



Carlisle City Council

Report to Economic Growth Scrutiny Panel

Report details

Meeting Date:	2 December 2021
Portfolio:	Economy, Enterprise and Housing
Key Decision:	No
Policy and Budget Framework	No
Public / Private	Public
Title:	St Cuthbert's Garden Village – Development Corporation Business Case Progress Report.
Report of:	Corporate Direct of Economic Development
Report Number:	ED 32/21

Purpose / Summary:

To provide the Panel with further detail as to progress made to date in preparing the Business Case for a development corporation style delivery vehicle over the next two years.

Recommendations:

The Panel is asked to:

- i. Note progress made to date in preparing the Development Corporation Business Case and the programme for taking it forward over the next 2 years;
- ii. Consider and comment upon the Draft Aims and Objectives for the new Delivery Vehicle, set out at paragraphs 2.4 and 2.5.

Tracking

Executive:	
Scrutiny:	
Council:	

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. As reported to Executive in August 2021 (Exec Rpt 23/21), good progress is being made to advance the emerging Local Plan. However, given the multiplicity of land ownerships; 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 delivering SCGV along true 'Garden Settlement' principles, may not be fully successful.
- 1.4. We therefore recognise the need for the public sector to take on a wider and longer term role (beyond that of the local planning authority), to ensure the expected quality of St Cuthbert's is delivered and maintained over its 30 year build out and beyond.
- 1.5. In October 2021, Executive (Exe Rpt 31/21) were informed that our Expression of Interest to Government was successful and we were awarded £750,000 to fund the preparation of a Business Case over the next two years. This will explore a suitable, public/private partnership delivery vehicle for St Cuthbert's (which need not itself be a development corporation) and allow us to:
 - Investigate the business case for a new Parks Trust to implement the strategic green infrastructure, including a healthy capital assessment;
 - 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.
- 1.6. To deliver greater efficiencies, we have 'pooled' monies from our separate 2021/22 Housing Capacity Funding where there are clear overlapping outputs that will inform both the emerging Local Plan and Business Case.

1.7. Executive approved a programme of works and timetable to deliver the Business Case by June 2023 (Appendix 1). This programme identified a number of early key steps necessary to advance the Business Case detailed whose progress is detailed within this report.

2. Progressing the Development Corporation Business Case to Date

Reviewing the Governance Arrangements

- 2.1. Strong project governance arrangements were introduced in May 2017 to provide a solid foundation to advance SCGV. This includes a Strategic Project Board to oversee the project which is supported by a series of themed working groups. Crucially, a cross-party Members' Advisory Group (MAG) is now well-established.
- 2.2. SCGV is now moving into a new phase of its development (*ie* beyond establishing the baseline about its scale, mix of uses and design aspirations) and into one that now focuses on how the respective elements will be delivered. Accordingly, those governance arrangements have been reviewed. Specifically, the 'Development Corporation Set Up Board' is now established to oversee the Business Case's preparation (chaired by the Corporate Director for Economic Development, with representatives from Governance and Regulatory Services, the County Council and Homes England). The roles and remits of the relevant working Groups and MAG have been similarly been extended to support the preparation of the Business Case.

Establishing the Aims and Objectives of the New Delivery Vehicle

- 2.3. A fundamental part of creating a new and innovative delivery vehicle for St Cuthbert's, is to define its strategic aims and objectives. These are required from the outset, to underpin the Business Case and set a course of direction for the new delivery vehicle. As a Garden Settlement, SCGV already has a Vision and 9 Guiding Principles (see Appendix 2), that define the quality of place expected to be delivered in time. The strategic aims and objectives of the emerging delivery vehicle need not duplicate these, but should draw from them, articulating the focus and role of the new vehicle as it steps up to deliver and maintain the Garden Settlement in future.
- 2.4. Initial strategic aims and objectives were prepared as part our original Expression of Interest. Further work has taken place to assess the strategic aims and objectives of existing development corporations/delivery vehicles from across England and the views of the Member Advisory Group were sought in August 2022. The MAG were particularly keen to emphasise the role of the delivery vehicle in delivering a low carbon community, that offers the highest standard of

homes for all elements of society. The latest version of the **draft aims** for the delivery vehicle are:

- Ensuring a unique, high-quality, low carbon innovative community is created at St Cuthbert's, to support homes for all, excellent employment opportunities and digital inclusion.
- Delivering fantastic, comprehensive and strategic green and blue infrastructure for St Cuthbert's and Carlisle, that will support healthy living, climate change mitigation and create a resilient place.
- Working in partnership with the community, to set the foundations for a long-lasting governance arrangements.

2.5. Similarly, the emerging **draft objectives** are:

- A public/private community led partnership: Building on established and emerging structures, locally led by the public sector partners, in formal partnership with local businesses, developers and national investors, to harness and focus investment in St Cuthbert's.
- Professionally Run: A bespoke delivery vehicle, with strong locally focussed governance underpinned by expertise in large scale place creation, that has a multi-disciplinary approach to creating quality places.
- Enabling healthy, low carbon living based on 21st Century Garden Settlement principles: Designing and delivering excellent strategic green/blue and low carbon infrastructure, to ensure access to a healthy environment and clean energy for the new community. The environment and amenities will link into wider Carlisle networks, providing sustainable travel options, creating a City-wide facility, benefitting the health and well-being of the wider population.
- Self-funding over time: Capturing and re-investing appropriate elements of the increase in land value, to the benefit of the scheme and developing stewardship models to ensure sustainable forms of income, that will provide a financial return to patient investors and the community.
- Quality of development: Ensuring the delivery of the highest standard of homes for all the community, including lifetime homes. The delivery vehicle should seek to encourage innovation in housing and social infrastructure delivery, in keeping with the Garden Village ideals and the aspirations of the wider Carlisle community.

2.6. Work is now required to refine and develop the above aims and objectives prior to sign off by the Executive in early 2022. This will assist in progressing the content of the business case for an innovative new delivery vehicle – the bulk of which will need to take place from early 2022 onwards.

2.7. In refining the above draft aims and objectives, the views of this Panel are now sought and a number of key questions are suggested for consideration:

- i. Is the remit of the potential delivery vehicle wide enough from the aims and objectives as set out? If not, what else should be encompassed?

- ii. Should specific reference/cross reference be made to the 9 Guiding Principles?
- iii. Do we need to be more specific with the objectives, for example should we refer to key potential actions such as land assembly? If so, should these be objectives or a sub-set of potential actions?
- iv. Are the aims and objectives flexible and robust enough to withstand the inevitable change that will take place to relevant institutions, e.g. Local Government Reform etc.?

Procuring Specialist Advice and Evidence

2.8. We remain on track to commence the formal commissioning of a number of key appointments in January 2022 to provide the relevant specialist capacity and skills to support the formulation of the Business Case. This will provide specific support in relation to the following:

- Governance advice on new structures - 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 – how can we best raise the profile of St Cuthbert's and Carlisle as a destination for investment; how can we best target those investment opportunities; and how can this best align with the work already underway to promote Carlisle and the sub-region?

2.9. As outlined above, to support both the emerging Local Plan and Business Case, we have now commissioned specialists to provide robust and more up to date information to inform our knowledge of the infrastructure requirements and deliverability. Principally, these relate to:

- A Green and Blue Infrastructure Delivery Strategy - to further define the strategic green and blue infrastructure network across the site and detail the action plan to deliver the network and include proposals for ongoing management, maintenance and stewardship;
- A Zero Carbon and Smart Connections Strategy - regarding the digital infrastructure requirements and the realistic options available to progress to a zero carbon development at the earliest opportunity;
- A Playing Pitch and Outdoor Sports Strategy - to further understand the needs for additional playing pitches;
- The Transport and Movement Study and Local Cycling and Walking Improvement Strategy - to understand the highway implications, junction improvements and realistic options to deliver non-car borne solutions;

- A Socio-Economic Study - to confirm the quantum of employment and retail floorspace required within the proposed district centres;
- Education requirements - The County Council have completed their baseline modelling work and are now in a position to model future school capacity/deficits based on alternative development scenarios;
- Infrastructure Delivery Plan - which updates and pulls together the infrastructure requirements into a single report to inform what specific infrastructure is required, when, how much it will cost and how the funding is to be secured; and
- Whole Plan Viability – to understand the financial viability and deliverability of SCGV.

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 development corporation style 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. 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.

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 has recently been completed and 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 could 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 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.

Contact details:

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Appendices attached to report:

- **Appendix 1 – Key Indicative Milestones**
- **Appendix 2 - St Cuthbert’s Garden Village Vision and Guiding Principles**

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

- **ED 23/21 Report to Executive - St Cuthbert’s Garden Village – Progress Report and Key Next Steps**
- **ED 31/31 Report to Executive - St Cuthbert’s Garden Village – Development Corporation Business Case Progress Report and Key Next Steps.**

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, however, members are being asked at this point to provide input into the scope by responding to the questions raised in the report. Specialist external legal advice is being 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, 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.

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.

St Cuthbert's Garden Village Vision:

“St Cuthbert's will be a series of connected villages embedded in stunning healthy landscapes within the world - class setting of the Lake District National Park, the North Pennines Area of Outstanding Natural Beauty and Hadrian's Wall World Heritage Site. A cluster of distinct Garden Villages set in an attractive recreational, riverside and landscape setting will be well connected to Carlisle and the wider countryside. St Cuthbert's will actively promote healthy lifestyles providing integrated communities focused around high quality homes, locally distinctive spaces and inclusive facilities. Innovation and technology will support attractive employment opportunities and exemplary low carbon living.”

St Cuthbert's Garden Village 9 Guiding Principles

1. **Start with the Park:** Deliver a landscape-led masterplan that harnesses the rivers, world class views and woodlands to create a network of unique, high quality, active landscapes and new destinations.
2. **Locally Distinctive:** Support local distinctiveness in the design of buildings, streets and spaces to create memorable and unique places to live.
3. **Quality Homes and Lifetime Neighbourhoods:** Promote a mix of high-quality homes in distinct and integrated lifetime neighbourhoods.
4. **Community Focussed:** Focus inclusive communities around a hierarchy of excellent facilities clustered around village centres.
5. **Innovative Employment:** Support a variety of entrepreneurial and creative employment and skills opportunities.
6. **Healthy Environments:** Promote health and well-being through accessible facilities and healthy lifestyles for all ages.
7. **Smart & Sustainable Living:** Support low carbon living through sustainable planning, transport and energy.
8. **Integrated Sustainable Transport:** Provide excellent sustainable connections and environments that make walking, cycling and public transport the most attractive method of getting from A to B, making the most of the opportunities presented by the Carlisle Southern Link Road.
9. **Exemplary Delivery & Stewardship:** Continue to positively engage a range of people and communities in design, delivery and stewardship.