



Carlisle City Council

Report to Place Scrutiny Panel

Report details

Meeting Date:	27 July 2022
Portfolio:	Economy, Enterprise and Housing
Key Decision:	No
Policy and Budget Framework	No
Public / Private	Public
Title:	St Cuthbert's Garden Village – Delivery Vehicle Business Case Progress Report
Report of:	Corporate Director, Economic Development
Report Number:	ED12/22

Purpose / Summary:

To update the Scrutiny Panel on the progress made in preparing the Delivery Vehicle Business Case scheduled to be submitted to Government in Summer 2023 to support the long term delivery of St Cuthbert's Garden Village.

Recommendations:

The Scrutiny Panel is asked to note progress made to date in preparing the Development Corporation Business Case and the programme for taking it forward over the next 2 years.

Tracking

Executive:	
Scrutiny:	
Council:	

1. Background

- 1.1. St Cuthbert's Garden Village is embedded in the adopted Carlisle District Local Plan 2015 – 2030 and commits us to prepare a separate Development Plan Document to enable its delivery (the St Cuthbert's Garden Village Local Plan). St Cuthbert's has been on the Government's Garden Villages Towns programme since 2020 allowing us to access greater levels of funding and technical support.
- 1.2. Since we last reported to the Scrutiny Panel in December 2021 (Report Number ED 32/21), good progress continues to be made with the wider planning and delivery aspects of St Cuthbert's, which includes:
 - Preparing various technical evidence to update and inform amongst other things the phasing options, infrastructure requirements and viability;
 - Selection of St Cuthbert's as one of the 25 national design code pathfinders. With financial and technical support, over the next 12 months we will be working with communities and key stakeholders to prepare a St Cuthbert's design code. The programme seeks to develop good practice acting as exemplars to others regarding the processes to prepare local design codes.
- 1.3. We recognised early there was a greater risk of delivering St Cuthbert's objectives if an entirely private sector led approach was taken given: the multiplicity of land ownerships; the scale and complexity of infrastructure delivery; the emerging viability understanding; and there are few private scheme promoter(s). Consequently, the public sector needs to take on a wider and longer term role (beyond that of the local planning authority), to ensure the required quality is secured and maintained.
- 1.4. Currently four types of development corporation exist: New Town Development Corporations, Urban Development Corporations, Mayoral Development Corporations and locally-led New Town Development Corporations. Each has varying powers and remits which reflects the time and circumstances when they were introduced. In October 2021, we received £750,000 to fund preparation of a Business Case through Government's New Towns Development Corporation Competition. This will explore a suitable, public/private partnership delivery vehicle which is most appropriate to our specific circumstances (though this new vehicle need not itself be a form of development corporation).
- 1.5. As reported to the Scrutiny Panel in December 2021 (Report Number ED 32/21), we have updated the existing governance arrangements to ensure the roles, remits and composition of those groups reflects the next stage of delivering St Cuthbert's. A suite of draft strategic aims and objectives for the potential delivery vehicle have been prepared which will set a course of direction for the new delivery vehicle.

2. Progress on the Delivery Vehicle Business Case

2.1 To date, we remain on target to submit our Business Case to Government by Summer 2023 with the Project Plan Summary attached at Appendix 1.

2.2 Any new delivery vehicle would require Council approval and potentially Government approval (depending on the selected vehicle). Therefore, a main priority has been to appoint suitably qualified and experienced legal and financial advisors, to support the business case evolution and content. This will be critical to create a financially and legally robust business case for the preferred delivery mechanism. It was considered appropriate to split this commission into two:

- Stage 1 will assess the delivery mechanism options available from a legal and financial perspective, based on achieving the draft strategic aims and objectives. This will include a recommendation on a preferred option to be taken forward to Stage 2;
- Stage 2 will develop a robust legal and financial delivery mechanism model for inclusion in the final business case. This will include matters such as governance, finance, partnering arrangements etc.

2.3 Over March/April 2022, a procurement exercise was held to appoint legal and financial advisors for Stage 1. A consortium of Sharpe Pritchard and 31Ten Consulting were selected from a very competitive field of nationally renowned bidders. As a legal practice, Sharpe Pritchard have experience of supporting councils to progress delivery vehicles, including development corporations. 31Ten are financial advisors on housing delivery and associated models, with extensive experience of public/private delivery vehicles. They have previously partnered to advise Cornwall Council on the appropriate delivery vehicle for their garden settlement.

2.4 Led by Sharpe Pritchard/31Ten, a series of workshops will be held with the St Cuthbert's Strategic Board and Members Advisory Group (commencing on 4 July), to assess the delivery mechanism options and relative risks, opportunities and benefits. Critically, they will seek to 'challenge' those draft strategic aims and objectives to understand the Council's absolute 'must haves' within the new delivery vehicle and where there is potential flexibility. This will then shape and inform an interim report on options assessment and will be followed by further workshops in late summer to focus and refine what a preferred option could look like. The final preferred delivery mechanism report (due in early Autumn) will require consideration by the Council (including this Scrutiny Panel) and the newly formed Shadow Authority. This would then be followed by the Stage 2 legal and financial commission as set out above.

2.5 It should also be noted that In May 2022, the Levelling Up and Regeneration Bill was published. Amongst its many provisions, the Bill would seek to allow one or more local authority to bring forward proposals for a new type of locally-led Urban Development Corporation, with the objective of regenerating its area and would be accountable to the local authority rather than, as now, to the Secretary of State. It would also update the planning powers available to centrally and locally-led development corporations, so that they can become local planning authorities for the purposes of plan-making, overseeing neighbourhood planning and development management. The Bill would also remove the aggregate limits to borrowing. Whilst there is little further detail of these new provisions (which would still ultimately need to be translated into legislation), Sharpe Pritchard/31Ten will also need to reflect on this through the Stage 1 options appraisal.

2.6 To help develop a business case and to understand the appetite for private sector involvement as part of any vehicle, we require a clear strategy to help understand and generate investment interest in Carlisle and St Cuthbert's. Specifically, we are interested in understanding who we might be able to partner with, to deliver St Cuthbert's, but we also need to understand other forms of investment interest eg housebuilding, employment, commercial, energy and greenspaces etc. Work is now underway to prepare a brief for a commercial advisor and this commission will be aligned with the above legal and financial work. It is anticipated that an advisor will be in place by early summer, to inform the selection of a preferred delivery vehicle and propose a clear route to appointing a delivery partner/s as required.

2.7 As previously confirmed, preparation of both the Business Case and planning aspects of St Cuthbert's closely overlap. Hence, the outputs from the range of technical studies referred to in paragraph 1.3 will feed into the Business Case to identify locationally, and in what form, the new delivery vehicle would have the greatest effect.

3. Risks

3.1 A dedicated risk register is kept and regularly reviewed as part of the overall project management approach for the Garden Village. The main risk continues to be centred on the continued availability of adequate resourcing (in terms of both staff time and budgetary provision) for undertaking the technical work and further engagement needed to maintain momentum and progress of each of the key project strands.

3.2 The overriding risk is that a failure to plan comprehensively for the growth of St Cuthbert's would result in growth occurring to the south of the city in a much more

fragmented and incremental nature and not in alignment with the vision and principles established through Masterplanning Framework. Such an approach would prejudice the delivery of the necessary infrastructure needed to support new communities; impact on the sustainability and overall quality of place; undermine strategic ambitions; and risk not delivering the mix of development needed nor at the pace required. Developing the Business Case for, and if appropriate, implementing a new delivery vehicle is one such mechanism by which such risks could be mitigated.

3.3 Finally, the timely delivery of the project is also an obligation of the successful HIF award for the Carlisle Southern Link Road given that the desired primary outputs of the investment are new homes as opposed to transport benefits.

4. Consultation

4.1 Progress to date for St Cuthbert's has been underpinned by robust, extensive and innovative engagement (despite the impact of Covid) with this having added clear value to the emerging draft and high-level proposals for SCGV. This has included public engagement, dialogue with key stakeholders including infrastructure providers, dialogue and facilitated sessions with the local Parish Councils and with Members including the dedicated Member Advisory Group which now also includes parish council and County Council representatives.

4.2. November and December 2020 saw extensive consultation in relation to the Local Plan Preferred Options and Strategy Design SPD on the three options for St Cuthbert's. Whilst we had hoped to continue engaging with our communities and stakeholders through a comprehensive suite of face to face events, Covid restrictions and Government announcements meant our last engagement was largely confined to a digital platform. As a pre-emptive measure we undertook several 'pre-consultation' events during October 2020, specifically with landowners and other stakeholders to highlight the opportunity that is coming up, and in particular with the two parish councils in the garden village area, and one adjacent to the area. Awareness of the consultation was raised using a variety of means including leaflets and posters, the local media, our web site, the banner on the Civic Centre and through direct communication with those on our mailing list. In addition, the Communications team developed a virtual 360 consultation tool which allowed people to access a virtual setting and access the full range of documents. The Council's Facebook and Twitter mediums were also used. A consultation feedback report was published on the dedicated St Cuthbert's web pages and all respondents have been directly notified of its availability.

4.3. Further engagement will be undertaken with the emerging Local Plan associated with the formal Publication Draft Plan.

5. Conclusion and reasons for recommendations

5.1 Good progress continues to be made with both the planning and delivery aspects of St Cuthbert's Garden Village. Exploring the potential for how an innovative delivery vehicle work would provide greater certainty to the longer term delivery of the Garden Village in line with the high quality development objectives that we have set.

6. Contribution to the Carlisle Plan Priorities

6.1 Delivering St Cuthbert's Garden Village is one of the key economic priorities within the Carlisle Plan 2021-23 as it will have a significant influence in terms of shaping how Carlisle will grow and function long into the future. This includes delivering the 'Start with the Park' project through the Town Deal Fund that will provide a multi-modal green travel route through the heart of the Garden Village.

Contact details:

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Appendices attached to report:

- **Appendix 1 – Project Plan Summary**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **ED 32/21 Report to Economic Growth Scrunity Panel - St Cuthbert's Garden Village – Development Corporation Business Case Progress Report.**

Corporate Implications:

Legal - This report sets out the progress made thus far and the next steps in developing the business case to be submitted to LUHC. Despite the name given to the funding stream, it is important to note that the business case will seek to identify the most appropriate form of public/ private delivery vehicle to achieve the Council's garden village aspirations, and this may not necessarily be a development corporation. The ultimate decision as to which delivery vehicle is chosen will be the subject of a report to the appropriate committee. Specialist external legal advice is procured to assist in identifying appropriate vehicles and the advantages/ disadvantages of each.

Property Services - As plans progress the Council will need to decide how proactive it wants to be in land assembly to assist with delivery of the Garden Village. Property Services will be able to advise on this at the appropriate time and undertake any acquisitions required.

Finance - The report outlines that the programme of works required to deliver an options appraisal to establish an appropriate delivery mechanism to successfully achieve the St Cuthbert's Garden Village programme. The Council has been awarded £750,000 from the 'New Towns Development Corporation Competition' spread over 2021/22 and 2022/23.

The report outlines a programme of work streams that will be required to deliver the option appraisals in recommending the most appropriate delivery mechanism, which could include the establishment of a Development Corporation.

A significant portion of the funding received is to progress looking at the delivery model for the projects and whether a development corporation in some form may be appropriate. Any new governance structure will need relevant financial and legal input to ensure it operates in both the Council's best interests and the wider projects interests.

Any new delivery mechanism will need to consider the relationship the Council (and its successor organisation) will have in the preferred structure with any other public sector organisations and also the private sector. This will need to take into consideration any ongoing financial support, guarantees or bonds, VAT implications and management responsibilities. The report highlights a risk that there may need to be public sector resource intervention in order to enable the successful delivery of the project. It should be noted that there is no specific Council financial support currently allocated in the MTFP or Capital Strategy and that this will need to be a key consideration in the formulation of delivery vehicle options.

The Council has not allocated any of its own budget to support the development of this programme of work, however, it has allocated budget to support the Programme Management Office for wider support of Economic Development Projects, including St Cuthbert's Garden Village. The Council has committed to provide a £5m contribution to the Southern Relief Road project in its capital programme.

Equality - An EqiA has been completed on the Preferred Options Policies (December 2020), this will be refreshed in time for public consultation. A Health Impact Assessment has been drafted, based on the SPD. This will be developed further alongside the Plan, in time for public consultation.

Information Governance - There are no information governance implications with this report.

