

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Northstowe Development Trust
Members Working Group

9 November 2007

AUTHOR/S: Cultural Services Manager

NORTHSTOWE TRUST

Purpose

1. To provide an update on the work to date, the options being considered and make recommendations for the formation of a Northstowe Trust in early 2008.

Executive Summary

2. On 9 November 2006, SCDC Cabinet agreed to the principle of establishing a Northstowe Trust, including the surrounding villages. Cabinet considered the potential benefits of a Trust and endorsed the further steps proposed including commissioning further financial and legal advice, engagement with the existing communities living in and around the site and seeking further advice and information about good practice elsewhere.
3. The financial and legal advice has been incorporated into the recommendations of this report and a representative from Trowers and Hamlin will be available at the meeting to address further legal questions.
4. It is also proposed to establish a new Parish or Town Council for Northstowe at the earliest possible stage of development and the Legal process to commence a boundary review and statutory consultation process is expected to commence in April 2008. Officers are considering the roles and relationships of both the Parish/Town Council and the Trust and the potential for a formal link between the two organisations, particularly in the early years of the development.
5. A very successful Community Engagement Event took place on Saturday 17 March at Over Community Centre, which attracted a number of local people from the villages in and around Northstowe, including those who currently reside in Rampton Drift. The response to the event and the Trust proposals were received very positively with the majority of attendees interested in becoming further involved.
6. It is recognised that a Trust can only work if supported by the Northstowe developers, Gallagher Estates and English Partnerships. A facilitated workshop event took place on Tuesday 18 September involving a range of partner organisations, including GO East and Cambridgeshire Horizons and also a number of representatives from English Partnerships who have experience in developing Trusts in other growth areas.
7. This resulted in support for appointing an Interim Trust Director in early 2008, who would then establish a flexible Trust structure and Board and produce a Trust Business and Development Plan within 6 months. Other partners, Cambridgeshire County Council, Cambridgeshire Horizons and the Developers have all committed to investing an initial £25,000, to match the SCDC £25,000, providing an initial budget for the first year of £100,000.

- 8 The timescale for the appointment of an experienced Interim Director and establishment of the Trust is now critical. If the Trust is to have key roles as identified below and most significantly a sound business plan identifying income generating assets which will make the development financially viable, it must be in a position to help inform the Section 106 discussions as soon as possible.
- 9 The initial roles of the Trust are expected to include:
- (a) Interface with existing communities
 - (b) Project management and community development support for surrounding villages
 - (c) Production of a Business and Development Plan, including proposals for income generation and to identify ways to ensure the long-term financial viability of the development.
 - (d) Advocacy for Sustainable Lifestyles, developing innovative approaches to energy supply and being a strong positive voice for Northstowe
 - (e) Potentially management of contracts eg early open space management
- 10 A vital element of a Development Trust is the ability to generate income through a commercial arm to support other revenue hungry Trust functions and a number of income generating options, discussed at the workshop on 18 September, will be considered in detail as part of the Business Plan. A list of options being considered is provided later in this report.
- 11 The recommendations for this report are therefore to:
- (a) Appoint an Interim Director for the Northstowe Trust in early 2008 who will then establish a Northstowe Trust, including an early Trust Board.
 - (b) The Interim Director will produce a Business and Development Plan for the Trust within 9 months, which will help inform the S106 Agreement in relation to the Trust and outline its future purpose and function.

Background

- 12 In October 2004, Members of the Northstowe Development Trust Working Group considered a report from the Director of the Keystone Development Trust and subsequently visited two working Development Trusts; Keystone in Thetford and Goodwin in Hull.
- 13 In early 2005, SCDC endorsed the further exploration of a Development Trust, which led to the commissioning of URBED and Marilyn Taylor Associates (MTA) to consider the local management options and make recommendations for Northstowe.
- 14 The report looked closely at many different case studies and options for management and governance at Northstowe. It recommended establishing a Trust in the form of a company limited by guarantee, which would start small and grow over time. The Reports recommendations were based on a number of different factors including:
- (a) The need for early community engagement and development work, including projects and benefit to the surrounding villages, in advance of new residents arriving.
 - (b) The need to develop community spirit and a sense of identity for Northstowe, including a focus on sustainable energy and lifestyles as a strong theme for the new town

- (c) The need to provide another management option for the wide range of community facilities and open space infrastructure required for Northstowe, which are likely to be too much for the new Parish/Town Council to take on.
 - (d) The need to provide the opportunity for entrepreneurial flair and commercial income to help balance the books bearing in mind the level of revenue hungry community facilities and public open space.
- 15 The Final URBED and MTA Report was considered by the Development Trust Members Working Group in October 2006 and SCDC Cabinet subsequently agreed on the principle of a Northstowe Trust in November 2006. This was subject to further work on the financial and legal position and also to consultation and engagement with the local community living in and around the site.
- 16 In parallel to this, URBED developed separate but associated work involving visioning and charter events for the Cambridge Sub Region and study tours within East Anglia and also in Germany and Holland. This has resulted in producing a Charter for Growth, which makes reference to the role of Trusts and the importance of good quality public realm management and governance.
- 17 A presentation was made by Simon McIntosh to the Northstowe Project Board on 20 September 2006, when the Board endorsed the principle of a Northstowe Trust and agreed on the next steps and actions required to properly assess the proposals (as mentioned above in para 15).

Community Engagement Event

- 18 This event took place on Saturday 17 March at Over Community Centre and attracted 25 people from Longstanton, Oakington and other neighbouring villages as well as people already living within the Northstowe site, at Rampton Drift; also residents of the Home Farm development.
- 19 The event was welcomed by the participants and provided the first opportunity for local people to feel they could make a positive and constructive contribution towards the new community. There was overwhelming support for the idea of a Northstowe Trust and that it should bring benefit to surrounding villages and not just the new community. The event also highlighted the need for local people to be kept better informed and more involved in the planning for Northstowe. A report from the event was circulated to all attendees and is available on request.

Report by Ernst and Young: An interim examination of the costs of running community facilities and infrastructure at Northstowe.

- 20 This report, commissioned by Cambridgeshire Horizons on behalf of the partners, is still in draft form and is due to be signed off within the next few weeks. The report includes a great deal of information including the potential management and maintenance costs of all the community facilities and open space infrastructure over a 30 year period. The figures are based on the operating costs of facilities and open space in other neighbouring local authorities such as Cambridge City and Huntingdonshire who own and manage such facilities; in both cases such facilities are subsidised by the local authorities.
- 21 The report makes a number of assumptions, including that substantial income will be generated from wind turbines and combined heat and power plants (£9.7M), which would help subsidise the revenue costs of other infrastructure. It should be noted that the current proposals from the Developers do not include either form of energy

supply. The report also assumes that the proposed Civic Hub will make a surplus of £12M, largely through rental income for retail and housing units.

- 22 Based on the above, the report suggests an overall revenue deficit over 30 years of £78M.

Legal Report by Trowers and Hamlin

- 23 Trowers and Hamlin have been commissioned by the Principle Legal Officer to provide early advice about the Trust, including the implications for governance and structural options. The report recommends that the most appropriate model is a company limited by guarantee, which offers maximum flexibility and simplicity.
- 24 The report discussed the pros and cons of charitable status and suggest that to maximise flexibility and to allow the Trust to develop over time, the new organisation should start with non-charitable status.
- 25 The report also discusses the issues relating to the independence of the Trust and the level of control or involvement of local authorities. It suggests that an early link with either the new Parish/Town Council or District Council is possible.
- 26 The report advises that the establishment of a simple company is very straightforward; once the principles of its objects and governance arrangements are settled, the Memorandum of Understanding and Articles of Association can be drafted. A broad remit and simple structure are recommended.
- 27 In summary, Trowers and Hamlin confirm that the creation of a corporate structure to incorporate the Trust is relatively easy to achieve. The more difficult issues arise in the context of what the Trust is to do and how it is to be financed.

Considerations

- 28 The Government is currently promoting the benefits of passing community assets to the ownership of third sector organisations (The Quirk Review and the recent Treasury/Cabinet Office report “The future role of the third sector in social and economic regeneration”). In addition the recently produced Eco Towns Perspective refers directly to community empowerment and ownership of assets, for example through a development trust.
- 29 The establishment of a Development Trust for Northstowe is breaking new ground. Case studies such as Letchworth, Catterham and Milton Keynes help steer our work, but the establishment of a Development Trust for a new town, which is “developer-led” in terms of land ownership, is quite unique. Development Trusts are generally set up to address social deprivation and to promote regeneration in existing communities.
- 30 Larger trusts work better than small trusts in terms of most effective use of resources and ability to respond quickly to opportunities and there is a growing trend for Trusts to work together and join forces. There may be opportunities to extend the remit of the Northstowe Trust to other major growth areas in the future. There is also some potential for links with the Cambridgeshire Partnership Limited (Lead RSL) which are currently being considered.
- 31 The key to establishing a successful Development Trust is based on a strong portfolio of low risk income generating capital assets. At the workshop on 18 September, the following were identified as possible options for further consideration and discussion

between the local authority partners and the developers as an endowment for the Trust:

- (a) Freehold ownership of substantial areas of land within the site allowing for ground rent to be charged; including housing parcels and commercial sites
- (b) Building ownership including retail and housing units for rental income
- (c) Energy Supply
- (d) Contract management both on and off site eg grass cutting, cleaning
- (e) Commercial facility for leisure/conference
- (f) Local Transit company
- (g) Environmental innovation and demonstration projects
- (h) Car park ownership and income (later in development)

Options

- 32 The options have been considered through the process of our work on the Northstowe Trust, including advice from a number of consultants. The proposals allow for flexibility and the ability to develop over time.

Implications

- 33 The establishment of a Development Trust is considered vital to the success of Northstowe as a vibrant new community. The District Council does not directly own or manage community facilities or public open space and as such Officers suggest that there is a need for an additional and entrepreneurial organisation established to promote Northstowe and ensure that it can be financially sustainable into the future.

34	Financial	<p>The Trust will require financial support in advance of the S 106 monies being available.</p> <p>In addition to £100,000 identified as initial pump prime funding in 07/8, bids have gone via Cambs Horizons for Growth Area Fund 3 (GAF3). Subject to the success of this bid, further funds may be required in 2008/9.</p> <p>The SCDC Medium Term Financial Strategy in late 2007 identified further annual contributions towards the Trust in the following years. Proposals have been put forward in the current MTFS for a further £40,000 to be allocated in 08/9 to ensure that the Trust can be properly established by early 2009.</p> <p>The Trust will require substantial income generating assets as part of the Section 106 Agreement for Northstowe.</p>
	Legal	<p>The Principal Legal Officer has commissioned Trowers and Hamlin to provide early advice and they will be in attendance at the meeting.</p>

Staffing	<p>The Report proposes that the new Trust Director be appointed, initially on an 18 month contract. This post is key to the success of the Trust and must be an experienced and capable individual who understands commercial enterprise and also community needs. The post is expected to be hosted by one of the local authorities, and probably SCDC, with all contributing partners involved in the recruitment process.</p> <p>Discussions are currently underway with the Development Trust Association about the considerable support and guidance it can offer towards the recruitment process and also towards the on-going work of establishing the necessary structures for the Trust.</p>
Risk Management	The risks have been considered throughout this process and are not inconsiderable. The proposal is therefore to start small and develop the Trust incrementally
Equal Opportunities	The Trust will have within its remit, a commitment to equality and diversity.

Consultations

- 35 This process has involved consultation with partners, developers and local communities. In addition we have learned from a large number of case studies through the URBED Report and also in discussion with English Partnerships.

Effect on Annual Priorities and Corporate Objectives

36	Affordable Homes	Supports successful delivery of all new homes
	Customer Service	Community focused provision with a view to financial sustainability
	Northstowe and other growth areas	Vital impact on the success of Northstowe
	Quality, Accessible Services	Promoting local and community focused services
	Village Life	Promoting a vibrant new community
	Sustainability	Promoting a sustainable community, the Trust will be a strong advocate for sustainable lifestyles.
	Partnership	This is a partnership project working with Cambs County Council, Cambs Horizons, CALC and the developers as well as the local community in and around Northstowe. It is expected that a report on the Northstowe Trust will also be presented to Cambs County Council Cabinet and also to the Northstowe Delivery Board before Christmas 2007.

Recommendations

- 37 The Northstowe Development Trust Members Working Group makes the following recommendations to SCDC Cabinet in December 2008
- (a) Appoint an Interim Director for the Northstowe Trust in early 2008 who will then establish a Northstowe Trust, including an early Trust Board.

- (b) The Interim Director will produce a Business and Development Plan for the Trust within 9 months, which will help inform the S106 Agreement and the future purpose and function of the Trust.

Background Papers: the following background papers were used in the preparation of this report:

Reports by URBED and Marilyn Taylor Associates: Phase 1 Report, "Who Runs this Place?" and Phase 2 report, "Growing Sustainable Communities"

Draft report by Ernst and Young: "An Interim investigation of the potential revenue/operational costs of community facilities and infrastructure at Northstowe"

Report by Trowers and Hamlin: Legal Report on Northstowe Development Trust

Report on the Community Engagement Event on 17 March 2007.

Contact Officer: Jane Thompson, Cultural Services Manager. Telephone: (01954) 713348.