



SUPPLEMENTARY AGENDA 2

Dear Councillor

ORDINARY COUNCIL - WEDNESDAY, 27TH JUNE, 2018

I am now able to enclose, for consideration on Wednesday, 27th June, 2018 meeting of the Ordinary Council, the following reports that were unavailable when the agenda was printed.

Agenda No	Item
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| 7. | <u>Public Questions</u> (Pages 3 - 6) |
| 14. | <u>Urgent Business</u> (Pages 7 - 12) |

An item of business may only be considered where the Chair is of the opinion that, by reason of special circumstances, which shall be specified in the Minutes, the item should be considered as a matter of urgency.

Yours sincerely

Chief Executive

Encs

26/06/18

27 June 2018

Ordinary Council

Public Questions

Report of: Philip Ruck – Chief Executive

Wards Affected: All Wards

This report is: Public

1. Executive Summary

- 1.1 In accordance with the Council's Constitution, a member of the public resident within the Borough may ask a maximum of two questions relating to the business of the Council providing notice has been received by 10.00am two working days before the relevant meeting.
- 1.2 If the person wishing to ask the question is not present at the meeting when the item is called the question(s) will be deleted from the list of questions to be asked.
- 1.3 Every question asked pursuant to rule 11.1 of the Constitution shall be put and answered without discussion but the Member to whom the question has been put may decline to answer. An answer may take the form of a direct oral answer at the Council meeting or where there has been insufficient time to research an answer, a written answer will be sent to the questioner.
- 1.4 Eight questions had been received.
- 1.5 Mrs Gearon-Simm submitted the following questions:

Brentwood Borough Council has outsourced the work of its Legal Department to Barking and Dagenham Council.

Both the work of the Housing Department and Licensing has been outsourced to Basildon Council.

In addition to this the work of Brentwood Borough Council's Planning Department has been outsourced to Thurrock Council.

- 1. How much is this costing the council taxpayers of Brentwood?*
- 2. Is this arrangement going to be permanent?*

1.6 Mr Skinner submitted the following questions

1. Local Development Plan ("LDP"): Priests Lane Sites 044 and 178

I note that the current Regulation 18 LDP Consultation has removed the inclusion of "open space and/or sports facilities for public use" as part of the proposed site when compared to the previous Regulation 18 Consultation in 2016 and the document presented to Council at the Extraordinary Council meeting held on 15 November 2017. This change appears to have been made on the basis of one letter from the owners of one of the sites in response to the 2016 Regulation 18 Consultation (response 15091) asking for the "open space and/or sports facilities for public use" to be deleted from the proposal stating that the land makes no contribution to either public open space or sports provision. First, the playing fields did used to be hired by non-school local sports organisations. Secondly, the 2005 Open Space Audit Report concluded that there were insufficient open space areas for the public in West Shenfield and that if land became available the opportunity to provide open space should be taken by the Council in this area. The land is also adjacent to two schools. Since that point, there has been no change in the provision of open space in West Shenfield. The 2016 Open Space Audit merely provides a stocktake of open space and does not draw any detailed conclusions unlike the more detailed work in 2005. In addition, Sport England made written objections to the development of these sites as representations to the 2016 Regulation 18 LDP Consultation stating that the development of these sites would contravene Government policy.

Please can Councillor McKinlay explain why the inclusion of "open space and/or sports facilities for public use" has been removed from this proposed site in the current Regulation 18 LDP Consultation?

2. LDP: Prioritisation of planning applications once LDP has been submitted

The Council rightly prioritises the development of brownfield sites before greenfield and greenbelt land. However, it is possible, even likely, that planning applications will be submitted for the greenfield and greenbelt sites first because they are most easily and profitably developed. Given that the housing projections may be overstated, it is possible that brownfield sites may be left undeveloped while the Community loses greenfield and greenbelt land.

What steps will the Council take to not only identify brownfield sites for priority development, but to ensure that these sites are actually developed before eating into precious resources of greenbelt and greenfield land?

1.7 Ms Pearson submitted the following questions:

1. Local Development Plan ("LDP"): The LDP includes an uplift on proposed new housing by a substantial 36% over the projected housing needs to meet affordability targets. This is presumably to suppress house prices by creating over supply. The Council recognised that the basis of these calculations is flawed because it ignores the earnings of the Borough residents working in London, whose spending power will always exceed those working in the Borough and so will always produce too high an uplift. This pressure to overbuild in the Borough is detrimental to the current residents and the Council should be taking steps to ensure the Borough's problem is recognised at Central Government. Other than sending in the response to the Government's consultation paper last year, what further steps has the Council taken to resolve this issue that is one of the most fundamental problems with the draft LDP now out for consultation?

2. The LDP states that the uplift calculated for housing affordability is 30%, a very high number in view of the Borough's restrictions. The Council has stated that the long-term population projections are unstable, they are based on historic data that are unlikely to factor in reduced migration post Brexit. It is likely that this 30% target is already over and above housing needs and yet the LDP uses a 36% uplift on housing needs to provide a buffer. How does the Council justify increasing the housing projections by a contingency of 6% when not only are the affordability calculations dubious but the population growth forecasts over 20 years are particularly unstable because of Brexit?

1.8 Mr Gooderson submitted the following questions.

1. *Councillor Aspinall made a request at the last Ordinary Council meeting for a conflicts of interests register as they relate to the Local Development Plan, but the Council legal team said there is no need to collect this information from a legal perspective as the LDP is a consultation. Recently Westminster Council have been in the press with regard to poor practice where unrecorded benefits were provided by parties with an interest in Council and community business, such as developers. There is significant public concern that the inclusion of certain sites within the LDP will give a potential financial benefit to the owners of those sites. To allay growing public disquiet and to give transparency, please can the Councillors provide information to the public where they, or related parties, may have an interest, either as an owner, contractor or developer, in the sites or may have been provided with hospitality by interested parties, when the regulation 19 plan is presented for consultation?*

2. *I would like to ask each of the Councillors for my ward, Councillors Morrissey, Wiles and Barrett, at least two of who do not live in the ward, if they have made visits to Priests Lane and its junction with Middleton Hall Lane in the morning and evening school and work rush hours to experience what the current traffic situation is like. By this I mean a physical presence rather than just in a car adding to the traffic flow. Traffic congestion has been highlighted by many residents who have lodged comments about the current LDP. If they have not perhaps they would like to do soon say 3 occasions (which I believe is the standard applied for traffic surveys) to gain first-hand experience of the traffic. I would add that they should do so in the next few days before Brentwood Council break up for the summer holidays, although of course all of the A level students at the schools near the Town Centre have now left after their exams so the number of vehicle movements will have dropped already. I would hope that each councillor would report back to me once they have attended the area with their comments.*

Report Author Contact Details:

Name: Jean Sharp

Telephone: 01277 312655

E-mail: jean.sharp@brentwood.gov.uk

27 June 2018

Ordinary Council

Treasury Management Strategy 2018/19 Review

Report of: *Jacqueline Van Mellaerts – Interim Chief Finance Officer*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 As part of the Council's Policy Framework, The Council must approve the Treasury Management Strategy. This report presents changes to the Treasury Management Strategy 2018/19, which was agreed at Full Council on 6 March 2018.
- 1.2 The changes are driven by recommendations approved at PPR Committee on 19 June to increase the loan drawdown facility to the Council's newly established wholly owned company Seven Arches Investments Ltd (SAIL) of up to £30m.
- 1.3 In order to provide the loan drawdown facility to SAIL, the Council will need to increase two prudential indicators included with the Treasury Management Strategy, so that the Council has the power to Borrow additional funds required.
- 1.4 The Council is required by regulations issued under the Local Government Act 2003 to have regard to *The CIPFA Prudential Code for Capital Finance in Local Authorities (2017)*. The Prudential code allows the Council to revise the indicators at any time.

2. Recommendations

- 2.1 To approve the changes to the Treasury Management Strategy as set out in this report, which includes the revised operational and authorised borrowing limits.**
 - 2.2 To approve a total £30m loan drawdown facility (Including the £10m already approved) to Seven Arches Investments Ltd following recommendations from the Project Board, and that delegated power be given to the Chief Finance Officer in consultation with the Chair of PPR Committee and Group Leaders or their deputies to approve the use of the drawdown facility.**
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3. Changes to Treasury Management Strategy 2018/19

- 3.1 Following recommendations from the Project Board, Policy Projects & Resources Committee on 19 June, approved to increase the lending to SAIL of up to £30m. PPR also approved capital slippage brought forward from 2017/18 totalling £5.7m.
- 3.2 With the potential to borrow and lend £30m to SAIL as well as the agreed capital slippage the revised capital program over the next three years is:

	2018/19	2019/20	2020/21
	Estimate	Estimate	Estimate
	£'000	£'000	£'000
General Fund	40,689	5,041	380
HRA	5,972	8,331	3,250
Total capital expenditure	46,661	13,372	3,630
Financed by:			
Capital receipts	(3,815)	(2,522)	(649)
Revenue contributions	(1,982)	(5,117)	(1,211)
Government grants	(250)	(250)	(250)
S106 agreements	0	0	0
Major repairs reserve	(3,140)	(1,021)	(1,520)
Internal borrowing	(2,770)	0	0
External borrowing	(34,703)	(4,461)	0
Total Financing	(46,661)	(13,372)	(3,630)

- 3.3 This has led to an increased Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure that has not yet been funded from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The increased CFR is as follows:

	2018/19	2019/20	2020/21
	Estimate	Estimate	Estimate
	£'000	£'000	£'000
General Fund	48,436	51,683	50,405
HRA	61,091	60,591	60,091
Total CFR	109,526	112,274	110,496
New borrowing	37,473	4,461	0
Debt repayment provision	(635)	(1,713)	(1,779)
Increase/(decrease) in CFR	36,839	2,748	(1,779)

- 3.4 The Council is required by regulations issued under the Local Government Act 2003 to have regard to *The CIPFA Prudential Code for Capital Finance in Local Authorities (2017)*.
- 3.5 The prudential Code states 'The prudential indicators for the forthcoming and following years must be set before the beginning of the forthcoming year. **They may be revised at any time**, following due process, and must be reviewed, and revised if appropriate, for the current year when the prudential indicators are set for the following year'
- 3.6 Following the recommendations approved at PPR Committee on 19 June 2018, The Council must approve increases to the following **two prudential indicators**. Without these increased limits being in place, the Council does not have the powers to borrow the additional funds.
- 3.7 Operational Boundary for External Debt: This is the limit beyond which external debt would not normally be expected to rise.
- 3.8 Authorised Limit for External Debt: This is the maximum level of external borrowing that the Council is permitted to hold under the Local Government Act 2003. Any borrowing above this level would be *ultra vires* (beyond the powers).
- 3.9 The proposed new Operational Boundary is the updated CFR plus an allowance of £5m to cover any short-term borrowing needs. The previous operational boundary approved at Full Council on 6th March for 2018/19 was £90,103.
- 3.10 The Council is recommended to approve the following revised Operational Boundaries:

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
CFR	109,526	112,274	110,496
Short term borrowing needs	5,000	5,000	5,000
Operational boundary	114,526	117,274	115,496

- 3.11 The proposed new Authorised Limit is the operational boundary plus £3m for any future long-term liabilities. The previous Authorised Limit for External debt approved at Full Council on the 6th March for 2018/19 was £93,103.

- 3.12 The Council is recommended to approve the following revised Authorised Limits:

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Operational boundary	114,526	117,274	115,496
Long term liabilities	3,000	3,000	3,000
Authorised limit	117,526	120,274	118,496

4. Loan Drawdown Facility

- 4.1 Following approval at Full Council and to comply with the requirements of the Localism Act 2011 the Council established a wholly owned company, Seven Arches Investments Ltd ("SAIL") on 12th April 2018.
- 4.2 The wholly owned company will seek to engage in a variety of commercial activities that will be asset based initially, and subject to appropriate business cases and financial sustainability could be extended into other areas such as service provision.
- 4.3 The Project Board advises on all projects relating to the Asset Development Programme, which includes projects relating to Corporate Asset Management, Property Joint Venture Partnerships and Seven Arches Investments Ltd. It will in turn be informed by the work of the Corporate Asset Management Group.
- 4.4 The Project Board has received several initial investment opportunities that have been presented by the appointed property investment advisors. From these opportunities and the recommendations of the property investment advisors it became apparent that access to a loan drawn down facility would be more commercially appropriate than tranches of loans.
- 4.5 The draw down facility allows more than one potential investment to be pursued at a time, preventing lost opportunities for relatively small amounts and allowing greater diversification. It also allows the company to operate in a more commercially competitive manner.
- 4.6 Also following recommendation from Policy, Projects & Resources Committee on 19th June 2018. Approval is therefore now being sought to set up a "loan drawdown facility" of £30m to be set aside for use by SAIL for investment purposes. This will include the £10m already approved but will give flexibility

for when future investments become available, and funds will need to be readily accessible. This will be administered by the Chief Finance Officer in consultation with the Chair of PPR and Group Leaders or their deputies.

5. References to Corporate Plan

- 5.1 Good financial management underpins all priorities within the Corporate Plan.

6. Implications

Financial Implications

Name & Title: Jacqueline Van Mellaerts, Interim Chief Finance Officer

Tel & Email 01277 312829 / Jacqueline.vanmellaerts@brentwood.gov.uk

- 6.1 The financial implications are set out in the report.

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer

Tel & Email 01277 312860 / Daniel.toohey@brentwood.gov.uk

- 6.2 The Council is obliged by Section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. The legal position and application of the Prudential Code are set out in the body of this report.

7. Background Papers

- 7.1 Policy, Projects & Resources Committee 19th June – Asset Development Programme Update.
- 7.2 Full Council 6th March - Medium term Financial Plan 2018/19 – 2020/21

8. Appendices to this report

- 8.1 None

Report Author Contact Details:

Name & Title: Jacqueline Van Mellaerts, Interim Chief Finance Officer

Telephone: 01277 312829

E-mail: Jacqueline.vanmellaerts@brentwood.gov.uk

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