10,486 | (595) | 9,891 | (325) | 9,566 | (285) | 9,281 |
| TOTAL GENERAL FUND RESERVES | 16,999 | (495) | 16,505 | (1,367) | 15,138 | (1,095) | 14,043 | (825) | 13,218 | (785) | 12,433 |

Housing Revenue Account (HRA)

29. Under the self-financing reform the Council took out a loan for housing stock of £88.4m and the debt has been structured so that it is repaid in years 6 to 30 i.e. from 2017/18 to 2041/42. 2020/21 is the fourth year of the principal repayment and the ninth year of self-financing.
30. The HRA has completed an extensive programme of new builds and redevelopments of both social and sheltered housing units. As expected the repayment of the loan principal has impacted significantly on the business plan, HRA reserves and future year's capital programme.
31. A review of the HRA Business Plan and the financing of the loans was undertaken in 2017/18, by Arlingclose Ltd (Treasury Management advisors) to ensure that maximum benefit is being obtained, both in terms of interest rates and also the ability for the HRA to continue to deliver new housing.
32. The review showed that complete refinancing of the loan would incur high penalty fees, the option that offered best value and allowed the business plan to continue to deliver a programme of development would be to re-borrow the amounts repaid in previous years as required.
33. Government announced in October 2018 that the HRA borrowing cap had been removed. The removal of the cap is welcomed as it takes away one of the restrictions faced by local authorities looking to invest in their housing stock and build homes.
34. The decision to increase HRA borrowing is not just dependent on whether it is permitted; it also needs to be affordable. There is currently a balanced HRA business plan and therefore costs arising from additional borrowing would need to be funded either through additional income or a reduction in costs. The Government policy of 1% rent reductions over 4 years, which ended in 2019/20, has had a significant impact on income levels and limits the affordability of additional borrowing. Rental income increases for 2020/21 have been applied based on current government guidelines of CPI + 1%, which equates to a total increase of 2.7%.
35. Officers will continue to review the financing rules and options for additional borrowing to support the Council's development of new homes and investment in its current stock. The Council is already committed to building homes for local people and since the introduction of self-financing the Council has been able to build and purchase over 115 homes despite the previous borrowing cap.
36. A number of financial assumptions, including interest rates, rent setting, void rates, bad debt levels and repair costs have been used in the HRA Business Plan and revenue budget setting. These and other assumptions will be kept under review and monitored in 2020/21.
37. The following tables set out the predicted 5 year financial position for the HRA, the reserve balances and proposed use of these reserves.

Housing Revenue Account – 5 year Summary

| £'000 | 2018/19 | 2019/20 | 2020/21 | Budget Movement | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Original Budget | Current Budget | Original Budget | | Original Budget | Original Budget | Original Budget | Original Budget |
| Housing Revenue Income | | | | | | | | |
| Dwelling Rents | (14,147) | (14,147) | (14,667) | (520) | (15,063) | (15,469) | (15,887) | (16,316) |
| Garage Rents | (224) | (224) | (230) | (5) | (233) | (237) | (241) | (246) |
| Other Rents etc | (3) | (3) | (3) | 0 | (3) | (3) | (3) | (3) |
| Charges for Services & Facilities | (977) | (977) | (1,079) | (102) | (1,097) | (1,116) | (1,135) | (1,154) |
| Contributions towards Expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL INCOME | (15,352) | (15,352) | (15,979) | (627) | (16,397) | (16,826) | (17,267) | (17,719) |
| Housing Finance & Business Management | | | | | | | | |
| Rents, Rates & Other Property Charges | 75 | 75 | 75 | 0 | 76 | 77 | 79 | 80 |
| | 75 | 75 | 75 | 0 | 76 | 77 | 79 | 80 |
| Housing Maintenance & Repairs Service | | | | | | | | |
| Common Service Flats | 204 | 204 | 209 | 5 | 213 | 216 | 220 | 224 |
| Estate Maintenance | 152 | 152 | 196 | 44 | 199 | 202 | 206 | 209 |
| Housing Repairs | 2,561 | 2,561 | 2,457 | (104) | 2,676 | 2,972 | 3,352 | 3,820 |
| Housing Sewerage | 58 | 58 | 60 | 2 | 61 | 62 | 63 | 64 |
| Newport Depot | 24 | 24 | 25 | 0 | 25 | 25 | 26 | 26 |
| Property Services | 318 | 318 | 356 | 38 | 362 | 368 | 375 | 381 |
| | 3,317 | 3,317 | 3,303 | (15) | 3,536 | 3,847 | 4,241 | 4,724 |
| Housing Management & Homelessness | | | | | | | | |
| Housing Services | 470 | 470 | 495 | 26 | 504 | 512 | 521 | 530 |
| Sheltered Housing Services | 629 | 629 | 691 | 62 | 703 | 715 | 727 | 739 |
| | 1,099 | 1,099 | 1,186 | 87 | 1,206 | 1,227 | 1,248 | 1,269 |
| Total Service Expenditure | 4,491 | 4,491 | 4,564 | 73 | 4,818 | 5,151 | 5,568 | 6,074 |
| Other Costs | | | | | | | | |
| Bad Debt Provision | 100 | 100 | 100 | 0 | 100 | 100 | 100 | 100 |
| Depreciation - Dwellings (to MRR) | 3,888 | 3,888 | 4,555 | 667 | 4,555 | 4,555 | 4,555 | 4,555 |
| Depreciation - Non- Dwellings (to MRR) | 91 | 91 | 66 | (25) | 66 | 66 | 66 | 66 |
| Interest/Costs re HRA Loan | 2,604 | 2,604 | 2,613 | 9 | 2,601 | 2,570 | 2,519 | 2,438 |
| Repayment of HRA Loan | 2,000 | 2,000 | 2,000 | 0 | 2,000 | 2,000 | 3,000 | 3,000 |
| Investment Income | (42) | (42) | (13) | 29 | 0 | 0 | 0 | 0 |
| Pension Costs - Added Years | 19 | 19 | 19 | 0 | 19 | 19 | 19 | 19 |
| Pension Deficit - Triennial payment | 0 | 0 | 126 | 126 | 0 | 0 | 126 | 0 |
| Recharge from General Fund | 1,693 | 1,693 | 1,375 | (318) | 1,049 | 1,041 | 1,033 | 1,026 |
| HRA Share of Corporate Core | 366 | 366 | 372 | 6 | 379 | 387 | 395 | 403 |
| Right to Buy Admin Allowance | (10) | (10) | (10) | 0 | (10) | (10) | (10) | (10) |
| Total Non-Service Expenditure | 10,708 | 10,708 | 11,202 | 494 | 10,758 | 10,727 | 11,802 | 11,596 |
| TOTAL EXPENDITURE | 15,199 | 15,199 | 15,766 | 567 | 15,577 | 15,878 | 17,370 | 17,669 |
| OPERATING (SURPLUS)/DEFICIT | (152) | (152) | (213) | (61) | (820) | (948) | 103 | (50) |
| Funding from Cap Rec Res for HRA Loan | (2,000) | (2,000) | (2,000) | 0 | 0 | 0 | 0 | 0 |
| Funding of Capital Programme from HRA | | | | | | | | |
| Capital Schemes Funded from Revenue | 2,692 | 2,692 | 1,325 | (1,367) | 505 | 450 | 450 | 450 |
| | 2,692 | 2,692 | 1,325 | (1,367) | 505 | 450 | 450 | 450 |
| Transfers to/(from) Reserves | | | | | | | | |
| Capital Projects | (153) | (153) | 897 | 1,050 | 301 | 481 | (572) | (419) |
| Change Management Reserve | 0 | (355) | 0 | 355 | 0 | 0 | 0 | 0 |
| Potential Developments | (355) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HRA Slippage Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HRA Slippage Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sheltered Housing Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transformation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working Balance | (31) | (31) | (10) | 21 | 14 | 17 | 19 | 19 |
| | (539) | (539) | 888 | 1,427 | 315 | 498 | (553) | (400) |
| (SURPLUS)/DEFICIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Housing Revenue Reserves – 5 year Summary

| Reserve £'000 | 2020 | | 2021 | | 2022 | | 2023 | | 2024 | | 2025 | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | 01 April | Net Movement | 31 March | |
| <u>RINGFENCED RESERVES</u> | | | | | | | | | | | | |
| Working Balance | 473 | (10) | 463 | 14 | 477 | 17 | 494 | 19 | 513 | 19 | 532 | |
| | 473 | (10) | 463 | 14 | 477 | 17 | 494 | 19 | 513 | 19 | 532 | |
| <u>USABLE RESERVES</u> | | | | | | | | | | | | |
| Revenue Reserves | 60 | 0 | 60 | 0 | 60 | 0 | 60 | 0 | 60 | 0 | 60 | |
| Revenue Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Transformation Reserve | 180 | 0 | 180 | 0 | 180 | 0 | 180 | 0 | 180 | 0 | 180 | |
| | 240 | 0 | 240 | 0 | 240 | 0 | 240 | 0 | 240 | 0 | 240 | |
| <u>Capital Reserves</u> | | | | | | | | | | | | |
| Capital Projects | 0 | 897 | 897 | 301 | 1,198 | 481 | 1,679 | (572) | 1,107 | (419) | 688 | |
| Potential Projects Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sheltered Housing Projects Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| HRA Slippage Reserve | 1,415 | 0 | 1,415 | 0 | 1,415 | 0 | 1,415 | 0 | 1,415 | 0 | 1,415 | |
| | 1,415 | 897 | 2,313 | 301 | 2,614 | 481 | 3,095 | (572) | 2,523 | (419) | 2,104 | |
| TOTAL USABLE RESERVES | 1,655 | 897 | 2,552 | 301 | 2,853 | 481 | 3,334 | (572) | 2,762 | (419) | 2,343 | |
| TOTAL RESERVES | 2,127 | 888 | 3,015 | 315 | 3,330 | 498 | 3,828 | (553) | 3,276 | (400) | 2,876 | |

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| Reserve £'000 | 2020 | | 2021 | | 2022 | | 2023 | | 2024 | | 2025 | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | 01 April | Net Movement | 31 March | |
| <u>Capital Receipt Reserve</u> | | | | | | | | | | | | |
| Capital Receipt Reserve - RTB | 1,154 | 564 | 1,718 | 564 | 2,282 | 564 | 2,846 | 564 | 3,410 | 564 | 3,974 | |
| Capital Receipt Reserve - Other | 40 | | 40 | | 40 | | 40 | | 40 | | 40 | |
| Capital Receipt Reserve - Total | 1,194 | 564 | 1,758 | 564 | 2,322 | 564 | 2,886 | 564 | 3,450 | 564 | 4,014 | |
| <u>Major Repairs Reserve (MRR)</u> | | | | | | | | | | | | |
| MRR | 334 | (77) | 258 | 77 | 334 | 22 | 356 | 22 | 377 | 22 | 399 | |

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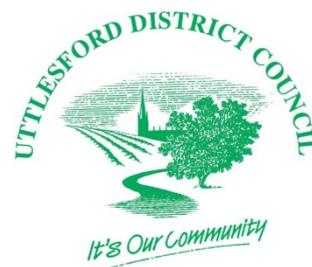
Uttlesford District Council

Commercial Strategy

2020 - 2024



Prepared by:
Asset Management
Uttlesford District Council
January 2020



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Introduction

1. The Council recognises that as a consequence of reducing government funding there is an increased requirement to generate additional income to underpin the core services provided by the Council to its residents. Traditional ways of generating additional income such as through Council Tax and fees and charges will not be able to absorb the reduction in government funding. By way of illustration, a 1% rise in Council Tax is equivalent to about £55,000 in additional income.
2. The 2020-2024 Corporate Plan sets an ambitious target to

Be a self-sufficient Council that generates its own resources from local taxation (Business Rates and Council Tax) and commercial investments thereby removing the reliance on Central Government grants.
3. The 2020-2025 Medium Term Financial Strategy (MTFS) predicts an annual shortfall by 2024/25 of £4.853 million per annum. The MTFS currently includes only £300,000 per annum for new priorities, any additional spend will increase the predicted 2024/25 shortfall. As future years are added to the plan the shortfall increases year on year.
4. The Administration has indicated that they propose to address the shortfall through investments. To achieve this the Council will need to set an investment fund approved limit of £300 million.

Vision

5. To generate sufficient income to enable the Council to be a self-sufficient Council in that it generates its own resources from local taxation (Business Rates and Council Tax) and commercial investments thereby removing the reliance on Central Government grants.

Purpose of the Investments

6. To provide a long term income for the council to support the provision of Council services. This income requirement has arisen as a result of reductions in the Council's finance from central government. Government also restricts the ability of councils to raise income from council tax increases.
7. The Council seeks to operate in the most cost effective ways and will look for improvements in its operations which will reduce costs or avoid increased costs. However the scale of reduction in external finance is such that other income sources must be found. Reductions in council services are considered a last resort.
8. The income target for the Board will be guided by the Medium Term Financial Strategy (MTFS). The MTFS forecasts the income and expenditure over a four year period and includes all known factors. It shows the predicted annual net surpluses or deficits. The investment income is sought to cover the forecast significant deficits in each of the years of the MTFS, so as to ensure that existing services can continue to be provided.

Current Portfolio

9. In May 2017 the Council, through its wholly owned subsidiary Aspire (CRP) Ltd, acquired a 50% share in Chesterford Research Park and formed a joint venture with Aviva Investors. As part of the Cambridge Life Science cluster the Park is world renowned, having been in existence for 19 years, with available space to significantly increase the commercial floor space, plus expand the Park into other areas of research to diversify and reduce the risk.

10. The Council gave a loan to Aspire (CRP) Ltd for the purchase of 50% of Chesterford Research Park (£47.25m). The loan was funded by

- Phoenix Life – borrowing of £37m for 40 years on a repayment basis @ 2.86% fixed. The first £10m drawdown was 5 July 2017 with the remainder as follows

5 July 2020 - £12m

5 July 2021 - £15m

Whilst this loan is being drawn down the balance will be funded by a mix of local authority and internal borrowing – The amount of each varies during the year dependant on the level of UDC balances available. Average interest rate, interest only, is 0.8%

- Use of reserves and balances (£10.25m) funds the balance.

11. Since the initial purchase the Council has made three additional ongoing loans to aspire (CRP) Ltd for works on the Newnham Building totalling £5,741,000 taking the total investment to £52,991,000. There is approval for a further loan of £1.25 million to complete the renovation, which will be drawn down in early 2020/21.

12. For 2019/20 the income from Chesterford Research Park is expected to be £2,130,000 with the cost of borrowing being £400,000. There is also repayment to the Council of staff time whilst undertaking company work on Aspire (CRP) Ltd.

13. In December 2019, Full Council approved a funding request for up to £32 million for Investment 2 which is in the process of completion.

Loans to wholly owned subsidiaries

14. The Council recognises that, to further support the ongoing budget and to ensure the continued delivery of services at the level currently provided, further investment in the expansion of Chesterford Research Park will be necessary. The first set of additional loans relate to the refurbishment of the Newnham Building. To date, the following loans to Aspire (CRP) Ltd have been made

| Date | Amount | Term | Rate | Basis | Annual Payment | Building | Repaid |
|------------|-------------|-------------------|------|------------------------|----------------|----------|--------|
| 03/05/2017 | £47,250,000 | 50 years | 4% | Interest only | £1,890,000.00 | | |
| 27/06/2017 | £60,000 | 10 months | 4% | Interest and principal | £61,827.95 | | ✓ |
| 26/03/2018 | £223,000 | 49 years 1 months | 4% | Interest only | £8,920.00 | Newnham | |
| 02/01/2019 | £2,518,000 | 48 years 4 months | 4% | Interest only | £100,720.00 | Newnham | |
| 20/08/2019 | £3,000,000 | 20 years | 4.5% | Interest and principal | £230,630.00 | Newnham | |

15. In addition there is approval for a further loan of £1.25m for the fit-out of the Newnham Building on an interest and principal basis over 20 years at an interest rate of 4.5%. This will be drawn down during the latter part of 2019/20 as the Newnham Building refit progresses.

The Investment Fund

16. This strategy sets out an investment fund requirement of £300 million with a portfolio yield target (before borrowing costs) of 4%. Current investments are

| | |
|---------------------------|-------------------------------|
| Chesterford Research Park | £54.241 million |
| Investment 2 | £32.000 million |
| Total | <u>£86.241 million</u> |

17. This strategy also confirms the previous allocation of £20 million to future development at Chesterford Research Park, bringing the allocated total to £106.241 million

18. This will leave £193.759 million for further commercial investments, of which approximately £15 million will likely be spent on acquisition costs (Stamp Duty, legal and agents fees).

The future

19. The Council is committed to investing in Chesterford Research Park. The Council is keen to see existing tenants expand and grow on the Park and for the Park to attract new tenants from a diverse range of research activities. The Park is within the district boundary and investing helps to sustain existing employment, introduce new employment opportunities and generate additional Business Rates.

20. The remaining Investment Portfolio may include a mix of

- Light Industrial
- Single-let office space
- Multi-let office space
- Out-of-town retail
- Market rent housing

21. Within each of the above classes, there will also be a mix of investment size and lease lengths, to provide a balance and reduce market exposure.

Borrowing, the Prudential Code and Statutory Guidance on Local Government Investments

22. The Council can rely on a variety of statutory powers to borrow and invest. Where the primary purpose of borrowing and investment is to secure a financial return, the Council has powers under sections 1 and 12, Local Government Act 2003. Section 1 provides that:

A local authority may borrow money—

(a) for any purpose relevant to its functions under any enactment, or

(b) for the purposes of the prudent management of its financial affairs.

Section 12 states:

A local authority may invest—

(a) for any purpose relevant to its functions under any enactment, or

(b) for the purposes of the prudent management of its financial affairs.

23. Where the Council proposes to rely on the borrowing powers in Local Government Act 2003 section 15 of the Act makes it a requirement to have regard –

(a) to such guidance as the Secretary of State may issue, and

(b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.”

The current guidance to which the Council must have regard is:

- Statutory Guidance on Local Government Investments (3rd Edition) issued by the Secretary of State; and
- The Prudential Code issued by CIPFA.

24. The Statutory Guidance contains two paragraphs on what is termed “borrowing in advance of need. The guidance states:

46. Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

47. Where a local authority chooses to disregard the Prudential Code and this Guidance and borrows or has borrowed purely to profit from the investment of the extra sums borrowed the Strategy should explain:

- *Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and*
- *The local authority’s policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.*

25. The Council will adopt a “case by case” approach in considering whether to depart from the Statutory Guidance and the Prudential Code where the primary purpose of borrowing is to “profit from the investment of the extra sums borrowed”. In reaching a decision, the Council will balance the need to generate additional income to underpin core services to Uttlesford residents against the risks involved in taking on the borrowing and against the risks involved in the investment to be funded by borrowing. It will ensure that investments funded by borrowing in these circumstances are proportionate to the need to make good shortfalls caused by the reduction in Government funding. Given the Council’s acute funding shortfall and the likely consequences for Uttlesford residents of not being able to maintain core services without additional funding, the Council is likely to depart from the Statutory Guidance and from the Prudential Code where sound investment opportunities are identified.

26. The Council will set out for each investment the risks associated with the investment, be they specific or industry/sector. These will be monitored on a regular basis by the Investment Board, and where necessary recommendations will be made to the Cabinet. The Council maintains a Medium Term Financial Strategy Reserve which is retained for use in the event of a significant drop in revenue income from an investment.

Key Performance Indicators (KPIs)

27. A suite of KPIs will be developed by the Investment Board for reporting by the Aspire companies on a quarterly basis. These KPIs will be used, as part of suite of information, to inform future investments and disposals and therefore the make-up of the portfolio.

Investment Protocol

28. An Investment Protocol will be developed alongside this strategy which sets out the criteria in detail.

Security, Liquidity and Yield

29. As the Council only has a small amount of money of its own to invest, any further expansion of the commercial strategy will necessarily be funded from a mix of external borrowing, from financial institutions, Public Works Loan Board (PWLB) and other local authorities. The Council will not invest in high yield, high risk opportunities. This will be reflected in an average portfolio yield target of 4% (before cost of borrowing).
30. Investments at Chesterford Research Park will be made by way of loans to Aspire (CRP) Ltd the Council's wholly owned subsidiary. All commercial investments outside of Chesterford Research Park will be undertaken by the Council. Property purchase for letting at market rents will be undertaken through a new wholly owned subsidiary company Aspire (MRH) Ltd.
31. Financing of acquisitions will be decided on a case by case basis. In almost all cases a mix of repayment and interest only loans will be undertaken, with the expectation being that this will be on an 80:20 interest only: repayment basis. The final decision will be made by Cabinet following recommendations made by the Investment Board.
32. The option to liquidate funds is either by selling the investment (or part thereof) or by refinancing the debt.

Risks

33. Each investment must be considered independently and only those viewed as having a positive expected yield and an acceptable risk profile will be taken forward for consideration by the Council.
34. The Council takes advice from its professional advisers at all times. For example, with the purchase of the 50% share at Chesterford Research Park the Council engaged
 - Arlingclose as its financial advisers who project managed the funding tender
 - Cushman and Wakefield who undertook all of the purchase negotiations and due diligence
 - Hogan Lovells for Legal due diligence

35. For Aspire (CRP) Ltd the Council has appointed two non-executive directors to serve on the Board and bring independent challenge and support. The new delivery company, Aspire (MRH) Ltd, will also have two non-executive directors on the Board.
36. The Aspire companies will use a range of specialists which will vary between investments. This will ensure the continued professionalism and sector knowledge.
37. A risk register will be maintained for each investment and these will be monitored by the Investment Board on a regular basis. The risk register will be based on the corporate standard used by the Governance, Audit and Performance Committee.

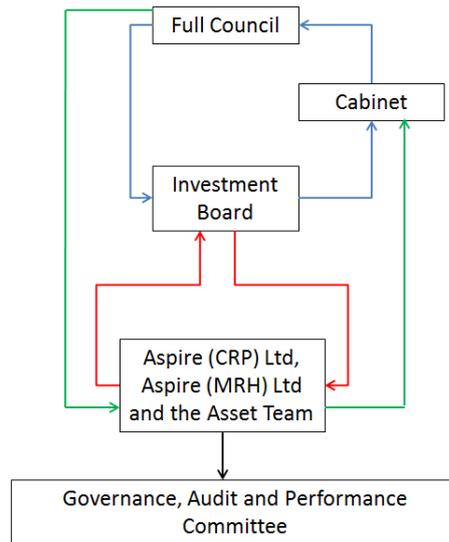
Proportionality

38. The aim of the Commercial Strategy is to generate income to underpin the Council's core budget, to invest in other income generating opportunities and also good causes for the district.
39. The Council's sole current investment at Chesterford Research Park comprises eleven core buildings and circa twenty tenants. For the income to be below the interest repayment amount three of the five largest tenants would be required to default on their tenancy agreement at the same time. Even with this relatively low risk it is important to attract different types of research business to the Park.

Capacity, Skills and Culture

Investment Board (IB)

40. The IB will operate in accordance with the Commercial Strategy which is adopted annually by Full Council. Cabinet will delegate to the Leader; Portfolio Holder for Finance and Budget and the S151 Officer (or Assistant Director of Resources for Aspire investments) to conclude investments where authorisation has been given by Full Council.
41. Constitution of the IB
 - a) The IB is a Working Group of Cabinet and membership will be determined by the Leader of the Council
 - b) In addition there will be two independent members to supplement the skills of the elected Members.
42. The investment decision making and monitoring process is as set out overleaf



43. Democratic Process (blue line)

- a) As part of the annual budget setting process, Cabinet develops the Commercial Strategy in consultation with the IB. Cabinet recommends to Council the adoption of the Commercial Strategy.
- b) Council adopts the Commercial Strategy.
- c) The IB develops a protocol to implement the Commercial Strategy which will be approved by Cabinet.
- d) The Cabinet will receive from the IB quarterly updates, including KPIs, on the performance of the portfolio.
- e) For new investments, the IB reviews the business cases and if appropriate supports a recommendation to Cabinet for the acquisition.
- f) Cabinet reviews the investment and if satisfied recommends to Council that funding is made available.
- g) Ahead of the Council meeting, the IB Chairman, along with officers, undertakes an all-Member briefing session to set out the investment and the reasons for its recommendation.

44. Internal Process (red line)

- a) The IB provides the two Aspire companies with a Commercial Protocol and sets out in detail the type of new investments it is seeking. Aspire (CRP) Ltd looks after developments at Chesterford Research Park, whilst Aspire (MRH) Ltd is responsible for residential housing to be let at market rents. The Council's Asset Team will manage all other non-CRP commercial investments.
- b) Depending on the category of investment sought, Aspire (MRH) Ltd, Aspire (CRP) Ltd or the Asset Team, working with professional advisors, will identify investments which meet the protocol set out by the IB. They will prepare investment business cases for consideration by the IB. The IB will review and

consider the cases in detail and if suitable will make the recommendation to the Cabinet to proceed. Approval by the Boards of the Aspire companies is also required prior to submission to the IB.

- c) The Aspire companies, along with the Asset Team, prepare the quarterly KPI and other information for submission to the IB.

45. New Investments (green line)

- a) At an Extraordinary Meeting of Council a decision is taken on whether or not to allocate the funding.
- b) If the investment is agreed, funding will be made available to the relevant Aspire Company or to the Asset Team to enable the purchase to be made.
- c) The Aspire companies report annually to the Cabinet as the shareholder board of the Council.

46. Governance, Audit and Performance Committee (GAP) (black line)

- a) A report on annual performance of the Aspire companies is taken to the GAP Committee. A similar report will be presented by the Asset Team.

Joint Working

- 47. The Council recognises the benefits of working with other parties, be they local authorities or private sector. Joint Working mitigates risk and has potential to enable the Council to consider new commercialisation opportunities in markets that alone it would not be able to do so.

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Committee: Scrutiny

Date:

Title: Fly-Parking Task and Finish Group

4 February 2020

Report Author: Gordon Glenday
Gordon Glenday, Assistant Director, Planning
Assistant Director - Planning

Summary

1. At its meeting on 24 September 2019, Scrutiny Committee decided to establish a task and finish group to look at fly-parking issues relating to Stansted Airport.
2. This Group has now met and has approved draft Terms of Reference (see Appendix) and a work programme. The Terms of Reference require formal endorsement from the Scrutiny Committee.

Recommendations

3. Approve the terms of reference for the Fly-Parking Task and Finish Group

Financial Implications

4. None. There are no financial implications associated with this report

Background Papers

5. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Impact

- 6.

| | |
|---------------------------------|-----|
| Communication/Consultation | N/A |
| Community Safety | N/A |
| Equalities | N/A |
| Health and Safety | N/A |
| Human Rights/Legal Implications | N/A |
| Sustainability | N/A |

| | |
|-----------------------|-----|
| | |
| Ward-specific impacts | N/A |
| Workforce/Workplace | N/A |

Situation

7. Scrutiny Committee agreed to a request from Cllr Caton that the issue of fly-parking with regard to users of Stansted Airport be looked at.
8. The Committee established a Task and Finish Group comprising Cllr Caton, Cllr Reeve and Cllr Driscoll. The Assistant Director, Planning has been appointed lead officer. The Group has now met and Terms of Reference have been drafted (see Appendix). The Scrutiny Committee is being asked to approve the terms of reference. Task and Finish Group members have not yet given an indication of any written evidence required.

Task and Finish Group work programme

9. The Group has now met and has agreed that it wishes to prioritise investigations into:
 1. The effectiveness of the current airport fly parking hotline reporting system and how its responsiveness can be improved;
 2. The development of a more planned approach to initiating and implementing TROs in areas known to suffer from airport fly-parking;
 3. Good practice in tackling the problem elsewhere in the UK e.g around Manchester and Luton Airports
10. Approaches have been made to parish councils in areas that are known to suffer from airport fly-parking to discuss their views on how to tackle the fly-parking issue. Approaches have also been made to representatives of organisations involved in initiating and implementing Traffic Regulation Orders in Uttlesford.
11. The Task and Finish Group members have discussed the proposals to control fly-parking contained in the draft S106 during the recent public speaking sessions on the Stansted Airport planning application.
12. The Task and Finish Group will meet again late February/early March to review progress and determine the future timeline for reporting back to the Scrutiny Committee with its final report.

Risk Analysis

1.

| Risk | Likelihood | Impact | Mitigating actions |
|--|------------|--------|--|
| Group's conclusions will not be endorsed by Scrutiny Committee | Little | Low | Ensure Scrutiny is kept informed of emerging work and findings prior to final report being written |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

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Scoping Report for Scrutiny Committee Review

| | |
|---|---------------------------------|
| Review Topic | Airport-related fly-parking |
| Scoping Report to go to meeting on | 4 February 2020 |
| Final report to go to meeting on | TBC |
| Task and Finish Group Members | Cllrs Caton, Driscoll and Reeve |
| Lead Officer | Gordon Glenday |

| | |
|--|---|
| Purpose and/or Objective of the Review (what the review should achieve) | The purpose of the review is to establish the current situation with regard to discouraging airport-related fly-parking and therefore identify what improvements can be made in policy, practice and/or procedure to alleviate issues caused to residents in areas close to the airport |
| Terms of Reference (to include the scope of the review) | <ul style="list-style-type: none"> • Define what is meant by fly-parking • Gain an understanding of legal position with regard to the responsibilities of the various bodies • Gain an understanding of the current measures and forums to tackle fly-parking • Research current practice from other local authorities • Consider any gaps in provision • Formulate recommendations • The review should not consider any other aspects of on or off site airport parking provision except where there is a direct bearing on fly-parking |
| Methodology / Approach (methods to be used to gather evidence) | <ul style="list-style-type: none"> • Analysis of current approaches • Collation of practice by local authorities which also have airports in their boundaries • Evidence gathering to demonstrate scale of problem • Interviews with representatives from relevant bodies • Preparation of report with recommendations for Scrutiny Committee |

| | |
|---------------------------------------|---|
| | |
| Written Evidence Required | TBC |
| Potential Consultees/Witnesses | Representatives of: UDC MAG NEPP Parish Councils Residents Planning Committee |