built today, treasured tomorrow

a good practice guide to long-term stewardship

creating garden cities and suburbs today

tcpa

Built Today, Treasured Tomorrow – A Good Practice Guide to Long-Term Stewardship

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Front cover picture of James Pond, The Hamptons, by Pierre Tanner, LBRD (Little Back Room Designs)

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Introduction

Letchworth Garden City – taking a long-term view on funding and managing community assets presents an opportunity to put people at the heart of creating better places

We know that we in Britain – and particularly in England – have to build many more new homes to meet housing need. The question is not whether we build, but whether we have the determination to ensure that what we build results in high-quality communities that will stand the test of time. Part of the solution to our housing supply crisis lies in putting into practice an idea that draws on the best of town and country planning's reforming origins, translated into a modern context of sustainable communities: Garden Cities and Suburbs for the 21st century. By adopting the Garden City approach, councils and delivery partners can rebuild trust in the development process, offering people a better quality of life from new development by allowing for the highest sustainability standards, economies of scale, and better use of infrastructure.

Community assets such as parks and community centres are vital elements of high-quality, attractive places, but management arrangements and long-term funding to maintain such assets are often considered only as afterthoughts to new developments. The Garden City movement, which aimed to spread the ideas laid out in Ebenezer Howard's book *To-morrow*, itself built on a long and rich history of community rights, ownership and asset management in the UK.[1]

1 For a history of land rights and asset ownership, see S. Wyler: *A History of Community Asset Ownership*. Development Trusts Association (now, Locality). 2009, **http://www.communityplanning.net/pub-film/pdf/AHistoryofCommunityAssetOwnershipsmall.pdf**. See also the TCPA's Love, Life & Liberty performance (on a CD available through the TCPA website, at **http://www.tcpa.org.uk/publications.php?action=publication&id=33**)

> ***'For me, what I like about the environment here and the development is that they are thinking about the future and amenities; they've already built a new school... What was important to me when I looked to my new home was what was going to be here in the future for us.'***
>
> *Living at Brooklands: Emily's Story*
> **http://www.brooklandsmk.co.uk/news/living-at-brooklands-emilys-story.aspx**

In the current context of growing policy and legislative support for the Garden City approach to development[2] and increasing pressure on local authority budgets, the community stewardship approaches to community facilities and assets set out in this guide are more relevant than ever. There is no doubt that taking a long-term view on funding and managing community assets is a challenge, but it also presents an opportunity to put people at the heart of creating better places.

1.1 About this guide

Many new developments start with good intentions and provide community facilities such as a beautiful park or a community centre, but, all too often, 20 years later that park or community centre has become a derelict eyesore – a liability rather than an asset. Community facilities created as part of a new development have often been handed over to the local council, but their maintenance has proved to be a struggle for many local authorities. Now, with their budgets being cut dramatically, they may refuse to take on any new assets.

In an age of austerity, how can we ensure that the new parks, community centres, arts centres and other assets of great value to local people created within new developments are well looked after in perpetuity? This guide provides answers to that question. It sets out tried-and-tested methods of securing a good long-term future for community assets such as parks, community buildings, health centres, local energy sources, and community transport. And it explains how imaginative approaches to funding and management can empower local communities to take control or have a say in the running of local assets.

This guide is designed to help those who plan and build new places (local authorities, housebuilders, and developers) to:

- **capitalise** on the assertion within the National Planning Policy Framework that new homes can sometimes best be achieved through large-scale development which follows the 'principles of Garden Cities';
- **plan** to create new community assets that, right from the start, have reliable sources of revenue income for their long-term management;

Box 1
Further information on creating Garden Cities

In recent years the TCPA has been conducting a re-invigorated campaign in support of a new generation of beautiful, inclusive and sustainable Garden Cities. This good practice guide to long-term stewardship is part of a suite of documents setting out the practical actions needed to make 21st century Garden Cities and Suburbs a reality:

- ***How Good Can It Be? A Guide to Building Better Places*** **(November 2013);**
- ***Creating Garden Cities and Suburbs Today: A Guide for Councils*** **(March 2013);**
- ***Land Value Capture and Infrastructure Delivery through SLICs.*** **Town & Country Planning Tomorrow Series Paper 13, by John Walker (September 2012);**
- ***Creating Garden Cities and Suburbs Today*** **(May 2012);**
- ***Nothing Gained by Overcrowding!*** **(April 2012);**
- ***Re-imagining Garden City Principles for the 21st Century*** **(June 2011)**

These publications are available as PDFs from the TCPA's website, at
http://www.tcpa.org.uk/pages/garden-cities.html

2 By the start of 2014, the leaders of the Labour, Conservative and Liberal Democrat parties had expressed support for creating new Garden Cites, and the Garden City principles had been specifically mentioned in the National Planning Policy Framework

Box 2

What makes a Garden City?

The Garden City idea was conceived by Ebenezer Howard, to combine the very best of town and country living and so create healthy homes for working people in vibrant communities. Garden Cities were the original 'sustainable developments'. The Garden City principles include:

- **Strong vision, leadership and community engagement.**
- **Land value capture for the benefit of the community (see Box 3).**
- **Community ownership of land and long-term stewardship of assets.**
- **Mixed-tenure homes and housing types that are affordable for ordinary people.**
- **Beautifully and imaginatively designed homes with gardens in healthy communities.**
- **A good range of local jobs in the Garden City itself and within easy commuting distance of homes.**
- **Opportunities for residents to grow their own food, including allotments.**
- **Generous green space, including a surrounding belt of countryside to prevent sprawl, well connected and biodiversity-rich public parks, high-quality gardens, tree-lined streets, and open spaces.**
- **Strong local cultural, recreational and shopping facilities in walkable neighbourhoods.**
- **Integrated and accessible transport systems.**

- **understand** which assets can be managed by a stewardship body, the organisational models and funding sources available, and the legal frameworks necessary to plan for and establish a suitable stewardship organisation;
- **facilitate** grassroots community initiatives which can lead to more resilient communities in the long term; and
- **learn** practical lessons from projects which already employ a community stewardship approach.

This guide is not directed at community groups, but a number of tools and guidance documents are readily available for community organisations, including the TCPA's community guide, *How Good Can It Be? A Guide to Building Better Places*, published in November 2013.

1.2 Building better places through long-term stewardship

Community assets such as parks and community centres are essential elements of attractive, liveable places. They are as fundamental to a successful development as roads, homes and electricity are, but their management and long-term funding are often treated as afterthoughts. The long-term funding and stewardship of such community provision – especially during a period of austerity, when management of assets can become a burden on a council or a community if not costed and budgeted for from the offset – can be among the more challenging of the Garden City principles set out in Box 2.

Building well planned new communities based on the Garden City principles is a way of creating high-quality places that will still be successful and desirable centuries later. The Garden City principles provide a powerful opportunity to introduce governance structures that put people at the heart of new communities and give them ownership of community assets. The 'land value capture for the benefit of the community' and the 'community ownership of land and long-term stewardship of assets' principles set the Garden City model apart from other forms of development.

There are a range of tried-and-tested ways of successfully funding and managing community assets for the long term – including generating income by trading goods or services or from property portfolios, or securing income from charitable grants or through the financial incentives attached to the new package of community rights introduced through the Localism Act. Some developers will want to hand the community assets of a newly built place over to a trust or charity; others will want to remain involved in the place for many years or in perpetuity. The Garden City model can accommodate both approaches.

This guide uses case studies to illustrate how models of community asset ownership and management can work in the 21st century, and to explain the role of public and private sector delivery bodies in making that happen.

> ***'Community asset ownership has the potential to harness the creativity and commitment of local citizens. It can turn liabilities into assets, problems into solutions. And it can create a foundation for sustained community-led enterprise that supports much needed local economic growth.'***
>
> ***Empowering Communities: Making the Most of Local Assets. A Councillors' Guide*. Locality/Local Government Association, 2012, p.4.**
> http://locality.org.uk/wp-content/uploads/Empowering-communities-making-the-most-of-local-assets-a-councillors-guide.pdf

1.3 How everyone benefits if communities manage local assets

Long-term community stewardship of local assets can benefit local authorities, developers and local communities alike:

Benefits for councils:

- ***Avoiding financial liabilities:*** New facilities will not be sustainable without well organised management structures supported by consistent sources of revenue. Planning how assets will be managed and funded from the outset (i.e. before they are built) will reassure local authorities that they will not be asked to take on the maintenance of assets that they cannot afford to run.
- ***Generating profit from service provision:*** In some cases, such as locally owned energy companies, the local authority may find that a new facility generates a significant and useful profit.
- ***Encouraging support for new development:*** Local authorities will be able to assure the public that a development will not put an additional strain on existing services.

Benefits for housebuilders and developers:

- ***Creating confidence and a positive vision:*** Plans for sustainable community asset management can help the private sector play its vital role in building confidence and creating the positive vision which is central to the long-term success of a community.
- ***Adding value to the development from the outset:*** A new development will be more attractive to potential residents and investors if community assets are established in the early phases of building and if intentions for the long-term management of these assets are made clear from the outset. This can be most readily achieved where the developer takes on a 'master developer' role, with a long-term 'patient' perspective on investment – although there are also ways in which developers with shorter-term business models can be involved in the process

Box 3
The Garden City vision of long-term stewardship for community gain

Under Ebenezer Howard's Garden City model, the land ownership (in today's terms, the freehold) of the entire development would be retained by a body similar to a trust. Income earned from residential and commercial leaseholders (along with income from capitalising on the increasing land values which result from development – known as 'betterment') would be reinvested in community assets and services (it would also be used to repay the original development finance debts – as these were gradually paid off, and as land values rose, the amount invested for public purposes would increase until eventually all income went towards the Garden City 'welfare state').

Because of changes in the law, such as leaseholder enfranchisement, this model is not applicable today in precisely the same way that it was when the first Garden Cities were built. The TCPA's Garden Cities and Suburbs Expert Group report, *Creating Garden Cities and Suburbs Today*, recommended that the Government examine how leasehold arrangements might secure economic, social and environmental benefits for the community. In the meantime, there are still a range of opportunities and options available to put the Garden City principles into practice.

Box 4

National policies that endorse the Garden City approach to long-term stewardship

National Planning Policy Framework

The National Planning Policy Framework states (in paragraph 52) that the 'supply of new homes can sometimes be best achieved through planning for larger scale development, such as new settlements or extensions to existing villages and towns that follow the principles of Garden Cities'.

Localism Act 2011 and new rights and powers for communities

The Act provides a particularly strong context for consideration of the long-term stewardship of assets. It introduces a new community tier of neighbourhood planning and a number of other measures aimed at empowering local communities and community groups to control the way that some services and facilities in their area are run. Communities can bid to run local services and permit development in certain areas without the need for a traditional planning application. New community powers include the Community Right to Build, the Community Right to Reclaim Land, and the Community Right to Bid (for assets of community value). The Community Right to Build could provide an opportunity for local people to take forward development in the new community – be it in the form of homes, shops, businesses or facilities.

Asset transfer

The Community Right to Bid requires local authorities to keep a list of assets of community value that have been nominated by the local community. If any of those assets come onto the market for sale or change of ownership, the local authority must provide sufficient time to allow community groups to raise funds and bid to buy the asset. Community assets identified within a site for a large-scale new community could provide a powerful way of ensuring that the community has a stake in the new development.

The 2011 Housing Strategy

'Locally planned large scale development' is identified in the 2011 Housing Strategy as a tool for securing better-quality development on major new sites, based on real community ownership, a clear local vision, and stronger incentives for investors.

Self-build

The Government is supporting individuals and communities who want to build their own homes through a £30 million funding programme for self-build or 'custom build'.

Enterprise and local growth

Local Enterprise Partnerships (LEPs) are involved in helping to prioritise infrastructure investment, for example through the Growing Places Fund. LEPs have a role to play in creating the right conditions for social enterprise.[i]

i See the LEP Network website, at http://www.lepnetwork.org.uk

without risking the delivery of the long-term vision.

Benefits for communities:

- ***Providing better facilities for new and existing residents:*** New developments are usually built in places in which there are already some residents. These people may object to the new development because they think it will undermine their own amenity. However, if it is made clear that the development will include community assets from which they might benefit – such as new parks, arts centres, or health facilities – and that, rather than putting a strain on existing resources, these new facilities will have a secure source of funding, they may take a far more positive view of the development.
- ***Putting people at the heart of delivering successful places:*** Building on the rights and powers set out in the Localism Act, the process of engaging existing residents in the creation of a new community should include consideration of existing local assets and initiatives. It is likely that there will be existing local groups or organisations that could be involved.
- ***Moving towards social sustainability:*** It is important not to undervalue the role of well managed community assets such as beautiful green spaces, as they can provide an opportunity for residents to meet and can help to create a sense of pride in place, ownership and shared identity, as well as encourage healthy lifestyles.

2

The 'nuts and bolts' of long-term stewardship

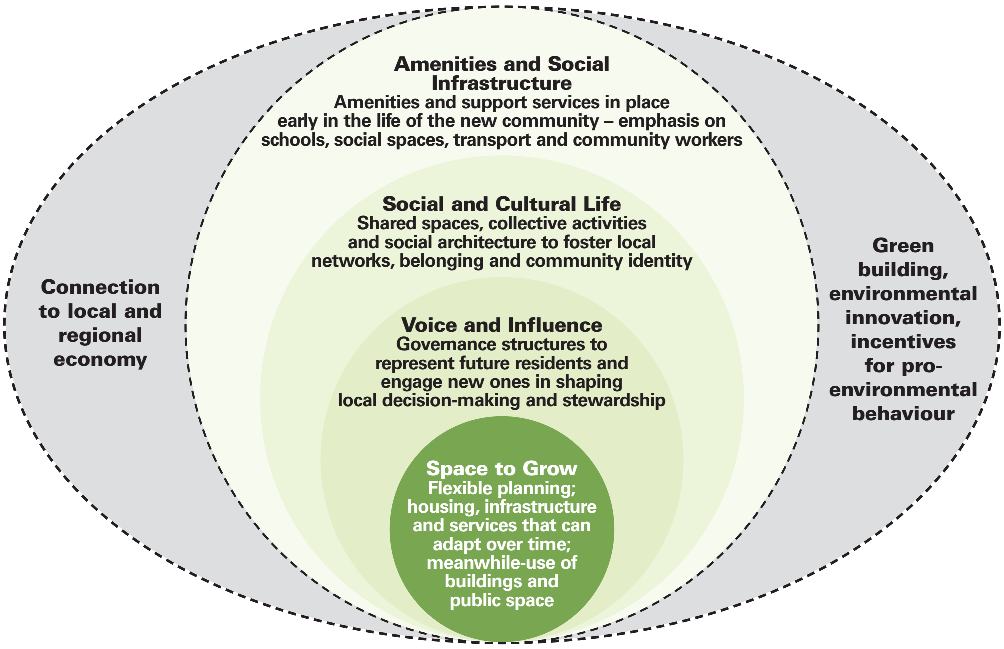


Figure 1 A framework for creating socially sustainable new communities

Source: Design for Social Sustainability: A Framework for Creating Thriving New Communities. Social Life/Young Foundation, 2012. http://www.social-life.co/ media/files/DESIGN_FOR_SOCIAL_SUSTAINABILITY_2.pdf

Long-term stewardship of an asset simply means ensuring that it is properly looked after in perpetuity. Under the Garden City principles (set out in Box 2), stewardship is undertaken for the benefit of the community. There are many ways to achieve this, depending on the place, the team delivering the development, and, most importantly, the people who live in the new community. This section provides an overview of:

- what needs to be considered when working out which approach will work for a particular new development or type of community asset;
- the role of stewardship in the development process;
- the types of assets that can be managed for the community's benefit; and
- the forms of organisation that can be established and the key legal differences between the various options.

2.1 Nurturing and empowering new communities

When planning a new development it is important to take into account the views of existing local residents, and to consider how these residents can be included in the development process and the future stewardship of the place. It is also important – but more difficult – to consider the views of the people who will live in the place once it has been built. Ensuring that existing residents, and new people as they move in, are involved will help to create a sense of community from the outset, and eventually to establish a means of managing the public realm and community assets in perpetuity. Ultimately this can lead to more resilient communities. Figure 1 illustrates how the early

Box 5

Terminology used in this guide

Community assets

Locality has defined community assets as 'land and buildings owned or managed by community organisations (that) are capable of generating a profit that can be reinvested into activities that benefit the community'.[i]

Community-based organisation

Terminology in the field of community organisation and asset stewardship is still evolving. A recent Joseph Rowntree Foundation (JRF) report put forward a useful definition: a community-based organisation can be described as '*an organisation located within a physical community, which may consist of a neighbourhood, village, town, conurbation or small island but only exceptionally a county or wider region. The main (if not exclusive) focus of the organisation's work is to seek benefits for certain defined people or places in the locality where it is based. It will have a governance structure independent of public or private sector organisations.*'[ii] There are a wide range of community-based organisations, fulfilling different roles and taking a range of forms. The JRF report noted that there is a sub-set of community-based organisations which own or manage assets. This sub-set is the subject of this guide, which uses the term 'stewardship body' to refer to them (see below).

Stewardship body

This guide refers throughout to the 'stewardship body'. This term is used to refer to any kind of community-based organisation that has been established to manage or deliver assets or services on behalf of the community (the stewardship body might include community representation or could be wholly operated by community members). Stewardship bodies can adopt a range of organisational structures and legal forms, with the form taken usually depending on a range of factors, including the activities the body is undertaking and the stage that the development is at. Sections 2.3-2.5 set out the types of asset that a stewardship body can manage, together with some of the organisational and legal forms that the body can take. Unless specified (for example for a local-authority-owned energy company), in this guide the stewardship body is assumed to be a separate entity which is independent of the local authority.

i See the 'What are community assets?' page of the Locality website, at http://locality.org.uk/our-work/assets/what-are-community-assets/

ii M. Aiken, B. Cairns, M. Taylor and R. Moran: *Community Organisations Controlling Assets: A Better Understanding.* Joseph Rowntree Foundation, Jun. 2011. http://www.jrf.org.uk/sites/files/jrf/community-organisations-assets-full.pdf

establishment of amenities and social infrastructure helps to build a framework for social sustainability in a new community.

2.2 Linking community engagement and delivery

2.2.1 Long-term community engagement

The arrangements for managing and funding community assets should be thought through before they are created: by the time they are built, it is often too late to adopt the best approach. Involving local people at this early stage in the creation and management of community assets is just one step in the engagement of the community in the development process:

- ***engagement in policy and plan-making*** – public and stakeholder engagement in the development of plans and policies;
- ***engagement in the consent process*** – public and stakeholder engagement in commenting on applications and influencing the consented development and contributions secured through the consent process;
- ***engagement in the design and development process*** – through, for example, a standing conference (a committee that meets regularly) on the development of a new community (Fareham Borough Council's Standing Conference for the Welborne new community was formed to 'bring together different local interest groups in a formal round-table setting to advise them on the progress made and the available opportunities to make comments on the Welborne planning process'[3]);
- ***engagement in the delivery process*** – for example the creation of a delivery vehicle which includes community representation from the outset (at the Lightmoor, in Shropshire, the Bournville Village Trust set up an Estate Management Committee comprising residents, Trustees and Trust staff, and through the Shropshire Housing Services Committee

3 See the Welborne Standing Conference page of the Fareham Borough Council website, at http://www.fareham.gov.uk/planning/new_community/standingconference.aspx

> ***'The starting point (for consideration of community asset ownership) is the recognition that optimising the use of public assets is not the primary objective: the over-riding goal is community empowerment.'***
>
> *Making Assets Work*. The Quirk Review of Community Management and Ownership of Public Assets, 2007.
> http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/communities/ pdf/321083.pdf

tenants have influenced the way the rented housing is managed); and

- ***owning and/or managing the development and assets*** – handing over facilities and endowments to a stewardship body to manage the assets or services as specified; the stewardship body may have existed before the development was proposed or it may have been set up specifically to manage assets resulting from a development.

The case studies set out in Section 4 of this guide illustrate how the form of stewardship body suitable for a particular new community can emerge from the processes set out above.

Consideration of options for long-term stewardship and analysis of existing assets should begin at the earliest stages of development as part of the wider delivery approach. Too often such matters are left as an afterthought, and consequently delivery bodies (and therefore communities) miss out on a range of opportunities to create high-quality places in the long term.

2.2.2 Engagement in the delivery process

If a local authority decides to pursue the development of a new Garden City or Suburb, it will need a dedicated planning and delivery team with the right skills and expertise. The original Garden Cities were created by private sector development companies; the post-war New Towns by public sector development corporations.

The multi-disciplinary teams overseeing the delivery of any large-scale new community developed today will usually be formed by a partnership between the developer, the landowner, the local authority, statutory bodies, and other stakeholders, such as the Homes and Communities Agency (there are a range of models and the range of stakeholders may vary). The members of these teams will have to share the goal of bringing forward the new community in the most sustainable way, including establishing a plan for handing the development over to the local authority once it has been built. There also needs to be a clear

Box 6

How local authorities and delivery bodies can facilitate grassroots initiatives

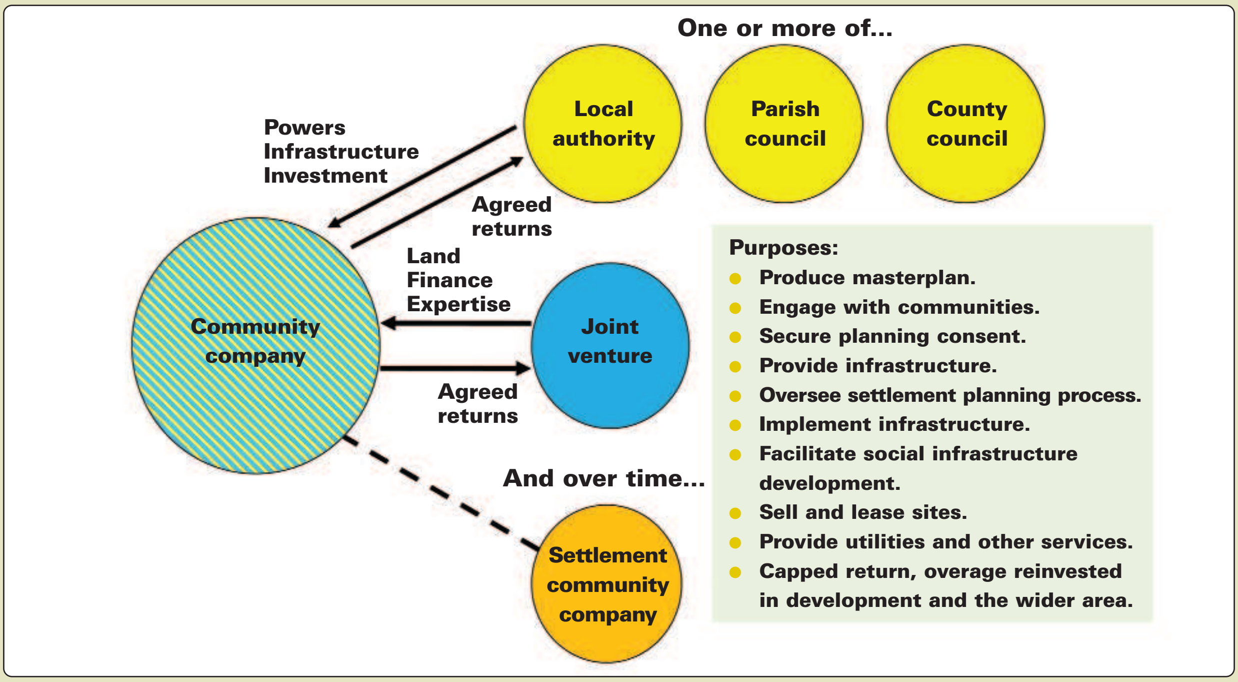
There is increasing political and local support for community-led neighbourhood initiatives. Grassroots organisations such as community land trusts and social enterprises play an important role in creating resilient communities and successful places. While such initiatives must be generated by local people themselves, local authorities and developers can encourage communities to think about what they want in their area – through processes such as neighbourhood planning, by encouraging people to make the most of the community rights introduced by the Localism Act, and through the engagement processes set out in Section 2.2.1. When planning for stewardship of assets in new Garden Cities and Suburbs, local authorities and developers should ensure that they are aware of and understand existing grassroots initiatives, such as local development trusts, charities, or ongoing processes of asset transfer.[i] Sometimes, giving support for these organisations could help to generate support for the development itself and ensure effective long-term community involvement. Such support could be take the form of, for instance, providing an existing community land trust with land and buildings for affordable homes, or setting aside land for self-build homes or community uses to be identified at a later date.

i At its simplest level, community asset transfer is a change in the management and/or ownership of land or buildings, from public bodies (most commonly local authorities) to communities (community and voluntary sector groups, community enterprises, social enterprises, etc.)

Box 7

Community company model

The TCPA's publication *Re-imagining Garden Cities for the 21st Century* highlighted the need to explore new models of engaging people in planning for new communities. It highlighted the example of the 'community company' model that Land Securities was exploring for use at North Harlow. In this model, following site assembly the local planning authority (and parish, town or county councils where appropriate) and the local community would have a stake in the company, contributing to the masterplanning process and site preparation. The community company would then work with housebuilders before incorporating social infrastructure institutions such as schools and hospitals. Once the development is complete, the community company could then be established as a trust or similar body with an interest in the town's continuing progress, holding a number of community assets for the ongoing benefit of the town. The aim of creating a delivery vehicle that uses a partnership approach between local people, local authorities and the private sector is to place people at the heart of new development and ensure that there is a shared interest in the success of the new community and a long-term approach to the ongoing development of the site.



Suggested structure for a 'community company'

strategy for long-term asset management, either by the local authority or by another form of stewardship body.

Involving local stakeholders and community representatives in the delivery team at an early stage is beneficial for a number of reasons, not least to ensure that local needs are fully understood and inform final transition, ownership and management strategies. Such involvement also provides an opportunity to align plans with local initiatives pursued under the provisions of the Localism Act, such as the Community Right to Build, the Community Right to Buy, and processes of asset transfer.[4] Local authorities and delivery bodies should explore options and models for giving communities a stake in the delivery process (for example, see Box 7).

2.2.3 The role of the stewardship body

Once a new development is completed, it is usually handed over to the local authority for long-term management and maintenance. However, at this point the community assets may be handed over to a stewardship body, such as a local trust or charity. This guide focuses on this model. In some cases the organisation that created the development may continue to manage it. For instance, a community land trust might own land, develop it, and manage the finished development – further information on this model is available from the websites of the National Community Land Trust Network (http://www.communitylandtrusts.org.uk) and Co-operatives UK (http://www.uk.coop/).

4 Further information on asset transfer is available from the Asset Transfer Unit website, at http://locality.org.uk/our-work/assets/asset-transfer-unit/

Table 1
How stewardship bodies could manage typical new community assets

Social and community infrastructure in new residential developments	Examples of how the assets could be managed by a community stewardship body
Housing Affordable housing, social housing, housing for market rent, self-build/group custom build	The model in which stewardship is undertaken by housing associations and registered social landlords is well established. They provide affordable housing and are responsible for the maintenance of buildings and elements of the public realm in return for a management fee or rent. In complement to this, there are a number of opportunities for community-owned housing initiatives – including permanently affordable housing and self-build/group custom build schemes – to be delivered through a stewardship body. **See Case Study 4: East London Community Land Trust, Bow East London**[i]
Green infrastructure Parks, open spaces, playing fields, woodlands, wetlands, grasslands, river and canal corridors, sustainable drainage systems, allotments, private gardens	A multi-functional network of high-quality green and blue spaces and other environmental features should be integral to a new development. Such key community assets can be expensive to create and require a significant amount of ongoing management, but their social, health and access to nature benefits make them ideal for community stewardship. **See Case Study 3: The Parks Trust, Milton Keynes**
Community hubs Post offices, shops, sports centres, cultural centres, cinemas, village halls, youth centres, places of worship, libraries, swimming pools, pubs, city farms	Community centres and other hubs such as libraries and pubs are key community facilities which should be established at an early stage of a development. They can both act as physical focus points for community activity and provide a range of opportunities for income generation – factors that make them ideal for management by a stewardship body. Provision of arts facilities was important to the Garden City pioneers. The theatre at Welwyn Garden City was the first community building to open in the town. Theatres, cinemas, art galleries and other cultural facilities (such as sports facilities and city farms) not only provide important focuses for community life and learning but can also provide a range of income sources for a stewardship body. Community-run shops can also be a source of income for a stewardship body, as well as providing a focus for community activity, not least as they usually rely on the willingness of volunteers. There are many models of co-operative shops in the UK – for example the Unicorn Grocery, in Manchester, and the People's Supermarket, in London.[ii] Community-owned village shops continue to be one of the leading success stories of the UK co-operative and social enterprise movement. **See Case Study 1: Letchworth Garden City Heritage Foundation, and Case Study 2: Bournville Village Trust at Lightmoor Village, Telford**
Essential services Health centres and GP and dental surgeries, hospitals, transport services	***Care/support services*** The management and delivery of complementary care services can be carried out through a stewardship body. Such activity would usually be supported by income generated through other activities. At Letchworth Garden City, the Ernest Gardiner Treatment Centre incorporates nursing, physiotherapy and occupational therapy, all delivered by highly qualified professionals without any funding from the NHS. **See Case Study 1: Letchworth Garden City Heritage Foundation** ***Transport*** Services such as 'dial a ride', voluntary car sharing and community bus schemes which complement wider transport services can be run by a stewardship body (or as a separate 'social enterprise' – see Box 9). Community transport schemes are usually run on a not-for-profit basis, or as a social enterprise, often involving volunteers to manage and deliver the service. Community transport can be an effective, flexible, small-scale way of meeting the mobility needs of specific individuals and local groups.[iii] **See Case Study 1: Letchworth Garden City Heritage Foundation**

cont...

Table 1 cont.
How stewardship bodies could manage typical new community assets

Social and community infrastructure in new residential developments	Examples of how the assets could be managed by a community stewardship body
Utilities Water management, wind turbines, combined heat and power units, anaerobic digesters, ground source heat pumps, recycling facilities	***Water*** Community water management initiatives are less well established in the UK than energy or other schemes, but the London Community Water Management Pilot provides an example of their potential. **See the London Community Water Management Pilot website, at http://www.carnegieuktrust.org.uk/changing-lives/london-community-water-management, for further information** ***Energy*** New developments provide an opportunity to install renewable energy systems (for example through solar panels, combined heat and power plant, or heat networks), to be managed by an independent energy or utility company. Such companies can produce green energy for sale to residents at a below market rate, and can sometimes be required to contribute a tariff for community benefit. Models of community-owned energy generation are well established in Europe, and are spreading rapidly in the UK. A range of financial incentives for community-owned energy schemes can make this approach lucrative for a local authority or stewardship body. **See Case Study 8: Thameswey Ltd** ***Waste*** Sustainable waste management activities such as recycling and composting can be managed through a stewardship body as a social enterprise. Community waste management covers a range of different activities, including recycling, re-use, refurbishment, reprocessing, remanufacturing, community and home composting, and waste education, awareness-raising, minimisation, prevention and avoidance. It is often used as a vehicle for a range of community activities. **See the SEED Foundation's Food Loop project case study, at http://http://www.seedfoundation.org.uk/Project-Food-Loop, and the work of the London Community Resource Network, detailed at http://www.lcrn.org.uk/**
The public realm/ streetscape	In the context of stewardship, the 'public realm' is used to describe all those parts of the built and natural environment – public and private, internal and external, urban and rural – in which the public have free, although not necessarily unrestricted, access. Maintenance of these areas is usually the responsibility of the local authority, a private landowner, or a management organisation (which could be a housing association or a private management company). In Letchworth and Welwyn Garden Cities and Hampstead Garden Suburb, the relevant stewardship bodies have some control over the appearance and management of the public realm through a 'scheme of management', part-funded by a service charge. This can help to maintain an attractive and high-quality streetscape. **See Case Study 1: Letchworth Garden City Heritage Foundation, and Case Study 2: Bournville Village Trust at Lightmoor Village, Telford**

i The Case Studies are set out in Section 4 of this guide

ii In 1993 there were just 23 community-owned shops; 20 years on there are over 300

iii Further information is available from the Community Transport Association UK website, at http://www.ctauk.org

Box 8

Stewardship of the public realm – neighbourhood management in the Netherlands

Useful lessons can be learnt from planning and development processes in the Netherlands.[i] Strategic neighbourhood management programmes such as the national Civic Wardens Scheme and the *Opzoomeren* scheme in Hoogvliet, a satellite town of Rotterdam, have sought to improve 'liveability' and create a better public realm. The Civic Wardens Scheme, nationally resourced but operated by local authorities, funds wardens who receive training in communication and social interaction skills (and IT and first aid skills), and operates especially in areas with high levels of immigration and unemployment. Under the *Opzoomeren* scheme the local authority encourages local communities in each street to organise joint clean-up activities, plant flowerbeds and window boxes, and make other small-scale improvements with a view to enhancing the living environment. Street parties are used to kick-start the process and engage harder-to-reach individuals. Local communities draw up rules for how the neighbourhood should be run, for example in relation to noise or rubbish, and if these are agreed the municipality responds by funding such environmental improvements.

i See P. Hall: *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Routledge, 2013

2.3 Assets and services that can be managed by a stewardship body

Most community assets, services and the public realm could be managed by a stewardship body. Certain services and assets will already be managed by the local authority; the role of a stewardship body that has evolved through the development process is to add value for the community by managing assets and providing services which supplement those already provided by the local authority. The stewardship body might be completely independent of the local authority, or it might be an additional service provided by the local authority itself.

Table 1, on pages 12-13, sets out a typical range of amenities provided in a new development, along with examples of how they could be managed as assets by a stewardship body. This list is not exhaustive – for instance, it does not include nurseries or schools.

2.4 Types of stewardship body

Stewardship bodies can take many forms. Suitable arrangements will vary from place to place and will depend on their function, the assets that are to be managed, and the types of finance arrangements needed. There may also be more than one stewardship body managing different assets or providing different services in a new community. The most appropriate model may also change over time as the functions and activities of the stewardship body develop (and, for a new community, as it progresses through the stages of project delivery). Some of the most common types of stewardship body are listed below. Several are legal entities in their own right (for example community interest companies), while some (such as community land trusts, development trusts, and housing associations) can adopt a number of different legal forms, depending on the activities they are undertaking and what the organisation is aiming to achieve.

- ***Management companies*** are probably the most commonly used form of stewardship body. They are companies set up to manage assets (land, property or facilities) as part of a development. Membership/ownership of the companies is very often extended to residents, who become members or shareholders, depending on the constitution of the company. They are sometimes called community trusts or development trusts (see below). The extent of participation in the management and executive functions of the company depends on the terms under which the company is established – usually, the ultimate control of assets and expenditure is not passed across to residents until the development is complete, with the developer holding 'golden shares' and weighted voting rights until that time.

- ***Community land trusts (CLTs)*** are 'non-profit, community-based organisations run by volunteers that develop housing, workspaces, community facilities or other assets that meet the needs of the community'. CLTs 'are owned and controlled by the community' and can make sure assets such as housing 'are made available at permanently affordable levels'.[5] They are legally defined (in the

5 'What are Community Land Trusts?' webpage. National Community Land Trust Network. **http://www.communitylandtrusts.org.uk/About-CLTs/**

Box 9

Stewardship bodies and 'social enterprise'

'Social enterprise' is a term often used in the context of community ownership and management of assets, and is defined (by the Government) as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners'.[i] A number of the stewardship models listed in Section 2.4 could be considered a 'social enterprise'. A stewardship body run as a social enterprise need not necessarily be related to a specific community asset.

i *A Guide to Legal Forms for Social Enterprise*. Department for Business, Innovation and Skills, 2011. http://www.bis.gov.uk/assets/biscore/business-law/docs/g/11-1400-guide-legal-forms-for-social-enterprise.pdf

Box 10

Incorporated or unincorporated?

An 'incorporated' stewardship body is recognised as a corporate entity that is separate from its members. Incorporation is recommended as it limits the liability of investors and members. It is also often a requirement where businesses take on significant contractual obligations or raise income from assets or services. It is possible for certain types of stewardship body to remain unincorporated, but this puts a significant amount of responsibility on the body's members and limits its ability to raise revenue and achieve some key commonly adopted objectives.[i]

i Further information on incorporated and unincorporated bodies is set out in *A Guide to Legal Forms for Social Enterprise*. Department for Business, Innovation and Skills, 2011. http://www.bis.gov.uk/assets/biscore/business-law/docs/g/11-1400-guide-legal-forms-for-social-enterprise.pdf

Housing and Regeneration Act 2008) but are not a legal entity in their own right and so can adopt one of several legal forms (as set out in Table 2, on pages 18-22). CLTs have so far mainly been used for smaller-scale projects (developing tens rather than hundreds or thousands of homes).

- ***Development trusts*** are 'community organisations created to enable sustainable development in their area. They use self-help, trading for social purpose, and ownership of buildings and land to bring about long-term social, economic and environmental benefits in their community'.[6] They are similar to community land trusts but have no legal definition and can adopt a range of constitutional forms and business models. They have traditionally been used in the regeneration of an existing area rather than in the development of a new community.

- ***Other types of trust.*** A trust is a way of holding assets that separates legal ownership from economic interest. Assets are usually owned by trustees and managed in the interests of the beneficiaries according to the terms of the trust. Trusts can be unincorporated or incorporated (see Box 10) and can take a number of legal forms (see Table 2).

- ***Community interest companies (CICs)*** are a special type of limited company which exist to benefit the community rather than private shareholders. CICs are set up to use their assets, income and profits for the benefit of the community they are formed to serve, and must embrace special features such as an 'asset lock', which ensures that assets are retained within the company to support its activities or otherwise used to benefit the community. The CIC is particularly suitable for those who are not aiming to make profits for individuals but do not want the administrative or governance burden of taking on charitable status. They are more flexible than some other legal forms, and there are a variety of capital structures available to meet the needs of members and the organisation.[7]

- ***Industrial and provident societies*** are organisations conducting an industry, business or trade, either as a co-operative or for the benefit of the community (the differences between these two types of society are set out in Table 2).[8] Letchworth Garden City Heritage Foundation is an example of this model (see Case Study 1 in Section 4).

- ***Co-operative societies*** are run for the mutual benefit of their members, with any surplus income usually being reinvested in the organisation to provide better services and facilities. They often take the form of an industrial and provident society (see above), but can take a number of different legal

6 'Development trusts' webpage. Locality. http://locality.org.uk/members/development-trusts/#sthash.WqL2S7FF.dpuf

7 *Office of the Regulator of Community Interest Companies: Information and Guidance Notes. Chapter 1 – Introduction*. Department for Business, Innovation and Skills, 2012. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/211741/12-1333-community-interest-companies-guidance-chapter-1-introduction.pdf

8 See the 'Industrial & Provident Societies' page of the FSA website, at http://www.fsa.gov.uk/doing/small_firms/msr/societies

Box 11

Further guidance on choosing the right legal structure

Professional advice should always be sought when determining the right legal structure for a stewardship body, but complementary detailed information and toolkits are also available from a number of organisations – for example:

- **community land trusts – see the National Community Land Trusts Network website, at http://www.communitylandtrusts.org.uk (and the toolkit at http://www.communitylandtrusts.org.uk/resources/toolkits)**
- **social enterprises – see the Social Enterprise UK website, at http://www.socialenterprise.org.uk; the UnLtd website, at http://www.unltd.org.uk; and the 'Setting up a social enterprise' page of the Department for Business, Innovation and Skills website, at https://www.bis.gov.uk/set-up-a-social-enterprise**
- **community enterprises – see the Co-operatives UK website, at http://www.uk.coop/simplylegal**

General advice is also available through the Department for Business, Innovation and Skills website, at https://www.bis.gov.uk

forms (see Table 2, on pages 18-22). There are a number of different types of co-operative society which differ according to their core activity (for example housing co-operatives, consumer co-operatives, worker co-operatives), but which are all based on the same legal structure.[9]

- Some ***housing associations or registered social landlords*** provide services to communities beyond their role as social landlords. They might be contracted by a local authority to maintain the public realm or run community centres. They might, themselves, own these assets if there are facilities they have built as part of their own housing development.[10]

- An **energy service company (ESCo)** is a commercial structure created specifically to produce, supply and manage the local delivery of decentralised energy to larger, holistically planned developments. For example, an ESCo can be formed to support a regeneration area, a large residential development, a single commercial initiative such as an office or manufacturing plant, or a hospital or multi-unit development of commercial offices or retail outlets.[11]

- A **multi-utility services company (MUSCo)** provides all the energy-related services of an ESCo, but also provides telecoms and/or water services for the site.

2.5 Legal frameworks for stewardship bodies

To maximise the benefits of adopting a stewardship body approach – for example to undertake income-generating activities or to gain certain types of funding – it is necessary to set the body up as a business.

There are a number of different legal structures that a business can adopt. There is an important distinction between setting up a business – which simply involves the decision to trade in goods and services – and establishing a company (or other incorporated entity), which involves being subject to registration and other legal requirements. This guide focuses on incorporated entities as they are able to maximise finance opportunities and limit the liability of their members.

The main types of legal structure that can be adopted by stewardship bodies are listed below (they are not mutually exclusive):

- trusts (charitable or otherwise, or unincorporated associations);
- limited companies (limited by shares or guarantee) – including community interest companies;
- charities, or, from 2013, charitable incorporated organisations (the CIO is the new legal structure for charities);
- co-operatives; or
- industrial and provident societies.

Table 2 sets out the key features and pros and cons of the various models.

9 For further explanation, see T. Thorlby: *Finance and Business Models for Supporting Community Asset Ownership and Control*. Briefing Paper. Joseph Rowntree Foundation, 2011. **http://www.jrf.org.uk/sites/files/jrf/community-assets-business-models.pdf**

10 See the 'Choosing a stewardship approach' page on the Future Communities website, at **http://www.futurecommunities.net/ingredient/choosing-stewardship-approach** and *Forming a Housing Association*. National Housing Federation, 2011. **http://s3-eu-west-1.amazonaws.com/doc.housing.org.uk/Editorial/Forming_a_housing_association.pdf**

11 See the 'ESCo solutions' page on the E.ON UK website, at **https://www.eonenergy.com/for-your-business/Sustainable-solutions/Community-energy/esco-solutions**

Letchworth Garden City – stewardship undertaken for the benefit of the community

2.6 Considerations in choosing the right legal structure for a stewardship body

The key issues to consider when deciding on a legal structure for a stewardship body are:[12]

- ***Personal liability:*** To what extent are members/ shareholders/guarantors prepared to be liable for the stewardship body's activities?
- ***Ownership:*** The extent of individual ownership or control of a stewardship body depends on whether ownership is divided through shares, is through membership, is co-operative, or uses guarantors. Ownership is primarily about the control of assets, responsibility for liabilities, and decision-making processes (see 'governance', below) – all directed at ensuring optimum outcomes. Shareholders or members may have comparatively more or less control, depending on how the board and executive functions of the stewardship body are established.
- ***Funding, both short and long term:*** The chosen legal structure will affect the types and sources of funding available to a stewardship body.
- ***Governance:*** The right governance structure is essential for the operation and legitimacy of the organisation.
- ***Profit or surplus distribution:*** How, when and by whom the profits are shared is determined by the legal structure. Many models will be 'not for profit' (i.e. all the money earned by or donated is used in pursuing the organisation's objectives).
- ***Tax considerations:*** Tax liabilities are also affected by the legal structure chosen. For example, charities have favourable status; companies operate within the corporate tax regime, but unincorporated bodies may not.

Table 2, on pages 18-22, sets out and compares the key features of the main legal structures. It includes unincorporated businesses, so that some of the legal and tax incentives can be compared.

Choosing the right model and legal structure is the easy part. Working out how to pay for the activities of the stewardship body is more complex. Section 3 considers funding opportunities for stewardship models.

Table 2
Comparison of the main types of legal structure for stewardship bodies

Legal structure	Typical features	Ownership, governance and constitution	Is the body a 'legal person' distinct from those who own and/or run it?	Can the body's activities benefit those who own and/or run it?	Assets 'locked in' for community benefit?	Can the body be a charity and claim charitable status tax benefits?	Pros	Cons
Unincorporated association	Informal; no general regulation of this structure – has to make its own rules.	No ownership; governed according to its own rules.	No. This can create problems for contracts, in holding property and over the liability of members. Unincorporated associations can hold property but only in the names of individuals/ members participating in the organisation.	Depends on the body's own rules.	This would need to be specifically drafted into the body's governing principles and objectives.	Yes, if it meets the criteria for charitable status.	Governed by a simple constitution. No regulation (for example through Companies House). Easy to set up and administer. Can hold property (in the names of members).	No legal identity separate from the individual members; can only enter into contract through its members Management committee and/or members are responsible for any debts that the association incurs. Although not a legal entity, it may still have to pay corporation tax and file a tax return.
Trust	A way of holding assets that separates legal ownership from economic/ beneficial interest.	Assets owned by trustees and managed in the interests of beneficiaries under the terms of the trust.	No – trustees are personally liable.	Trustees/directors cannot benefit, unless the trust, the courts or the Charity Commission permit.	Yes, if the trust is established for community benefit.	Yes, if it meets the criteria for charitable status.	Clearly defined purpose and function: activities are governed by the terms of the deed establishing the trust, which may be inflexible. Income arising is held for the beneficiaries.	Trustees have personal liability – no 'corporate veil' to stand behind. The terms of the trust deed establishing the trust may be inflexible. It may be difficult to clearly define the class of beneficiaries.

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Table 2 cont.
Comparison of the main types of legal structure for stewardship bodies

Legal structure	Typical features	Ownership, governance and constitution	Is the body a 'legal person' distinct from those who own and/or run it?	Can the body's activities benefit those who own and/or run it?	Assets 'locked in' for community benefit?	Can the body be a charity and claim charitable status tax benefits?	Pros	Cons
Limited company (other than a community interest company) – company limited by guarantee, and company limited by shares	Most frequently adopted corporate legal structure; can be adapted to suit most purposes.	Directors manage the business on behalf of members; considerable flexibility over internal rules.	Yes – members' liability is limited to an amount unpaid on shares or by guarantee.	Yes – but no dividends etc. are paid to members if the body is a company limited by guarantee.	Would need bespoke drafting in articles (which could be amended by members).	Yes, if it meets the criteria for charitable status.	A legal entity separate from its members (or shareholders if limited by shares). Can own property and enter into contracts. Directors can be paid. Can own property or enter into contracts in its own right. Not subject to the additional regulatory requirements of a CIC. A company limited by shares is a good investment model – the ability to pay dividends may make it easier to attract private investors. Companies limited by shares embed entrepreneurial drive – shareholders benefit from the company's success. For a company limited by guarantee ('not for profit'), any surplus arising is ring-fenced and can be ploughed back into the activities of the company.	Regulation (from the Companies Act). More responsibility for people involved – for example, they may become company directors. In contrast to a CIC, assets are not protected by an asset lock. If the company is limited by guarantee, it may be difficult to raise philanthropic donations/grant aid. Companies limited by shares cannot generally raise philanthropic donations/grant aid, so they need to be entirely self-financing or financed through private investment. For companies limited by shares, there is potential for conflicts of interest between the individual social entrepreneur and the broader shareholder constituency.

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Table 2 cont.
Comparison of the main types of legal structure for stewardship bodies

Legal structure	Typical features	Ownership, governance and constitution	Is the body a 'legal person' distinct from those who own and/or run it?	Can the body's activities benefit those who own and/or run it?	Assets 'locked in' for community benefit?	Can the body be a charity and claim charitable status tax benefits?	Pros	Cons
Community interest company (CIC)	Limited company structure for social enterprise, with a secure 'asset lock' and a focus on community benefit.	As for other limited companies, but subject to additional regulation to ensure community benefits.	Yes – members' liability is limited to an amount unpaid on shares or by guarantee.	Yes – but the company must benefit the wider community as well. Can pay limited dividends to private investors.	Yes – through standard provisions which all CICs must include in their constitution.	No, but it can become a charity if it ceases to be a CIC.	Distinct brand for social enterprises. Embraces democratic ownership, not-for-profit and commercial models. Combines freedom of entrepreneurial activity with the protection of an 'asset lock'. Directors can be paid. Light-touch CIC regulation. Has a separate legal identity from its members. Can own property or enter into contracts in its own right.	Dual regulation from the Companies Act and the CIC Regulator, but these work seamlessly together. More responsibility for people involved – for example they may become company directors. Not relevant for non social enterprises. It may be difficult to raise philanthropic donations/grant aid. A cap on dividends (the 'asset lock') could depress demand from investors.

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Table 2 cont.
Comparison of the main types of legal structure for stewardship bodies

Legal structure	Typical features	Ownership, governance and constitution	Is the body a ‘legal person’ distinct from those who own and/or run it?	Can the body’s activities benefit those who own and/or run it?	Assets ‘locked in’ for community benefit?	Can the body be a charity and claim charitable status tax benefits?	Pros	Cons
Industrial and provident society (IPS) (Bona fide co-operative)	For bona fide co-operatives that serve members’ interests by trading with them or otherwise supplying them with goods or services.	Committee/officers manage on behalf of members; one member, one vote (regardless of sizes of respective shareholdings).	Yes – members’ liability is limited to an amount unpaid on shares.	Yes – but only as a result of members trading with the society, using its facilities etc., not as a result of, example, shareholdings. If profits are to be shared out among the members, this must be done through an equitable formula.	Would need bespoke drafting in articles (which could be amended by members).	No – it would have to be constituted as a community benefit type of IPS.	**For both bona fide co-operative IPSs and BenComm IPSs** Good for promoting democratic ownership and control through co-operative structures. Has a separate legal identity from its members. Can own property or enter into contracts in its own right.	Less fit for purpose for organisations with hierarchical structures. A bona fide co-op (not a BenComm) is more suitable for smaller initiatives (for example a shop) – would not be suitable at the scale of a whole development site, for example. Not as well recognised as some of the other legal structures, such as company limited by guarantee or a registered charity. FSA registration entails formalities (for example keeping and filing of accounts). FSA registration is necessary for a BenComm; for a bona fide co-op it depends on whether the activities of the IPS need to be ‘regulated’.
Industrial and provident society (IPS) (Community benefit society – BenComm)	Must benefit the community beyond its own members and must have a special reason not to be formed as a conventional company.	Like a co-op, but new legislation provides the option of a more secure form of ‘asset lock’.	Yes – members’ liability is limited to an amount unpaid on shares.	Must primarily benefit non-members – ‘asset lock’ applies. If profits are to be shared out among the members, this must be done through an equitable formula.	Yes – asset lock only survives dissolution if a new statutory form of asset lock is adopted.	Yes, if it meets the criteria for charitable status.		

cont…

Table 2 cont.
Comparison of the main types of legal structure for stewardship bodies

Legal structure	Typical features	Ownership, governance and constitution	Is the body a 'legal person' distinct from those who own and/or run it?	Can the body's activities benefit those who own and/or run it?	Assets 'locked in' for community benefit?	Can the body be a charity and claim charitable status tax benefits?	Pros	Cons
Charitable incorporated organisation	First ready-made corporate structure specifically designed for charities.	Similar to a company, but with different terminology – for example 'charity trustee' instead of 'director'.	Yes – members either have no liability or limited liability.	Members are not permitted to benefit, and charity trustees are only able to benefit if the charity's constitution, the courts or the Charity Commission permit.	Yes.	It cannot be anything other than a charity, and must meet the criteria for charitable status.	Can make it easier to raise funds from trust funds and companies. Directors cannot be paid. Tax exemptions and reliefs	More active regulation in return for the tax benefits. More responsibility for people involved – for example, they may become charity trustees. Charitable law does not allow trustees to be paid for being trustees, although they may be reimbursed for out-of-pocket expenses. Charitable rules as enforced by the trustees may impact on entrepreneurial aims. Significant restrictions on trading and borrowing.

Adapted from *Legal Structures for Social Enterprise at a Glance*. Business Link, 2011 (available from **http://www.socialfirmsuk.co.uk/resources/library/legal-structures-social-enterprises-glance**), and from 'Determining the right legal structure for your social enterprise'. Webpage. UnLtd. **http://unltd.org.uk/portfolio/3-7-determining-the-right-legal-structure-for-your-social-enterprise/**

3

Funding long-term stewardship

People for Places have made a long-term commitment in developing Brooklands in Milton Keynes

The long-term success of any stewardship model will be dependent on planning sustainable ways of generating income to pay for the maintenance of the asset. In the past it could usually be assumed that the local authority would take on the management and maintenance of a new community asset created as part of a new development. But in many cases local authorities can now no longer afford to do this.

Consequently, it is more important than ever that, before community assets are created, thought is given to how they will be managed and their maintenance costs paid for over the long term. The key sources of revenue income for stewardship bodies are set out in Table 3, on pages 24-27, along with an indication of how eligibility might be affected by the legal structure of the stewardship body.

3.1 Overview of finance and funding requirements

3.1.1 Types of finance needed

Most stewardship bodies will need two sources of finance:

- ***capital investment*** (including ***development capital*** – required at the start of an organisation's life, but also throughout its existence for developing and piloting new ideas; ***growth capital*** – to purchase, develop or refurbish a building or land or to upgrade equipment; and ***working capital*** – helpful to support what may be an uneven cash flow); and
- a ***revenue stream*** – income necessary to cover everyday running costs (and sometimes to fund

Table 3
Main sources of revenue finance for stewardship bodies in the UK

Source of finance	Key features, benefits and risks	Can this source of finance also be used for capital investment?	Legal restrictions on types of stewardship body able to benefit?
Endowments			
Endowments from planning and development processes	**New Homes Bonus** Income from the New Homes Bonus is not ring-fenced. Local authorities could choose to spend income from the New Homes Bonus on revenue funding for asset management by stewardship bodies.	Yes – it is not ring-fenced	Depends on the local authority's restrictions.
	Section 106 agreements (also known as planning gain, planning obligations or planning contributions) Section 106 agreements are used to secure capital funding for infrastructure, including community assets. Local authorities can require that revenue funding for the ongoing management of community assets is also provided. This could be in the form of a cash endowment or an endowment of a land or property portfolio. This source of revenue funding relies on specific negotiation early in the development process.	Yes – most frequently used for capital funding.	Depends on the local authority's restrictions.
	Community Infrastructure Levy (CIL) The local authority can apply the CIL revenue it receives to fund the 'provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area'. This also applies to the neighbourhood funding elements (15% of CIL income or 25% where there is a neighbourhood plan), designed to encourage local people to support development by providing direct financial incentives to be spent on local priorities. The use of CIL as a revenue stream is dependent on the charging authority or parish or town councils specifying CIL's use by the stewardship body.	Yes – where this is specified in the CIL charging schedule. CIL is usually used for capital investments.	Depends on the local authority's restrictions.
	If New Homes Bonus, Section 106 or CIL funds are spent through a third-party stewardship body, the local authority will want to be assured of the good governance of that body and that there will be an audit train for the proper allocation of the funds to deliver the required outcomes. The local authority might choose to place an officer or councillor on the board of the company, or find some other role through which to participate in the stewardship body's executive functions.		
	How Section 106 agreements and CIL relate CIL has been developed to address the broader impacts of development, and charging authorities are able to spend income throughout the local authority (as opposed to Section 106 agreements, which must mitigate specific impacts of a development and must be used on site or for facilities directly related to the development). There should be no circumstances in which a developer is paying CIL and Section 106 charges for the same infrastructure in relation to the same development.		
	The balance between the use of Section 106 agreements and CIL will differ, depending on the nature of the area and the type of development being undertaken. Further guidance on the balance between Section 106 agreements and CIL are set out in the CIL guidance of April 2013 (see http://www.pas.gov.uk/3-community-infrastructure-levy-cil/-/journal_content/56/332612/4090701/ARTICLE and https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197687/Community_Infrastructure_Levy_2013.pdf).		

cont...

Table 3 cont.
Main sources of revenue finance for stewardship bodies in the UK

Source of finance	Key features, benefits and risks	Can this source of finance also be used for capital investment?	Legal restrictions on types of stewardship body able to benefit?
Endowments cont.			
Large endowments from philanthropists or foundations	Significant endowments and major gifts from individual philanthropists or charitable foundations can provide an asset base for the long-term development of an organisation – whether bequeathing land and property or a financial endowment. The asset usually provides for a sustainable income stream. Endowments of assets such as land can provide significant opportunities to generate income for a stewardship body. However, endowments which require a lot of maintenance (such as property) and are not accompanied by a source of income for management and maintenance can become a liability. Stewardship bodies should not take on assets without a clear source of income for management or maintenance.	Gifts are usually for a specific purpose, defined by the giver – can include capital and revenue funding.	No – but tax incentives are such that recipients are generally charities.
Income earned from trading			
Trading goods and services	Income can be earned through trading, either through an asset (such as hiring out premises) or by selling goods and services. An organisation may rely on one trading activity or several, and the income generated may provide subsidy to other parts of the organisation. Stewardship bodies can earn income from trading before development begins by maximising opportunities for 'meanwhile' uses of land or buildings.	Yes – can also be used to fund capital investment.	No – few restrictions.
Public sector funding			
Public sector grant funding or other subsidy	Public sector grants and subsidies are a very common form of funding for many organisations, covering a wide range of purposes, with the nature and significance of objectives and conditions varying widely, but with no need for repayment. Public funding tends to come either from ongoing statutory budgets (typically revenue funding) or from time-limited programmes such as UK area-based regeneration programmes or EU Structural Funds (often capital and revenue). Capital grants can require time-consuming bidding processes. Revenue grants are often annual in nature, rarely with long-term security of income. There can be significant opportunities for income generation from energy-related subsidies such as the feed-in tariffs or the Renewable Heat Incentive, depending on the specific legislation and policies in operation at the time.	Can provide for either revenue or capital funding, depending on the nature of the subsidy.	No – few restrictions.
'Peppercorn' rents charged by public sector landlords	The provision of land and/or property at a 'peppercorn' rent (i.e. at almost zero cost) by a public sector landlord is an important source of support for many community organisations, as it can save a significant amount of money. Such arrangements may be kept in place for years.	Reduces revenue costs, which could in theory release funding for capital investment.	No.

cont...

Table 3 cont.
Main sources of revenue finance for stewardship bodies in the UK

Source of finance	Key features, benefits and risks	Can this source of finance also be used for capital investment?	Legal restrictions on types of stewardship body able to benefit?
Public sector funding cont.			
Public sector commissioning of services	Public sector service commissions can provide some security of income. Contracts are generally for up to three years in duration; some cover core organisational costs, but some do not. The nature of the services provided are defined by the commissioning body. Re-commissioning will be dependent upon public finances and decision-making. If public contracting forms a high proportion of an body's income, it could compromise its independence and make it over-reliant on the fortunes of the public sector.	Mainly provides for revenue expenditure.	Generally few restrictions, but larger and more established organisations are more likely to be commissioned.
National Lottery funding	The National Lottery distributes significant amounts of time-limited grant funding each year through a wide range of programmes, delivered through the Heritage Lottery Fund, the Big Lottery Fund, and UK Sport. Much of this is capital funding, but it is often accompanied by some revenue funding too. Most programmes are competitive.	Mainly capital, but some revenue funding.	No – few restrictions, provided a social purpose can be demonstrated.
Maintenance and service charges			
Service charges	Service charges are levied by landlords to recover the costs incurred in providing services to a dwelling. The way in which a service charge is organised is set out in the tenant's lease or tenancy agreement. The charge normally covers the cost of such matters as general maintenance and repairs, insurance of the building, and, where provided, central heating, lifts, porterage, lighting, and cleaning of common areas, etc. The charges may also include the costs of management by the landlord or by a professional managing agent and contributions to a reserve fund.	Yes.	Usually raised by the stewardship body itself as the freeholder or landlord.
Estate management scheme charges	An estate management scheme allows landlords to retain some management control over properties, amenities and common areas in cases where the freehold has been sold to leaseholders. In many cases the aim of a scheme will be to ensure that the appearance and quality of the area as a whole is kept to a certain standard. However, a scheme can also provide for the upkeep of communal gardens or other common or shared facilities or areas. In this case it may permit the recovery of certain charges. Some estate management schemes have been established by landowners or developers and are not the result of leaseholder enfranchisement. Income is sometimes generated through rent charges, but more often accrues through contractual arrangements.	Yes.	Usually raised by the stewardship body itself as the freeholder or landlord.
Charitable funding			
Charitable grants from foundations etc.	Charitable grants, both large and small, are a common form of funding, from a wide range of charitable institutions, varying in scale from local to international. Some funds are very flexible; some are quite prescriptive. There is rarely any long-term security of income, with grants often one-off in nature.	Can provide for either revenue or capital funding, dependent on the nature of the grant.	Few restrictions, but often a preference for organisations with charitable status.

cont...

Table 3 cont.
Main sources of revenue finance for stewardship bodies in the UK

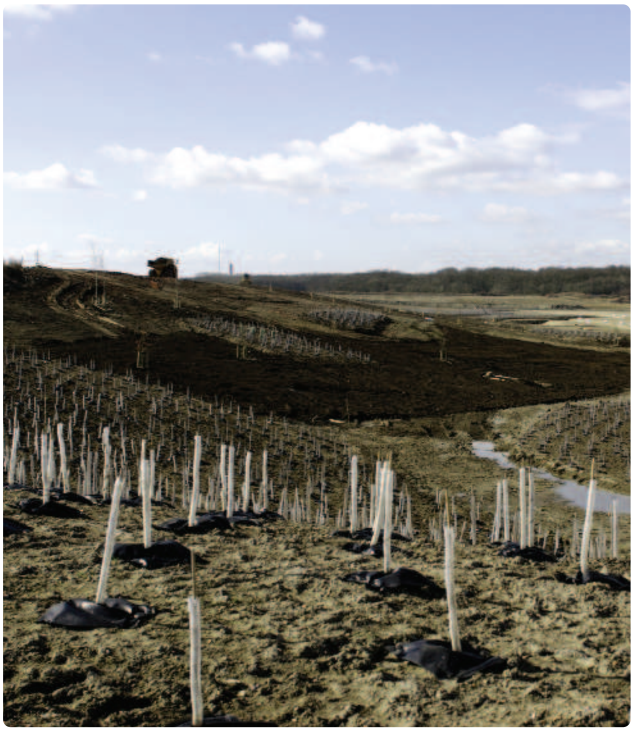
Source of finance	Key features, benefits and risks	Can this source of finance also be used for capital investment?	Legal restrictions on types of stewardship body able to benefit?
Charitable funding cont.			
Charitable donations from individuals	Donations (including legacies) are a common form of fund-raising for many charities seeking public financial support. This source of funding is more effective for certain types of charity – and requires some investment in fund-raising. The level of income secured is dependent on the body's profile and ability to compete for funding, and can be influenced by wider economic trends.	Can be used for any purpose.	Few restrictions, but primarily for organisations with charitable status.
Loans and equity finance			
Equity (shares) and quasi-equity (individuals/ community investors/ private funds)	Equity funding is a relatively small and new area of social finance. Only CICs and co-operatives can offer shares to the public, and there is a £20,000 limit to the amount that any individual can invest in a co-operative. However, the number of financial intermediaries willing and able to invest is growing. Capital might be provided for a range of purposes, particularly for organisations wishing to develop and grow. Currently, practice falls into three main areas: • local-community-led IPSs, raising modest amounts of funds from local communities to fund local projects; • national investment funds, raising capital from a mix of sources to invest in social enterprises, seeking both social and financial returns; and • 'socially responsible businesses' – private profit-making companies seeking to do business in a more socially responsible way (in which there is growing interest and investment activity). Some of the larger charitable foundations and trusts are increasingly making equity investments in exchange for both financial and social returns (related to their missions) – such investments could become a greater source of investment finance in the future.	Yes – equity finance is primarily used for capital investment, but there are also opportunities to apply it to secure revenue funding.	Only CICs and IPSs can issue shares (in addition to private companies).
Bonds	Bonds are a new and small area of social finance. A very small number of bond issues are raising finance to support charities and social enterprises. Many types of organisations are able to issue bonds, providing they can meet certain conditions, but nearly all organisations can benefit from funds raised through bonds issued by others.	Yes – bonds are primarily used for capital investment, but they can also be used to provide revenue funding.	No.
Social impact bonds	There is currently only one example of the newly developed model of 'social impact bond' (SIB). The nature of this investment is more akin to equity than bonds, given its inherent risks.	Yes – but SIBs are primarily used to fund service delivery.	No.

Adapted from T. Thorlby: *Finance and Business Models for Supporting Community Asset Ownership and Control*. Briefing Paper. Joseph Rowntree Foundation, 2011. http://www.jrf.org.uk/sites/files/jrf/community-assets-business-models.pdf

Box 12

Key funding issues

- **Consider ways of generating revenue funding at the very earliest stages of planning the development. Some sources of revenue funding (for example funding secured through developer contributions) can only be secured before development begins. Revenue streams such as service charges need to be written into leases before the buildings are occupied.**
- **Calculate how much the annual running costs of the asset will be, and how this money will be generated each year.**
- **Endowments can be a good source of annual income – but ensure that the income generated will be sufficient to cover running costs.**
- **The way that the asset is designed and built will have an impact on its maintenance costs – for example, the need to heat or cool a building can be eliminated by good design. Similarly, the cost of maintaining landscapes will depend on their design and the plants and materials used.**
- **Design should be sufficiently flexible to adapt to different needs and provide a range of opportunities for income generation. For instance, if carefully designed, a building could be used as a café, an arts centre, a nursery, an office, or an exercise studio.**



Tree-planting to creat Robins Wood at The Hamptons – long-term management of community assets needs to be underpinned by a secure revenue stream

capital investment), usually generated though services, contracts and/or income from trading.

If capital investment comes from a public or charitable grant, it will not need to be repaid. If capital investment is borrowed, the stewardship body will need to make an income surplus (through a revenue stream) to repay the debt. The extent to which the stewardship body can generate a revenue stream will influence the options available for capital investment. Without a secure revenue stream, it is not possible to plan for long-term management or provide up-front capital investment to increase activities.

3.1.2 Types of funding available

There are a number of funding sources for capital investment and a range of options for generating an income stream. The right sources and approaches will vary from place to place, and will depend on factors such as the type of asset being managed, the legal status of the stewardship body, and the purpose of the activity for which the asset is used. However, successful funding is often underpinned by a strategic approach to funding and management that incorporates a portfolio of different funding sources, mechanisms and partnerships.[13]

It will not be possible to plan for and manage community assets over the long term unless a secure revenue stream is established. Options for capital investment are widely documented (see, for example, *Creating Garden Cities and Suburbs Today: Policies, Practices, Partnerships and Model Approaches*[14] for an outline of key development finance for new communities, and *Paying for Parks*[15]).

13 *Paying for Parks: Eight Models for Funding Urban Green Spaces*. CABE Space, 2006. p.10. http://webarchive.nationalarchives.gov.uk/20110118095356/http:/www.cabe.org.uk/files/paying-for-parks.pdf

14 *Creating Garden Cities and Suburbs Today: Policies, Practices, Partnerships and Model Approaches – A Report of the Garden Cities and Suburbs Expert Group.* TCPA, May 2012. http://www.tcpa.org.uk/pages/creating-garden-cities-and-suburbs-today.html

15 *Paying for Parks: Eight Models for Funding Urban Green Spaces*. CABE Space, 2006. p.10. http://webarchive.nationalarchives.gov.uk/20110118095356/http:/www.cabe.org.uk/files/paying-for-parks.pdf

4

Case studies

The locations of the eight case studies

Long-term stewardship is not a new concept, but within today's changing economic and political landscape stewardship models are changing and evolving. The case studies set out in this section provide some real-world examples of long-term stewardship for community benefit – from the first Garden City to the experience of those bringing forward new communities today.

Eight case studies are presented here:

- ***Case Study 1: Letchworth Garden City Heritage Foundation*** – Garden City model, providing a range of services through charitable commitments.
- ***Case Study 2: Bournville Village Trust at Lightmoor Village, Telford*** – local management of new community.
- ***Case Study 3: The Parks Trust, Milton Keynes*** – a profitable model of green space management.
- ***Case Study 4: East London Community Land Trust, Bow East London*** – providing permanently affordable homes for local people.
- ***Case Study 5: The Land Trust at Elba Park, Sunderland*** – long-term stewardship of open spaces.
- ***Case Study 6: The Hamptons, Peterborough*** – a 'master-developer' model of estate management over the long term, which has developed and adapted to meet the changing needs of the market over time.
- ***Case Study 7: North West Bicester*** – developing a local management organisation for an eco-town.
- ***Case Study 8: Thameswey Ltd*** – local authority establishment and expansion of an energy service company.

Case Study 1
Letchworth Garden City Heritage Foundation
Garden City model, providing a range of services through charitable commitments

Key features:
- **Using assets to generate income for investment in the community.**
- **Determining what the community wants through meaningful dialogue.**
- **Using a scheme of management to maintain character of place.**

Letchworth Garden City Heritage Foundation is the successor to the original development company (First Garden City Ltd) for Letchworth, the world's first Garden City. The Foundation is a self-funding organisation that reinvests its income for the long-term benefit of the local community. It is an industrial and provident society with charitable status. Endowment income generated mainly from its property portfolio enables the Foundation to provide additionality to services and facilities provided by the local authority (North Hertfordshire District Council). Provision includes the operation of an art deco cinema, a treatment centre for the local community and people who work in the town, an archive on Letchworth and the Garden City Movement of 80,000 objects, the International Garden Cities Exhibition, an educational family farm, a community hub, areas of open space, a greenway around the town, a mini-bus service, and a local and tourist information centre, which incorporates a shopmobility service.

Stewardship in Letchworth

First Garden City Ltd began construction of the world's first Garden City in 1903. Central to the company's ethos was a commitment to repatriate all profits back into the Garden City estate, once initial loans had been repaid. Following a profitable period and an attempted takeover by property speculators, a Private Members' Bill led to a 1962 Act of Parliament which transferred the assets, role and responsibilities of First Garden City Ltd to a public sector organisation – Letchworth Garden City Corporation. A further Act of Parliament (The Letchworth Garden City Heritage Foundation Act 1995) wound up the Corporation, passing the then £56 million estate to Letchworth Garden City Heritage Foundation. The governance structure set up in 1995, which is still in place today, has a significant community involvement and ensures that the original objectives to reinvest profits back into the community have not been lost. The Foundation today is driven by its charitable commitments to the community.

The Foundation's portfolio consists of a wide range of property, including 150,000 square feet of offices, 400 industrial units and 200 shops, spread across the 5,500 acre Garden City estate. The Foundation is the largest landowner and landlord in the Garden City, enabling it to work with the local authorities to help shape the strategic direction of the town.

Meaningful dialogue with the community is vital

Charitable commitments

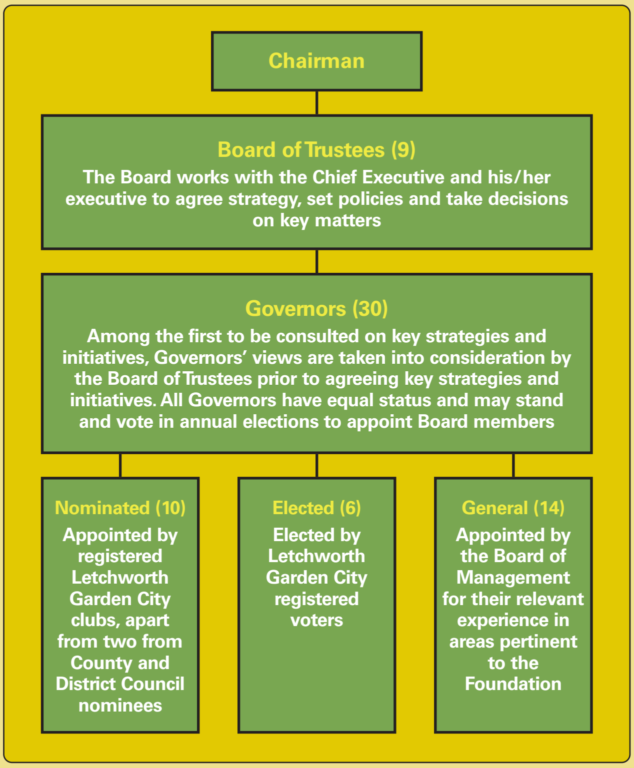
The Foundation's charitable commitments (set out under six headings – 'environment and heritage', 'education and learning', 'recreation and leisure', 'health and wellbeing', 'locally based charities', and 'charitable activities') are to provide funding and services for the benefit of Letchworth's communities. The Foundation runs many town-wide services, such as the cinema and the educational working farm, while funding individuals, clubs and societies through grants. For example, the small fleet of mini-buses helps Letchworth's elderly and infirm residents to get to lunch clubs, group meetings and the treatment centre for free. Around 40 groups regularly use the door-to-door transport each year.

Scheme of Management

To protect the unique and special character of Letchworth, the Foundation runs a Scheme of Management which applies to most freehold premises within the Letchworth Garden City estate. The scheme sets obligations (or covenants) on these freehold property owners to seek prior approval for external alterations to their homes as well as the removal of trees and hedges and running a business from home.

Income and asset management

Since the Garden City estate was passed to the Foundation under the 1995 Act of Parliament,



Governance structure of Letchworth Garden City Heritage Foundation

proactive commercial management of Letchworth assets, combined with market changes, has resulted in a current asset value in the region of £128 million, yielding an annual endowment income of around £10 million. Around 80% of this income comes from the property portfolio (industrial, office, retail). The remaining 20% is income resulting from the delivery of services (such as the cinema) and interest on the investment portfolio. There are no shareholders who receive a dividend from this income, which is either utilised in the management of the property portfolio or reinvested in the community through the Foundation's charitable commitments; with aproximately £3.5 million being reinvested over the past year.

Governance and community control

The governance model is based on a team of Governors, who are either elected by the local community, nominated by local groups and societies, or appointed by the Foundation. The Governors elect a Board of Trustees, with two places on the Board reserved for nominees of North Hertfordshire District Council and Hertfordshire County Council. The Board is the Foundation's main decision-making body. Local representation on the Board helps to ensure that the community is the key driver in the decision-making process and future strategy.

Understanding what the community wants

A major challenge for an organisation working for the benefit of the community lies in understanding what that community needs and what activities it will deliver – and then in matching different (sometimes competing) needs with the right level of investment. Meaningful dialogue with the community is vital. The Foundation has entered into dialogue with residents through a number of initiatives aimed at raising awareness, making the Foundation more accessible through a 'community hub' and ensuring people can see that projects are being delivered. There has also been a focus on initiatives to make the most of meaningful representation, by making sure the Governors are actively involved in the Foundation and by recruiting a diverse online 'community panel' of residents to ensure that a broad range of voices are heard, rather than those of the 'usual suspects'. The Foundation has used a range of research tools to understand what really benefits the community.

Key lessons

- ***Work for the long term:*** It is not possible to manage finances or plan effectively without working to a long-term model.
- ***Enter into meaningful dialogue with the community:*** With the long-term model in mind, ensure that prior to beginning any project time is built in for a meaningful dialogue with the community to provide assurance that the outcome is the right one.
- ***Seek out opportunities for self-generated income:*** All the Foundation's charitable commitments are funded through income generated from its activities and operations. The Foundation does not fund-raise. Self-generated income provides a level of security and aids financial planning.
- ***Establish a working relationship with local authorities:*** It is essential to have a close working relationship with the democratically elected authorities from the outset.
- ***Remain relevant:*** Understand the purpose of the organisation and ensure that its objectives are met throughout the development's lifetime.
- ***Individuals are important:*** Invest in the right team with the right skills to make the organisation a success.

Further information

Letchworth Garden City Heritage Foundation http://www.letchworth.com/heritage-foundation

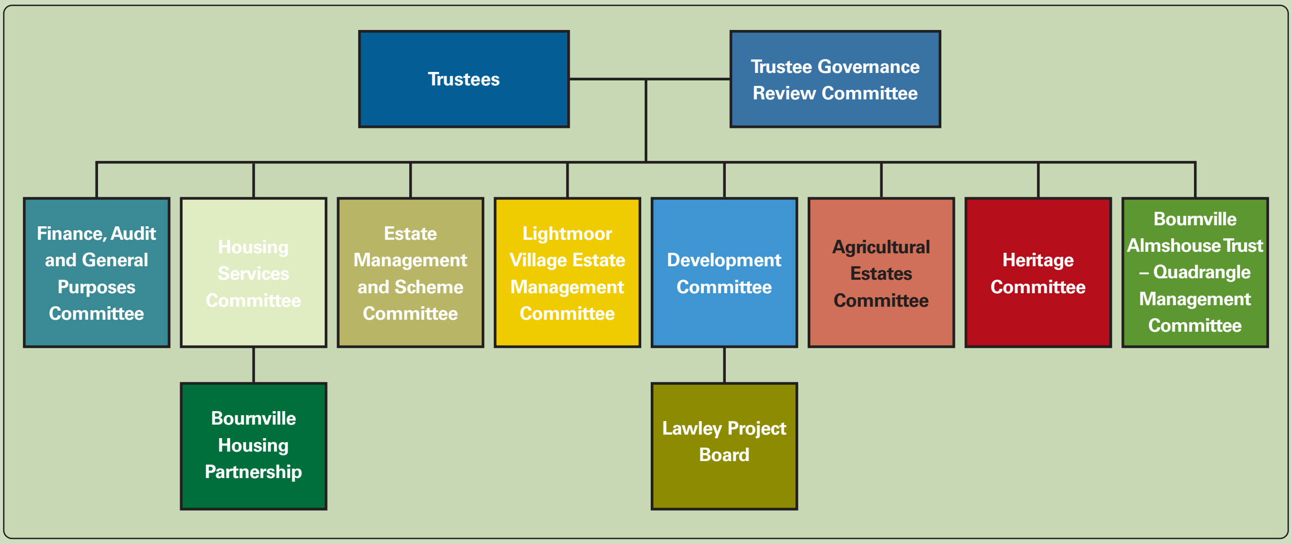
Case Study 2

Bournville Village Trust at Lightmoor Village, Telford

Local management of a new community

Key features:

- Involving residents in estate development and management of a new community.
- Creating a sense of community for the very first residents.
- Using a service charge as a revenue stream.



Bournville Village Trust committee structure

Bournville Village Trust

Bournville Village Trust (BVT) is one of the largest housing trusts in the country. Founded in 1900 by the chocolate manufacturer George Cadbury, BVT now looks after some 8,000 mixed-tenure properties in Bournville, in inner-city Birmingham, in Shropshire and elsewhere in the Midlands. As well as being a not-for-profit housing association providing rented housing, BVT manages supported housing, community facilities and landscaped areas on the Bournville Estate, and an agricultural estate.

BVT at Lightmoor

Lightmoor Village in Telford, Shropshire, is a modern urban village development consisting of up to 1,000 homes, a school, a community facility, a playing field and parks, and a village centre, which includes shops and a nursery. The development, due for completion in 2019, is being undertaken as a joint venture by BVT and the Homes and Communities Agency, working closely with the local authority, Telford & Wrekin Council. The joint venture is committed to a high standard of development, incorporating several innovative features. One of the Trustees' priorities in the development of Lightmoor Village was to promote resident involvement in the governance structure, as well as in the life of the village.

Lightmoor Village Estate Management Committee

At the outset the Board of Trustees wished to promote the principles used at Bournville in Birmingham, and as a result the Lightmoor Village Estate Management Committee is similar body to the long-standing Estate Management and Scheme Committee in operation at Bournville. The Trustees, who have overall responsibility for BVT, have set up the Lightmoor Village Estate Management Committee to oversee the Lightmoor Village estate. The Committee is made up of Trustees, residents and BVT staff, and meets at least four times a year. Activities on the ground are carried out by Lightmoor's estate management team, currently consisting of an Estate Officer, a Centre Manager plus support staff, two Resident Involvement Officers, and three Landscape and Environmental Technicians. They are supported by a senior member of the BVT staff and a part-time administrator.

Creating a sense of place for the very first residents

The non-adopted public realm and community assets are owned and managed by BVT drawing on the same principles that have been used to manage the Bournville Estate in Birmingham for the last 100 years. BVT pays particular attention to providing

A tree is planted for every baby born in Lightmoor

social facilities that strengthen quality of life: for example, the heart of the community is a new primary school. Facilities such as playing fields, changing rooms and an IT suite are owned and managed by BVT for the benefit of the neighbourhood. The school hall is used by the local authority as a school during the day and by the community at night and at weekends. Resident Involvement Officers run various events during the year, such as an Easter egg hunt and a community games day.

Lightmoor Village is set in a green environment, and landscaping and parks play a vital role in its design and allow residents to enjoy their leisure time. These areas are managed by an internal landscaping and environmental team. A community orchard was set up at an early stage. This enabled a tree to be planted for every new baby born at Lightmoor – this has been so successful that a new orchard has been opened.

The community facility hosts activities typically held at community centres, and also include a community-accessible computer room, meeting rooms and changing facilities for the football pitch. Lightmoor also has its own junior and senior football teams. The community facilities operate at an annual loss, primarily because they were brought into operation when only a third of the development was complete. Trustees wished to provide the school, community facilities, shops and village centre at an early stage.

Use of a maintenance charge to generate revenue

To underpin BVT's long-term stewardship, owner-occupiers sign a covenant which commits them to an annual maintenance charge. The agreement extends a degree of environmental control over the estate. For example, green spaces cannot be paved for car parking. The maintenance charge to residents has been in operation for some time and allows for the development of a sinking fund for future capital repairs and replacements.

Key lessons

- ***Design matters:*** Bournville Village Trust and the Homes and Communities Agency are the overall developers of the site, and as a consequence the design principles have been carried through to the built environment. This allows for the use of high-quality finishes, materials and components in the public realm. The landscape environment is regarded as an important element of the new village and has therefore been given careful consideration and thought.
- ***Benefits of community liaison:*** The employment of a Resident Involvement Officer from the outset has allowed the community access to the development and design process – their input into the design of play areas and the parks has proved the effectiveness of community consultation.
- ***Maintain an on-site presence to welcome new residents:*** A BVT office on site from the outset has been a key means of giving new residents access to the Trust's team. In addition, all residents are visited and presented with a welcome pack on moving into their new home.
- ***Reduce the challenge of local authority asset adoption:*** The BVT's undertaking to manage the non-adopted assets reduced the number of negotiations on local authority adoption.
- ***Plan for economic changes:*** Economic downturns can slow the development process and affect the income-generating potential of community assets.

Further information

Lightmoor and the Bournville Village Trust https://www.bvt.org.uk/about-us/lightmoor

Case Study 3
The Parks Trust, Milton Keynes
A profitable model of green space management

Key features:
- **Successful management of high-quality green infrastructure.**
- **Addressing challenges and opportunities related to green asset management in new communities.**
- **Proactive management of a broad land and property portfolio.**
- **Use of a long-term financial model.**

The Parks Trust is an independent charity that owns and cares for many of Milton Keynes' parks and green spaces, amounting to 5,000 acres of river valleys, woodlands, lakesides, parks, and landscaped areas alongside the main roads – about 25% of the new city area.

In most places, parks are owned and managed by the local authority, but the Parks Trust was set up in 1992 to care for most of the city's green space and ensure that the green landscape would be managed and protected forever, without having to compete for funds with other council priorities. The Parks Trust was endowed with a substantial property and investment portfolio, income from which pays for its work in nurturing and enhancing the landscape. The Trust is entirely self-financing. Activities undertaken by the Parks Trust include:
- maintaining 5,000 acres of parks and green spaces, including around 80 miles of landscaped areas alongside the grid roads;
- improving Milton Keynes' parks by providing new facilities, increasing biodiversity and enhancing habitats;
- working with developers, Milton Keynes Development Partnership and Milton Keynes Council to bring more green space into its stewardship;
- organising over 200 events in the parks each year, providing environmental education programmes for hundreds of schools, and supporting a team of around 160 volunteers; and
- managing a diverse investment and property portfolio and developing other income streams in ways that are compatible with its values, in order to fund its work of looking after the parks in perpetuity.

Structure and governance of the stewardship body

The Parks Trust was established by Milton Keynes Development Corporation to own and manage, in perpetuity, the strategic open space in Milton Keynes. It was always envisaged by the Development Corporation that Milton Keynes would continue to grow and that the green estate would

The Trust employs a high-calibre team and has developed a robust long-term financial model

need to change and at times be reconfigured as the city evolved. A key part of the planning right from the start was to build in flexibility and make the city as 'future proof' as possible.

The Parks Trust took a 999-year lease on 4,500 acres of land from Milton Keynes Council and at the same time was given an endowment of around £20 million, mainly in the form of commercial property in Milton Keynes, the rental income from which is used to fund the Trust. Since then, some of that property has been sold and other assets have been acquired, both in Milton Keynes and elsewhere, to ensure that the Trust does not have all its 'eggs in one basket'.

The Trust is a company limited by guarantee and a registered charity. Under this structure it can generate income and make profits and operate much the same way as a private business, with one big exception: the Trust's money and its assets can only be used to pursue its social purpose, which is defined in its Articles of Association. The Articles state that the Trust's primary object is to provide, maintain and equip parks, gardens, landscaped areas, woodlands, open spaces, playing fields, playgrounds and recreational amenity spaces within the borough of Milton Keynes and the environs, for the benefit of the inhabitants and visitors to the area. This land is referred to as the green estate.

The secondary objects of the Trust are to advance public education in the area of benefit, with particular regard to horticulture, arboriculture, wild plants and wildlife, and to provide or assist in the provision of facilities for recreation or other leisure time occupation, in the interests of social welfare and with the object of improving the conditions of life for the inhabitants and visitors to the area.

Proactive investment

The Trust is self-financing and generates the income needed to maintain the green estate from its investments and from its operations and enterprises, including farming, letting of paddocks, events, sale of timber, and commercial leisure activities.

The majority of landscape management costs are incurred on three-year maintenance contracts (currently there are around 20 contracts of £50,000-£1 million+ in size). Non-routine work is either let as specific one-off contracts (typically for thinning a plantation or resurfacing leisure routes) or is undertaken by contractors working to a schedule of rates tendered at the start of the year. In this way, flexibility is maintained and costs are kept tightly under control.

The work of contractors is complemented by around 160 volunteers, who are supported by a full-time Volunteer Co-ordinator. While volunteers are not very involved in maintenance operations, they are an important part of the process, particularly in terms of reporting damage and defects and carrying out more intricate and specialist work such as habitat creation and hedge-laying. Volunteers also help out in the office, work with the Trust's Education and Events Rangers, and take photographs for use in the Trust's communications work.

Long-term financial model

The Trust has a responsibility to ensure that it is financially sustainable in the long term. To this end it has a financial strategy with two main aims:

- generating regular and sustainable annual income in sufficient quantities to fund all the work it wants to do to maintain and enhance the green estate; and
- building its asset base to a size that, in time, will allow it to invest in low-risk investments and reduce its exposure to any future economic downturns.

The Trust has developed a long-term financial model that enables it to work out expenditure requirements well into the future, the size of the asset base it needs to fund its activities, and what level of total return it needs from its assets in order to remain financially viable in the long term. Current net asset value is £86.7 million, and the intention is to grow this to £120 million (at today's prices) by 2025.

Key lessons

- ***A high-quality team is important:*** The Trust has appointed some very-high-calibre staff and attracted some very astute Trustees who have driven the Trust's success.
- ***Land and property are profitable endowments:*** Property in Milton Keynes has been a very good investment. Although there have been periods in which the Trust's property has not performed well, the property portfolio has generated sufficient funds to pay for the maintenance of the green estate, provide sinking funds, and increase the asset base. The high performance of the property portfolio has also enabled the Trust to cope with a number of unforeseen events with cost implications (for example changes in the cost of insurance and VAT, and natural weather events).
- ***Maintain a clear focus on objectives:*** The Trust has been very focused on building a robust and sustainable organisation.
- ***Remain mindful of the specific context of new communities:*** The Trust acquired the strategic open space in Milton Keynes, which presents its own management challenges that are different (not bigger or smaller) from those presented by small-scale parcels of land pepper-potted around a town or city. It has relatively little formal, high-maintenance parkland, and neither does it have the backlog of repairs and maintenance that burdens many parks authorities.
- ***Secure funding for an evolving portfolio:*** The Trust has continued to take on new parks and open spaces, and developers have been willing and able to fund the endowment sums required by the Trust.

Further information
The Parks Trust **http://www.theparkstrust.com/about-us/the-parks-trust-model**

Case Study 4
East London Community Land Trust, Bow, East London
Providing permanently affordable homes for local people

Key features:
- **Long-term stewardship on a public sector regeneration site.**
- **Providing permanently affordable homes for residents.**
- **Meaningful engagement in the development process.**

The St Clement's Hospital site

The currently derelict site of St Clement's Hospital in Bow, East London, is to come under the auspices of what is the UK's first urban community land trust, the East London Community Land Trust (ELCLT), which emerged from the work of community organisers London Citizens. ELCLT will oversee new housing development on the site. The scheme will result in 252 additional residential units, of which 182 will be private, 47 affordable rented (owned by ELCLT), and 23 affordable shared-ownership units (to be operated by the Peabody housing association). Local residents are working with national housebuilder Galliford Try (Linden Homes) to help restore the historic landmark hospital buildings and use them to pioneer the capital's first ever 'permanently affordable' homes. The project is a partnership between the Greater London Authority (the landowner), Galliford Try/ Linden Homes, ELCLT, Peabody housing association, and JTP architects. The site at St Clement's is a pathfinder site for future ELCLT developments.

Long-term stewardship by a community foundation

The planning application for the site (live at the time of writing – see **http://planreg.towerhamlets.gov.uk/ WAM/doc/Planning%20Statement-803336.pdf? extension=.pdf&id=803336&appid=&location= VOLUME5&contentType=application/ pdf&pageCount=1**) states that the freehold of the entire St Clement's Hospital site will be retained by a new community foundation – the Ricardo Community Foundation (yet to be established), which will then use the ground rents it raises every year to reinvest money within the local area through charitable projects. The Ricardo Foundation's Board will comprise an independent chair and equal representation from the head lessees (Galliford Try/ London Homes, ELCLT, and Peabody), from key stakeholders (from the local authorities and the local community), and from a community association representing local residents. The public areas, while owned by the Foundation, will be managed by a Management Board comprising the head lessees.

The structure of ELCLT

ELCLT is a not-for-profit industrial and provident society (IPS), established in 2007 as a 'benefit of the community' IPS. Community benefit societies ('BenComms') are incorporated industrial and provident societies that conduct business for the benefit of their community. Profits are not distributed among members, or external shareholders, but are returned to the community.

ELCLT seeks to overcome two key issues in relation to affordable housing in London: first 'affordable' housing is often actually unaffordable for many people; and, secondly, buying a home is increasingly unaffordable in the long term as historically house prices have been rising faster

ELCLT is a community initiative and is governed by its members

than incomes. The Trust addresses these issues through two initiatives:

- ELCLT will sell its homes according to a 'resale formula' based on local incomes (rather than the market rate) and the principle that no-one should have to spend more than one third of their income on housing costs. This seven-step resale formula is set out in Appendix 1 and on the ELCLT website (at **http://www.eastlondonclt.co.uk/#/what-is-a-clt/4576878256**).
- ELCLT will also restrict the resale value of its homes. Households wishing to live in a Trust property must sign a contract agreeing that they may only sell the home at the rate determined by the ELCLT's affordability criteria. This ensures that the house price increases only in line with wages, rather than in relation to land values and the open market.

A CLT home is essentially a limited shared equity product, which prohibits staircasing (i.e. the owner buying more shares in the property) and does not charge a rent on the unsold equity. In the event that Linden Homes is unable to agree purchase of the shared-ownership units with ELCLT, it will seek to sell them to another community land trust. If after nine months no sale has been agreed, Linden Homes will sell the units to a registered social landlord on the basis of its standard shared-ownership model.

Governance

ELCLT is governed solely by its members, and anyone who lives and works in East London can join. Each year a Board of Trustees is elected by the members of ELCLT. The Board follows a classic tripartite model from the USA, with local residents currently filling in for those who will be leaseholders. The community representatives all come from local civic institutions. ELCLT's Board of Trustees is composed of three strands, each containing an equal number of seats to ensure that all interests are heard but no interest is ever predominant:

- One third of the Board represents the interests of people who are local residents, and will one day be represented by individuals living in ELCLT homes ('local resident representatives').
- One third represents the interests of members of the surrounding 'community' who do not live in ELCLT homes but are important to the area, such as representatives from schools and residents' associations ('community representatives').
- One third is made up of public officials, local funders, non-profit providers of housing or social services, and other individuals presumed to speak for the public interest ('public representatives').

Key lessons

- ***Engage strategic partners as early as possible:*** Meaningful dialogue and negotiations with landowners require an outline business model and partnership team.
- ***Find out if there is local desire for a community land trust:*** ELCLT was a community initiative which sought and chose a site to be involved in. Local authorities and developers should listen to the community to see whether they are looking for land for a similar initiative.
- ***Work to secure political support at an early stage:*** One of the key ingredients in ELCLT's success was that local political support was gathered at an early stage in the process.
- ***Use community stewardship for meaningful engagement:*** The establishment of a long-term stewardship body as part of a development provides an opportunity to understand in detail what local citizens want and what might work.

Further information

East London Community Land Trust **http://www.eastlondonclt.co.uk/**

Case Study 5
The Land Trust at Elba Park, Sunderland
Long-term stewardship of open spaces

Key features:
- **Public sector long-term stewardship.**
- **Management of open space on a former industrial site.**
- **Co-operation between local authority and site management teams.**

Part of Elba Park, Sunderland

Elba Park in Sunderland is a 64 hectare former colliery, brick and coke works which has been transformed into a country park. It is owned by the Land Trust, a national charity and company limited by guarantee which manages sustainable open green spaces for the public. The Land Trust was established in 2004 to provide for the long-term sustainable management of open space, working with communities and local partners. The freehold of the Elba Park site was transferred to the Land Trust from the Homes and Communities Agency in March 2012.

Management arrangements for the site

Management arrangements are governed by a legal agreement between the Land Trust and a managing agent, who works to an agreed management plan and budget. The Elba Park site is managed by Groundwork North East. Its main objective is to deliver social and environmental outcomes through the provision of a well planned, long-term sustainable site for public use, with health, educational, and environmental and biodiversity benefits, with all risks managed at an affordable cost. As requirements change over time, the management plan is reviewed annually, to take account of changing circumstances. Annual draft budgets are proposed by Groundwork North East three months prior to the new financial year and reviewed by the Land Trust to ensure that the proposed outputs and outcomes are consistent with the management plan and that the level of funding required is within the amount available from the project allocation.

Local authority and local community involvement

Although there is no formal role for the local council in managing the site, there is a spirit of co-operation between Groundwork North East and the local authority, Sunderland City Council. Representatives from the Council attend 'friends of' meetings, and the Council supports the site in many other ways – for example by discounting prices for maintenance (where it has equipment to assist Groundwork North East), providing financial support for events and projects, publicising activities and events at the site, and on occasion removing fly-tipping. In return, Groundwork North East has supported the Council's 'Love Where You Live' campaign, planted trees and taken part in clean-up days.

Elba Park references its mining antecedents

The local community is involved with the site at a number of levels. There is an established 'friends of' group that helps to make decisions about how the park is managed. Others get involved in practical volunteering – 43 volunteer days were recorded between April 2012 and April 2013. There were 12 school visits in the same period – and 100 people took part in training events on the site, over 500 in health events, and a further 140 in walking events.

Reducing risk through partnership

By taking responsibility for the funding and liabilities associated with the land management, the Land Trust enables Groundwork North East to manage the site without carrying the risks associated with land ownership. The Land Trust's sustainability expertise and track record gives local communities confidence that sites will be looked after in the right way and that any concerns will be dealt with sensitively.

The Trust is driven by its charitable aims and avoids making short-term decisions to drive profits. It holds an investment portfolio of around £90 million, which is 'low risk' to limit exposure to market volatility. It uses its position as a registered charity and a company limited by guarantee to reassure partners that any commuted sum paid to the Trust will be protected to maximise potential income and thus the amount of funding available to manage and maintain the site. All the funds received from the Homes and Communities Agency in the commuted sum for Elba Park, other than the management fee, are used to meet the cost of managing the site. Some sites also generate income through other means, for instance concessions, events and donations.

The Land Trust has developed a model for calculating the long-term cost of site management, taking into account normal annual maintenance costs and cyclical replacement costs (for example replacing – rather than repairing – pavements and benches, etc.). These costs are calculated as a basis for negotiations with partners on an endowment, to create a capital sum which, based on a long-term investment policy, will produce the level of annual income required. The endowment for Elba Park from the Homes and Communities Agency was calculated at just under £2.5 million. Annual maintenance (revenue) costs for the site vary from year to year, from around £80,000 to £90,000. An additional capital replacement cost, covering car park resurfacing, bridge replacements, bin replacements, etc., varies year on year and averages at around £20,000 per annum.

Key lessons

- ***Recognise the value of a strong delivery team:*** Key to the success of Elba Park is the co-operation between delivery and stakeholder partners at all levels, including the community. This has required investment in a strong delivery team within the stewardship body and on site. Initial site design that minimises ongoing maintenance costs makes it possible for additional resources to be directed to help deliver the health, education and community benefits of green spaces.
- ***Engage the community from the outset:*** Community engagement helps to ensure anti-social issues such as graffiti and vandalism are minimised and helps inform future developments. Again, a strong, proactive staff presence on the ground helps to create a sense of a valued community asset.

Further information

The Land Trust http://www.landrestorationtrust.org.uk/

Case Study 6

The Hamptons, Peterborough

A 'master-developer' model of estate management over the long term, which has developed and adapted to meet the changing needs of the market over time

Key features:

- **A 'master-developer' taking a long-term role.**
- **Delivering a significant green infrastructure network.**

Allotments in The Hamptons

The Hamptons are a cluster of villages to the south of Peterborough, in Cambridgeshire, boasting a rich community life, significant facilities and extensive open space and parkland. The first brick was laid in 1997 for the 5,200 planned homes. Subsequent expansion and planning revisions have increased the planned development to nearly 8,000 homes. By end of 2013 approximately 4,700 homes had been built in the villages, and adjacent employment areas had generated over 5,800 jobs.

The development's open access green infrastructure comprises a country park, local green spaces, play areas (both formal and informal recreation facilities), allotments, and the sustainable drainage system, which includes water bodies, lakes, ponds and water courses. Its built public facilities comprise primary and secondary schools, a library, a police station and community halls. Together, this provision totals approximately 108 hectares to date. In addition, there are several large nature reserves, totalling 182 hectares, some with public access and some restricted with no public access because of Site of Special Scientific Interest and Special Area of Conservation designations.

The role of 'master-developer'

Since 1998, O&H Properties Ltd has assumed the role of the 'master-developer' and has evolved a model of estate management for the long term which adapts to meet the changing needs of the community and the market as the villages move from being fragile, pioneering entities into strong, distinct places.

A Section 106 agreement established a masterplan and a framework for management in 1993 (from a 1991 planning application that had been worked up over the preceding five years). This envisaged the transfer of green infrastructure and public facilities, to be held for the long term by public bodies (for example by the local authority or a public utilities company), on payment of commuted sums.

The structure of the delivery team

O&H Properties Ltd is the landowner of the area under development. The company also operates through wholly owned subsidiaries:

- O&H Hampton Ltd, the Hampton development management company;
- Hampton (Peterborough) Management Ltd, which holds and manages all the completed public open spaces – currently totalling 108 hectares but due to increase significantly as the second half of The Hamptons is built over the next ten years; and
- Value Nature Ltd, which holds and manages the 182 hectares of nature reserves.

The story so far

During the first phases of development, the green infrastructure was laid out at the developer's expense, and it continues to be maintained by the master-developer, to ensure a continuing high-quality environment, both to enhance land values and to ensure continuity of delivery. Funding has been through the master-development company, supported by the group company applying land sales receipts.

The developer has worked closely with the local residents as the community has been established over time, and has supported the creation of a number of community groups, leading up to, and including, the establishment of Hampton Parish

Council in 2010. The Parish Council is now in the process of taking on the long-term lease and management of the two allotments areas.

The built facilities, including community halls, sports fields, two primary schools and a large secondary school, have on completion been transferred to Peterborough City Council, and are held on 125-year leases at peppercorn rents.

The sustainable drainage system and other green infrastructure (which comprises 51% of the development area) have not yet transferred out of the developer's ownership as the Section 106 agreement originally envisaged, for various reasons but primarily due to changes in statutory regimes, together with changing local government and the developer attitudes on long-term stewardship.

Steps are now being taken to adapt to these changes – including the transfer of the green infrastructure and the freehold reversionary interests of the community built facilities into the ownership of developer-owned management companies (which in due course will have the scope for independent ownership and management by the community) or other organisations committed to long-term stewardship. Proposals are also in hand for raising income from future residents (via a service/management charge) and for establishing a sinking fund for the future management and maintenance liabilities of the development as a whole.

Benefits of the approach used

In the early days of development, the community was unable to maintain groups to represent or manage areas itself. Community organisations would start but then fold, owing to lack of cohesion or insufficient resident interest. The community has therefore benefited from the long-term commitment of the master-developer to manage the areas and assets until sufficient critical mass was achieved to generate a Parish Council – at around the 3,500 homes mark.

Key lessons

- ***The master-developer is itself a form of stewardship body:*** The master-developer role is vital in helping to shape and influence the direction of a new community over an extended period. It includes providing accountability and leadership, through a paternalistic approach to ownership and management. It also requires foresight and tenacity, in implementing a single, purposeful vision. An important element is 'holding the circle' as new residents arrive and those active in local community bodies move on.
- ***Create a sense of place for the first residents:*** Early provision of green infrastructure helps to establish a sense of place right from the start – at The Hamptons this was achieved by creating the country park before any significant number of residents arrived, by large-scale tree planting in the early years, by creating attractive water features throughout the site (through the sustainable drainage system), and by integrating local play area provision with the delivery of new housing. It is essential that this is maintained to a consistent standard, with a reliable source of funding.
- ***Flexibility is essential:*** The masterplan, set for 20 years, must be capable of adapting as the needs of the new community evolve and emerge. This can be achieved by reserving or redesignating land held by the master-developer for new facilities that were not anticipated at the start.
- ***Maintain continuity through periods of change:*** Managing a continuity of approach to development and delivery of community facilities while encountering periodic staff changes at the local authority and other public bodies (for example Natural England and Anglian Water, in the case of The Hamptons) can be particularly challenging. Working relationships take time to develop, and corporate memory can be lost when officers and executives change. The developer has to work to establish a rapport with incoming officers and facilitate smooth handovers so that the authorities can keep pace with the developer's requirements for decision-making and the execution of the long-term plan.
- ***Respond to policy changes over build-out period:*** The Community Infrastructure Levy (CIL) has been introduced during the development process for The Hamptons, and it is not yet known if this will have a negative impact on master-developers of new communities.

Further information

The Hamptons **http://www.ohhampton.co.uk**
Self-build land in The Hamptons **http://www.ohland.co.uk**
O&H Properties Ltd **http://www.oandh.com**
Natural England's *Green Infrastructure Guidance* (which now includes a case study of The Hamptons)
http://publications.naturalengland.org.uk/publication/35033

Case Study 7
North West Bicester
Developing a local management organisation for an eco-town

Key features:
- **A staged, holistic and integrated approach to the funding and management of a stewardship body – beginning early on and continuing throughout the development process.**
- **Stewardship of development with high eco-standards.**

Community involvement and engagement with new occupants are key elements in the delivery and future governance of the North West Bicester eco-town

North West Bicester (NW Bicester) is 'the UK's first eco-town'. It is planned to grow strategically, in phases to provide up to 6,000 new dwellings plus jobs.

The first phase is known as the 'Exemplar', which received planning approval in July 2012. The first residents will move into the Exemplar in summer 2014, and the entire phase is due to be completed in 2018. The wider masterplan is currently being developed, and a draft version has recently been displayed at a public exhibition.

NW Bicester is being delivered through a partnership between lead developers A2Dominion and Cherwell District Council.

Meeting eco-town standards for local management and governance

Both the *Eco-Towns: A Supplement to Planning Policy Statement 1* (available at **https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7773/pps-ecotowns.pdf**) and the Cherwell District Council's adopted *Eco-Bicester – One Shared Vision* (available at **http://www.cherwell.gov.uk/index.cfm?articleid= 5952**) envisage the establishment of a local management organisation (LMO) – which Cherwell District Council has defined as 'a locally focused, democratically accountable organisation with potential for representation from the three local authority tiers, which could ultimately be responsible for delivering the agreed functions within NW Bicester and potentially in time, to a wider area.' The NW Bicester LMO will be designed to:

- allow local people to directly make decisions on the management and maintenance of community assets, such as the green space on the site and community halls;
- provide the ability to generate income which will be reinvested for community purposes; and
- facilitate continued community involvement and engagement with new occupants, so that they feel part of the community and are able to participate effectively in the future governance of the eco-town.

Making it happen – a staged approach to developing a local management organisation

Prior to the submission of the planning application, Cherwell District Council commissioned a scoping paper on the LMO which recommended establishing a discussion forum to discuss and agree initial views on an LMO's remit and structure. Alongside the county, district and town councils, it was important that lead developers A2Dominion were involved in discussions both to inform planning application supporting documents and to provide stakeholder representation.

A number of workshops established a staged approach to developing a suitable and successful LMO, as set out below.

Stage 0 – Community governance review commences, in advance of planning permission being granted

A Strategic Delivery Board is established, to:

- agree initial objectives and key milestones for the evolution of the LMO;
- commission preliminary studies into the asset base to be negotiated through Section 106 agreements, and to support investigations of complementary funding sources; and
- carry out early engagement with existing residents and stakeholders.

The project is currently at this stage. It has so far been a four-year process, spanning a period from pre-application to the build-out of phase 1. The Strategic Delivery Board set up to oversee the delivery of the NW Bicester development (and now with a town-wide remit) has considered the staged approach to setting up an LMO. Key lessons from this stage are set out in the final section of this case study.

Stage 1 – Organising initial management and gauging community interest

This will take place around the time that the first dwellings on site become occupied. A2Dominion, supported by Cherwell District Council and a working group of interested representatives from existing Bicester stakeholders, will:

- take on the early management and service delivery role of the LMO; and
- start to work with the emerging new community to build up capacity and undertake training so that they will eventually be able to manage their own affairs.

Stage 2 – Interim governance measures, which should involve the nascent community, with potential for representation from existing democratic organisations

This will occur as early as possible, but probably not before 200 dwellings have been completed, and will include:

- formation of an Interim Partnership Board – a precursor to the LMO (it may contain representatives from local councils, stakeholder partners, the NW Bicester community, and A2Dominion); and
- giving new residents both the opportunity to learn as the organisation evolves and voting rights without taking on sole responsibility/ownership.

As the community grows, and as and when there is increased interest from newcomers in participating in governance, this will need to be reflected in the composition of the Board: eventually community representatives will outnumber others on the Board.

Stage 3 – Anticipating the LMO, establishing its structure

Timing depends on the outcome of stage 2, and whether there is significant appetite among residents to become involved in governance. The Interim Partnership Board will commission work to establish the legal structure, voting rights, objects and a detailed business plan for the LMO – the Board would resource this from those monies set aside from the Section 106 package which will have been transferred to Cherwell District Council, along with other assets set aside for the setting up the LMO.

Stage 4 – Establishing a permanent LMO Board and the beginnings of asset and responsibility transfer

This will occur once there is the required critical mass of new occupants to sit on the new LMO Board. In time, the LMO may well grow its complement of staff so that the organisation will have a clearly defined executive and operational functions. This may well not occur until the development is completed and the developers have no more financial interest in the site, or it could occur earlier – in any event this stage is probably at least five years away from the start of development on site, and quite possibly longer.

Stage 5 – Development completed, and the developers have no more financial interest in the site

The assets are handed over in full, plus an endowment – the LMO realises full control and responsibilities.

Scoping out funding options

An initial study has been carried out, exploring options for funding, based on a near-final version of the masterplan for the site so that potential activities for the LMO (such as landscape management and maintenance) can be accurately costed, and timed so that the findings can be fed into the Section 106 negotiations on the outline application. Jointly funded by the promoters and Cherwell District Council, this included:

- an analysis of the NW Bicester eco-town proposed development and context, to establish challenges and opportunities for delivery of a fully funded LMO;
- a survey of all possible funding options, including Section 106 agreements, available grants (EU and UK), trading, and third-party revenues such as feed-in tariffs;
- the creation of a financial model specifically tailored to respond to the particular circumstances of NW Bicester eco-town, setting out an indicative cash flow over a set period and a comprehensive indication of the range, type, and timing of required funding; and
- an analysis of the financial risks of setting up an LMO – and potential mitigating measures.

It is expected that as the project moves forward a more detailed study on the funding and legal structure of the LMO will be commissioned (potentially at stage 3) to support the organisation's progress towards becoming fully fledged and operational. This would need to be based on the Section 106 portfolio of assets negotiated to support the agreed activities of the LMO.

What happens if the new community does not want to run the LMO?

In the event that it becomes clear that the new community does not want to run the LMO, the stepped approach to setting it up would halt and the responsibilities would either rest with A2Dominion and/or Bicester Town Council/Cherwell District Council/Oxfordshire County Council, as would the assets accrued for that purpose.

In the event that the LMO failed for whatever reason, Cherwell District Council would usually be 'the provider of last resort' – which means that it would take on all those services and functions that the LMO provided and performed.

Benefits of a staged approach

A staged approach as outlined here enables due diligence to take place: the organisation will only move to the next stage once it has demonstrated that it can satisfactorily deal with risk and responsibility for its allocated activities. Any emerging concerns about its performance or funding can be addressed before they become critical.

Key lessons

- ***Early political support is essential:*** Ensure that there is early political support from local authority members and officers and support from developers before proceeding to work up the detail. At NW Bicester early dialogue and close working with Town and/or Parish Councils has also been essential.
- ***Timing and planning are important:*** Ensure that the right skills are available – sometimes they might need to be brought in from outside. A clear picture of the costing an LMO's activities, and therefore what must be negotiated as part of the Section 106 process, cannot be obtained until the masterplan proposals are reasonably firm.
- ***Consider existing governance structures:*** Does the site cross a number of parish boundaries? Is there a case for amending these boundaries to facilitate better delivery of the project, as well as better governance?
- ***Plan for the unknown:*** It is important to be ready and willing to manage risk.
- ***Engage existing community stakeholders early on in the process:*** Existing community stakeholders have the potential to become early champions for the LMO, and can help in encouraging participation from new residents as they gradually move in. In the case of NW Bicester, the journey towards setting up the framework for the LMO has been as important as getting to the final destination, offering a golden opportunity to involve the existing Bicester community in discussions and encourage greater community cohesion between existing Bicester residents and the new community of NW Bicester.

Further information
North West Bicester http://nwbicester.co.uk/

Case Study 8

Thamesway Ltd

Local authority establishment and expansion of an energy service company

Key features:

- **Local authority income generation through renewable energy generation.**
- **Commercial activity of a local authority beyond its boundaries.**
- **Delivering renewable energy through public-private partnership.**

Building on the exemplary models found in Germany and Scandinavia, in 1999 Woking Borough Council set up Thamesway Ltd, a private special-purpose vehicle formed through cross-party collaboration and agreements, initially to provide low-carbon energy within (and generate profit for) the borough, and subsequently to pursue a wider range of sustainable development objectives through its own commercial activities and joint ventures.

Subsequently Thamesway Energy Ltd (TEL) was formed as an energy and environmental services company (EESCo) in 2000, and in the same year completed its community-scale district energy scheme comprising a tri-generation network of heat, cooling and private-wire electricity for public, private and commercial customers in Woking town centre.

Thameswey Central Milton Keynes Ltd (TCMK) was set up in 2005 as a subsidiary of TEL to further Woking Council's carbon mitigation objectives through investment in low-carbon energy infrastructure in Milton Keynes under contract to English Partnerships (EP), now the Homes and Communities Agency (HCA). TEL/TCMK was awarded a long-term contract with EP to build and operate a series of energy stations to supply low-carbon heat and power to the phased redevelopment of Central Milton Keynes.

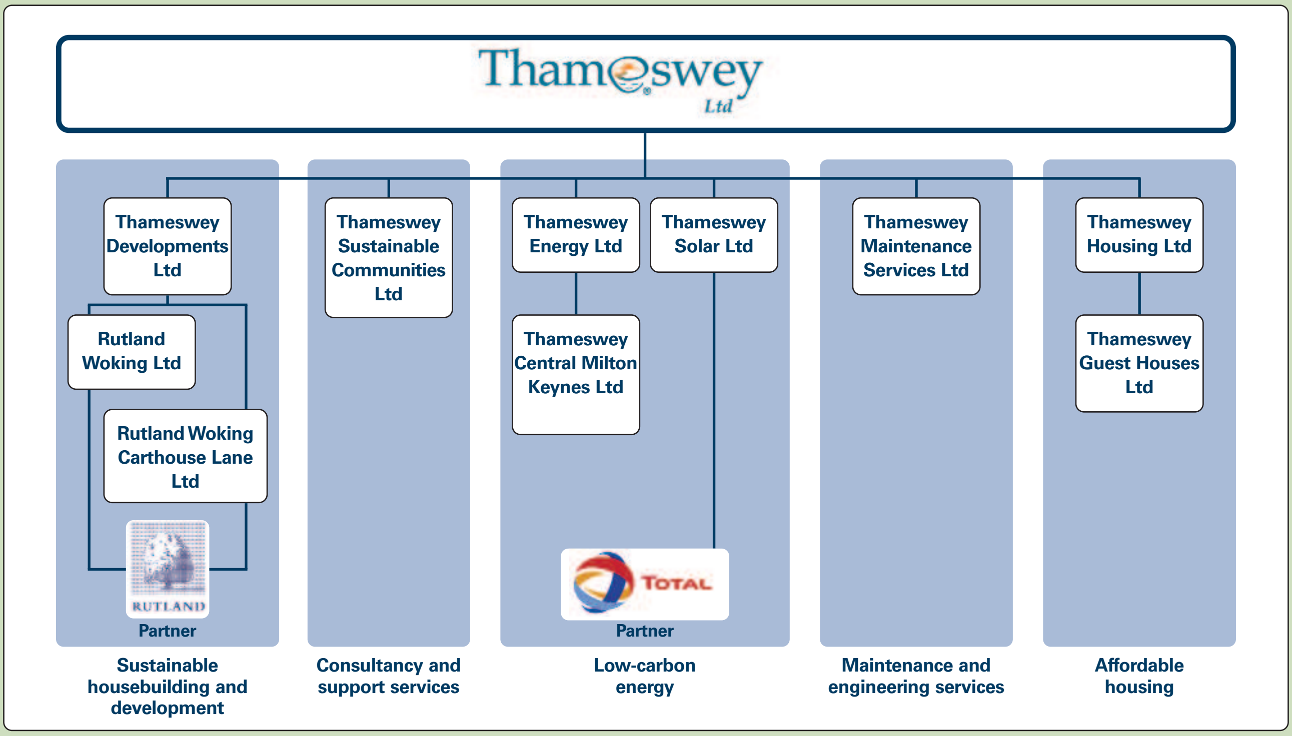
TCMK generates local low-carbon heat and electricity. It deals with fuel purchasing, maintenance and operation of its energy stations. It then distributes the energy to customers, and deals with the interface with the grid and new connections. Finally, it supplies energy to customers, involving metering, billing and customer services. TCMK now owns and operates assets valued at £25 million and supplies low-carbon heat and power to large commercial customers, including the headquarters of National Rail, a 10,000 square metre Sainsbury's retail store, restaurants, shops and offices, and over 1,000 domestic customers.

The scheme was built through a turnkey contract with a joint venture partner, and connections are secured through a project development agreement.

The Thameswey Group of companies have demonstrated how local authorities can diversify their services to become energy providers

Legal entity

Thameswey Ltd is private company limited by shares, and is the holding company, wholly owned by Woking Borough Council. A number of wholly owned subsidiaries and joint ventures trade within the Thameswey Group. Thameswey has assets of over £70 million, spread across its energy and property companies. It has been structured specifically to enable joint ventures and private-public partnerships.



The Thameswey Group structure

Stewardship body structure and governance

The Thameswey Group is structured as a number of wholly-owned individual companies, joint-venture companies, and subsidiaries. Since its formation in 1999, it has grown through acquisitions and start-ups and diversified to provide a wide range of energy, environmental and affordable housing enterprises. All profits from the operations of the Thameswey Group are used for the furtherance of energy efficiency and sustainable investment within Woking borough. Each company is governed by a board of directors comprising independent directors, councillor directors and officer directors. Every board is chaired by an independent director. Its joint-venture companies are structured with varying levels of shareholding by its partners – for example, Rutland Woking Ltd is owned 50% by Thameswey Developments Ltd and 50% by Rutland Properties Ltd.

The Thameswey Group provides a vertically integrated range of energy-related services, from design and consultancy through to operation, maintenance, customer services, metering and billing. Its joint-venture enterprises have added solar energy, land and property development to the Thameswey portfolio. In addition, an affordable housing company (Thameswey Housing Ltd) provides nearly 250 homes to the intermediate, transitional and market rental sectors.

Policy drivers for community energy

English Partnerships was appointed by the UK Government in 2004 to take forward the development and expansion of Milton Keynes, and was given planning powers to develop and execute its plans. In its strategy for the regeneration of Milton Keynes, EP recognised the opportunity to invest in low-carbon community energy infrastructure to serve its developments. The widely spaced building blocks and broad street pattern, combined with the medium-high density of mixed-use development that characterises the centre of Milton Keynes, provide a favourable urban morphology for the creation of district energy networks. Woking Borough Council's pioneering work in community energy led to the appointment of Thameswey by EP to provide and operate this infrastructure.

Challenges in establishing the stewardship body

Choosing the best structure and defining the purpose of a new organisation are important decisions when setting up a stewardship body. Very often these decisions are based on little or no previous experience of establishing this type of body, so sourcing sound advice is of critical importance.

In the case of Thameswey, the company was deliberately structured to enable it to deliver against a wide-ranging set of public policy objectives. This has enabled it to diversify its activities to include land and property development and provision of affordable housing. In addition, achieving the right governance arrangements is also vitally important, to ensure a balance is struck between commercially focused priorities and public policy objectives.

The role of local planning in delivering community energy

The role of local planning policies in Milton Keynes in securing district energy has, to date, been minimal, as Thameswey Central Milton Keynes' operation has been driven through the adoption of exemplar standards by the Homes and Communities Agency. However, a commitment to promoting the use of low-carbon community energy is now set out in the Core Strategy for Milton Keynes (July 2013): Policy CS14 ('Community energy networks and large scale renewable energy schemes') establishes a clear presumption that developments will be expected to connect to existing local energy networks.

Planning has an important role in prioritising local energy generation alongside other local infrastructure requirements, and in sending a clear signal that new development is expected to play a lead role in decarbonising energy supply.

Key costs

Project capital has been provided primarily through Woking Borough Council, in the form of a combination of share capital and debt, plus minor commercial borrowing and contributions from developers towards connection costs (for example Network Rail paid for the cost of connection to its headquarters). TCMK is operating a 32-year business plan with a target return on investment of 12%. The investment structure is:

- shareholder capital and loans of £16.3 million;
- ten-year commercial loans (at 8%);
- shareholder lending (6% Public Works Loan Board loan, including margin);
- developers' contributions of £5.57 million;
- EP/HCA payments of £2.81 million;
- an operational business plan running for 32 years;
- an internal rate of return of 6.5%;
- sales revenue of £2.5 million (in 2012);
- operating costs of £2.1 million; and
- earnings before interest, taxes, depreciation and amortisation of £297,000.

Key lessons

- ***Local authorities can diversify their services to become energy providers, and so deliver on their priorities for the environment, economic development and energy security:*** Woking Borough Council, through the Thameswey Group of companies, has shown that local authorities can successfully specialise in low-carbon energy generation, consultancy and support services, affordable housing, sustainable housebuilding and property development. This model allows councils to provide an accelerated programme of activities to meet sustainability and economic/development objectives which could not be achieved as successfully through the model of council service provision and activities usually adopted by councils of this size and location.
- ***Benefits extend beyond a direct source of income:*** The operation of this model within the realms of 'hard to finance' infrastructure, its focus on long-term innovative projects, and its ability to share and manage financial and political risks have produced a range of benefits for the council beyond a direct source of income and provision of locally sourced low-carbon energy for residents. The approach taken has created an enterprising environment, attracted skills and expertise, and built corporate capacity within the council.
- ***National policy has a significant impact on operations:*** Initial momentum on planning and climate change was built around Planning Policy Statement 1. Following the introduction of the National Planning Policy Framework, there has been a gradual shift from a focus on buildings to infrastructure, which has encouraged the development of local district energy and a growing awareness of delivery requirements.
- ***Local planning policy can be key in securing new connections:*** Local planning policy has an important role in prioritising local energy generation alongside other local infrastructure requirements, and in sending a clear signal that new development is expected to play a lead role in decarbonising energy supply.
- ***Energy generation requires capital-intensive infrastructure:*** Thameswey operates in a complex commercial environment, encompassing capital-intensive infrastructure and compliance with numerous regulatory standards. This requires continuous investment in equipment, systems and staff expertise.
- ***Innovation and risk management are essential:*** Energy-related enterprises operate in an area of emerging markets and technologies.
- ***Securing the necessary capital investment for energy generation and distribution is reliant on the right market conditions:*** This is a major challenge when considering this approach, and a long-term (patient) investment approach is required.

Further information

Thameswey Energy http://www. thamesweygroup.co.uk

5

Key lessons

The case studies yield a number of lessons for long-term stewardship of assets for community benefit.

5.1 Planning for long-term stewardship

- ***Start at the beginning:*** Long-term stewardship should be a consideration right from the very first stages of planning a new development – many funding opportunities can only be secured at early stages (for example, site development briefs in local plans, CIL charging schedules, masterplans and Section 106 agreements should include long-term stewardship considerations).
- ***Engage the community:*** Processes of engagement should address matters of stewardship. Find out if there are existing community organisations, such as a community land trust, or processes of asset transfer are looking for land to build on, identify community needs and opportunities to meet them, and include local representation on delivery teams and partnerships.
- ***Think beyond the site boundary:*** Establish dialogue and partnerships with neighbouring councils at all levels at an early stage. Large-scale infrastructure such as sustainable drainage systems will require agreement from a number of partners and commitment over adoption at an early stage of the development process.
- ***It's not just about green space:*** Community assets include a broad range of facilities and services, so ensure that all opportunities for asset management by a stewardship body are considered.
- ***Take one step at a time:*** Taking a staged approach to identifying the opportunities for stewardship in a new development and how it will be implemented allows for due diligence and community engagement throughout the development process.

5.2 Paying for long-term stewardship

- ***A long-term revenue stream is much harder to secure than up-front capital funding:*** Many funds, grants and public sector incentives are based on securing funds for capital investment such as landscaping parks or building community centres.
- ***Proactive management of land and property endowments can be profitable:*** Increases in land and property values over time can provide a broad and reliable portfolio for investment, providing resilience and flexibility.
- ***Be entrepreneurial:*** Generate income through trading activities and by hiring out buildings; opportunities for such activities need to be designed into a development project at an early stage.
- ***Save money through good design:*** Consider the maintenance and running costs of buildings and landscapes at the design stage. Energy-efficient buildings are cheaper to run. Ensure that community buildings are designed to be flexible; for instance, a well designed building could operate as a nursery, an art gallery, or a community cinema – or all three at once.
- ***Develop as the community grows:*** Stewardship services might begin with a community house or officer to welcome the very first residents, but they should develop in an ongoing process. Consider how a stewardship body could expand its services or assets (or how additional stewardship bodies could be established) as the development is built out.

5.3 Running a stewardship body

- ***Get your governance structure right:*** Ensure that there is representation for local residents, councils and stakeholders, and consider how they are elected, what their roles are, and how governance structures and activities are communicated to residents and other stakeholders.
- ***Assemble the right team:*** A stewardship body must have a specific purpose and members with a wide range of skills (for example finance, communications, law, etc.), as well as an interest in the assets to be managed.
- ***Maintain dialogue with residents:*** Whether assets are being run with, on behalf of or by the community, it is vital to understand what the community wants and their funding priorities. Using a range of different tools (such as community forums and social media) will help to give people a say in how their neighbourhood is run.

6

Next steps and useful resources

This guide is designed to help local authorities and delivery bodies to consider options for long-term stewardship of community assets in new development. It sets out the challenges in taking such an approach and emphasises the importance of thinking about stewardship from the earliest stages of development, to maximise opportunities for ongoing funding and to put the community at the heart of the process.

To deliver the opportunities presented in this guide, it is up to local authorities and delivery bodies to scope out what is possible in their area, and there is a wealth of detailed guidance available on specific issues (such as community land trusts or choosing the right legal structure) to assist in this process.

This guide should also be read alongside the TCPA's suite of 'Creating Garden Cities and Suburbs Today' reports. Links to these reports are set out below, along with pointers to other useful resources.

6.1 Useful resources from the TCPA

The TCPA has produced a number of documents as part of its Garden Cities and Suburbs campaign. They provide further detail and case studies on a wide range of key issues, including planning, investment, land assembly and delivery, as well as advocating a long-term stewardship approach:

- ***How Good Can It Be? A Guide to Building Better Places***
  November 2013
  http://www.tcpa.org.uk/pages/gc-community-guide.html

- ***Creating Garden Cities and Suburbs Today: A Guide for Councils***
  March 2013
  http://www.tcpa.org.uk/pages/creating-garden-cities-and-suburbs-today-a-guide-for-councils.html

- ***Creating Garden Cities and Suburbs Today: Policies, Practices, Partnerships and Model Approaches – A Report of the Garden Cities and Suburbs Expert Group***
  May 2012
  http://www.tcpa.org.uk/pages/creating-garden-cities-and-suburbs-today.html

- ***Nothing Gained by Overcrowding! A Centenary Celebration and Re-exploration of Raymond Unwin's Pamphlet – 'How the Garden City Type of Development May Benefit Both Owner and Occupier'***
  April 2012
  http://www.tcpa.org.uk/pages/nothing-gained-by-overcrowding.html

- ***Re-imagining Garden Cities for the 21st Century: Benefits and Lessons in Bringing Forward Comprehensively Planned New Communities***
  July 2011
  http://www.tcpa.org.uk/pages/garden-cities-re-imagining-garden-cities-for-the-21st-century-166.html

- ***Land Value Capture and Infrastructure Delivery through SLICs***
  Town & Country Planning Tomorrow Series Paper 13, by John Walker. September 2012
  http://www.tcpa.org.uk/pages/land-value-capture-and-infrastructure-delivery-through-slics.html

- ***Health and Garden Cities***
  Town & Country Planning Tomorrow Series Paper 14, by Norman Macfadyen. March 2013
  http://www.tcpa.org.uk/pages/health-and-garden-cities.html

- ***Planning for a Healthy Environment – Good Practice Guidance for Green Infrastructure and Biodiversity***
  July 2012 (published with The Wildlife Trusts)
  http://www.tcpa.org.uk/pages/planning-for-a-healthy-environment-good-practice-for-green-infrastructure-and-biodiversity.html

- ***Planning Healthier Places – Report from the Reuniting Health with Planning Project***
  November 2013
  http://www.tcpa.org.uk/pages/reuniting-health-with-planning-phase-2-project.html

- ***Reuniting Health with Planning – Healthier Homes, Healthier Communities***
  July 2012
  http://www.tcpa.org.uk/pages/reuniting-health-with-planning-healthier-homes-healthier-communities.html

- ***Improving Culture, Arts and Sporting Opportunities through Planning. A Good Practice Guide***
  June 2013
  http://www.tcpa.org.uk/pages/planning-for-culture-arts-and-sport.html

6.2 Stewardship in pioneering Garden Cities and Suburbs

- **Letchworth Garden City Heritage Foundation**
  Land and property stewardship for the world's First Garden City
  http://www.letchworth.com/heritage-foundation

- **Welwyn Garden City Heritage Trust**
  Works to, among other things, promote high standards of estate management of the built and natural environment
  http://www.welwyngarden-heritage.org/

- **Hampstead Garden Suburb Trust**
  Operates a 'Scheme of Management' to maintain a high-quality public realm
  http://www.hgstrust.org

6.3 Guidance on specific types of stewardship body

- **National Community Land Trust Network**
  National body for community land trusts
  http://www.communitylandtrusts.org.uk/home

- **Co-operative Enterprise Hub**
  Advice and support for new and prospective community co-operatives
  http://www.co-operative.coop/enterprise-hub/

- **Co-operatives UK**
  National trade association for co-operatives
  http://www.uk.coop/

- **Office of the Regulator of Community Interest Companies**
  Guidance and assistance for anyone setting up CICs (includes case studies)
  https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies

- **The Land Trust**
  Independent trust managing green spaces on behalf of and in partnership with local communities
  http://www.thelandtrust.org.uk/

- **UnLtd**
  Support for social enterprises
  http://unltd.org.uk

6.4 Community assets and asset transfer

- **Asset Transfer Unit (ATU)**
  Promotes and supports community asset transfer – the transfer of land and buildings from public bodies to community and voluntary organisations
  http://locality.org.uk/our-work/assets/asset-transfer-unit/

- **Locality**
  Nationwide network for community-led organisations
  http://www.locality.org.uk

- **Joseph Rowntree Foundation**
  Research on the role of community-owned land, buildings and other assets in the development of neighbourhoods
  http://www.jrf.org.uk/work/workarea/community-assets

6.5 Choosing the right legal structure

Some basic guidance for community organisations seeking to establish a stewardship body is given in:

- *How Good Could It Be? A Guide to Building Better Places*
  TCPA's community guide to Garden Cities, November 2013
  http://www.tcpa.org.uk/data/files/Community_Guide_Pamphlet_Side.pdf

More detailed advice on legal structures is available from:

- **Law Works**
  Detailed document comparing different legal entities – *Charitable Entities: Structural Options Table*
  http://lawworks.org.uk/index.php?cID=606&cType=document

- **National Community Land Trust Network**
  National body for community land trusts
  http://www.communitylandtrusts.org.uk

- **Social Enterprise UK**
  Advice on social enterprises
  http://www.socialenterprise.org.uk

- **UnLtd**
  Advice on social enterprises
  http://www.unltd.org.uk

- **Department for Business, Innovation and Skills**
  Advice on social enterprises (plus general advice)
  http://www.bis.gov.uk

- **Co-operatives UK**
  Advice on community enterprises
  http://www.uk.coop/simplylegal

6.6 Learning from Europe

- **GRABS project – Green and Blue Space Adaptation for Urban Areas and Eco Towns**
  Research, tools and planning for green and blue infrastructure for urban areas
  http://www.grabs-eu.org/

- **LEAP project – Leadership for Energy Action and Planning**
  Municipal delivery of local sustainable energy solutions in line with the Covenant of Mayors
  http://www.leap-eu.org/

- **SPECIAL project – Spatial Planning for Energy and Communities in All Landscapes**
  Shared knowledge on planning for energy
  http://www.special-eu.org/

- **TCPA New Communities Group**
  UK and European knowledge exchange for local authorities and delivery bodies bringing forward large-scale new communities in the UK
  http://www.communitiesgroup.org.uk

Appendix 1

East London Community Land Trust homes resale formula

The homes resale formula adopted by the East London Community Land Trust is a seven-step process:[a]

- ***Step 1:*** Determine the area median income (AMI) for people in work in the borough in which the homes are being built. The standard marker for this calculation is the Office of National Statistics' Annual Survey of Hours and Earnings (the 'Place of residence by local authority' tables).[b]
- ***Step 2:*** Multiply the AMI according to the East London Community Land Trust's agreed formula determining the value of a home by size:
  - One-bedroom home to be based on 1 full-time earner;
  - Two-bedroom home to be based on 1.3 full-time earners;
  - Three-bedroom home to be based on 1.66 full-time earners; and
  - Four-bedroom home to be based on 2 full-time earners.
- ***Step 3:*** Divide this number by 12, so as to establish a monthly gross pay average.
- ***Step 4:*** Divide this number by 3, so as to establish one third of this monthly gross pay.
- ***Step 5:*** Subtract £150 per month, to include a service charge, ground lease fees and other site-related costs prior to the affordability calculation (to be re-evaluated at the time of each sale).
- ***Step 6:*** Calculate, on this basis, the average mortgage available to such a homebuyer – working on the assumption of a 10% deposit, a 30-year mortgage that would pay off both the capital and lender's interest, and a 5.5% fixed interest rate.
- ***Step 7:*** So as to ensure permanent affordability, if homeowners ever choose to move then they are bound to reapply this same resale formula on the basis of local incomes in the year in which they are moving. This way, the homes remain permanently affordable for every generation of homeowner. The East London Community Land Trust provides leaseholders with a statement each year to tell them how much they will get for their home if they sell it that year. This affordability criteria mechanism is widely used to great success across the United States – by community land trusts such as OPAL in Washington State and CCHC in Rhode Island, for example – and is accepted by both buyers and lenders.

Table A1
An example of the resale formula, applied to East London Community Land Trust homes for sale in Tower Hamlets in 2011

Unit size	Tower Hamlets median wage	Full-time earners	One third of that income per month	–£150 service charge and other fees	Mortgage available (with 10% deposit)
One Bedroom	£29,912	x1	£830.89	£680.89	£121,780
Two Bedrooms	£29,912	x1.333	£1,107.85	£957.85	£171,315
Three Bedrooms	£29,912	x1.666	£1,384.81	£1,234.81	£220,850
Four Bedrooms	£29,912	x2	£1,661.78	£1,511.78	£270,383

Data taken from the Office of National Statistics' Annual Survey of Hours and Earnings. 'Place of residence by local authority' tables. http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-235202

a Details of the resale formula are set out on the East London Community Land Trust website, at http://www.eastlondonclt.co.uk/#/what-is-a-clt/4576878256

b The 2011 example of which is available at http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-235202

about the tcpa

Founded in 1899, the Town and Country Planning Association (TCPA) is the UK's oldest independent charity focused on planning and sustainable development. Through its work over the last century, the Association has improved the art and science of planning both in the UK and abroad. The TCPA puts social justice and the environment at the heart of policy debate, and seeks to inspire government, industry and campaigners to take a fresh perspective on major issues, including planning policy, housing, regeneration and climate change.

The TCPA's objectives are:

- To secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.
- To empower people and communities to influence decisions that affect them.
- To improve the planning system in accordance with the principles of sustainable development.

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