

Annex 2

LDV Case Studies

2.1 Current Growth Area examples (Cambridgeshire Horizons, North Northants Development Company, Milton Keynes Partnership, Aylesbury Advantage)

In the last few years, several new growth area LDVs have been set up to support delivery of enlarged development proposals that followed the 'Sustainable Communities Plan' of 2002. These have taken various forms, providing some very useful current experience on which Eco-towns can draw. Some of these are described below, but all are current operations and can be contacted directly or through their web sites for further information.

The Chief Executives of the four described below have kindly contributed to this document and their comments on lessons learnt and strengths/weaknesses of their organisations are included. All of these LDVs have been set up to oversee growth of at least 20,000 homes, often much more. They do offer valuable insights into the type of approach that can produce good joined-up delivery that is highly relevant to the Eco-towns.

Cambridgeshire Horizons is a company limited by guarantee established by Cambridgeshire County Council, five Cambridgeshire District Councils, EEDA, EP (now HCA), Cambridgeshire Chambers of Commerce and several other public and private sector partners in 2004. It project manages the growth strategy in Cambridgeshire. It does not have statutory planning powers which remain with the local authorities. Cambridge Horizons' five core objectives are to:

1. Co-ordinate development and infrastructure implementation,
2. Overcome barriers to sustainable development,
3. Secure and manage funding for infrastructure,
4. Ensure developments employ high quality sustainable design,
5. Communicate the wider benefits of the planned development to the wider community.

Horizons has been particularly innovative in establishing and maintaining community involvement. For further details visit:
<http://www.cambridgeshirehorizons.co.uk/>.

Alex Plant, Chief Executive of Horizons, offered the following comments to potential Eco-town delivery agencies:

...“The most difficult element of Eco-town delivery will be in ensuring that the key infrastructure is in place before any homes are occupied. This presents a particularly difficult funding challenge, especially over a period where the public purse will be under severe strain. This means that agencies will need to work far more collaboratively than in the past, firstly to ensure that infrastructure planning is in place, and that objectives are shared,

and Government needs to provide innovative financing tools such as tax increment finance to enable these plans to be realised. It will also be important to focus on some key exemplar areas for an Eco-town, which will vary from site to site. At Northstowe, for example, we are focussing on public transport, renewable energy, water and governance.

Finally, it will remain of utmost importance that these schemes are seen to make sense in a local context, and that control over the key decisions at the outline planning stage remains as localised as possible, to maintain democratic legitimacy, respond to existing residents' concerns, and to ensure that the Eco-town works in the context of its wider place. Local Delivery Vehicles can be a key part of making Eco-towns happen, as they provide a focal point for bringing together the wide range of public, private and voluntary sector partners necessary to deliver success."

North Northants Development Company North Northants Development Company (NNDC) is also a company limited by guarantee and is the Urban Regeneration Company responsible for driving, co-ordinating and managing the delivery of this growth in a sustainable manner. It does this through the procurement of infrastructure and employment led development across North Northamptonshire.

NNDC was the first growth area in which the local authorities set up a joint forward planning process, which has helped enormously in bringing co-ordination to the area's plans for growth. For further information visit: <http://www.nndev.co.uk/index.php>.

Simon Evans, Chief Executive of NNDC offered the following comments to potential Eco-town delivery agencies:

"From our point of view as a successful Urban Regeneration Company, ensuring common vision and commitment covering five local authorities amongst a plethora of stakeholders and partners is at the heart of success. NNDC's experience as a local delivery vehicle for growth and regeneration has been based on a formal partnership across the public, private and voluntary sectors in an area of two-tier local government.

However, over and above our Company structure, we have found that devoting time and energy to early partnership development and the establishment of a shared and correspondingly deliverable vision will pay dividends throughout the life of the project, remembering also that you must continually nurture the partnership through the inevitable tensions and challenges.

Public engagement and securing 'buy-in' at the early stages of establishing the project agenda is also crucial in achieving mutually shared confidence in the partnership delivery vehicle and its objectives. This would be true whether you are engaging with one local authority and its stakeholders, or as in our case, five.

As a partnership body we have been at pains to add value to and not usurp the roles of our partners. In providing a bridge between private sector interests and government and its agencies, we have been most effective when perceived as the 'honest broker'.

More than ever, in the current political and economic climate, any new agency faced with the challenges of Eco-town delivery must ensure its energies are not dissipated fighting either private sector interests or public bodies who feel their remit or objectives may be compromised or placed in jeopardy by the new cross sector partnership, but are focused on identifying common interest and securing collaboration."

Simon added the following as key aspects for Eco-town promoters to focus on:

- Avoid duplicating resources (planning, economic development)
- Clarity of vision
- Clarity of planning framework
- Alignment of key agency commitments – HCA, EA, DfT, PCT, OFWAT, Utilities
- Democratic accountability
- Efficiency / Value For Money
- The importance of securing core funding from outside local budgets (i.e. the LDV must not be a drain on local resources)
- The importance of matching funding and income streams from public and private sources

Milton Keynes Partnership (MKP) is a subsidiary of the Homes & Communities Agency. MKP has some statutory powers over planning decisions in a designated part of Milton Keynes, where the main growth is planned to take place. In principle it is also able to call on the land acquisition powers of the HCA.

MKP brings together Milton Keynes Council, HCA, Local Strategic Partnership representatives from the health, community and business sectors, and independent representation. The role of MKP is to co-ordinate and implement the delivery of growth and ensure that homes, infrastructure, jobs and community facilities are provided as part of a joined-up approach.

Milton Keynes Partnership's statutory remit is set out in the [Milton Keynes \(Urban Area and Planning Functions\) Order 2004 \(S.I. 2004 No. 932\)](#).

MKP was a pioneer and is still a leading example of producing a comprehensive business plan for delivery of growth in their area. This was linked into their innovative tariff arrangements which included a forward funding arrangement. This can be accessed via their website: <http://www.miltonkeynespartnership.info>.

John Lewis, Chief Executive of MKP, offered the following comments to potential Eco-town delivery agencies:

“Large scale development must be comprehensively planned to ensure that community ambitions are articulated from the outset. Clarity, certainty and creativity should underpin the approach adopted in order that future residents enjoy a place that functions successfully at all levels. Dedicated resources are necessary to build new communities and delivery agencies can provide the focus to provide the social and physical infrastructure to support new houses and commercial developments.

However, to achieve long-term success requires local buy-in from the first stages of planning. It is essential that a governance structure is established which can blend local context with future proposals. Therefore, if the statutory authorities recommend the establishment of a specific delivery agency to help deliver Eco-towns, local representation must be threaded throughout the governance arrangements to ensure the town’s long-term success.”

Aylesbury Vale Advantage (AVA) is another company limited by guarantee, without statutory powers, relying on the support and commitment of its partners.

It is the LDV charged with ensuring sustainable housing, economic, social and environmental regeneration and growth in Aylesbury Vale. Their program of development and business plan drives their three year investment program. This is largely financed by investment from AVA’s partners and from Growth Area Fund allocations from central Government. For further information visit: <http://www.aylesburyvaleadvantage.co.uk>.

AVA has recently completed a systematic process of agreeing Memoranda of Understanding between itself and its partners, which might serve as a useful model for new Eco-town promoters. At the time of publication these were not yet on their website. If this is still the case contact Richard Harrington, AVA Chief Executive, for further details. Richard offered the following comments to potential Eco-town delivery agencies:

“Local Delivery Vehicles do not work in isolation so success will be determined by early alignment and commitment to a set of agreed objectives with partners, particularly local authority partners, who will carry the legacy. It is worth investing time in establishing clarity over the benefits of growth and the added value of joint working arrangements early in the process.

There is a great deal of advice and support available on issues of structure and work programs; however, it may be useful to start with a facilitated workshop for company members to articulate and agree upon the key drivers for their locality. These values and approaches should be kept under review.

The Local Delivery Vehicle may be best suited to assisting physical implementation but equally it will have a role to play in shaping strategy bringing practical aspects of delivery forward for early

attention. A correctly set up Vehicle will enhance the scope of public/private working and increase the prospect of planned programme delivery.”

2.2 Overseas examples from Continental Europe: Vauban, Freiburg, Germany, and Vathorst, Amersfoort, The Netherlands. The following examples show how different approaches can work. Although they often are based on different institutional arrangements, and may be difficult to translate in their entirety into a UK context, there is much that could be learnt to improve delivery here in the UK¹.

Learning from Vauban, Freiburg, Germany

The Southern German University City of Freiburg, which is promoted as Europe's solar capital, has for many years been a leading force in sustainable development and a model for other cities. The urban extension of Vauban was planned for 5,000 residents and is largely complete. Grants were provided to test out energy saving principles in Vauban. The general principle is 'you can do it if you want to', with considerable freedom on what people can build within the height limits.

Ambition Built around tram extensions and cycling, car usage is relatively low by British standards, and in Vauban 50% of households has pledged to be car free. Energy consumption is also low with renewables accounting for 10% of consumption. 65% of energy is produced locally using CHP and solar which has increased efficiency from 40-80%, but the main aim is to avoid waste in the first instance. The municipality started by setting higher standards on land it owned than the government required.

Balance Vauban was developed in stages (the so-called *adaptive planning principles*). Control is exercised through the Building Plan, which lays down the main principles on a single sheet, and through development briefs for each block. Expenditure on roads is minimised (most of the streets are only 4 metres wide, and limited to cars) and underneath run the pipes to carry heat, water and power, and to take away sewage. Hence the mass of the space is given over to greenery, in communal areas. Land is disposed of in small plots (190-210 sq m), with limits on the number of plots to favour small builders and cooperative groups. Less than 30% was built by larger investors.

¹ With thanks to Dr Nick Falk, Director, URBED, for permission to draw on 'Beyond Eco-towns: Applying the lessons from Europe' available via www.urbed.co.uk

General Design Principles

- Relatively high densities with plot ratios of over one, and with housing densities of around 60 to the hectare to enable a high quality public transport system and walkable neighbourhoods '*living without barriers*'.
- Tram lines form the backbone, with housing in loops off it in a natural setting; for example, water is allowed to soak away and supports a lush landscape.
- Housing is intentionally designed to minimise energy consumption. A significant proportion is either very low energy (Passive) or even 'Plus energy', which contributes a surplus to the grid.
- Primacy is given to pedestrians and cyclists, with car speeds kept below 15 mph. Parking is largely on the edge in Vauban in multi-storey garages.
- A high proportion of the space is given over to nature.
- The shops are kept small and can be used for a multiplicity of purposes (for example providing community facilities in the early days). Commercial buildings like schools are also designed with adaptive reuse in mind.

Continuity A key to the success of Vauban is the way residents have been engaged in the design and subsequent management of the communal areas. While there is some maintenance provided by the City, most of the work is done by the residents, who look after the spaces in front of their homes like an English household cares for their front garden. Car use is kept down by having to pay £10-14,000 for a parking space, and by cars being kept some distance from people's homes. There is also support from community development workers to establish social groups.

Finance The city operates to maximise long-term value. Infrastructure had to be financed out of the values created from the sale of plots. The local authority acquired Vauban with a loan for 20% of the ultimate value - reflecting its highly contaminated state. It worked up masterplans and then borrowed the cost of installing infrastructure from banks at the favourable rates available to local authorities. In an example from another part of Freiburg, the local authority purchased a particular piece of land at a low price, and then through investment in the public realm, leveraged seven times the original cost in private investment.

Learning from Vathorst, Amersfoort, The Netherlands

Vathorst is the third planned urban extension to be developed on the edge of the small historic town of Amersfoort, which is close to the major city of Utrecht in the Dutch Randstad. Vathorst is promoted as a '*world of difference*:

where town and countryside meet to convey its appeal to a wide range of residents. The Municipality of Amersfoort initially resisted large-scale growth, but were eventually convinced that growth would bring benefits such as making housing more affordable for young families.

Ambition A number of steps were taken over the 4-5 year period before building started in 2001. Agreement was first reached with the government on the size of the extension and the contribution they would make to reclaiming contaminated land, and connecting the settlement to the two adjoining motorways as a condition of the scheme going ahead. Theme groups were set up to develop ideas, such as how people might live in the 21st Century, including the idea of living and working from home.

A Joint Development Company was set up between the Council and a consortium of five companies. Private investors included those who had bought land in the area and those who contributed to good work previously. The Vathorst Development Company (OBV) was formed in 1998, Followed by a 2-3 year period in going from the masterplan to detailed design. Once agreements had been secured, building work preceded rapidly, the first houses started in 2001 with occupation in 2002. On average they have delivered 6-700 new homes a year, several times the current British rate.

Balance The Company formally commissioned the masterplan with two notable private Dutch urban designers that work internationally: Ashok Bhalotra (born in New Delhi) and Adriaan Geuze (West 8). The masterplan is based on four separate districts in very different styles (for example, there is a modern version of canal side housing, while another is designed to feel like living in the country). Eight different builders and 50 different architects are involved with no one architect designing more than 80 units to ensure choice and variety. The municipality allocates the social housing units (30% of the total), half of which are for sale at reduced prices, with a proportion of the resale price to be repaid.

Continuity The OBV employs a staff of under 15 with a Chief Executive from the private sector and a Chairman appointed by the municipality. It works through developers, house-builders, and through two social housing companies. It is responsible for land acquisition, urban planning, engineering, commissioning infrastructure, and allocating sites. But they also work as entrepreneurs, being proactively involved in the primary phases of development and the realisation of additional facilities. These include meeting places like restaurants, the cultural centre, youth and children facilities, leisure centre, etc.

Finance On the basis of the business plan for development of infrastructure and disposals, the company borrowed 750 million euros from the Dutch municipal bank Bank Nederlandse Gemeenten (BNG), the largest financial body in the Netherlands after the state, at relatively low rates of interest (3 - 5%) to be repaid over 15 years. The borrowings are repaid out of the proceeds from land sales, and the company has built up a 'buffer' allowing it to act entrepreneurially. For example, it funded the railway company to open a station several years before the population justified it. It has also set up an arts foundation to work with the community and encourage community development.

Further overseas examples are referenced below:

- Peter Hine, *RIBA Report: Integrating Transport and Land Use* – small case study on Ørestad: http://www.rics.org/NR/rdonlyres/B11FE136-6D7D-4DE4-B8E7-77966A5BAAF8/0/integrated_transport.pdf
- A short document that summarises the Ørestad development model, and also the integration measures it allowed – including social benefits, infrastructure provision and funding, and eco features: http://www.ecoinnovation.dk/NR/rdonlyres/7DE5E0F1-2CEC-4589-9FA5-4DFEA772182D/0/CASE_oerestad_artikel.pdf
- G.E. Peterson, *Unlocking Land Values to Finance Urban Infrastructure*, World Bank, Public-Private Infrastructure Advisory Facility. This link is to a small case study of Ørestad with some financial figures, taken from the main body of the book's text, which should provide some authoritative principles and figures relating to transport provision, value capture, and new town development models: http://books.google.co.uk/books?id=EeychzftnhcC&pg=PA35&lpg=PA35&dq=orestad+development+land+value+transport&source=bl&ots=d4DqBduBp7&sig=qyvv055XDSWBU2g_kwWZCRS1us&hl=en&ei=mS1bSsv_GcWfjAeX8Mgb&sa=X&oi=book_result&ct=result&resnum=2.

2.3 Historic UK examples (New Town Development Corporations (NTDCs) and Urban Development Corporations (UDCs))

Urban Development Corporations were first established in the Local Government Planning and Land Act 1980 on the model of **New Town Development Corporations** (New Towns Acts 1946/1981), but unlike new towns the establishment of a UDC does not require a public inquiry to be held.

The British New Towns were the largest attempt by positive Government policy to create large scale new urban settlements. They began in 1946 and the last development corporation was closed in 1992 (although large scale development continues today in many new towns). During this period they saw the development of over one million homes and one million local jobs plus a vast range of local facilities and enterprises. New towns were delivered by New Town Development Corporations (NTDCs).

NTDCs and UDCs share the common feature of having their own powers of planning, land assembly and investment. They also share the feature of 'belonging' to central Government.

However, in the past many NTDCs and UDCs have shown the ability to act very effectively as locally based guardians of the vision for their area, often in spite of changing attitudes from governments which came and went during their time. Two good examples are their power *'to do anything considered necessary for the laying out and development of their area'* and the need for Government to show that the task they were set up for has been *'substantially completed'* before they can close them down.

Even with these strengths the Government can quite properly direct or limit their action in various ways, including financial memoranda, budget approval procedures, delegation limits and specific directions 'not to do' specified things without prior approval. If a development corporation was to push its independence too far the Government can sack its Board and re-appoint new members. In the end this balance between *'agent of Government'* and *'locally based guardian of the vision'* has depended largely on the quality of leadership, the extent to which Government is tempted to 'micro manage', plus the extent to which central policy and local needs diverged at various times.

NTDCs and UDCs are locally based delivery agencies with powers granted by Parliament which are readily available under existing legislation. The Housing and Regeneration Act 2008 also provides for the exercise of similar powers to a UDC/NTDC through a committee of the HCA which would in all likelihood also be based locally. Eco-towns of around 5,000 houses may seem too small to warrant this type of organisation. However the ambitious innovative nature of the Eco-town makes it important to consider the option of this type of statutory organisation which was purposely designed to deliver large scale development.

In a New Town the NTDC can propose an overall plan to Government, which is not formally approved but is accepted as a basis on which the corporation may make 'planning applications', under Section 7(1) of the revised Act, to Government. These applications - or strictly "proposals for the development of land" - made to the Secretary of State under Section 7 would be approved as a "special development order".

A subsequently more detailed proposal from developers and others could be certified by the NTDC as complying with the special development order as the

instrument that conferred permission. The process is identical to the Local Government Planning and Land Act (Section 148) with respect to planning control by UDCs. It is notable that some UDCs in the 1980s appeared to make little effort to follow plans and policies laid down by the local authority whereas many NTDCs made strenuous efforts to do so. Tensions however arose with local authorities in both cases.

Subsequent modifications to both these Acts clarify that for the present the special development order described is an order under Section 59 of the Town and Country Planning Act 1990. A development order under this provision grants planning permission for development which would otherwise require it.²

The NTDC planning powers were, and still are, outside the normal local planning process. Their masterplans were informal documents. The Minister “accepted” them and avoided the word “approved” which had statutory significance. The development corporation’s planning power was effective only over land it owned or had a legal interest in. In the Eco-towns this would therefore need some form of equity sharing or sale & resale agreement with the landowner.

It was the Minister’s approval of the corporation’s proposals through the special development order for the development of that land which amounted to planning consent. And it was this “planning consent” which the corporation passed on when selling or leasing land to a private developer. On land it did not own, planning consent (or refusal) was the prerogative of the local authority. The corporation had the right to be consulted by the council; and any difference between council and corporation could be referred to the Minister for decision.

Land ownership was, in practice, a more important tool than planning powers. The better NTDCs used it as such by releasing land to developers on ‘license’ which meant they only got the freehold if they built to the exact standards agreed with the corporation. Also, the NTDCs could insist on high standards without fear that the developer would take them to appeal, since no such facility exists in New Town procedures. This use of land ownership was vitally important in maintaining and improving standards of development.

Their ownership of planning powers can be seen as unpalatable to the local authority(ies). However both NTDCs and UDCs can be directed to discharge their powers through various forms of partnership with the local authorities as happened previously. It would be possible for example for the development corporation to develop an Area Action Plan in collaboration with the local authority for adoption as part of the authority’s Local Development Framework which could also provide the basis of the Development Order agreed under New Towns Legislation.

² A good example of a development order under this provision is the General Permitted Development Order which sets out a range of minor development which is deemed permitted for householders and others.

Also, where local planning authorities have little experience of handling large scale development, the existence of a local partner which exercises planning powers within an agreed development framework can bring useful additional capacity for the duration of the rapid growth phase and can take decisions the local authority would find difficult.

Specific examples of NTDCs and UDCs operated as Milton Keynes Development Corporation, Peterborough Development Corporation, London Docklands UDC, Birmingham Heartlands UDC.

Milton Keynes was the largest and one of the last new towns (1979) to be designated under the New Towns Act. Its Development Corporation had a Board appointed by the Secretary of State, of which over half were always local people, mainly nominated by the local authorities.

During its 25 years of existence it oversaw the development of some 60,000 homes, a new city centre, 80,000 jobs including the largest collection of overseas companies outside London and a vast range of schools, health centres, parks, community buildings, etc. It had a full range of its own professional staff, complemented by consultants and agents.

In its later years it privatised many staff functions, but always kept a competent and adequate core to act as 'client' to its consultants and contractors. Before its closure it set up transfer arrangements for its community assets, including innovative ideas such as the Milton Keynes Parks Trust and the MK Community Trust.

Peterborough Development Corporation was another example of a NTDC, and also achieved notable success. Its main difference was that, being an extension and regeneration of an existing ancient city, it worked in very close partnership with the existing local authority (in Milton Keynes there had been five local authorities at the time of designation).

The New Towns were never subject to comprehensive evaluation, so there is a lack of good historic data about their performance. However the New Towns Record, set up by the Commission for the New Towns (CNT) in the 1990s has a lot of information gleaned from their annual reports and from interviews with key individuals (see www.jisc.ac.uk/uploaded_documents/jisc_ntr_eval.pdf).

The first Urban Development Corporations were established in the very early 1980s, in London and Liverpool. **London Docklands Development Corporation** (LDDC) was established in 1981 and closed in 1998. It was created in a period of much hostility between central and local Government and was widely seen as being imposed on reluctant local authorities which had, in central Government's view, failed to deliver much needed regeneration for their areas.

This context coloured much of its action and opinion as to its success. There is no doubt that it succeeded in bringing in enormous investment which transformed its area, including creating Canary Wharf, the biggest shift in

white collar jobs that has taken place in London for over a century. Much of the controversy surrounded its record in improving the conditions and opportunities for local people and their integration with the 'new docklands'.

As a contrast which illustrates that the UDC approach could be much more collaborative, **Birmingham Heartlands UDC** was established in the early 1990s by request of its local authorities. It was seen as a good way of bringing focus and resources to an area that local government was struggling to regenerate. It operated successfully for several years, demonstrating the effectiveness of the statutory arrangement.