

Breckland Bridge Ltd

Business Plan Update

2023 – 2028

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1.0 PURPOSE

- 1.1 The purpose of this document is to provide the business plan for Breckland Bridge Ltd (“BB Ltd”).
- 1.2 In accordance with the joint venture agreements, the first business plan covered the period up to 31 March 2020. This is identified as the Initial Business Plan within the various agreements.
- 1.3 Following extension of the LABV in March 2020 in accordance with the Shareholders Agreement this Business Plan reflects the future activities of the company during the period April 2023 to March 2028.
- 1.4 This document is in two parts. Part (A) is the Strategic Business Plan and Part (B) is the Delivery Plan.
- 1.5 Where appropriate the Business Plan refers to already agreed legal documentation but appendices are attached to this Business Plan to enable it to be a self-contained document as much as possible. In all circumstances behaviour within this Business Plan is governed by the Shareholders Agreement.
- 1.6 In accordance with the Shareholders Agreement this Business Plan includes a 12 month financial cash flow for the Company together with supporting development cash flows for each active scheme. Financial projections will be provided on this cash flow basis in future years.

SECTION A – STRATEGIC BUSINESS PLAN

2.0 STRATEGIC AIMS AND OBJECTIVES

2.1 Breckland Bridge Limited's overall vision was amended upon extension of the LABV in March 2020. It can be summarised as follows:-

To achieve financial returns with a view to maximising revenue for shareholders...

2.3 The full Vision, Aims and Objectives are in Appendix 1

2.4 Progress towards achieving the Vision, Aims and Objectives are to be reviewed annually via the review on this Business Plan.

3.0 PARTNERSHIP SCOPE

3.1 The extent of the land available to BB Ltd for its activities is set out in Appendix 2. The Council will make available to BB Ltd the identified land subject to the project approval process as set out in clause 28 of the Shareholders Agreement.

3.2 Since its creation nine sites have been removed from the LABV project as follows:-

- Victory Park, Attleborough – following sale to RG Carter
- Fairfields, Thetford - plots 062b and southern part of 062c following their disposal to enable expansion of the school.
- Oxwick Road, Horningtoft – land no longer in Council's ownership
- Chapel Road, Longham – land no longer in Council's ownership
- Bridge Street, Guist – Land no longer in Council's ownership
- Rougholme Close, Gressenhall – land no longer in Council's ownership
- Heath Road, Elsing – land no longer in Council's ownership
- Norman Close, Scarning – land no longer in Council's ownership
- Ben Culey Drive, Thetford – land no longer in Council's ownership

3.3 In addition two further sites has been made available for certain activities to the LABV project as follows:-

- Old Chapel Site, Shipdham – acquired to improve the existing Chapel Road site
- Land at North End, Snetterton – included in small site disposal programme

3.4 The partners have appointed Land Group (Breckland) Ltd (LGB) as Development Manager (the Manager) for BB Ltd. LGB is responsible for all the day to day operations of the company and delivery of BB Ltd's vision and aims, under the direction of the Board and will deliver the services as set out in Appendix 3. The appointment of the Manager and the obligations and duties of the Manager are as set out in the Development Services and Management Agreement (DSMA) which is a schedule to the Shareholders Agreement

3.5 Over the course of this Business Plan it is intended that BB Ltd will deliver the following projects:

- Whissonsett Road, Colkirk
- Weasenham and Wellingham Roads, Litcham
- Gaymer Close, Banham
- Chapel Street, Shipdham
- Powell Close, Kenninghall

3.6 The programme for delivery of these schemes will be developed by LGB. It is intended that this will maximise returns whilst managing and controlling development risk. In this regard the shareholders have indicated that they wish development risk to be limited to a maximum of 2 schemes on site at any one time and that each shareholders maximum financial commitment will be circa £1m. Phasing of schemes will be considered to meet these objectives and control development risks.

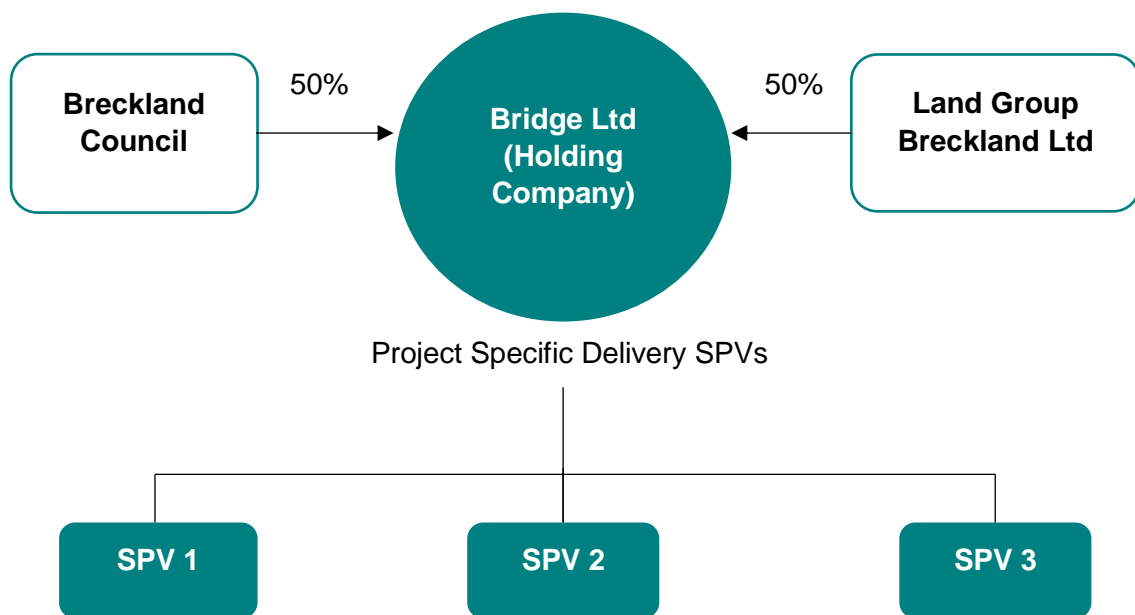
3.7 In addition BB Ltd will:-

- Plan and manage the disposal of those of the Council's small sites as are notified by the Council to the Manager from time to time
- As requested by the Council undertake reviews of the balance of Breckland's land holdings with a view to identifying development options for this other land that can be brought forward in subsequent business plan periods. The methodology and payment arrangements for this review are set out in the Development Services Management Agreement.

4.0 BB LTD STRUCTURE

4.1 Commercial Structure

- 4.1.1 BB Ltd has two shareholders. The Council as Shareholder (B) owns 50% of the shares and Land Group Breckland Ltd as Shareholder A owns the remaining 50% of the shares.
- 4.1.2 Breckland Bridge Limited will be the main holding company and will incorporate separate wholly owned subsidiary (“SPV”) companies. These will be created for each property project as set out in the table below.



To date four SPV's, Breckland Riverside Ltd, Breckland Homes (Mileham) Ltd , Breckland Homes (Attleborough) Ltd and Breckland Homes (Colkirk) Ltd have been established. Following completion of the works at Riverside this SPV has been disbanded. The right to dividends from Breckland Homes (Mileham) Ltd and Breckland Homes (Attleborough) Ltd are to remain 90% to the Council and 10% to LGB reflecting the original shareholdings in those companies.

- 4.1.4 BB Ltd's (and its SPVs) registered address will be at Land Group's head office at 1 Quay Point, Station Road, Woodbridge, Suffolk, IP12 4AL.
- 4.1.5 Further SPVs will be created and named for each property project. At this stage it is envisaged naming will follow a standard format.
- 4.1.6 Based on how projects will be structured and delivered in the first business plan, group relief for Stamp Duty Land tax will apply. Other tax will need to be managed carefully to ensure compliance (VAT) and to ensure that the level of tax is managed (Corporation tax). A key risk in the initial business plan is the management of tax payable and a key issue for future business planning is to ensure that the impact on taxation of changes in control and shareholding are fully assessed.

4.2 Roles and Responsibilities

4.2.1 Manager

4.2.2 BB Ltd has appointed Land Group (Breckland) Ltd (“LGB”) as Development Manager. LGB is responsible for all the day to day operations of the company and delivery of BB Ltd’s vision, aims and objectives, under the direction of the Board of Directors.

4.2.3 LGB provides services to Bridge Ltd as set out in Appendix 3. LGB are, within agreed guidelines set out in the DSMA, able to appoint such professional advisors and contractors as appropriate to deliver BB Ltd’s vision, aims and objectives.

4.2.4 LBG have established the operational bank accounts for BB Ltd and all its SPVs. Barclays Bank are to be the company’s bankers. LGB are to be the signatories on all company payments. Two signatories are to be required for each.

4.3 Advisors / Consultants

4.3.1 Professional advisors and consultants are to be drawn from either an agreed list of Market Tested Advisors or procured from LBG’s supply chain taking into consideration the agreed procurement principles as set out in the Shareholders Agreement. The principles applying to the Market Tested Advisors and supply chain management are set out in Appendix 4. Key principles to be applied include:

- Market Tested Advisors will be utilised where possible subject to their fees being competitive.
- Any other appointment is to be the subject of open market tender.
- Tenders are to be assessed on the basis of overall offer not purely price.
- If possible BB Ltd wishes to maintain and utilise a local supply chain In Norfolk.

To date the following key advisors have been selected to work with Bridge and its subsidiaries:-

- Accountant - [REDACTED]
- Auditors – [REDACTED]
- Auditors – [REDACTED]
- Solicitors [REDACTED]s
- Lead Designer – [REDACTED]
- Cost Consultant – [REDACTED]
- Consultant [REDACTED]
- Planning Advisor – [REDACTED]
- Planning Advisor – [REDACTED]
- Highways, Structural and Drainage Engineers – [REDACTED]
[REDACTED]
- Structural and Drainage Engineers – [REDACTED]
- Surveyors and Valuers – [REDACTED]
- Surveyors and Valuers – [REDACTED]
- Structural, Highways and Drainage Engineers – [REDACTED]
- Highways and Drainage Engineers - [REDACTED]
- Environmental Consultant - [REDACTED]
- Site Surveyors – [REDACTED]
- M&E Engineers – [REDACTED]
- Architects – [REDACTED]

In addition full design teams and Building Contractors have been appointed for the various schemes.

4.4 Board and Board Meetings

- 4.4.1 BB Ltd's Board is to comprise an equal number (maximum 3 each) of Directors nominated by each shareholder.
- 4.4.2 Land Group will nominate the Company Secretary, who may also be a Director of BB Ltd.
- 4.4.3 The Chairman of BB Ltd will be nominated alternately by the shareholders and serve for a period of one year. Andrew Doyle is nominated by Land Group as Chairman for 2022/23. The Council have nominated Stuart Bizley as Chairman for 2023/24.
- 4.4.4 Formal Board meetings are to occur not less than quarterly and will be held at Breckland's offices in Dereham unless otherwise agreed by the Directors.
- 4.4.5 The Manager will, as required, set up different thematic groups such as Finance or Property with relevant advisors, consultants or shareholder representatives to facilitate day to day operations of the projects.

4.5 Company Establishment

- 4.5.1 The following companies have been established to date:

Company Name	Company Number	Purpose
Breckland Bridge Ltd	9359161	Holding Company
Breckland Riverside Ltd	Now dissolved	Development SPV for Riverside, Thetford
Breckland Homes (Mileham) Ltd	9790983	Development SPV for Burghwood Drive, Mileham
Breckland Homes (Attleborough) Ltd	11330628	Development SPV for Chapel Road, Attleborough
Breckland Homes (Colkirk) Ltd	13525499	Development SPV for Whissonsett Road, Colkirk

- 4.5.2 Any additional SPV's will be established by LGB.
- 4.5.3 As the development activities of the various SPV's are completed dormant SPV's will be dissolved. It is envisaged that this process will commence approximately 12 months after the final activity of an SPV. Under this process Breckland Riverside Ltd was dissolved in 2019.

4.6 Partner Resourcing

- 4.6.1 Both shareholders will ensure that sufficient personnel resources are committed to BB Ltd to ensure fulfilment of their roles and responsibilities.

- 4.6.2 The resources available from both shareholders and their management is set out in Appendix 5.

4.7 Funding Structure and Dividend Policy

- 4.7.1 The shareholders will each provide finance to support BB Ltd in delivering its vision, aims and objectives. Following extension of the LABV shareholder funding is to be on a 50:50 basis, unless specifically agreed between the shareholders for a particular project. This contrasts with the initial phase projects which were funded 90% by the Council and 10% by Land Group.

Indicative details of the planned funding structure are set out in Appendix 6. This is based on the following key principles:

- Partner funding will be provided at Bridge Ltd level.

This funding will be introduced by way of loans BB Ltd will utilise these funds to support the activities of BB Ltd and its development subsidiaries. Loans between BB Ltd and its subsidiaries will be managed by promissory notes.

- The Council will transfer its land to the relevant SPV in return for a loan from Bridge Ltd.

The loan will reflect the open market value of the land.

It is envisaged that BB Ltd will direct that the land is transferred direct to its subsidiary development SPV, rather than to BB Ltd itself.

- Land Group will provide “match funding” in respect of the value of the land.

The extent of the “match funding” will be in proportion to Land Group’s shareholding in BB Ltd.

- 3rd party construction debt will be secured at SPV level.

This debt will be secured on open market terms and be secured as a first charge against the SPV

The Council may choose to become the 3rd party debt funder as it has done for the previous schemes.

- Additional funding will be provided by the shareholders as may be required.

Authorisation of this additional funding will form part of the Stage 2 approval process for any scheme under the Shareholders Agreement. Any such funding will be in proportion to the shareholder’s then shareholding in BB Ltd.

- The proceeds of the SPV’s activities will be used to repay funding as set out in the Deed of Priority in Appendix 13.

- 4.7.2 As a result of adopting loans to provide the Company's initial working capital and ongoing development expenditure it is anticipated that for periods BB Ltd may be a technically insolvent company. This is recognised by the Directors who are content that with ongoing Shareholder support the company is a viable trading concern with anticipated development profits sufficient to repay the outstanding loans and generate a trading profit as demonstrated by the cash flow in Appendix 14. It may, however, require formal letters of support from the Shareholders to enable the company's Auditors to satisfy themselves that it is a going concern. These will be requested, if required, by the Manager.
- 4.7.3 During this business plan period shareholder dividends are anticipated with distributions to the shareholders as detailed in the Shareholders Agreement.

5.0 DEVELOPMENT DELIVERY POLICES

5.1 Design Policy

5.1.1 Working with its chosen lead designer, Bridge has developed a series of standard house type layouts. These are to be adopted across all its schemes to maximise the cost benefit of this approach. Elevational treatments will be developed, from a standard palate, to reflect each site's characteristics and environment. In this way it is anticipated that over time a Bridge home will become a sought after design standard in the market, attracting a premium price.

5.2 Environmental Policy

5.2.1 See Appendix 7. The Company adopted an updated Environmental Policy during 2021. Where appropriate, this reflects the Shareholders own policies in this important area.

5.2.2 In finalising its Environmental Policy the company has been mindful of the need to balance the financial returns sought by the Shareholders with the desire to improve the environmental performance of its construction activities. This is at times an uncomfortable balance. Technology and construction techniques and materials are developing rapidly. Whilst these new developments offer scope for further environmental gains, at times this comes at a cost which cannot currently be justified despite disposal gains (timing or sale price).

5.2.3 The policy is therefore kept under regular review by the Manager, the objective being to keep the Company's approach towards the forefront in this important area.

5.3 Third Party Partnerships

5.3.1 In delivering the various residential schemes Affordable Housing is to be incorporated to meet the relevant planning policy requirements. To date BB Ltd has not formed a strategic partnership with a registered housing provider (Housing Association) to assist in the delivery and disposal of the Affordable units.

5.3.2 This approach will be kept under review with LGB responsible for recommending a suitable strategic Housing Association partner to BB Ltd Board if it believes such a partner will benefit the company.

5.3.3 It is also envisaged that there may be other opportunities for third party partnerships, such as with adjoining landowners or known occupiers, where BB Ltd's impact can be multiplied up through a joint approach. Again LGB is to be responsible for identifying such opportunities and recommending joint approaches to BB Ltd Board.

5.3.4 BB has entered into one such third party agreement with the adjoining landowner (██████████) at Banham to take forward development of the site at Gaymer Close. Under this agreement BB is responsible for securing planning permission across the combined land holding, which includes relocation of the exiting Public Open Space from BDC's land to land owned by ██████████. Following grant of planning approval BB has the option either to acquire the adjoining owners land or require a joint sale of the combined land holding.

- 5.3.5 A similar agreement is currently being negotiated with two adjoining landowners (Messrs Gooderham and Barker) to take forward the development of BDC's land at Kenninghall
- 5.3.6 Other important third party relationships are external funding bodies and grant bodies such as the Anglia Local Economic Partnership which LGB will be responsible for bringing forward suggested grant applications to.

6.0 CONSULTATION AND COMMUNICATION

- 6.1 Undertaking successful consultation and communication is of crucial importance to BB Ltd in terms of establishing awareness and support for its regeneration objectives. The successful communication of BB Ltd's activities is also important to the Council due to the range of outputs that the partnership provides.
- 6.2 Whilst LGB will lead all communications on behalf of BB Ltd it will maintain close liaison with the Council's communications and marketing team to ensure that the maximum benefit is derived. A Communications Protocol and Communications Plan have been agreed and both are attached in Appendix 8. The Communications Plan will be updated as required (anticipated to be at least quarterly) to reflect Bridge's forthcoming activities. It will be circulated to the Council's own communications team so that it can (if desired) prepare its own communications for this future activity.
- 6.3 BB operates a web site which it uses to provide background information on its projects to the general public. It is envisaged that this web site will be maintained as an information source on the Company's activities over the Business Plan period, with LGB responsible for ensuring its contents are updated regularly and remain relevant. The Company's web site was refreshed in 2022.

7.0 STRATEGIC PERFORMANCE MONITORING

7.1 LGB are responsible for monitoring delivery of the business plan's objectives in accordance its duties and responsibilities as set out in the Shareholders Agreement and DSMA.

7.2 Whilst there will be regular and on-going communication between LBG and the shareholders as to progress in achieving BB Ltd's objectives formal quarterly update reports to be provided for the shareholders (via the Directors) including:

7.3 At strategic level:

- Progress against programme (with RAG status)
- Progress against an annual budget with forecast and variance
- Development Cashflow forecasts for active schemes with forecast and variance
- Future funding requirements
- Updated Risk Register and a review of the risk profile
- Health and Safety report
- Payments to LGB for the forthcoming period
- Any new or additional activity outside the scope of the business plan projects

7.4 Section 12.2 below in Part (B) outlines what performance will be reported per project.

7.5 In addition to enable BB Ltd Board of Directors to understand and where required approve future activity LGB will provide:

- An update on possible Future Proposed Projects
- Expenditure forecast for Future Proposed Projects
- Key Programme dates for Future Proposed Projects

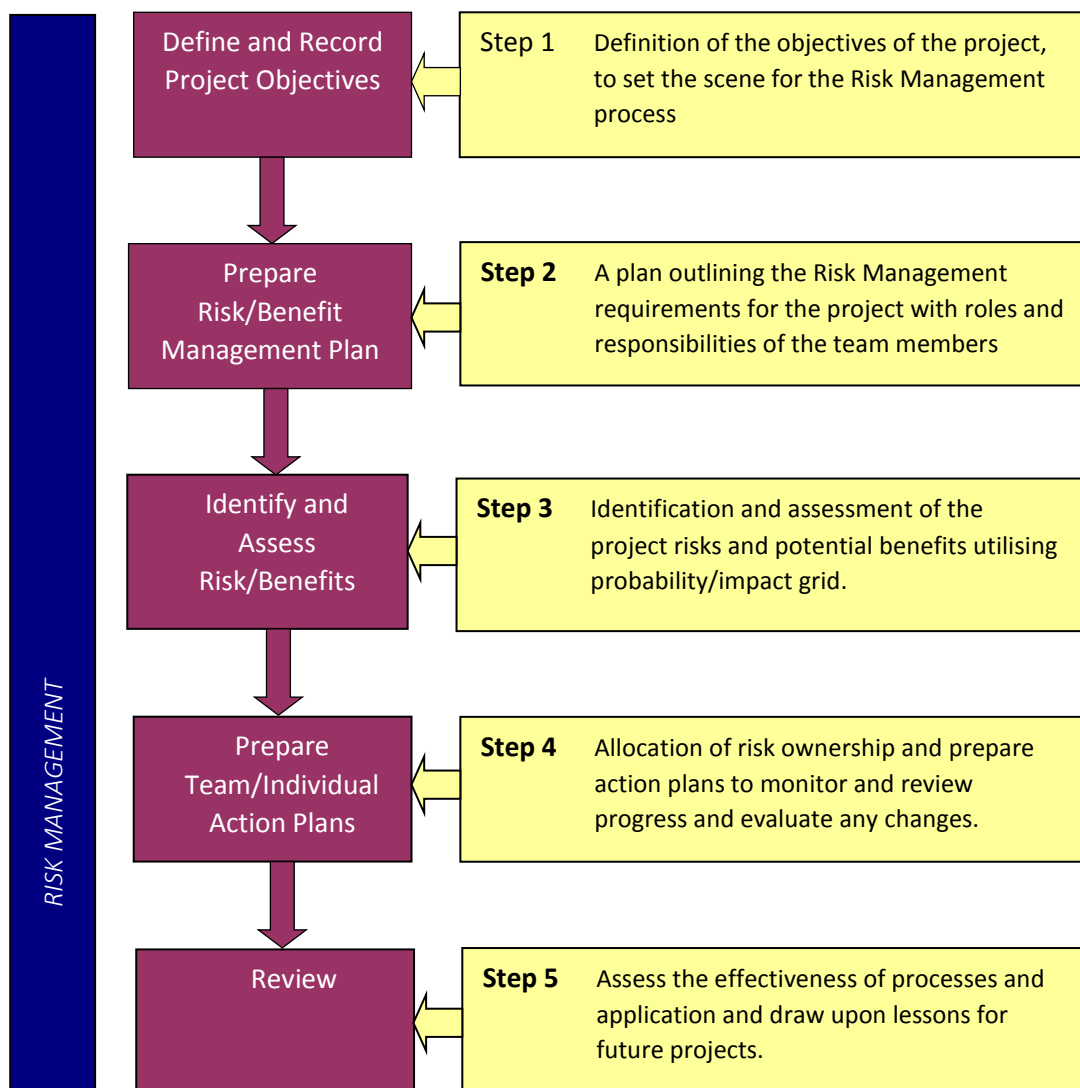
7.6 Once the Directors are satisfied that it wishes to proceed with any additional projects, these will be designated as Proposed Projects (as defined in the Shareholders Agreement and DMSA) and advanced in accordance with the procedures set out therein.

7.7 This activity will also support the development of the subsequent Business Plan.

8.0 RISK MANAGEMENT

8.1 LBG will be responsible for identifying project risks and in order to protect BB Ltd's interests administer, manage, communicate and co-ordinate the risks accordingly. By identifying, understanding and managing the unpredictable, the eventual residual risk will be substantially reduced.

8.2 A "snowboard" approach to risk management will be utilised as outlined in the following diagram. This depicts the project on a downhill run and looks to pre-plan and analyse where all the potential pitfalls are, identify the risks and take corrective actions before they are required. Some things can be controlled, others cannot. By focusing on the actions needed to manage the risks throughout the run and arrive safely, the project wins through.



8.3 LBG will maintain a 'risk register' for BB Ltd. This is to set out all the potential risks identified by the risk analysis. Particular areas of risk to be examined include:

- time constraints
- quality and cost issues
- the probability and consequences of all potential problems

- 8.4 In addition a financial analysis of the risks identified in the Risk Register is to be utilised as a key to identifying those risks having the potentially greatest impact on BB Ltd.
- 8.5 The Risk Register and financial analysis will be updated constantly throughout the duration of BB Ltd as new risks occur and others resolved. This will be reviewed at each Board Meeting.
- 8.6 BB Ltd's current Risk Register is attached in Appendix 9.

SECTION B – DELIVERY PLAN

9.0 DEVELOPMENT PROPOSALS

- 9.1 Currently one development scheme has received final board approval. This is at Whissonsett Road, Colkirk comprising 21 residential units. The scheme is being built in two phases, the first of which commenced in November 2022. Overall completion is anticipated in January 2025.
- 9.2 In addition to the above during the Business Plan it is anticipated that BB Ltd will focus on delivery of four further developments as follows:
- 9.2.1 Weasenham and Wellingham Roads, Litcham – outline planning approval has been secured for the development of two 8 unit schemes. A Reserved Matters application was submitted during Q1 2022, but is yet to be determined due to ongoing negotiations regarding the number of Affordable Units to be built as part of the scheme. It is anticipated that these discussions will be concluded during Q1 2023, with construction commencing during summer 2023.
- 9.3.2 Gaymer Close, Banham – a promotion agreement has been completed with the adjoining landowner to secure permission for circa 45 residential units. A detailed planning application was lodged in the first quarter 2022. Determination of this application is pending negotiations over the number of Affordable units included in the scheme and resolution of a few minor design and highways issues where updated plans were submitted in December 2022.
- 9.3.3 Chapel Street, Shipdham – Outline planning approval has been secured for the development of up to 36 residential units. Detailed planning approval has also been secured for creation of a new access road junction onto Chapel Street, works which include relocation of a pedestrian crossing and construction of a new site access for land opposite.

Commencement of the highway works was conditional upon the opposite landowner also obtaining approval for a revised version of his development proposals including this revised road junction. This application was granted in October 2021.

A detailed design and S278 Agreement for the highways junction have been agreed with NCC Highways. Tenders have been undertaken and orders placed for the highway works with construction due to commence in Q1 2023.

Tenders were received for the revised highway junction works in the sum of £412,084.24, including all design costs and fees incurred to date. The Council have received a £300,000 grant from Central Governments Land Release Fund for the works and have applied for an extension to cover the whole cost. A decision on this is expected imminently. If additional grant monies are not forthcoming it is proposed that the balance be paid by BDC and LGB on a 50:50 basis.

The grant monies received to date are conditional on the Council transferring the site to a separate delivery vehicle by end March 2022. The Council have set up a wholly owned SPV, Breckland Homes (Shipdham) Ltd to satisfy this condition into which the land has been transferred.

9.3.4 Powell Close, Kenninghall – a site identified in the local plan for up to 15 residential units. However, the adopted Local Plan identified a larger requirement of up to 35 units for Kenninghall, with the balance unallocated to a specific site. We therefore commenced discussions with the adjoining landowners who have agreed to enter into a promotion agreement to see if this larger allocation can be delivered through a joint scheme. Solicitors are currently finalising this agreement, which once completed will enable pre-planning design work and engagement with the planners regarding securing the full Local Plan allocation. Submissions have been made to identify the wider site in the Call for Sites as part of the Local Plan update process.

9.4 Overall Delivery Programme

9.4.1 We attach in Appendix 10 an indicative overall delivery programme for the remaining development schemes which is summarised in the table below.

Scheme	Size (units)	Start Construction	Complete Construction	Complete Sale
Colkirk • Phase 1 • Phase 2	11 10	Nov 2022 Novt 2023	Nov 2023 July 2024	June 2024 Jan 2025
Banham • Phase 1 • Phase 2 • Phase 3	15 15 17	June 2024 June 2026 Mar 2028	June 2025 June 2027 Feb 2029	June 2026 Mar 2028 Sept 2029
Shipdham Road Junction • Phase 1 • Phase 2 • Phase 3	12 12 12	Mar 2023 Feb 2025 Nov 2026 Aug 2028	June 2023 Jan 2026 Oct 2027 Aug 2029	Nov2026 Aug 2028 May 2030
Litcham • Phase 1 • Phase 2	8 8	July 2023 Feb 2024	Jun 2024 Nov 2025	Feb 2025 Sept 2026
Kenninghall • Phase 1 • Phase 2	17 18	Jan 2026 Dec 2027	Jan 2027 Dec 2028	Jan 2028 Dec 2029

Slippage has occurred in a number of the projects as shown in the following table. All of these delays relate to issues surrounding obtaining planning and highways approvals which have become extremely drawn out in a number of instances.

	2021				2022				2023				2024				2025				2026				2027				2028				2029				2030							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Colkirk																																												
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The impact on the schemes later in the programme has been limited, however. Given the delays experienced to date LGB plan to commence the planning process earlier on these remaining schemes to avoid any further programme impacts.

The delays to the Banham and Litcham projects have enabled the Shipdham project’s construction to be brought forward slightly although this means that between March 2025 and June 2025 three schemes (Banham Phase 1, Litcham Phase 2 and Shipdham Phase 1) will be on site at the same time. Whilst this goes against the general target (see section 3.6) of development activity being restricted to a maximum of two schemes on site at any one time it is felt that the risk is appropriate for the programme benefit. The full implications on the company’s cashflow and risk profile will be explored as part of the Stage 2 approvals for the schemes and the indicative programme adjusted as appropriate at that time.

Overall, the Company’s anticipated delivery programme extends to 2030. However, as works progress and BB’s balance sheet increases we anticipate that BB will build larger phases in these latter schemes and that this will enable the overall programme to be shortened. The anticipated delivery programme also assumes for each scheme (other than Colkirk) the total sale of a phase before commencement of the subsequent one. Overlapping phases, subject to the Company’s financial position and risk exposure, also offers scope to shorten the overall programme.

9.4.2 Detailed programmes for each scheme will be brought forward as part of the shareholder approval process, reflecting the financial and development commitments of the company and the Shareholders development risk controls (see section 3.6).

9.5 Small Site Disposals

9.5.1 In addition to the development schemes outlined above BB Ltd is to arrange the timely disposal of the Small Sites for the Council.

9.5.2 Given the range of sites it is anticipated that a range of different disposal strategies and procedures will be required, with some sites available for sale immediately, with others requiring approval of outline or detailed planning approval before a sale can be implemented.

9.5.3 LGB will review the schedule of small sites and prepare a programme for their sale. It is anticipated that this will be a rolling programme based on one site being marketed, another being prepared for sale (including planning approval being sought

if required) and another commencing the sale preparation process. In this way there will always be three small sites actively under sales consideration at any one time. The target is to seek to dispose of 10 sites and achieve minimum sale proceeds (before costs) of £150,000 per annum.

- 9.5.4 To date LGB have reviewed 28 sites. Of these 8 have been identified as benefitting from planning approval prior to disposal. 2 planning applications are currently pending with a further 3 to be submitted in Q1 2023. The remaining 3 will be submitted once these earlier scheme have been determined.

A further 13 have been identified for immediate sale by way of auction. Of these 5 have been sold at a combined sale price of £92,750. The remaining sites were not placed in auction due to issues identified during due diligence or where Council approval is still awaited.

- 9.5.5 We attach in Appendix 11 a summary of the duties to be undertaken in respect of the Small Site Sales and in Appendix 12 a Schedule showing progress to date.

10.0 PROPERTY PORTFOLIO MANAGEMENT AND STRATEGY

- 10.1 In addition to delivery of the activity set out in Section 9.0 above BB Ltd is when requested by the Council to undertake a strategic review of all the Council sites to identify those suitable for bringing forward for development and/or where strategic planning activity is required to maximise their future development potential.
- 10.2 For the A list sites this report will address any changes in the following:
1. Relevant planning policy documents.
 2. Relevant planning policy strategy and review programme.
 3. The sites current use.
 4. The sites optimum use (if different).
 5. The options and timescales for achieving planning approval for the identified optimum and (if required) permitted uses.
 6. Outline development appraisal.
 7. Outline development cash flow.
 8. Anticipated third party input (architects, engineers etc).
 9. Opportunities for land acquisition / joint ventures.
 10. Key development constraints – infrastructure, flood risk, contamination etc.
 11. Market commentary for the proposed use.
 12. How the proposals for the site meet the Council's objectives and priorities for its assets.
- 10.3 For the B list sites a short form update will be provided covering any changes in the following:
- 1 A site descriptive summary
 - 2 Current use
 - 3 Target development use
 - 4 Development constraints
 - 5 Actions proposed
 - 6 Proposed timescale for future review
- 10.4 Outside of this formal reporting process if BB is aware of potential activity on or in connection with any site which should be undertaken to assist in achieving the Company's overall vision this is to be brought to the attention of the Council.
- 10.5 In addition to the above the Council has used the skills and expertise of BB Ltd to undertake miscellaneous advice (i.e. Barnham Broom Golf Club, Dereham Business Centre, Elizabeth House, Dereham, Lubeck Road, Kings Lynn, Riversdale, Thetford and Rutherford Way Thetford) as part of this Property Portfolio Management work. It is anticipated this miscellaneous advice will continue to be undertaken.
- 10.6 Additional fees are payable to the Manager in respect of this work. These are in turn re-chargeable from BB to BDC.

11.0 FINANCIAL

11.1 Funding Sources

- 11.1.1 The principles for all funding are set out in Part (A) of this Business Plan.
- 11.1.2 BB Ltd is to be funded through two distinct streams as follows.
- 11.1.3 Firstly, initial working capital for the company, to be used to support its day to day running costs and property portfolio management and strategic activities.
- 11.1.4 The shareholders have agreed to provide initial equity to support these operations and an initial sum of £[REDACTED] has been identified as required for the initial Business Plan period. This has been introduced in proportion to the shareholders respective shareholdings by the shareholders. As detailed in Section 11.6.2 the shareholders have agreed to waive interest charges on these initial loans from April 2022.
- 11.1.5 Secondly, finance required to support the development schemes undertaken by BB Ltd. This is to be sourced and finalised on a project by project basis.
- 11.1.6 In addition specific activity at Shipdham and Banham are being funded by the Council. This also applied to obtaining planning approval at Litcham, work now completed.
- 11.1.7 Third party costs and fees associated with disposal of the small sites are to be met by the Council. LGB will self-fund its activities in connection with the small sites in return for a fee on site sale.

11.2 Development Finance

- 11.2.1 Development finance to support the Whissonsett Road, Colkirk development has been secured from the following sources:-

Funding Source		Sums Provided
BDC Commercial Loan		
	Phase 1	£2,609,524
	Phase 2	£1,083,525
BDC Land Loan		£265,000
Land Group Breckland Matched Land Loan		£[REDACTED]
Shareholders Equity Loans		
BDC	Phase 1	£737,341
	Phase 2	£361,175
Land Group Breckland	Phase 1	£[REDACTED]
	Phase 2	£[REDACTED]

Detailed documentation as set out in the Shareholder Agreement has been entered into by the various parties to document these loans and associated obligations.

11.2.2 These sums are to be repaid through the planned residential sales.

11.2.3 In addition Shareholders Loans have been agreed to take forward the following schemes:-

Shareholder	Scheme	Agreed Loan
BDC	Litcham	£40,000
	Shipdham	£30,000 (junction works)
		£110,000 (reserved matters planning)
	Kenninghall	£80,000
Land Group Breckland	Litcham	£ [REDACTED]
	Banham	£ [REDACTED]
	Shipdham	£ [REDACTED] (junction works)
		£ [REDACTED] (reserved matters planning)
	Kenninghall	£ [REDACTED]

These loans will form part of the schemes overall development funding. Their reimbursement will be reflected in the detailed funding package finalised as part of the final development approval process, or, if the scheme does not progress, from sale of the relevant site

11.2.4 As part of the Shareholder approval process for any scheme detailed funding strategies will be developed for each site. At this stage, however, it is anticipated that similar funding sources will be used for all the schemes, but with Shareholder commitments reflecting the current 50:50 ownership of the company. However, it is envisaged that third party funding may be required for the Commercial Development loans, to date provided by the Council.

11.3 Securing Third Party Finance

11.3.1 LGB will be responsible for identifying, securing and managing all required third party finance and banking relationships.

11.3.2 LGB will maintain close liaison with all funders and the wider funding market. Opportunities will be taken where available to refinance/reduce applicable interest rates/maximise funding benefits where available.

11.4 Partner Funding

11.4.1 As identified in Part (A) shareholder funding will be provided utilising loan structures

11.4.2 The shareholders funding rates, repayment priorities and principles will be as per Appendix 6 and Appendix 13.

11.5 Treatment of / Payment for Council Land

- 11.5.1 The arrangements for the draw down of Council land by BB Ltd is set out in the Shareholders Agreement.
- 11.5.2 In summary the Council will transfer any sites direct to BB Ltd (anticipated to be direct to the individual project SPVs) at the point of the commencement of the construction at its full Open Market Value (OMV) at that point in time reflecting its actual planning consent. Open Market Value of the land is recognised at the point of transfer through the creation of a loan between the Council and BB Ltd of the corresponding sum.
- 11.5.3 In order to demonstrate best consideration each party will collaborate to agree an independent Valuer to undertake an open market valuation of the site in accordance with the RICS' Red Book. If both parties cannot agree the nomination of a suitable Valuer it will be referred to the President of the Royal Institution of Chartered Surveyors.
- 11.5.4 This methodology is robust and will demonstrate best consideration in a number of ways:
- a) Price is determined by independent professional valuation undertaken on behalf of each Partner.
 - b) OMV is determined immediately upon transfer of the land to the project SPV immediately prior to commencement of the scheme and once all planning and other consents and approvals have been obtained, a point in time when the site's value should be at its optimum.
 - c) OMV will reflect the actual planning consent granted and therefore the benefit of any relaxation of Council Policy obtained through BB Ltd's negotiation with the Local Planning Authority or others will be reflected in the value of the land and paid to the Council
- 11.5.5 The Open Market Value of each site is considered both by the Company and subsequently independently by its Shareholders as part of the Stage 2 approval process for any scheme. This provides the opportunity for the sum identified by the independent valuation to be reviewed and challenged if any party considers the proposed site value to be incorrectly assessed.
- 11.5.6 These planned arrangements do not prevent the Council from disposing of its land to other third parties, either at the direction of BB Ltd, or for alternative Council reasons. Where the land is to be sold directly to a third party where the Brdige has facilitated that sale the Council will receive the full price from the third party but will reimburse BB Ltd for any costs it has incurred in obtaining the consent or advancing the sites development potential which have contributed to the value of the land being sold. The Council will also pay BB Ltd a fee equivalent to 10% of the Open Market Value reflecting that BB Ltd will not have an opportunity to participate in the future development profits from the land.

11.6 Distribution Policy

- 11.6.1 It is intended that any retained profits will be distributed as set out in the Deed of Priority (as amended by the LABV Extension Deed) at Appendix 12.

- 11.6.2 In this regard as part of the extension of the LABV all existing Working Capital Loans are being rolled forward and from April 2022 interest will no longer be payable by the Company. Each Shareholder is to account for repayment of these loans out of the profit surplus they receive.
- 11.6.3 If required to support the ongoing activities of BB the Shareholders will provide further (new) working capital loans. These will be repaid by BB before any profit surplus is distributed to the Shareholders.
- 11.6.4 Following completion of each Project the Manager will review the ability of the Company to make distributions to the Shareholders, based on its commitments at that time.

11.7 Budget

- 11.7.1 Attached in Appendix 14 is the projected budget for the first 12 months of the Business Plan period in accordance with the Shareholders Agreement. Also attached is the detailed development cashflow for the Colkirk project.
- 11.7.2 This budget and associated project cashflows will be updated quarterly for BB Ltd Board and will comprise the main financial monitoring tool for all BB Ltd's activities.
- 11.7.3 The definition of budget is as per the Shareholders Agreement repeated here:

Budget means the financial projections and forecasts, including all anticipated expenditure, of the Company for each Financial Year, which shall be prepared in Agreed Form (and approved) and amended by the Board (as provided at Clause 27 of the Shareholders Agreement). The Budget for the first Financial Year, or part Financial Year, from the date of this Agreement shall be prepared and brought forward to the first board meeting and references to Budget shall unless stated otherwise be references to the current Budget.

- 11.7.4 As per 11.7.3 the Budget must be presented to the first Board meeting for authorisation and any subsequent years the annual budget must also be presented to the Board for authorisation as part of the business plan.
- 11.7.5 Attached in Appendix 15 is a copy of the financial model prepared to illustrate the likely performance of the Company in delivering the 6 identified development projects at the date of its extension. Inevitably the models components have moved on since this model was prepared with notable changes in the development programme and construction cost assumptions used to calculate this model. However, the predicted overall outturns and delivery timescales remain key targets for the Company. Whilst the Company will not directly compare its actual performance against this model or look to update the model to reflect actual activity it nonetheless provides a useful reference for judging the success of the Company. As part of future Stage 2 project approvals significant changes between the latest projected project outcome and those used in this model will be highlighted to assist the Company in understanding likely changes in its overall performance

11.8 Indicative Future Funding

- 11.8.1 Attached in Appendix 16 are two schedules identifying future scheme funding.
- 11.8.2 The first shows the agreed shareholder funding commitments over the period to March 2023.
- 11.8.3 The second shows the anticipated capital commitments required to develop out all of the Company's projects. Given the long timescales that are involved this schedule is indicative. Build costs for Litcham and Banham are based on the latest cost estimates whilst those for Shipdham and Kenninghall assume current construction costs of £2,750 per sq m plus 8% for ancillary fees. Site acquisition values are assumed at 4% of total costs for Litcham and Shipdham, those for Banham and Kenninghall at the minimum option values.

12.0 OPERATIONAL PERFORMANCE MONITORING

12.1 LGB is responsible for monitoring delivery of the business plan's objectives in accordance its duties and responsibilities as set out in the Shareholders Agreement and DSMA.

12.2 Whilst there will be regular and on-going communication between LBG and the shareholders as to progress in achieving BB Ltd's objectives formal quarterly update reports to be provided for the shareholders (via the Directors) including:

On a Project by Project Basis:

- Progress against project milestones
- Expenditure versus budget
- Significant changes to forecasts
- Progress with disposals and variance of market prices with budgets
- Construction Progress
- Planning progress
- Any additional funding requirements
- Key milestones for the forthcoming quarter
- Risk Log
- Health & Safety Log
- Any Identified issues

12.3 In addition at Completion of each Project LGB will summarise the actual key outturns achieved versus those anticipated in both the financial model and the specific budget approved as part of the Stage 2 Project Approval process, utilising the following Performance Criteria Matrix :-

	Commercial	Residential	Land Sale
Floor space & Land Use	Amount of additional new commercial floor space as per approved project proposals	Number of net new homes built as per approved project proposals	Change of land use achieved
Value & Financial	Outturn as per budget Finance secured as per agreed funding proposal Anticipated land value achieved	Outturn as per budget Finance secured as per agreed funding proposal Achieve land value achieved	Site preparation costs as per budget Anticipated land value received
Timing & Delivery	Project delivered on time according to start date, end date and practical completion No negative media and publicity or complaints	Project delivered on time to start date, end date and practical completion No negative media and publicity or complaints	Project delivered on time and sales completed according to agreed completion date No negative media and publicity or complaints

13.0 DAY TO DAY MANAGEMENT

13.1 LGB will be responsible for the day to day management of the company and delivery of all Secretarial and Accountancy services.

13.2 The full extent of LGB's services are set out in the DMSA but will in particular include:

13.2 Financial

- Open and maintain required bank accounts, for both the LABV and all subsidiaries.
- Prepare all cheques and payment transfers which will be forwarded to the Council for first signatory, together with suitable supporting information. Upon return LGB will sign as second signatory and dispatch
- Maintain up to date management accounts and make timely submission of all company returns etc.
- Liaise with the Companies Auditors as regards production of audited accounts.
- Complete all company and VAT returns

13.3 Marketing

- Maintain the Company's web site
- Maintain the Company's image, logo etc
- Produce regular press releases and respond to press enquiries
- Promote the objectives of BB Ltd

13.4 Legal

- Maintain suitable company insurances
- Maintain and enforce the Company's Health and Safety policy

13.5 Suppliers

- Establish and maintain an appropriate supply chain
- Monitor supplier performance
- Ensure prompt payment of supplier invoices in accordance with agreed payment terms

13.6 The Development Management Services Agreement contains complete details as to the roles and responsibilities and details of the fees payable.