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Report to: Cabinet	
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 The economy is one of the four key areas of focus in the Council's *"Everyone's Essex: our plan for levelling up the county 2021 to 2025"*. The proposals for an Essex Renewal Fund in this paper will help to deliver nine of the twenty Everyone's Essex commitments.
- 1.2 It is proposed to establish an Essex Renewal Fund ('the Fund') to support the Council's commitment to good jobs, future growth and investment, green growth, levelling up the economy, transport and built environment, healthy lifestyles, education outcomes, levelling up families and net zero.
- 1.3 In establishing the Fund, the Council would aim to secure over £100m of investment into Essex over the next 20 years, creating 1,500 jobs, and bringing to market enough land for other parties to deliver 1,000 new homes. Following initial seed funding from the Council, the Fund will eventually become self-financing, allowing the Council to continue delivering projects into the future. It will do this through land and property projects that the market will not deliver or may not deliver to such high standards. All new build projects will be expected to deliver net zero carbon in operation. It will have a catalytic impact beyond the projects that it supports directly, by building confidence in Essex places and markets.
- 1.4 The proposed fund would deliver direct benefits for Essex residents and businesses – supporting our town centres and high streets, investing in our new Garden Communities, increasing choice of high-quality business accommodation, and nurturing the Council's five key sectors (advanced manufacturing, clean energy, construction, digital and life sciences).
- 1.5 This report asks Cabinet to agree in principle to invest capital in the Essex Renewal Fund. This will be a revolving fund, where net income and capital

receipts are reinvested into the Fund to deliver further growth and renewal projects, with the existing £13.5m Commercial Investment in Essex Places Reserve used to support the revenue position initially. The Fund will also leverage central government grant funding and private sector funding into Essex to deliver projects. Allocation of funds to individual projects or opportunities will be subject to separate decisions that will support each investment.

- 1.6. Approving the recommendations in this report will support the Council's ambition to be net carbon neutral by 2030 as the expectation is that all new build projects will deliver net zero carbon in operation.

2. Recommendations

- 2.1 Agree to the establishment of an Essex Renewal Fund on the basis contained in this report, to deliver a balanced portfolio of land and property projects focussed on economic renewal and growth.
- 2.2 Agree in principle that the Council will make capital investment in the Essex Renewal Fund. Specific allocations for the capital programme will be set out in the individual decisions that will support each investment.
- 2.3. Agree to draw down £590,000 for 2022/23 from the Commercial Investment in Essex Places reserve to the Economic Renewal, Infrastructure and Planning portfolio (£350,000) and Finance, Resources and Corporate Affairs portfolio (£240,000), for the internal and external resource costs for the first year of operation. Any unspent funding will be returned to the reserve at the end of the financial year. The future years' budget requirement will be incorporated into the Council's Medium Term Resource Strategy (MTRS) from 2023/24 onwards (see paragraph 6 below).
- 2.4. Agree that investments will only be made in line with the specific investment criteria set out in paragraphs 3.27 to 3.30, subject to variation as appropriate from time to time, and always following the Council's Constitution and Financial Regulations.
- 2.5. Agree to run a competitive procurement to provide independent and specialist investment and real estate expertise that will be required for the successful delivery of the Fund and to delegate the decision to award the contract to the Cabinet Member for Economic Renewal, Infrastructure and Planning, in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs. This will include the management of the existing commercial property portfolio. The external support required for individual projects within the Fund will be requested in separate decisions.

3. Background and Proposal

- 3.1. The challenges of Everyone's Essex and the need to improve the Essex economy have led to us investigating how the Council could invest in the future of Essex in a way that helps boost jobs for our residents.
- 3.2. One way to do this would be to create a fund which could invest in the development of employment land in Essex to help new businesses and help existing businesses to grow or maintain competitiveness.
- 3.3. Accordingly, it is proposed to create a new fund to be called the Essex Renewal Fund. It is proposed that over the next 20 years, the Fund would invest at least £100m to create 1,500 jobs, bring to market enough land for other parties to deliver 1,000 new homes. The support for housing will take the form of bringing consented, cleared, serviced parcels of land to the market for other parties to then build out. During this time, it is expected to become a revolving fund whereby assets generated through regeneration are disposed of to generate a capital receipt which is itself reinvested, allowing the Council to continue delivering projects into the future.
- 3.4. The proposed investment activity will be an addition to the Council's existing investment landscape that includes treasury management, shareholdings and the commercial property portfolio.
- 3.5. As well as helping the Council to lever in external public and private sector funds, it is intended that it will have a catalytic impact beyond the projects that it supports directly, by building confidence in Essex places and markets.

Purpose and Principles of the Fund

- 3.6. The purpose of the Fund is to help deliver economic growth and renewal in the county, creating good jobs, attracting future growth and investment and helping to level up the Essex economy whilst also helping to deliver net zero carbon, all key commitments of Everyone's Essex. This will be delivered through a balanced portfolio of land and property projects, operating within a set of agreed principles and criteria.
- 3.7. This will be a revolving fund investing only within the administrative county of Essex. Net income and the capital receipts will be reinvested into future fund activity. Capital receipts later in the life of the Fund may also be available for use by the Council to fund the wider capital programme. Investment and divestment decisions will be coordinated to manage risks.
- 3.8. The Fund will seek to resolve evidenced market failures by either delivering schemes which the market will not deliver or deliver schemes to a higher standard than the market would provide.
- 3.9. The Fund will require access to central government funding, especially to support the net zero environmental credentials in the early years of the Fund and will also seek to attract other public and private sector funding to share risk, where appropriate.

3.10. The Fund **will not**:

- invest outside the administrative county of Essex (the Essex County Council area)
- invest primarily for yield, or hold assets indefinitely
- deliver what the private sector would have done anyway
- directly deliver housing or social infrastructure, unless this is ancillary to a non-residential project (for example, the construction of residential apartments above ground floor commercial premises). The support for housing will be to bring cleared, consented, serviced parcels of land to the market for other parties to then build out. Such parties could include private sector developers / housebuilders, Essex Housing, or district councils.

3.11. The risk profile of the Fund takes into consideration the lower risk characteristics of the Council's existing three commercial properties and the Commercial Investment in Essex Places reserve already in place to support such activity, as well as the higher risk new projects to be developed. The existing assets are lower risk given their tenancy covenant strength and asset quality and sit alongside the existing reserve to provide balance to the refurbishment, development and development land projects, which have a higher risk profile.

3.12. Formal investment and delivery decisions will be taken in accordance with the Council's constitution, with each individual investment proposal being subject to its own decision paper to ensure that each will deliver economic and social benefits as well as a suitable financial return relative to the costs and risks involved.

3.13. The Fund will use the following framework:

- A clear portfolio strategy
- A set of pre-agreed investment criteria against which each potential investment opportunity will be measured
- Independent specialist advice to support each investment and delivery decision as well as providing overall portfolio fund management
- Strategic fit and risk assessments for each opportunity
- Economic appraisals carried out to inform investment and delivery decisions
- External funding sought where possible to minimise borrowing costs, potentially share reward and to share risk.

3.14. The principles of the Fund are set out below:

- Revolve capital receipts and net income into further investments
- Investment will be within the administrative county of Essex
- To seek a balanced portfolio of investment, where risk is spread across types of activity, sectors and locations to minimise the risk of major failure in any one of these areas.
- An agreed set of criteria for decision making, including minimum at project and strand levels
- A maximum value for a single investment of £12.5m
- Project and portfolio-level criteria (see paragraphs 3.23 to 3.26)
- A contingency for unexpected revenue costs

- Confirmation of compliance with Chartered Institute of Public Finance and Accountancy (CIPFA) and Public Works Loan Board (PWLB) guidance will be formally sought prior to any capital investment decision
- Performance will be regularly reviewed and reported to officers and Members
- Use independent specialist advisers to help manage the portfolio and to support decisions
- Formal decisions will follow the Council's constitution

3.15. The Fund will not invest in projects that are not forecast to generate the minimum levels of economic, social or financial returns set out in the proposed criteria in paragraphs 3.27 to 3.30.

3.16. It is proposed that there will be three strands or types of activity within the Fund listed below:

- **Development and Refurbishment Projects** – these are projects where the primary use is non-residential and the Council will develop or repurpose existing assets to deliver economic benefits.
- **Development Land Projects** - these are projects where the Council will acquire land and promote a development scheme to influence the location, quality and uses of developments, capturing land value uplift as a result of our interventions. The Fund may build out the scheme if the primary use is non-residential or may dispose of the site to other parties on terms which require the purchaser to build it. Such parties could include private sector developers / housebuilders, Essex Housing, or district councils. The Council may also invest in enabling works / infrastructure prior to onward delivery.
- **Income generating assets** - these are assets where the primary use is non-residential that commence as one of the two strands above and where, upon completion, the Council chooses to retain the asset in whole or part for the rental income generated and/or to ensure benefits realisation. The net rental income would be used to meet the operating costs of the fund.

3.17. Over the life of the Fund the value of the first two strands shall remain below 1.4 times that of the value of the cash reserve and income generating assets. We will include the value of the existing commercial property portfolio as income generating assets. This will ensure an appropriate overall risk balance as the first two strands are higher risk than holding income generating assets.

3.18. A pipeline of potential investment opportunities will be maintained, based on both the internal intelligence within the Council and the market intelligence of our external advisors. Opportunities will be assessed against the minimum criteria set out in this paper via a series of gateway reviews, with the most suitable projects ultimately being developed into individual business cases and the formal investment and delivery decisions being taken in line with the Constitution and Financial Regulations.

Management and Monitoring

- 3.19. Given the objectives of the Fund and nature of activity, all decisions must have a well-rounded consideration of both financial and non-financial costs, benefits and risks. The operational management of the Fund will sit in the Economic Growth service area, supported by the relevant support services (finance, legal, property, etc.) reporting to the Executive Director, Economy, Investment and Public Health. Formal decisions will be taken by the Cabinet Member for Economic Renewal, Infrastructure and Planning in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs. The Essex Property team will provide scrutiny and specialist advice as part of their corporate landlord responsibilities. An estimate for the additional internal resource requirements has been included in the development and testing of the Fund and is itemised in Section 6 below.
- 3.20. The performance of the Fund at a project, strand and portfolio level will be reviewed and managed by the Executive Director for Economy, Investment and Public Health, the section 151 officer and other senior officers (in liaison with relevant Cabinet Members). They will consider recommendations and actions for both investment and divestment, prior to the formal decision being made per the existing Financial Regulations.
- 3.21. The Council will seek appropriate advisory services for the Fund and the existing commercial property portfolio to ensure that the Council has the necessary expertise to operate and manage it to achieve the best outcomes. These will include:
- **Fund Management, Real Estate Consultancy, and Lettings Management** – to provide market intelligence and opportunity identification, risk management, robust due diligence and challenge for opportunities and performance and strategic reporting to the Council. The Fund Manager will also provide real estate consultancy and lettings management. It is proposed that these services be procured using a Public Sector framework, RM6168 (Lot 1 – Total Estate Management). This framework covers the requirements identified and having been competitively tendered contain value for money, commercial rates from the market leading suppliers and will allow a quicker and more efficient procurement exercise. It is proposed to use a high level evaluation split of 35% price : 65% quality, including 5% for social value.
 - **Facilities Management** – to maintain asset values, ensure health and safety, minimise environmental impacts and retain tenant satisfaction. It is proposed that this service is provided via the existing Mitie contract managed by the Essex Property team.
 - **Design & Technical Services** – to ensure health and safety, high quality design and sustainability, appropriate engineering solutions, and management services for projects. It is proposed that each project will be considered on a project-by-project basis, with their own individual procurement governance decisions depending on approach and value, but

the Council has access to providers via existing Mitie or Perfect Circle consortium arrangements or via a direct procurement.

- **Construction Works** – it is proposed that this will be secured on a project-by-project basis via existing procurement routes, such as Mitie and/or Essex Construction Framework 2 or via a direct procurement where appropriate. All procurements would be subject to their own individual procurement governance decisions depending on approach and value.

3.22. The development and testing of the Fund has considered the costs associated with these services at estimated market rates either at a project or a portfolio level.

3.23. Following best practice, potential investment and delivery decisions will follow a four-gateway “Stop/Continue” approval process, which will embed existing Council governance routes for formal decision making. The summary process will be:

- **Gateway 1** – The opportunity identified must achieve a pass against Financial, Economic, Management, and Risk Assessment matrices prepared by officers and independent external specialists before further feasibility and due diligence is carried out
- **Gateway 2** – Officers must endorse a Strategic Business case before an “in principle” non-legally binding bid is made to acquire an asset
- **Gateway 3** – Cabinet Member or Cabinet must approve a decision before a formal offer is made to acquire an asset
- **Gateway 4** – With respect to projects involving construction works, the Cabinet Member or Cabinet must approve the delivery strategy before construction works are procured or before a contract is awarded

3.24. For any investment opportunity, it is possible to stop or pause the progress of that opportunity at each gateway. The implications of doing so will become greater towards the later gateways, and these will be clearly communicated to decision makers.

3.25. The performance monitoring will also allow for regular pause and reflect stages to ensure the Fund is delivering against the Everyone’s Essex commitments as well as against the economic, social, environmental and financial targets.

3.26. The financial and non-financial performance of the portfolio as a whole will be reported regularly to key officers and Members, including regular reporting to relevant Scrutiny Committee(s), and will be reported to Cabinet via the Quarterly Financial reports.

Proposed Criteria for Investment

3.27. The key minimum criteria to be used to assess each opportunity within each strand are as follows.

3.28. **Portfolio Level**

- All investments will be located within Essex
- Projects will be spread across Essex to both ensure delivery of economic and social benefits to the communities most in need but also to help spread some of the geographical risk of local market failure.
- Maximum grant funding requirement prior to start on site shall not exceed £10m across the portfolio at any one time
- Revenue reserve balance will not fall below £0.5m to provide a contingency for unexpected revenue costs
- Each proposed project will have confirmation of compliance with PWLB and CIPFA guidance from the s151 Officer or Chief Accountant.
- When making decisions we will seek to ensure that the project contributes to ensuring that the portfolio is a mixed portfolio:
 - There will be a mix of shorter-term investment in development and refurbishment projects (approximately 5 years or less) and longer-term investment in development land (up to 10 years or so), complemented by some assets held upon completion for income and/or to ensure benefits realisation (up to 10 years or so)
 - There will be a mix of properties purchased across a range of sectors and different locations (albeit all within Essex) to minimise the impact of a sector/location specific downturn

3.29. Project Level

- All projects will deliver a minimum Benefit:Cost Ratio (BCR) of 2:1, meaning that every £1 spent by the council generates £2 of social value. The Department of Levelling Up, Housing and Communities considers a BCR of 2:1 to represent “High” value for money.
- The minimum project and overall strand post-financing Internal Rate of Return (IRR) hurdle rates are:

Strand	Energy Performance Certificate (EPC) Rating B projects	Energy Performance Certificate (EPC) Rating A+ projects	Overall Strand Target
Income Generating Assets	4.25%	3.75%	4.00%
Development/Refurbishment	6.50%	4.50%	5.50%
Development Land	7.00%	5.00%	6.00%

- No single investment should exceed £12.5m (to diversify risk)
- Net zero carbon (EPC Rating A+) in operation will be the ambition for all new build projects, with exception only where there is a clear opportunity to deliver on Levelling Up Essex commitments
- At the first decision gateway, any project will fail if it fails to meet minimum standards for either of:
 - the Financial, Economic, Management Assessment for all strands
 - the relevant strand-specific Risk Assessment matrix
- Projects will be prioritised based on Strategic Fit with nine policy areas in Everyone’s Essex which link to this. Those nine areas are:

- Good jobs
- Levelling up the economy
- Future growth and investment
- Green growth
- Net zero
- Transport and built environment
- Healthy lifestyles
- Education outcomes
- Levelling up outcomes for families

3.30. The above hurdles, targets and prioritisation have been developed and tested with support from multiple independent specialist consultants. It is likely that over time these may move both upward/downward as the market changes over the long timeframe covered by the Fund. The parameters will be kept under ongoing review and monitoring as part of the ongoing management of the Fund and any required change will be subject to a separate decision at the appropriate time or as part of individual project business cases.

Risk Implications

3.31. The key risks identified include:

- As with all such investment activity, the value of assets and investments can increase or decrease. These movements could lead to impacts on the revenue budget and balance sheet. The inevitability of investment asset volatility should be appreciated but should be understood in the context of the opportunity to deliver on the Everyone's Essex commitment to deliver economic growth and to generate a financial return
- It is likely that some, possibly a majority, of the projects will require an element of grant funding to make them viable. Funding will be sought from external funders, but there is a risk that such funding sources are not readily available. Some assets may also be purchased prior to the grant funding being in place up to a maximum level as mentioned in 3.29 above
- PWLB borrowing guidance mean that a council would be prohibited from **all** borrowing from the PWLB if there are any projects in the capital programme that are considered to be investment assets made primarily for yield
- There are potential reputational risks for the Council should the Fund invest in projects that might be or become unpopular in their localities (for example, higher-density development or development on previously undeveloped land). Similarly, there may be occasions where there are abortive negotiations to acquire land or property and/or disputes with neighbouring landowners that may bring adverse comments for the Council
- Activities associated with the Fund will be complex to manage and operate and requires sufficient officer capacity and capability to ensure positive outcomes for residents and businesses
- The project identification, selection and business case development processes must take account of optimism bias and operate free from any undue influence

3.32. The key risk mitigation approaches to the risks described above include:

- The portfolio will be a mix of shorter-term investment in development and refurbishment projects (approximately 5 years or less) and longer-term investment in development land (up to 10 years or so), complemented by some assets held upon completion for income and/or to ensure benefits realisation (up to 10 years or so)
- Properties purchased across a range of sectors and different locations (albeit all within Essex) to minimise the impact of a sector/location specific downturn
- No single investment should exceed £12.5m to diversify risk
- Setting minimum investment parameters at project and portfolio level, varying by strand and environmental credentials
- Use of independent specialist advisors to provide advice and market intelligence alongside internal capacity-building and sufficient budgets to allow correct resourcing
- Having a portfolio investment approach that ensures a balanced risk exposure across higher and lower risk activity including the existing property portfolio and the initial £13.5m cash reserve
- Retaining a £0.5m minimum revenue reserve balance for unexpected revenue costs
- Using a range of scored assessment matrices with minimum standards set to eliminate projects with too high a risk profile at the identification stage
- Using a gateway approval process that embeds the existing Council decision making process for formal decisions
- Setting a maximum level of investment made that requires grant funding for which that funding is not yet in place.
- Deployment of specialist resource to prepare HM Treasury 'Green Book'-compliant business cases for grant funding bids
- Each project will evidence PWLB compliance via a schedule to be signed off by the s.151 Officer, or delegate, as part of the decision process before any investment is made
- A stakeholder engagement strategy for each project involving the Council's Communications team where appropriate.

3.33. The implications of macroeconomic shocks, such as COVID-19, war in Ukraine and the UK's exit from the European Union, will remain a risk and others will arise over the Fund's life. The use of market experts, the inclusion of longer-term investments, combined with strong due diligence and the other mitigations described above should provide some mitigation to these market impacts.

3.34. The divestment of individual projects or the portfolio will be kept under regular review as an option as part of the Council's overall investment management policy.

4. Links to our Strategic Ambitions

4.1. This report links to all four strategic priorities in the Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high-quality environment

- Health, wellbeing & independence for all ages
- A great place for children and families to grow

5. Options

- 5.1. **Option 1 – Establish the Fund** to deliver a balanced portfolio focussed on economic renewal and growth, whilst delivering a financial return and helping to deliver net zero carbon ambitions. This will boost economic growth, create new jobs and homes, deliver environmental benefits and generate income to help deliver on the Everyone's Essex commitments and the outcomes key to residents and businesses of Essex. The portfolio approach will allow a diversification of risk and allow the Council to best manage market failure by investing where either the market will not invest and/or where the market will deliver lesser social value.

All investment activity will be within Essex.

This is the recommended option

- 5.2. **Option 2 – Make similar investments but in a piecemeal approach** on a project-by-project basis, which may deliver similar benefits, but the absence of the portfolio managed overview could lead to an unbalanced risk exposure for the Council in terms of type of project, location of projects or sector
- 5.3. **Option 3 – Do nothing** and wait for the market to respond to possibly deliver delayed benefits. This approach is unlikely to see investment made in the target localities or of the required nature to deliver the same level of economic and social benefits that the Council require, nor in the same timeframes.

6 Issues for consideration

6.1. Financial implications

- 6.1.1 The financial and non-financial operation of the Fund was developed and tested with support from multiple independent specialist firms and included passing 55 specimen projects through the gateway assessments as a dummy exercise. Around 15% of these specific projects passed the dummy assessments and were used to generate a representative portfolio of 16 projects over 27 years. While these projects were based on potential opportunities within Essex at the time, they will not be the actual investments made. Instead, they act as a realistic illustration of how the Fund might operate, based on evidence of costs and values provided by independent specialists.
- 6.1.2 The testing showed that there will be a period outside the initial investment period when activity will slow until such times as the Fund can recycle funding. If this occurs within the live fund, a decision can be made whether to slow investment or whether alternative funding might be available.

6.1.3 Based on this testing of specimen projects, the revenue performance and capital requirements of the Fund's initial years is expected to be as follows. The use of the Commercial Investment in Essex Places reserve, set up specifically to be used for this sort of activity, will ensure that there is no negative revenue budget impact:

Expected Revenue Position – 5 year view

Revenue	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL (£m)
Income	0.1	0.4	0.4	0.4	0.5	1.8
Operating & Overhead Costs	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(3.1)
Interest & Minimum Revenue Provision (MRP) Costs	(0.3)	(0.6)	(0.8)	(1.0)	(1.3)	(4.0)
Expenditure	(0.9)	(1.2)	(1.4)	(1.6)	(2.0)	(7.1)
Net Pressure to be funded from Reserve	(0.8)	(0.8)	(1.0)	(1.2)	(1.5)	(5.3)
Balance in Reserve	12.7	11.9	10.9	9.7	8.2	

Expected Capital Position – 5 year view

Capital	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL (£m)
Gross capital funding requirement	10.5	7.0	7.0	8.0	8.5	41.0
Less: Grant funding		5.0	3.0	3.0	1.5	12.5
Less: Capital receipts	-	-	-	-	2.0	2.0
Net capital funding requirement	10.5	2.0	4.0	5.0	5.0	26.5

6.1.4 The financial modelling includes £590,000 per annum of estimated additional revenue resource requirements to support the operation of the Fund, with expenditure funded from the revenue reserve initially. This is split £280,000 for 3.5 FTE plus legal support costs and £310,000 per annum for external support, based on best available market information.

There are also opportunity costs of 0.5 FTE within the Property team.

6.1.5 Individual decisions for each project will include any project specific resource requirements. The capital requirements are not currently included in the Council's 2022/23 budget, capital programme and MTRS.

6.1.6 All revenue implications are proposed to be funded from drawdowns from the Commercial Investment in Essex Places Reserve that has a current balance of £13.5m.

6.1.7 For the purposes of developing and testing the operation of the Fund, capital is assumed to be entirely funded from new PWLB borrowing for regeneration purposes. As the Fund becomes more mature, as assets are sold, the capital receipts will be invested into subsequent projects. When a decision is taken to wind down the Fund, debt will be repaid and capital receipts made available for the Council to use to avoid borrowing costs on its capital programme.

6.1.8 Based on the types and levels of activity anticipated, over 20 years, the Fund could achieve performance of:

- Around 15 projects supported
- Peak borrowing under £30m (net of other funding sources)
- Total cash generated of over £80m:
 - Capital around £50m, which can be used by the Council to reduce borrowing costs
 - Revenue around £30m (incl. £13.5m initial reserve)
- Post-financing portfolio IRR of 12.5%

The modelling assumptions used are rooted in market evidence and a prudent approach has been taken. In addition, a series of sensitivities have been run, which show that the Fund is resilient to adverse conditions. These sensitivities included general and construction inflation, sales value/rental growth, interest rate movement and baseline cost and income movement.

6.1.9 Of the risks identified in Section 3, the key financial risks will be the availability of grant funding to support projects, especially in the initial years to deliver the Net Zero carbon ambition, the inflation risk and the cost of borrowing risk. It is important to note that each project will be the subject of its own decision, including financial modelling, as part of the approval process and if these risks materialise and the projects do not meet the investment criteria then they will not proceed. Other key mitigations are set out in Section 3.

6.1.10 The approval of this decision will not commit the Council to any investment in specific projects. Each project will be subject to its own detailed business case, which will include full financial, economic and risk appraisals and will include confirmation of compliance with the PWLB borrowing guidance.

6.2. Legal Implications

6.2.1 Any property owning and development activity involves legal risks. These will vary from scheme to scheme but include contractual, procurement, planning, property and funding issues. This scheme will see the Council investing,

sometimes with external funding, in order to help the economic growth of Essex.

6.2.2 It will be important to ensure that the fund is designed to avoid losses and that appropriate assurance and advice is in place to ensure that the scheme delivers on its objectives.

6.2.3 Finally processes need to be put in place to ensure that when supporting housing schemes it is not competing with Essex Housing as it would be undesirable to have two parts of the council competing with one another.

7 Equality and Diversity implications

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.
- 7.4 The establishment of the Fund will help to deliver economic benefits across the County. Each project will be subject to its own business case and decision paper, which will include project-specific Equality Impact Assessments.

8 List of appendices

Equality Impact Assessment

9 List of Background papers

None