

**PRESENTATION TO THE
NORTH EAST OF LEICESTER SUE
LIAISON GROUP**

LOCAL GOVERNANCE & MANAGEMENT OPTIONS

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At

Roundhill Community College

CONTENTS

- 1.0 Introduction**
- 2.0 What is an LMO and Why is it Needed?**
- 3.0 What structures are appropriate?**
- 4.0 Legal Structures**
- 5.0 Funding and Who Runs the LMO?**
- 6.0 LMO Case Studies**
- 7.0 Conclusion**

1.0 Introduction

- Purpose of the presentation is to explore options for the management of community and/or green infrastructure assets within the proposed SUE
- The SUE falls within the Parish boundaries of Thurmaston, Barkby and Barkby Thorpe and is close to Hamilton in Leicester City
- Questions have been raised by local Parish Councils, in particular which Council or Councils will have to manage or adopt areas within the SUE
- Concerns have been expressed on the additional time and management of including parts of the SUE under existing PC's – would it be more beneficial to re-align Parish boundaries? Is there a separate management structure that can be set up to adopt common areas and community facilities within the SUE?
- The on-going management of the SUE is extremely important to the landowner as well as CEG, but ultimately the decision on future management is not at their complete discretion. Significant input will be required from local stakeholder groups, local members and ultimately the Borough Council
- It is hoped that the discussion this evening will start the process of identifying those preferred options that are worthy of further consideration

Today's discussion will seek to cover the following:-

- What is a local management organisation/why is it needed?
- Identify what structures of organisation are appropriate
- Legal structures
- Funding/who runs the LMO?
- Who runs the organisation?
- Case studies

2.0 What is a Local Management Organisation and Why is it Needed?

- Development will create considerable new community assets, management of which needs to be assured
- LMO is primarily created to manage and develop the assets in order to maximise benefits and use of the assets
- Could take a wider role such as community and local economic development
- The SUE will deliver some 4,500 new homes, employment opportunities, shops, community facilities and create extensive new formal and informal public open space areas for the enjoyment of existing and new residents
- Open space facilities are often liabilities – requires on-going investment to avoid deterioration
- Local authorities are less willing to adopt these facilities without considerable long term financial security – no longer a statutory requirement
- New developments of considerable scale are criticised for lacking vibrant communities, with little evidence of pro-active community development
- A strong community is important in creating a successful and sustainable place
- The LMO is therefore concerned with developing environmental, social and economic elements of the community

- **HOW?**

- Promotional activities in the early days of the scheme
- Providing management
- Safeguarding long term vision of the development
- Offering community engagement/consultation
- Community development
- Ensuring sustainability to meet performance targets

3.0 What Structures are Appropriate?

Three types of governance:–

- Private
- Local Government and
- Community models

Private

- A company limited by shares
- Governed by Company law – responsible for running facilities efficiently and returning a profit, which shareholders determine how it is spent
- Similar to management structures for blocks of apartments/business parks etc

Limitations

- Profit making, therefore not necessarily serving the community interests
- No democratic control
- Subject to statutory regulation
- Faceless and remote
- Potentially limited in scope

Examples: East Kettering – Buccleuch Estates and Greenbelt Limited

Local Governance

- Parish Council – third tier of local government
- Take on responsibilities for owning, running and maintaining community assets e.g. allotments, sports pitches, community centres, memorials, village greens etc...
- Members are democratically elected
- Raise money through the precept to fund and maintain facilities – precept is enforceable by law
- Generally local people represented
- Tried and tested legally and financially

Limitations

- Decisions can be politicised
- Opposed to development, therefore unwilling to support if approved
- Limitations under statute
- Limited expertise in community development?
- A 'precept' only strategy for funds
- There is the potential for Parish Councils to work alongside LMO's
- Once development is up and running and critical mass of population and facilities are in place, functions and facilities can then be transferred to the PC
- New settlement at Camborne, Cambridge – facilities adopted by PC but residents unhappy as they have the highest precept in the county
- Parish boundaries can be altered to encompass greater or lesser areas of the development – this would need to be led by CBC and ratified by Local Government Boundary Commission

Community Based

- Potential to be a more complicated structure than private or government structure
- Legal structure defines the scope of activity and parties involved. Potential tax implications need to be explored carefully
- Examples of Community based organisations:
 - Development Trust
 - voluntary
 - created by community itself
 - Independent and not for profit
 - Involving and accountable
 - Commonhold Association
 - Residents of businesses hold shares in common areas
 - Community statement defines how much and what contributes to common areas
 - Community Trust
 - Owns the land and assets
 - Occupiers granted leases for land & facilities
 - Can be charitable or non-charitable
 - Could be a company
 - Parks Trust
 - Specific purpose to maintain parks
 - Land endowed to Trust to manage
 - Trust can exploit assets to generate funds
 - Raise revenue through leases and subscription

4.0 Legal Structures

- **Private Limited Company**

E.g. private management company

- Private and profit making

- **Community Interest Company**

- Vehicle for managing assets where there is a direct benefit to the community
- Must pass 'Community Interest Test' to be considered
- Has a clear status for benefit of the community
- Surplus funds reinvested for benefit of the organisation

- **Trusts**

- Community Development Trusts commonly set up to manage assets for Community
- Decision making can be onerous
- Unless Trust is formed as a company, cannot own property in its own right

Others Include:

- Industrial and Provident Society (IPS)
- Unincorporated Association or Contractual Relationship
- Commonhold Association

5.0 Funding and Who Runs the LMO?

- Initially a Shadow Trust could be formed to run the development in the early phases
- At an appropriate point in time, assets can pass to designated New Trust/LMO when its financial security is assured
- The Trust would comprise:
 - Developer/promoter representation
 - Elected representations from CBC/Parish Councils
 - Local community representatives
 - Elected/nominated residents
 - Professionals in development
 - Local commitment – flexibility regarding Chair
- The Milton Keynes Park Trust has 20 trustees, places re-posted every 4 years. Members are drawn from: local professional and business community including banks, entrepreneurs, architects and community development specialists
- Facilities created through the development will be provided under the Section 106 Agreement – either liabilities or assets
- Require re-investment, which will be funded through a revenue stream

- Revenues typically:
 - i. returns on the asset base (rental incomes etc)
 - ii. levies/subscriptions on occupiers

- Liabilities could include: parks and open spaces; community buildings; playground

- Assets: commercial premises; leisure facilities; land; energy; capital (sinking fund)

- Funding can only be determined when scale of facilities/liabilities are known

- Asset base of the LMO may have a capital value that can support funding for investment projects. MKPT uses its asset base of commercial properties as security to enable funding for external investment.

6.0 LMO Case Studies

- i. Letchworth Heritage Foundation – uses revenues from several assets to help fund its maintenance of the Letchworth Estate. People and organisations within the town elect 16 of the Foundation’s 30 board members
- ii. Hampstead Garden Suburb Trust – assets were transferred to a Trust.
 - o Subscription levied to generate funds to invest in the public estate
- iii. Milton Keynes Parks Trust – Community Investment Company
 - o Manages over 4,500 acres of open spaces and community assets.
 - o Commercial asset value of £13.5m
 - o Land is leased to the Trust under a 999 year lease
- iv. Nene Valley Trust – extensive informal parklands taken on from the Peterborough New Town Development Corporation
 - o Raises revenue from commercial assets within the park itself
- v. New Lubbesthorpe, Blaby
 - o Proposal is to set up a community based trust to manage open space, woodland, acoustic barriers, community buildings and sports facilities
 - o Levy to be charged against individual homes and business premises on an annual basis
 - o Projected income based on house size, rather than a flat rate which is considered inequitable
 - o Aim is that the trust will be self financing with no requirement for endowments. Responsibility of the developer to ensure sufficient funding exists until the trust becomes viable
 - o Whilst primary function is to manage and maintain community assets, a wider role may be undertaken to include: educational activities, community information, travel plan co-ordination

The Land Trust

- Independent, Charitable Trust providing long term sustainable management of open spaces
- **Aims**
 - Acquire and manage land, work with local partners to manage and promote sustainable, high quality green space
 - Work with partners and community to make major contribution to wider regeneration and social-economic development
- Currently have 2,000 hectares under management throughout the UK
- Charitable objectives driven by: i. communities; ii. health; iii. education; iv. economy and v. environment
- Aim to establish a genuine, long term relationship between people, communities and the open space around them

7.0 Conclusion

- A number of opportunities and options to consider and pursue
- Will involve a continued dialogue between Commercial Estates Group, landowners, Parish Councils, residents, stakeholder groups etc
- Ability to set structures in place early to ensure the development has the best chance of succeeding in creating a new community

8.0 Any questions?

DEBATE AND DISCUSSION