# EAST CAMBRIDGESHIRE DISTRICT COUNCIL

**THE GRANGE, NUTHOLT LANE,**
**ELY, CAMBRIDGESHIRE CB7 4EE**
**Telephone: 01353 665555**

**NOTICE OF MEETING**

**NOTICE IS HEREBY GIVEN** that a meeting of the **EAST CAMBRIDGESHIRE DISTRICT COUNCIL** will be held in **THE COUNCIL CHAMBER, NUTHOLT LANE, ELY ON TUESDAY 18 DECEMBER 2018** commencing at **6.00pm** with up to 15 minutes of Public Question Time, immediately followed by the formal business, and you are summoned to attend for the transaction of the following business.

# AGENDA

**1. PUBLIC QUESTION TIME** **[oral]**

The meeting will commence with up to 15 minutes public question time

**2. APOLOGIES FOR ABSENCE** **[oral]**

**3. DECLARATIONS OF INTEREST** **[oral]**

To receive declarations of interest from Members for any items on the Agenda in accordance with the Members Code of Conduct

**4. MINUTES – 18 OCTOBER 2018**

To receive and confirm as a correct record

**5. CHAIRMAN’S ANNOUNCEMENTS** **[oral]**

**6. TO RECEIVE PETITIONS (IF ANY)** **[oral]**

**7. NOTICE OF MOTIONS UNDER PROCEDURE RULE 10**

**8. TO ANSWER QUESTIONS FROM MEMBERS** **[oral]**

**9. SCHEDULE OF ITEMS RECOMMENDED FROM COMMITTEES AND OTHER MEMBER BODIES:**

a. **Local Council Tax Reduction Scheme (LCTRS) & Business Rates Discretionary Policies 2019/20**

b. **Treasury Operations Mid Year Review**

**10. ESTABLISHMENT OF NOT FOR PROFIT REGISTERED PROVIDER (NFPRP)**

**11. FORDHAM NEIGHBOURHOOD PLAN ADOPTION**

**12. COMBINED AUTHORITY UPDATE REPORTS:**

**a. October 2018**

**b. November 2018**

To receive reports on the activities of the Combined Authority from the Council's appointee(s)

**13. ACQUISITION OF FORMER MOD SITE, ELY**

**EXCLUSION OF THE PRESS & PUBLIC**

**That the press and public be excluded during the consideration of agenda item no. 14 because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be disclosure to them of exempt information of Category 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended)**

**14. ASSET MANAGEMENT MATTER – PARISH OF ELY**

**J Hill**
**Chief Executive**
To: All Members of the Council

**NOTES:**

1. Members of the public are welcome to attend this meeting. If you are visiting The Grange during normal office hours you should report to the main reception desk, where you will be asked to fill in a visitor's pass that must be worn at all times whilst you are in the building. Please remember to return your pass before you leave.

   This will not apply if you come to an evening meeting: in this case you will enter via the rear access doors in the glass atrium at the back of the building and a Facilities Assistant will direct you to the room in which the meeting will take place.

   The maximum capacity for meetings in the Council Chamber has been set by the Fire Officer at 100 persons. Allowing for Member/Officer attendance and room layout constraints, this will normally give a capacity for public attendance of 50 people. Admittance to the Council Chamber is on a "first come, first served" basis and public access will be from 15 minutes before the start time of the meeting.

   There are a number of schemes aimed at encouraging public participation in the Council's activities and meetings. These include public question times and a process to enable petitions to be submitted. Details of these can be obtained by calling the telephone number as listed at the top of this agenda or by logging onto the Council's website.

Meetings of full Council are webcast and broadcast live to the internet via YouTube.

2. Fire instructions for meetings:

   - If the fire alarm sounds please make your way out of the building by the nearest available exit - i.e. the back staircase or the fire escape in the chamber. Do not to use the lifts.
   - The fire assembly point is in the front staff car park by the exit barrier.
   - This building has an auto-call system to the fire services, so there is no need for anyone to call the fire services.
   - The Committee Officer will sweep the area to ensure that everyone is out of this area.

3. Reports are attached for each agenda item unless marked "oral".

4. If required all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail:

   translate@eastcambs.gov.uk

5. If the Committee wishes to exclude the public and press from the meeting, a resolution in the following terms will need to be passed:

   > "That the press and public be excluded during the consideration of the remaining item no(s). X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s) there would be disclosure to them of exempt information of Category X of Part I Schedule 12A to the Local Government Act 1972 (as amended)."

**AGENDA ITEM NO 9**

**SCHEDULE OF ITEMS RECOMMENDED FROM COMMITTEES AND OTHER MEMBER BODIES**

Committee: Council

Date: 18 December 2018

Author: Tracy Couper, Democratic Services Manager

[T163]

| Member Body | Report No. |
| --- | --- |
| **1. RESOURCES AND FINANCE COMMITTEE – 29 NOVEMBER 2018**<br><br>a. Local Council Tax Reduction Scheme (LCTRS) and Business Rates Discretionary Policies 2019/20<br><br>The Committee considered a report detailing options for the LCTRS and reviewing the Council's discretionary policies with regard to Business Rates for 2019/20.<br><br>Ian Smith, Finance Manager and S151 Officer, advised Members that the proposal was to retain the current maximum benefit for Council Tax of 91.5% for working age claimants, with a 8.5% contribution rate. In addition, no changes were proposed at this stage to the Council's policy regarding Business Rates Discretionary Relief powers.<br><br>Councillor Dupré commented that there appeared to be no appetite within the County for exempting Care leavers from Council Tax.<br><br>**It was resolved to RECOMMEND TO COUNCIL:**<br><br>**1. That the Local Council Tax Reduction Scheme (LCTRS) for 2019-20 remains unchanged from the current scheme.**<br><br>**2. That Council's policies with regard to discretionary Business Rate reliefs also remain unchanged.** | **T137 (attached at Appendix A)** |

| | |
|---|---|
| b. <u>Treasury Operations Mid Year Review</u><br><br>The Committee received a report containing an update on the Council's current 2018/19 Treasury position.<br><br>The Finance Manager and S151 Officer reported that the Council remained debt free and had £7.95M of cash investments as at 30th September 2018, with a further £4.62M loan to East Cambs Trading Company.<br><br>In response to a question by Councillor Bradley, the Finance Manager and S151 Officer explained that the proposed change in relation to the use of Money Market Funds (LVNAV) funds was a technical amendment required due to the introduction of new regulations.<br><br>**It was resolved to RECOMMEND TO COUNCIL:**<br><br>**1. That the mid-year review of the Council's Treasury Management for 2018/19, as set out at Appendix 1 of the submitted report, be noted.**<br><br>**2. That the use of Money Market Funds (LVNAV) funds be authorised, as detailed in paragraph 4.2 of the submitted report.** | **T139 (attached at Appendix B)** |

**APPENDIX A**

**LOCAL COUNCIL TAX REDUCTION SCHEME AND BUSINESS RATES DISCRETIONARY POLICIES 2019-20**

Committee: Resources and Finance Committee

Date: 29th November 2018

Author: Finance Manager

[T137]

1. ISSUE

1.1 To consider options for the Local Council Tax Reduction Scheme (LCTRS) for 2019-20

1.2 To review the Council's discretionary policies with regard to Business Rates again for the 2019-20 financial year.

2. RECOMMENDATION (S)

2.1 Committee is asked to recommend to Full Council:

2.2 That the Local Council Tax Reduction Scheme (LCTRS) for 2019-20 remains unchanged from the current scheme.

2.3 That Council's policies with regard to discretionary Business Rate reliefs also remains unchanged.

3. BACKGROUND/OPTIONS

**Local Council Tax Reduction Scheme**

3.1 Each year Council is required to review its Local Council Tax Reduction Scheme (LCTRS). Where it wishes to retain the existing scheme this must be decided by 11th March of the preceding year. Where a council seeks to amend its scheme, it is necessary to consult preceptors and stakeholders to inform a final scheme design by 28th February of the preceding year.

3.2 This report advises Resources and Finance Committee about the officer conclusion of the 2018 annual review.

3.3 As Members will be aware a major review of the scheme was undertaken during 2017, for the 2018-19 financial year. Committee received reports on this on the 21st September 2017 and the 30th November 2017, where changes to the previous scheme were approved. These changes harmonised the scheme with DWP Welfare Reforms and made entitlement to LCTRS, to the most part, conditional upon Universal Credit entitlement.

3.4 The current East Cambridgeshire LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and our scheme also protects War Pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work, whilst setting the amount charged at an affordable and recoverable level. By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying, we can affect recovery through attachment to benefit within the year and so the charge with costs is recoverable. If the amount payable was set higher, then it is possible the debt would not be recoverable and possibly create a culture of non-payment of Council Tax.

3.5 Further, by increasing the contribution rate to more than 8.5%, the possible increase in Council Tax collected for the Council could well be less than the additional costs of recovery (additional staff, postage and enquires to customer services), including the inability to recover the debt in year by deduction from DWP benefits and therefore this is not recommended.

4. ARGUMENTS/CONCLUSIONS

4.1 That the Local Council Tax Reduction Scheme (LCTRS) for 2019-20 remains unchanged from the current scheme.

4.2 The changes made to the scheme last year have worked well – harmonising to DWP welfare reforms and uprating, as well as removing the stipulation that customers must make a separate claim for Council Tax Support when claiming Universal Credit, thereby making the scheme compatible with the introduction and planned expansion of Universal Credit.

4.3 Continuing with the existing scheme continues these benefits and enables compliance with DWP benefits and the introduction and planned expansion of Universal Credit.

**Business Rates**

4.4 Officers have considered if any changes should be made to the Council's policy with regard to Business Rate discretionary reliefs, but at this point, no changes are recommended.

4.5 Members will be aware that in the National Budget additional relief has been offered for retail properties with a rateable value of less than £51,000, this relief being for 2019-20 and 2020-21. In order to provide this relief Council will need to use its discretionary relief powers (under Section 47 of the Local Government Finance Act 1988). Council will therefore need to approve a recommendation to implement this. Government have made it clear that any relief provided in this area will be funded via Section 31 grant and as such it will be cash neutral to this authority.

4.6 Further detail of the scheme and a request to approve will be detailed in the budget report which will be presented to Committee on the 28th January 2019.

5 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

5.1 While a finance report, because no changes in process are being recommended, this will have none to minimal financial implications.

5.2 Equality Impact Assessment (INRA) not required.

6. APPENDICES

Appendix 1 – Draft Business Rates discretionary relief criteria 2019-20

| Background Documents | Location | Contact Officer |
|---|---|---|
| | Room 206<br>The Grange<br>Ely | Ian Smith<br>Finance Manager<br>Tel: (01353) 616470<br>E-mail: ian.smith@eastcambs.gov.uk |

**Current East Cambridgeshire District Council**
**Discretionary Business Rate Relief Criteria**

The maximum amount of Discretionary Business Rate Relief that can be awarded is £2,000.

*All* of the following criteria must apply for an application to be eligible:

| |
|---|
| No restrictive membership practices. |
| Evidence of support for disadvantaged groups where the applicant is a community organisation. |
| Facilities/services must demonstrate benefit to local people/redistribution of majority funding to local communities. |
| Bar provision in facilities should be an ancillary service. |
| Unrestricted reserves should not exceed £100,000 |
| Average Annual surpluses (based on the two most recent sets of accounts) should not exceed £26,000. |

One of the following criteria must also apply for the application to be eligible:

| |
|---|
| The applicant is a local Charity or Trust *not* a Housing Association; social club, a national, regional or county charity.<br>Their premises *must not* be predominately used for administration purposes or provide a primary function of education/meeting facilities, car parking, a shop or catering outlet. |
| The applicant is a Scout, Guide or Youth Group. |
| The applicant is a Local Community Support Service (for example a Local Citizens Advice Bureau or a Community Voluntary Service (CVS)). |
| The applicant is a village Hall, Community or Cultural Centre, Museum, Sports Association or Leisure Centre (not registered charities but meet the charitable purpose criteria as set out in the 2006 Charities Act). |
| The applicant is a village shop, petrol station, public house or post office that has a rateable value of £16,500 or less, that is within the boundaries of a rural settlement of less than 3,000, that is used for the purposes that are of benefit to the local community and is the last essential service in the settlement. |

**APPENDIX B**

**TREASURY OPERATIONS MID-YEAR REVIEW**

Committee: Resources & Finance Committee

Date: 29th November 2018

Author: Finance Manager

[T139]

1.0 **ISSUE**

1.1 To provide Members with an update on the Council's 2018/19 Treasury Management Strategy Statement.

2.0 **RECOMMENDATIONS**

2.1 Members are asked to recommend to Full Council:

- That the mid-year review of the Council's Treasury Management Strategy for 2018/19, as set out in Appendix 1, be noted.
- That the use of Money Market Funds (LVNAV) funds be authorised, as detailed in paragraph 4.2.

3.0 **BACKGROUND**

3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires Councils to adopt the revised Code and fully comply with its requirements.

3.2 This report complies with the requirement for a mid-year review.

3.3 The size of the Council's investment portfolio is relatively small meaning that investment decisions are made so liquidity and cash flow requirements are the priority focus, this rather than returns. Despite this position, opportunities for proactive investment decisions are taken where appropriate.

3.4 The loan that the Council has made to East Cambs Trading Company (ECTC) is not technically an investment, but is included in this report for completeness. ECTC is paying a commercial rate on its loan from the Council – this to avoid breaking State-aid rules.

3.5 The Council's 2018/19 Treasury Management Strategy and budget detailed an expected return on investments of £12,100, with then a further £235,000 from interest payments on the loan to ECTC.

## 4.0 **ARGUMENTS**

4.1 During 2018/19 the Council has operated within its approved treasury limits and Prudential Indicators, no changes have been made to the counterparty values detailed in the Annual Treasury Management Strategy.

4.2 However, the Money Markets Fund sector is now in the final stages of introducing new regulations. These will see existing non-government Constant Asset Value (CNAV) funds converted to Low Volatility Net Asset Value (LVNAV) pricing. This new "title" for these investments is not included in our current TMSS and as such, this needs to be added to the authorised specified investments as detailed on page 25 of the original TMSS. It is proposed that the limit for such institutions will be £5 million in line with other Money Market funds.

4.3 The interest receipts generated on investments to the end of September 2018 were £17,916. The average return on investments on this date being 0.62%. This is above the benchmark overnight LIBID (London Inter-Bank Bid Rate) of 0.57%. The expected return on investments and loans for the year will be in excess of the budgeted forecast and with the loan to the Company generating significant interest receipts (£126,263 up until 30th September 2018), total receipts of £267,000 are now expected.

4.4 As at 30th September 2018, the Council had cash investments of £7.95 million (£17.2 million 2017), with a further £4.62 million (£1.9 million 2017) loan to East Cambs Trading Company, details of these investments are included in Appendix 1.

4.5 Interest rates on offer to the Council from Money Market Investment Deposit Accounts remain very low and at times it has been decided to retain money within the Council's Corporate Cash Manager Plus Account with NatWest, rather than invest relatively small amounts overnight as the transaction costs of moving the money would be greater than the interest earned. This approach complies with the Treasury Management Strategy.

## 5.0 **CONCLUSIONS**

5.1 The Council's Treasury Management Strategy, as approved on 22nd February 2018, continues to offer the Council the best approach to Treasury Management and the policies contained within it will continue to be followed for the remainder of the financial year, subject to the one proposed change as detailed in Paragraph 4.2.

6.0 **FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT**

6.1 It is now anticipated that additional interest receipts of around £20,000 will be generated, compared to the amount budgeted.

6.2 An Equality Impact Assessment is not required.

7.0 **APPENDICES**

7.1 Appendix 1: Mid-Year Review

| BACKGROUND DOCUMENTS | LOCATION | CONTACT OFFICER |
|---|---|---|
| Treasury Management Strategy as approved by Council on 22nd February 2018<br><br>Link Asset Services Revised Interest Rate Forecast | Room 204<br>The Grange<br>Ely | Ian Smith<br>(01353) 616470<br>E-mail: ian.smith@eastcambs.gov.uk |

APPENDIX 1

# Treasury Management Strategy Statement and Annual Investment Strategy

## Mid-Year Review Report 2018/19

# 1. Background

### 1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A Capital Strategy for 2019/20 will be taken to the Full Council for approval as part of the suite of papers associated with the budget and treasury operations in February 2019.

### 1.2 Investment in non-financial investments

On the 2nd February 2018, MHCLG issued revised investment and MRP guidance. This revised guidance was issued too late to be included in our 2018/19 Treasury Management Strategy Statement (TMSS). The implications of the revised guidance on our TMSS are as detailed: -

**a. Investment guidance**

The MHCLG investment guidance focused particularly on non-financial asset investments. As non-financial assets were excluded from our TMSS report, any changes in this area of investment guidance did not require any changes to our report which deals solely with treasury type investments.

The effective definition of a short-term investment as being repayable 'within 12 months' in the 2010 investment guidance, has been removed from the 2018 guidance. A long term investment is therefore now one for in excess of 365 days.

In some circumstances our loan to ECTC may have been considered a non-financial asset investment, this if our only reason for loaning money to the Company was to generate profits. However, this is clearly not the case, with the Company's objectives including the development of Community Land Trusts and affordable housing across the District as linked with the Council's Corporate Plan. This means that this is legitimate capital spending and therefore adds to the Council's Capital Financing Requirement (CFR).

**b. MRP guidance**

The MHCLG MRP guidance focused particularly on expenditure on purchasing non-financial asset investments. As non-financial assets are not included in our TMSS report, any changes in this area of MRP guidance do not require any changes to our report.

### 1.3 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year, plus planned use of reserves, meets its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

> "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

## 2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Resources and Finance Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2018/19 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, and prudential indicators;
- A review of the Council's investment portfolio for 2018/19;
- A review of the Council's borrowing strategy for 2018/19;
- A review of compliance with Treasury and Prudential Limits for 2018/19.

# 3. Economics and interest rates

## 3.1 Economics update

**UK.** The first half of 2018/19 has seen UK **economic growth** post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase **Bank Rate** on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of **inflationary pressures**, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the **labour market,** unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next twelve months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

**USA.** President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

**EUROZONE.** Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

**JAPAN** - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## 3.2 Interest rate forecasts

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

| Link Asset Services Interest Rate View | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank Rate View | 0.75% | 0.75% | 0.75% | 0.75% | 1.00% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.50% |
| 3 Month LIBID | 0.75% | 0.80% | 0.80% | 0.90% | 1.10% | 1.10% | 1.20% | 1.40% | 1.50% | 1.60% | 1.60% |
| 6 Month LIBID | 0.85% | 0.90% | 0.90% | 1.00% | 1.20% | 1.20% | 1.30% | 1.50% | 1.60% | 1.70% | 1.70% |
| 12 Month LIBID | 1.00% | 1.00% | 1.00% | 1.10% | 1.30% | 1.30% | 1.40% | 1.60% | 1.70% | 1.80% | 1.80% |
| 5yr PWLB Rate | 2.00% | 2.00% | 2.10% | 2.20% | 2.20% | 2.30% | 2.30% | 2.40% | 2.50% | 2.50% | 2.60% |
| 10yr PWLB Rate | 2.40% | 2.50% | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% |
| 25yr PWLB Rate | 2.80% | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.30% | 3.30% | 3.40% | 3.50% | 3.50% |
| 50yr PWLB Rate | 2.60% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.30% | 3.30% |

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

**The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

**Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. This is likely to lead to friction with the EU when setting the target for the fiscal deficit in the national budget. Unsurprisingly, investors have taken a dim view of this and so Italian bond yields have been rising.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position as a result of the rise of the anti-immigration AfD party. To compound this, the result of the Swedish general election in September 2018 has left an anti-immigration party potentially holding the balance of power in forming a coalition government. The challenges from these political developments could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets.
- The imposition of trade tariffs by President Trump could negatively impact world growth. President Trump's specific actions against Turkey pose a particular risk to its economy which could, in turn, negatively impact Spanish and French banks which have significant exposures to loans to Turkey.

- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

**Upside risks to current forecasts for UK gilt yields and PWLB rates**

- President Trump's fiscal plans to stimulate economic expansion causing a significant increase in inflation in the US and causing further sell offs of government bonds in major western countries.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

## 4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS) for 2018/19 was approved at Full Council on 22nd February 2018.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

## 5. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

## 5.1 Prudential Indicator for Capital Expenditure

The below table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

| Capital Expenditure by Service | 2018/19 Original Budget £000 | Current Position £000 | 2018/19 Revised Estimate £000 |
|---|---|---|---|
| Regulatory Services | 2,118.2 | 488.7 | 2,380.8 |
| Community Services | 75.7 | 1,507.5 | 2,023.4 |
| Leisure Centre | 1,148.3 | 610.2 | 792.1 |
| Resources and Finance | 6,330.0 | -71.7 | 302.4 |
| **Total capital expenditure** | **9,672.2** | **2.534.7** | **5.498.7** |

The main changes in the revised estimate when compared to the original budget relate to slippage from 2017/18 £1.691 million, the removal of the costs in relation to the Soham Eastern Gateway, a project which will not now take place during 2018-19, £6.33 million and an overspend on the Leisure Centre, £0.465 million.

## 5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

| Capital Expenditure | 2018/19 Original Estimate £000 | 2018/19 Revised Estimate £000 |
|---|---|---|
| Total capital expenditure | 9,672.2 | 5,498.7 |
| Financed by: | | |
| Capital receipts | 411.0 | 842.1 |
| Capital grants | 7,066.3 | 872.4 |
| CIL / Section 106 | 546.6 | 549.1 |
| Revenue | 39.0 | 99.2 |
| Total financing | 8,062.9 | 2,362.8 |
| Borrowing requirement | 1,609.3 | 3,135.9 |

Other than the changes detailed in 5.1 above, the only change in this section reflects the additional CIL contributions that will be used to assist in funding the costs of the Leisure Centre. The original budget for the Leisure Centre was based on known receipts at that time, but it was always planned that any further receipts received in the intervening period, which could correctly be allocated to the Centre, would be so used.

## 5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

### Prudential Indicator – Capital Financing Requirement

In line with the TMSS, the Council is borrowing for three projects the Leisure Centre, to fund the loan to ECTC and for Waste fleet. The borrowing is planned to be a combination of internal borrowing using our own cash reserves and external borrowing. At this point our own internal reserves remain adequate to cover all of our borrowing requirements and therefore we remain external debt free.

### Prudential Indicator – the Operational Boundary for external debt

| | 2018/19 Original Estimate £000 | 2018/19 Revised Estimate £000 |
|---|---|---|
| CFR – brought forward | 14,947 | 13,523 |
| CFR – new borrowing 2018/19 | 1,609 | 3,136 |
| CFR - MRP | -104 | -99 |
| **Total CFR** | **16,452** | **16,560** |
| | | |
| **Net movement in CFR** | **1,505** | **3,037** |
| | | |
| External Borrowing | 5,000 | 5,000 |
| Internal Borrowing | 11,452 | 11,560 |
| **Total debt (year end position)** | **16,452** | **16,560** |

In 2018-19, the Council will only be paying MRP on the borrowing associated with the Waste fleet, which amounts to £99,113 as detailed above. No MRP is required to be paid on the Leisure Centre, as this did not open until May 2018, and MRP only falls due in the year following the asset becoming operational, and on the loan to ECTC, as this will be repaid in one lump sum instalment in March 2021.

When the ECTC loan is repaid this will not be used as a capital receipt, but instead used to reduce the Council's Capital Financing Requirement and external debt.

## 5.4 Limits to External Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years.

| | 2018/19 Original Estimate £000 | 2018/19 Revised Estimate £000 |
|---|---|---|
| External Borrowing | 5,000 | 5,000 |
| Other long term liabilities | 0 | 0 |
| **Total debt** | 5,000 | 5,000 |
| **CFR (year end position)** | 16,452 | 16,560 |

The Finance Manager reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. In approving the TMSS the Council approved an external borrowing limit.

| Authorised limit for external debt | 2018/19 Original Indicator | 2018/19 Revised Indicator |
|---|---|---|
| Borrowing | 12,000 | 12,000 |
| Other long term liabilities* | 0 | 0 |
| Total | 12,000 | 12,000 |

# 6. Investment Portfolio 2018/19

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The Council held £7.954 million of investments as at 30th September 2018 (£4.850 million at 31st March 2018) and the investment portfolio yield for the first six months of the year is £17,916. The average return on investments on this date being 0.62% against a benchmark overnight LIBID (London Inter-Bank Bid Rate) of 0.57%.

The full list of investments at this point are detailed in the table below.

| Borrower | Principle | Interest Rate |
|---|---|---|
| MMF BlackRock | £5,000,000 | 0.67% |
| MMF Insight | £1,550,000 | 0.61% |
| MMF Standard Life | £1,025,000 | 0.62% |
| NatWest PLC (RFB) | £378,664 | 0.1% |
| **Total** | **£7,953,664** | **0.62%** |

The Finance Manager confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2018/19.

The Council's budgeted investment return for the 2018/19 year is £12,100, and performance for the year to date is £17,916 which is significantly above budget.

In addition to this income from investments, the Council is also receiving interest from ECTC on the capital loan provided to the Company. The loan to the Company currently stands at £4,620,000 (out of a total authorised loan of £5,000,000). Interest received on this loan (and the deferred capital receipt for Barton Road – now received) in the first six months of the year was £126,263.

## Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

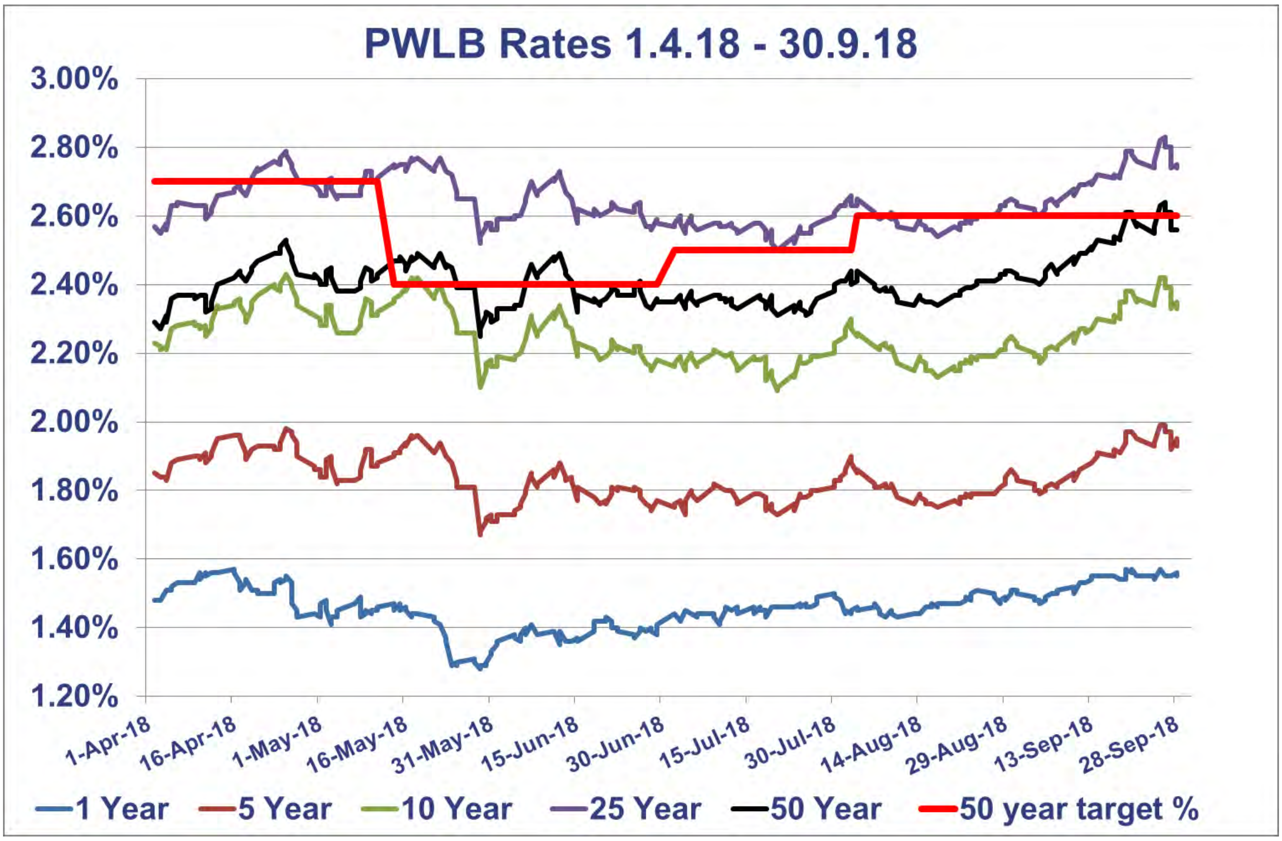
However, the Money Markets Fund sector is now in the final stages of introducing new regulations. These will see existing non-government Constant Asset Value (CNAV) funds converted to Low Volatility Net Asset Value (LVNAV) pricing. This new "title" for these investments is not included in our current TMSS and as such, this needs to be added to the authorised specified investments as detailed on page 25 of the TMSS. It is proposed that the limit for such institutions will be £5 million in line with other Money Market funds.

## 7. Borrowing

The Council's capital financing requirement (CFR) for 2018/19 is £16.553 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions and the availability of internal resources. As detailed in Section 5.3 the Council has up until this point been able to fund all the capital expenditure that makes up if CFR through internal borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

It is anticipated that external borrowing will be undertaken during this financial year, when the Council's internal reserves reduce towards the end of the year. In general terms, Council Tax is mostly collected in the first ten months of the year, while the precepts we pay out are spread more evenly over the year, which means that we tend to have more cash in the early months, which is then reduced in the latter months, when precepts catch up. Currently the expectation remains that we will need to borrow £5 million externally prior to the end of the year.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date:



# 8. Other

**1. UK banks – ring fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Our main bank account with the NatWest is within the ring-fence (RFB) element of that bank.

**2. IFRS9 accounting standard**

This accounting standard came into effect from 1st April 2018. It means that the category of investments valued under the available for sale category will be removed and any potential fluctuations in market valuations may impact onto the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. This change is unlikely to materially affect the commonly used types of treasury management investments but more specialist types of investments, (e.g. pooled funds, third party loans, commercial investments), are likely to be impacted. Any impact of this on this Authority are likely to be small.

The Ministry of Housing, Communities and Local Government (MHCLG), are currently conducting a consultation for a temporary override to allow English local authorities time to adjust their portfolio of investments. Members will be updated when the result of this consultation is known.

Not specifically linked to IFRS9, but similar in nature, if at any time it was considered unlikely that the loan to ECTC would not be repaid in March 2021, then we would be required to account for this in the year that it becomes known and charge a MRP into the Council's accounts.

**3. Changes in risk appetite**

The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

**ESTABLISHMENT OF A NOT-FOR-PROFIT REGISTERED PROVIDER**

Committee: Council

Date: 18 December 2018

Author: Director Commercial

[T164]

1.0 ISSUE

1.1 To consider the establishment of a not-for-profit registered provider (NFP RP) of affordable housing and make an application to the Social Housing Regulator for Stage One consent.

2.0 RECOMMENDATION(S)

2.1 Members are requested to:

2.1.1 Establish a Company Limited by Guarantee; East Cambridgeshire Housing Association,

2.1.2 Authorise the Chief Executive, Director Commercial and Legal Services Manager to complete the necessary legal documentation to implement 2.1.1 above

2.1.3 Authorise the Director Commercial to submit a Stage One (preliminary) application to Social Housing Regulator for East Cambridgeshire Housing Association to be registered as a not-for-profit registered provider.

3.0 BACKGROUND/OPTIONS

3.1 In July 2018 the National Planning Policy Framework (NPPF) provided a new definition of affordable housing. This new definition provides that affordable housing for rent must be provided by a registered provider, stating as follows:

*Meets all of the following conditions: (a) the rent is set out in accordance with the Government's rent policy, or is at least 20% below local market rents (including service charges where applicable):* ***(b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider):*** *and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent Schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*

3.2 The Council must now be mindful that government has restricted, in so far as planning policy is concerned, the provision of affordable housing for rent, to registered providers only.

3.3 The Council and its trading company; East Cambs Trading Company (ECTC), are committed to delivering Community Land Trusts (CLTs) and this is the preferred mechanism for delivering affordable housing in East Cambridgeshire. The changes to the NPPF introduce challenges to delivering mixed tenure affordable housing.

3.4 In order to overcome these challenges the Director Commercial has identified the need to establish a vehicle that would enable the Council and ECTC to continue to deliver all tenures of affordable housing and maintain control of the stock, i.e. the establishment of a housing association.

3.5 The Director Commercial has sought advice from Trowers & Hamlins to consider the options available to become a housing association.

3.6 **Choosing the right model for providing affordable housing**

3.6.1 The Council has a range of powers that it can exercise, the most appropriate being Section 9 of the Housing Act 1985. There are five key considerations for the Council owning and managing the housing stock:

1. Tenancies

- Tenants automatically secure tenancies under Section 81 of the Housing Act 1985
- Tenancies are further protected under the Planning and Regeneration Act 2016

2. Right to buy

- Subject to Right to Buy under Section 118 of the Housing Act 1985
- Pre 1993 tenants do not qualify under Section 118 of the Housing Act 1985 but qualify under Section 171A of the Housing Act 1985

3. Housing Revenue Account

- Need to re-open Housing Revenue Account
- Must negotiate with the Minister of Housing as it concerns the debt cap and increasing indebtedness

4. Prudential borrowing and Minimum Revenue Provision

- Need to consider the implications this will have on prudential borrowing and minimum revenue provision

5. Becoming a Registered Provider

- Must register as a Registered Provider under Section 114A of the Housing and Regeneration Act 2008
- Must comply with Regulator Consumer Standard

3.6.2 Points 1, 2 and 5 do not present any issues for the Council. However, points 3 and 4 would place an unacceptable burden on the Council's budget position as this will impact minimum revenue provision.

3.6.3 The Director Commercial has considered alternative models that would enable the Council to achieve the desired outcome. 2 alternative models were considered:

- Company Limited by Guarantee
- Community Benefit Society

3.6.4 A community benefit society has been discounted as an option for consideration as it must have at least three members (the Council would not have control). Therefore, the most appropriate model for delivery is a Company Limited by Guarantee (CLG). Benefits:

- It is a legal entity in its own right
- Can own and deal in assets
- Can contract in its own right
- Limited liability for members
- Only needs one member

3.6.5 The next consideration is whether to apply to become a for-profit registered provider or a not-for-profit registered provider.

3.6.6 A for-profit registered provider has been discounted for the following reasons:

- Impact of Social Housing (Influence of Local Authorities) (England) Regulations 2017 make it impossible for the Council to be the shareholder
- No more than 24% of officers can be Council officers
- Council cannot hold or exercise voting rights

3.6.7 The most appropriate model is a not-for-profit registered provider for the following reasons:

- Council can have full control if wholly owned
- Obtain charitable status from Charity Commission
- Exemption from Corporation Tax on its charitable purposes

3.6.8 If the Council is to progress it is recommended the Council establish a Company Limited by Guarantee and apply to become a not-for-profit registered provider.

## 3.7 Registering to become a not-for-profit registered provider

3.7.1 Establishing a housing association and applying to the Social Housing Regulator for consent to become a registered provider is a two-stage process.

3.7.2 **Stage One- Preliminary application**

3.7.3 The proposed housing association is required to complete a preliminary application for registration for new entrants as providers of affordable housing. The preliminary application covers the following:

- Part 1- Declaration and consent
- General information
- Eligibility criteria

3.7.4 The proposed housing association will need to provide details of a specific scheme along with supporting evidence of proposed arrangements with the Council for referrals/nominations. This will include the following:

- Provide specific details of scheme addresses, ownership, and the status of any planning applications
- Supporting evidence to show existing or proposed arrangements with the Council for referrals/nominations
- Detailed assessment of proposed rents (core and non-core) based on an identified scheme alongside evaluation of market rents using a RICS approved methodology
- An example of a tenancy agreement for a property in question showing a proposed breakdown of rents including core and non-core elements

3.7.5 The Director Commercial has commissioned Redloft Consultants to assist with the application process.

3.7.6 Submitting an application for Stage One does not bind the proposed housing association to proceed to Stage Two. If consent is granted the Director Commercial will seek authority from Council to proceed to Stage Two of the process.

Stage Two is the detailed application stage which comprises of 9 parts:

- Part 1: Declaration and consent
- Part 2: General information
- Part 3: Changes to information provided at the preliminary application stage
- Part 4: Meeting the Governance and Financial Viability Standard
- Part 5: Specific expectations applicable to categories of applicants
- Part 6: Meeting the other standards
- Part 7: Rents
- Part 8: Non-profit applicants
- Part 9: Equalities

The supporting documents required will include the following:

- Business plan
- Financial modelling and viability
- Value for money
- Stress testing
- Asset register
- Code of governance compliant table
- Home standard
- Neighbourhood and community standard
- Tenancy standard
- Tenant involvement standard

4.0 <u>ARGUMENTS/CONCLUSIONS</u>

4.1 **Next Steps**

4.2 **Establishing a Housing Association**

4.2.1 In order to make an application to the Social Housing Regulator the Council must first establish a Company Limited by Guarantee (for the reasons set out in 3.6.1-3.6.8 above).

4.2.2 It is proposed that the Company will be called East Cambridgeshire Housing Association.

4.2.3 The governance arrangements for East Cambridgeshire Housing Association is in its infancy. Until such time that consent is achieved from the Social Housing Regulator, it is proposed that East Cambridgeshire Housing Association is registered with the Director Commercial as the sole Director. Trowers & Hamlins has advised that this course of action is appropriate given the uncertainty as to whether consent would be granted from the Social Housing Regulator to become a registered provider.

4.2.4 Once Stage One consent is achieved the Director Commercial will bring forward, to be approved by Council, formal proposals for the governance structure of East Cambridgeshire Housing Association.

4.2.5 Advice from Trowers & Hamlins has indicated that the board of directors should consist of five directors; three nominated by East Cambridgeshire District Council and two independent directors.

4.2.5 Standard Articles of Association will be used in the first instance and will be amended and resubmitted once Stage One consent is achieved and formal governance is approved by Council. Council will approve any amendments to the Articles of Association at the appropriate time.

4.2.6 A Shareholder Agreement will be drafted and agreed by Council once Stage One consent is achieved. This agreement will set out the relationship between the Council and East Cambridgeshire Housing Association.

4.2.7 A business plan will be produced and will be approved by Council once Stage One consent is achieved.

4.3 **Applying for Stage One consent**

4.3.1 There is a standard application, requiring information (as mentioned above) to be submitted as part of the application process. For a stage one application, most of the information sought is high level. Reference is made to financial modelling based on an actual site; this work is currently being undertaken by the consultants.

4.4 Members are recommended to establish a Company Limited by Guarantee; East Cambridgeshire Housing Association, for the purpose of delivering affordable housing. Once established, Members are recommended to approve East Cambridgeshire Housing Association making a Stage One application to the Social Housing Regulator for consent to become a not-for-profit registered provider.

4.5 **Applying for Stage Two consent**

4.5.1 Once Stage One consent is achieved the Director Commercial will seek consent from Council to proceed to Stage Two consent.

5.0 <u>FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT</u>

5.1 Stage One- Preliminary application

The Director Commercial has commissioned Redloft to prepare and complete the application to the Social Housing Regulator. The cost of Stage One is £3,500 + VAT. This cost will be met from existing budgets.

External legal advice has been sought from Trowers & Hamlins. To date legal advice has totalled £2,500 + VAT. This cost has been met from existing budgets.

The Council will need to commission external legal advisers to incorporate East Cambridgeshire Housing Association. The cost of incorporation is £2,150 + VAT. This cost can be met from existing budgets.

5.2 Future costs

At this stage future costs are not known. However, there are known costs to proceed to Stage Two:

- Redloft Consultants - Stage Two detailed application- £6,500 + VAT

- Redloft Consultants- Developing policies and procedures- £8,000 + VAT

5.2 Equality Impact Assessment (INRA) not required.

6.0 APPENDICES

6.1 None

| **Background Documents** | **Location** | **Contact Officer** |
|---|---|---|
| None | Room 107<br>The Grange, Ely | Emma Grima<br>Director Commercial<br>(01353) 616960<br>E-mail:<br>emma.grima@eastcambs.gov.uk |

# ADOPTION OF THE FORDHAM NEIGHBOURHOOD PLAN

Committee: Full Council

Date: 18 December 2018

Author: Edward Dade, Strategic Planning Officer

[T165]

## 1.0 ISSUE

1.1 Following the successful referendum on 8 November 2018, the Fordham Neighbourhood Plan needs to be formally 'made' by East Cambridgeshire District Council and thereby form part of the Development Plan (alongside the Local Plan) for East Cambridgeshire. Please note that the word 'made' is the word used in legislation when referring to Neighbourhood Plans, and means to all intents and purposes 'adopted'.

## 2.0 RECOMMENDATION(S)

2.1 That the Council:

(A) congratulates Fordham Parish Council on its preparation of a Neighbourhood Plan and a successful referendum outcome, becoming the first parish council to do so in East Cambridgeshire; and

(B) formally makes the Fordham Neighbourhood Plan (as attached at Appendix 1) part of the Development Plan for East Cambridgeshire with immediate effect.

## 3.0 BACKGROUND/OPTIONS

3.1 At the Parish Council's request, the Fordham Neighbourhood Area was designated by East Cambridgeshire District Council in December 2017. This paved the way for a Neighbourhood Plan to be prepared.

3.2 Following preliminary consultation and evidence gathering, the Fordham Neighbourhood Plan was submitted to the Council by Fordham Parish Council in May 2018. As required by legislation, the District Council then published the Plan, for the purpose of final consultation, in May and June 2018. Following the publication period, the District Council submitted the Plan for independent examination. The examination was held in July and August 2018 and was carried out through written representations. No public hearing session was required.

3.3 The examiner's report concluded that, subject to recommended modifications being followed (which were relatively minor in nature), the Fordham Neighbourhood Plan makes appropriate provision for sustainable development; has appropriate regard to national policy; is in general conformity with the strategic policies in the development plan for the local area; and is compatible with EU obligations, including human rights requirements.

3.4 In September 2018, the Fordham Neighbourhood Plan was modified as per the examiner's recommendations. The District Council reviewed the modified plan, and was satisfied the Fordham Neighbourhood Plan meets the 'basic conditions' and other legal requirements, as detailed in the required Decision Statement (published 10 September 2018). Following publication of the Decision Statement, the Council proceeded to arrange a referendum.

3.5 The referendum was held on Thursday 8th November 2018, with voters in Fordham asked the following question (the question wording being set by legislation):

*Do you want East Cambridgeshire District Council to use the neighbourhood plan for Fordham to help it decide planning applications in the neighbourhood area?'*

3.6 Of the 501 votes cast, 435 were in favour and 64 were against. Two ballot papers were rejected.

3.7 With 86.83% of votes in favour, the Fordham Neighbourhood Plan received the majority support it needed. Following the referendum result, the Neighbourhood Planning Act (2017) automatically gives the Fordham Neighbourhood Plan the same legal status as a plan which has been made (or 'adopted') by the applicable District Council. Accordingly, since the referendum result, the Council has treated the Fordham Neighbourhood Plan as part of the Development Plan for the purposes of decision-making.

3.8 However, despite this automatic post-referendum legal position, East Cambridgeshire District Council is required to formally 'make' the Fordham Neighbourhood Plan part of the Development Plan for the district. There is no known legal basis for Full Council to 'reject' (or in any way amend) the plan.

4.0 ARGUMENTS/CONCLUSIONS

4.1 The Fordham Neighbourhood Plan received majority support at a duly made referendum held on 08 November 2018. The District Council is therefore required to 'make' the Fordham Neighbourhood Plan part of the Development Plan for East Cambridgeshire, as per the will of the majority of voters in Fordham. In doing so, legally it has the same status as the East Cambridgeshire Local Plan.

5.0 <u>FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT</u>

5.1 There are no financial implications arising from this decision. Costs incurred to date by the District Council (for example, officer support and referendum costs) have been broadly covered by the fixed £25,000 grant payable to East

Cambridgeshire District Council by Government (a grant payable for each Neighbourhood Plan which reaches the referendum stage).

5.2 Equality Impact Assessment is not required.

6.0 APPENDICES

6.1 Appendix 1: Fordham Neighbourhood Plan

| **Background Documents** | **Location** | **Contact Officer** |
| --- | --- | --- |
| Decision Statement | Room 12, The Grange, Ely | Edward Dade<br>Strategic Planning Officer<br>(01353) 616458<br>E-mail:<br>edward.dade@eastcambs.gov.uk |

# FORDHAM Neighbourhood Plan

## The Building Blocks for the Future of Fordham


2016-2036

# Contents

## Policy List:



## Map List:



Please note: all maps are provided in larger size in the accompanying Fordham Neighbourhood Plan Maps document.

# 1. Introduction

1.1. This is the Fordham Neighbourhood Plan 2016-2036. The plan covers the Fordham Neighbourhood Area which was formally designated by East Cambridgeshire in December 2017 and the boundary of which matches the boundary of Fordham Parish.

1.2. This is the version of the plan submitted to East Cambridgeshire Local Plan.

## About Neighbourhood Plans

1.3. Neighbourhood Plans were introduced in the Localism Act (2011) with the intention of giving communities direct power to develop a shared vision for their neighbourhood and shape the development of their local area. Neighbourhood planning provides a powerful set of tools for local people to ensure that they get the right types of development for their community where the ambition of the neighbourhood is aligned with the strategic needs and priorities of the wider local area.

1.4. When adopted, the Neighbourhood Plan will have the same status as the East Cambridgeshire Local Plan, becoming part of the 'development plan'. Decisions on planning applications must be determined in accordance with the development plan, unless material considerations indicate otherwise. As such this neighbourhood plan will provide an important framework for how Fordham should grow in the coming years.

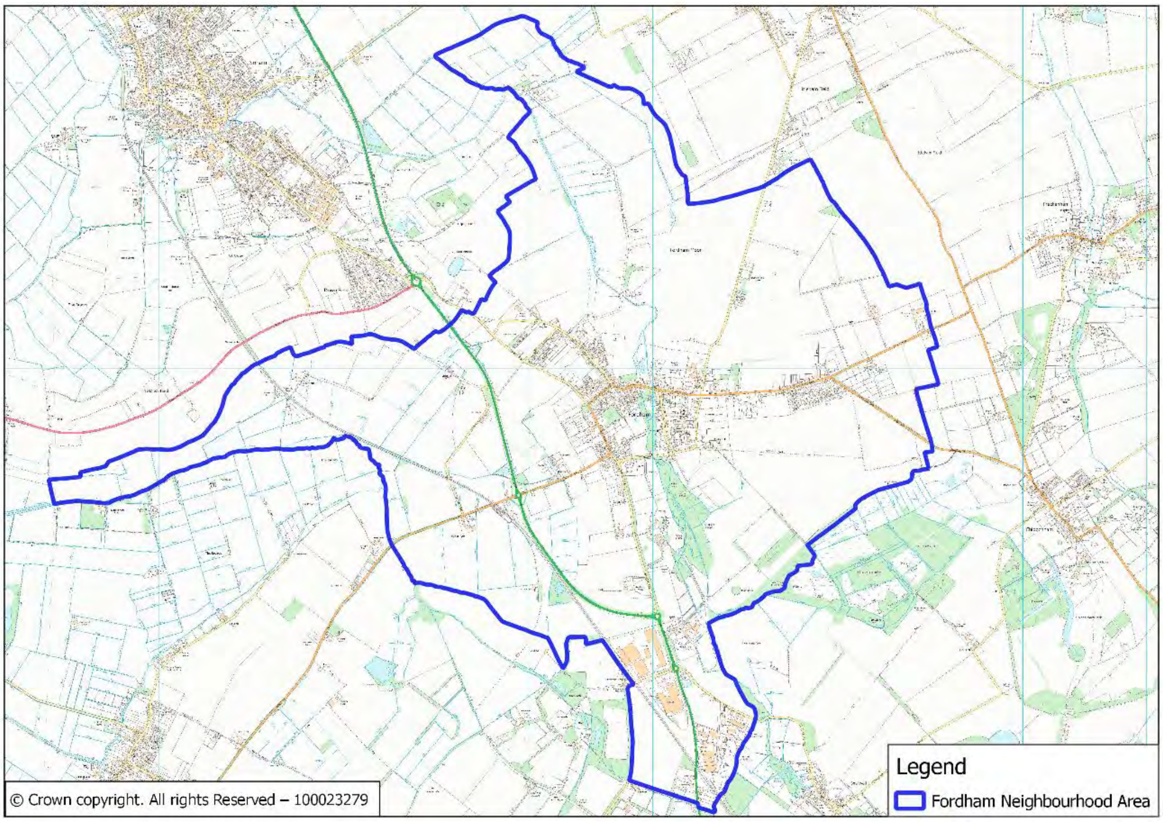
1.5. However, it should be noted that national policy stipulates that neighbourhood plans should not promote less development than is set out in the Local Plan or undermine its strategic priorities. As such, the East Cambridgeshire Local Plan will set a level of growth that will occur within Fordham and the neighbourhood plan cannot prevent that.

1.6. What the neighbourhood plan can do is to create a suite of policies that complements existing local, national and strategic planning policy, to provide additional detail and subtlety that reflect the special characteristics of Fordham that cannot reasonably be addressed by higher-level policy. It can also help to secure the infrastructure that is needed to support growth and protect areas, landmarks and services that are most important to the community.

## About the Fordham Neighbourhood Plan

1.7. The Fordham Neighbourhood Plan is being produced by Fordham Parish Council on behalf of the community of Fordham. The boundary of the Fordham Neighbourhood Area, which was formally designated on 21 December 2017, can be seen on Map 1 below:

*Map 1: Fordham Neighbourhood Area*




1.8. It is clear, given the number of planning applications and permissions in the village and the proposed allocations in the emerging East Cambridgeshire Local Plan, that a significant amount of growth is likely to occur in Fordham, and this plan is intended to ensure that:

- the new development fits the village context and delivers an appropriate mix and style of houses;
- development is supported by the necessary facilities and services;
- the important attributes of Fordham that the community holds dear are not lost;
- Fordham's individuality and distinctiveness is retained and strengthened; and
- development beyond that proposed in the emerging Local Plan is restricted to small sites within the village envelope.

1.9. The Fordham Neighbourhood Plan is intended to set out a local blueprint for how Fordham should develop sustainably in the best interest of the village, in the context of the wider Local Plan.

1.10. Neighbourhood Plans are restricted to dealing with matters relating to land use and development planning, and therefore many other important non-planning matters cannot be included in the plan. Where the community have raised concerns about non-planning matters, whilst these are not in the plan, they will be recorded by the Parish Council and other means to tackle the issue will be considered where possible.

1.11. At the time of writing the Fordham Neighbourhood Plan, the East Cambridgeshire Local Plan is being reviewed and was submitted to the Secretary of State in February 2018, but it is not expected to have been adopted by the time the Fordham Neighbourhood Plan is examined. As such, this neighbourhood plan has been produced to be in general conformity with the strategic policies of the adopted Local Plan from 2015, but also to align with the emerging Local Plan to ensure consistency between the two. As such the Fordham Neighbourhood Plan is considered to be in general conformity with the strategic policies in both plans.

1.12. As, once adopted, the Fordham Neighbourhood Plan will form part of the Development Plan for East Cambridgeshire it is important to note that the Fordham Neighbourhood Plan should not be read in isolation and policies in the up to date East Cambridgeshire Local Plan will also be applicable. The Fordham Neighbourhood Plan does not seek to replicate policies in the Local Plan, but to build on them from a local perspective.

# 2. Fordham's context

## History

2.1. Fordham Parish has been occupied for several thousand years. Weapons and tools in both flint and metal have been found from the early bronze age and Iron age as well as pottery and burials. Wall plaster and tiles have been found from the Roman era indicating that villas may have been sited near to Biggin and Block Farms in the 2nd to 4th centuries A.D.

2.2. In the Domesday Book of 1086 the spelling was shown as Fordeham but the village's spelling has been unchanged since the 10th century. The name Fordham means "homestead or enclosure by a ford". The river Snail flows through the village having its source from springs near the adjacent village of Snailwell and before the building of the bridges the fords would have been the only passage across the river which gave the name to the Parish.

2.3. The village previously had four churches. The Parish Church had been dedicated to St Mary since at least the 14th century but around 1850 it was dedicated to St Peter and today the grade I listed building is known as the Church of St Peter and Mary Magdalene. The earliest parts of the building date from the 12th century and stonework suggest that by 1200 it was already its current size. The majority of the current structure dates from an extensive rebuild in the 13th century and it is noted for its fine 14th century north chapel. King James I may have worshipped in St Peter's Church while visiting Newmarket in 1605 after coursing in the fields around the village hence Kings Path near Trinity Hall Farm. The visit of King James I to Fordham is commemorated on a beam in the South aisle by a carving of two hounds pursuing a hare. There is a congregational church on Mill Lane which was built in 1818 with a small school room and graveyard next to the Church. On Sharmans Road there was a Methodist chapel and on New Path there was a Primitive Methodist chapel – these have both been converted into private homes.

2.4. In the Middle Ages the village was home to Fordham Priory, a Gilbertine Priory that was founded in the reign of Henry III in the 13th century by Robert de Fordham. The Fordham Abbey, a grade II listed Georgian manor house, was built on the site of the Priory in the 18th century.

2.5. Fordham had some prominent national and global connections through three distinguished families linked with Fordham - the Washingtons, the Cromwells and the Russells. Lady Washington, who is buried in Fordham chancel was the great great grandmother of the American President George Washington. Gerard Russell was a member of parliament for Cambridgeshire in the reign of Charles II. His third son from his first marriage, William Russell of Fordham, married Elizabeth Cromwell the daughter of Henry Cromwell, Lord Lieutenant of Ireland, the second son of Oliver Cromwell the Protector. William died in 1701 and is buried at Fordham.

2.6. The village is predominantly agricultural and was well known for flower growing. Early in the 19th century Charles Townsend started his Nursery, which is now Scotsdales garden centre, and his house "Shrublands" opposite which is now in different ownership. There is another garden centre along Station Road family owned and run by Simpsons. In the 1940's Alan Bloom of Bressingham fame grew millett in Fordham and John Golding developed the flower Scabious commercially.

2.7. The village had a local poet, James Reynolds Withers born in Weston Colville in 1812 but he worked in Fordham as a labourer and shoemaker from the 1830's, composing poems often on rural life achieving nationwide attention. The $18^{th}$ century "Poets Cottage" of clunch with Gothic windows, his home from the 1850's, still stands near the bridge over the River Snail on Carter Street.

2.8. John Boyden of Fordham born in 1830 made bicycles to order including penny farthings. He invented the bicycle chain and lived in New Path in the village.

2.9. From the 1830's Fordham had a cricket Club. In 1920 Mrs Angelina Dunn Gardner gave 4.5 acres of land North of Carter Street for the purpose of cricket and football which was enlarged in 1928 with a further 4 acres given by Viscount St. Davids – a Fordham landowner. The recreation ground has expanded and now has facilities for tennis, bowls all weather courts, children's play area and facilities for teenagers.

2.10. The Fire Brigade was formed in 1889 and a new fire engine was purchased. It was decided that the site of the old Parish Pound be handed over to the committee of the Fire Brigade for the building of an engine house for the new fire engine. The initial expenses were met by public subscriptions as is shown on the stone at the front of the engine house. Today the engine house is used by Royal Mail to sort the village post. The old Parish Pound was so called because it was here that stray cattle were impounded and a fine was collected from the owner. There was also a lock up or cage where petty criminals were kept temporarily.

2.11. The Parish was gifted two cottages on Mill Lane in 1892 by the Revd. Tansley Hall for the village institute, founded in 1884, to hold its meetings. The Parish sold them using the money to meet the £1,200 cost of building the Victoria Hall and Hayward Institute opened in 1898. The hall was named after the Revd. Tansley Hall's father in law Mr Hayward a local landowner and benefactor.

2.12. The Great Eastern Railway's Newmarket - Ely line was opened in 1879 and the station was built ½ mile along the road to Burwell. The station was linked by a junction from the Cambridge to Mildenhall line which opened in 1885. The junction from Cambridge to Mildenhall was closed in 1962 and Fordham Station was closed in 1966.

2.13. The war memorial next to the Victoria Hall was commissioned in 1919 which was designed by Sir Edwin Lutyens comprising of a column mounted by a bronze statue of St George by Sir George Frampton RA. It was built by Frank Johnson a local builder and stone mason. The memorial was unveiled by Mrs Dunn-Gardner on 7th August 1921 and 4000 people attended the ceremony on the Sunday afternoon. The memorial was demolished by vandals and the statue stolen in 1991 which was replaced by a fibreglass replica.

## Locality & the Surrounding Area

2.14. Fordham is located within East Cambridgeshire District within the county of Cambridgeshire, immediately adjacent to the border with Suffolk. It is located approximately 5 miles to the north of Newmarket and 8 miles to the south east of Ely.

2.15. Fordham is located within a largely rural area where arable farming is the predominant land use. There are a number of other towns and villages located near to Fordham including Soham, Chippenham, Burwell, Isleham, Chippenham and Snailwell.

*Picture 1: The close relationship between arable farm land and Fordham village*

2.16. Fordham has a close relationship with these neighbouring areas, sharing a number of services with their residents and with many of Fordham's residents working in these and other neighbouring settlements. However, residents of Fordham are able to satisfy some of their day-to-day needs within the village itself, reducing the need to travel.

## Population

2.17. At the last Census in 2011 there were approximately 2,700 residents in Fordham. The population age spread generally mirrored that of the wider East Cambridgeshire area, with the most notable characteristics being an ageing population and relatively few young adults. These features are not uncommon in rural communities with young people being drawn to urban areas or areas with more affordable housing and with older people often gravitating to quieter village life, and having the income and savings to achieve this.

2.18. The population spread from the 2011 Census is shown in Table 1 below:

*Table 1: Population Age Structure - Fordham and East Cambridgeshire District*

| Age | Fordham | | East Cambridgeshire | |
|---|---|---|---|---|
| | No. | % | No. | % |
| Age 0 to 17 | 581 | 21.4 | 18,341 | 21.9 |
| Age 18 to 29 | 289 | 10.7 | 10,552 | 12.5 |
| Age 30 to 44 | 587 | 21.6 | 18,271 | 21.8 |
| Age 45 to 59 | 547 | 20.2 | 16,878 | 20.1 |
| Age 60+ | 708 | 26.1 | 19,776 | 23.6 |

The proportion of Fordham's population that is aged 60 or older is 2.5% higher than at the district level and the proportion of those between age 18 and 29 is 2% lower, other than these age groups the makeup is very similar to the district picture.

## Housing

2.19. At the last Census in 2011 Fordham contained approximately 1,100 dwellings containing approximately 2,700 residents. According to the 2011 Census 97% of these dwellings are houses and there are very few flats in the village. The breakdown of dwelling types for Fordham and also East Cambridgeshire District as a comparison from the 2011 Census is shown in Table 2 below:

*Table 2: Dwelling types - Fordham and East Cambridgeshire District*

| Dwelling Type | Fordham | | East Cambridgeshire | |
|---|---|---|---|---|
| | No. | % | No. | % |
| Detached house or bungalow | 524 | 46.2 | 15,144 | 42.3 |
| Semi-detached house or bungalow | 406 | 35.8 | 11,369 | 31.8 |
| Terraced house or bungalow | 172 | 15.2 | 6,281 | 17.6 |
| Flat | 16 | 1.5 | 2,619 | 7.7 |
| Caravan or other mobile or temporary structure | 15 | 1.3 | 347 | 1.0 |

Table 2 shows that Fordham generally follows the same dwelling type characteristics as East Cambridgeshire District. Fordham does have a higher proportion of detached and semi-detached housing than the wider district, but this and the lower proportion of flats in the village are likely as a result of the District containing more urban areas.

*Picture 2: A mix of housing types and sizes in Fordham*

2.20. The 2011 Census also details the number of bedrooms in each dwelling and for Fordham the spread broadly mirrors that found at the district level. Nearly 40% of our homes have 3 bedroom and approximately 28% contain 2 bedrooms, whilst dwellings containing 4 or more bedrooms make up another 28% of our homes. There are relatively few 1 bedroom dwellings in Fordham. The breakdown and comparison is shown in Table 3 below:

*Table 3: No. of bedrooms - Fordham and East Cambridgeshire District*

| No. of bedrooms | Fordham | | East Cambridgeshire | |
|---|---|---|---|---|
| | No. | % | No. | % |
| No bedrooms | 2 | 0.2 | 48 | 0.1 |
| 1 bedroom | 47 | 4.2 | 2,514 | 7.3 |
| 2 bedrooms | 313 | 28.2 | 9,103 | 26.3 |
| 3 bedrooms | 428 | 38.6 | 13,887 | 40.1 |
| 4 bedrooms | 241 | 21.7 | 6,918 | 20.0 |
| 5 or more bedrooms | 78 | 7.0 | 2,144 | 6.2 |

2.21. In 2017 the average price paid for houses in Fordham was £333,974 – 14% above the average price paid in England and slightly higher than the average for Cambridgeshire. Over the past 5 years house prices in Fordham have increased by 46% or an average of £117,744, whereas Cambridgeshire prices have increased by 39% or an average of £101,340, and 39.5% in England or £131,350. This shows that affordability has slightly worsened at a greater rate than in the county and England in recent years.[1]

2.22. According to data gathered in 2017 from Registered Affordable Housing Providers there are 192 dwellings on their books[2]. The majority of this stock is made up of 1 and 2 bedroom bungalows and 2 and 3 bedroom houses and a few 1 bedroom flats. The majority of these properties are for 'general needs' housing but 79 are 'housing for older people', of which 77 are bungalows on Harry Palmer Close and Withers Place.

2.23. In February 2018 there were nearly 1,400 people registered in East Cambridgeshire with a need for affordable housing, 56 of which had indicated a desire to live in Fordham. There were twelve households registered for housing need with a 'local connection' to Fordham, with four households needing a 1 bedroom property, five households needing a 2 bedroom property and three households needing a 3 bedroom home.

2.24. There were 159 households in February 2018 that have registered for the Help to Buy scheme where all applicants currently reside within East Cambridgeshire and are only seeking to live within East Cambridgeshire, not in neighbouring districts. There were a total of 281 households with at least one applicant residing in East Cambridgeshire and with an interest in living in East Cambridgeshire amongst other nearby districts registered for Help to Buy.

## Character

2.25. The main settlement of Fordham developed around its main high street which runs between Mildenhall and Soham with many of its historic buildings lining Carter Street and Church Street and also along Market Street which joins Soham with Newmarket. Other historic buildings are located along Mill Lane which links Carter Street with old mills and Fordham Abbey.

[1] Based on data from Zoopla from 11th January 2018.
[2] Note: this number excludes two spaces categorised as "hostel rooms/rooms".

*Picture 3: Historic buildings on the west side of Mill Lane*

2.26. Post-war, Fordham grew substantially with development between Collin's Hill and Mill Lane and between Market Street and Carter Street, retaining a fairly tight nucleus with the new development being largely contained within the existing built extents, reducing the sense of ribbon development.

2.27. Additional development also took place along Mildenhall Road to the east with a conglomeration of dwellings being built at the junction of Mildenhall Road and Chippenham Road – these developments have stretched out the built area of Fordham and there is an almost 1km distance separating the main built area with the farthest parts of this newly developed area[3].

[3] Measured as a straight line distance between the junction of Collin's Hill and Church Street, and the junction of Mildenhall Road and Chippenham Road.

*Picture 4: Post-war housing along Eldith Avenue*

2.28. Whilst much of this growth has taken place since World War II, it has mainly occurred quite organically in the form of infill sites and individual developments of fewer than 50 dwellings or often much smaller. This has resulted in a varied mix of dwelling designs, reflective of the era of their development and the individual architects involved and responsive to the site shape and size. Furthermore, many of these developments include a variety of sizes and types of dwellings and include an interesting mix of designs within the scheme itself. This all results in an eclectic mix of built form and development design in Fordham providing visual interest as you move through the village.

2.29. There are also pockets of industry throughout Fordham with employment sites along Mildenhall Road, New Path and along Carter Street for example, and the Scotsdales and Simpson's Nurseries to the west of the village. These employment areas blend well with the surrounding predominant residential uses. There are also large farms operating in and around the village which offer an important link between the village and the surrounding rural area. To the south of the neighbourhood area there are large industrial sites located on the A142, close to the junction with the A14.

2.30. A notable and important characteristic of the village is that most buildings are one or two storeys in height with the only exceptions being historic buildings. Flats and apartments are not a characteristic feature of the village. Traditional building materials are frequently visible around the village with a mix which includes red and gault brick, limestone, flint and clunch. Building styles are typically quite traditional although examples of modern architectural interest punctuate the village in a number of locations.

*Picture 5: A mix of housing types and sizes of different ages on Church Street*

2.31. Fordham has a close relationship with the rural area and the natural environment with many mature trees throughout the village. Even in the more recent developments, green landscaping has contributed much to this characteristic of the village with trees, hedges and other plant life being visible in every pocket of the village.

2.32. There is a substantial area of woodland through the village along the route of the River Snail and there are open fields closely linked to the village to the north of River Lane and to the north east of Soham Road – these all contribute to the close relationship between village and nature and the rural feel of the village.

## Landscape

2.33. In the Natural England assessment of National Character Area Profiles from September 2014, Fordham is predominantly within the 'East Anglia Chalk' area, although some northern and western rural parts of the parish are within the neighbouring character area called 'The Fens'.

2.34. The 'East Anglia Chalk' area is characterised by its underlying chalk, with rolling downland, mostly in arable production, with sparse tree cover, but with some beech and pine belts.

2.35. Around Fordham the area can be characterised as flat or lightly undulating arable fields, lined with hedgerows and punctuated by copses. This often results in big sky views with depth and interest being provided by trees, woodlands, or man-made structures such as barns, telegraph poles, pylons or the water tower to the north of the village. There is a greater amount of undulation to the south east of the village towards Chippenham, providing a variety of landscapes around the village.

*Picture 6: A typical landscape around Fordham taken across Trinity Farm*

## Wildlife

2.36. Fordham is home to a range of habitat types and as a result an array of wildlife. This is particularly the case along the River Snail corridor where there is a prevalence of wildlife including water vole, woodpeckers, kingfishers, tawny owls, grass snakes, and many more. At the southern end of this wooded corridor is Fordham Woods Nature Reserve which is a wet valley woodland and is a designated Site of Special Scientific Interest (SSSI).

2.37. Further to the south east of the neighbourhood area is Chippenham Fen National Nature Reserve, which is also a designated SSSI, as well as a Ramsar wetland site and a Special Area of Conservation. Chippenham Fen is of national importance for its wide range of wetland habitats and associated birds and insects.

2.38. Townsend Wood is another local wildlife haven, located behind 'Shrublands' on Market Street. Townsend Wood is managed by the Woodland Trust where there are many specimen and non-native trees originating from its previous use as a show garden.

2.39. Valued wildlife is not just confined to these areas, but the hedgerows, fields meadows, and trees in and around the village provide a range of habitats for flora and fauna to thrive.

## Growth

2.40. One of the biggest challenges for Fordham is accommodating the growth that has occurred over recent years and the growth that is planned to continue over the coming years. The 2001 Census had the population of Fordham at 2,323 people and the 2011 Census suggests that the population 10 years on was 2,712 people, a 17% increase in 10 years.

2.41. The 2001 Census identified that there were 966 dwellings in Fordham, and this had increased to 1,133 dwellings in 2011, also a 17% increase over the ten year period.

2.42. The 2015 East Cambridgeshire Local Plan earmarked 3 sites for housing development with a total of 26 dwellings and the trajectory accompanying the plan predicted that 129 dwellings would be built between 2013 and 2031 with most of this growth expected on infill sites within the Development Envelope. This approximately equates to an 11% increase in dwelling numbers.

2.43. The emerging Local Plan identifies Fordham as a 'Large Village' in the settlement hierarchy – the second tier of the hierarchy. It proposes to allocate 303 dwellings in and around the village between 2016 and 2036, an increase of nearly 27% from the 2011 Census number. Policy LP2 of the emerging Local Plan also allows for further development of an appropriate scale to take place within the Development Envelope of the village.

2.44. Both the adopted and the emerging Local Plans allow for additional community-led development. One such vehicle to deliver community-led development is a Community Land Trust, of which one has been established in Fordham. The Fordham Community Land Trust is actively working on opportunities to deliver housing in the village.

2.45. Furthermore, in addition to those that have been allocated in either the adopted or emerging Local Plans there are permissions in the village for a further 42 dwellings[4] in Fordham. As such, the dwelling stock of the village is likely to grow by around 30% over the next few years, when compared with its 2011 base.

## Employment

2.46. Fordham is home to a range of employers including: large farms; tradesmen and companies providing services in a number of trades; engineering firms; beauty salons and hairdressers; car and truck repair garages; kennels; plant nurseries; a petrol station; a convenience store; pubs and restaurants; haulage and transportation firms; and the country's first sake distillery opening in Summer 2018. These firms operate at a number of different premises from farm buildings, to domestic dwellings, to industrial units on one of the industrial estates in Fordham.

2.47. The adopted Local Plan allocates five employment sites either side of the A142 at the southern end of the neighbourhood area. This included approximately 31 hectares of land for new employment development in B1/B2/B8 use classes and other areas where the employment uses were protected and where there was potential for further on-site expansion and development.

2.48. The emerging Local Plan allocates some further existing employment areas as well as those areas allocated in the adopted plan. The new Local Plan refers to this area as FRD.E1: Employment Cluster South of Fordham and states that it is 83.2 hectares in size. These sites are predominantly allocated for B1/B2/B8 uses under policy Fordham6.

[4] From the *East Cambridgeshire Five Year Land Supply Report: 1 April 2017 to 31 March 2022*, published on 9 October 2017.

## Getting around

2.49. Fordham is served by the number 12 bus route which connects the village with Ely, Newmarket, Soham and Cambridge (albeit on a much slower basis than a private car due to the route taken) with an approximately hourly service Monday to Saturday. The number 203 bus also runs through the village between Newmarket and Isleham, but this only runs each way once a day, and only on a Tuesday and a Saturday. There are no bus services on a Sunday or in the evenings.

2.50. Fordham experiences a significant amount of through-traffic in the village from private cars and vans, and heavy goods vehicles and farm traffic. This was worse prior to a north-south bypass which was completed in 2005. Driving from Fordham to Ely can typically take 20 minutes, to Newmarket can take typically 15 minutes, to Bury St Edmunds can typically take 30 minutes, and to Cambridge can take 35 minutes although many of these journeys are significantly longer at peak travel times. Bus journey times are approximately double these times.

2.51. According to the 2011 Census, Fordham has a higher proportion of households with two or more cars or vans (53.2%) compared to East Cambridgeshire (46.5%) and England (38.6%). It also has more households in the categories of three cars or vans available (11.7% compared to 8.2% for East Cambridgeshire) and four or more cars or vans available (4.1% compared to 3.4%). This demonstrates that development in Fordham is likely to generate higher amounts of car travel than is the case, on average, elsewhere in East Cambridgeshire or England.

2.52. There are a number of footpaths in and around the village and a local cycle route connects Fordham with Soham.

## Infrastructure & Services

2.53. Fordham has its own Church of England Primary School which is currently rated as Outstanding by Ofsted. The primary school had a 1 form entry expansion in 2017. Fordham is in the catchment of Soham Village College, the local secondary school.

2.54. Whilst there are none in Fordham itself, there are three NHS GP practices within five miles of Fordham, the nearest of which is located in Soham, with the others being located in Burwell to the west and Red Lodge to the east. There are additional GP surgeries located slightly farther away in Stretham to the northwest and Newmarket in the south. Each of these practices are, according to the NHS Choices website, accepting new patients at 30 January 2018 and they are all currently rated as good or outstanding by the Care Quality Commission. There are also dental practices in the nearby areas of Soham, Red Lodge and Newmarket.

2.55. Fordham has a convenience store in the village centre. For larger supermarkets, residents need to travel to Soham, Ely and Newmarket. There are three pub/restaurants in the village, The Chequers, The Crown and The White Pheasant, and there is also a Chinese Restaurant/Takeaway. There are cafes at the two garden centres in Fordham.

2.56. The village has a wonderful range of community groups and social activities available, these include: the two churches; Scouts, Cubs, Beavers, Guides, Brownies and Rainbows groups; bowls, football, tennis and cricket clubs; Women’s Institute; Mums and Toddlers groups; exercise classes; a gardening club; and more. All of these groups are a fantastic attribute for the community and help to build what is considered by many to be a strong, cohesive community.

# 3. Vision & Objectives

## Vision

3.1. The vision for the Fordham Neighbourhood Plan is:

*Fordham will continue to have a strong community spirit and will maintain a range of facilities, services, employment opportunities that are both valued by the community and mean that residents are not reliant on nearby towns or villages for their needs.*

*Fordham will experience growth over the next 20 years, but this growth will not overwhelm our valued facilities and services which will be extended and enhanced to match the increased need from the growing population. This growth will, with only limited exceptions, occur within the Development Envelope established in the latest East Cambridgeshire Local Plan.*

*Fordham will maintain its distinct identity – its rural, green and leafy setting will be preserved, including woodland open areas both in and outside of the village, maintaining visual and physical separation from Soham and other nearby villages, and through encouraging the retention of a tight village nucleus, avoiding further ribbon development.*

*Access to the countryside along the many public rights of way will be preserved and wherever possible enhanced ensuring that the close relationship between the village and the countryside is preserved. This includes ensuring the important rural views from and near to the village remain open and that wildlife and their habitats are protected.*

## Objectives

3.2. The Objectives of the Fordham Neighbourhood Plan are:

1. *To manage the growth that occurs in Fordham to ensure it is sustainable for Fordham's context, delivering a mix of housing types, sizes and tenures.*
2. *To preserve the rural setting of the village and to ensure that access to the countryside and important rural views and open areas are maintained.*
3. *To ensure that development is located where opportunities to travel to key services by foot or other sustainable modes of transport are maximised.*
4. *Retaining a tight village nucleus within the Development Envelope and avoiding ribbon development.*
5. *To maintain, and wherever possible enhance, key community infrastructure and services, including but not limited to the village pubs and restaurants, the village hall, play equipment, sports facilities, public transport, schools, nurseries and churches.*
6. *To ensure that local businesses continue to be successful and wish to remain in Fordham.*
7. *To protect local wildlife and habitats and enhance the green infrastructure in and around Fordham.*
8. *To ensure that people can move safely and without hindrance throughout Fordham and to neighbouring areas.*
9. *To ensure new development creates a safe and secure environment.*

# 4. Policies

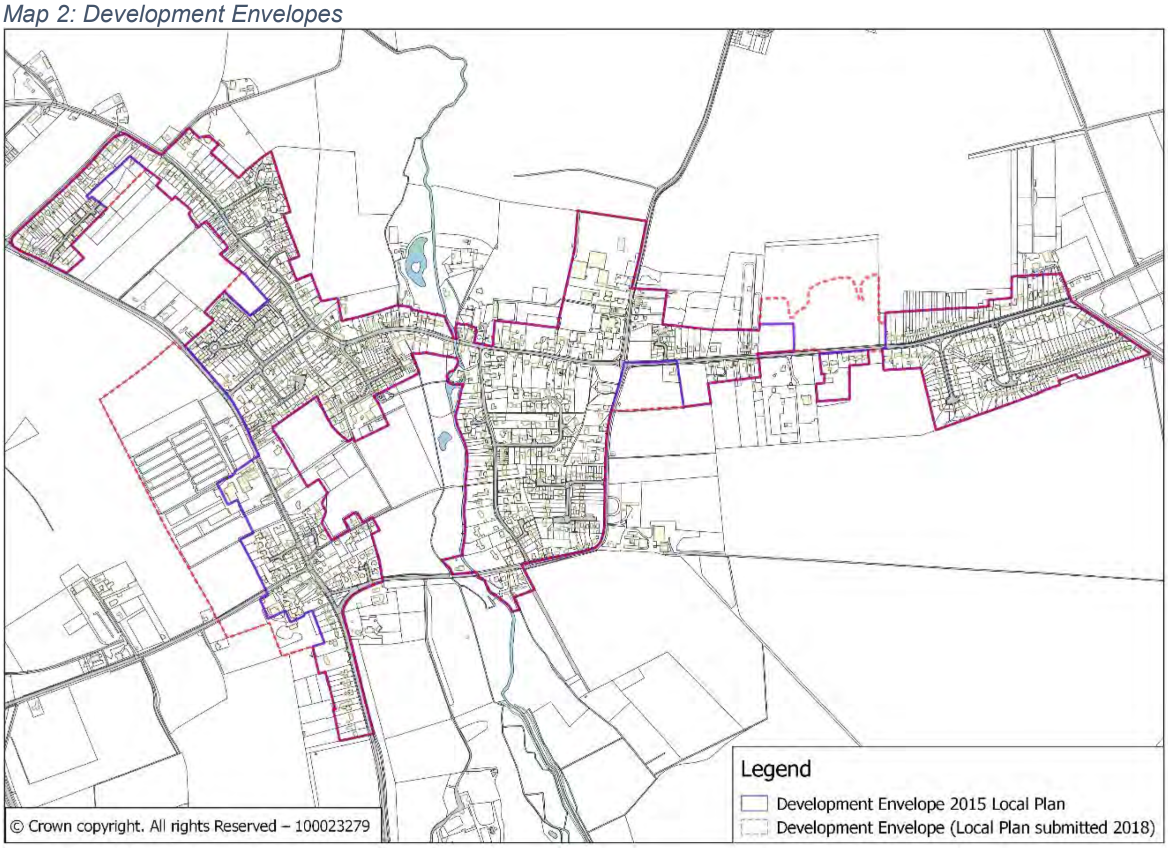
## Housing growth

4.1. It is appropriate that Fordham should grow throughout the plan period, both in an effort to contribute to the national shortage of housing but also, and more importantly, to ensure that the village does not stagnate and that there is a diverse community.

4.2. However, in order to ensure that Fordham's characteristics are retained, it is important that this growth should be organic, not overwhelming the infrastructure and services, and also in the right locations. It is also important that a mix of housing sizes and types (such as bungalows, terraced and detached houses) are delivered to ensure choice for the market and to maintain a diverse community in the village, though each development site should deliver what is appropriate for that site, taking account its context.

4.3. The East Cambridgeshire Local Plan sets, via allocations, the growth level for Fordham and the neighbourhood plan seeks to ensure that the growth will be developed sustainably for the village's context. The Local Plan also establishes a 'Development Envelope' for the village to help define what is within the village and what is considered to be 'countryside' in policy terms. The Fordham Development Envelopes are shown on Map 2. This neighbourhood plan does not seek to amend the Development Envelope, and supports the amended Development Envelope as set out in the 2018 submitted Local Plan.

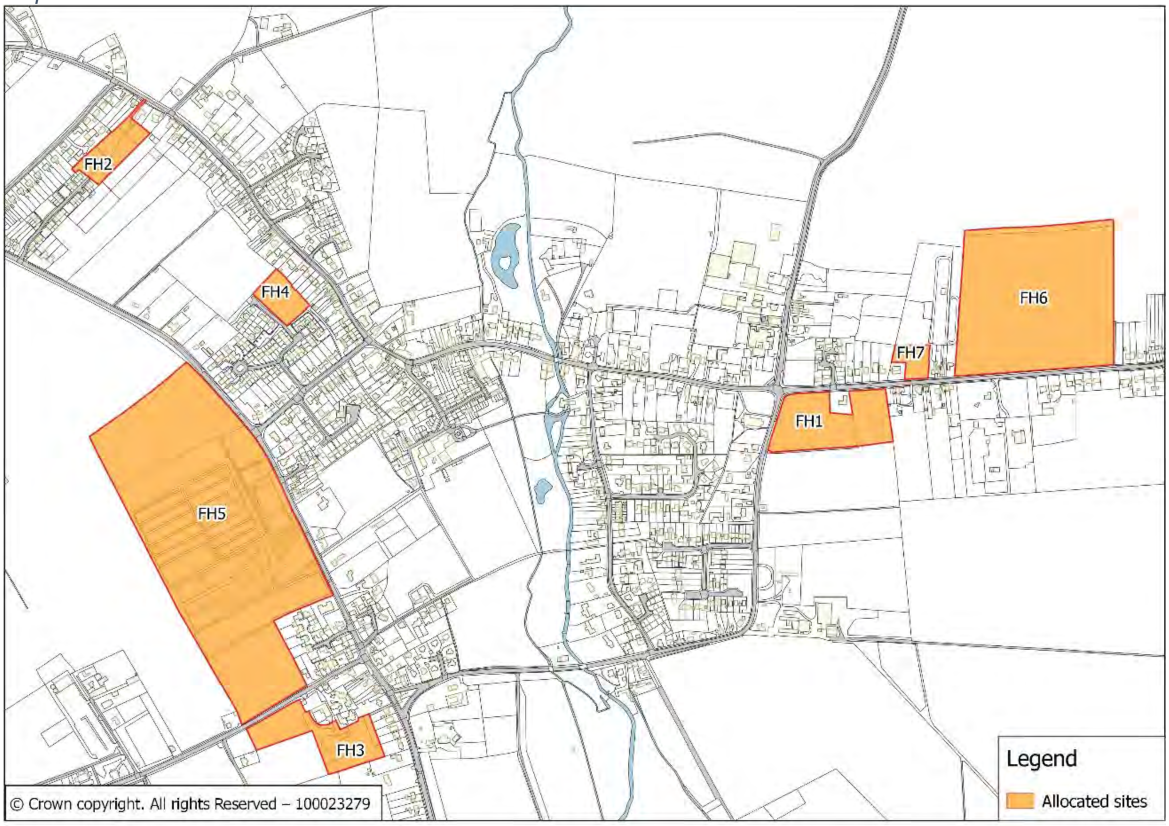
*Map 2: Development Envelopes*




4.4. Combining allocations in this neighbourhood plan with small site permissions already with consent, there is already enough planned growth in Fordham for more than a 30% increase in housing numbers against the 2011 Census figures. This is a substantial amount of growth. Unfortunately past growth has not always been accompanied by adequate investment in the vital services needed to support this further population increase.

4.5. It is important that this neighbourhood plan reflects what is actually going to be delivered in Fordham and as such the allocations in the emerging Local Plan (many of which also benefit from a planning permission or have been approved subject to agreements being reached on what infrastructure is to be provided) are allocated in this neighbourhood plan. The location of these sites is shown on Map 3 below:

*Map 3: Site Allocations*




4.6. The housing requirement for the neighbourhood area is set at 350 dwellings between 2016 and 2036. This figure has been determined following liaison with the district council, and was established by combining:

- the indicative housing number for sites allocated in the East Cambridgeshire Local Plan (2015);
- the indicative housing number for new sites being allocated in the submitted East Cambridgeshire Local Plan (2018)[5];
- dwellings that have been completed since 1 April 2016 (2 in 2016/17 and 8 in 2017/18); and
- dwellings with extant planning permission for residential development in Fordham (which is 315 as at 1 April 2018).[6]

[5] Where a site has been included in both the East Cambridgeshire Local Plan (2015) and in the submitted East Cambridgeshire Local Plan (2018) the site area and capacity in the later plan has been included.
[6] This number includes sites that have been allocated in the Local Plan and have outline or full planning permission granted and where there has been a resolution to grant planning permission.

4.7. This requirement represents growth of more than 30% in total dwelling numbers over the 20 year neighbourhood plan period, which is considered to be appropriate and clearly contributing to boosting the supply of homes, as required by national and local policy. It also accords with the evidence base underpinning both this plan and the submitted East Cambridgeshire Local Plan. Whilst this dwelling requirement is not a ceiling, for decision making purposes it should be viewed as Fordham's proportion of the strategic housing requirements required across the wider district area. Additional development, over and above those identified in para 4.6, is not necessary to meet Fordham's housing requirement. Policy 1 makes it clear under what circumstances additional growth would be acceptable, in principle.

*Picture 7: New homes being built in Fordham on Market Street and Mildenhall Road*

4.8. During the production of the Fordham Neighbourhood Plan, permission was also granted at appeal for development of up to 100 dwellings to the south of Mildenhall Road (Appeal reference: APP/V0510/17/3186785). This is above and beyond the 350 dwelling growth figure allowed for in this plan.

4.9. Affordability of housing is also an issue in Fordham as it is in the wider East Cambridgeshire area. The Local Plan includes requirements in relation to delivering affordable housing (40% being affordable housing being sought in Fordham in the adopted Local Plan and 30% in the emerging Local Plan). This neighbourhood plan supports the delivery of affordable housing in Fordham at the level stated in the up to date Local Plan and does not amend this figure.

4.10. Applications for affordable housing on sites outside of, but immediately adjacent to, the Development Envelope should only be approved exceptionally, and where they are done so, may be required to include conditions prioritising the affordable housing being accommodated by people with a Strong Local Connection[7] where the need for this is registered with the District Council. Applicants seeking permission on a rural exceptions site should contact the District Council to understand whether conditions will be applied.

[7] See Glossary for definition.

**Policy 1: Housing Growth**

**Fordham will grow sustainably through the plan period in accordance with the allocations in this neighbourhood plan.**

**The housing requirement for Fordham between 2016 and 2036 is 350 dwellings. This amount can be achieved via the allocations in this neighbourhood plan (approximately 85%) and a realistic allowance for windfall sites (approximately 15%). This housing requirement is not a ceiling for housing growth. However, the only additional development beyond the identified allocations which might, in principle, be acceptable will be:**

- **infill development, within the Development Envelope in the up to date East Cambridgeshire Local Plan;**
- **community-led development (in accordance with East Cambridgeshire Local Plan Policy GROWTH 6 or a subsequent replacement Local Plan policy);**
- **rural affordable housing exception site development;**
- **small-scale infill development outside the Development Envelope (in accordance with East Cambridgeshire Local Plan Policy GROWTH 2 or a subsequent replacement Local Plan policy for such forms of infill); and**
- **other residential development in the countryside which meets strict exception tests set out in the development plan.**

**All other residential development will be contrary to the strategy of this neighbourhood plan, and should be refused.**

**Development proposals on sites outside of the Development Envelope will be treated as being in the 'countryside' and will be strictly controlled and subject to the restrictions set out in Policy GROWTH 2 in the East Cambridgeshire Local Plan or a subsequent replacement Local Plan policy.**

**The following sites are allocated in this neighbourhood plan for housing development to be developed in accordance with their permissions and, where applicable, any site-specific policies in the East Cambridgeshire Local Plan:**

| Ref. | Address | Indicative Dwellings |
|---|---|---|
| FH1 | Land south of Mildenhall Road, east of Collin's Hill* | 20 |
| FH2 | Land north east of Rules Garden | 15 |
| FH3 | Land off Station Road | 27 |
| FH4 | Land off Steward's Field | 12 |
| FH5 | Scotsdale Garden Centre** | 150 |
| FH6 | Land north of Mildenhall Road** | 79 |
| FH7 | Land between 37 and 55 Mildenhall Road | 8 |

* The dwellings on this site will be located at its eastern half of the site with open space being located on the undulating land at the western half of the site.
** This is a mixed use development and the figure is a maximum, not an indicative number of dwellings.

**Major development proposals[8] for residential use should provide a mix of housing types and/or sizes to help ensure a diverse community resides within the village, though flats or apartments of three storeys or more will only be approved on an exceptional basis, in order to protect the character of the built form of the village.**

**Major development proposals[9] for residential use should provide affordable housing on-site in accordance with Local Plan Policy HOU 3 or a subsequent replacement Local Plan policy.**

**Development proposals on sites outside of, but immediately adjacent to, the Development Envelope may be considered as a Rural Exception Site where the proposal is entirely for affordable housing. Where development is proposed on a Rural Exception Site, it must be supported by demonstration that it meets an identified local need which cannot be met within the Development Envelope and conditions may be implemented prioritising occupiers with a Strong Local Connection.**

**Development proposals brought forward by the Fordham Community Land Trust will be supported in principle provided it will not result in any unacceptable impacts that cannot be sufficiently mitigated.**

**Planning permission will only be granted if it can be demonstrated that there is, or will be, sufficient infrastructure capacity to support and meet all the necessary requirements arising from a proposed development. Development may need to be phased spatially or chronologically to ensure the provision of infrastructure in a timely manner with conditions or planning obligations to be used in securing any phasing arrangements.**

## Character & Design

4.11. Fordham is a rural village with a historic core centred on Carter Street and Mill Lane, and around the junction of Market Street and Station Road, and with more recent development spreading from these areas along and set back from the historic road network around the village.

4.12. Most of the post-war development that has occurred has been low density with a high number of bungalows being developed. 2011 Census data has shown that there is a higher proportion of detached and semi-detached properties in Fordham than in the wider district and county. Much of the development has occurred on fairly small sites of 20 or fewer homes and contain a variety of house styles and sizes suited to the site.

4.13. Developments in Fordham often include buildings with architectural details to add interest, or interest is often added through the use of a number of different materials in a scheme. The prevalence of soft landscaping including trees, hedges and shrubs is common on developments across the village and a strong, green landscaping scheme is a key characteristic for new development to blend in with the village as a whole. Delivering high quality design need not impact viability nor the density that is appropriate for the site, but it requires making choices that are appropriate for the context.

[8] See Glossary for definition.
[9] See Glossary for definition.

4.14. One key concept of delivering high quality design is responding to context, such as: the size and shape of the site; views of the site, nearby buildings or other features; topography of the site and its surrounds; and materials and vernacular design. Proposals can respond positively to context through the mix of buildings, their scale, their height, their bulk, the space between buildings and their positions, materials used, rhythm of the building and its fenestration, roof angles, landscaping, and specific design features, amongst many other considerations.

**Policy 2: Character & Design**

**Development proposals must deliver high quality design through:**

a. **Delivering a quantum of development that is appropriate for the site, taking into account the site size and shape, making the best use of the site given its context;**
b. **Responding to key features on the site such as trees, topography, and buildings and retaining them as part of the scheme wherever possible;**
c. **Responding to important characteristics of the surrounding area including views, buildings and their materials and design features, building heights, space between buildings, heritage assets, and trees;**
d. **Introducing visual interest from the surrounding area through the overall design, orientation and position of buildings, architectural details, landscaping and materials, particularly when viewed from publicly accessible areas;**
e. **Providing a mix of dwelling styles and sizes where appropriate;**
f. **Ensure the height of new development is reflective of the low (two storeys or fewer) character of present development in the village;**
g. **Including a robust green landscaping scheme that is appropriate for the site and links well with surrounding green infrastructure;**
h. **Providing adequate amenity space for future occupiers of the proposals;**
i. **Not resulting in unacceptable impacts on the amenity of occupants of neighbouring or nearby properties;**
j. **Providing buildings and spaces that are accessible, inclusive and safe; and**
k. **Using high quality materials throughout the scheme.**

**Proposals that exhibit substandard design quality, particularly when considered against these requirements, will not be supported.**

**Plans and supporting statements submitted with planning applications should make clear how decisions on the design of the proposal were arrived at and why they are appropriate for the context of the site.**

**Development that exhibits outstanding or innovative design will be supported in principle, where this is appropriate for the context of the site.**

## Local Green Spaces

4.15. Fordham contains a number of open spaces which have local importance for a number of reasons, including their role for recreation, maintaining the setting of a view or landmark, historical importance for the village, or for its richness in wildlife, for example. Whilst all of these open spaces perform some function and are special to the local community, only some are suitable for designation as a Local Green Space. National Policy defines that the designation should only be used:

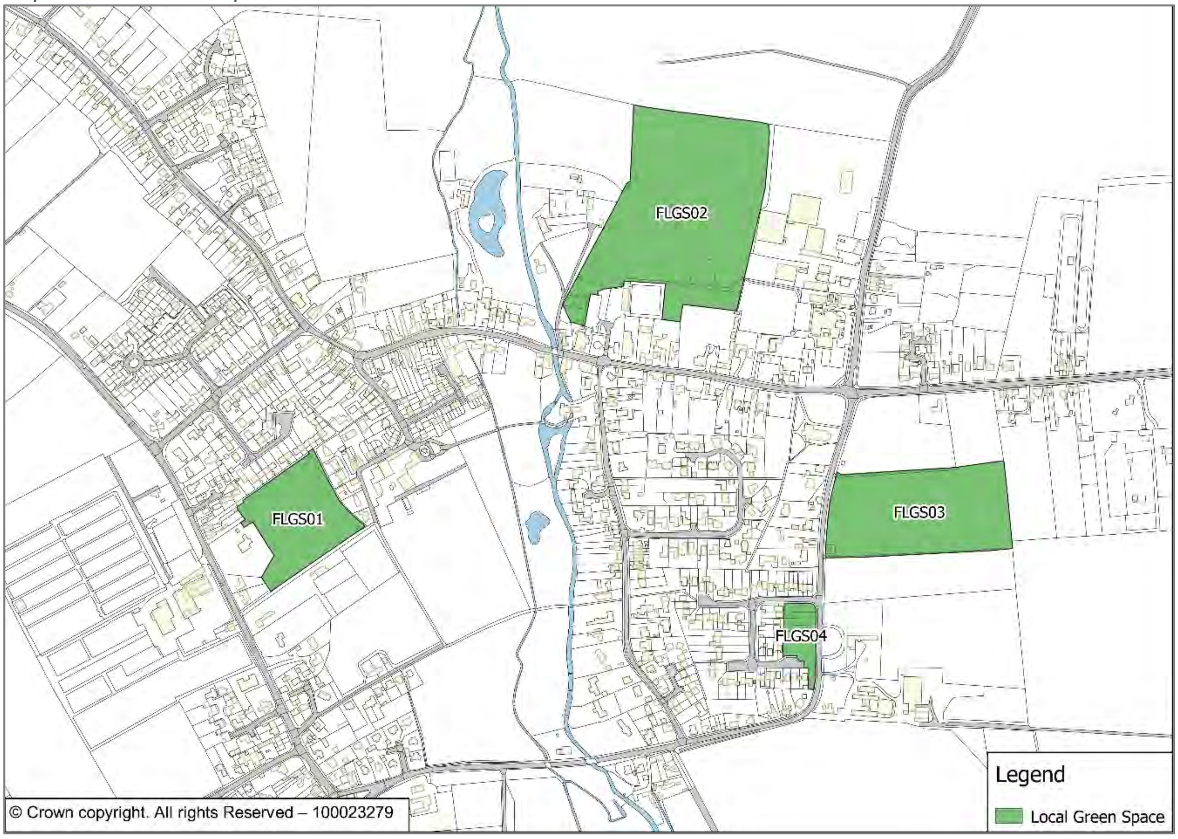
- where the green space is in reasonably close proximity to the community it serves;
- where the green area is demonstrably special to a local community and holds a particular local significance, for example because of its beauty, historic significance, recreational value (including as a playing field), tranquillity or richness of its wildlife; and
- where the green area concerned is local in character and is not an extensive tract of land.

4.16. The Fordham Open Space Assessment (March 2018) assessed a number of potential sites against these conditions and concludes that 4 areas are suitable for designation as a Local Green Space and will be protected in accordance with national policy in the NPPF. Development proposals on these local green spaces will not normally be permitted except where they are to enhance the function of the space.

*Picture 8: Local Green Spaces [Clockwise from top left: Redwoods in Townsend Wood, land between Trinity Close and Collin's Hill, the recreation ground, the allotments, and an entrance to Townsend Wood].*


These Local Green Spaces are shown on Map 4 below.

*Map 4: Local Green Spaces*




**<u>Policy 3: Local Green Spaces</u>**

**The following locations, shown on Map 4, are designated as Local Green Spaces:**

- **FLGS01 – Townsend Wood, east of Market Street;**
- **FLGS02 – Recreation Ground north of Church Street;**
- **FLGS03 – Allotments east of Collin's Hill; and**
- **FLGS04 – Land between Trinity Close and Collin's Hill.**

**Development proposals on a Local Green Space will not be permitted other than in very special circumstances, in line with national policy.**

## Maintaining Separation

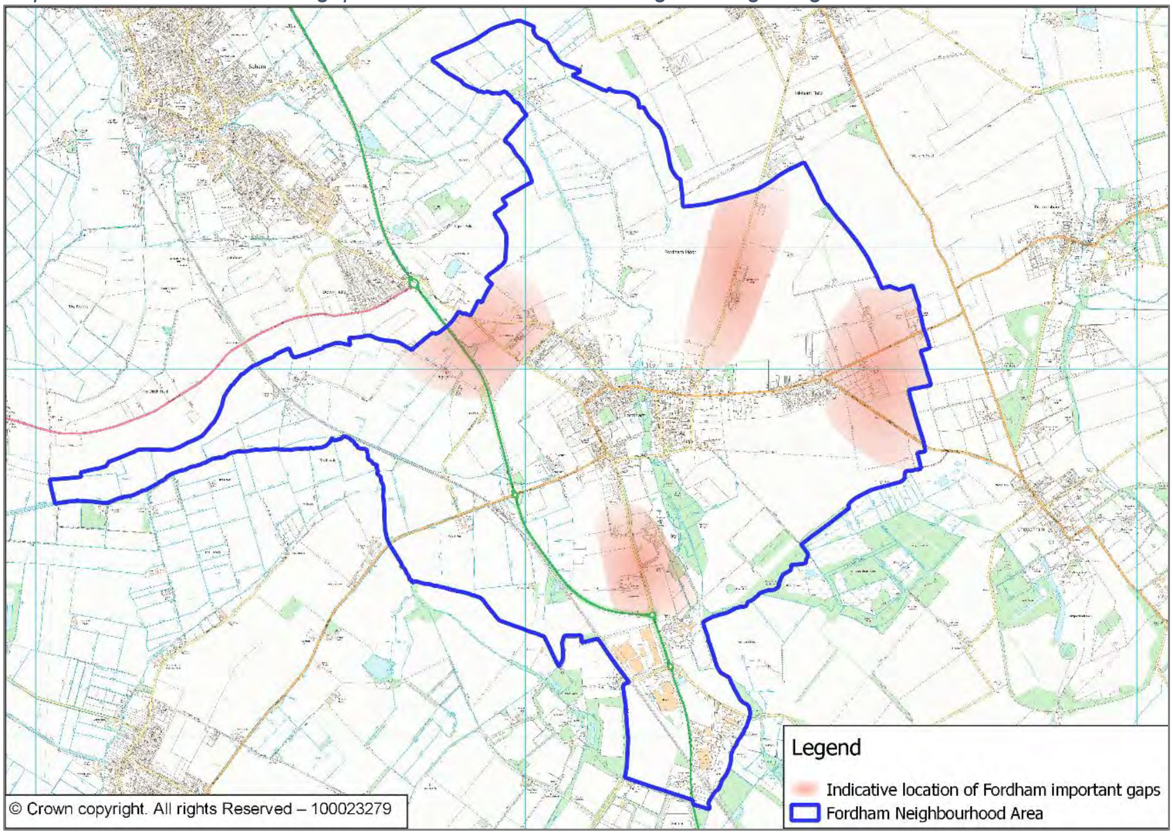
4.17. Whilst Fordham is a rural parish, and all areas that are undeveloped around the village have importance to retaining this characteristic, there are a number of areas which are more sensitive in relation to maintaining separation with neighbouring settlements +and avoiding their coalescence.

4.18. At present there is a sense of separation as you travel between these neighbouring settlements but, in many cases, development has occurred in these gaps over recent decades which has somewhat reduced this sense of separation. It is important to maintain this separation so that the distinctive identities of each settlement can be maintained.

4.19. Arguably, the most sensitive of these gaps is that between Fordham and Soham. This gap is only approximately 1km between the two settlements and within this narrow gap there is already a water tower (and associated works and buildings), a caravan park, and some isolated dwellings. These have slightly reduced the sense of separation, but there is still a clear distinction between settlements.

4.20. Gaps with other neighbouring villages are also sensitive, although they are larger (typically between 1.5km and 3km from Fordham). Whilst many have had some development occur within these gaps, there is still a clear sense of separation. The general locations of these gaps are indicated on Map 5 below.

*Map 5: Indicative locations of gaps between Fordham and neighbouring villages*



*Picture 9: The gap between Fordham and Isleham, with post-war development on Isleham Road visually reducing the gap*

4.21. Policy 4 seeks to maintain this sense of separation by resisting development in these areas that would, either cumulatively or in isolation, result in the visual or physical separation between these settlements from being reduced.

**Policy 4: Maintaining Separation**

**Development proposals located in areas between Fordham and any neighbouring settlement that would either visually or physically reduce the separation, or sense of separation, will not be supported.**

**Any development proposals in these gaps should be accompanied by evidence of the visual impact of the proposed scheme in relation to the gap.**

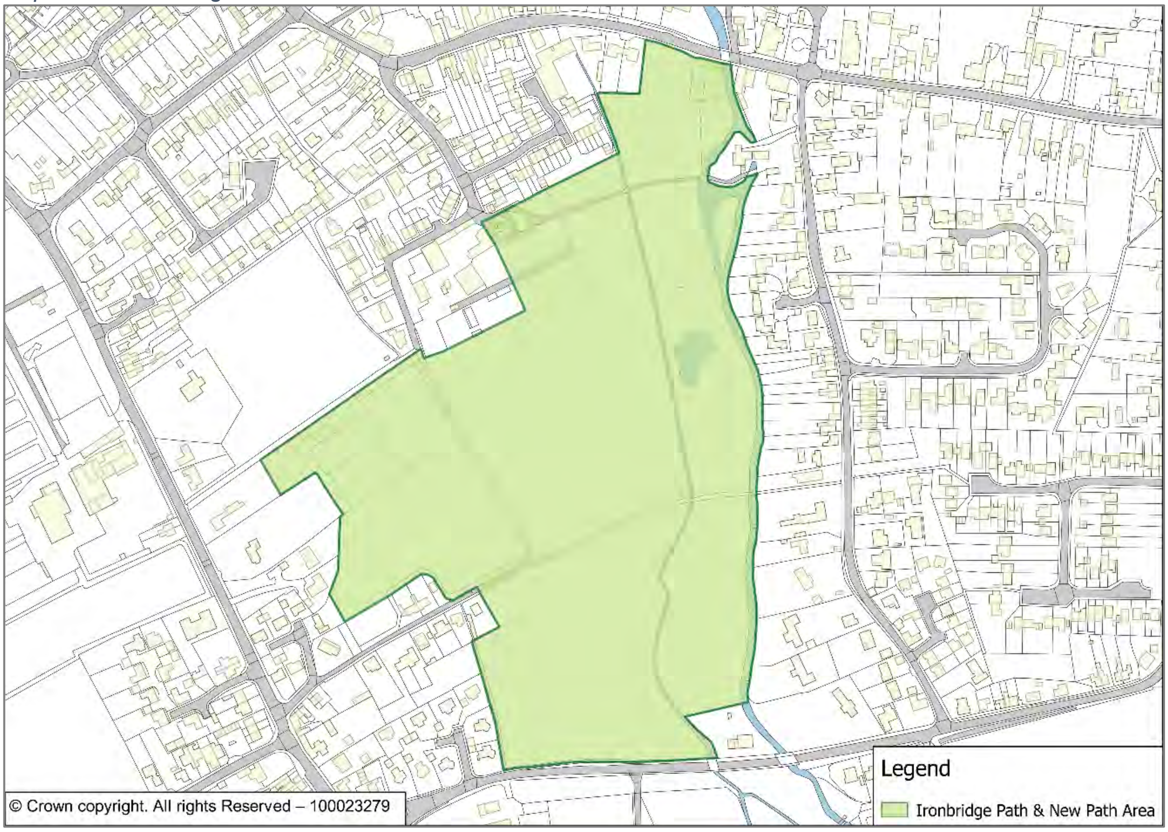
## The Ironbridge Path & New Path Area

4.22. The area around Ironbridge Path and New Path is an important asset to the community. It is a tranquil area very close to the centre of the village which contains some woodland, fields, paddocks and a number of public rights of way which offer easy access to this semi-rural area. This is the only rural walk in the village that is accessible for people in wheelchairs and pushchairs and so is important to retain as an undeveloped area.

*Picture 10: View within the Ironbridge Path and New Path Area*

4.23. This open area breaks up a number of developed areas and so is important to maintain the rural feel around the village. The woodland at the eastern parts of the area provides a natural backdrop for many views, particularly as a backdrop for properties on Mill Lane. Eastern parts of this area are at risk of flooding which reduce the opportunities for any development that can occur. Any loss of the rural and open feel of this area would significantly reduce the value of this area for the community.

*Map 6: The Ironbridge Path & New Path Area*




**Policy 5: The Ironbridge Path & New Path Area**

**Any development proposals that would result in a negative impact upon the openness, tranquillity or permeability of the Ironbridge Path and New Path Area as shown on Map 6 will not be permitted unless it can be demonstrated that the benefits of the proposal will significantly outweigh the harm caused and that adequate mitigation is provided to reduce the impact wherever possible.**

**Development proposals within or adjacent to this area should be accompanied by an assessment of the visual impact when viewed from the public footpaths in the Ironbridge Path and New Path Area.**

## Locally Important Views

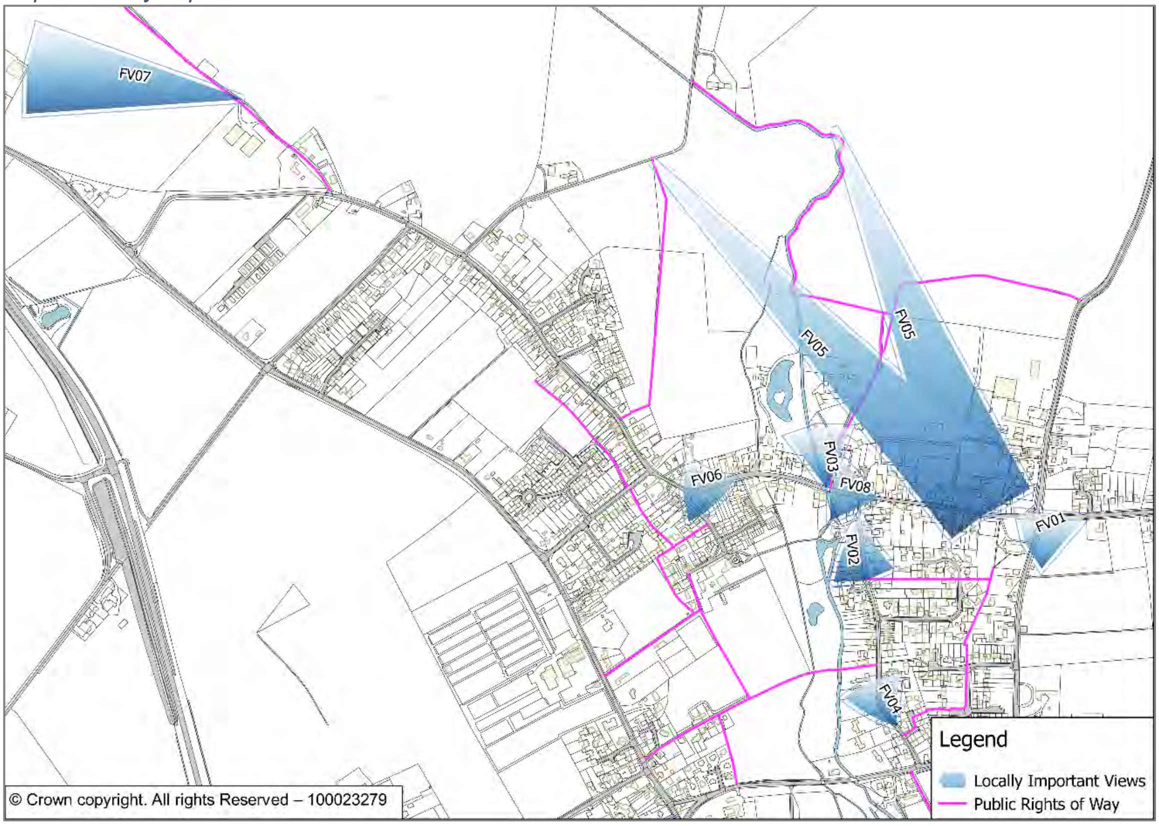
4.24. Fordham is an attractive village surrounded by beautiful and varied countryside and there are a number of views which are of great importance to the community and which should be protected.

4.25. The Fordham Important Views Study assesses a number of views around the village and identifies a number of views and vistas which are suitable for protection. All of these views are visible from publically accessible locations and each one is selected for its visual interest, its beauty and/or as it holds another value for the locality such as containing important landmarks or historical features.

*Picture 11: View of Soham Water Tower (FV07)*

4.26. This neighbourhood plan intends to protect these important views from development that would obstruct or detract from their value. The indicative position of these designated views are shown on Map 7 below.

*Map 7: Locally Important Views*



**Policy 6: Locally Important Views**

**The following views are designated as Locally Important Views:**

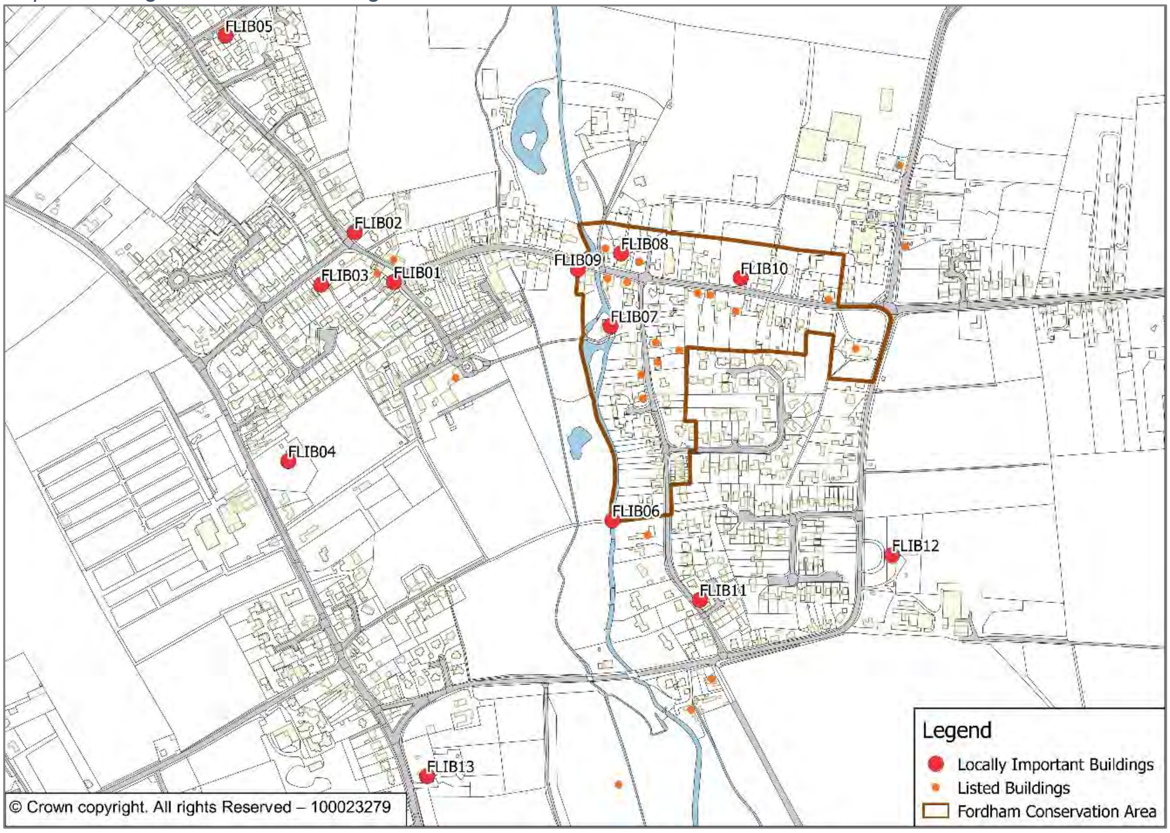
- **FV01 – View of St Peter and Mary Magdalene Church south-west from Mildenhall Road**
- **FV02 – View south along Mill Lane from outside number 2 Mill Lane**
- **FV03 – View north to Poet's Cottage including the River Snail from the bridge on Carter Street**
- **FV04 – View north on Mill Lane of Brook House**
- **FV05 – Views of St Peter and Mary Magdalene Church from public rights of way on Fordham Moor**
- **FV06 – View west along Carter Street to The Chequers and the Pound**
- **FV07 – View northwest to water tower from public right of way**
- **FV08 – View west along Carter Street/Church Street to 1 Carter Street, Victoria Hall and neighbouring buildings**

**Development proposals should not obstruct or detract from a Locally Important View. Any proposals that has potential to impact on these views should be accompanied by supporting information to demonstrate why the proposal will not have a negative impact on the view.**

## Heritage Assets & Locally Important Buildings

4.27. Fordham contains a number of heritage assets of both local and national significance. The preservation of these assets is a priority for this plan as they contribute to the sense of community and they help define what is important about Fordham and how Fordham developed as a village. They also act as key landmarks across the village. The listed buildings within the village and Fordham Conservation Area boundary can be shown on Map 8 below:

*Map 8: Heritage Assets in the Village*




4.28. Preserving heritage assets does not necessarily mean preventing all changes from occurring, but it is recognising what is important about the asset and what its contribution and status is, weighing this up with the need to maintain an economically viable use. Listed buildings, conservation areas, Scheduled Ancient Monuments and non-designated heritage assets are protected by both national policy and in the East Cambridgeshire Local Plan.

*Picture 12: Some of the Locally Important Buildings [Clockwise from top left: Seeley House, 4 Mill Lane, former Wesleyan Chapel, and the Old Lodge].*

4.29. There are a number of buildings in Fordham which do not satisfy the criteria for listing at a national level, but are of importance locally. Some of these buildings are also included on the East Cambridgeshire Buildings of Local Interest Register. These Locally Important Buildings are of particular importance for the street setting in their location or for their prominence or historic relevance to Fordham. Listed buildings have not been included in this designation as they have a higher order of protection already. The Locally Important Buildings are shown on Map 8. Information on these Locally Important Buildings is available in the accompanying Locally Important Buildings Evidence Document.

**Policy 7: Locally Important Buildings & Structures**

**The following properties and structures are designated as Locally Important Buildings:**

- **FLIB01 – Fire Station and Pump, Carter Street**
- **FLIB02 – Pelham House and Ashleydale, nos 92 and 94 Carter Street**
- **FLIB03 – The former Wesleyan Chapel, Sharmans Road**
- **FLIB04 – 46 Market Street, formerly known as Shrublands House**
- **FLIB05 – 12-18 Grove Park**
- **FLIB06 – The Ironbridge, Ironbridge Path**
- **FLIB07 – 4 Mill Lane**
- **FLIB08 – Victoria Hall, Carter Street**
- **FLIB09 – Pump on the south side of Carter Street**
- **FLIB10 – Seeley House, 32 Church Street**
- **FLIB11 – 83 and 85 Mill Lane**
- **FLIB12 – Trinity Hall, Collin's Hill**
- **FLIB13 – The Old Lodge, 9 Newmarket Road**

**Development proposals requiring planning permission that have the potential to affect the significance of a Locally Important Building, including the contribution made by its appearance and setting, should be accompanied by a heritage statement.**[10]

**Proposals that would enhance or better reveal the significance of these locally important heritage assets will be supported. Proposals that would harm the significance of a locally important building directly, or through development in its setting, must be clearly justified.**

## Wildlife & Habitats

4.30. Wildlife and their habitats are an important part of any rural community and this is the case for Fordham. The neighbourhood area includes a wide variety of habitats including the wet, valley bottom woodland at Fordham Wood Site of Special Scientific Interest (SSSI), the tree belt which follows the River Snail through the village, Townsend Wood (managed by the Woodland Trust), the agricultural fields that surround the village lined with hedgerows and hedgerow trees, and the numerous trees, shrubs and hedges throughout the village.

[10] The required content of a heritage statement is set out in the Glossary to this plan.

*Picture 13: Fordham Wood SSSI*

4.31. There is an abundance of wildlife in and around the village which is of great value to the community and is important to be maintained, or even enhanced to mitigate against pressures from an expanding population. The retention of these habitats and the wildlife that resides in them is a priority for this plan, with the goal of ensuring successful cohabitation of humans with wildlife and the natural environment.

**Policy 8: Wildlife & Habitats**

**Development proposals that would have a significant adverse effect (including through recreational pressure) on the nationally and internationally protected sites at Fordham Wood or Chippenham Fen will not be approved.**

**Development proposals should, wherever possible, seek to enhance connectivity of green networks through the inclusion of strong landscaping schemes that include trees, shrubs, hedgerows, green roofs and green walls, for example.**

**Wherever possible, development proposals should avoid the loss of wildlife habitats or natural features such as trees, hedgerows, watercourses or ponds. Where the loss of a feature is unavoidable, mitigation may be acceptable through the introduction of new features that will result in at least a neutral impact on the wildlife.**

**Overall a net gain in biodiversity should be achieved, demonstrated by appropriate evidence prepared by a suitably qualified person on behalf of the applicant.**

## Services & Facilities

4.32. Fordham has a good range of services and facilities and the additional planned growth will help a number of these services to thrive, but will also have the potential to put a strain on this infrastructure. These services are important to retain and, where necessary, expand to help ensure that the community is well served.

4.33. East Cambridgeshire Local Plan Policy GROWTH 3 requires adequate infrastructure to be available to support development in order for planning permission to be granted and Policy COM 3 protects community facilities from redevelopment. This neighbourhood plan supports the implementation of these policies, but does not seek to duplicate them. The following are identified as Valued Community Facilities in Fordham:

- The Chequers;
- The White Pheasant;
- The Crown;
- The Co-operative food store;
- Victoria Hall;
- The Royal British Legion;
- Fordham Pre-School;
- Fordham Church of England Primary School;
- St Peter and Mary Magdalene Church;
- Fordham Congregational Church;
- Fordham Bowls Club;
- Allotments on Collin's Hill;
- Recreation ground and sports facilities on Church Street; and
- The Scout Hut on Station Road.

Please note: there are many other facilities in Fordham that are valued by the community than those on the list, but this list is to be used for the operation of Policy 9.

*Picture 14: Some of Fordham's valued community facilities [Clockwise from top left: Play area and skate park, St Peter and Mary Magdalene Church, Cricket pavilion, and The Royal British Legion].*

4.34. East Cambridgeshire District Council has adopted the Community Infrastructure Levy (CIL) as one way to secure developer contributions for infrastructure. Under CIL 15% of money gathered within the neighbourhood area must be spent on local priorities and, upon adoption of this neighbourhood plan, this will increase to 25% of CIL income.

4.35. Whilst at this time there are no specific projects earmarked for the neighbourhood portion of CIL there are a number of pieces of infrastructure that may be funded through this or through other developer contributions, including:

- A new sports pavilion;
- New leisure facilities for teenagers;
- Extended education facilities; and
- Improved rights of way and cycle routes.

4.36. The Parish Council will manage funds received in communication with the District Council and the community to ensure that the funding is focussed on local priorities.

**Policy 9: Services & Facilities**

**Proposals for the delivery of new community facilities or extensions to existing facilities will be supported in principle, where they are appropriately located and would not likely result in conflict with occupants of neighbouring properties or give rise to any other significant adverse impact.**

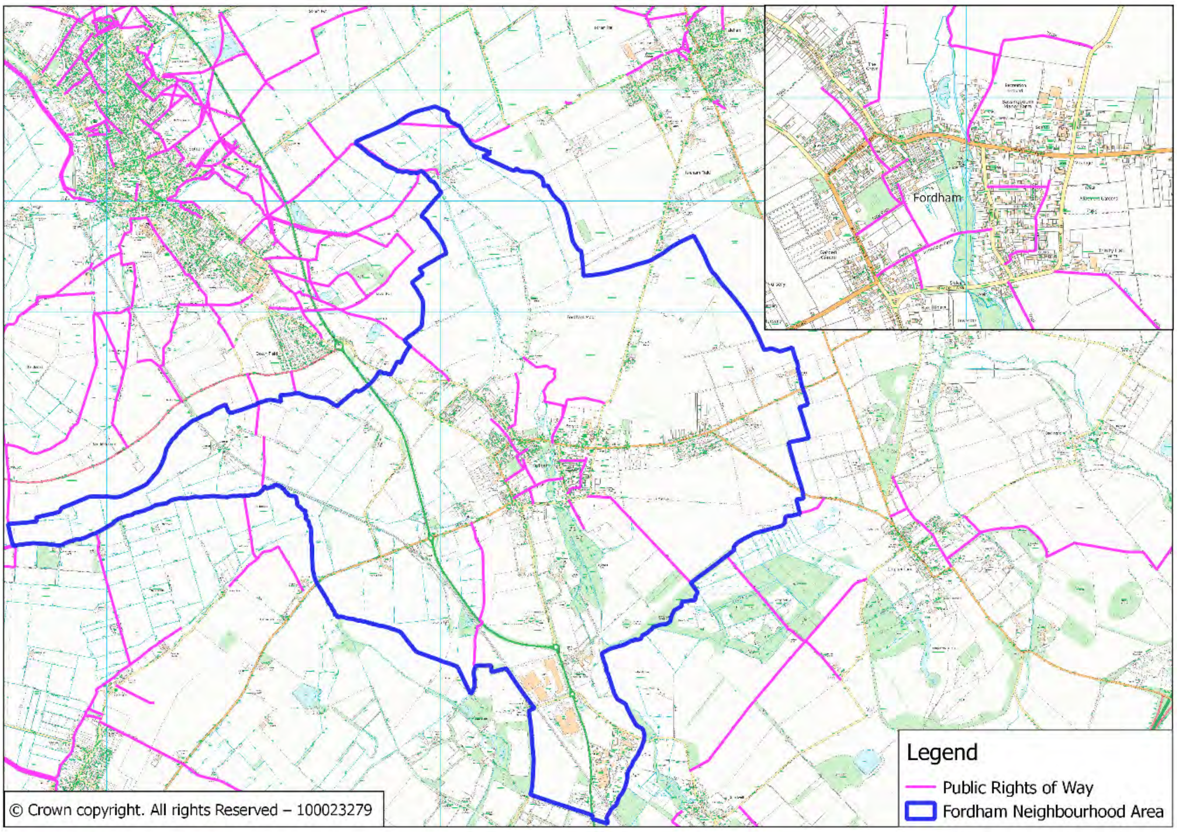
**Development proposals that would result in the loss of a Valued Community Facility will not be supported, unless it can be demonstrated with suitable evidence that it satisfies the requirements of Local Plan Policy COM 3 or a subsequent replacement Local Plan policy.**

## Pedestrian Access & Public Rights of Way

4.37. The public rights of way around Fordham are an important asset for many villagers. They provide an escape in rural and semi-rural parts of the parish and provide health and wellbeing benefits. This plan aims to retain these public rights of way and also wherever possible to enhance and extend them for the benefit of the growing community.

4.38. The public rights of way in Fordham can be seen in Map 9 below:

*Map 9: Public Rights of Way*




4.39. It is not only the retention of the route of the public rights of way that is important, but their setting and the sense of escape which provide enjoyment for users that are essential to be preserved. Where a development proposal is in a location on or near to a public right of way, careful consideration will be required for what impact the proposal may have on it and whether there is an opportunity to enhance the public right of way. Proposals that would urbanise an otherwise rural right of way, either through the built form of a proposal or through its use, should be avoided where possible unless adequate mitigation can be included, such as through substantial landscaping or potentially through the suitable re-routing of the right of way.

4.40. Whilst there are issues in some locations, most of Fordham village has adequate footpaths and pavements to accommodate pedestrians wishing to navigate the village on foot and it is important that new developments allow future residents to connect in to this network easily and safely. It is also important that development proposals make the most of any opportunities to improve pedestrian routes wherever suitable, for example through linking in existing residential areas with other parts of the village where this would provide an attractive and suitable route.

4.41. All development proposals should be connected to the existing footways in the village. In most cases this will be easily achieved with provision of pavements within a scheme or possibly an extension to, or safe crossing points to, link to existing footways.

**Policy 10: Pedestrian Access & Public Rights of Way**

**Development proposals that would obstruct or would result in a significant impact upon the enjoyment of a public right of way will not normally be allowed.**

**This can include, but is not limited to, proposals for the creation of new dwellings, new buildings for commercial uses, for the change of use where the proposed use would materially increase the activity on site, or where the proposed use would result in an impact through noise, odour, light or other pollution, where this would have potential to diminish to accessibility, connectivity or tranquillity of a right of way. Development that will be clearly visible from a public right of way should consider the appearance of the proposal from the right of way and incorporate green landscaping to reduce any visual impacts.**

**Development proposals that will enhance or extend an existing public right of way or that will deliver a new public right of way in a suitable location will be viewed favourably.**

**Development proposals that are located where there is an opportunity to link two or more public rights of way or to enhance connectivity through the village should incorporate this connectivity through the proposal wherever appropriate.**

**Development proposals should incorporate adequate and safe pedestrian links from every property within the site to the existing footpath network.**

### Car Parking

4.42. Given that Fordham is a rural area it is not surprising that car ownership is higher than the wider East Cambridgeshire area. Car parking has caused some issues in some new housing developments around the village with significant amounts of on-street parking, making it difficult to navigate and resulting in potential road safety issues, as well as negatively impacting on the landscaped environment and streetscene in these developments. The majority of these cases are on quiet roads and cul-de-sacs so they do not typically impede general traffic flow through the village, but they do have a local impact and therefore warrants addressing in future developments.

4.43. Both the adopted and emerging East Cambridgeshire Local Plans include parking provision requirements for new housing development as follows:

| Plan | Standards | Notes |
|---|---|---|
| Adopted Local Plan 2015 | • 2 spaces per dwelling (averaged out across the development)<br>• Up to 1 visitor space for every 4 dwellings | The policy allows for lower levels of car parking to reflect local conditions |
| Emerging Local Plan 2018 | • 2 car spaces for of 1-3 bed dwellings<br>• 3 car spaces for 4+ bed dwellings<br>• Up to 1 visitor space for every 4 dwellings | This excludes single garages and double garages count as 1 car space.<br>It allows for car parking to be delivered in parking courts for the first 12 spaces of a scheme. |

4.44. Whilst the policy in the emerging Local Plan has yet to be tested in planning applications at the time of this neighbourhood plan being prepared, the policies in the adopted plan (and plans preceding this) have resulted in issues in some developments with too few spaces being provided. Garages are rarely used for vehicular parking which has effectively reduced the amount of planned parking provision. Public transport in Fordham is very limited and as such the majority of adults in the village will have access to their own car, including young adults living with their parents. Schemes in the past have also included parking courts with spaces not being conveniently located for each dwelling. All of these issues have led to problems of on-street parking and cars being bumped up on kerbs, restricting access for pedestrians, particularly those with pushchairs.

*Picture 15: Unplanned on-street parking on Walton Close*


4.45. Rather than requiring a higher level of parking requirement than that sought in the Local Plan, this neighbourhood plan seeks to ensure that the parking provided will be usable and used by future occupants. Straightforward and adequate parking provision will increase the attractiveness of a development to buyers and so should be beneficial for developers seeking to sell the properties they build.

4.46. Electric cars are becoming more accessible and suitable for a larger proportion of the population and as such, it is important to ensure that homes are ready for this emerging technology.

**Policy 11: Car Parking**

**Development proposals will be required to meet the parking standards in the up to date Local Plan as a minimum and proposals which exceed this minimum will, in principle, be welcomed, provided this does not give rise to a poor quality design overall.**

**In proposals incorporating residential development, vehicle parking will usually be required to be provided on-plot. Any on-street or courtyard parking will require justification for why it is the most appropriate design solution for the**

**proposal, including a clear demonstration of how the spaces are suitably located near to an entry point of each dwelling using the parking area which mean that the space(s) will likely be used by future occupiers. Any on-street parking should be included in initial designs to ensure that any visual impact is minimised and to ensure that movement for vehicles and pedestrians will not be restricted.**

**Proposals that are likely to result in unplanned on-street parking will not be supported.**

**Proposals will be expected to include facilities for electric plug-in vehicles with an adequate number of plugs in a convenient location to charge vehicles in each allocated car space. Information supporting the application should demonstrate the suitability of the number and location of these charging points in relation to the parking spaces to be provided.**

## Cycle parking & storage

4.47. Cycles offer not only a valued leisure pursuit for many residents, but also a key mode of transport for commuting to work in the village or in neighbouring areas. The availability of secure and suitable storage of cycles is essential to allowing people to choose to travel by cycle.

4.48. The provision of suitable storage for cycles, or for other goods where it is not needed for cycles, will make houses more attractive for many buyers.

4.49. The East Cambridgeshire Local Plan requires new residential dwellings to deliver 1 cycle parking space per home. Many families will have multiple cycles and developments should not prevent this by not providing adequate options for storing these.

4.50. For houses with garages, this is usually suitable for cycle parking where there is adequate space for both the cycle and any car parking required to meet the applicable car parking standards. Where there is no garage for a dwelling, a private rear garden is usually suitable for this storage, provided there is easy, direct access and the rear garden is of an adequate size. These conditions will normally be easily satisfied through most residential development proposals.

4.51. Where these conditions cannot be met in a scheme, secure, shared storage should be provided, appropriately incorporated into the design of a scheme so that it is overlooked, in a well-lit location that is conveniently located for the homes that will be using the facility. Wherever possible it will be preferable to provide covered cycle parking.

**Policy 12: Cycle Parking & Storage**

**Residential development proposals should be accompanied by adequate, safe and secure cycle parking. This may be provided within garages where this will not affect parking spaces relied on for cars or can be accounted for within private garden spaces where the garden has easy direct access and is of an adequate size to accommodate a cycle shed and adequate amenity space for the dwelling.**

**Where shared cycle parking is proposed, this should be incorporated into the design of the scheme so that it is safe and secure, in a well-lit location that is overlooked, and it is in a convenient location for the users of the facility. Shared cycling storage should, wherever possible, be delivered in excess of 1 cycle space per dwelling.**

# 5. Community Projects

5.1. Through the process of developing this neighbourhood plan a number of issues were raised that are not related to land use and development planning. Whilst these issues cannot be tackled through a neighbourhood plan it is important not to let these issues be forgotten and to address them through other means.

5.2. This section contains a number of community projects or intentions that Fordham Parish Council intend to implement going forward in response to these issues. These projects, whilst contained within this neighbourhood plan, are not intended to be used in making decisions on planning applications.

5.3. Please note, these projects are not in priority order.

Project A – Investigate opportunities with the highways authority for traffic and vehicle speed management through the village.

Project B – Organise community volunteer events to assist with the management of Townsend Wood, Fordham Woods, the Memorial Gardens and other public open areas to maintain and improve these for the community benefit and to assist in developing community cohesion.

Project C – Investigate opportunities to deliver additional and improved activities for teenagers in the village.

Project D – Promote the provision of improved public transport through Fordham to improve connectivity within the parish and to neighbouring areas.

Project E – Investigate opportunities to deliver amenities in the eastern area of the village along Mildenhall Road.

Project F – Investigate opportunities to enhance the public rights of way in Fordham Parish including the potential for improved access for all users, and for extending and linking existing public rights of way.

Project G – Investigate opportunities with the education authority to deliver new or enhanced educational facilities in the village.

Project H – Investigate opportunities with the Cambridgeshire and Peterborough Clinical Commissioning Group to deliver new medical facilities in the village.

# 6. Monitoring and Review

6.1. At the time of submission and examination of the Fordham Neighbourhood Plan the revised East Cambridgeshire Local Plan was being examined. The Fordham Neighbourhood Plan is considered to be in general conformity with the strategic policies of the revised Local Plan as submitted for examination in 2018. This was agreed by East Cambridgeshire District Council in its response to the Regulation 16 version of the Fordham Neighbourhood Plan.

6.2. Furthermore, a revised National Planning Policy Framework was published in July 2018, whilst this revised national policy was not used in examining the Fordham Neighbourhood Plan, it is now being applied to decision taking and will be used in plan making in the near future.

6.3. Should the examination of the Local Plan result in any substantial impacts to the deliverability of the Fordham Neighbourhood Plan, or should any changes in community aspirations arise at any time, Fordham Parish Council will consider reviewing the Fordham Neighbourhood Plan should it be deemed necessary.

# 7. Glossary

**The NPPF and the East Cambridgeshire Local Plan has a comprehensive glossary, and will likely be helpful when reading this neighbourhood plan.**

**Countryside** – All land outside of the Development Envelope in the up to date Local Plan where policy restrictions apply to development. Typically this restricts development to that which is necessary to: the operation of agriculture, horticulture, forestry, outdoor recreation, transport or utility services; community-led development; equine related development; affordable housing exception sites; dwellings for rural workers; replacement dwellings; re-use of existing buildings for residential use; agricultural diversification; infill development; or minerals and waste development. For full details of restrictions please view the up to date East Cambridgeshire Local Plan.

**Heritage Statement** – A statement accompanying a planning application which would directly affect a heritage asset (including both designated and non-designated). Heritage Statements should be used to:

- describe and assess the significance of the asset and/or its setting to determine its architectural, historic, artistic or archaeological interest; and
- identify the impact of the development on the special character of the asset; including the cumulative impact of incremental small-scale changes which may have as great an effect on the significance of a heritage asset as a larger scale development; and
- provide a clear justification for the works, especially if harm would be caused to the significance of the asset or its setting, so that the harm can be mitigated and weighed against public benefits

The level of detail required should be proportionate to the asset's significance and sufficient to understand the potential impact of the proposal on its significance and/or setting.

**Major development** – references in this neighbourhood plan specifically relate to the residential components as defined in the Town and Country Planning (Development Management Procedure) (England) Order 2010. Specifically, development of 10 or more dwellings or on a site of 0.5 hectares or more.

**Strong Local Connection** – Used for the purpose of ensuring local need is met in Rural Exceptions Sites. A local connection is defined as someone who has lived in the parish for 6 out of the past 12 months; or someone who has lived in the parish for 3 of the last 5 years; or someone who has previously lived in the parish for 5 years or longer; or someone who is employed on a permanent contract within the parish; or a person who has close relatives (defined as parents, siblings or children) living in the parish for the past 5 years.

**Ribbon Development** – Development that spreads in a linear fashion, normally along a main road.

**Rural Exceptions Site** – Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection.

**Village nucleus** – The main area of the village clustered around the main services. Sometimes referred to as a 'clustered settlement' or a 'nucleated village'.

**Cambridgeshire & Peterborough Combined Authority**

**Reports from Constituent Council Representatives on the Combined Authority**

**Member representatives**

| Meeting | Dates of Meeting | Representative |
|---|---|---|
| **Overview and Scrutiny Committee** | **29 October 2018** | **Councillor Mike Bradley**<br>**Councillor Alan Sharp**<br><br>**Substitutes:**<br>**Councillor Julia Huffer**<br>**Councillor Chirs Morris** |
| **Combined Authority Board** | **31 October 2018** | **Councillor Charles Roberts**<br><br>**Substitute:**<br>**Councillor Anna Bailey** |

**The above meetings have taken place in October.**

**Overview and Scrutiny Committee – Monday 29 October 2018**

The Overview and Scrutiny Committee met on 29 October 2018 and the decision summary is attached at **Appendix 1.**

**Combined Authority Board meeting – Wednesday 31 October 2018**

The Combined Authority Board met on 31 October 2018 and the decision summary is attached at **Appendix 2**.

**The agendas and minutes of the meetings are on the Combined Authority's website – Links in the appendices.**

**Appendix 1**

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

| **Overview and Scrutiny Committee -Decision Summary** |
|---|
| **Meeting:** 29th October 2018<br>**Minutes:** Overview and Scrutiny Committee- Decision Summary |

Chair: Cllr Lucy Nethsingha

Summary of decisions taken at this meeting

| Item | Topic | Decision *[None of the decisions below are key decisions]* |
|---|---|---|
| **1.** | **Apologies** | Apologies received from:<br><br>Cllr Doug Dew substituted by Cllr Jon Neish.<br><br>Cllr Tom Sanderson. |
| **2.** | **Declaration of Interests** | There were no declarations of interest. |
| **3.** | **Minutes** | The minutes of the meeting held on the 24th September were agreed as a correct record subject to the following amendments: |

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| | | Under point 6.2 that ‘Reassurance was provided from the Interim Chief Executive that there had been issues around the shortlisting process and documentation available and that shortlisting would be recorded in the future.’ |
| **4.** | **Public Questions** | There were no public questions received. |
| **5.** | **Interim Transport Plan** | The Committee received the report from the Transport Programme Manager which outlined the Local Transport Plan that had been agreed by the Transport Committee on the 10th October 2018. The following points were discussed:<br><br>• Members were advised that district council officers and planning officers had been engaged by the project team and had been involved in two workshops that had taken place.<br><br>• The officer agreed with members that it was important to tie in the programme of the Local Transport Plan to take into account the local plans for the district councils.<br><br>• Members raised a concern that it appeared that only members would be consulted as they felt it was important that highways authority officers should be engaged with as they had a wealth of experience that should be utilised at each stage.<br><br>• The Director for Strategic Planning who was in attendance at the meeting advised that all the strategies for the Combined Authority and local councils must tie into one another despite different timeframes and that the nonstatutory spatial plan would include the findings from the Local Transport Plan.<br><br>• Members raised a concern that the HCV route map had not been taken into account in the Local Transport Plan and it was felt that this should be |

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| | | integrated into the plan. Officers agreed to provide a written response to this query.<br><br>• Members were concerned around the assumption made about the north and south of the county rather than the east and west of the county and queried where these assumptions had come from. The officer advised that the assumptions that had been made so far had come from the engagement that had been received from the workshops.<br><br>• Members felt it would be helpful to receive a list of organisations and officers involved in the steering group and working group for the Local Transport Plan and also for the remits of the groups to be circulated to the committee to enable them to fully understand the processes being undertaken.<br><br>• The bus review was underway and would be brought to the Board in the early part of next year which in turn would lead to a bus strategy. Consultation on this would be before April.<br><br>• A question was asked around whether the Combined Authority was resourced enough to deal with the feedback that would be received from the consultation once it had been sent out to the public, the officer advised that there was staff to deal with the feedback received.<br><br>The Committee agreed that the Chair should ask the following questions to the Board on Wednesday 31st October:<br><br>1) The Committee requests that the HCV route map is taken into account and is integrated fully with the Local Transport Plan.<br><br>2) The Committee raised concerns around the assumptions made over the North - South priorities over the East - West within the report and |

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| | | wondered how this assumption had been reached? There were also concerns raised that there appeared to be no reflection of the issues raised in the CPIER report?<br><br>3) The Committee wanted to know that the level of consultation with the district councils at the initial stages would be thorough to allow the councils to incorporate the Local Transport Plan into their local plans.<br><br>4) The Committee wanted reassurance that the Combined Authority would have the resources to manage the interest that would be received once the Local Transport Plan went out for consultation to the public?<br><br>5) If the consultation responses created a need for phase three to be re-written would the Combined Authority be prepared to adjust the Local Transport Plan? |
| **6.** | **Performance Reporting** | The Committee received the report from the Director for Strategy and Planning. The following points were discussed:<br><br>• The Committee were advised that the report was a proposal for the shape of future performance reporting; that the Board had requested something very clear, simple and transparent that had a small number of key performance indicators which would reflect the key commitments of the devolution deal for the Combined Authority.<br><br>• The Director advised that there was always a trade-off between the need for clarity and the need for detailed information. The current form would be assessed and reviewed and if it needed to be amended in future then it would.<br><br>• The Director advised that a more detailed version could be created for each individual committee to consider their own areas. |

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| | | • A member raised a concern that environmental factors were not one of the key indicators and that this should be included, officers agreed that they would consider this point.<br><br>The Committee agreed that the Chair should raise the following point at the Board meeting on the 31st October 2018:<br><br>The Committee felt that the performance reports that would be sent to the new Committees should contain greater detail than the overview report that would be sent through to the Board. |
| **7.** | **Chief Executives Letter** | The Committee was invited to ask questions to the Interim Chief Executive regarding the letter that had been published in the media recently regarding concerns about the governance of the Combined Authority. The following points were raised and discussed with the Interim Chief Executive:<br><br>• Following receipt of the letter there has been engagement with CPSB to gain their views which had been fed into the review on the Combined Authority.<br><br>• There was now a senior management team in place at the Combined Authority which had enabled the authority to move forward and as a result there was now active engagement with numerous stakeholders including the CPSB on a regular basis.<br><br>• In response to a question raised about concerns on engagement in the investment and the skills and industrial strategies officers advised that the strategies were still in development and would need to go through the Board members before they could be discussed with the constituent councils. In terms of the investment strategy there was a process in place which needed to be set within the context of the Medium Term Financial Plan. |

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| | | • The legal advice that had been provided to Mayor regarding the resignation of the Chief Executive Officer had been provided by an independent legal source and had not been provided in house.<br><br>• The previous Chief Executive Officer had requested that no further details around his personal data be released however, it could be looked into whether there was a non - disclosure agreement.<br><br>• Members queried who had made the decision to make the payment and when and were advised that the Mayor would have made the decision and there would have been a Mayoral decision notice which would be confidential, but officers could check and provide a date for the decision notice.<br><br>• Members queried if other staff contracts allowed for similar severance payments and were advised that it would depend on the conditions of the termination.<br><br>• Members were advised that the Audit and Governance Committee had requested that the external auditor look into the severance payment when the final year accounts were considered. The Chair advised she would discuss this with the Audit Chairman and report back to the committee on this.<br>• Members asked if it would be possible to view the contract of employment for the Chief Executive Officer post and were advised that this was a confidential document, but that legal advice would be taken to see if it could be disclosed to the committee members.<br><br>• The Chair asked whether the company that had been referenced in the letter released to the media had in fact been created and officers advised that no company had been formed. |

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| | | The members thanked the Interim Chief Executive Officer for attending and answering the committee's questions. |
| **8.** | **Review of the Combined Authority Board Agenda** | The Committee reviewed the agenda due to come to the Board on Wednesday 31st October 2018.<br><br>The Committee discussed the following items:<br><br><u>Item 2.4 - Cambridge Autonomous Metro: Update</u><br>Members raised concerns around the quality of the report and queried what the purpose of the report was and asked whether the precise remit that had been provided to the consultants to write the report could be circulated to the committee.<br><br>The Committee agreed that the following should be asked at the Board meeting:<br><br>1) The Committee requested that more detail be included in future reports and asked if the remit that was provided to the consultants to produce this work could be provided to the Overview and Scrutiny Committee.<br>2) The Committee also requested that further information around financing be provided? |
| **9.** | **Member Update on Activity of Combined Authority** | The Committee received a brief update from Cllr Sargeant as Acting Chair of the Task and Finish Group.<br><br>The Group had met with the Director of Transport and Interim Chief Finance Officer and had interviewed a potential consultant. Following this meeting the members had raised some concerns that the work the consultant would do would replicate the exact work other advisors had already provided the Combined Authority and therefore would not add any value. |

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| | | The members had requested that the Scrutiny Officer contact Centre for Public Scrutiny to gain some advice and possible support and they would be discussing this at their next meeting which would be held at the close of this meeting.<br><br>Cllr Sargeant proposed that the terms of reference for the Task and Finish Group be amended as below:<br><br>1) To review the processes, evidence gathering, consultation and decision making in the development of the MRT project including comparing and contrasting with the development of any similar infrastructure initiatives and any lessons therein learnt<br>2) To ensure that the MRT project fits within an integrated transport network which will deliver against the broader objectives of the Combined Authority, the analysis and recommendations of the CPIER Report and will align with schemes being delivered by GCP, the emerging Local Transport plan and the Bus Strategy?<br><br>The Committee agreed to amend the terms of reference.<br>No other member updates were received. |
| **10.** | **Constitution Update** | Members received the report from the Scrutiny Officer which outlined the changes to the constitution agreed by the Combined Authority Board on the 26th September.<br><br>A member queried whether the new committees would be taking any key decisions for the Overview and Scrutiny Committee to call in and were advised that only key decisions which had been delegated by the Board would be made by the committees.<br><br>Members requested that all dates for the Transport, Skills and Housing Committees be circulated to the committee. |

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| | | The Committee noted the report. |
| **11.** | **Combined Authority Forward Plan** | The Committee considered the Combined Authority Forward Plan and requested that the Bus Strategy item that was being taken to the November Board meeting be brought to the Overview and Scrutiny Committee November meeting. |
| **12.** | **Overview and Scrutiny Work Programme Report** | The Committee received the report which outlined the work programme for the committee for the municipal year 2018/19.<br><br>The Committee requested that the Bus Strategy be added to their November agenda.<br><br>The Committee requested that the Investment Strategy/MTF Plan be added to the November meeting.<br><br>The Committee requested that the Scrutiny Officer extend the length of the meeting to accommodate the larger agenda for November's meeting. |
| **13.** | **Date of Next Meeting** | The next meeting would be held on the 26th November 2018 at East Cambridgeshire District Council. |

**Appendix 2**

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

# CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
## Decision Statement

**Meeting:** 31st October 2018

**Minutes:** [Cambridgeshire & Peterborough Combined Authority]

Summary of decision taken at this meeting

| Item | Topic | Decision |
|---|---|---|
| | **Part 1- Governance Items** | |
| 1.1 | **Announcements, Apologies and Declarations of Interest** | The Mayor welcomed Patrick Arran to his first meeting since his appointment as Interim Monitoring Officer.<br><br>Apologies were received from J Ablewhite, Police and Crime Commissioner, substituted by R Bisby, Deputy Police and Crime Commissioner.<br><br>There were no declarations of interest. |

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| 1.2 | **Minutes – 25th July 2018** | It was resolved to approve the minutes of the meeting of 26 September 2018 as a correct record. |
| 1.3 | **Petitions** | None received. |
| 1.4 | **Public Questions** | A question was received from Councillor Chris Boden, however he was not in attendance so his written question was read to the Board. |
| 1.5 | **Forward Plan** | The Board reviewed the Forward Plan of Executive Decisions which was published on 29 October 2018.<br><br>It was resolved unanimously to note the Forward Plan. |
| 1.6 | **Appointment to Business Board** | The Board considered a recommendation to appoint Councillor Wayne Fitzgerald as substitute for Councillor Charles Roberts on the Business Board in place of Councillor Anna Bailey.<br><br>It was resolved unanimously to:<br><br>a) appoint Councillor Wayne Fitzgerald as substitute for Councillor Charles Roberts, Portfolio for Economic Growth on the Business Boar |

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| 1.7 | **Membership of the Combined Authority and Committees - Amendments** | The Board considered changes to the substitute membership of the Combined Authority Board and Overview and Scrutiny Committee.<br><br>It was resolved unanimously to note:<br><br>a) the appointment by Cambridgeshire County Council of Councillor Ian Bates temporarily as its substitute member on the Combined Authority Board<br>b) the appointment by Peterborough City Council of Councillor Shaz Nawaz as one of its substitute members on the Overview and Scrutiny Committee for the remainder of the municipal year 2018/19 |
| | **Part 2- Combined Authority Matters** | |
| 2.1 | **£100m Housing Programme - Scheme Approvals** | The Board considered a report detailing a new scheme to consider in the context of the overall investment pipeline for the Combined Authority’s £100m programme.<br><br>It was resolved unanimously to:<br><br>a) commit grant funding of £1.634m from the £100m Affordable Housing Programme to support delivery of new affordable housing scheme at Lion Works, Station Road, Whittlesford. |
| 2.2 | **Commission of the Local Transport Plan** | The Board considered a report seeking confirmation of the scope and outputs proposed in the commission of the Local Transport Plan (LTP) for the Combined Authority area.<br><br>It was resolved unanimously to:<br>a) agree the scope of the Local Transport Plan for the Combined Authority<br><br>b) agree the stakeholder engagement strategy |

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| 2.3 | **East-West (North) Corridor – A47 Dualling Study – Strategy, Phasing and Prioritisation Stage 0** | The Board considered a request to approve additional funding of up to £1m consisted of £800k to establish a supply chain and meet County Council and land costs plus a £200k contingency fund.<br><br>It was resolved unanimously to:<br><br>a) note the findings of the revised A47 Strategic Outline Business Case, and Options Appraisal Report which confirms that a strong case exists for the dualling of the whole section of the route.<br><br>b) note the three identified route options being developed to the standards of both HE DCO Compliant PCF Stage 0 and SGAR.<br><br>c) approve the continuation of Skanska consultancy support via the existing Cambridgeshire County Council framework arrangement and Budget of additional funding of up to £1,000,000, (at a level of £800,000 plus £200,000 contingency subject to CEO / CFO release) for the development of HE DCO Compliant PCF Stage 0 products to achieve a Green SGAR approval.<br><br>d) note the need to identify funding for a contribution towards the development stage of up to £30,000,000 of an estimated total £60,000,000 over the period 2019 to 2025 as a contribution to the design and development of the preferred route.<br><br>e) delegate authority to the Transport Director, in consultation with the Chairman of the Transport Committee, to consider and negotiate the concept of amending the continuation or cessation of the current proposed Highways England Intervention at Guyhirn, to then utilise the funding in the development of the wider scheme. |
| 2.4 | **Cambridge Autonomous Metro: Update** | The Board received an update on the CAM project and specifically on the decisions taken at the July Board. |

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| | | It was resolved by a majority to:<br><br>a) note the progress of the CAM project towards the production of the Strategic Outline Business Case by December 2018<br><br>b) agree the outcomes of the review of the A429 Camborne to Cambridge project, following the pause agreed at the July Combined Authority Board meeting<br><br>c) note the progress of the work to assess the potential delivery models to ensure the priority transport projects (including the CAM) can be delivered at pace. |
| 2.5 | **A605 Kings Dyke Level Crossing Closure** | The Board considered a request for funding to enable the construction of King's Dyke level crossing closure scheme to proceed to completion in 2020, following the completion of detailed design.<br><br>It was resolved unanimously to:<br><br>a) note the independently reviewed Business case supporting the progression of the scheme as value for money<br><br>b) agree to provide funding contribution of up to £16.4m over the original £13.6m allocation to enable the scheme to progress to construction<br><br>c) agree the apportionment of 40 / 60 as a split of any under / over spend against the above budget between Cambridgeshire County Council and the Combined Authority as set out in the report. |
| 2.6 | **Performance Reporting** | The Board considered future performance reporting arrangements.<br>It was resolved unanimously to:<br><br>a) agree the proposed performance reporting arrangements described in this paper. |

| | PART 3- Date of Next Meeting | |
|---|---|---|
| 3.1 | **Wednesday,**<br>**28 November 2018**<br>**Council Chamber, Fenland Hall,**<br>**County Road, March PE15 8NQ** | |

CAMBRIDGESHIRE
& PETERBOROUGH
COMBINED AUTHORITY

**Cambridgeshire & Peterborough Combined Authority**

**Reports from Constituent Council Representatives on the Combined Authority**

**Member representatives**

| **Meeting** | **Dates of Meeting** | **Representative** |
|---|---|---|
| **Audit and Governance** | **30 November 2018** | **Councillor Chris Morris<br>Substitute: Councillor Alan Sharp** |
| **Combined Authority Board** | **28 November 2018** | **Councillor Charles Roberts<br>Substitute: Councillor Anna Bailey** |
| **Overview and Scrutiny** | **26 November 2018** | **Councillors Mike Bradley and Alan Sharp<br>Substitutes: Councillors Julia Huffer and Chris Morris** |

**The above meetings have taken place in November.**

**Audit and Governance Committee –Friday 30 November 2018**

The Audit and Governance Committee met on 30 November 2018 and the decision summary is attached at **Appendix 1.**

**Combined Authority Board meeting – Wednesday 28 November 2018**

The Combined Authority Board met on 28 November 2018 and the decision summary is attached at **Appendix 2**.

**Overview and Scrutiny Committee- Monday 26 November 2018**

The Overview and Scrutiny Committee met on 26 November 2018, the decision summary will be circulated when available.

**The agendas and minutes of the meetings are on the Combined Authority's website – Links in the appendices:**

**Appendix 1**

CAMBRIDGESHIRE
& PETERBOROUGH
COMBINED AUTHORITY

# AUDIT & GOVERNANCE COMMITTEE - Decision Summary

**Meeting:** 30th November 2018

**Minutes:** [Audit & Governance Committee Decision Summary]

Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting

| Item | Topic | Decision *[None of the decisions below are key decisions]* |
|---|---|---|
| | | |
| 1. | **Apologies and Declarations of Interests** | No apologies were received.<br><br>No declarations of interest were made. |
| 2. | **Minutes of the meeting held on 28th September 2018** | The minutes of the meeting held on the 28th September 2018 were agreed as a correct record. |
| 3. | **Combined Authority Board Update** | The Chairman invited the Mayor for the Combined Authority to provide the committee with an overview of the Combined Authority activities. |

| Item | Topic | Decision *[None of the decisions below are key decisions]* |
|---|---|---|
| | | The following points were made:-<br><br>The Combined Authority had been in existence for 18 months but was now a very different organisation than originally planned as the LEP had now been taken on and this had also led to an increased budget for the next year.<br>The Combined Authority had been hampered by the number of schemes that had needed to be worked up from scratch which had taken longer than previously thought.<br><br>After the resignation of the Chief Executive Officer over the summer the Mayor had realised that the authority needed to be looked at structurally and so the Mayor had brought in John Hill an experienced Chief Executive from East Cambridgeshire to carry out a review of the existing structure and governance arrangements.<br><br>The Mayor confirmed that the Interim Chief Finance Officer had been dismissed from his position that morning due to presenting misleading facts to the Combined Authority Overview and Scrutiny Committee. Committee members raised concerns around the news of the Interim Chief Finance Officer's dismissal.<br><br>The Chair raised a concern that this was the fourth Section 151 officer for the Combined Authority and asked if the Mayor could offer any reassurance around this high turnover in this role and was advised by the Mayor that he was frustrated that the Authority had not secured a permanent Chief Finance Officer yet but that the process to do so was underway and in the meantime Noel O'Neil, the Deputy Chief Finance Officer was more than capable of covering the role.<br>The Mayor confirmed that the decision to terminate the Interim Chief Finance Officers role had been taken unanimously by himself, the Deputy Mayor and the two interim Chief Executive Officers that morning. |

| Item | Topic | Decision *[None of the decisions below are key decisions]* |
|---|---|---|
| | | In response to a question about the Ely bypass the Mayor advised that in his previous role as Leader of East Cambridgeshire District Council he had ensured that the project was delivered and had pushed officers to get it delivered as quickly as possible. The Mayor felt that infrastructure always took far too long to deliver, and it was right to look at alternative options to try to speed up the process. The cost to the economy if there was a delay or if it failed to deliver would be greater.<br><br>Currently the Combined Authority had not delivered a project on a scale that required a gateway review but once they did the Mayor would ensure that there would be a gateway review process in place – Kings Dyke would be the first project of this scale for the authority.<br><br>Funding for larger projects would come incrementally over future years and it was important for the authority to be realistic on the delivery timescale for these projects.<br><br>The Committee thanked the Mayor for attending to answer the committee's questions. |
| 4. | **Treasury Management Update** | The Committee received and noted the report from the Head of Finance which provided the Audit and Governance Committee with an update on the Combined Authority (CPCA)'s Treasury Management and requested that the cost of the strategy be factored into the next report. |
| 5. | **External Audit – Outline Audit Plan** | The Committee received and noted the report from the External Auditor which provided the 2018/19 Outline Audit Plan as prepared by Ernst & Young LLP (EY). |
| 6. | **Chief Executive Resignation** | The Committee received the report form the Interim Monitoring Officer which outlined provided them with the factual background relating to the circumstances |

| Item | Topic | Decision *[None of the decisions below are key decisions]* |
|---|---|---|
| | | of the resignation of the former Chief Executive. The following points were made:-<br><br>• The External Auditor reported that the Interim Monitoring Officer had provided requested information relating to the Chief Executive's departure and subsequent severance. Based on this information the external auditor had concluded that the Combined Authority had acted lawfully and reasonably.<br>• The Committee were advised that the Mayor had the authority to get external legal advice and commit the authority to expenditure as he had the general power of competence which was set out in the legislation.<br>• Under the Localism Act 2011 the Mayor like other local authorities had to work within the budget set by the authority.<br>• The Committee were assured by the external auditors that the severance package provided to the Chief Executive Officer was reasonable.<br><br>The Committee discussed their concerns around the termination of the most recent two senior officer roles and the impact such decisions could have on the reputation of the Combined Authority.<br><br>The Committee agreed that they would like to recommend to the Combined Authority Board that a review be undertaken on the procedures for the termination of the employment of senior officers as the Committee were concerned that recent events surrounding officers leaving the Combined Authority were creating reputational damage. |
| 7. | **Corporate Risk Register Review** | The Committee received and noted the report from the Assurance Manager which asked the committee to review the Combined Authority Corporate Risk Register and suggest any changes they would like to put forward as a recommendation to the Board. |

| Item | Topic | Decision *[None of the decisions below are key decisions]* |
|---|---|---|
| 8. | **Internal Audit – Progress Report** | The Committee received and noted the report from the Group Auditor which provided details of the progress made in delivering the approved Audit Plan for 2018 / 2019. |
| 9. | **Audit Committee Self-Assessment Actions and Review** | The Committee received the report which requested the Audit and Governance Committee to review the proposed actions from the Committee's first annual self-assessment exercise.<br><br>The Committee agreed that they would like to consider the draft accounts in a public forum and therefore they would like the May informal meeting to be rearranged to a later date in June.<br><br>The Committee agreed to note the progress of the actions in the report. |
| 10. | **Staffing Structure** | The Committee received and noted the report from the Interim Monitoring Officer which explained the situation and timelines regarding a permanent senior staffing structure and to provide assurance about how good governance is being maintained in the interim. |
| 11. | **Work Programme** | The Committee received and noted the report which provided the draft work programme for Audit and Governance Committee for the remainder of the 2018/19 municipal year. |
| 12. | **Date of Next Meeting** | The Committee agreed the next meeting shall be held on 29$^{th}$ March 2019 at Huntingdonshire District Council. |

**Appendix 2**

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| **CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY**<br>**Decision Statement** |
| **Meeting:** 28th November 2018<br>**Minutes:** Cambridgeshire & Peterborough Combined Authority Decision Statement |

Summary of decisions taken at this meeting

| Item | Topic | Decision |
|---|---|---|
| | **Part 1 – Governance Items** | |
| 1.1 | Announcements, Apologies and Declarations of Interest | Apologies were received from Councillor B Smith (substituted by Councillor A Van de Weyer) and Councillor S Count (substituted by Councillor I Bates)<br><br>Declarations of interest were made in relation to Item 6.1: £100m Affordable Housing Programme – Scheme Approvals by Councillor C Roberts and John Hill as Directors of the East Cambridgeshire Trading Company.<br><br>The Mayor stated that he did not consider that he had any interest to declare in relation to Item 1.6: Members' Allowances Scheme. |

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| 1.2 | Minutes – 31st October 2018 | It was resolved to approve the minutes of the meeting of 31st October 2018 as a correct record. |
| 1.3 | Petitions | None received. |
| 1.4 | Public Questions | None received. |
| 1.5 | Forward Plan | It was resolved to note the Forward Plan. |
| 1.6 | Members' Allowances Scheme | The Combined Authority Board was asked to agree that the independent Remuneration Panel be requested to review the Members' Allowance Scheme in relation to the Mayor's allowance and to consider the payment of a standard allowance for any independent commissions set up by the Combined Authority. It was also asked to ratify the decisions taken by the Business Board in relation to convening an Independent Remuneration Panel to consider the level of allowances payable to the Chair, Vice-Chair and other private sector board members on the Business Board.<br><br>It was resolved to:<br><br>a) review the Members' Allowance Scheme (Mayor's Allowance);<br><br>b) consider the payment of allowances/expenses to those appointed to any independent commissions set up by the Combined Authority; and<br><br>c) ratify the decisions of the Business Board reported orally at the meeting. |
| | **PART 2- Finance** | |
| 2.1 | £2019/20 Draft Budget and Medium Term Financial Plan 2019 to 2023 | The Combined Authority Board was asked to approve the draft revenue and capital budgets for 2019/20 reflecting the current priorities and available resources and a medium term financial plan (MTFP). It was resolved to: |

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| | | a) agree the draft revenue budget for 2019/20 and the MTFP to 2023 to go forward for consultation with wider stakeholders;<br><br>b) agree the draft capital programme to go forward for consultation with the wider community.<br><br>c) that each element of the annual Combined Authority overheads budget be urgently reviewed and overheads spend significantly reduced for 2019/2020 from the projected figures when the annual budget is published in February 2019. |
| 2.2 | Budget Monitor Update | The Combined Authority Board considered a report providing a mid-year update of actual expenditure to date against the 2018/19 budget as presented to the Board in May 2018 as part of the draft Medium Term Financial Plan.<br><br>It was resolved to:<br><br>a) note the half year financial position of the Combined Authority for the year to 31 March 2019.<br><br>b) agree the provisional outturn for 2018/19. |
| | **PART 3- Combined Authority Matters** | |
| 3.1 | Wisbech to March Rail – Grip 3b Study | The Combined Authority Board considered a report outlining the proposed plans for the Wisbech to March Rail project.<br><br>It was resolved to:<br><br>a) approve the budget of £1,500,000 (£1,300,000 estimated cost and £200,000 contingency for Chief Executive Officer/Chief Finance Officer |

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| | | discretionary release) as a proportion of the £3.25m indicated in March 2018 as part of the potential £6.5m Wisbech Garden Town funding, and<br><br>b) agree to delegate authority to the Transport Director to appoint a supplier to deliver the study as successful tenderer in the current procurement exercise, and<br><br>c) agree to delegate authority to the Transport Director to negotiate with all relevant stakeholders both in regard of the exploration of the rail link and low cost non-heavy rail alternative, in consultation with the Chairman/woman of the Transport Committee. |
| 3.2 | Response to the Cambridgeshire and Peterborough Independent Economic Review (CPIER): A Growth Ambition Statement | The Combined Authority Board considered a report recommending a formal response to recommendations of the Cambridgeshire and Peterborough independent Economic Review (CPIER).<br><br>It was resolved to:<br><br>a) agree the response to the CPIER main recommendations at Annex B;<br><br>b) adopt the Growth Ambition Statement at Annex A;<br><br>c) mandate officers to ensure consistency with the Growth Ambition Strategy in developing future strategy documents and business plans for transport, planning, business and skills, including reviewing previously agreed timescales to make aligning content more feasible.<br><br>d) The Mayor and Combined Authority commence producing a comprehensive funding strategy for CAM Metro, covering both capital and operating cost, ahead of further decisions on CAM, and on the need for Mayoral Development Corporations as potential funding sources. |

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| 3.3 | Performance Reporting | The Combined Authority Board considered a report providing a first quarterly update under the new performance reporting process agreed by the Board.<br><br>It was resolved to note the November Delivery Dashboard. |
| | **PART 4- Business Board Recommendations to Combined Authority** | |
| 4.1 | Growth Fund Projects | The Combined Authority considered a report outlining the Growth Prospectus approved by the Business Board in September 2018. It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds had been released for allocation by the Business Board, to:<br><br>a) accept and approve recommendations from officers of small grant awards to Small and Medium Enterprises (SMEs) totalling £19,490.<br><br>b) agree delegated authority to approve small grants to SMEs between £2,000 and £20,000 to Director of Business & Skills subject to Section 151 Officer approval, and regular reporting to the Business Board.<br><br>c) give approval to procure and appoint independent project appraisers of business cases over £20,000. |
| 4.2 | Eastern Agri-Tech Growth Initiative | The Combined Authority considered a report informing the Business Board about the Eastern Agri-Tech Growth Initiative which had transferred over from the previous Local Enterprise Partnership and asked the Business Board to recommend to the Combined Authority Board that the initiative should continue until March 2021 with associated funding. |

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| | | It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:<br><br>a) agree that the Eastern Agri-Tech Growth Initiative should continue across the existing geographical areas of both the BB and New Anglia Local Enterprise Partnership (NALEP);<br><br>b) agree a funding allocation of £4m from new Growth Deal funding;<br><br>c) agree the Terms of Reference for the Eastern Agri-Tech Programme Board.<br><br>d) delegate authority to the Eastern Agri-Tech Programme Board to make decisions about applications for grant funding on behalf of both the CA/BB and NALEP;<br><br>e) agree that the Eastern Agri-Tech Programme Board should become a Sub-Board of the BB, and<br><br>f) agree that a member of the BB, nominated by the BB, should become Chair of the Eastern Agri-Tech Programme Board. |
| 4.3 | Growth Deal<br><br>(a) Wisbech Access Strategy – Summary of study work and request to proceed to delivery of design with simultaneous construction of phase 1 interventions | The Combined Authority Board considered a report asking approval from the Business Board for the full release of the previously allocated £10.5m Growth Deal investment in October 2017. It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:<br><br>a) approve a budget of £10,500,000 to enable the procurement of an appropriate design and build contractor to immediately commence the delivery of an overlapped phased design and construction programme. |

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| | | b) delegate authority to the Transport Director, in consultation with the Chair of the Transport Committee, at key gateway stages to deliver this package of works on behalf of the Business Board.<br><br>c) subject to BEIS Ministerial approval of the release of future Growth Deal funds, release of the £10.5m Growth Deal funding for the delivery of this vital scheme for the housing and economic growth of Wisbech. |
| | (b) M11 Junction 8 Improvement Project | The Combined Authority Board considered a report detailing the M11 Junction 8 improvement project that is being led by Essex County Council (ECC) and requests that the Business Board support the recommendation to release £1million of Growth Funding towards this project. It was resolved to:<br><br>release the £1m Growth Deal funding to Essex County Council, to support the delivery of the range of improvements outlined within this paper for the M11 Junction 8. |
| 4.4 | The Greater South East Energy Hub – Rural Community Energy Fund | The Combined Authority Board considered a report asking to approve the inclusion of the RCEF as an additional funding support offer by the Greater South East Energy Hub in advance of final agreement by Combined Authority as Hub Accountable Body.<br><br>It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:<br><br>agree that the Greater South East Energy Hub assumes the RCEF management role. |

| | **Part 5- Skills Committee Recommendations to Combined Authority** | |
|---|---|---|
| 5.1 | University of Peterborough – Review and Evaluation for Phase 1 and 2 of the Programme | This report was withdrawn as there was no recommendation from the Skills Committee to the Board to agree. |
| 5.2 | Adult Education Budget Devolution | The Combined Authority Board considered a report that sought to secure support to the proposal for progressing with the next steps of the Devolution of the Adult Education Budget (AEB) and its implementation by agreeing to the proposal for financial sustainability in AEB delivery, the progress towards the devolution programme, and the role of the Skills Committee in governing the AEB programme post 2019.<br><br>It was resolved by a majority to note the recommendations of the Skills Committee and to:<br><br>a) approve business case requesting a top slicing allocation up to 4.9% to ensure the delivery of the AEB is resourced appropriately.<br><br>b) approve the proposed commissioning approach for the CPCA devolved AEB.<br><br>c) authorise officers to enter into a negotiated grant commissioning process to develop and work with the 15 indigenous and contiguous Cambridgeshire and Peterborough Colleges and Local Authority providers currently grant funded by the Education Skills Funding Agency. (This would mean disinvestment in the remaining 120 Grant funded providers spatially distant from Cambridgeshire & Peterborough.) |

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| | | d) agree to procure contracts for services for all other providers, including Independent Training Providers, Further Education Institutions based outside of the CPCA area and other organisations (which might include the voluntary & community sector). Further to give delegated authority to the Director of Business & Skills to award contracts. |
| 5.3 | Skills Prioritisation Plan - Careers Enterprise Company | The Combined Authority Board considered a report informing the Skills Committee of the next steps in the delivery of the Careers Enterprise Company (CEC) contract and to seek support for the proposed ways of working in the delivery of the contract post March 2019.<br><br>It was resolved:<br><br>(a) to approve that the CPCA cease resourcing the Careers Enterprise Company contract for delivery.<br><br>(b) that delegated authority be provided to the Portfolio Holder and Director of Business and Skills to engage with the CEC to identify potential local partners to undertake the remaining CEC Delivery Contract. |
| | **Part 6 - Combined Authority Matters** | |
| 6.1 | £100m Affordable Housing Programme - Scheme Approvals | The Combined Authority Board considered a report seeking approval for the provision of a 2 year repayable commercial loan facility capped at £24.4m to the East Cambridgeshire Trading Compact (ECTC) to purchase a site currently comprising 88 empty houses and land.<br><br>It was resolved by a majority to:<br><br>a) approve the provision of a commercial loan facility of £24.4m to East Cambridgeshire Trading Company (ECTC) for a scheme of 92 units based on the heads of terms detailed in Appendix 1. |

| | | |
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| | | b) authorise the Director, Housing to bring forward commercial proposals for the CPCA to joint venture as a development partner with ECTC for the delivery of up to 62 additional homes on the undeveloped infill land, once the land has been acquired.<br><br>c) authorise the Director, Housing in consultation with Legal Counsel and Portfolio Holder Fiscal to conclude any necessary legal documentation to secure the loan, to include a charge upon the land. |
| | **Part 6- Finance- Part 2 item** | |
| 6.2 | Exclusion of Press and Public | It was resolved:<br><br>that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed -information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 6.3 | Wisbech: 11 & 12 High Street | The Combined Authority Board considered a confidential report on 11 & 12 High Street, Wisbech. It was resolved to approve the recommendations in the report. |
| | **Part 7- Date of Next Meeting** | |
| 7.1 | Date: Wednesday 30 January 2019 at 10.30am, Civic Suite Room A, Huntingdonshire District Council, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN | |

**AGENDA ITEM NO 13**

# ACQUISITION OF FORMER MOD SITE, ELY

Committee: Council

Date: 18 December 2018

Author: Chief Executive and Strategic Land Advisor

[T166]

1.0 ISSUE

1.1 The acquisition of the former Ministry of Defence Site, Ely.

2.0 RECOMMENDATIONS

2.1 Members are requested to:

(i) approve the purchase of the former MOD site, Ely and the concurrent transfer to East Cambs Trading Company (ECTC);

(ii) approve an extension of the loan facility on a drawdown basis by an additional £1.5m for the purposes of the purchase and development of the site as detailed in paragraph 5.0;

(iii) authorise the Section 151 Officer and Legal Services Manager to complete the necessary legal and financial documentation necessary to implement the above 2.1 (i) (ii).

3.0 BACKGROUND

3.1 The former MOD site at Ely comprises 88 empty houses and adjoining land (See Appendix 1). The ECTC will undertake a rolling refurbishment programme including the sub division of 4 units resulting in a completed scheme of 92 units. 15 of these units will become affordable, shared ownership CLT homes for the benefit of people who live or work locally.

3.2 The houses were previously used as Services Accommodation for the US Air Force and they have been empty for a number of years. An opportunity now exists for ECDC to ensure that the houses are returned into general use.

3.3 In addition to the above, the MOD site offers ECTC the opportunity to develop infill land within the site to create a further 62 homes (subject to Planning). There may be an opportunity to enter into a joint venture with the Cambridgeshire and Peterborough Combined Authority (CPCA) to facilitate this development.

3.4 The CPCA on 28 November 2018 (ref: Agenda Item 6.1) agreed the provision of a 2 year repayable commercial loan facility capped at £24.4m to ECTC. The draft heads of terms for this loan, to include a charge on the land is attached as Appendix 2.

4.0 ARGUMENT/CONCLUSION

4.1 The recommendations paragraph 2.1 detail the necessary actions to be taken by the Council to facilitate this development, specifically:

- Purchase of the former MOD site by East Cambridgeshire District Council

- Transfer of the site on a concurrent basis from ECDC to East Cambs Trading Company

- Extension of the loan facility from ECDC to ECTC.

4.2 The requirement for the Council to purchase the site directly from the MOD is a requirement for a ‘public to public’ transfer in the first instance to meet their procurement arrangements.

4.3 The concurrent transfer of the site from the Council to ECTC (prior to completion) will enable the Council as the shareholder of ECTC to benefit from the commercial development of the site as well as the provision of CLT affordable homes.

4.4 The extension of the loan facility detailed in paragraph 5 is a requirement by the CPCA and ECTC to provide finance to bridge the funding gap as detailed in the Business Plan (See Appendix 3).

5.0 FINANCIAL IMPLICATIONS

5.1 The Council’s financial position and forward projections agreed by Council (ref: 22 February 2018, Agenda Item 10) confirmed a balanced revenue budget in 2018/19 and 2019/20, subject to any changes in Government funding as a consequence of the 2019 Spending Review. It is expected that the Section 151 officer will be able to report to Council in February 2019 that it now has a balanced budget for 2020/21.

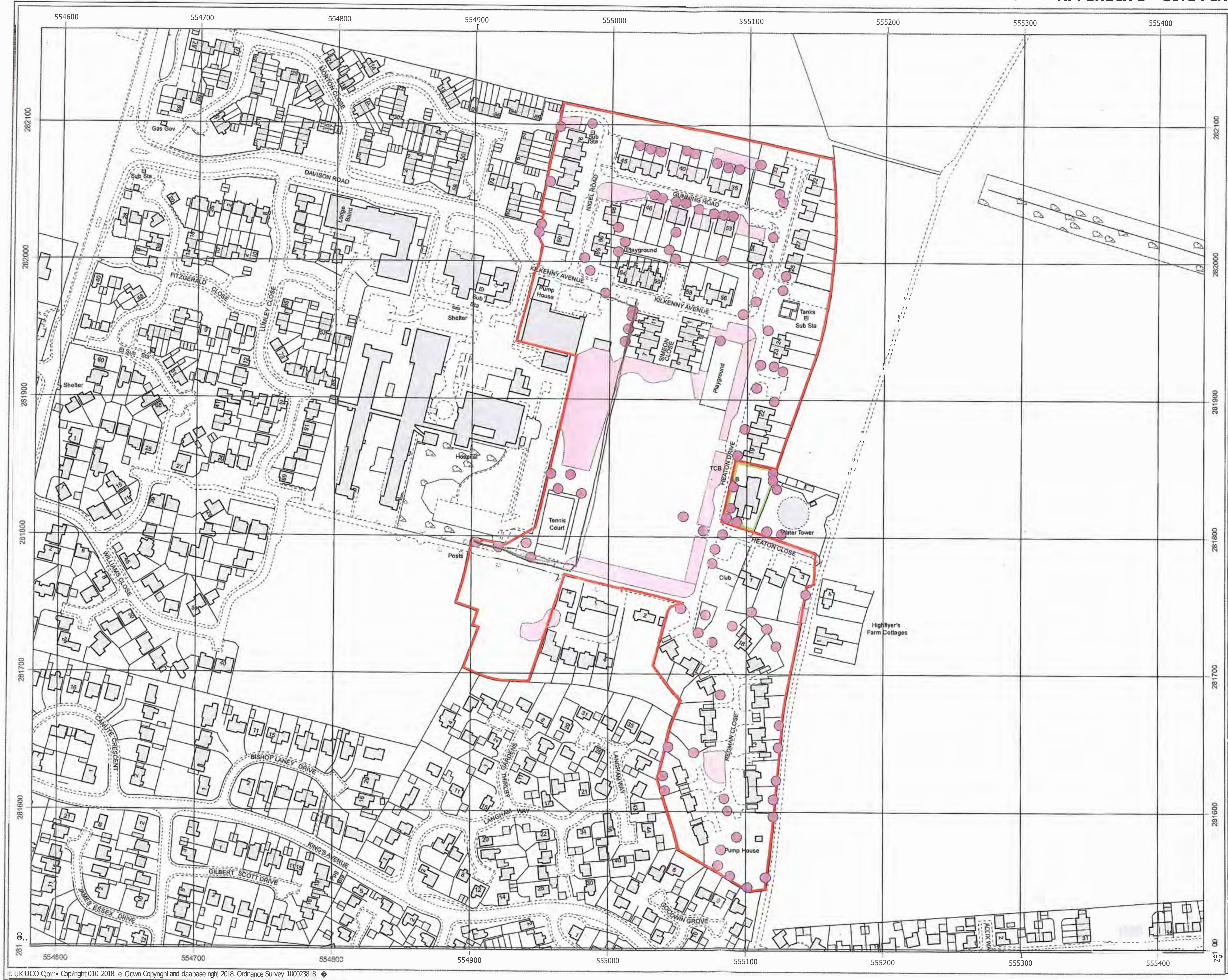
5.2 The Council is currently debt free, but is expected to borrow externally over the period of the MTFS up to a maximum of £6,500,000. The Council will need to increase its external borrowing in order to extend the loan facility on a drawdown basis by £1.5 million for the specific purposes of facilitating the purchase and development of the former MOD site, Ely. The draft loan heads of terms are attached as Appendix 4.

6.0 APPENDICES

6.1 Appendix 1 - Site Plan, former MOD site, Ely
Appendix 2 - Draft Heads of Terms for loan agreement between CPCA and ECTC
Appendix 3 - ECTC Business Case
Appendix 4 - Draft Heads of Terms for loan agreement between ECDC and ECTC

| **Background Documents** | **Location** | **Contact Officer** |
|---|---|---|
| | Room 103 | John Hill |
| CPCA - 28 November 2018 | The Grange | Chief Executive |
| Agenda Item 6.1 | Ely | (01353) 616271 |
| | | E-mail: john.hill@eastcambs.gov.uk |

## APPENDIX 1 – SITE PLAN FORMER MOD SITE ELY




Defence Infrastructure Organisation

USVF ELY
CAMBRIDGESHIRE
TREE PRESERVATION ORDERS

Disposal site 8.764ha (21.656ac)
MOD Retained Land
Tree Preservation Orders
Individual Trees
Groups

Scale 1:2,500

IMPORTANT NOTE ABOUT SCALE
The scale ratio stated is accurate when reproduced at A3 size by Geospatial Services. Any other reproduction by conventional or electronic means, e.g. printing from a PDF, may alter the scale of the map. Please check the dimensions of the grid to confirm any change in scale before taking measurements

PRODUCTION REFERENCE
PLEASE ENSURE THAT THE MAP REFERENCE AND VERSION NUMBER ARE QUOTED IN ALL WRITTEN & VERBAL CORRESPONDENCE

Map reference: Transactional\2018\20180302-7052 USVF Ely Disposal TPOs
Version Number: 11
Production Date: 7th March 2018
Drawn By: DIO Data-3c2b BI Analyst
Checked By: DIO ASP-Acq Disp-5a1


GEOSPATIAL SERVICES
DATAANALYTICS & INSIGHT
Defence Infrastructure Organisation
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E-MAIL: DIO Data-Geo Svcs@mod.uk

**<u>APPENDIX 2 –</u>**

**<u>DRAFT HEADS OF TERMS FOR A LOAN AGREEMENT BETWEEN CPCA AND ECTC'</u>**

**CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHOIRTY**

**MOD Site Acquisition, Ely**

**Heads of terms - Loan Agreement to East Cambs Trading Company Limited**

| | |
|---|---|
| **The Borrower:** | **East Cambs Trading Company Limited (CRN: 10061867)**<br>(t/a Palace Green Homes)<br><br>FAO: Phil Rose<br>Tel: 01353 616479<br>Email: phil.rose@palacegreenhomes.co.uk |
| **The Borrower's Solicitor:** | **Howes Percival**<br><br>FAO: Michaela Henson<br>Tel: 01223 791019<br>Fax:<br>Mobile:<br>Email: Michaela.Henson@howespercival.com |
| **The Lender:** | **Cambridgeshire & Peterborough Combined Authority**<br><br>FAO: Roger Thompson<br>Tel: 07796274906<br>Email: roger.thompson@cambridgeshirepeterborough-ca.gov.uk |
| **The Lender's Solicitor:** | **Pinsent Mason**<br><br>FAO: Laura Kennedy<br>Tel: 0207 490 6331<br>Email: laura.kennedy@pinsentmasons.com |
| **The Property:** | The freehold interest in 88 residential units on MOD land, extending to circa approximately 21.6 acres gross and known as: |

| | |
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| | Land at Heaton Drive<br>Ely, Cambridgeshire<br><br>As shown edged red on the attached plan. |
| **Initial Property Value:** | £23,500,000.00 (Twenty Three Million Five Hundred Thousand Pounds) |
| **Current Use:** | The Property comprises land and property, including 88 former US Air Force services residential units, with significant areas of public open space in between. If planning permission can be secured by ECTC for additional residential development, that open space maybe subject to a future and separate Joint venture agreement between ECTC and CPCA |
| **Planning:** | The Property is consented for residential use |
| **Proposed Development:** | The Borrower shall refurbish all of the units, including obtaining any necessary relevant permissions (including potential change of use from Class C2A to C3 before the loan is completed). The Borrower intends to alter and re-furbish the properties and then sell, or lease and sell all residential units within 2 years.<br><br>The final tenures of the completed re-furbished scheme will be 77 open market sale and open market rental units and 15 affordable units for shared ownership. |
| **Transaction:** | The Borrower shall use all reasonable endeavours to exercise a transfer the Property at current market value from the current owner the MOD to the Borrower. The Borrower shall then promptly and with due diligence implement the Proposed Development<br><br>The Lender shall provide a total loan facility of £24.4 Million (twenty four million four hundred thousand pounds) for the Proposed acquisition and development refurbishment strategy |
| **Ongoing Value,<br>Loan & drawdown:** | The Loan amount shall not exceed the ongoing value |

at any time. The ongoing value being defined as the purchase price £23.5m plus the value of the refurbishment work in progress as certified by the Borrower's appointed Quantity surveyor and stamp duty on the acquisition. That quantity surveyor to be an established and reputable firm, individual/s being members of and subject to the regulation of the Royal Institution of Chartered Surveyors and agreed between the parties. The loan will only be used for the purposes of delivering the MOD Ely development.

The Borrower shall provide monthly work in progress valuations, certified by the appointed quantity surveyor in relation to works adding value of the Property. Those certificates will be provided by the borrower to the lender as part of the monthly drawdown request process. The lender will then verify and subject to their satisfaction, make payment of the drawdown request to the Borrower within 15 working days. The drawdown under this agreement will be no more than 95% of the ongoing value as defined above, the balance of the monies for the development refurbishment to come from the Borrower's own financial resources.

**Charge and Release of Charge:** The Borrower shall agree to the lender taking a charge against all the land comprising the existing 88 units, estate roads and public open space (excluding the potential infill sites) as outlined on the attached plan. Release of the Charge on Properties once they are completed (in phases) will be agreed, provided the land value of the remaining land and work in progress remains no less than the loan amount outstanding at that time. The Borrower is to provide a Statement of Value 10 working days before the request date for the release of a part of the charge, so the Lender can satisfy himself before processing the requested release.

If there is any difference of opinion or dispute on a statement of value that cannot be resolved between the parties, the matter will be referred to an appropriate independent expert in Valuation, to be appointed by the Lender. The costs of the expert to be shared equally by both parties.

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| **Repayment of the Loan:** | The whole of the Loan amount borrowed shall be repaid within a period of 2 years from the first tranche of Loan being made (the loan may be repaid earlier in minimum repayment tranches) |
| **Interest** | The Loan Interest Rate shall be 2.61% per annum, compounded and rolled up. If the loan is not repaid within 2 years from the first drawdown, the default interest rate will apply to the loan |
| **Share of profit:** | Upon the final sale of the last property within 2 years from the commencement of the loan (or subject to an independent valuation if not all the development is sold) the borrower will pay to the Lender 50% of the profit resulting from the outcome of the development strategy, up to a total project profit sum of £1,500,000. Any profit in excess of this will be split in the ratio of 70% to the borrower and 30% to the lender. |
| **Default Interest Rate** | Shall be 6% above BOE base |
| **Completion and Determination:** | Legal completion of the loan agreement is to occur prior to 9th April 2019, (subject to confirmation of the existing use or if required, a potential change of use from Class C2A to C3 before the loan is completed) completion being defined as the time at which the first drawdown of the loan agreement will be paid. If the first drawdown is not called for and paid by this date, then the loan agreement will immediately determine. |
| **Vacant Possession:** | The current landowner has possession. |
| **Inventory:** | The Property is currently a residential estate comprising 88 housing units on a 21.6 acre site |
| **VAT:** | The current landowner has not elected to charge VAT on the sale to the Borrower. |
| **Subjections:** | The Parties shall ensure that the transaction does not breach rules surrounding State Aid nor EU Procurement rules.<br><br>These Heads of Terms are subject to internal approval processes and formal contract. No |

agreement is made or implied by approving the same. Both parties to instruct solicitors immediately to seek to complete the agreement without any undue delay.

East Cambs Trading Company Ltd t/a Palace Green Homes

# Business Case MOD Land ELY – Existing Housing

Phil Rose MRICS – Head of Property and Development
10-23-2018

## 1. PURPOSE

**1.1** The purpose of this report is to set out the business case for a refurbishment opportunity in Ely, Cambridgeshire.

## 2. OPPORTUNITY

**2.1** An opportunity has arisen for East Cambridgeshire District Council to acquire 8.776 hectares (21.6 acres) of land that is immediately adjacent to the Princess of Wales Hospital. The land includes 88 existing houses and provides opportunities for further infill development. The extent of the site is outlined on the plan attached as Appendix 1 – *MOD Boundary Plan*.

## 3. SITE

**3.1** The site is currently owned by MOD but is surplus to operational requirements. The Council is able to acquire the site direct from the MOD as a public sector land transfer.

**3.2** The site comprises an estate of 88 houses, originally built for US Air Force personnel, including terraced, semi-detached and detached houses. The detached houses have garages whilst the remainder have marked car parking spaces on street or on nearby parking courts. The estate is fairly low density with generous areas of open space and mature protected trees giving it a very attractive 'garden village' feel. There is also a surfaced play area (with no equipment), a tennis court and a large rectangular shaped village green at its heart. The estate is not fenced and is contiguous with adjoining private housing and the hospital site.

**3.3** The roads and services within the estate are currently un-adopted and the roads will remain so after any sale is complete.

**3.4** The 88 houses are unusually large, particularly for the number of bedrooms, having been designed to American Services Accommodation higher standards.

**3.5** Each house has an open plan style on the ground floor and is well served by living space, utility room and storage space. The bedrooms and bathrooms on the first floor are large with some 'dead' space.

**3.6** Each house has open unfenced garden to the front with a small to medium size private garden to the rear, some with external storage. The houses are in a good state of repair and condition externally and internally, having undergone some refurbishment in 2004.

**3.7** All of the houses are currently vacant, but are immediately habitable in their current condition. However, some houses would accommodate an additional bedroom and would benefit from new bathrooms, kitchen and floor coverings in part to meet current demands of style. Also, improvements to the streetscape and some additional provision of off-road parking could be made. There are no white goods in situ and no EPC ratings. The wiring is dual UK/US, which will need testing prior to occupation. The houses are heated by gas-fired central heating but gas safety certificates will need to be obtained prior to occupation.

## 4. PROJECT SUMMARY

**4.1** An opportunity now exists for ECDC to ensure that the 88 houses are returned into general residential use and by carrying out the improvements identified above via its trading company East Cambs Trading Co Ltd (ECTC), the value of the houses could be enhanced.

**4.2** An accommodation schedule of the existing 88 houses is attached as Appendix 2 – *Pricing Schedule Rev E*, which includes additional information such as internal floor areas, dwelling types and pricing. The accommodation schedule is summarised in the table below:

| Dwelling Type | | Gross Sq.Ft | Quantity |
|---|---|---|---|
| 3bed | | 1280 | 7 |
| 2bed | | 1186 | 4 |
| 3bed | | 1290 | 8 |
| 3bed | | 1691 | 3 |
| 3bed | | 1592 | 4 |
| 3bed | | 1190 | 4 |
| 3bed | | 1298 | 6 |
| 3bed | | 1298 | 8 |
| 3bed | | 1591 | 6 |
| 3bed | | 1296 | 1 |
| 3bed | | 1220 | 6 |
| 3bed | | 1290 | 4 |
| 4bed | | 1706 | 5 |
| 4bed | | 1500 | 2 |
| 4bed | | 1650 | 2 |
| 3bed | | 1591 | 4 |
| 3bed | | 1681 | 2 |
| 3bed | | 1176 | 7 |
| 3bed | | 1591 | 4 |
| 5bed | | 2137 | 1 |
| | | | **88** |

**4.3** The 88 existing houses have been valued by an independent valuer at £23,500,000 (twenty three million five hundred thousand pounds). The valuation report is attached as Appendix 3 – *Red Book Valuation*. Negotiations with the MOD are ongoing, but it is expected that the Council would need to pay this figure to the MOD to secure the site and prevent it from being offered on the open market.

**4.4** Additionally, there are areas of unused and undeveloped space around the site, that have development potential and this potential value needs to be reflected in the final legal agreement with the MOD.

**4.5** At this stage, it is anticipated that a simple clawback arrangement within the land transfer documents will be registered on the title to ensure that the MOD will receive additional financial benefit, if planning permission is forthcoming in the future on any land that is currently undeveloped. MOD are expecting 100% of any land value uplift to be paid to the MOD following grant of a new planning permission.

## 5. ACQUISITON STRATEGY

**5.1** In order for ECDC to successfully acquire the site, loan finance will be required from the Cambridgeshire and Peterborough Combined Authority (CPCA). This will provide 95% of the capital required for the project. The total CPCA loan is projected to be £24.4 million. Interest would be charged on the loan at 2.61% per annum.

**5.2** In addition to receiving interest on the loan facility, the CPCA would receive 50% of the first £1.5 million of net profit generated by the project. If the net profit on the project exceeds £1.5 million, any additional profit above this amount would be shared with CPCA on a 70/30 basis (with ECDC retaining the larger share).

**5.3** In the event that the site is successfully acquired, it would be immediately transferred directly into the ownership of ECTC through a 'back-to-back' transfer arrangement. Such an arrangement would:

**5.3.1** Allow the MOD meet its legal obligations relating to public sector land transfers, thereby avoiding the need for the site to be offered to the open market;

**5.3.2** Ensure that there was no need for the Council to directly fund the transaction; instead funding would be provided by ECTC via the loan facility from CPCA

**5.4** Stamp Duty Land Tax (SDLT) would be due on the first transaction from MOD to ECDC but not on the sub-sale from ECDC to ECTC as this transfer would attract group relief. ECTC would refund the Council's transaction costs (including SDLT payments) as part of its project costs.

**5.5** The transaction is expected to complete in the first week of financial year 2019/20.

## 6. DISPOSAL OPTIONS

**6.1** Based on an acquisition of the site for £23.5 million (the red-book valuation of the existing houses), the alternative options available for the site are for:

**6.1.1** Option 1 - ECTC to conduct a planned disposal of the 88 un-improved properties to individual purchasers on the open market over an 18 – 24 month period.

**6.1.2** Option 2 - ECTC to carry out refurbishment, alteration and improvement works to the houses. In doing so, it is possible to convert 4 houses into 8 maisonettes to deliver 92 homes in total. These would be disposed of over a period of 24 months with 77 sold to individual purchasers on the open market and 15 offered as shared ownership affordable units.

**6.2** With both of the above options, an estate management regime will need to be effected, with residents contributing toward the upkeep of the roads, sewers and open spaces while they remain un-adopted.

**6.3** Option 1 – Strategy and Financials

**6.3.1** Although the first disposal option for the houses does bring 88 houses back into general use, and secure land for future housing and healthcare development, it is only worth considering as an immediate exit strategy.

**6.3.2** ECTC has taken its own local market advice and carried out an assessment of the value existing housing stock in their un-improved (current) condition, assuming a planned disposal over an 18 – 24 month period. This total re-sale value of around £25.4 million is approximately **£1.9 million** higher than the red-book valuation. The assessment and valuation report for the existing housing is attached as Appendix 6 – *Ely Market Report – Cheffins.*

**6.3.3** However, this notional 'profit' would be eroded by the costs of stamp duty on the acquisition, disposal costs (agents, legals etc.) and finance interest charges to the extent that the whole transaction would only just break even. For this reason, Option 1 has been discounted.

6.4 Option 2 (Preferred) – Strategy and Financials

**6.4.1** The second disposal option for the houses is more attractive as it not only generates a modest scheme profit of around £1,500,000, but it also creates 15 affordable 'shared ownership' homes (17% of the total). The retained equity in these homes can be transferred to a CLT or Registered Provider once the initial purchaser has acquired their part-share in the property.

**6.4.2** The remaining 77 homes would be sold individually on the open market to owner occupiers, following improvements and refurbishment to bring these properties up to the standard this current market demands. Improvements to the properties will result in higher sales prices, as set out in the Market Report produced by Cheffins and attached as Appendix 4.

**6.4.3** A complete financial appraisal and associated cashflow is attached as Appendix 5.1 – *Appraisal* and Appendix 5.2 *Cashflow*. The summary and main headline figures are:

| | |
|---|---|
| **Total Gross Development Value (Revenue)** | £30,420,000 |
| **Total Project Costs** | £28,902,000 |
| **Net Profit Return on Costs** | 5.25% |
| **Total Loan Interest paid to CPCA** | £806,000 |
| **CPCA Profit Share** | £764,000 |

**6.4.4** Total project costs above include the costs of site acquisition, improvement works and subsequent disposal of the existing housing. As it would be possible to sell some of the improved properties while work was still underway on others, it is expected that the peak working capital employed would be £25,623,000 in August 2019.

## 7. CPCA Loan

**7.1** With Disposal Option 2, CPCA lending would peak at £24,342,000 (95% of peak capital employed). Within 12 months of the initial loan, by the end March 2020, the CPCA outstanding loan balance is expected to have fallen to £18,140,000. The CPCA loan is expected to have been fully repaid within 21 months (Dec 2020).

**7.2** The loan from CPCA would be secured by a first legal charge against the title for the whole site that was valued including the 88 houses.

**7.3** With a 95% loan from the CPCA, ECTC would need to commit around £1,300,000 of its own finance to the project. The Council will make additional funds available to ECTC to meet this requirement.

## 8. TIMESCALES

**8.1** ECTC would seek to secure the land opportunity within this financial year, but legal completion is not expected until April 2019. This means that there is an opportunity to carry out preparatory design and procurement work in advance so that improvements and refurbishment can commence in May 2019.

**8.2** A full programme and summary of key dates and actions in attached as Appendix 6 – *Development Programme*.

## 9. RISKS

**9.1** The identifiable risks to this project are set out in a risk matrix attached as Appendix 7 – *Risk Analysis.*

## 10. RECOMMENDATION

**10.1** Approval of application for loan facility from CPCA to allow ECDC/ECTC to:

**10.1.1** Progress legal negotiations and Heads of Terms with MOD, and enter into appropriate legal documentation (i.e. contract to purchase)
**10.1.2** Progress additional surveys and reports on site and appoint architects, cost consultants, project management team etc. to prepare detailed designs for the improvement work.

**Date of report** 30/10/18

**Author** Phil Rose – Head of Property and Development, ECTC

**Appendices**

1. *MOD Boundary Plan*.
2. *Pricing Schedule Rev E.*
3. *Red Book Valuation.*
4. *Ely Market Report – Cheffins*
5. *5.1 Appraisal*

   *5.2 Cashflow*

6. *Development Programme*
7. *Risk Analysis*


# Defence Infrastructure Organisation

## USVF ELY

## CAMBRIDGESHIRE

TREE PRESERVATION ORDERS

Disposal site 8.764ha (21.656ac)

MOD Retained Land

Tree Preservation Orders

Individual Trees

Groups

Scale 1:2,500

**IMPORTANT NOTE ABOUT SCALE**
The scale ratio stated is accurate when reproduced at A3 size by Geospatial Services. Any other reproduction by conventional or electronic means, e.g. printing from a PDF, may alter the scale of the map. Please check the dimensions of the grid to confirm any change in scale before taking measurements

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Transactional\2018\20180302-7052
USVF Ely Disposal TPOs

**Version Number:**
1.1

**Production Date:**
7th March 2018

**Drawn By:**
DIO Data-3c2b BI Analyst

**Checked By:**
DIO ASP-Acq Disp-5a1


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**DATA ANALYTICS & INSIGHT**
Defence Infrastructure Organisation
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# MOD Land - Plot by Plot (Improved) Schedule & Pricing - Oct 18 Rev E

| Plot No. | Beds | Address | Type | Gross Sq.Ft | Does Property have downstairs WC, en-suite, utility Room, garage | Unimproved Valuation | | Council Tax | | Add extra bedroom? | Final Beds | Rent or Sell? | Value after improvements | | Market Rents | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | £ per gross sq.ft | Unit Price | Band | Annual Charge | | | | £ per gross sq.ft | Unit Price | £PCM | £PW | £PA |
| 1 | 2 | 35 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 2 | 2 | 36 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 3 | 2 | 37 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 4 | 2 | 38 Gunning Road | B | 1,186 | WC, U | £211 | £250,000 | A | £1,156 | N | 2 | Sell | £249 | £295,000 | £900 | £208 | £10,800 |
| 5 | 2 | 39 Gunning Road | B | 1,186 | WC, U | £211 | £250,000 | A | £1,156 | N | 2 | Sell | £249 | £295,000 | £900 | £208 | £10,800 |
| 6 | 2 | 40 Gunning Road | B | 1,186 | WC, U | £211 | £250,000 | A | £1,156 | N | 2 | Sell | £249 | £295,000 | £900 | £208 | £10,800 |
| 7 | 2 | 41 Gunning Road | B | 1,186 | WC, U | £211 | £250,000 | A | £1,156 | N | 2 | Sell | £249 | £295,000 | £900 | £208 | £10,800 |
| 8 | 2 | 42 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 9 | 2 | 43 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 10 | 2 | 44 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 11 | 2 | 45 Gunning Road | A | 1,280 | WC, U | £195 | £250,000 | A | £1,156 | Y | 3 | Sell | £266 | £340,000 | £1,050 | £242 | £12,600 |
| 12 | 2 | 46 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 13 | 2 | 47 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 14 | 2 | 48 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 15 | 2 | 49 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 16 | 2 | 50 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 17 | 2 | 51 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 18 | 2 | 52 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 19 | 2 | 53 Gunning Road | C | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £900 | £208 | £10,800 |
| 20 | 3 | 1 Heaton Close | D | 1,691 | WC, E, U, G | £219 | £370,000 | C | £1,541 | N | 3 | Sell | £237 | £400,000 | £1,200 | £277 | £14,400 |
| 21 | 3 | 2 Heaton Close | D | 1,691 | WC, E, U, G | £219 | £370,000 | C | £1,541 | N | 3 | Sell | £237 | £400,000 | £1,200 | £277 | £14,400 |
| 22 | 3 | 3 Heaton Close | D | 1,691 | WC, E, U, G | £219 | £370,000 | C | £1,541 | N | 3 | Sell | £237 | £400,000 | £1,200 | £277 | £14,400 |
| 23 | 3 | 19 Heaton Drive | E | 1,592 | WC, E, U | £210 | £335,000 | A | £1,156 | N | 3 | Sell | £236 | £375,000 | £1,150 | £265 | £13,800 |
| 24 | 3 | 20 Heaton Drive | E | 1,592 | WC, E, U | £210 | £335,000 | A | £1,156 | N | 3 | Sell | £236 | £375,000 | £1,150 | £265 | £13,800 |
| 25 | 3 | 21 Heaton Drive | E | 1,592 | WC, E, U | £210 | £335,000 | A | £1,156 | N | 3 | Sell | £236 | £375,000 | £1,150 | £265 | £13,800 |
| 26 | 3 | 22 Heaton Drive | E | 1,592 | WC, E, U | £210 | £335,000 | A | £1,156 | N | 3 | Sell | £236 | £375,000 | £1,150 | £265 | £13,800 |
| 27 | 2 | 23 Heaton Drive | F | 1,190 | WC, U | £210 | £250,000 | A | £1,156 | Y | 3 | Sell | £277 | £330,000 | £1,000 | £231 | £12,000 |
| 28 | 2 | 24 Heaton Drive | F | 1,190 | WC, U | £210 | £250,000 | A | £1,156 | Y | 3 | Sell | £277 | £330,000 | £1,000 | £231 | £12,000 |
| 29 | 2 | 25 Heaton Drive | G | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 30 | 2 | 26 Heaton Drive | G | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 31 | 2 | 27 Heaton Drive | G | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 32 | 2 | 28 Heaton Drive | G | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 33 | 2 | 29 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 34 | 2 | 30 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 35 | 2 | 31 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 36 | 2 | 32 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 37 | 2 | 33 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 38 | 2 | 34 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 39 | 2 | 54 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 40 | 2 | 55 Heaton Drive | H | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £1,025 | £237 | £12,300 |
| 41 | 3 | 56 Kilkenny Avenue | I | 1,591 | WC, E | £211 | £335,000 | A | £1,156 | Y | 4 | Sell | £236 | £375,000 | £1,250 | £288 | £15,000 |
| 42 | 3 | 57 Kilkenny Avenue | I | 1,591 | WC, E | £211 | £335,000 | A | £1,156 | Y | 4 | Sell | £236 | £375,000 | £1,250 | £288 | £15,000 |
| 43 | 2 | 58 Kilkenny Avenue | J | 1,296 | WC, U | £220 | £285,000 | B | | Y | 3 | Sell | £262 | £340,000 | £1,050 | £242 | £12,600 |
| 44 | 2 | 59 Kilkenny Avenue | K | 1,220 | WC, U | £205 | £250,000 | A | £1,156 | Y | 3 | Sell | £275 | £335,000 | £950 | £219 | £11,400 |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 45 | 2 | 60 Kilkenny Avenue | K | 1,220 | WC, U | £205 | £250,000 | A | £1,156 | Y | 3 | Sell | £275 | £335,000 | £950 | £219 | £11,400 |
| 46 | 2 | 61 Kilkenny Avenue | K | 1,220 | WC, U | £205 | £250,000 | A | £1,156 | Y | 3 | Sell | £275 | £335,000 | £950 | £219 | £11,400 |
| 47 | 2 | 62 Kilkenny Avenue | K | 1,220 | WC, U | £205 | £250,000 | A | £1,156 | Y | 3 | Sell | £275 | £335,000 | £950 | £219 | £11,400 |
| 48 | 2 | 63 Kilkenny Avenue | K | 1,220 | WC, U | £205 | £250,000 | A | £1,156 | Y | 3 | Sell | £275 | £335,000 | £950 | £219 | £11,400 |
| 49 | 2 | 64 Kilkenny Avenue | K | 1,220 | WC, U | £205 | £250,000 | A | £1,156 | Y | 3 | Sell | £275 | £335,000 | £950 | £219 | £11,400 |
| 50 | 2 | 65 Nigel Road | F | 1,190 | WC, U | £210 | £250,000 | A | £1,156 | Y | 3 | Sell | £277 | £330,000 | £975 | £225 | £11,700 |
| 51 | 2 | 66 Nigel Road | F | 1,190 | WC, U | £210 | £250,000 | A | £1,156 | Y | 3 | Sell | £277 | £330,000 | £975 | £225 | £11,700 |
| 52 | 2 | 67 Nigel Road | G | 1,298 | WC,U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £975 | £225 | £11,700 |
| 53 | 2 | 68 Nigel Road | G | 1,298 | WC, U | £193 | £250,000 | A | £1,156 | Y | 3 | Sell | £262 | £340,000 | £975 | £225 | £11,700 |
| 54 | 2 | 69 Nigel Road | L | 1,290 | WC,U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £975 | £225 | £11,700 |
| 55 | 2 | 70 Nigel Road | L | 1,290 | WC,U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £975 | £225 | £11,700 |
| 56 | 2 | 71 Nigel Road | L | 1,290 | WC, U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £975 | £225 | £11,700 |
| 57 | 2 | 72 Nigel Road | L | 1,290 | WC,U | £194 | £250,000 | A | £1,156 | Y | 3 | Sell | £264 | £340,000 | £975 | £225 | £11,700 |
| 58 | 3 | 73 Nigel Road | I | 1,591 | WC, E | £211 | £335,000 | A | £1,156 | Y | 4 | Sell | £236 | £375,000 | £1,250 | £288 | £15,000 |
| 59 | 3 | 74 Nigel Road | I | 1,591 | WC, E | £211 | £335,000 | A | £1,156 | Y | 4 | Sell | £236 | £375,000 | £1,250 | £288 | £15,000 |
| 60 | 3 | 75 Nigel Road | I | 1,591 | WC, E | £211 | £335,000 | A | £1,156 | Y | 4 | Sell | £236 | £375,000 | £1,250 | £288 | £15,000 |
| 61 | 3 | 76 Nigel Road | I | 1,591 | WC, E | £211 | £335,000 | A | £1,156 | Y | 4 | Sell | £236 | £375,000 | £1,250 | £288 | £15,000 |
| 62 | 3 | 3 Redman Close | M | 1,706 | WC, E, U, G | £217 | £370,000 | C | £1,541 | Y | 4 | Sell | £264 | £450,000 | £1,300 | £300 | £15,600 |
| 63 | 3 | 4 Redman Close | M | 1,706 | WC,E,U,G | £217 | £370,000 | C | £1,541 | Y | 4 | Sell | £264 | £450,000 | £1,300 | £300 | £15,600 |
| 64 | 3 | 5 Redman Close | M | 1,706 | WC, E, U, G | £217 | £370,000 | C | £1,541 | Y | 4 | Sell | £264 | £450,000 | £1,300 | £300 | £15,600 |
| 65 | 3 | 6 Redman Close | M | 1,706 | WC,E,U,G | £217 | £370,000 | B | £1,349 | Y | 4 | Sell | £264 | £450,000 | £1,300 | £300 | £15,600 |
| 66 | 4 | 7 Redman Close | M | 1,706 | WC,E,U,G | £217 | £370,000 | B | £1,349 | Y | 4 | Sell | £264 | £450,000 | £1,300 | £300 | £15,600 |
| 67 | 3 | 8 Redman Close | N | 1,500 | WC, E, U, G | £247 | £370,000 | C | £1,541 | Y | 4 | Sell | £317 | £475,000 | £1,100 | £254 | £13,200 |
| 68 | 3 | 9 Redman Close | N | 1,500 | WC,E,U,G | £247 | £370,000 | C | £1,541 | Y | 4 | Sell | £317 | £475,000 | £1,100 | £254 | £13,200 |
| 69 | 4 | 10 Redman Close | T | 2,137 | WC, E, U, G | £234 | £500,000 | D | £1,736 | Y | 5 | Sell | £257 | £550,000 | £1,450 | £335 | £17,400 |
| 70 | 3 | 11 Redman Close | O | 1,650 | WC, E, U, G | £224 | £370,000 | B | £1,349 | Y | 4 | Sell | £267 | £440,000 | £1,250 | £288 | £15,000 |
| 71 | 3 | 12 Redman Close | O | 1,650 | WC, E, U, G | £224 | £370,000 | B | £1,349 | Y | 4 | Sell | £267 | £440,000 | £1,250 | £288 | £15,000 |
| 72 | 3 | 13 Redman Close | P | 1,591 | WC, U, G | £220 | £350,000 | B | £1,349 | N | 3 | Sell | £236 | £375,000 | £950 | £219 | £11,400 |
| 73 | 3 | 14 Redman Close | P | 1,591 | WC, U, G | £220 | £350,000 | B | £1,349 | N | 3 | Sell | £236 | £375,000 | £950 | £219 | £11,400 |
| 74 | 3 | 15 Redman Close | P | 1,591 | WC, U, G | £220 | £350,000 | B | £1,349 | N | 3 | Sell | £236 | £375,000 | £950 | £219 | £11,400 |
| 75 | 3 | 16 Redman Close | P | 1,591 | WC, U, G | £220 | £350,000 | B | £1,349 | N | 3 | Sell | £236 | £375,000 | £950 | £219 | £11,400 |
| 76 | 2 | 17 Redman Close | Q | 1,681 | WC, U, G | £155 | £260,000 | C | £1,541 | Y | 3 | Sell | £238 | £400,000 | £1,100 | £254 | £13,200 |
| 77 | 2 | 18 Redman Close | Q | 1,681 | WC, U, G | £155 | £260,000 | C | £1,541 | Y | 3 | Sell | £238 | £400,000 | £1,100 | £254 | £13,200 |
| 78 | 2 | 1 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| 79 | 2 | 2 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| 80 | 2 | 3 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| 81 | 2 | 4 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| 82 | 3 | 5 Simeon Close | S | 700 | | | | | | Maisonette | 1 | Shared Ownership | £229 | £160,000 | £650 | £150 | £7,800 |
| 83 | | 5a Simeon Close | | 900 | | | | | | Maisonette | 2 | Shared Ownership | £239 | £215,000 | £900 | £208 | £10,800 |
| 84 | 3 | 6 Simeon Close | S | 700 | | | | | | Maisonette | 1 | Shared Ownership | £229 | £160,000 | £650 | £150 | £7,800 |
| 85 | | 6a Simeon Close | | 900 | | | | | | Maisonette | 2 | Shared Ownership | £239 | £215,000 | £900 | £208 | £10,800 |
| 86 | 3 | 7 Simeon Close | S | 700 | | | | | | Maisonette | 1 | Shared Ownership | £229 | £160,000 | £650 | £150 | £7,800 |
| 87 | | 7a Simeon Close | | 900 | | | | | | Maisonette | 2 | Shared Ownership | £239 | £215,000 | £900 | £208 | £10,800 |
| 88 | 3 | 8 Simeon Close | S | 700 | | | | | | Maisonette | 1 | Shared Ownership | £229 | £160,000 | £650 | £150 | £7,800 |
| 89 | | 8a Simeon Close | | 900 | | | | | | Maisonette | 2 | Shared Ownership | £239 | £215,000 | £900 | £208 | £10,800 |
| 90 | 2 | 9 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| 91 | 2 | 10 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| 92 | 2 | 11 Simeon Close | R | 1,176 | WC | £221 | £260,000 | A | £1,156 | N | 2 | Shared Ownership | £234 | £275,000 | £950 | £219 | £11,400 |
| | **209** | | | **123,044** | | **£196** | **£24,065,000** | | **£52,215** | | | | **£255** | **£31,375,000** | | | **£1,130,400** |

# Services Families Accommodation and Land, Ely, Cambridgeshire, CB7 4RX

## Report: Valuation Advice

## Date: 06 August 2018

# Contents

# Report: Valuation Appraisal

# Property: Services Families Accommodation, Ely, Cambridgeshire

## 1. Identification and Status of Valuer

This valuation appraisal has been carried out by Gillian Knox, MRICS Registered Valuer, an external valuer as defined in the RICS Valuation Global Standards 2017.

NPS Property Consultants Ltd. confirm that the Valuer is in a position to provide an objective and unbiased valuation appraisal and is competent to undertake the valuation appraisal.

## 2. Client

This report has been prepared for Defence Infrastructure Organisation and East Cambridgeshire District Council as set out in our confirmation of instructions dated 27 July 2018.

## 3. Purpose of the Valuation

The purpose of this valuation is to provide advice in respect of the subject site in connection with the transfer of land between two public bodies.

The report must not be used other than for its stated purpose and must not be used for lending or borrowing purposes.

## 4. Identification of the Subject Site to be Valued.

The interest to be valued is that of an unencumbered freehold with vacant possession of the site shown approximately outlined in red on the attached plan, Appendix A.

## 5. Basis of Value Adopted

The site has been valued on the basis of Market Value. This is defined in the RICS Valuation Global Standards 2017 (the Red Book) as:

Market Value

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

## 6. Valuation Date

The date of the valuation of the site is the date of the valuation report.

## 7. Extent of Investigation

The site was inspected externally on 23 July 2018. The extent of the investigations are found in Appendix B.

## 8. Nature and Sources of the Information Relied Upon

It has been assumed that any information which has been supplied by the client, and upon which the valuation is based, is reliable.

Site plan, house Gross Internal Areas (GIA) and floor plans have been provided by the client and relied upon.

## 9. Assumptions and Specific Assumptions

All assumptions and caveats included in Appendices B and D are assumed to apply.

## 10. Restrictions on Use, Distribution and Publication of the Report

Restrictions on distribution and publication of the report are stated in Appendix B5.

## 11. Confirmation the Valuation Undertaken in Accordance with IVS

The valuation has been undertaken in accordance with the International Valuation Standards (IVS) and all significant inputs have been assessed by the Valuer and found to be appropriate for the valuation provided.

## 12. Valuation Approach and Reasoning

For the purpose of this report the valuation approach adopted was:

A high level residual valuation approach for the subject site with the specific assumptions listed in Appendix D.

We also considered the market approach based on comparing the subject asset with similar assets for which price information is available, in an appropriate time frame. However, due to the bespoke nature of development sites there are often no directly comparable transactions.

## 13. Valuation Advice and commentary

13.1 On the basis of the assumptions set out in this report we have considered the value of the subject site in the region of as follows:

- 88 houses listed in Appendix C - £23,500,000 (twenty three million and five hundred thousand pounds)
- Site H (30 dwellings) identified in Appendix A - £2,000,000 (two million pounds)
- Site D (9 dwellings) identified in Appendix A - £700,000 (seven hundred thousand pounds)
- Site I (9 dwellings) identified in Appendix A - £900,000 (nine hundred thousand pounds)
- Site J (2 dwellings) identified in Appendix A - £200,000 (two hundred thousand pounds)
- Sites A, B, C, E, F, G, and K – assumed to be subject to clawback.

## 14. Date of the Valuation Report

This report was issued on 06 August 2018.

## 15. Commentary on Any Material Uncertainty in Relation To the Valuation

There is potential for material uncertainty due to the high level residual valuation approach we have adopted, the limited information available and the inherent uncertainties in the estimated elements of a residual valuation. The unusual nature of the site and the scale of the proposed disposal also adds to uncertainty.

## 16. Agreed Limitations on Liability Agreed

This valuation advice is provided for strategic decision-making purposes only and must not be used for other purposes including loan/lending purposes.

Signed G.H. Knox

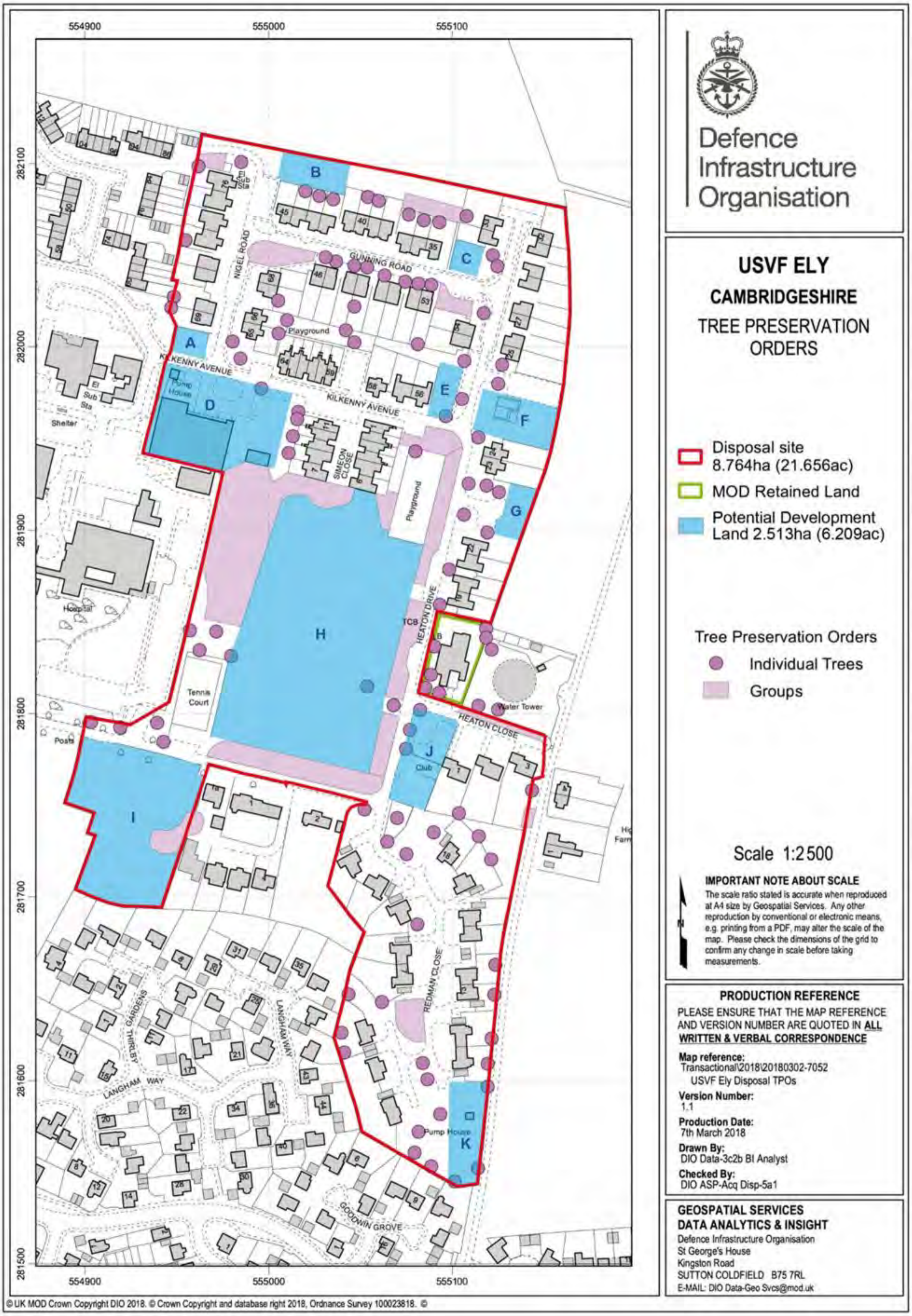
Gillian Knox MRICS Registered Valuer

NPS Property Consultants Limited

Date 6.08.2018

# Appendices

## Appendix A1: Subject site



## Appendix B: General Assumptions and Caveats

| | |
|---|---|
| **B.1** | **VALUATIONS ASSUMPTIONS** |
| **B.1.1** | The appraisal undertaken is subject to a number of specific assumptions which are identified in Appendix D. |
| | |
| **B.2** | **BASIS OF VALUATION AND ITS DEFINITION** |
| | The site has been valued on the basis of Market Value. This is defined in the RICS Valuation Global Standards 2017 (the Red Book) as:<br>Market Value<br><br>“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. |
| | |
| **B.3** | **DATE OF VALUATION** |
| | The date of the advice is the date of this report unless otherwise stated. |
| | |
| **B.4** | **INSPECTIONS AND INVESTIGATIONS** |
| **B.4.1** | **Extent of Enquiries, Investigations and Information** |
| | No additional specific enquiries have been made of the Public Utility Service providers, the Highway Authority or Statutory Bodies. |
| | |
| | The Valuer has not independently verified the information provided by the client, it is assumed to be correct. |
| | |
| **B.4.2** | **The Inspection and Subsequent Enquiries** |
| | An external inspection of the site was carried out by an RICS Registered Valuer having regard to the purpose of the valuation.<br><br>We also inspected internally, a selection of five properties as suggested by the clients namely:<br><br>10 Redman Close<br>69 Nigel Close<br>2 Simeon Close<br>20 Heaton Close<br>46 Gunning Road |
| | |
| | The exteriors were inspected from ground level only, i.e. without the benefit of access equipment. We cannot express an opinion about or advise upon the condition of uninspected parts and the report should not be taken as making any implied representation or statement about such parts. Furthermore, the various services have |

| | |
|---|---|
| | not been tested. We are therefore unable to report that any such parts of the property are free from defect or that the services are in full working order. |
| | |
| **B.4.3** | **Condition, Repair and Pollution Hazards** |
| | Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or to facilitate an environmental survey, our valuation advice assumes: |
| | |
| | 1. That except for any defects specifically noted in our report, the property is in good condition |
| | 2. That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects. Including inter alia high alumina cement or calcium chloride additive, asbestos or any other hazardous or deleterious material or wood wool shuttering |
| | 3. That no hazardous materials are present on site |
| | 4. That all relevant statutory requirements relating to use or construction have been complied with. |
| | 5. That the site is physically capable of development or redevelopment, where appropriate, and that no special or unusual costs will be incurred in site clearance or providing foundations and infrastructure. We have however provided an estimated budget cost for demolition of buildings on site as requested. |
| | 6. That the property is not adversely affected by any forms of pollution, current or historic, either on or off site |
| | 7. That there are no archaeological remains on or under the land which could adversely impact on value |
| | 8. That there is no abnormal risk of flooding |
| | |
| **B.5** | **RESTRICTIONS ON USE, DISTRIBUTION AND PUBLICATION OF THE REPORT** |
| **B.5.1.** | The advice provided is for the stated purpose and for the use of the client only. No liability will be accepted to any other party without our specific prior written approval. |
| | |
| **B.5.2** | Publication of our report, or any reference thereto, in whole or part, in any document, circular or statement, in either hard copy or electronically (including any web site) will be permitted only with our prior approval, this to include the form and context in which it will appear. |
| | |
| **B.5.3.** | Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or part of its contents. Liability will not subsequently be extended to any other party except on the basis of written and agreed instructions; this will include an additional fee. |
| | |

| | |
|---|---|
| **B.6** | **VALIDITY OF THE VALUATION REPORT** |
| **B.6.1** | **Validity** |
| | This valuation should not be considered valid for a period in excess of 3 months from the date of this report, nor if there are any changes in the circumstances or assumptions/conditions upon which this has been based in which case the valuation will require amendment as necessary. |
| **B.7** | **STATUTORY REQUIREMENTS** |
| **B.7.1** | **Equality Act 2010** |
| | Under the Equality Act 2010 all service providers to the general public are obliged to ensure that all disabled customers are treated, as far as it is reasonable to do so, the same as non-disabled customers. The legislation was operative from 1 October 2010 as amended. |
| | |
| | It should be noted that our inspection of the property did not constitute an accessibility audit for Equality Act purposes. |
| | |
| **B.7.2** | **The Regulatory Reform (Fire Safety) Order 2005** |
| | 6.2.1 The Regulatory Reform (Fire Safety) Order affecting all non-domestic premises in England and Wales came into force on 1 October 2006. This legislation has removed the requirement of Fire Certificates for non-domestic property. Now the person responsible for the premises will be required to carry out their own risk assessment to identify the fire precautions which are required to be in place. To accompany the legislation the Government has developed specific information guides for each type of premises which sets out the guidance on the requirements and carrying out a Fire Risk Assessment. |
| | |
| | Our inspection of the property did not constitute a Fire Risk Assessment. |
| | |
| **B.7.3** | **Control of Asbestos Regulations 2012** |
| | Under the Control of Asbestos Regulations 2012 all commercial property owners/occupiers are obliged by law to have completed a Register of all materials containing asbestos within their premises and either remove them or have a programme for managing them so that they do not become a danger to health. |
| | |
| | Our inspection of the property did not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property. |
| | |

| | |
|---|---|
| **B.7.4** | **Invasive Plant Species** |
| | The 3 main non-native invasive plant species in the UK are Japanese knotweed, Himalayan (Indian) or purple slinky balsam and New Zealand pygmy weed. Other notifiable plants and weeds include inter alia giant hogweed, ragwort and azollia. |
| | |
| | Japanese knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. Under s. 14(2) of the Countryside and Wildlife Act 1981 it is an offence to cause this plant to grow in the wild. Failure to dispose of any material containing Japanese knotweed may also result in prosecution under this Act and under the Environmental Protection Act 1990. |
| | |
| | The likely costs of eradication and removal of plants such as these can be high and time consuming and impact on the ability to enjoy/develop/redevelop the site and consequently diminish the values reported. |
| | |
| | We did not carry out a survey of invasive plant species. |
| | |
| **B.7.5** | **The Energy Performance of Buildings Directive (England and Wales) Regulations 2007** |
| | The Energy Performance of Buildings Directive (England and Wales) Regulations 2007 affecting all non-domestic properties in England and Wales came into force on 8 April 2008. This legislation introduced new statutory requirements for commercial buildings offered for sale or to let to have an Energy Performance Certificate (EPC) and for certain buildings to have Display Energy Certificates (DEC). |
| | Our inspection of the property did not constitute an Energy Assessment of the property. |
| | |
| **B.7.6** | **Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – (Minimum Energy Efficiency Standards (MEES)** |
| | The MEES Regulations 2015 affecting all non-domestic properties in England and Wales come into force on 1st April 2018. This legislation introduces new statutory requirements for commercial buildings where landlords of non-domestic private rented properties (including public sector landlords) may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (shown on a valid Energy Performance Certificate for the property). |
| | |
| | Our inspection of the property did not constitute an Energy Assessment of the property. |
| | |

| | |
|---|---|
| **B.7.7** | **Flooding** |
| | We have looked at the Environment Agency's website. The property is not located in an area subject to flooding from rivers or reservoirs. |
| | |
| | No formal enquiries have been made of the Environment Agency in relation to the risk and impact on the grant of planning permissions for the property. |
| | |
| **B.8** | **NATURE AND SOURCES OF INFORMATION RELIED UPON** |
| **B.8.1** | **Tenure and Tenancies** |
| | Where relevant we have relied upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We assumed such information to be accurate, up-to-date and complete. We assumed that your solicitors are able to confirm the accuracy of these details and that the interest being valued is in all respects good and marketable. We would welcome the opportunity to consider your solicitor's report on title and to advise whether or not this affects our valuation. |
| | |
| | We did not examine title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoings or to any charges, easements or rights of way. We will assume that any outstanding requirements of repairing covenants will be met. |
| | |
| **B.9** | **OTHER ENQUIRIES** |
| **B.9.1** | **Planning, Highway and Other Enquiries** |
| | We have made no formal enquiries of the local planning, highway and other relevant authorities. No formal searches were instigated. Except where stated to the contrary, we have assumed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.<br><br>However, NPS' in-house Planning Consultants have provided some planning guidance to inform our valuations attached as Appendix E. |
| | |
| **B.10** | **FLOOR, SITE AREAS AND PLANS** |
| | We have relied wholly on the schedule of gross internal areas (GIAs) provided by the client for the houses (Appendix C). We have estimated the other site areas by scaling off our GIA mapping systems. |
| | |
| | Where plans are included in our report, these are for identification purposes only. |
| | |

| B.11 | PLANT, MACHINERY AND SERVICES |
|---|---|
| **B.11.1** | **Plant and Machinery** |
| | Where relevant we have included in our valuations only those items of plant and machinery normally considered to be part of the building service installations and which would pass with the property. We excluded all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools and tenant's fixtures and fittings. |
| | |
| | Only those items of plant and machinery which form part of the building services installations have been included in the valuation. |
| | |
| | No technical condition of survey of such plant and machinery has been undertaken or commissioned nor have the heating and other services been tested. |
| | |
| **B.11.2** | **Main Services** |
| | It is assumed that all main services including foul drainage are connected/available and of sufficient capacities to adequately serve the property. No enquiries have been made of Service Providers. |
| | |
| **B.12** | **DEVELOPMENT PROPERTIES** |
| | For properties in course of development, we reflect, unless otherwise stated, the stage reached in construction and the costs already incurred and those remaining to be spent at the date of valuation. We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by the professional advisers to the project. |
| | |
| | For recently completed developments we take no account of any retention, nor do we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability. |
| | |
| **B.13** | **COMPLAINTS** |
| | As a member firm of RICS and in accordance with our own quality procedures (we are registered to ISO 9001); we have a complaints procedure, details of which can be supplied on request. |
| | |

## Appendix C: Gross Internal Areas (GIAs) of 88 houses

| Revised Schedule provided to NPS and copied to East Cambs. on 27/7/2018 | | | | |
|---|---|---|---|---|
| | | | | |
| Plot No | Beds | Convert to | Address | Gross Sq. ft. |
| 1 | 2 | 3 | 35 Gunning Road | 1280 |
| 2 | 2 | 3 | 36 Gunning Road | 1280 |
| 3 | 2 | 3 | 37 Gunning Road | 1280 |
| 4 | 2 | 3 | 38 Gunning Road | 1186 |
| 5 | 2 | 3 | 39 Gunning Road | 1186 |
| 6 | 2 | 3 | 40 Gunning Road | 1186 |
| 7 | 2 | 3 | 41 Gunning Road | 1186 |
| 8 | 2 | 3 | 42 Gunning Road | 1280 |
| 9 | 2 | 3 | 43 Gunning Road | 1280 |
| 10 | 2 | 3 | 44 Gunning Road | 1280 |
| 11 | 2 | 3 | 45 Gunning Road | 1280 |
| 12 | 2 | 3 | 46 Gunning Road | 1290 |
| 13 | 2 | 3 | 47 Gunning Road | 1290 |
| 14 | 2 | 3 | 48 Gunning Road | 1290 |
| 15 | 2 | 3 | 49 Gunning Road | 1290 |
| 16 | 2 | 3 | 50 Gunning Road | 1290 |
| 17 | 2 | 3 | 51 Gunning Road | 1290 |
| 18 | 2 | 3 | 52 Gunning Road | 1290 |
| 19 | 2 | 3 | 53 Gunning Road | 1290 |
| 20 | 3 | 4 | 1 Heaton Close | 1691 |
| 21 | 3 | 4 | 2 Heaton Close | 1691 |
| 22 | 3 | 4 | 3 Heaton Close | 1691 |
| 23 | 3 | 4 | 19 Heaton Drive | 1592 |
| 24 | 3 | 4 | 20 Heaton Drive | 1592 |
| 25 | 3 | 4 | 21 Heaton Drive | 1592 |
| 26 | 3 | 4 | 22 Heaton Drive | 1592 |
| 27 | 2 | 3 | 23 Heaton Drive | 1190 |
| 28 | 2 | 3 | 24 Heaton Drive | 1190 |
| 29 | 2 | 3 | 25 Heaton Drive | 1298 |
| 30 | 2 | 3 | 26 Heaton Drive | 1298 |
| 31 | 2 | 3 | 27 Heaton Drive | 1298 |
| 32 | 2 | 3 | 28 Heaton Drive | 1298 |
| 33 | 2 | 3 | 29 Heaton Drive | 1298 |
| 34 | 2 | 3 | 30 Heaton Drive | 1298 |
| 35 | 2 | 3 | 31 Heaton Drive | 1298 |
| 36 | 2 | 3 | 32 Heaton Drive | 1298 |
| 37 | 2 | 3 | 33 Heaton Drive | 1298 |
| 38 | 2 | 3 | 34 Heaton Drive | 1298 |
| 39 | 2 | 3 | 54 Heaton Drive | 1298 |
| 40 | 2 | 3 | 55 Heaton Drive | 1298 |
| 41 | 3 | 4 | 56 Kilkenny Avenue | 1591 |
| 42 | 3 | 4 | 57 Kilkenny Avenue | 1591 |
| 43 | 2 | 3 | 58 Kilkenny Avenue | 1296 |

| Plot No | Beds | Convert to | Address | Gross Sq. ft. |
|---|---|---|---|---|
| 44 | 2 | 3 | 59 Kilkenny Avenue | 1220 |
| 45 | 2 | 3 | 60 Kilkenny Avenue | 1220 |
| 46 | 2 | 3 | 61 Kilkenny Avenue | 1220 |
| 47 | 2 | 3 | 62 Kilkenny Avenue | 1220 |
| 48 | 2 | 3 | 63 Kilkenny Avenue | 1220 |
| 49 | 2 | 3 | 64 Kilkenny Avenue | 1220 |
| 50 | 2 | 3 | 65 Nigel Road | 1190 |
| 51 | 2 | 3 | 66 Nigel Road | 1190 |
| 52 | 2 | 3 | 67 Nigel Road | 1298 |
| 53 | 2 | 3 | 68 Nigel Road | 1298 |
| 54 | 2 | 3 | 69 Nigel Road | 1290 |
| 55 | 2 | 3 | 70 Nigel Road | 1290 |
| 56 | 2 | 3 | 71 Nigel Road | 1290 |
| 57 | 2 | 3 | 72 Nigel Road | 1290 |
| 58 | 3 | 4 | 73 Nigel Road | 1591 |
| 59 | 3 | 4 | 74 Nigel Road | 1591 |
| 60 | 3 | 4 | 75 Nigel Road | 1591 |
| 61 | 3 | 4 | 76 Nigel Road | 1591 |
| 62 | 3 | 4 | 3 Redman Close | 1706 |
| 63 | 3 | 4 | 4 Redman Close | 1706 |
| 64 | 3 | 4 | 5 Redman Close | 1706 |
| 65 | 3 | 4 | 6 Redman Close | 1706 |
| 66 | 3 | 4 | 7 Redman Close | 1706 |
| 67 | 3 | 4 | 8 Redman Close | 1137 |
| 68 | 3 | 4 | 9 Redman Close | 1137 |
| 69 | 4 | 5 | 10 Redman Close | 2137 |
| 70 | 3 | 4 | 11 Redman Close | 1650 |
| 71 | 3 | 4 | 12 Redman Close | 1650 |
| 72 | 2 | 4 | 13 Redman Close | 1591 |
| 73 | 2 | 4 | 14 Redman Close | 1591 |
| 74 | 2 | 4 | 15 Redman Close | 1591 |
| 75 | 2 | 4 | 16 Redman Close | 1591 |
| 76 | 2 | 4 | 17 Redman Close | 1681 |
| 77 | 2 | 4 | 18 Redman Close | 1681 |
| 78 | 2 | 3 | 1 Simeon Close | 1176 |
| 79 | 2 | 3 | 2 Simeon Close | 1176 |
| 80 | 2 | 3 | 3 Simeon Close | 1176 |
| 81 | 2 | 3 | 4 Simeon Close | 1176 |
| 82 | 3 | 4 | 5 Simeon Close | 1591 |
| 83 | 3 | 4 | 6 Simeon Close | 1591 |
| 84 | 3 | 4 | 7 Simeon Close | 1591 |
| 85 | 3 | 4 | 8 Simeon Close | 1591 |
| 86 | 2 | 3 | 9 Simeon Close | 1176 |
| 87 | 2 | 3 | 10 Simeon Close | 1176 |
| 88 | 2 | 3 | 11 Simeon Close | 1176 |

## Appendix D: Specific Assumptions Adopted for the Valuation Advice

**D.1 Purpose**

The purpose of the valuation is for the transfer of property between two public bodies.

**D.2 Town Planning**

We have consulted our in-house planning consultants who have provided the Planning Appraisal as attached at Appendix E.

We have assumed the existing uses and proposed uses are lawful with no associated onerous conditions.

In respect of some of the open spaces within the site, we have assumed planning consent will be forthcoming for residential development in accordance with the Development Plan.

There are several areas we have identified as having possible potential for development as follows: See attached plan at Appendix A.

| Site Ref | Indicative number of dwellings | Comments |
|---|---|---|
| A | 1 | Clawback |
| B | 1 | Clawback |
| C | 1 | Clawback |
| **D** | **10-15** | **9 used in appraisal** |
| E | 1 | Clawback |
| F | 2 – assuming sub-station relocated | Clawback |
| G | 1 | Clawback |
| **H** | **25-30 (low density)** | **30 used in appraisal** |
| **I** | **9-12 (low density)** | **9 used in appraisal** |
| **J** | **2** | **2 used in appraisal** |
| K | 1 – assuming no pump house required | Clawback |

However, for the purpose of this report we have only valued sites D, H, I, and J as these sites appear to have reasonable to good prospects for residential planning consent.

In respect of other areas of open space we would recommend a clawback mechanism be used by the vendor to achieve additional capital value for the sties should they ever obtain planning consent for residential or alternative development.

In respect of site H, we recognise that whilst this is a potential significant residential development site, it may face challenges to achieve planning consent. It may be subject to local challenge or an application for a Village Green for example. In view of this we suggest

| | |
|---|---|
| | this area is subject to a separate clawback agreement in the event planning permission is not forthcoming or the numbers of dwellings not achieved.<br><br>We have assumed the existing play area and tennis court will remain. |
| | |
| **D.3** | **Site Area** |
| | We have relied on site plans provided by the client, which we have scaled up show the subject site extends to c. 21.66 acres in total. |
| | |
| **D.4** | **Tenure** |
| | We have not seen an extract of the registered title of the subject site and assumed there are no rights of way over the site and no other legal encumbrances affecting development or value. |
| | |
| **D.5** | **Description** |
| | The subject site of circa. 21.66 acres is located on the western edge of Ely, adjacent to Ely Hospital and private housing. It is approximately 2 miles from the town centre and 2.4 miles from the railway station with direct services to Cambridge and London in particular.<br><br>The subject site comprises an estate of 88 former US services accommodation including terraced, semi-detached or detached houses. The detached properties have single garages whilst the remainder have marked car parking spaces on street or on nearby car parking courts.<br><br>The estate development is fairly low density with generous areas of open space and mature trees giving it a 'garden village' feel. There is also a surfaced play area (with no equipment), a tennis court and a large area of village green type open space at its heart (site H).<br><br>The estate is not fenced and is contiguous with private housing.<br><br>It is our understanding the roads and services are currently un-adopted and the roads will remain so after any sale is completed.<br><br>**<u>The Houses</u>**<br><br>The houses are unusually large, particularly for the number of bedrooms, which we assume met the American Services Accommodation higher standards. See Appendix C for floor areas.<br><br>Each house has an open plan style on the ground floor and is well served by living space, utility room and storage space. The bedrooms and bathrooms on the first floor are large with some 'dead' space.<br><br>The detached houses have a single garage, the remainder have on street parking or court parking. |

Each house has open unfenced garden to the front with a small to medium size private garden to the rear, some with external storage. The houses appear to be in a good state of repair and condition externally and internally. The properties appear habitable but would benefit from new bathrooms, kitchen and floor coverings in part to meet current demands of style. Also improvements to the streetscape and some additional provision of off road parking.

There are no white goods in situ and we have no knowledge of the EPC ratings.

The wiring appears to be dual UK/US, which will need testing and possible rewiring prior to occupation.

Our assumption for the valuation is that each house could relatively easily be increased by at least one bedroom on the first floor.

**The Land (see Appendix A)**

**Site D** extends to approximately 0.85 acres in size with a derelict former single storey operational building on site. We assume this building could be demolished and separated from the adjoining NHS building and redeveloped with 9-15 houses. For our valuation we have assumed a low density residential development to match the grain of the adjoining housing.

**Site I** extends to approximately 1.17 acres in size, the site of a former operational building now demolished and very overgrown with vegetation. We have assumed a low density residential development to match the adjoining private development at Merrifield Gardens.

**Site J** extends to approximately 0.29 acres in size, the site of a former, now demolished, operational building, laid to grass. We have assumed this site may be suitable for 2 residential dwellings.

**Site H** extends to approximately 2.86 acres in size, comprising a large open grassed space with mature trees. We believe it could prove challenging to secure residential development on this established area of open space. However we have assumed this site may be suitable for 30 dwellings.

**Sites A, B, C, D, E, G & K.** These are other sundry areas of landscaping and open space laid to grass interspersed within the houses, which may have potential to be developed as individual dwellings, subject to planning consent.

We have taken no account of contamination or hazardous materials, which may be present in any of the buildings or at the various sites.

| | |
|---|---|
| **D.6** | Market Commentary |
| | Ely is an attractive large cathedral town, which benefits from its proximity to Cambridge and its rail links to Cambridge (10 minutes by train) and London (66 minutes by train).<br><br>House prices have increased as buyers are outpriced from the Cambridge housing market and turn to Ely and its environs. North Ely is a growth area and there is significant new housing development occurring near the subject site.<br><br>There are obvious economic uncertainties with Brexit looming which could affect the property market, but the demand from Cambridge should help protect Ely in the future.<br><br>We believe the sales of the 88 houses would be phased over approximately 2-3 years from acquisition so as not to flood the market. |
| | |
| **D.7** | **Site Restrictions** |
| | We have assumed there no onerous physical or legal restrictions, but we note the presence of Tree Protection Orders on site. |
| | |
| **D.8** | **Valuation Approach and Assumptions** |
| | We have adopted the residual valuation approach for both the houses and land, which broadly assesses/estimates the proposed development's gross development value and then deducts from that sum gross development costs to arrive at a residual land value. We use proprietary Pro Dev and PDS software in this regard.<br><br>The residual method is the accepted method used to value property and land with development potential. The calculation comprises many variables most of which are based on estimates of cost or value. A residual valuation is therefore significantly affected by small changes in its elements such as house values, construction costs, finance cost or the percentage deducted for developer's profit. For example, a relatively small adjustment to one of these inputs can have a disproportionate impact on the value of the site. The residual method of valuation should therefore be viewed with caution although it is the generally accepted in the market place. |
| | |
| **D8.1** | **Gross Development Value** |
| | In respect of the 88 houses we have arrived at a gross development value by the comparative method of valuation by reference to other market transactions.<br><br>We have adjusted those comparables to reflect the size of the houses, parking arrangements, location and facilities. We have generally assumed that each house could increase by at least one bedroom on the first floor. |
| | |

In respect of the areas of land with a reasonable prospect of development we have adopted sales values by reference to comparable transactions.

We have included marketing costs and sale fees. We have not allowed for any sales incentives for the houses.

**D8.2 Affordable Housing Assumptions**

Our valuation assumes where applicable in the valuation of land, any affordable housing is sold to a Housing Association at discount. It is unknown at this stage what type of tenure mix will be required or what Housing Associations will pay, so gross assumptions have been made.

**D8.3 Planning Fees and Planning Contribution**

In respect of the areas of land we have assumed standard planning fees are payable and that accompanying reports are required as part of the planning submission. We have assumed a CIL fee of £96.53 per sq.m. We have made an additional/notional open space allowance.

**D8.4 Gross Development Costs (GDC)**

In respect of the 88 houses we have made deductions from the gross development values to reflect the cost of creating an additional bedroom, new kitchen and bathroom, rewiring and new flooring. There are no Building Cost Information Service (BCIS) indices for such but gross estimates were made.

Whilst we are aware there is asbestos present in some of the houses, we have assumed this may remain in situ. Should there be a requirement to remove this, the value of the site would be affected.

In respect of the areas of land we have used BCIS average cost indices adjusted for location to arrive at construction costs with an added 10% contingency, allowances for site works and infrastructure etc. We have also estimated demolition costs where applicable as there are no BCIS indices for such.

We have not included any contamination remediation costs in our valuation and if these were required the value of the areas of land would also be affected.

We have not included any costs regarding any requirements to upgrade services, utilities or roads. If these were required the value of the site would also be affected.

| | |
|---|---|
| **D8.5** | **Professional Fees** |
| | In respect of the 88 houses we adopted an initial design fee and a low % figure of building costs for ongoing architectural fees as this will be a repetitive commission, and 6% for project management.<br><br>In respect of the areas of land we adopted an all-in figure of 12% for professional fees. |
| | |
| **D8.6** | **Profit and Finance** |
| | In respect of the 88 houses we have assumed:<br>- a profit figure of 12% of GDC to reflect the lower risk compared to a new development. However if this is increased to 15% for example, a lower value would result<br>- a finance/cost of money rate of 6.5% to reflect the funding risk and scale of development<br><br>In respect of the areas of land we have adopted:<br>- an industry standard profit of 20% of GDC, however if this is reduced to 15% a higher land value would result;<br>- a finance/cost of money rate of 6% to reflect the funding risk. |
| | |
| **D.9** | **Other Comments** |
| | We have assumed that the houses and land are acquired, developed and sold on as soon as reasonably possible. We have not factored in the possibility of the site being held for a longer period and/or the houses being let for a short period.<br><br>Based on our assumptions we feel letting a proportion of the houses will not add significant value and lead to managerial and practical costs etc.<br><br>We have assumed any interim site security costs are included in our Gross Development Costs. |

## Appendix E: Planning Appraisal on Development Potential

# Land at Ely (USVF Housing)

## Planning Appraisal on Development Potential

Prepared by Jonathon Green BA (Hons) Dip TP MRTPI
August 2018 (v1)

1.0 Background

1.1 A planning appraisal has been requested on the land at Ely (USVF housing site) to help inform a valuation exercise.

1.2 This desk based planning appraisal will include an assessment against current Development Plan policy and other Government policy/legislative advice to understand whether parts of the site (specifically those areas currently undeveloped) have any planning potential. The site is predominantly residential in nature, with some large central areas of open space. There are a number of existing trees within the site, which are covered by Tree Preservation Orders (TPO's).

1.3 No information has been provided as to whether the large areas of open space within the centre of the site or any other parts of the site are designated as formal village greens or assets of community value, and consequently the planning appraisal has been written on the basis that no such designation applies. Additionally, no information other than a map showing the location of the existing TPO trees within this site has been provided, and therefore in the absence of a site specific tree/arboricultural impact assessment report, an assumption has been made that any trees close to undeveloped parts of the site do not pose any development constraint.

2.0 Development Plan Policy

2.1 The Planning and Compulsory Purchase Act 2004 carried forward the provisions of the Town and Country Planning Act 1990, giving statutory force to a planning led system of development control. Under Section 38 of the 2004 Act, the determination of planning applications must be in accordance with the approved Development Plan for the area, unless material considerations indicate otherwise. This has been reinforced by paragraph 2 of the revised National Planning Policy Framework (NPPF), published on 24 July 2018.

2.2 The Development Plan for the area is provided by the adopted East Cambridgeshire Local Plan 2015 (adopted April 2015) which sets out the vision, objectives and spatial strategy for policies for the future development within the District up to 2031. The District Council has also adopted a number of supplementary planning documents which sit alongside the Development Plan. Those of particular relevance to Ely include the North Ely SPD (2014) which sets out the planning requirements for the development of a new community to the north of Ely.

2.3 The District Council is currently preparing a new Local Plan which will replace the existing 2015 when adopted. The proposed submission local plan was published for consultation in November/December 2017, and submitted to the Secretary of State in February 2018 for independent examination. This new local plan has not been formally adopted and therefore carries little weight in the determination of planning applications. This planning appraisal has therefore been based on the existing 2015 adopted Local Plan.

2.4 The District Council has also adopted a Community Infrastructure Levy (CIL) for its area, which was adopted in December 2012. Ely has its own specific residential rate, this being 'Zone B'. The charging schedule indicates a charge of £96.53 per square metre (2018 rates) will be applied for all new open market residential development regardless of size.

2.5 In terms of the Local Plan, the Proposals Map that accompanies this plan identifies Ely as an area for significant housing and employment growth over the next 20 years. The land to be assessed as part of this planning appraisal however falls within the existing developed area, and is not a proposed allocation. The site falls within the defined 'development envelope' where the principle of new development is acceptable provided there are no significant adverse effects on the character and appearance of the area and that all other material planning considerations are satisfied. The site has no specific site designation, see figure 1 below.

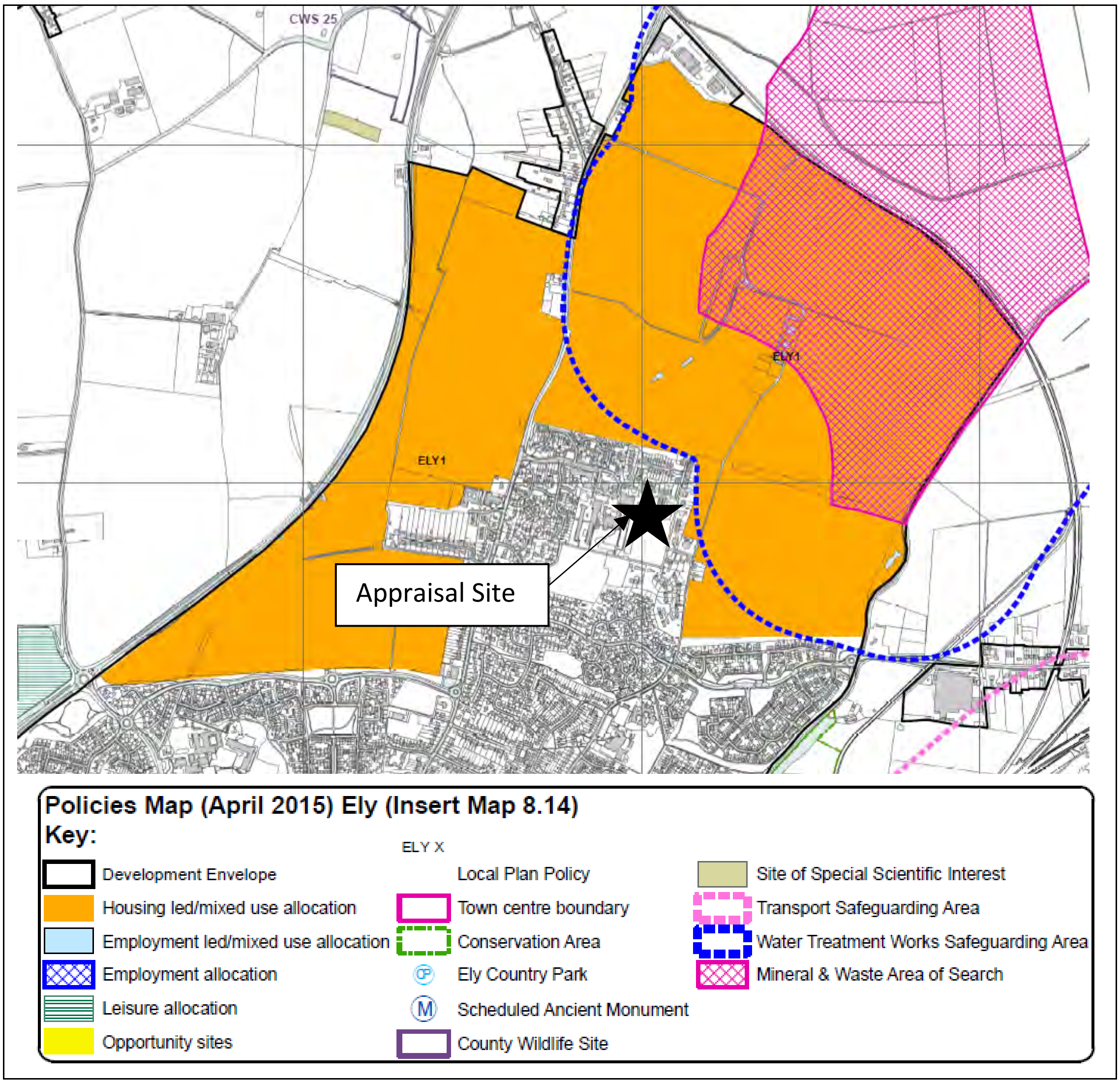



Figure 1 – Extract from Proposals Map for Ely (Map 8.14).

2.6 The site falls outside of any flood risk area as defined by the Government, and therefore falls within flood zone 1. Small areas within the site (mainly along the existing unadopted roads) are shown as being susceptible to surface water flooding, see figures 2 and 3 below.

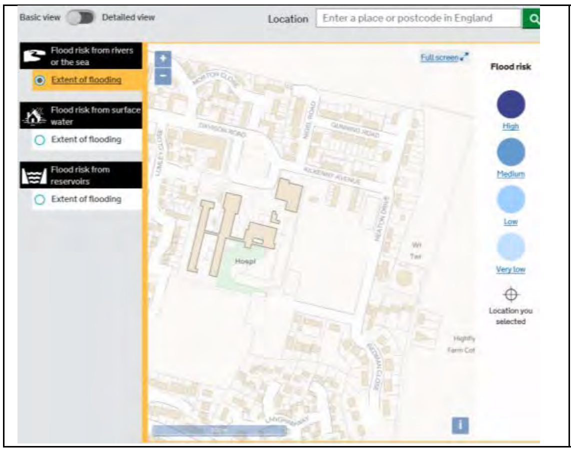



Figure 2 – Extract from Government map showing areas susceptible to flooding from rivers/sea

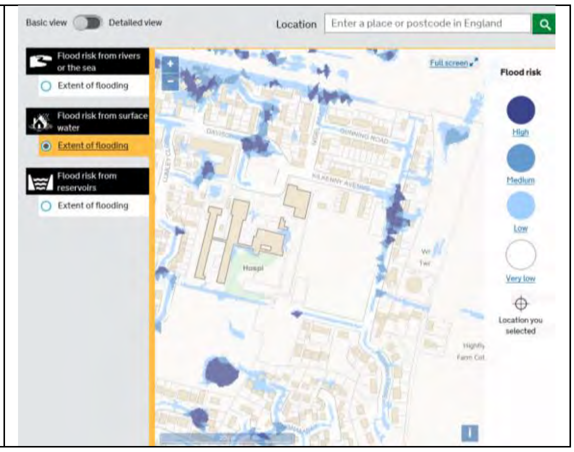



Figure 3 – Extract from Government map showing areas susceptible to surface water flooding

2.7 According to the Historic England and District Council's web media, there are no conservation or heritage designations applicable to the site/land being assessed as part of this appraisal.

2.8 In light of the above, the following Local Plan policies have been considered in relation to assessing whether the site, and specifically any undeveloped parcels of land have any development potential:-

- Policy Growth 2 – Locational strategy;
- Policy Growth 3 – Infrastructure requirements;
- Policy Growth 5 – Presumption in favour of sustainable development;
- Policy HOU1 – Housing mix;
- Policy HOU2 – Housing density;
- Policy HOU3 – Affordable housing provision;
- Policy EMP1 – Retention of existing employment sites and allocations;
- Policy ENV1 – Landscape and settlement character;
- Policy ENV2 – Design;
- Policy ENV4 – Energy & water efficiency &renewable energy;
- Policy ENV7 – Biodiversity and geology;
- Policy ENV8 – Flood risk;
- Policy ENV14 – Sites of archaeological interest;
- Policy COM3 – Retaining community facilities;
- Policy COM7 – Transport impact;
- Policy COM8 – Parking provision.

2.9 The advice as contained within the revised NPPF and National Planning Practice Guidance have also been considered.

## 3.0 Assessment of Development Potential

3.1 The site falls within the defined development envelope for the area. Policies of the adopted Local Plan state that the principle of new development within development envelopes will be acceptable, subject to their being no significant adverse effect on the wider character and appearance of the area, and subject to all other material planning considerations being satisfied.

3.2 The predominant land-use/character within the immediate area is residential, and therefore this is seen as being the best use of any areas identified as having development potential, subject to consideration against any other development plan policy.

3.3 There are a number of landscape features within the site, which includes a significant number of individual and wider groups of trees. These can be a physical constraint to any development potential, but as stated in paragraph 1.3, in the absence of a site specific tree/arboricultural impact assessment report, an assumption has been made that any trees close to undeveloped parts of the site do not pose any development constraint.

3.4 Policy COM3 of the Local Plan concerns itself with the retention of community facilities, which includes open spaces, sport and recreational facilities. This states that proposals that would lead to the loss of non-commercial community facilities (which includes land last used for this purpose) will only be permitted if:-

- It can be demonstrated that there is a lack of community need for the facility, and that the building or site is not needed to any alternative community use – and in the case of open space, that the site does not make an important contribution in amenity, visual or nature conservation terms; or
- Development would involve the provision of an equivalent or better replacement community facility (either on-site or in an appropriately accessible alternative location); or
- Development would involve the provision of an alternative community facility which brings demonstrable greater benefits to the settlement or neighbourhood – except in the case of open space, sports and recreational facilities which should be retained where possible in accordance with paragraph 74 of the National Planning Policy Framework.

3.5 Furthermore, the supporting justification to this policy states:-

*"….In the case of open space and recreational facilities (including parks, village greens, other amenity areas, allotments, play areas, playing fields), the Council will also require applicants to demonstrate that the land affected does not make an important contribution to biodiversity, the landscape and visual qualities of the area. Where proposals result in the loss of open space provision, the relevant community and statutory stakeholders (including Sport England) will need to be consulted."*

3.6 There is a large central area of open space within the site which is devoid of any site specific planning designation, in addition to a children's playground and tennis courts. All of these features would appear to be covered by policy COM3 of the Local Plan. The redevelopment of these areas would only appear to be acceptable if the requirements of policy COM3 were fully satisfied.

3.7 Working on the basis that there would be no conflict with COM3 of the Local Plan or any other local plan policy, a desk-based planning appraisal would appear to indicate that the site has development potential in many areas for new residential development.

3.8 Working on the assumption that housing density is based on the nearby prevailing grain of development (which is predominantly low density) and that a mix of house types are proposed under development plan policy, it is considered that there is potential to provide between 54 – 67 new dwellings within the site. For ease of reference these have been listed below, and the respective areas are shown the plan attached as Appendix 1.

| Site reference | Indicative number of dwellings | Trigger affordable housing | Provision of open space on site |
|---|---|---|---|
| | | | |
| A | 1 | No | No |
| B | 1 | No | No |
| C | 1 | No | No |
| D | 10 – 15 (assuming no pump house constraint) | Yes (30%) | No |
| E | 1 | No | No |
| F | 2 (assuming tanks and electricity sub-station are removed) | No | No |
| G | 1 | No | No |
| H | 25 – 30 (low density) | Yes (30%) | Yes |
| I | 9 – 12 (low density) | Yes (30%) | No |
| J | 2 | No | No |
| K | 1 (assuming no pump house constraints). | No | No |

3.9 For any individual planning application submitted for new open market housing in excess of 10 dwellings would be required to provide a minimum of 30% of the total number of dwellings as affordable housing, in accordance with policy HOU3 of the Local Plan.

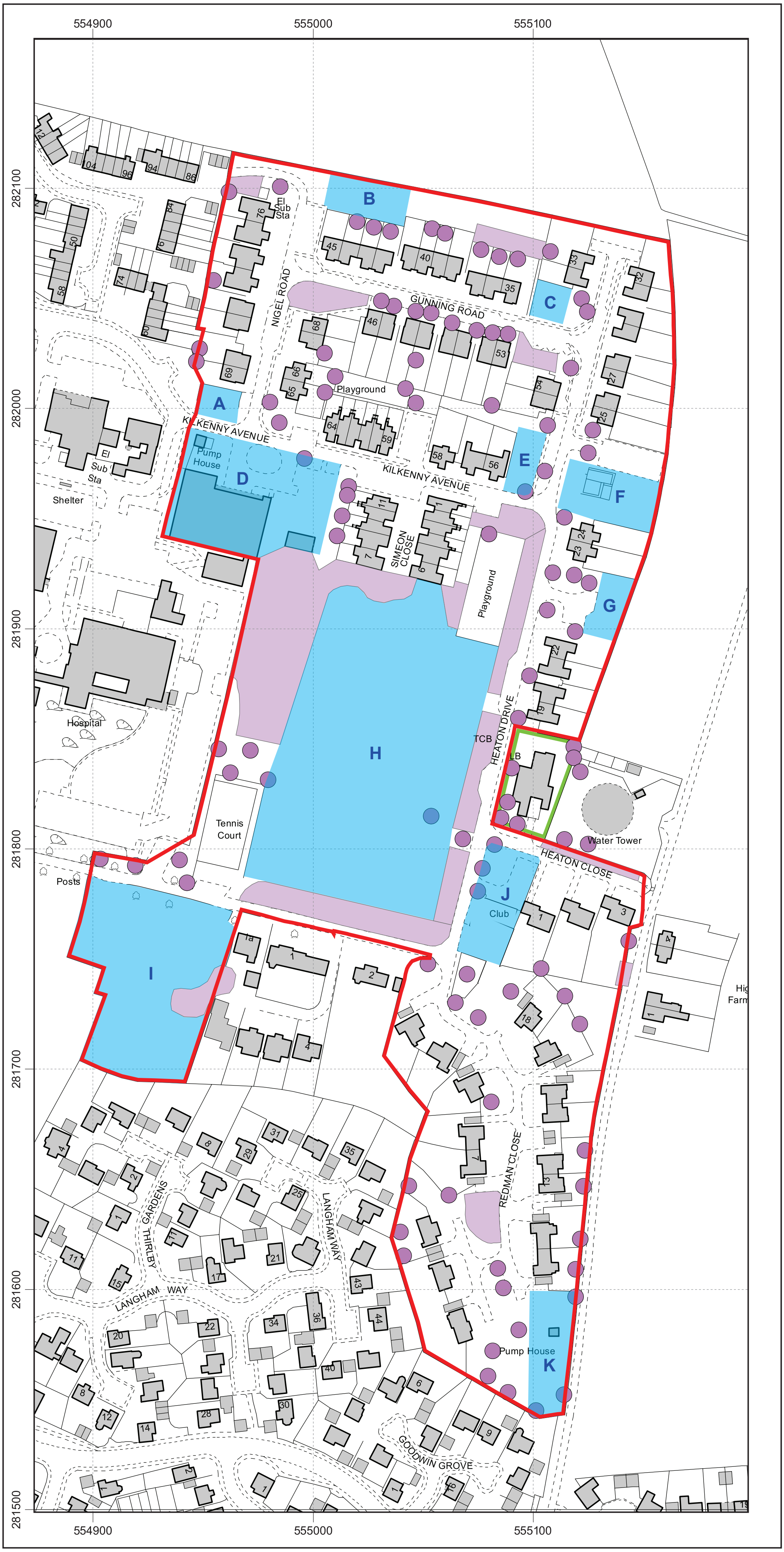
3.10 Policy ENV4 of the Local Plan requires proposals of 5 or more dwellings to achieve a higher standard of energy efficiency (referring to Code for Sustainable Homes) Level 4, which has now been withdrawn (replaced by new national technical standards which comprise new additional optional Building Regulations regarding water and access as well as a new national space standards).

3.11 Small parts of the overall site are subject to surface water flooding, but this appears to be localised to the main highways/areas of hardstanding. There may however be a requirement under Policy ENV8 of the Local Plan for any development to be accompanied by a surface water drainage strategy to demonstrate how surface water drainage can be achieved without increasing risk elsewhere.

3.12 No information on archaeology has been provided and therefore an assumption has been made in the preparation of this planning appraisal that the overall site has no archaeological/heritage importance. Moreover, it has been assumed that the redevelopment of any site can be achieved without any highway safety implications and that adequate car parking provision can be provided, as required under policies COM7 and COM8 of the Local Plan.

3.13 In respect of open space and play facilities, Policy Growth 3 of the Local Plan only requires these to be provided in respect of developments of 20 or more dwellings. An allowance has been made within the larger central area of open space for this to be provided on site should the principle of its redevelopment with a residential use be acceptable, see paragraphs 3.4 – 3.7 of this report.

# APPENDIX 1




Defence Infrastructure Organisation

# USVF ELY

## CAMBRIDGESHIRE

TREE PRESERVATION ORDERS

Disposal site 8.764ha (21.656ac)

MOD Retained Land

Potential Development Land 2.513ha (6.209ac)

Tree Preservation Orders

Individual Trees

Groups

Scale 1:2500

N

**IMPORTANT NOTE ABOUT SCALE**

The scale ratio stated is accurate when reproduced at A4 size by Geospatial Services. Any other reproduction by conventional or electronic means, e.g. printing from a PDF, may alter the scale of the map. Please check the dimensions of the grid to confirm any change in scale before taking measurements.

**PRODUCTION REFERENCE**

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**Map reference:**
Transactional\2018\20180302-7052
USVF Ely Disposal TPOs

**Version Number:**
1.1

**Production Date:**
7th March 2018

**Drawn By:**
DIO Data-3c2b BI Analyst

**Checked By:**
DIO ASP-Acq Disp-5a1

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# ELY MARKET REPORT

# PREPARED BY CHEFFINS

# ON BEHALF OF PALACE GREEN HOMES

# OCTOBER 2018

13th October 2018

In September 2018 Cheffins undertook a market review to determine the appropriate asking prices for a scheme of residential units on MOD land on the north side of Ely. The prices given were based on the properties in their current condition without any changes to layout or specification.

The scheme comprised of 2, 3 and 1 x 4 bedroom house.

This report aims to justify the figures that were given in the report and also includes recommended figures for the proposed new in-fill plots, which were not reported on in our initial report.

**Methodology**

This report will show the current achieved re-sale values in Ely for 2-storey homes. It will also analyse new homes prices being achieved in Ely.

**Re-Sale Market**

| Address – Ely | Description | Sq. Ft. | Achieved Price | £ / Sq. Ft. | Date |
|---|---|---|---|---|---|
| 6 Elysian Court | 2B EOT | 663 | £242,500 | 365 | Sept 2018 |
| 9 Wrens Close | 2B MIDT | 947 | £310,000 | 327 | Sept 2018 |
| 20 Althorpe Court | 3B SEMI | 748 | £275,000 | 367 | Sept 2018 |
| 39 Chief Street | 3B EOT | 1124 | £320,000 | 285 | Sept 2018 |
| 76 Morley Drive | 3B MIDT | 915 | £272,500 | 297 | Aug 2018 |
| 61 Brooke Grove | 4B SD | 1139 | £400,000 | 351 | Aug 2018 |
| 7 Sycamore Lane | 4B DET | 1121 | £350,000 | 312 | Aug 2018 |
| 19 Tennyson Place | 3B SD | 936 | £265,000 | 283 | Aug 2018 |
| 107 Beresford Road | 3B SD | 1043 | £295,000 | 283 | July 2018 |
| 16 Goodwin Grove | 3B DET | 990 | £345,000 | 348 | Aug 2018 |
| 5 Norfolk Road | 4B DET | 1251 | £435,000 | 347 | Aug 2018 |
| 28 Morton Close | 2B MIDT | 577 | £185,000 | 321 | June 2018 |
| The Gardens, Lynn Road | 4B SD | 1339 | £347,500 | 259 | June 2018 |
| 22 Bedford Close | 4B DET | 1164 | £412,000 | 354 | June 2018 |
| 124 Lynn Road | 3B EOT | 962 | £250,000 | 260 | June 2018 |
| 16 Herons Close | 3B DET | 1002 | £335,000 | 334 | June 2018 |
| 27 Mulberry Way | 3B DET | 811 | £320,000 | 395 | May 2018 |
| 42 Merlin Drive | 4B DET | 1939 | £475,000 | 245 | May 2018 |
| 1 Merrifield Gardens | 4B DET | 2437 | £620,000 | 254 | May 2018 |
| 59 Beresford Road | 3B DET | 1076 | £335,000 | 311 | May 2018 |
| 30 Witchford Road | 4B DET | 1468 | £480,000 | 327 | May 2018 |
| 6 Springhead Lane | 4B DET | 2352 | £510,000 | 217 | July 2018 |
| 11 Cambridge Road | 4B DET | 2454 | £780,000 | 317 | July 2018 |
| 5 Cambridge Road | 4B DET | 2345 | £735,000 | 313 | Sept 2018 |
| 60 Barton Road | 2B MIDT | 724 | £310,000 | 428 | Sept 2018 |
| 11 Wissey Way | 2B MIDT | 774 | £246,500 | 318 | Sept 2018 |
| 18 Aspen Close | 2B MIDT | 595 | £225,000 | 378 | Oct 2018 |

**Re-Sale Average £318.00**

**New Homes Market**

Currently in Ely there are two major developments, Hopkins Home and Redrow, as well as your own development at King's Row.

We have no information on Redrow currently and do not feel your development at King's Row is comparable in any way but summarise Hopkins below.

**Hopkins Homes**

| Plot No / Style | Description | Sq. Ft. | Achieved Price | £ / Sq. Ft. | Date |
|---|---|---|---|---|---|
| 107 Alexuis | 3B EOT | 1145 | £364,995 | £318.77 | May 2018 |
| 108 Alexuis | 3B MT | 1145 | £359,995 | £314.41 | June 2018 |
| 109 Alexuis | 3B EOT | 1145 | £359,995 | £314.41 | April 2018 |
| 110 Augustine | 3B LINK DET | 1050 | £359,995 | £342.85 | April 2018 |
| 112 Cassian | 3B SD | 905 | £312,995 | £345.85 | February 2018 |
| 113 Cassian | 3B SD | 905 | £312,995 | £345.85 | February 2018 |
| 114 Raphael | 3B EOT | 790 | £287,995 | £364.55 | February 2018 |
| 117 Marcellin | 4B DET | 2061 | £604,995 | £293.00 | July 2018 |
| 128 Augustine | 3B LINK DET | 1050 | £359,995 | £342.85 | July 2018 |
| 130 Florian | 4B DET | 1300 | £469,995 | £361.53 | April 2018 |
| 131 Apollonia | 4B DET | 1567 | £519,995 | £331.84 | March 2018 |
| 132 Florian | 4B DET | 1300 | £479,995 | £369.23 | May 2018 |
| 144 Yves | 2B GF APART | 654 | £222,995 | £340.97 | March 2018 |

**Average £338.00**

**Infill Plots Recommended Prices**

| House Type | Bedrooms | Sq. Ft. | Recommended Price | £ / Sq. Ft. Max |
|---|---|---|---|---|
| Flat Type 1 | 1 | 538 | £170,000 - £175,000 | 325.28 |
| Flat Type 2 | 2 | 807 | £225,000 = £235,000 | 291.20 |
| Type E1/Semi | 3 | 1055 | £335,000- £345,000 | 327.01 |
| Semi (Redrow) | 4 | 1210 | £375,000 - £385,000 | 318.18 |

**Average £315.42**

**Conclusion**

The average price (£ per sq ft) we believe would be achievable on the development in our report of August 2018 was £207.00 per sq. ft. (in current condition as they are).

We are of the opinion that, with some re-configuration of the living accommodation on the smaller units on the first floor making some of the 2 bedroom properties 3 bedroom properties, an increase in value could be achieved.

We also believe that based on the average price achieved for re-sale units in Ely which is £318.00 per sq. ft. with new kitchens, bathrooms, decoration and floor coverings, as well as an improvement of the outside space the units would considerably increase in value. The achieveable £ per sq. ft. would be nearer the average re-sale figure of £318.00 sq. ft. However as we have only seen a limited number of units at this stage we feel confident in the figures suggested in our report of August 2018, which shows an average of £254.00 per sq.ft.

13th October 2018

The average new homes price achieved by Hopkins has been £338.00 per sq. ft. The average price for the infill plots that we recommend is £315.42. If we do not include the large 2 bedroom flat, the average price for the infill units would be £323.49

It is important to understand that £'s per sq. ft. prices do vary considerably in Ely. The average figures are just that and are a guide only.

**Current Sales Market in Ely**

The residential property market in Ely is very active, however, we have seen at best prices remain static with reducing values in some circumstances.

We have seen decreases in value at the lower end of the market. 1 and 2 bedroom properties were historically attractive to a large number of buy to let investors. However, because of Government changes to Stamp Duty and Tax the number of buy to let purchasers has been greatly reduced. We are still seeing a small number of these and we have also seen a number of first time buyers now being able to purchase and not having to compete with buy to let investors. They have not overall replaced the number of the buy to let purchasers though.

The market for larger properties (3, 4 and 5 bedrooms) in Ely is buoyant. However, we have seen a reduction in values over the last 12 months. The reduction in value varies greatly depending on the type and location of the property and ranges between no change, value being static and reductions up to approximately 5%.

Despite the property market becoming much more price sensitive we have agreed a similar number of sales in 2018 to those in 2017.

Our expectations for the market over the next few months in Ely is one of price sensitivity but with still a healthy demand for good quality City homes.

Current Rental Market in Ely

As is often the case in Ely the busiest part of the market continues to be the two-bedroom properties and in particular those located closer to the centre of town. Availability currently across the board is quite high and this has been the case over the last two or three months. Demand for property is still strong, but this level of availability has resulted in properties taking longer to rent than we have seen for the last few years.

The general standard of each property, the condition of décor and cleanliness have therefore become of particular importance as many viewers now have options to pick from during their search.

Our figures have been arrived on by having considered recent rentals of properties of a similar size and the type of accommodation offered. Our closest comparison would be one of the MOD houses on Beresford Road which recently rented at £1100 pcm. Accommodation included a utility, cloakroom, en suite and garage although the kitchen and bathroom are original fittings so perhaps a little dated.

With properties refurbished to a good standard, using neutral fittings, the higher figures listed should be achievable. A good quality property located in an area like this, close to schools and the town centre would be attractive not only to local families but those new to the area.

13th October 2018

| REVENUE | File: ELY MOD (Existing) Rev E | | |
|---|---|---|---|
| Type A 3bd | 7 units at 340,000.00 ea. | | 2,380,000 |
| Type B 2bd | 4 units at 295,000.00 ea. | | 1,180,000 |
| Type C 3bd | 8 units at 340,000.00 ea. | | 2,720,000 |
| Type D 3bd | 3 units at 400,000.00 ea. | | 1,200,000 |
| Type E 3bd | 4 units at 375,000.00 ea. | | 1,500,000 |
| Type F 3bd | 4 units at 330,000.00 ea. | | 1,320,000 |
| Type G 3bd | 6 units at 340,000.00 ea. | | 2,040,000 |
| Type H 3bd | 8 units at 340,000.00 ea. | | 2,720,000 |
| Type I 3bd | 6 units at 375,000.00 ea. | | 2,250,000 |
| Type J 3bd | | | 340,000 |
| Type K 4bd | 6 units at 335,000.00 ea. | | 2,010,000 |
| Type L 3bd | 4 units at 340,000.00 ea. | | 1,360,000 |
| Type M 4bd | 5 units at 450,000.00 ea. | | 2,250,000 |
| Type N 4bd | 2 units at 475,000.00 ea. | | 950,000 |
| Type O 4bd | 2 units at 440,000.00 ea. | | 880,000 |
| Type P 3bd | 4 units at 375,000.00 ea. | | 1,500,000 |
| Type Q 3bd | 2 units at 400,000.00 ea. | | 800,000 |
| Type R 3bd Shared Ownership | 7 units at 130,000.00 ea. | | 910,000 |
| Type S1 1bd Shared Ownership | 4 units at 170,000.00 ea. | | 680,000 |
| Type S2 2bd Shared Ownership | 4 units at 220,000.00 ea. | | 880,000 |
| Type T 5bd | | | 550,000 |
| | | **REVENUE** | 30,420,000 |

| COSTS | | | | |
|---|---|---|---|---|
| Site Value | | 23,500,000 | | |
| Site Stamp Duty | | 1,164,500 | | |
| Site Legal Fees | | 25,000 | | |
| | | Site Costs | | 24,689,500 |
| Architect | | 60,000 | | |
| Surveys | | 35,000 | | |
| Council tax | | 80,004 | | |
| | | Initial Payments | | 175,004 |
| Private sale dwellings | | 1,363,890 | -N1 | |
| Shared ownership dwellings | | 580,800 | -N1 | |
| Certification | 92 units at 300.00 ea. | 33,120 | -N1 | |
| Prelims | at 18.00% | 356,006 | -N1 | |
| Contractor OHP | at 12.00% | 237,337 | -N1 | |
| Contingency | at 13.00% | 214,263 | | |
| Project Manager | | 35,000 | | |
| | | Build Costs | | 2,820,416 |
| Direct Sale Agents Fee | at 1.00% | 304,200 | | |
| Direct Sale Legal Fees | at 0.35% | 106,470 | | |
| | | Disposal Fees | | 410,670 |

(Costs Totals labelled-N1 include Non-Rec. Vat at 20.00%)

| | | | |
|---|---|---|---|
| LOAN INTEREST | (See CASHFLOW) | | 806,449 |
| **PROFIT** | 1,517,961 | **COSTS** | 28,902,039 |
| **PROFIT/SALE** | 4.99% | **PROFIT/COST** | 5.25% |

PROFIT DISTRIBUTION

First distribution (Profits achieved up to £1.5m)

| | | |
|---|---|---|
| 50% | 758,981 | CPCA |
| 50% | 758,981 | ECTC |
| 100% | 1,517,961 | |

Second distribution (Profits achieved in excess of £1.5m)

| | | |
|---|---|---|
| 30% | 5,388 | CPCA |
| 70% | 12,573 | ECTC |
| 100% | 17,961 | |

| File: ELY MOD (Existing) Rev E | 1 - Apr 19 | 2 - May 19 | 3 - Jun 19 | 4 - Jul 19 | 5 - Aug 19 | 6 - Sep 19 | 7 - Oct 19 | 8 - Nov 19 | 9 - Dec 19 | 10 - Jan 20 | 11 - Feb 20 | 12 - Mar 20 | 13 - Apr 20 | 14 - May 20 | 15 - Jun 20 | 16 - Jul 20 | 17 - Aug 20 | 18 - Sep 20 | 19 - Oct 20 | 20 - Nov 20 | 21 - Dec 20 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Type A 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Type B 2bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 295,000 | 295,000 | 295,000 | 295,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Type C 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 0 | 0 | 0 | 0 | |
| Type D 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300,000 | 300,000 | 300,000 | 300,000 | |
| Type E 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 0 | 0 | 0 | 0 | |
| Type F 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 330,000 | 330,000 | 330,000 | 330,000 | 0 | 0 | 0 | 0 | 0 | |
| Type G 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 0 | |
| Type H 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | |
| Type I 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 375,000 | 375,000 | 375,000 | 375,000 | 375,000 | 375,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Type J 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Type K 4bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 335,000 | 335,000 | 335,000 | 335,000 | 335,000 | 335,000 | 0 | 0 | 0 | 0 | |
| Type L 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 340,000 | 340,000 | 340,000 | 340,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Type M 4bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 | |
| Type N 4bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 475,000 | 475,000 | |
| Type O 4bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 440,000 | 440,000 | 0 | 0 | |
| Type P 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 375,000 | 375,000 | 375,000 | 375,000 | |
| Type Q 3bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 400,000 | 400,000 | 0 | 0 | 0 | 0 | |
| Type R 3bd Shared Ownership (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 910,000 | 0 | 0 | 0 | 0 | 0 | |
| Type S1 1bd Shared Ownership (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 680,000 | 0 | 0 | 0 | 0 | 0 | |
| Type S2 2bd Shared Ownership (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 880,000 | 0 | 0 | 0 | 0 | 0 | |
| Type T 5bd (sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 550,000 | 0 | 0 | |
| Site Value | -23,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Site Stamp Duty | -1,164,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Site Legal Fees | -25,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Architect | -20,000 | -20,000 | -20,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Council tax | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | -6,667 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Surveys | -35,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Private sale dwellings (bld.) | 0 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | -97,421 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Shared ownership dwellings (bld.) | 0 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | -41,486 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Certification (bld.) | 0 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | -2,366 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Prelims | 0 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | -25,429 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Contractor OHP | 0 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | -16,953 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Contingency | 0 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | -15,304 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Project Manager | 0 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | -2,500 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Direct Sale Agents Fee | 0 | 0 | 0 | 0 | 0 | -7,150 | -7,150 | -10,550 | -13,500 | -13,500 | -13,500 | -15,600 | -15,950 | -22,750 | -19,350 | -48,050 | -24,550 | -22,450 | -27,950 | -22,800 | -19,400 | |
| Direct Sale Legal Fees | 0 | 0 | 0 | 0 | 0 | -2,503 | -2,503 | -3,693 | -4,725 | -4,725 | -4,725 | -5,460 | -5,583 | -7,963 | -6,773 | -16,818 | -8,593 | -7,858 | -9,783 | -7,980 | -6,790 | |
| **Balance B/F** | 0 | -24,751,167 | -24,979,292 | -25,207,417 | -25,415,541 | -25,623,666 | -25,126,444 | -24,629,221 | -23,796,589 | -22,672,939 | -21,549,289 | -20,425,639 | -19,094,823 | -17,722,814 | -15,679,985 | -13,972,566 | -9,232,433 | -6,810,576 | -4,595,883 | -1,838,616 | 410,604 | |
| **Revenue** | 0 | 0 | 0 | 0 | 0 | 715,000 | 715,000 | 1,055,000 | 1,350,000 | 1,350,000 | 1,350,000 | 1,560,000 | 1,595,000 | 2,275,000 | 1,935,000 | 4,805,000 | 2,455,000 | 2,245,000 | 2,795,000 | 2,280,000 | 1,940,000 | |
| **Outgoings** | -24,751,167 | -228,125 | -228,125 | -208,125 | -208,125 | -217,777 | -217,777 | -222,367 | -226,350 | -226,350 | -226,350 | -229,185 | -222,991 | -232,171 | -227,581 | -64,867 | -33,142 | -30,308 | -37,732 | -30,780 | -26,190 | |
| **Interest** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Balance C/F** | -24,751,167 | -24,979,292 | -25,207,417 | -25,415,541 | -25,623,666 | -25,126,444 | -24,629,221 | -23,796,589 | -22,672,939 | -21,549,289 | -20,425,639 | -19,094,823 | -17,722,814 | -15,679,985 | -13,972,566 | -9,232,433 | -6,810,576 | -4,595,883 | -1,838,616 | 410,604 | 2,324,414 | |
| Loan | | | | | | | | | | | | | | | | | | | | | | |
| Balance c/f (Land + WIP) | -24,751,167 | -24,979,292 | -25,207,417 | -25,415,541 | -25,623,666 | -25,126,444 | -24,629,221 | -23,796,589 | -22,672,939 | -21,549,289 | -20,425,639 | -19,094,823 | -17,722,814 | -15,679,985 | -13,972,566 | -9,232,433 | -6,810,576 | -4,595,883 | -1,838,616 | 410,604 | 2,324,414 | |
| CPCA loan drawdown / repayment | -23,513,609 | -216,719 | -216,719 | -197,719 | -197,719 | 472,362 | 472,362 | 791,001 | 1,067,468 | 1,067,468 | 1,067,468 | 1,264,274 | 1,303,409 | 1,940,688 | 1,622,048 | 4,503,126 | 2,300,765 | 2,103,957 | 2,619,405 | 1,746,684 | 0 | |
| **CPCA loan balance** | **-23,513,609** | **-23,730,327** | **-23,947,046** | **-24,144,765** | **-24,342,484** | **-23,870,122** | **-23,397,760** | **-22,606,759** | **-21,539,291** | **-20,471,824** | **-19,404,356** | **-18,140,082** | **-16,836,673** | **-14,895,986** | **-13,273,938** | **-8,770,811** | **-6,470,046** | **-4,366,089** | **-1,746,684** | **0** | **0** | |
| Loan balance as % of value of security | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 0% | 0% | |
| ECTC funding requirement | -1,237,558 | -1,248,965 | -1,260,371 | -1,270,776 | -1,281,182 | -1,256,322 | -1,231,461 | -1,189,830 | -1,133,648 | -1,077,465 | -1,021,283 | -954,741 | -886,141 | -783,999 | -698,628 | -461,622 | -340,530 | -229,794 | -91,932 | 0 | 0 | |
| | | | | | PEAK | | | | | | | | | | | | | | | | | |
| Loan Interest CPCA @ 2.61% PA | -51,142 | -51,613 | -52,085 | -52,515 | -52,945 | -51,918 | -50,890 | -49,170 | -46,848 | -44,526 | -42,204 | -39,455 | -36,620 | -32,399 | -28,871 | -19,077 | -14,072 | -9,496 | -3,799 | 0 | 0 | |
| Loan interest ECDC @ 5.22% PA | -5,383 | -5,433 | -5,483 | -5,528 | -5,573 | -5,465 | -5,357 | -5,176 | -4,931 | -4,687 | -4,443 | -4,153 | -3,855 | -3,410 | -3,039 | -2,008 | -1,481 | -1,000 | -400 | 0 | 0 | |
| Total loan interest | -56,525 | -57,046 | -57,567 | -58,043 | -58,518 | -57,383 | -56,247 | -54,345 | -51,779 | -49,213 | -46,647 | -43,608 | -40,474 | -35,809 | -31,910 | -21,085 | -15,554 | -10,496 | -4,199 | 0 | 0 | -806,449 |

| | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Market Housing | - | - | - | - | - | 715,000 | 715,000 | 1,055,000 | 1,350,000 | 1,350,000 | 1,350,000 | 1,560,000 | 1,595,000 | 2,275,000 | 1,935,000 | 2,335,000 | 2,455,000 | 2,245,000 | 2,795,000 | 2,280,000 | 1,940,000 |
| Affordable housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,470,000 | - | - | - | - | - |
| Site Acquisition costs | 24,689,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Planning Stage Costs | 61,667 | 26,667 | 26,667 | 6,667 | 6,667 | 6,667 | 6,667 | 6,667 | 6,667 | 6,667 | 6,667 | 6,667 | - | - | - | - | - | - | - | - | - |
| Construction Stage Costs | - | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | 201,459 | - | - | - | - | - | - |
| Sales costs | - | - | - | - | - | 9,653 | 9,653 | 14,243 | 18,225 | 18,225 | 18,225 | 21,060 | 21,533 | 30,713 | 26,123 | 64,868 | 33,143 | 30,308 | 37,733 | 30,780 | 26,190 |
| Marketing costs | | | | | | | | | | | | | | | | | | | | | |

## Development Programme – MOD Project (Existing Housing)

**April 2019:-**

Site purchase completion
Instruction of consultants (i.e. architects, engineer etc.)
Commence improvement/refurbishment works
Commission surveys, gas safety certification, EPC and electrical testing
Planning submission (new build and conversion units)

**September 2019:-**

First housing occupations

**December 2020:-**

Final sales completions

| INITIAL BUSINESS CASE APPENDIX - RISK MATRIX | | |
|---|---|---|
| **PROJECT** | **MOD - Exisiting Housing Land** | |
| **DATE** | **30.10.18** | |
| | | |
| **Risk** | **Level** | **Mitigation Strategy** |
| Increase in costs for improvement works | Low | Current cost plan reflects scope of works that will be reqularly monitored. Fixed price construction tender will be sought. A contingency allowance will be made to cover any unexpected costs |
| Risk of existing housing condition deteriorating before site purchase completion and vacant possession | Med | Negotiation with MOD to allow for interim estate management arrangement |
| Risk to projected profit margin due to sales deflation | Med | Monitor the housing market and ensure pricing reflects the existing market conditions, and sensitivity |

**Sensitivity Analysis:**
Analysis of the appraisal demonstrates that the projected sales values could reduce by up to 7.5% of the current projection before the project would make a loss. Given that pojected sales values are already competitively priced (20% below current re-sale average in Ely), the risk of a further fall of 7.5% during the project is low.

**Draft Heads of Terms**

**Loan Agreement**

THIS AGREEMENT is made on the [insert date]

BETWEEN:

*East Cambridgeshire District Council, the Grange, Nutholt Lane, Ely (the "lender")*
AND
*East Cambs Trading Company, the Grange, Nutholt Lane, Ely,* ("the Borrower")

WHEREBY IT IS AGREED as follows:

## 1. Introduction

The Lender will make available to the Borrower the sum of up to *£1,500,000*, in the form of an extension to the original loan on the basis of the terms and conditions within this Loan Agreement.

The Loan will be used in accordance with the approved Business Plan, specifically in relation to the purchase and development of the MOD Site, Ely. The loan will be drawn down by the Borrower as cash flow requires, with the Borrower providing a minimum of 28 days notice of the drawdown amount and date required.

The Council will provide this loan.

Should the borrower request further borrowing during the 5 year period or a new loan following repayment of the initial loan, then this will be subject to approval by full Council.

## 2. Loan Repayment Date and Schedule

As the Borrower identifies through its cash flow projections, it can commence repayment of the loan, a Repayment Schedule will be agreed with the Lender. In any event, the extended loan amount will fall due in line with the original loan, in March 2021.

In exceptional circumstances, the Lender may seek early full repayment of the loan. Such a decision can only be made by the shareholder at a full Council meeting, following a recommendation from the Shareholder Committee.

The company is not authorised to seek or obtain any loan funding from another source; without the prior approval of Full Council.

## 3. Interest Charges

The Lender will charge interest on the loan at the same rate as the original loan agreed in 2016. At the time it was agreed that a fixed interest rate would be applied for the duration of the loan, this being the prevailing PWLB 25 year interest rate, plus 2%, which was comparable to the market interest rate at that time. The interest rate for the duration of the loan period was therefore set at 5.22%.

This interest rate will apply for the duration of the loan, until the full monies - principal and interest are repaid.

Interest will be payable at the end of each quarterly, based on the average loan outstanding during the preceding three months.

**4. Loan Draw Down**

The Borrower will produce a revised cash flow projection to the Lender on each occasion that a loan draw down is sought. The Lender will release the draw down of the loan within 28 days of the request.

If the Lender has concerns around a drawdown of the Loan, then he shall refer these concerns to the Shareholder Committee to determine whether further drawdown funds are released.

**5. Loan Purpose**

The extended Loan shall be used exclusively in relation to the purchase and development of the MOD site, Ely.

The Borrower shall not use the Loan for any other purpose without the prior written approval of the Lender. Such approval can only be given by a meeting of full Council.

**6. Documentation**

The Loan amount will only be made available to the Borrower once the Lender receives and approves a copy of the resolution made by the directors of the company agreeing and approving that the company borrows the sum of the loan from the Lender. The resolution must also be signed and approved by the company secretary.

**7. Variation/Termination of this Loan Agreement**

This agreement will remain valid as long as any principal or interest remains outstanding. Should either party wish to negotiate revised terms, then this is subject to formal agreement of both the East Cambs Trading Company and a meeting of full Council.