

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 13 December 2007
AUTHOR/S: Corporate Manager, Policy, Performance and Partnerships /
Cultural Services Manager

NORTHSTOWE TRUST

Purpose

1. To consider the recommendations of the Northstowe Development Trust Working Group (Friday 9 November) and make a decision on the establishment of a Northstowe Development Trust which will then appoint a Northstowe Trust Director.

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 including a report from Trowers and Hamlin who were commissioned by the Principle Legal Officer to provide specialist legal advice at this early stage of the process.
4. It is 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 officers from a range of partner organisations, including GO East, Cambridgeshire Horizons, Cambridgeshire County Council and Gallagher's and also a number of representatives from English Partnerships who have experience in developing Trusts in other growth areas.
7. This resulted in support by all partners for establishing a Northstowe Development Trust and appointment of a Trust Director as soon as possible.

- 8 The Northstowe Trust Members Working Group met on Friday 9 November, including representatives from Gallaghers, English Partnerships, CALC and Cambridgeshire County Council. The Chairman of the Working Group, Councillor David Bard, led a discussion focusing on the recruitment process and in particular the funds required to employ a high level Director for the first one to two years. It was suggested at the meeting that the Trust Director Post would require an annual salary of £60,000-£65,000 plus on-costs, expenses and administration support.
- 9 The group unanimously supported the establishment of a Northstowe Trust and the appointment of a Director who would produce a Business and Development Plan for the Trust within 6 months.
- 10 The Working Group agreed that a small officer group be called urgently, involving representation from both local authorities, Cambs Horizons and the developers (as the four funding partners) to consider the options and way forward in more detail. This group met on Thursday 29 November and was supported by the Head of Consultancy at the Development Trust Association, Jess Steel.
- 11 The Group considered carefully the role of the Director and also options on recruitment, employment and structures for the Trust, including the Board. As a result, it was agreed that the Trust should be established quickly, involving initially a small Board comprising one representative from each of the four partners. The first role of the Board would then be to appoint a Trust Director, which should be advertised as a “permanent post, which has funding secured for the first two years”.
- 12 The Group also considered the costs of employing the Director, which is estimated as £232,600 over two years. This would require a contribution from each funding partner of £32,700 in year one and £25,450 in year two. These figures could be reduced if the post was advertised as permanent but with funding secured for only 18 months. This does not include the possible Legal costs to setting up the Trust, which is estimated at a further £10,000.
- 13 The timescale for the establishment of a Trust along with the appointment of an experienced Director 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.
- 14 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
- 15 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.

- 16 The recommendations for this report are therefore to:
- (a) Establish a Northstowe Trust including an early Trust Board as soon as possible.
 - (b) The Trust Board should initially comprise one representative from each of the funding partners; it is expected that the SCDC representative will be an elected member.
 - (c) The Trust Board should then appoint a Director for the Northstowe Trust who will produce a Business and Development Plan for the Trust within 6 months, which will help inform the S 106 Agreement in relation to the Trust.
 - (d) The Council will commit funding as outlined in this report for the first 18-24 months of the Trust, subject to it being matched by the other three funding partners.

Background

- 17 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.
- 18 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.
- 19 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 baring in mind the level of revenue hungry community facilities and public open space.
- 20 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.
- 21 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.

- 22 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.

Community Engagement Event

- 23 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.
- 24 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.

- 25 This report was commissioned by Cambridgeshire Horizons, on behalf of the partners, SCDC and Cambs County Council. 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.
- 26 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.
- 27 Based on the above, the report suggests an overall revenue deficit over 30 years of £78M.

Legal Report by Trowers and Hamlin

- 28 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.
- 29 The report discussed the pros and cons of charitable status and suggests that to maximise flexibility and to allow the Trust to develop over time, the new organisation should start with non-charitable status.

- 30 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.
- 31 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.
- 32 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

- 33 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.
- 34 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.
- 35 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 potential for links with Cambridgeshire Partnership Limited (the lead RSL following the Cambridge Challenge), which are currently being considered.
- 36 The key elements required to build a successful Development Trust are:
- 36.1A strong portfolio of low risk income-generating capital assets and activities,
 - 36.2High calibre director, staff and board (see paragraph 40)
- 37 At the workshop on 18 September, the following income-generating assets and activities 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)Environmental innovation and demonstration projects
 - (g)Car park ownership and income (later in development)
 - (h)Town centre management

Options

- 38 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

- 39 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.

Financial	<p>The Trust will require financial support in advance of the S 106 monies being available.</p> <p>The Development Trust Association (DTA) has recommended a salary of approximately £60,000 pa plus pension and on-costs of 18%, travel expenses and administration support, the total core cost per year is £101,800.</p> <p>In addition there will be a number of one-off costs in year one including recruitment (estimated at a maximum of £12,000), a support package from the Development Trust Association (estimated at a maximum of £12,000) and a re-location package of £5,000.</p> <p>For a full two year contract this means each funding partner would be required to contribute: £32,700 in year one £25,450 in year two</p> <p>In advance of the Members Working Group meeting on 9 November, £100,000 had been raised for the first year, involving £25,000 each from SCDC, Cambs County Council, Cambs Horizons and the Developers. During the course of the Members Working Group meeting, representatives from Cambs County Council and the Developers indicated that they might be able to allocate a further £6-7,000 for year one, to help meet the shortfall.</p> <p>Following further discussions at the officer group on 29 November, representatives from the Developers agreed to consider a request for additional funding for year two in order to help ensure that high calibre candidates will be attracted to apply. We hope to have a decision from them to report verbally to Cabinet on 13th December.</p> <p>Cambs County Council Cabinet is due to meet in December to consider an officer recommendation to increase its contribution by an additional £25,000 in year two</p> <p>Cambs Horizons is also currently considering its budgets with a view to additional funds being made available. In addition to this, a bid for £1M towards the Trust has also been submitted via Cambs Horizons as part of the Growth Area Fund; Round 3.</p> <p>The SCDC Medium Term Financial Strategy (MTFS) in late 2007 secured £25,000 pa contribution towards the Trust for at least three years. It has recently been confirmed that this is only required for the initial two years (08/9 and 09/10), however the figures above highlight the fact that this may not be sufficient to cover all expected costs, particularly for a two year contract.</p> <p>Additional Council funding is not expected to be prioritised when the MTFS is finalised.</p> <p>The Trust will require substantial income generating assets as part of the Section 106 Agreement for Northstowe.</p>
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Legal	The Principal Legal Officer has commissioned Trowers and Hamlin to provide early advice and they will be in attendance at the meeting.
Staffing	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. Discussions are currently underway with the Development Trust Association about the considerable support and guidance it can offer towards developing the job description, recruitment and on-going support for the Director and also in drawing up the necessary structures for the Trust and its Board. Further information on the recruitment support is attached as Appendix I
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

- 41 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

42	Affordable Homes	Supports successful delivery of all new homes at Northstowe
	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

43. Cabinet is recommended,
- (a) To establish a Northstowe Trust including an early Trust Board as soon as possible.

- (b) The Trust Board should initially comprise one representative from each of the funding partners; it is expected that the SCDC representative will be an elected member.
- (c) The Trust Board should then appoint a Director for the Northstowe Trust who will produce a Business and Development Plan for the Trust within 6 months, which will help inform the S 106 Agreement in relation to the Trust.
- (d) The Council will commit funding as outlined in this report for the first 18-24 months of the Trust, subject to it being matched by the other three funding partners.

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"

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.

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