



Report to Executive

Meeting Date: 25 October 2021
Portfolio: Economy, Enterprise and Housing
Key Decision: Yes: KD.22/21
Policy and Budget Framework: No
Public / Private: Public

Title: St Cuthbert's Garden Village – Development Corporation Business Case Progress Report and Key Next Steps.

Report of:

Report Number: ED31/21

Purpose / Summary:

To update Executive on our award of funding through the Government's New Towns Development Corporation Competition and to endorse the key next steps to develop the Development Corporation Business Case over the next 2 years.

Recommendations:

Executive is asked to:

1. Note progress on the preparing the Development Corporation Business Case to date;
2. Approve the proposed next steps and hence indicative work programme to advance the Development Corporation Business Case, including proposed indicative funding profile, set out at Section 3;
3. Delegate authority to the Corporate Director of Economic Development to progress procurement, including contract awards (particularly where the winning tender is not necessarily the lowest bidder), where in keeping with the indicative work package and budgets, following consultation with the Portfolio Holder for Economy, Enterprise and Housing.

Tracking

Executive:	
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1. BACKGROUND

1.1. St Cuthbert's Garden Village (SCGV) is embedded in the adopted Carlisle District Local Plan 2015 – 2030. This commits us to prepare a separate Development Plan Document to enable its delivery (the St Cuthbert's Garden Village Local Plan).

1.2. The project was accepted into the Government's Garden Villages, Towns and Cities Programme in January 2017 and owing to its scale and the progress made was elevated to the Government's Garden Towns programme in early 2020.

1.3. Project governance was established in May 2017 (Exec Rpt ED 17/17). To date, this alongside the now well-established cross-party Members' Advisory Group, provides a solid foundation to advance the project.

1.4. Homes England highlight our project amongst the highest performing in their programme. They and the Town and Country Planning Association also highlight our consultation methods, including the interactive portal and the quality of consultation material used (the TCPA 2021 'Technical guide to project and programme management for local authorities' cites St Cuthbert's as a case study).

1.5. As reported to Executive in August 2021 (Exec Rpt 23/21), good progress is being made with both the wider planning and delivery aspects of St Cuthbert's. In short:

- The Masterplanning Framework was finalised in October 2020;
- A Regulation 18 Local Plan Draft was consulted upon (November 2020 to January 2021) and further technical evidence relating to infrastructure and viability is now being commissioned to inform the Plan's next stage;
- The Strategic Design Supplementary Planning Document was consulted on and adopted in April 2021;
- The Carlisle Southern Relief Road remains on track to open up extensive development land by 2024/25; and
- Landowners have been extensively engaged with a positive dialogue in place to encourage future partnership working.

2. PROGRESSING THE DEVELOPMENT CORPORATION BUSINESS CASE TO DATE

2.1. As a Garden Village, there is recognition and expectation that St Cuthbert's should be a unique and high-quality development, with three high level aims:

- The delivery of high quality homes and jobs needed in the area over the long term to enable the growth ambitions of Carlisle and the Borderlands;
- The comprehensive provision of infrastructure for transport and telecommunications, education, health, community and cultural infrastructure required to create sustainable communities; and
- Ensuring the creation of quality places including the conservation and enhancement of the natural and historic environment, including landscape,

together with an effective long-term approach to local stewardship.

- 2.2.** Despite the progress outlined in Section 1, we recognise there needs to be a dedicated focus on delivery, particularly for strategic infrastructure. Whilst our role as the local planning authority will obviously continue, a wider positive and proactive public sector role is likely to be required to ensure the expected quality of St Cuthbert's is delivered over the next 20 to 30 years.
- 2.3.** There is evidence to suggest there are difficulties in relying upon a solely private sector led approach to delivering large scale developments of this nature elsewhere. Issues that have hindered progress of such large-scale sites have included the nature of land promoters / developers and their ability to raise suitable finance which has called for the public sector to ultimately intervene and/or provide some form of funding support. In the case of St Cuthbert's, the requirement to bring forward the scheme along true 'Garden Settlement' principles; the multiplicity of land ownership; the scale and complexity of infrastructure delivery; the emerging viability understanding and importantly, the fact that there is currently no privately led scheme promoter/s, means there is a risk that an entirely private sector led approach to delivery, may not be successful.
- 2.4.** In late 2019, the Government sought expressions of interest from local authorities for a potential Development Corporation with funding available to: *"help them to explore delivery models that have been less commonly used in a contemporary context, such as development corporations"*. The programme encourages the consideration of innovative delivery mechanisms, based on public/private partnership. Whilst ultimately, funding for delivery may be available from HM Treasury, there is a requirement of the programme for any mechanism to also lever in private sector finance and not be wholly reliant on government funding.
- 2.5.** Following extensive engagement with MHCLG, our Expression of Interest was submitted in November 2020 seeking £1.2m to develop a Business Case to explore a suitable, public/private partnership delivery vehicle for St Cuthbert's. In June 2021, it was confirmed that our bid was successful with a £750,000 award over two years. This funding will allow us to:
- Investigate the business case for a new Parks Trust to implement the strategic green infrastructure, including a healthy capital assessment and potential landscape competition;
 - Procure appropriate support to develop a governance and finance structure, based on public/private partnership;
 - Further landowner engagement, to create formal partnerships where required and identify areas for intervention as necessary;
 - Detail financial viability and infrastructure work to assess delivery costs and understand where intervention is necessary and the benefits that can result;

- Promote St Cuthbert's as a location for investment;
- Investigate the potential for an energy company and other climate change initiatives;
- Secure additional project management and design support.

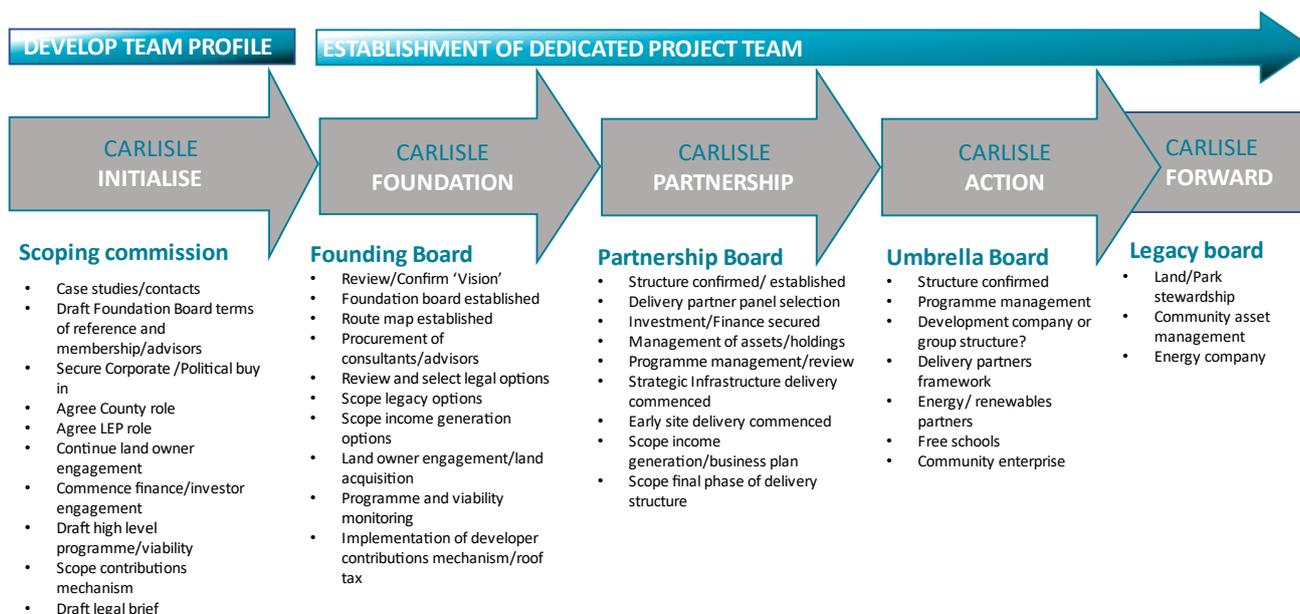
2.6. Since the announcement, work has focused on:

- Scoping the requirements for the business case including meetings with other development corporations to understand good practice;
- Reprofile and reprioritising key workstreams - as reported to Executive in August 2021 (Exec Rpt 23/21), this has included 'pooling' monies from our 2021/22 Housing Capacity Funding where there are clear overlapping outputs to inform both the emerging Local Plan and Business Case.
- Reviewing the governance structure for St Cuthbert's to align with the Towns Fund, CSLR delivery and incorporating the Development Corporation work; and
- Scoping the objectives for a development corporation – which included a specific workshop with the Members Advisory Group (10 August 2021).

3. KEY NEXT STEPS AND FUNDING PROGRAMME 2021 TO 2023

3.1. The main aim of the Development Corporation programme is to ensure a business case is created for the new delivery model and this will be the outcome expected from MHCLG – and indeed is critical to underpin the delivery of St Cuthbert's. Figure 1 sets out the main stages that now need to be followed in creating a business case towards implementation through an appropriate mechanism.

Figure 1: Carlisle Futures



3.2. Appendix 1 provides the high level programme and it identifies several early key steps necessary to progress the Business Case:

- i. Establishing the ‘Development Corporation Set Up Board’ as a priority to oversee the Business Case development (chaired by the Corporate Director for Economic Development) with representatives from Governance and Regulatory Services, the County Council and Homes England;
- ii. A number of key appointments will be progressed to provide the relevant capacity and skills to formulate the business case in relation to the following:
 - governance advice on new structures - eg what are the options for a delivery mechanism; what should it look like; what powers should it incorporate; how does it relate to and be overseen by the Council etc.;
 - Corporate finance and private investment advice – how can private investment be levered in, from which sources; in what format etc;
 - Landowner and market engagement – raising the profile of St Cuthbert’s and Carlisle as a destination for investment and ensuring that the landowners work with the Council to encourage this investment;
 - Resources to manage the programme – ensuring the programme is delivered effectively and co-ordinated with the other key workstreams.

3.3. Table 1 estimates the likely costs over the 2 year programme period. Executive approval is now sought to the proposed workstreams and funding profile to deliver the Business Case drawing from the £750,000 Development Corporation Funding. Delegated authority is also requested to enable the Corporate Director of Economic Development to progress procurement for these packages, in consultation with the Portfolio Holder, and to award contracts in keeping with the Council’s procurement guidelines with the exception of being satisfied it is on the basis of best value as opposed to simply lowest cost (quality is equally as important a consideration as price when assessing tenders).

Table 1: Proposed Workstreams and Funding Profile 2021/23

Work Package Description	Indicative Cost
Resources Increased capacity in the St Cuthbert’s Delivery Team: i) Project Lead for Development Corporation plus project management support; and ii) Potential support to DM for dedicated resource	£220,000
Place Promotion Strategy Develop a marketing strategy for St Cuthbert’s to promote it as a location for developers and residents. Work with key partners and stakeholders (including the LEP) to understand opportunities for place marketing and promotion and align with the work already underway to promote Carlisle and the sub-region.	£60,000
Governance Substantial commercial/planning legal support to advise on the legal options and issues regarding the creation of a Development Corporation This commission will contribute considerably to the detailed business case for the creation and implementation of an innovative delivery model/development corporation, together with a timescale for set up, including necessary shadow arrangements and phased	£200,000

implementation. involving legal expertise, relevant planning and delivery knowledge and political engagement expertise.	
Viability and Infrastructure Critical areas of viability and infrastructure planning work need to be progressed, to understand the costs of delivery and the values that can be created.	£140,00
Landowner Engagement Continuation of existing landowner engagement strategy to have a clear picture on which landowners are actively bringing land forward (to assist local plan delivery)	£60,000
Corporate Finance Work is required to understand the financial mechanisms and activities needed to support a Development Corporation. This will involve: i) Working closely with the legal and finance advisors to scope the implications on local government finance ii) Investigate the potential for private sector funding iii) Promote St Cuthbert's as an investment in the wider market	£70,000
Indicative Total	c.£750,000

4. RISKS

- 4.1.** 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.
- 4.2.** 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 development corporation style delivery vehicle is one such mechanism by which such risks could be mitigated.
- 4.3.** 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.

5. CONSULTATION

- 5.1.** 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. The Council's Economic Growth Scrutiny Panel also continue to be engaged at key stages of the project including the evidence base upon which the project continues to be progressed.

- 5.2** 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 has recently been completed and published on the dedicated St Cuthbert's web pages and all respondents have been directly notified of its availability.
- 5.3** Further engagement will be undertaken with the emerging Local Plan associated with the formal Publication Draft Plan. The Landscape Competition itself will also provide communities with the opportunity to get involved in late 2021.

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 6.1.** Good progress continues to be made with both the planning and delivery aspects of St Cuthbert's Garden Village.
- 6.2.** Executive's approval for the indicative work packages and funding profile is required given the values involved and the need for transparency given the proposed expenditure of external grant funding. It also reflects that as a major corporate project that Executive are comfortable with both the progress of the project and the future direction of travel.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 7.1.** St Cuthbert's Garden Village will have a significant influence in terms of shaping how Carlisle will grow and function long into the future. Accordingly, it will have a significant, direct and positive impact on a number of Carlisle Plan priorities including:

- *“supporting the growth of more high quality and sustainable business and employment opportunities”* – through identifying new sites for development and opportunities to better balance the local economy;
- *“addressing Carlisle’s current and future housing needs”* – through being the single largest development site and therefore contributor to supply across the latter stages of the current Local Plan period and much of the next one, including affordable and specialist housing;
- *“working more effectively with partners to achieve the City Council’s priorities”* – through recognition that the scale of the project requires the input, commitment and direct support of a wide array of stakeholders and partner agencies.

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**Appendices Appendix 1: Key Indicative Milestones
attached to report:**

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

- **ED 17/17 Report to Executive – St Cuthbert’s Garden Village**
- **ED 23/21 Report to Executive - St Cuthbert’s Garden Village – Progress Report and Key Next Steps**

CORPORATE IMPLICATIONS:

LEGAL – This report sets out the next steps in developing the business case to be submitted to MHCLG/ 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. Specialist external legal advice will be procured to assist in identifying appropriate vehicles and the advantages/ disadvantages of each. This procurement will be done through the Council’s legal department. Procurement of financial advice must similarly be done through the Council’s finance department. Paragraph 3.3 of the report also makes reference to the potential award of contracts to other than the cheapest tender. As Members will be aware, the Leader’s scheme of delegation permits chief officers to award tenders only to the lowest tender. Otherwise, the decision must be referred to the Executive unless the requirement is waived by the Executive (Schedule 2, paragraph 2.1 of the Leader’s Scheme of Delegation).

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 Cutbert'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, however, it is noted that the second year allocation is still subject to ratification in the Spending Review, so there is a risk that the Council could over-commit to spending funding that may not materialise although it is realised that this risk may be low

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.

Budgets will need to be grossed up to match the funding received so that expenditure on the different workstreams can be captured and recorded accurately.

The report outlines that there will be a need to undertake a variety of procurement packages (Para Table 1) to deliver the proposed workstreams and requests that Executive delegate authority to the Corporate Director of Economic Development the ability to award contracts that are not the lowest value due to the importance of quality. The scheme of Delegation of Executive functions states that any decision to award other than to the lowest tenderer must be referred to the Executive unless this requirement is waived by the Executive.

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 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.

