

Report to:	<b>Cabinet</b>	
Date:	<b>22 March 2023</b>	
Title:	<b>Langarth Stewardship</b>	
Portfolio Area:	<b>Resources</b>	
Divisions Affected:	<b>Threemilestone &amp; Chacewater Gloweth, Malabar &amp; Shortlanesend</b>	
Local Member(s) briefed:	<b>Y</b>	
Relevant Scrutiny Committee: <b>Customer &amp; Support Services and Economic Growth &amp; Development</b>		
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Approval and clearance obtained:	<b>Y</b>	
Date next steps can be taken	<b>2 April 2023</b>	
<b>For Cabinet and delegated executive decisions only</b>		
Key decision? (≥£500k in value or significant effect on communities in two or more electoral divisions)	<b>Y</b>	
Published in advance on Cabinet Work Programme?	<b>Y</b>	
Urgency Procedure(s) used if 'N' to Work Programme?	<b>N</b>	

**Exempt: Appendix 4 is not for publication by virtue of category 3** (Information relating to the financial or business affairs of any particular person).

**Reason for exemption: Appendix 4** contains information relating to the financial or business affairs of any particular person (including the authority holding that information) – financial and business information associated with the setting up of a new company to be the Stewardship Organisation for Langarth Garden Village. The exempt information is included in Appendix 4.

**Recommendations:**

1. That up to £2m be allocated to cover the current forecast shortfall for the Stewardship organisation for the period before the organisation is self financing, this will be funded from the Langarth Garden Village LLP's (LGV LLP) gross profit generated from the sales of land, and that the Council notes that this will reduce the distributable returns made by LGV LLP and is factored into the overall viability model.
2. That the ongoing costs of maintaining relevant unadopted public realm, green and blue infrastructure as a minimum, as indicated in the Outline Business Case (OBC) as appended to this report, be funded through a charging mechanism to be levied by means of a service charge on residents of Langarth Garden Village.
3. That the key principles defined in the OBC be acknowledged and be endorsed for use, to inform the basis for Full Business Case (FBC) and Business Plan proposals to be developed, whilst retaining sufficient flexibility to evolve the principles in full consultation with Kenwyn Parish Council and Truro City Council, and using evidence gained through further engagement with other Garden Communities and Stewardship Organisations.
4. That authority be delegated to the Strategic Director for Sustainable Growth and Development, in consultation with the Portfolio Holder for Housing and Planning, the Portfolio Holder for Economy, the Portfolio Holder for Resources, the Section 151 Officer and the Monitoring Officer, to
  - a. act as the Strategic Client on behalf of the Council in engaging with Langarth Garden Village LLP on the setup of the Company, including making decisions on details required to be resolved to achieve the setup, and authorising resources including financial decisions to support work required to be undertaken for the FBC and Business Plan
  - b. subject to the consultation and engagement commitments in recommendation 3 above, to approve the FBC and Business Plan, including the decision on the legal structure, the relationship between the Langarth Garden Village LLP and the Stewardship Organisation (in particular, if it is a subsidiary or a standalone company), detailed governance arrangements and detailed finance and resource plans
  - c. make decisions as to the most appropriate arrangements for land transactions (including acquisitions and disposals (whether by transfer or lease) in to and out of the

Stewardship Organisation, having regard to appropriate phasing, as informed by further work to be undertaken as part of the FBC, including specific legal and tax advice.

## 1 Executive Summary

- 1.1 This Cabinet paper is about the stewardship of Langarth Garden Village as a new community. The purpose of this paper is to establish a framework for establishing a stewardship organisation. There are a number of technical issues to be considered but good stewardship is about much more than technical mechanisms. First and foremost, it is about creating space for the new community to paint its own story, and for that story to be woven with the past and future stories of Kenwyn (as the parish in which Langarth sits), and Truro (as the city it sits next to).
- 1.2 The Council is structuring our stewardship work for Langarth in accordance with what is known as the Government's Green Book methodology. This creates a sequence of documents in ascending order of detail. The Strategic Outline Case (SOC) that Cabinet considered in 2020 identified the need for a stewardship organisation, and key findings are included in Section 2 in this report. Further work has now been done to progress to Outline Business Case (OBC) stage, which is included at Appendix 2 for information. This will be used to guide further work to be undertaken at the third and final stage, the Full Business Case (FBC). This methodology is referenced throughout this report.
- 1.3 The planning consent for the Langarth Garden Village masterplan granted in April 2022 (PA20/09631) included a requirement that a "Business Case" for a stewardship organisation will be prepared in a timely way.
- 1.4 In developing proposals, we are using learning from other Garden communities, and the work of the Town and Country Planning Association, which tell us how important stewardship is for the future of such developments.
- 1.5 There is also a practical and commercial need to ensure that any onward transactions that crystallise before a stewardship organisation, or other governance arrangement, are established to provide for a framework that secures the ability for service charges to be levied to fund maintenance of any infrastructure that is not adopted.
- 1.6 Detailed governance mechanisms for the stewardship organisation will be identified at Full Business Case (FBC) stage, once a legal structure has been settled upon. Any governance mechanisms will need to define how an

appropriate balance of influence between Council, developer, stakeholder and community can be achieved and how it can be made flexible to allow for it to change over time. It also needs to allow for appropriate veto rights by the Council in particular in early stages, and for defined scenarios where a veto may be required in later stages. All these aspects will be fully explored and detailed at FBC stage, in liaison with future stakeholders in the organisation.

- 1.7 It is currently envisaged that the preparation of the FBC and Business Case will take place over the next 12 months if Cabinet resolves to endorse the recommendations in this report and, by doing so, paving the way to release further funding and resources to work up the detail required for setting up a stewardship organisation successfully.
- 1.8 A Truro City Council resolution is included in Section 5 and a commitment has been made to fully engage during preparation of the FBC and Business Case over the next year, to ensure that the requirements and needs of Kenwyn Parish Council and Truro City Council are fully considered. The stewardship organisation would not have to be in place until two to three years' time, when the first assets to manage are envisaged to come online (such as Govers Park), so that there is time to develop the stewardship organisation in a well-considered and sound manner.

## 2 Purpose of Report and Key Information

### 2.1 Purpose of Report

The purpose of this report is to:

- Create capacity funding to enable the stewardship organisation set up to be progressed, including undertaking the detailed work required to achieve this, and allow it to be functional through its early stages  
**(Recommendation 1)**
- Provide authority for some specific mechanisms that are required to allow for necessary legal and commercial activity to progress in the meantime  
**(Recommendation 2)**
- Affirm the process for engagement and community influence – during the work towards a stewardship organisation as well as during its operation  
**(Recommendation 3)**
- Provide necessary delegations to move forward **(Recommendation 4)**
- Articulate and acknowledge the governance challenges arising and enable these to be discussed and resolved in the process of working towards the setup of the stewardship organisation

- Articulate and acknowledge the practical issues arising from future management of assets, such as landownership and lease mechanisms, interface between adopted and non-adopted assets, detailed scope, to enable these to be discussed and resolved in the process of working towards the setup of the stewardship organisation

## 2.2 **Rationale**

The story of what is now called Langarth Garden Village started almost 20 years ago. It emerged via the adopted principle that Truro was a focus of growth in the County and that growth in Truro should be focused to the west of the City, in Kenwyn. This was a result of the then County Structure Plan and the Carrick Local Development Framework. Along the journey since that time, the period from 2010 to 2016, saw the accumulation of speculative consents, then the incorporation of those consents into policy via the Local Plan and the Truro and Kenwyn Neighbourhood Development Plan.

- 2.3 From 2018, the Council has been actively pursuing an intervention with the aim of ensuring the development is coordinated, infrastructure is provided early, and that it happens in a way that gives the new community the best possible chance of forming its own sense of place whilst also integrating with the neighbouring settlement of Threemilestone, the adjoining city of Truro and the wider rural parts of Kenwyn.
- 2.4 The Council-led intervention to date has necessarily focussed on aspects to achieve planning consent and enable the project to move forward – masterplanning, land assembly, road and transport infrastructure (through planning, grant finding, and, latterly, starting work on site), preparing for education provision and so on. However, the programme has always acknowledged that thought also must be given to how public and community assets to be created would be managed or looked after in the future. It is also recognised that thought must be given as to how the Council can allow and support the new community to find its own identity, alongside exploration of what role local government at all levels would have in the way Langarth as a place will evolve.
- 2.5 These concepts are not unique to Langarth – every new community faces them - but the way they come together in our own case is unique to Langarth's own time and place (as for every other similar case in the country – there is no one size fits all approach). For Langarth in particular, the different perceptions of the roles and identity of parish and city are specific to the moment, and specific to Truro and Kenwyn.

2.6 Whilst the site is wholly located in Kenwyn Parish Council, the development will also affect the City of Truro and effectively form an extension to it. The different requirements arising from this for the Parish and the City Council need to be reflected appropriately in the governance mechanisms. Appropriate governance mechanisms will depend on the legal form that the stewardship organisation may take, and initial parameters and principles for governance have been identified in the OBC, including the need for flexibility and community representation. This will be developed further during FBC stage work.

## 2.7 **Background**

Cabinet considered the need for and concept of stewardship (particularly in the way it is articulated by the Town and Country Planning Association) in 2020. Stewardship is an integral part to the Garden Village principles, and, without it, long-term benefits are unlikely to be fully realised. This was discussed in the Strategic Outline Case (SOC) at that time. It was the first step in describing the issues and confirming the need to consider stewardship in the interest of good placemaking and building a successful and sustainable new community. That document identified the list of assets that should be reflected on, and a short list of technical governance arrangements that could be considered. There was a commitment to engage with the Parish, City and other stakeholders in the future shape of this work.

2.8 Key findings from the SOC can be summarised as follows (with the OBC and its recommendations now building on these):

2.9 There are three broad types of community assets that will require managing:

- Land (green infrastructure, public realm)
- Facilities and assets (community hubs and library facilities etc)
- Services (services and community governance).

2.10 The objective for the stewardship organisation is to manage and maintain the land, facilities, assets and services under its control in perpetuity to ensure that Langarth Garden Village adheres to the Design Principles through:

- Managing and maintaining its green infrastructure to ensure Langarth is a unique and bespoke place to live, within a performative landscape, and remains resilient to climate change.
- Managing and maintaining its public realm, cycle and walking routes, SUDS networks and un-adopted parts of the highway network to promote healthy and active lifestyles and ensure ease of movement and good connectivity.

- Ensuring that any facilities and property under its control are used to complement local communities, generate a strong sense of community, promote healthy and active lifestyles and enhance employment opportunities in the locality.
- Ensuring that the scope and activities of the organisation are applicable to all of the development area regardless of ownership, as well as all homes across the area regardless of tenure, to reflect the diversity of housing, create a strong sense of community and complement local communities.
- Ensuring that the organisation can last in perpetuity to provide a sustainable future for the management of the neighbourhood, and not be susceptible to changing external factors – this will include maximising internal self-generated renewable-energy sales and addressing fuel poverty through its Energy Service Company (ESCO).
- Ensuring that the organisation be a self-financing body; and includes resident involvement in decision-making to ensure the vision for Langarth is deliverable and generates a strong sense of community.

2.11 From a consideration of the longlist of options for a suitable model, a shortlist of options was identified as being the most suitable in meeting the requirements for Langarth:

1. Company Limited by Guarantee (CLG)
2. Company Limited by Shares (CLS)
3. Community Interest Company (CIC)
4. Community Benefit Society (CBS)
5. Using third party organisations.

2.12 The SOC has now been progressed to an Outline Business Case (OBC) as appended to this report. Rightly and properly, that articulates a further level of detail and provides a preferred option rooted in research of comparable cases across England, supported by legal advice too. However, local stakeholders believe that has progressed too far and too quickly. It is appended to this report for transparency and visibility but it is acknowledged that some stakeholders have differing views regarding its governance conclusions. The recommendations are drafted to acknowledge its role and use but provide for further dialogue to take the learning within it, acknowledging the good practice it reflects, whilst enabling us to explore and test it further with stakeholders.

2.13 The principles now outlined in the OBC, building on the SOC findings, provide a baseline for discussion. Full consultation and engagement through FBC stage will ensure that stakeholders can test the scope against their capabilities and expectations, to ensure the stewardship organisation will be fully

supported by all its stakeholders, and can draw on their existing expertise, for maximum success and benefit.

2.14 The principles identified in the OBC around a stewardship organisation are:

- a) Any arrangements should fulfil the overarching aims of stewardship (as recognised by the Town & County Planning Association) including:
  - i) A strategic mechanism that is long-term, stable, flexible, and financially viable
  - ii) An operational mechanism that enables officer governance requirements and oversight to be discharged effectively and effectively, but without slowing or getting in the way of delivery or community or parish aspirations
  - iii) A flexible commercial entity that can evolve to adapt to changing circumstances (a key lesson from case studies of stewardship)
  - iv) A structure that can subsist in perpetuity
- b) It will be set up by the Langarth Garden Village LLP (LGV LLP) (details to be confirmed – including any subsidiary arrangements), retaining sufficient Council influence to ensure that the direction of travel is as envisaged and works to preserve the vision as previously established by the Council (incorporating the views of the previous Langarth Stakeholder Group) through the relevant previous decisions indicated at section 4 below, including community involvement and monitoring of benefits.
- c) Its governance arrangements should allow for the appropriate level of input reflecting the Langarth Garden Village Vision, and the respective interests and capacities of the different parties who will be stakeholders in the development and management of the Garden Village and provide for these to vary over time. Such parties are anticipated to include the community stakeholders (including Truro City Council and Kenwyn Parish Council), developers, housing associations, businesses and residents.
- d) It is intended that safeguards are put in place, to ensure certain aspects cannot be progressed or changed without Cornwall Council's consent, particularly while the Council is the master-developer, for example, the organisation's articles of association that set out its governing objectives and honour Langarth's design principles are expected to state that the articles can't be changed without Cornwall Council's consent. Restrictions on altering the business plan could also require Cornwall Council consent. Other controls are being implemented by other means including through planning (such as S106 requirements and the Langarth design code etc), and through land covenants in the any transfer deeds.

- e) It should have central staff employee/s to provide local oversight, manage relationships and operational activities
  - f) It should be able to procure suitable suppliers, including the ability to appoint an experienced third-party management company as required to manage the stewardship scope and deliver services for the benefit of Langarth Garden Village and its wider community. Procurement will have to comply with legal provisions at the time, likely to include compliance with the forthcoming Procurement Bill.
  - g) It should be initially funded via the Langarth Garden Village LLP from revenue receipts and gross profit via land sales, prior to returning any net profits to the Council. This includes any shortfalls predicted currently up to year 14 / Phase 4 before the service charge benefits are fully available.
  - h) Funding in the long-term will be generated through revenue generating activities and a service charge, which will be the same across all of LGV, and which will include management of green and blue infrastructure in development parcels through lease and land transfer mechanisms agreed with developers at the point of initial land sale (to ensure quality standards across all of LGV).
  - i) If it is decided that the stewardship organisation should take on the responsibility of areas / services usually adopted/provided by the Council to ensure a consistent standard of maintenance and community cohesion, then the funding mechanisms will need to be sufficient to ensure these costs are covered.
- 2.15 Cornwall Council will retain an interest in the land in the long-term, through appropriate land transfer, covenant and / or long-term lease mechanisms to be agreed through Langarth LLP.
- 2.16 Any stewardship organisation should have a flexible governance structure that will allow the level of involvement of key stakeholders to vary over time. The currently anticipated nature of varying involvement between developers, community stakeholders and the Council is illustrated in Figure 1 below.

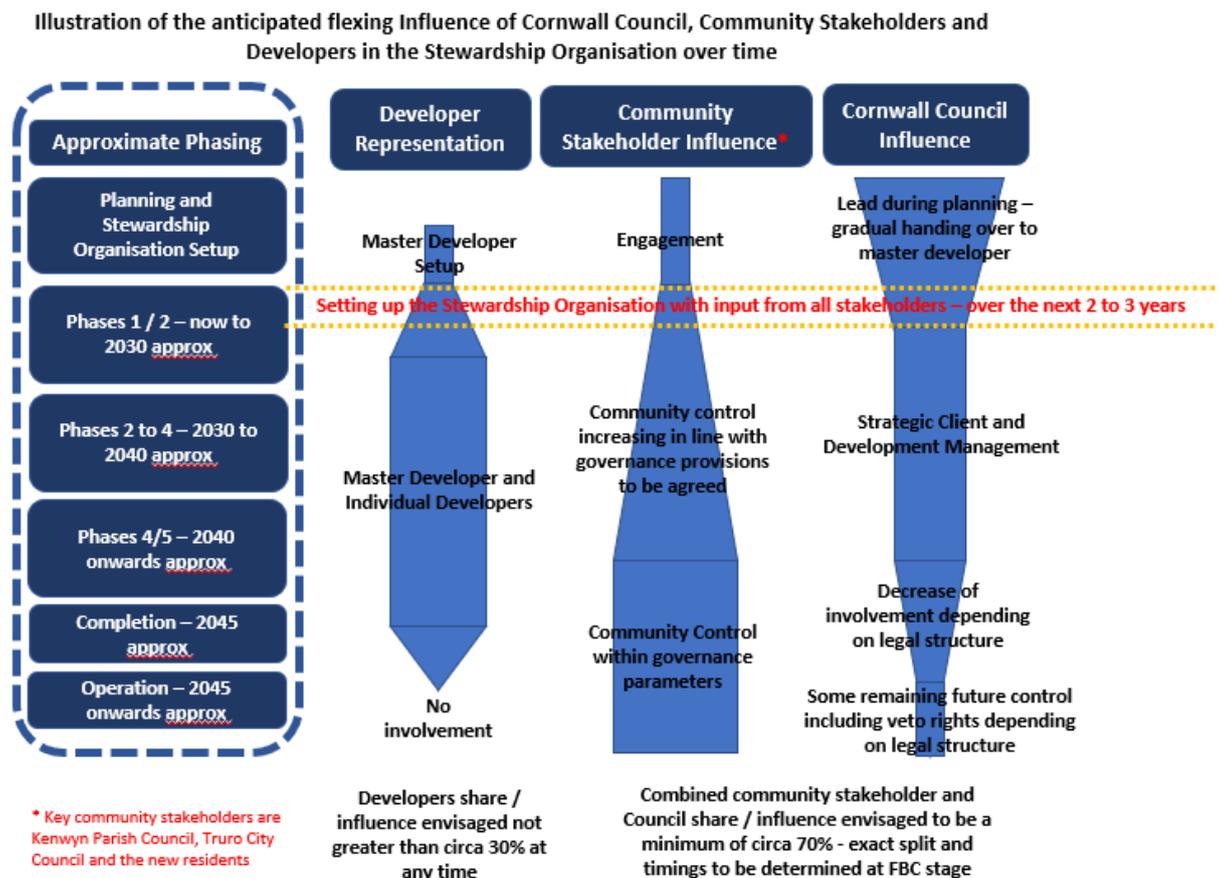


Figure 1: Illustration of anticipated flexible influence on stewardship during the course of the LGV Project

2.17 Going forward, once the stewardship organisation is set up, the ongoing engagement level involvement of community stakeholders can change to more direct involvement. Decisions on the exact level and nature of that involvement and associated governance mechanisms will be made over the next year during FBC work, as the organisation is not required to be in place for another two to three years, until assets to be managed come online (such as Govers Park). This will involve full consultation with KPC and TCC.

### 3 Benefits for Customers/Residents

3.1 The Langarth Garden Village and its stewardship are a living example of the tensions inherent in the concept of sustainable development, if that is defined as meeting the needs of current generations without impacting the ability of future generations to meet their own needs.

- 3.2 Langarth Garden Village has been planned with a series of design principles that aim to deliver benefits to existing and future residents of the area. The Langarth Garden Village development will deliver several non-financial benefits. These include:
- Making services more easily accessible for new and existing residents
  - Encouraging the improvement of residents' health
  - Enabling the Council to understand resident needs better
  - Increasing economic resilience and social sustainability
  - Retaining the uniqueness of the Cornish landscape
  - Promoting local talent through a variety of programmes
  - Creating a healthy and biodiverse natural environment
  - Creating a zero-carbon, sustainable environment
  - Enhancing employment opportunities in the locality
  - Providing the opportunity for people from diverse backgrounds to live at Langarth by providing high-quality housing of the right mix
  - Creating stronger local businesses
  - Creating a stronger local labour market
  - Providing links to the wider transport network
  - Providing cheaper and more sustainable energy
- 3.3 However, Langarth, at present, is being conceived and implemented in the absence of most of its future resident population. The concepts in this paper are trying to safeguard and protect that future community's ability to manage and influence its environment – whilst also safeguarding the nature of the existing parish and city in their recognised forms.
- 3.4 It is envisaged that overall responsibility for monitoring and benefits realisation will initially sit with the master developer, Langarth Garden Village LLP, once established, supported by Cornwall Council resource in the infancy, and with the Stewardship Organisation assisting the master developer, increasing its remit for monitoring and benefit realisation over time. As the Stewardship Organisation and Langarth Garden Village develop and mature, the master developer role for monitoring and benefits realisation will eventually dissipate, when responsibility will transfer to the Stewardship Organisation.
- 3.5 With the overall construction investment in the region of circa. £334m, the development is projected to generate a gross value added (GVA) of social and economic value in the region of £549m (conservatively) and £910m

(optimistically). This includes the impact of both direct and indirect economic benefits.

#### 4 Relevant Previous Decisions

4.1 Cornwall Council has been proactively planning this new integrated community since January 2019, and a number of decisions are associated with bringing this scheme forward. Those most relevant to the stewardship organisation decision requested in this report are:

- Report to Cabinet on 4 November 2020 pursuant to which Cabinet resolved to endorse the Langarth Garden Village masterplan and approve the strategic outline case for a stewardship model for the Scheme <https://democracy.cornwall.gov.uk/mgAi.aspx?ID=88431>
- Report to Cabinet on 14 December 2022 pursuant to which Cabinet resolved to endorse the Delivery Strategy for Langarth Garden Village, including the setting up of a Special Purpose Vehicle and its purpose, and for that SPV to be in the form of an LLP. The LLP's remit includes responsibility for establishing appropriate asset management mechanisms in consultation with and input from Cornwall Council, which in turn includes long-term stewardship and monitoring. <https://democracy.cornwall.gov.uk/ieDecisionDetails.aspx?AllId=98948>

4.2 Following on from the November 2020 decision to endorse the stewardship SOC, the OBC appended to this report was developed to begin setting out principles for stewardship arrangements as a foundation for future FBC and Business Plan work.

4.3 The Stewardship Organisation scope is delineated by the development proposals as illustrated in Planning Consent PA20/09631 granted in April 2022.

4.4 The decision to endorse the Delivery Strategy and the associated setting up of the LGV LLP paved the way for the next step of looking at the stewardship arrangements as part of discharging responsibilities identified for the LLP as master developer.

4.5 This report builds on the above previous decisions and sets out the principles of a stewardship organisation to support development of Langarth Garden Village in a viable, compliant and efficient manner within the constraints and parameters set by previous decisions and approvals.

## 5 Consultation and Engagement

- 5.1 Through the development of the OBC between 2021 and 2022, consultation took place through engagement with the LGV Client Board, Finance and Commercial Board and Outcome Group. In addition, a series of one-to-one sessions with Councillors and Senior Officers of the Council were held.
- 5.2 The OBC was presented to the Cornwall Council Outcome Group in December 2022 to test the proposed principles before putting these forward for wider consultation and to Cabinet.
- 5.3 In January and February 2023, a series of one-to-one briefings and group sessions were arranged with Divisional Members, Kenwyn Parish Council (KPC), Truro City Council (TCC) and members of the Langarth Local Forum. These sessions were established to brief key community stakeholders on the progress, principles and content of the OBC, and seek their input ahead of the LGV Stewardship Organisation recommendations coming to Cabinet.
- 5.4 Key points raised by KPC and TCC to date relate to the level of involvement, the desire to be involved in shaping the scope and governance, the limited resources in KPC to allow them to deal with such a large scheme in their Parish effectively, the relationship of TCC with the new development (considering LGV is wholly within KPC, but affects TCC in many ways), the existing expertise of TCC which could and should inform the discussions, and the payment mechanisms. KPC and TCC, as well as the Divisional Members, have expressed the desire to be closely involved in shaping the detail of the stewardship organisation going forward from OBC. This report does not provide answers at this stage but sets out a commitment that the Council will fully engage with key stakeholders during preparation of the FBC to ensure buy-in from all parties and create space to discuss these points further. This will include looking at other Garden Communities and Stewardship Organisations and enabling a dialogue with them.
- 5.5 To this end, we have included the draft resolution considered by Truro City Council at their February meeting reflecting their current position and recommendations, and this report sets out commitment to undertake appropriate engagement and consultation to consider the points raised, enabling a meaningful dialogue between parties:

*Truro City Council Draft Recommendations: LANGARTH GARDEN VILLAGE STEWARDSHIP*

*Further to a meeting held prior to this meeting of Council, at which Cornwall Council presented to both Truro City and Kenwyn Parish Councils, Members discussed Langarth, with comments that included the agreement that*

*boundaries were blurring between Truro and Kenwyn parishes due to development, and that the impact of Langarth on Truro would be significant. It was therefore important that both parishes had a voice in further considerations of the scheme as it was developed. Members also discussed how important it was that the two parish councils collaborated on responses to Langarth and worked together to provide the best outcome for all.*

*Further to Councillor Mrs Carlyon seeking clarification on how Treveth would charge residents for maintenance of the development, Councillor Harris CC, speaking with permission from the Chairman, confirmed it would not be Treveth charging, but rather an appointed stewardship organisation, in whatever form that would take following full consultation. As per discussions, this would not make a profit and any surplus would be for the benefit of the people the organisation was serving i.e., the residents.*

*It was therefore proposed by Councillor Roden, seconded by Councillor Pascoe and unanimously RECOMMENDED that*

- 1) the Truro City Council position is that the starting point should be that local community services as far as practicable and expedient to do so should be provided by local councils and only where there are significant and substantial reasons to do otherwise should there be alternative provision.*
- 2) Truro City Council makes a formal request to the Leader of Cornwall Council and Cabinet portfolio holders that Truro City Council has a place on any board or body which will determine the structure and composition of LGVs stewardship organisation, and subsequently, in the event that the parish councils of Truro and Kenwyn are not responsible for stewardship matters, that the parishes have reserved representation on any body or organisation that is proposed, in whatever legal form that organisation eventually takes.*
- 3) Truro City Council requests a meeting with the cabinet portfolio holders for budget and policy formulation/Deputy Leader, Portfolio Holder for Economy, Neighbourhoods and Planning and Housing prior to any cabinet meeting to agree further work or consideration of stewardship arrangements for LGV with a view to reaching an agreement with Truro City and Kenwyn parish councils. In addition that Cornwall Council is requested to allocate funding to enable a full consultation process on the provision of stewardship arrangements for LGV and any initial costs in establishing a stewardship organisation.*
- 4) the City Council writes formally to Kenwyn Parish Council asking:
 
  - a) to meet with them to formulate a joint response to Cornwall Council on the LGV stewardship at the earliest opportunity.*
  - b) that the parish councils examine the scope for potential collaboration between Truro City Council and Kenwyn Parish Council on both the**

*governance of the stewardship organisation and future provision of services to LGV. In formulating this view, advice should be taken regarding cultural consequences, risks, consequences and alternatives.*

5) *Truro City Council requests Cornwall Council facilitates a meeting and dialogue, which is to be undertaken on a "member to member" basis with local councils and stewardship organisations in established and emerging Garden villages in other areas of the country."*

5.6 Kenwyn Parish Council is due to consider the above resolution at a meeting on 13 March 23 and has not at this stage provided a separate position statement. Whilst it will not be possible to incorporate further changes ahead of the report going to cabinet due to the final sign off deadline ahead of cabinet, the commitment to full consultation and engagement with KPC and TCC will allow for dialogue going forward, during FBC stage. This will include consideration of any agreed position and final resolution KPC and TCC may reach, and how this can be taken into account in shaping final stewardship proposals for LGV.

## 6 Financial Implications of the proposed course of action/decision

6.1 The financial model demonstrates Langarth Stewardship Company (with an appointed third-party management company) to be financially self-sustaining and profitable after the 14-year break-even point by the beginning of phase 4 in 2037/38 – which is in line with precedents set by other stewardship organisations (based on projected start of Phase One of Langarth's delivery in 2023/24.)

6.2 The table below summarises the Stewardship Organisation projected costs and revenue from 2023/24 to 2046/47 to deliver a net present value (NPV).

		Phase 1								Phase 2	Phase 3	Phase 4	Phase 5
		2023/24	2024/25	2025/26	2026/27	2027/28 - 31/32	2032/33 - 36/37	2037/38 - 41/42	2042/43 - 46/47				
		Year 1	Year 2	Year 3	Year 4	Years 5-9	Years 10-14	Years 15-19	Years 20-24				
NET CASHFLOW POSITION	INCOME	1 Land	£423	£818	£1,185	£1,395	£7,781	£54,791	£75,266	£64,709			
		2 Facilities and assets	£0	£0	£0	£0	£0	£0	£0	£0	£0		
		3 Unadopted highways	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
		4 Services and community governance	£11,069	£42,777	£92,759	£154,688	£1,103,656	£1,760,504	£2,128,024	£2,516,147			
		5 Contributions	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc		
		6 Operations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
		<b>Income</b>	<b>£11,492</b>	<b>£43,595</b>	<b>£93,944</b>	<b>£156,083</b>	<b>£1,111,437</b>	<b>£1,815,296</b>	<b>£2,203,290</b>	<b>£2,580,855</b>			
	COST	1 Land	(£171,914)	(£235,583)	(£294,123)	(£347,740)	(£529,689)	(£730,850)	(£807,003)	(£729,651)			
		2 Facilities and assets	£0	£0	£0	£0	£0	£0	£0	£0			
		3 Unadopted highways	(£24,557)	(£47,453)	(£68,772)	(£81,403)	(£352,845)	(£473,736)	(£568,921)	(£573,185)			
		4 Services and community governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
		5 Contributions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
		6 Operations	£0	(£40,000)	(£139,560)	(£134,840)	(£380,470)	(£426,142)	(£462,666)	(£477,004)			
	<b>Projected cost</b>	<b>(£196,471)</b>	<b>(£323,036)</b>	<b>(£502,455)</b>	<b>(£563,984)</b>	<b>(£1,263,004)</b>	<b>(£1,630,728)</b>	<b>(£1,838,590)</b>	<b>(£1,779,840)</b>				
	<b>Net income (NPV)</b>	<b>(£184,979)</b>	<b>(£279,441)</b>	<b>(£408,511)</b>	<b>(£407,901)</b>	<b>(£151,567)</b>	<b>£184,568</b>	<b>£364,700</b>	<b>£801,015</b>				

- 6.3 In the short-term, while Langarth is in the early stages of delivery until the stewardship organisation becomes self-funding, the organisation set-up and management will be funded through revenue receipts with any shortfalls (Currently projected to be up to £2m) funded from the Langarth LLP company from the gross profit via land sales. This will reduce the amount of net profit available to be distributed back to the Council and will need to be factored into the final Full Business Case and Business Plan including the proposed NPV and overall viability case.
- 6.4 Subject to future agreement by Cornwall Council, further strategic assets and/or cash lump sums in tranches could be required or may be considered beneficial to enable the stewardship organisation to:
- De-risk its operations;
  - Empower it to deliver on its Investment Objectives;
  - Provide strategic assets that have wider community benefit than for Langarth residents alone; and
  - Further assist in realising the vision for Langarth and a sustainable legacy for Cornwall.

## **7 Legal/Governance Implications of the proposed course of action/decision**

- 7.1 The Council's purposes for delivering this scheme align with the delivery of housing and workspace for the fulfilment of the Local Plan and the regeneration of this important part of Truro but also ensuring that the scheme is commercially viable.
- 7.2 Delivery of this scheme must observe the Council's own governance arrangements and, where appropriate, a planning performance agreement should be entered into for the next stage of the planning process. The release of Reserved Matters must comply with the Council's established procedures.
- 7.3 During the planning of Langarth and Phase One of delivery, Arcadis has been appointed by Cornwall Council as its Framework consultant to manage the Langarth Garden Village development and its portfolio of projects. A Portfolio Management Office (PMO) has been set up to manage the scheme delivery which includes setting out policy and procedures for reporting and managing projects.
- 7.4 The current role of master developer is being delivered on behalf of the Council by Treveth, a Council owned entity. As the scheme progresses, this role will be delivered by a special purpose vehicle (SPV), Langarth Garden Village Master Developer (Langarth LLP), to take on the responsibility of all commercial aspects of the scheme and leading on the delivery of the Langarth

Vision. This will include the setting up of the stewardship company who will be the guardian of the Langarth Vision into perpetuity.

7.5 The legal form of the Langarth Stewardship Organisation will be determined at FBC stage, subject to further engagement, legal and financial / tax advice. The OBC currently suggests that it be set up as a Company (Limited by Shares or Guarantee) with an appointed third-party management company (such as the national land management charity, The Land Trust). The setup would be overseen and managed by the Langarth LLP (see 14 December 2022 Cabinet decision approving to proceed with setting up of the LLP).

7.6 If created in this form, a Stewardship Organisation will require:

- A Board of Directors,
- Central Staff Employee/Team: to oversee operations and relationships, and support community development and communications activity
- Specialist expertise as required: to inform stewardship activity
- Procured Services: the estate will be managed (and services delivered) by an experienced management company

7.7 Representatives from Cornwall Council will have more decision-making influence at the outset of the stewardship organisation, that will reduce as the community and its stewardship organisation become more established, with the ability to assert a veto continuing throughout the lifespan of the stewardship Company. This is to protect the outcomes for the community into perpetuity and to retain an interest in the land in the long-term (see section 3 in this report).

7.8 Where any land is transferred or leased, this will need to comply with the requirements to obtain best consideration pursuant to Section 123 of the Local Government Act 1972 or, where there is any undervalue, this will need to comply with the General Disposal Consent 2003 and subsidy control rules. Where funding is provided to the stewardship entity, this will also need to comply with the subsidy control rules. To be clear, the proposed delegation to the Chief Operating Officer at recommendation 4 of this report includes circumstances where land could be transferred at an undervalue without the further consent of Cabinet provided that this complies with both the General Disposal Consent 2003 and the subsidy control rules.

## **8 Risk Implications of the proposed course of action/decision**

8.1 The main business and service risks associated with the stewardship organisation are shown below, together with their counter measures.

Table of Risks and Contingencies

Risks	Contingency
<b>Business Risks</b> – these risks remain with the organisation (100%), cannot be transferred by the organisation, and include political and reputational risks.	
Changes to elected members / political priorities may impact on the stewardship organisation	Take a Business Case approach to secure decisions and make the case for change. Member engagement throughout the process.
Stakeholder support is required for successful adoption and operation of stewardship arrangements.	Stakeholder engagement through each stage of the Business case process.
Opportunities to access funding as an appropriate body.	Review and assess government and private funding opportunities; best practice of various stewardship organisations and their funding streams, and seek tax advice regarding VAT and tax treatment
Lack of cash – availability from CC. The business model is dependent upon the availability of CC investment.	Investment requirements focus predominantly on standard resident and commercial owner service and rent charge contributions, along with developer contributions through S106 (equivalent to what amount of financial contributions would be required from developers if Langarth wasn't being set up as a Garden Village with a stewardship organisation), as well as investment from Cornwall Council in the form of set-up funds, deficit grants and also strategic assets that will generate revenue and further the Council's localism objectives – that will only come about through the development of Langarth as a garden village with a stewardship organisation.
<b>Service Risks</b> – These associated risks fall within the design, build, financing and operational phases of the project and may be shared with others from outside of the organisation.	
Long timescales over which Langarth is being planned and delivered (25 years), and then managed (ongoing)	Establishing Langarth Stewardship Company to be suitably flexible to be able to respond to changing requirements dynamically and effectively, while adhering to its governing

Risks	Contingency
	investment objectives to safeguard the vision for Langarth and a sustainable legacy for Cornwall
Boundary review & change to parish boundaries	Active monitoring of changes to boundaries and understand implications. Include both the current parish council and Truro City Council in governance of the stewardship organisation to ensure appropriate community oversight.
Maintaining service standards from third-party suppliers of maintenance and management services	Appropriately robust procurement and contract management of suppliers including clear service-level agreements consistent with stewardship objectives.
Financial risks regarding income from assets	Business Plan to be developed to include a diverse portfolio of income stream across various assets.  Commercial Strategy required for Langarth's revenue-generating activities to inform the above.
Commercial risks associated with letting commercial space.	Business Plan to include a diverse portfolio of income stream across various assets. Ensure flexibility of commercial space to allow other uses.
Lack of expertise / experience within the organisation to fulfil its business needs.	Set up a stewardship model that is suitably flexible to accommodate subsidiary org and sub-contractor relationships for specialised services as required. It is normal practice for stewardship organisations to outsource most management/service functions until it obtains the required knowledge and experience, as well as financial self-sufficiency to bring more in-house.
Ability to grow and support LGV at the same rate as development.	Business Plan will be aligned with stewardship org's evolution to ensure sufficient capacity exists within the stewardship organisation.
Lack of cash – availability from government A change in government policy, especially New Homes Bonus,	Test implications of possible changes in government policy

Risks	Contingency
could fundamentally affect the financial benefits of development to CC.	On-going monitoring of policies, proactive lobbying as appropriate
Inability to attract and retain high-quality staff	Understand resourcing needs and ensure continuity from Langarth's planning stage. This OBC recommends the initial in-house Langarth central staff team is staffed by those people involved in Langarth's planning and appropriate contracts can be put in place to ensure external expertise can be drawn on from Cornwall Council and elsewhere as required, until the stewardship organisation can attract suitably qualified staff and afford to bring more roles in-house. This will include bringing on the expertise of a third-party management company.
Financial risks on individual projects There will be an inevitable residual risk of undershooting target returns on an individual project level. Whilst this risk can be mitigated by careful project definition and management, it cannot be eliminated.	A portfolio view of risks and returns must be taken. Shortfalls in returns from one project need to be viewed in the context of their impact on portfolio performance as a whole and measures taken, if necessary, to adjust the approach and target returns on some projects to balance under performance on others.
<b>External Risks</b> – These non-systemic risks affect all society and are not connected directly with the proposal. They are inherently unpredictable and random in nature. They include technological disruption, legislation, general inflation and catastrophic risks	
Resurgence of current pandemic or a new pandemic	Protocols now developed for how to respond in the case of a pandemic, as well as local, regional and national policy focus on building local sustainability and increasing resilience in case of future pandemics or other crises.
Economic and housing market changes impacting upon demand for services and subsequent income.	Ensure flexibility of use for any assets and buildings.  Cornwall Council has adopted a peak debt model and a specific risk mitigation plan in

Risks	Contingency
	<p>relation to this as part of its wider funding programme.</p> <p>LGV LLP is the master developer and a risk mitigation plan is being developed and monitored in relation to this.</p> <p>The stewardship organisation project assurance process will include regular reviews of these risk registers to ensure how they impact on risks and mitigation regarding the stewardship organisation specifically.</p>
<p>Changing government policies (national or regional)</p> <p>Changes in taxation, planning, housing, and energy policy may deter developers, reduce revenues or impact on BCC's ability to deliver housing targets.</p>	<p>Stress-test various scenarios to understand the impact</p> <p>Ongoing monitoring of policies</p>

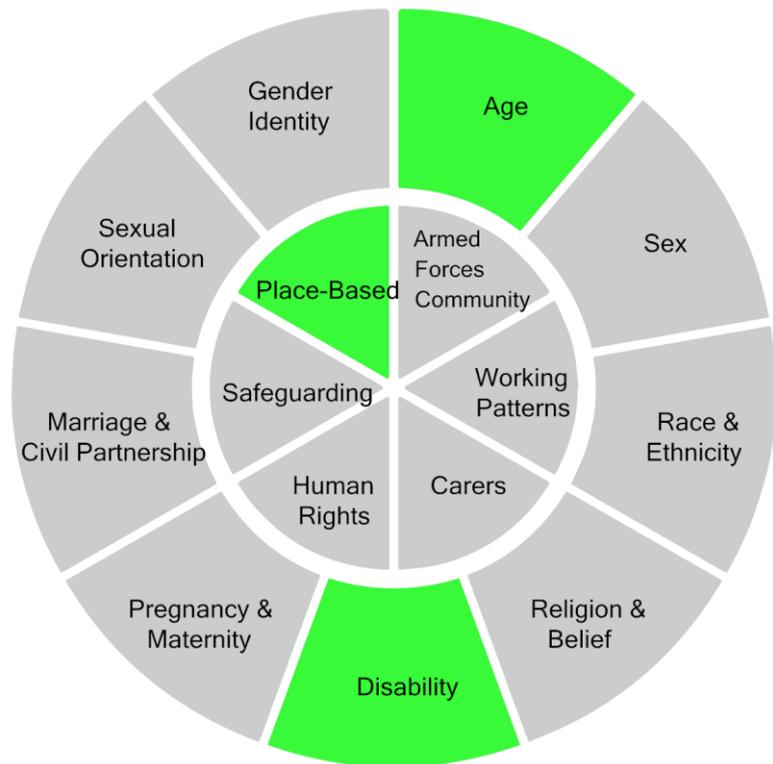
## 9 Cornwall Development and Decision Wheel

9.1 The full Decision Wheel and commentary is included in Appendix 1 to this report. An overview is below.

### Environmental and Social



### Equality and Inclusion



## 10 Options available

10.1 Following the Strategic Business Case, shortlisting a number of options, potential models were evaluated further through the Green Book's Critical Success Factors.

10.2 The OBC in Appendix 2 includes an options appraisal of those that were shortlisted at SOC stage. The option appraisal includes a useful traffic light overview based on evaluation of different options against critical success factors:

Critical Success Factors	Business as usual (BAU)	Company limited by guarantee (CLG)	Company Limited by Shares (CLS)	CLS constituted as Community Interest Company (CIC)	Community Benefit Society	Third-Party Providers	Hybrid
Meets the agreed spending objectives, related business needs and service requirements	Red	Yellow	Green	Green	Red	Yellow	Green
Provides holistic fit and synergy with other strategies, programmes and projects	Red	Yellow	Green	Yellow	Red	Yellow	Green
Optimises social value (social, economic and environmental), in terms of the potential costs, benefits and risks	Red	Yellow	Green	Green	Red	Yellow	Green
Matches the ability of potential suppliers to deliver the required services	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
Appeals to the supply side	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
Can be financed from available funds	Green	Green	Green	Green	Green	Green	Green
Aligns with sourcing constraints	Green	Green	Green	Green	Green	Green	Green
Is likely to be delivered given the relevant parties ability to respond to the changes required	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
Matches the level of available skills required for successful delivery	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
<b>Outcome</b>	<b>Discounted</b>	<b>Carried</b>	<b>Carried</b>	<b>Carried</b>	<b>Discounted</b>	<b>Carried</b>	<b>Preferred</b>

- 10.3 As can be seen, there are several options that have been carried forward, with a current preferred option also identified.
- 10.4 The option of Business as Usual was ruled out at SOC stage. This is because:
- It did not provide a strategic fit and meet business needs
  - It does not optimise social value.
  - It would be easier to manage under one single entity.
- 10.5 A Community Benefit Society has been discounted as an option. This is because:
- It does not provide a strategic fit and meet business needs.
  - It has sufficient regulations but limited flexibility to balance potential costs, benefits, and risks in perpetuity to ensure social value
  - The legal type of organisation set up to be the overarching community stewardship organisation is not deemed to have a bearing on supplier capacity and capability, as all would initially be set up by the Council.
- 10.6 Using a stand-alone management company is another possible viable option, but it is not the preferred option. This is because:
- It does not best provide a strategic fit and meet business needs. Community stakeholders will not have any decision-making ability as they will be local influencers, not decision makers.
  - This approach is not aligned with Cornwall Council's Localism Strategy and in particular the key principles of sharing more community control over assets and services and involving communities more in decisions that affect them.
- 10.7 The currently preferred option is a hybrid option to set up a Local Stewardship Organisation established as a Company (Limited by Shares or by Guarantee) that then appoints a third-party management company (through a procurement process), to deliver the stewardship scope. This is because:
- This is the option that best provides a strategic fit and meets business needs. It is sufficiently regulated to ensure community benefit (especially if specific objectives for Langarth are detailed in the articles of association), protects members from liability, is sufficiently flexible to be tailored to requirements, can meet objectives, business needs and service requirements, and provides holistic fit and synergy with other strategies, including localism and is not a profit distributing entity.

- Provides local control and representation, while mitigating the risk of delivery through the experience, knowledge and expertise of an organisation with a track record of delivering successful stewardship services across the Country.
- It can be set up to ensure sufficient regulations and flexibility to balance potential costs, benefits, and risks in perpetuity.
- By appointing a third-party management company with expertise and track record, the risk of setting up a new community stewardship organisation is minimised. This risk will also be minimised because the stewardship organisation will slowly be set up and grow in scope as the development of Langarth progresses and management is handed over from the development portfolio manager in stages as appropriate. Suitably qualified staff could also possibly be seconded from the council to ensure a smooth transition.
- Although setting up and staffing a new organisation will likely incur additional initial revenue costs, these costs are likely to be more sustainable and to benefit local staff and are lower than on a traditional approach that does not incorporate third-party management company. The finance model demonstrates that a hybrid model would achieve a break-even point before a traditional approach.

10.8 The choice between the two different legal forms of Limited by Shares or Guarantee requires further consideration in relation to legal, financial, procurement and governance considerations during FBC stage.

- If the land is transferred by the Council to a subsidiary company limited by shares, SDLT group relief will normally apply provided the Council holds (directly or indirectly) at least 75% of the subsidiary's ordinary shares, profits and assets available for distribution. This relief is not available to a company limited by guarantee.
- A Company Limited by Guarantee (CLG) may offer more future flexibility, but it does not provide some of the potential tax efficiencies that are available through a Company Limited by Shares (CLS).
- Currently received legal advice on either legal form has not been conclusive and has not taken account of the community stakeholder aspect, nor has it considered Cornwall Council's internal preferences and processes, so that a decision on the legal form should be deferred to OBC stage to enable fully informed decision making. This will also help to ensure stakeholder engagement can be undertaken and feedback incorporated as required.

10.9 The final decision in terms of the model and company structure will be determined through delegation and consultation as set out in the recommendations, following further work being undertaken during FBC stage.

## 11 Supporting Information (Appendices)

11.1 Appendix 1 – Cornwall Development and Decision Wheel.

11.2 Appendix 2 – Outline Business Case for the Stewardship Model

11.3 Appendix 3 – Appendices to Stewardship OBC, consisting of:

- Appendix 1 – Risks, constraints & dependencies
- Appendix 2 – Critical success factors, strategic parameters and considerations
- Appendix 3 – Key financial assumptions

11.4 Appendix 4 – Appendices to Stewardship OBC, consisting of Finance model summary and cashflow hybrid option – EXEMPT.

## 12 Background Papers

12.1 None.

## 13 Approval and clearance

### All reports:

Final report sign offs	This report has been cleared by (or mark not required if appropriate)	Date
Governance/Legal (Required for <b>all</b> reports)	Mark Pearce	13 March 2023
Finance (Required for <b>all</b> reports)	Russell Ashman	14.03.2023
Cornwall Development and Decision Wheel (Required for <b>all</b> reports)	Sarah Thorneycroft	30 Jan 2023
Service Director (Required for <b>all</b> reports)	Louise Wood	13 March 2023
Strategic Director (If required)	Phil Mason	14/03/23

# Langarth Garden Village Stewardship Organisation

**Which of the four priority outcomes does your project support?**

- ✓ A Brilliant Place to be a Child and Grow Up
- ✓ A Thriving Sustainable Cornwall
- ✓ Vibrant, Safe, Supportive Communities

**Does this project have an impact (positive or negative) on the Convention on the Rights of the Child**

Yes

Articles 6 (Life, Survival and Development), 15 (Freedom of Association), 23 (Children with Disability), 29 (Goals of Education)

## **Directorate**

VCM - EGD Economic Growth

## **Service**

600021 - Planning & Development

## **Name of Officer(s) completing the Assessment**

Birgit Hontzsch

## **Date**

Rev A – 24/01/2023

## **What are the aims, objectives, outcomes?**

Langarth Garden Village (LGV) is a major development to the West of Truro and North of Threemilestone aimed at providing a new comprehensively planned community for between 8,000- 10,000 residents. Outline Planning permission for the development was approved at planning committee in December 2021. The Planning Permission (Ref PA20/09631) and associated documents can be viewed here:

<https://planning.cornwall.gov.uk/online-applications/applicationDetails.do?keyVal=QJAI93FG1X300&activeTab=summary>

As presented at the cabinet meeting of 4th of November 2020, the LGV Sustainability Wheel for the whole development has previously been considered and approved.

Please visit the following link to view details:

<https://democracy.cornwall.gov.uk/documents/s140074/Langarth%20Garden%20Village%20Threemilestone%20-%20Report%20-%20Part%201.pdf>

The above decision taken by cabinet included endorsement for the findings of the Strategic Outline Case for a Stewardship Model at LGV, as well as approval to progress towards an outline business case (Recommendation 2). That Outline Business Case has now been developed and is proposed to go to March 2023 cabinet.

A Stewardship Organisation is a new entity to be created to manage and maintain the land, facilities, assets, and services under its control in perpetuity to ensure that LGV adheres to the approved Design Principles, has high-quality standards and is a desirable place to live. The Stewardship Organisation will achieve this through:

- Managing and maintaining LGV's green and blue infrastructure to ensure Langarth is a unique and bespoke place to live, within a performative landscape, and remains resilient to climate change.
- Managing and maintaining LGV's public realm, cycle and walking routes, SuDS networks and un-adopted parts of the highway network to promote healthy and active lifestyles and ensure ease of movement and good connectivity.
- Ensuring that any facilities and property under its control are used to complement local communities, generate a strong sense of community, promote healthy and active lifestyles, and enhance employment opportunities in the locality.
- Ensuring that the scope and activities of the organisation are applicable to all the development area, to create a strong sense of community and complement local communities.
- Ensuring that the organisation is (once the development is in place) a self-financing body and manages costs, benefits, and risks effectively to last in perpetuity and provide a sustainable future for the management of the neighbourhood.
- Ensuring that the organisation includes resident (and other relevant community stakeholder) involvement to ensure the vision for Langarth is deliverable and generates a strong sense of community, where residents and other community members feel empowered to initiate community, cultural and business activities.
- Ensuring that the organisation is flexible and can operate in partnership with other organisations depending on need. It should also be able to

accommodate a stakeholder structure where the level of involvement/control of key stakeholders can vary over time.

The impacts as identified in the decision wheel for the whole of LGV are not reduced or diminished by the creation of the stewardship organisation. On the contrary, the creation of the stewardship organisation will have a marked positive impacts that without it in place may not be fully realised.

The two Wheels presented here (Environment / Social and Equality / Inclusion) therefore **draw out the specific aspects that the stewardship organisation has a key influence on**, building on the positive impacts and benefits generated by the wider scheme. The segments shown as no change (grey) should be considered to achieve the ratings as previously assessed for the whole of LGV. These are aspects that are dictated by factors such as the development layout and constructed proposals, and the Stewardship Organisation would not have a significant additional impact on any of those left grey.

### **Who implements or delivers the above?**

The Stewardship Organisation will be created by the Special Purpose Vehicle set up between Cornwall Council and Treveth Holdings (which will be Langarth Holdings LLP, as approved in 14 Dec 2022 cabinet - see decision at item 11 at <https://democracy.cornwall.gov.uk/ieListDocuments.aspx?CId=577&MId=11486&Ver=4>), with Cornwall Council being the primary partner.

The cabinet paper asks for endorsement for Langarth LLP to set up Langarth Stewardship Organisation, current preferred option as a Company Limited by Shares, that will contract an experienced partner to deliver high-quality stewardship for the emerging new community. The Outline Business Case for the Stewardship Organisation will be put to Cabinet in March 2023 to confirm key principles and endorse the preferred solution.

# Environmental and Social



## Legend

	<b>Long lasting or severe negative impact</b>
	<b>Short term or limited negative impact</b>
	<b>No or neutral impact</b>
	<b>Short term or limited positive impact</b>
	<b>Long lasting or extensive positive impact</b>

## Biodiversity Impact Summary

LGV proposes to achieve a biodiversity net gain of up to 20%, based on around 90ha of green infrastructure and 20ha of blue infrastructure. Whilst the existing hedges, trees, natural spaces will experience greater footfall, at present many are set in agricultural fields with limited buffers.

Proposals will embed the existing habitats and networks into a green and blue infrastructure framework that will increase biodiversity and allow management of increased footfall and user pressure. There will be a permanent enhancement to the northern river corridor by providing more wetland and meadow landscapes and reducing agricultural runoff and associated nutrients and pollutants.

The stewardship organisation will have a critical role to play in a) maintaining the green and blue infrastructure to the required biodiversity objectives and b) managing

any assets under pressure and educating users at the same time. It will also have a key role in monitoring biodiversity gain and adjusting management practices and uses as required to achieve the 20% net gain aspired to and ensure that existing assets can flourish and be enhanced in the long-term.

### **Climate Change Adaptation Impact Summary**

Whilst LGV as a whole aspires to be a net zero development, the stewardship organisation will have an important role to play to work with people to educate them, and to monitor the green and blue infrastructure assets for any changes / climate change impacts that may have to result in change of management practice, different planting and other natural adaptation as required.

### **Connectivity Impact Summary**

LGV has a movement strategy and is based around local centres, as well as promoting sustainable transport. The stewardship organisation is key to amplifying the benefits that the overall masterplan is set to generate, through education and activities. In relation to stewardship, connectivity in relation to walking and cycling, utilising the green infrastructure provisions, emphasis on health and movement would be key aspects that the organisation would make a direct positive impact.

### **Education Impact Summary**

The stewardship organisation would have a direct remit for community engagement, activities on site, monitoring benefits and engaging with residents on aspects such as healthy living, food growing, walking and cycling, biodiversity and heritage. These are intrinsically linked to the green and blue infrastructure and community assets that will be managed by the organisation. It therefore has the key to maximise the educational benefits arising from living in an inclusive, sustainable new community.

### **Food Impact Summary**

The stewardship organisation would have a direct remit to promote local food growing, in allotments and the proposed community farm as well as providing guidance and help to residents to grow food in their gardens. The stewardship organisation would also be instrumental in organising food related events across the site such as for example guided wild foraging events, managing hedges to be able to provide some wild foods, seed exchanges, harvest festivals, vegetable / flower competitions, local produce promotion and sales etc.

### **Health Impact Summary**

The stewardship organisation would work to promote healthy living and using the onsite resources to remain healthy. Well managed green and blue infrastructure,

promotion of outdoor activities, information provision and education would all help to maximise the physical and mental wellbeing benefits for residents in the community.

### **Political Voice Impact Summary**

The creation of the stewardship organisation with a strong link into and reporting to the community will ensure that the needs of the community in relation to use of their environment and community assets are fully considered. This way, the community can influence how their community evolves, within set parameters. The stewardship organisation would also have representation from Parish Council and Councillors, so that the benefits for the wider area can also be realised. A Local Forum is currently in operation to guide the transition from planning permission to implementation / delivery. This mechanism will assist during the initial stages of the stewardship setup to assert some influence.

### **Community and Culture Impact Summary**

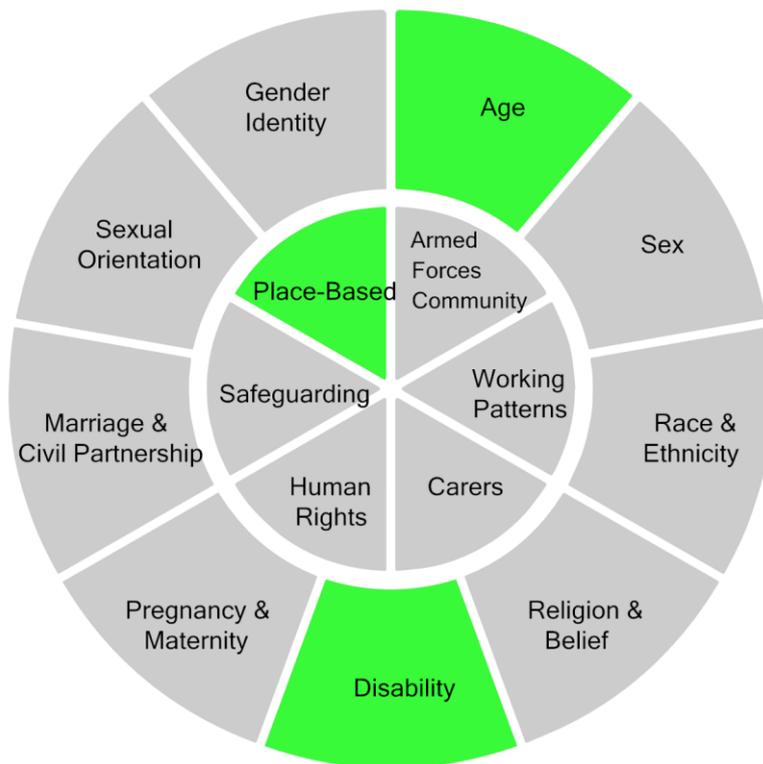
The stewardship organisation would be at the heart of creating an inclusive, integrated community that offers opportunities for all abilities and ages, as further set out in the Equality / Inclusion wheel. Being in charge of managing the green and blue infrastructure and community assets, the organisation will have direct control over engaging with people, ensuring that this reduces social isolation, increases participation and health and overall creates a vibrant, happy community.

### **Local Environment Impact Summary**

The stewardship organisation will manage green and blue infrastructure assets on site including play areas, informal recreational areas, new wetlands, woodlands and meadows to ensure they are accessible to residents as well as generate the required biodiversity benefits. The LGV strategy overall is based on accessible services, including play areas, local centres and community centres, the stewardship organisation will be a key tool to inform residents of these.

The stewardship organisation will also collect feedback and monitor use, so that adjustments can be made as required. There are landscape and heritage assets on site, the key ones being Govers Park with its Scheduled Monument and the northern river corridor. Both will include interpretation and educational opportunities, so that residents can learn about the Cornish landscape, heritage and biodiversity.

# Equality and Inclusion



## Legend

	<b>Long lasting or severe negative impact</b>
	<b>Short term or limited negative impact</b>
	<b>No or neutral impact</b>
	<b>Short term or limited positive impact</b>
	<b>Long lasting or extensive positive impact</b>

**Please give details of the research, consultation and any other evidence you have used to assess and inform the impacts of your project.**

There was extensive community consultation throughout the process of preparing the planning application. The application was successfully granted permission in December 2021, with the planning consent issued in April 2022. There was additional consultation with parishes, councillors and stakeholders about setting up the stewardship organisation.

The planning consent will eventually deliver 3,800 homes, estimated to accommodate between 8000 to 10000 people, which will include people from all walks of life, creating a truly diverse and integrated community. This wheel highlights those aspects that are particularly supported / impacted by setting up the stewardship organisation, it does not re-evaluate the whole of the LGV proposals.

Key data sources:

[https://www.disabilitycornwall.org.uk/PDF/Disability\\_in\\_Cornwall.pdf](https://www.disabilitycornwall.org.uk/PDF/Disability_in_Cornwall.pdf)

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/articles/outcomesfordisabledpeopleintheuk/2021>

**Age (particular age or range of ages). When considering age, please ensure you consider whether children’s rights are affected, including:**

**Please describe the likely differential impact on people with different ages, whether positive or negative.**

Langarth Garden Village (LGV) will be a diverse community supporting all ages, in line with Cornwall Council's mission to start well, live well and age well. Proposals are for new homes of various tenures, sizes and needs, community facilities, commercial uses, health / extra care provisions, student accommodation as well as a strong network of green and blue infrastructure. There will be local centres within walking distance of homes, and a network of non-motorised paths and open spaces, including play spaces, allotments and informal recreation. This will cater for all ages and abilities to make LGV a truly inclusive community.

**What mitigations will be put in place to minimise disproportionate adverse impacts on this group?**

The stewardship organisation will ensure that there is community engagement across and options to participate in activities for the whole range of ages in the new community. Stewardship will be at the heart of making LGV a community where people of different ages engage with and learn from each other, thereby increasing skills and reducing social isolation.

**Disability (please consider physical, sensory, learning or mental health)**

**Please describe the likely differential impact on people with a disability, please think about mental health and physical, sensory and learning disabilities, whether positive or negative.**

As an inclusive new community, LGV will be able to cater for a range of abilities. It is however on a sloping site, and designers are carefully considering how accessibility can be maintained. The site is varied and can provide a range of experiences from busy local centres to quiet greenspaces, it also features educational provisions and food growing opportunities.

**What mitigations will be put in place to minimise disproportionate adverse impacts on this group?**

The stewardship organisation would be central to ensuring engagement with people of all abilities and working with the master developer to ensure that forthcoming development is designed to accommodate various needs. It will also play a critical role in informing the community about options and working with disadvantaged groups. A Community Farm is proposed in future phases. Govers Park is a key element of early green infrastructure, which has undergone an accessibility audit and allows for less able users to enjoy the landscape.

**Place-Based (incl. Rurality) - It is also important that we understand if our decisions have any differential impacts on places, towns and rural communities.**

**Please describe the likely differential impact on places/rural areas or communities (please name specific towns/areas) whether positive or negative. Please consider if there is any differential impact on settlements of less than 3000 residents compared to towns.**

LGV is a new community near Threemilestone and Truro, located in Kenwyn Parish Council. The addition of 3,800 new homes and up to 10,000 people by the mid-2040<sup>th</sup> means that the new community has to be sustainable and provide its own services and amenities, as well as allowing local residents in the wider area to benefit.

**What mitigations will be put in place to minimise disproportionate adverse impacts on specific towns or areas?**

LGV is designed around new local centres and based on a strong vision and design principles, which will ensure that the new community is inclusive and of high quality. The stewardship organisation will have a strong role to play in providing a community focus and creating the special sense of place for this evolving community. This will include benefits realisation for existing and new residents.

For example, Govers Park will be open to all, including wider area residents and visitors, and will open up a Scheduled Monument to public access which has not been accessible in the past, with spectacular views across the wider landscape and emerging community. The stewardship organisation will manage this new interaction and ensure that the Monument is not degraded and retains its special character in the long-term.



# Outline Business Case

Langarth Garden Village Stewardship			
Capital Project			
<b>Senior Responsible Officer</b>	Phil Mason	<b>Head of Service:</b>	Louise Wood
<b>Date Updated:</b>	(20/02/2023)	<b>Version:</b>	4.0
<b>Programme/Project Description:</b>	<p>Langarth Garden Village</p> <p>OBC to endorse setting up Langarth Stewardship Organisation as a legal entity. The preferred option is to set the organisation up as a Company (options are Company Limited by Shares and Company Limited by Guarantee, subject to further evaluation during Full Business Case (FBC) stage).</p> <p>Membership will consist of relevant stakeholders to ensure appropriate governance – with percentages of ownership/influence changing over time as Langarth develops.</p> <p>Once set up, Langarth Stewardship Organisation will appoint an experienced third-party management company to manage the future stewardship and neighbourhood of Langarth Garden Village – a significant development area that can support 3,800 additional homes and a population of around 10,000 people.</p>		
<b>Reviewers:</b>	Langarth Garden Village Client Board Langarth Garden Village Outcome Group		
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## Authority to Proceed

All Business Cases require approval at Head of Service and DLT level before approval to proceed is provided by the Investment and Commercial Board or its Sub-Board as appropriate.

Authorised Officer	Proceed	Stop
Head of Service: Louise Wood		
Director: Phil Mason		
Chair of Investment and Commercial Board or its Sub-Board as appropriate		

## 1.1 Executive summary

This Outline Business Case (OBC) builds upon the work presented in the Strategic Outline Case (SOC) for the future stewardship of Langarth Garden Village.

Situated three miles west of Truro City Centre, Langarth Garden Village is a very significant development area that can support 3,800 additional homes and a population of around 10,000 people. The site has the potential to provide new, high-quality homes for local people, as well as employment, enterprise, and leisure facilities for local communities and beyond. Since January 2019, Cornwall Council has been proactively planning and delivering this new integrated community. Rather than allow piecemeal development, the Council allocated £159 million to support the development of a masterplan and key infrastructure for the whole site to help create a vibrant, coordinated, and sustainable development where people want to live, work and visit.

The SOC set out the first steps towards defining and establishing the future stewardship and neighbourhood management arrangements for Langarth Garden Village. It established the case for change and reflected upon the Garden City principles which advocate for an engaged, involved and empowered community who can plan ahead collectively for the benefit of the community, providing long term stewardship of community owned assets.

Although Cornwall Council already manages community assets through a number of organisations, it was determined through the SOC that no one of these would be suitable to oversee the management of Langarth's community assets for the benefit of the community. It was therefore established that a dedicated stewardship organisation would be the most appropriate custodian of Langarth Garden Village. It was identified that there were several different legal structures which could be used for the purposes of neighbourhood management and stewardship. These included various types of unincorporated and incorporated bodies, existing Council organisations and third-party organisations. Following consideration through an evidenced approach a comparison of the long-list of options was undertaken, which identified the short list of the most suitable options that meet the requirements for Langarth.

In November 2020, Cornwall Council considered and approved the SOC and the shortlist of options for further consideration through an Outline Business Case development. The OBC was drafted in 2021 and following a period of validation over the Summer / Winter of 2022, it was decided to progress the developed OBC to Cabinet for consideration to align with the progression of the commercial activities.

The OBC is structured around the Treasury 5-case model. The Strategic Case explains how the scope of the proposed Stewardship Organisation fits within the existing business strategies of the Council and provides the case for change in terms of existing and future operational needs. It sets the scene as to what Langarth Garden Village will be, how it will be delivered and the vision for this new community, informed by the established ten design principles and the masterplan. It was noted that many Stewardship Organisations consist of several aspects, with one overarching body and several appointed partners/subsidiaries appointed according to their purpose. It was also recognised that as Langarth and its Stewardship Organisation mature, it will present an opportunity to increase the scope of responsibilities. A flexible model is therefore required to ensure it continues to be fit for purpose in the future. The Full Business Case will further consider key risks, dependencies and constraints.

Detailed options analysis and feasibility have been undertaken to inform the Economic Case, which assesses the shortlisted options against the Critical Success Factors (CSFs) and Investment Objectives for the Stewardship Organisation. A preferred option was established using an options analysis and traffic light summary. This preferred option identified is to set up the overarching Stewardship Organisation as a Company (options are Limited by Shares or Limited by Guarantee), with an appointed third-party management company, as it is the option that best provides a strategic fit, delivers wider benefits to meets business needs and the long-term vision for Langarth.

Discounted options were also assessed, including Business as Usual and a Community Benefit Society. The Economic Case also considers a Benefits Appraisal. Key Performance Indicators (KPIs) were developed as part of the Delivery Framework to ensure its successful development

and stewardship in keeping with Langarth's Design Principles. Successful community stewardship will ensure that the identified benefits of Langarth Garden Village are achieved. These are the factors that will help to contribute to a socially sustainable community that is striving to be socially, economically, and environmentally sustainable.

Following the recommendations of the Economic Case, the Commercial Case looks at the proposed procurement arrangements in relation to the preferred option of establishing a Company (Limited by Shares or Guarantee), providing a locally run entity, with the appointment of an experienced third-party management company, to deliver the stewardship scope. It sets out the Council's commercial objectives, services that will need to be available, procurement strategy and route, risk allocation, preferred charging mechanisms, proposed contractual arrangements and personnel implications. This case establishes key principles and arrangements which will be further developed at the FBC stage.

The Financial Case recommends that Langarth Stewardship organisation's set-up and management costs will be directly funded via the Langarth Garden Village LLP, through revenue receipts, as well as gross profit via land sales. Prior to returning any net profits to Cornwall Council. It sets out what the potential main cost streams will be, what primary funding sources are required to cover costs and maximise wider community benefits, and the overall affordability and long-term viability of Langarth Stewardship Organisation. It seeks endorsement of the range of funding sources required to sustain Langarth Stewardship Organisation and to enable it to deliver on its objectives, which are based on Langarth's design principles. It recommends an additional endowment should be considered in future when the Full Business Case (FBC) is developed to enable the stewardship organisation to deliver the vision for Langarth and a sustainable legacy for Cornwall.

The Management Case sets out how the project will be managed, how change will be managed and how benefits will be monitored and achieved. It captures risks, contingencies and the framework for evaluating and reviewing the project. It explores areas where specialist advice may be required. And it defines the membership of the steward organisation.

This OBC recommends that the Langarth Stewardship Organisation is set up as a Company (Limited by Shares or Guarantee) with an appointed experienced third-party management company (such as the national land management charity, The Land Trust – subject to procurement) to deliver the stewardship scope, that fulfils the overarching aims of stewardship (as recognised by the Town & Country Planning Association). It should be governed by a Board of Directors, have Shareholders/members and a central staff employee/team. It should have the capability to procure suitable suppliers and appoint a third-party management company as required and be funded through the identified sources of income.

## 1.2 Key Principles to form basis for Full Business Case (FBC)

The **Langarth Stewardship Organisation** is set up as a **Company (Limited by Shares or Guarantees)**, with an appointed third-party management company to provide the **stewardship scope**, that:

- **It fulfils the overarching aims of stewardship** (as recognised by the Town & County Planning Association) and is therefore:
  - A strategic mechanism that is long-term, stable, flexible, and financially viable.
  - An operational mechanism that enables officer governance requirements and oversight to be discharged effectively and effectively, but without slowing or getting in the way of delivery.
  - A flexible commercial entity that can evolve to adapt to changing circumstances (a key lesson from case studies of stewardship).
  - It exists into perpetuity.
- **It will be set up by the Langarth LLP** (details to be confirmed – including any subsidiary arrangements), retaining sufficient Council influence to ensure direction of travel is as envisaged and works to preserve the vision, including community involvement and monitoring benefits.
- **It is governed by a Board of Directors and Shareholders or Members** (depending on legal form), consisting of community stakeholder representatives of Cornwall Council, Truro City Council, Kenwyn Parish Council, Developers (though only for the period they are involved in Langarth), Housing Associations and Langarth Residents, and possibly also include non-voting observers.
  - Other stakeholders could be Langarth Organisations (public, voluntary and business). Neighbouring Residents & Organisations may also be represented on the Board or, alternatively, through stakeholder consultation groups as there will already be an optimum number of seats on the Board from a corporate governance perspective.
  - The appropriate balance of Council, developer, stakeholder and community influence will have to vary over time, with the Council having the greatest influence initially, and the community having the greatest influence once the development is complete.
  - It is intended that safeguards are put in place, to ensure certain aspects cannot be progressed or changed without Cornwall Council's consent, particularly while the Council is the master-developer.
  - For example, the organisation's articles of association that set out its governing objectives and honour Langarth's design principles could state that the articles can't be changed without Cornwall Council's consent.
  - Restrictions on altering the business plan could also require Cornwall Council consent. Other controls are being implemented by other means including through planning (such as S106 requirements and the Langarth design code etc), and through land covenants in the TR1 transfer deeds.
- **Have central staff employee/s** to provide local oversight, manage relationships and operational activities.
- **Can procure suitable suppliers**, including the ability to appoint an experienced third-party management company, (such as the charity, The Land Trust), as required to manage the stewardship scope and deliver services for the benefit of Langarth Garden Village and its wider community. Subject to detail and agreement. Procurement will have to comply with legal provisions at the time, likely to include compliance with the forthcoming Procurement Bill.

- **Is initially funded via the Langarth Garden Village LLP**, Master Developer SPV, from revenue receipts and gross profit via land sales, prior to returning any net profits to the Council. This includes any shortfalls predicted currently up to year 14 / Phase 4 before the service charge benefits are fully available.
- **Funding in the long-term will be generated through revenue generating activities and a service charge**, which will be the same across all of LGV, and which will include management of green and blue infrastructure in development parcels through lease and land transfer mechanisms agreed with developers at the point of initial land sale (to ensure quality standards across all of LGV).
  - If it is decided that the stewardship organisation should take on the responsibility of areas / services usually adopted/provided by the Council to ensure a consistent standard of maintenance and community cohesion, then the funding mechanisms will need to be sufficient to ensure these costs are covered.
- **Cornwall Council will retain an interest in the land in the long-term**, through appropriate land transfer, covenant and / or long-term lease mechanisms to be agreed through Langarth LLP and either through the shareholder function in a CLS or the governance structure in a CLG.

### 1.3 Background

This Outline Business Case (in line with HM Treasury guidance) revisits the shortlist of options identified in the Strategic Outline Case (SOC) for the organisational structure that will oversee the future stewardship and neighbourhood management arrangements for Langarth Garden Village.

The SOC established that Langarth’s 10 Design Principles, which were developed through extensive research and consultation, and in relation to existing policy, to guide how Langarth develops, should also be used as the basis for its overarching community stewardship organisation (referred to as Langarth Stewardship Organisation throughout this document).

The Design Principles create the golden thread for Langarth Stewardship Organisation’s governance, objectives, and scope, so that the organisation can ensure these principles influence not only how Langarth is developed, but also how it is managed, and how it functions as a thriving and sustainable community that builds community wealth reciprocally while creating a legacy for Cornwall – ultimately overseeing the realisation of the vision for Langarth Garden Village.

This OBC identifies the preferred option for the stewardship organisation’s structure to achieve the above in relation to the Strategic and Economic Case, and sets out the Commercial, Financial and Management delivery strategy.



Figure 1: Process that led to Design Principles and how they influence Langarth’s development and stewardship

## 1.4 Strategic Context (The Strategic Case)

### The Strategic Context

In January 2019 Cornwall Council took on a proactive role in planning and delivering a new integrated community at Langarth. Rather than allow piecemeal development, the Council allocated £159 million to support the development of a masterplan and key infrastructure for the whole site to help create a vibrant, co-ordinated, and sustainable development where people want to live, work, play and visit.

At the end of December 2021, outline planning permission was granted for the Garden Village along with full planning permission for the Northern Access Road. These were significant milestones for the project moving it from the masterplan phase to delivering the scheme.

In early 2022, Cornwall Council appointed Treveth to lead on delivering the Garden Village Scheme in partnership with Kenwyn Parish Council, Truro City Council, Langarth landowners, the Truro and Kenwyn Neighbourhood Plan group, the Langarth Stakeholder Panel and the Cornwall and Isles of Scilly Local Enterprise Partnership.

### The Opportunity

In June 2019 Cornwall Council were successful in attaining Garden Village status for Langarth, adopting the Garden Village principles that advocate an engaged, involved, and empowered community who can plan collectively for the benefit of the community, providing long-term stewardship of community assets.

Garden Village stewardship organisations are encouraged to think beyond their red-line boundary to ensure community cohesion, such as between Langarth and Threemilestone and the broader Truro area, to ensure consistent standards of upkeep and the wider benefit of community facilities and open space etc. Ensuring wider community benefit and a sustainable legacy for Cornwall is key to Cornwall Council's Corporate priorities.

### Langarth Garden Village

Langarth Garden Village, located in the Parish of Kenwyn, is a very significant development area that can support an additional population of around 10,000 people. Langarth will provide 3,500 homes in total, plus 200 extra care homes, and 50 units of student accommodation, through low-density clusters. The site will also provide employment, enterprise and leisure facilities for local communities and beyond, all within a landscape that has a distinct sense of place.

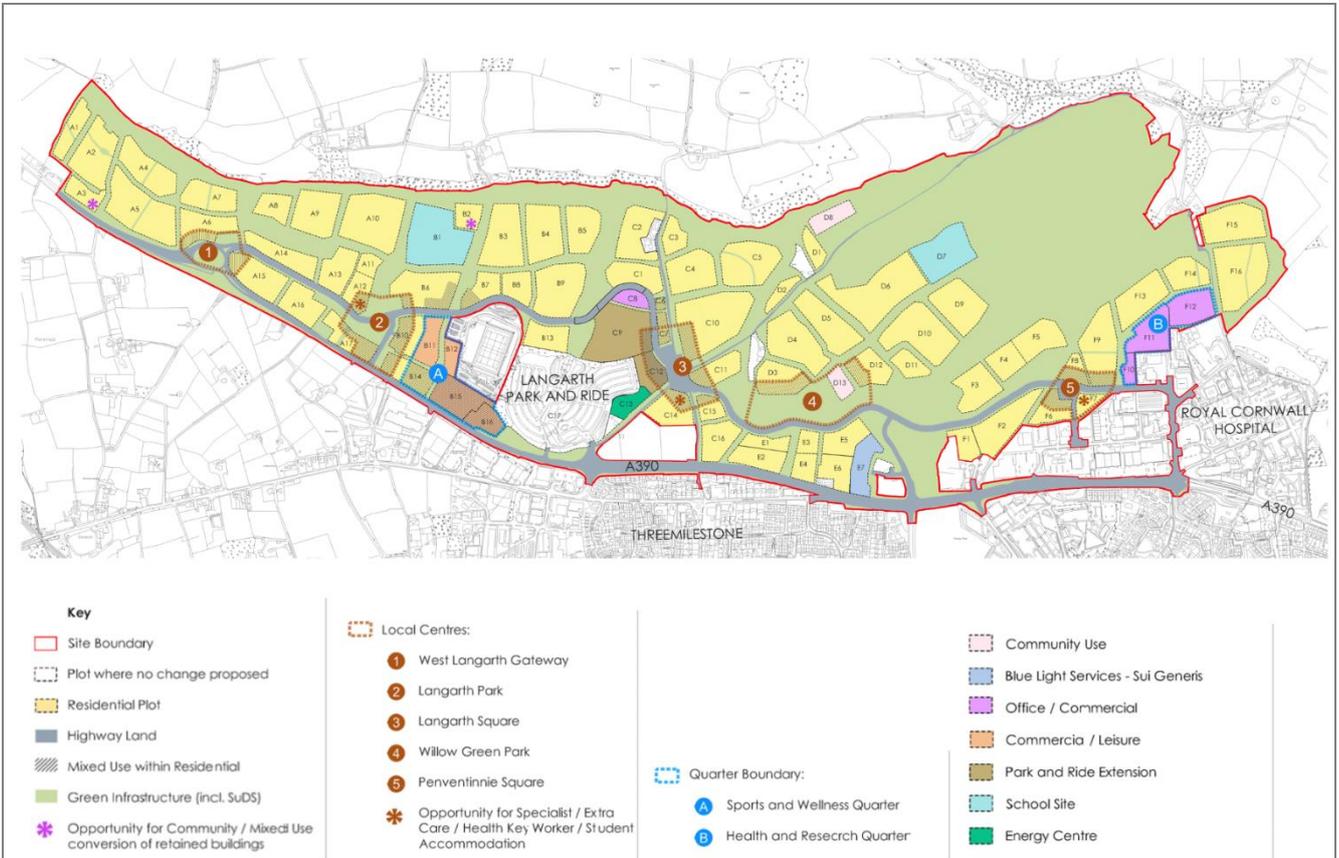


Figure 1: The Masterplan

The below plan sets out the proposed indicative phasing delivery. Noting that current negotiations are progressing with developers and landowners, which will have an impact to all assumptions. Please note these revisions will be picked up and further considered within the FBC stage.

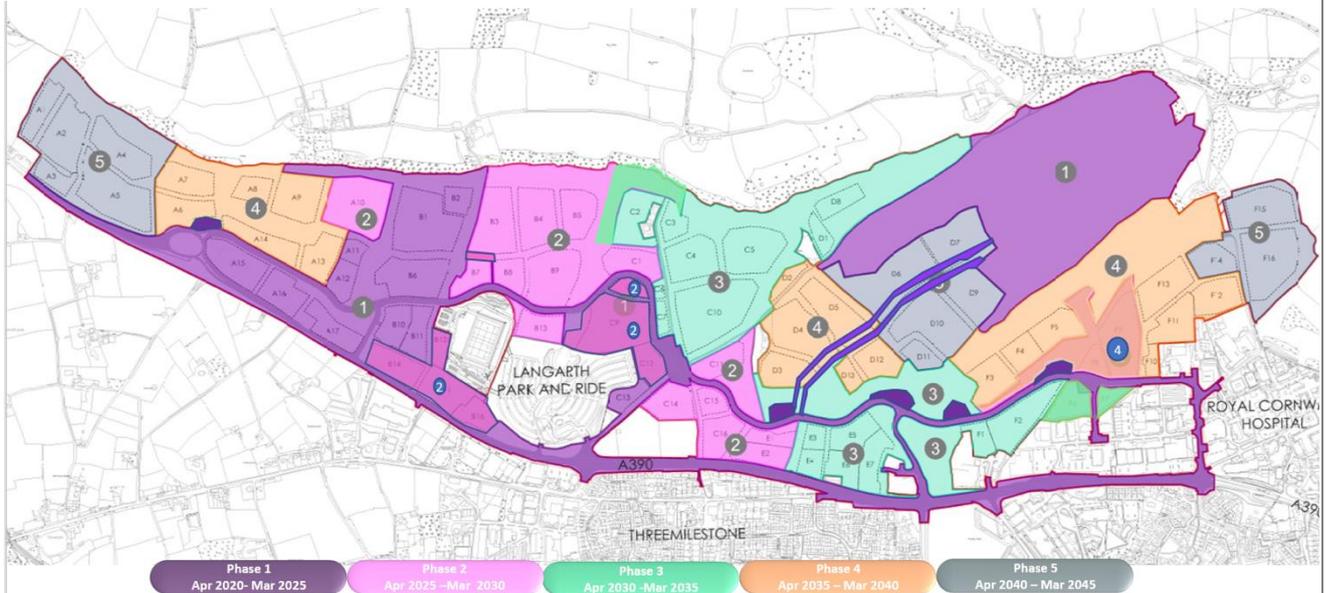


Figure 2: Phasing of Langarth's development

The following vision was developed for Langarth, which informed the design principles and the masterplan:

*Langarth will be a vibrant, connected, well-planned community for between 8,000 and 10,000 residents. It will have local character, strong services and integrated and accessible transport and green spaces. Langarth has Garden Village status and so nature will be a key part of the design with green spaces and thoughtfully designed neighbourhoods. It will provide high-quality, well-designed homes which are affordable for local people. Schools, health and play facilities will be provided as soon as possible within each phase. A sustainable transport system, which includes bus services, cycle paths and walkways is to be integrated within the masterplan. This will connect homes within the Garden Village out into neighbouring communities and places of work. As a community for all, it will work during the day and night, enabling people to connect with their family and friends. Langarth is a place where people will live, work and thrive.*

From the above, 10 design principles were created, based on Council policies, and Garden Village and Healthy Town Principles, which will guide development. These are:

1. Complement local communities
2. Ease of movement and good connectivity
3. Strong sense of community
4. Unique and bespoke
5. Performative Landscape
6. Promote healthy and active lifestyle
7. Designing for climate change resilience
8. Diversity of housing
9. Enhance employment opportunities in the locality
10. A vision that is deliverable.

The Design Principles of Langarth are aligned to the Council's priorities and focus areas, as well as to the Council's climate emergency, COVID-19 recovery, and localism strategies:

Cornwall Council Local Plan	<ul style="list-style-type: none"> <li>• Local Plan objective's have been matched with the Design Principles</li> <li>• The Local Plan housing targets rely on largescale sites, such as Langarth.</li> </ul>
Cornwall Council Business Plan 2022-26	<ul style="list-style-type: none"> <li>• Langarth will contribute to the Business Plan's key priorities, which are summed up as "Working with communities for a carbon neutral Cornwall, where everyone can start well, live well and age well"</li> </ul>
Treveth Holding Business Plan	<ul style="list-style-type: none"> <li>• Treveth Holding LCC was established by Cornwall Council and has been appointed to delivery Langarth Garden Village. Their business plan includes creating new open market homes, sustainable communities and commercial developments.</li> </ul>
Corserv Ltd Business Plan	<ul style="list-style-type: none"> <li>• Langarth will benefit from a number of services delivered by Corserv, including the NAR. Also, Langarth will enable Corserv provide opportunities for employment and apprenticeships.</li> </ul>
Climate Emergency	<ul style="list-style-type: none"> <li>• The Council declared climate emergency in 2019. Langarth is an opportunity to demonstrate the possibility of a clean and prosperous future.</li> </ul>
Covid-19 Recovery	<ul style="list-style-type: none"> <li>• The focus on sustainability and resilient communities in Langarth will help continue recovery efforts and face future crisis.</li> </ul>
Localism	<ul style="list-style-type: none"> <li>• The Council's Localism Vision and Strategy 2021 includes sharing control over assets and services, decision-making, supporting and working with communities. These principles are integral to the community stewardship of Langarth.</li> </ul>

## 1.5 The Case for Change (The Strategic Case)

Although Cornwall Council already manages community assets through several organisations, the SOC assessed that none of these are suitable to solely oversee the management of Langarth Garden Village Stewardship, for the benefit of the community. It was therefore determined that a stewardship organisation is needed to enable the community management of Langarth Garden Village. However, it is important to highlight that there will be the opportunity for various Council functions and organisations to have a role under the overarching governance of a community stewardship organisation.

Informed by Langarth's 10 Design Principles, the objectives for the stewardship organisation were established to deliver the proposed key functions as follows:

*To manage and maintain the land, facilities, assets, and services under its control in perpetuity to ensure that Langarth Garden Village adheres to the Design Principles, has high-quality standards and is a desirable place to live through:*

- *Managing and maintaining its green and blue infrastructure to ensure Langarth is a unique and bespoke place to live, within a performative landscape, and remains resilient to climate change.*
- *Managing and maintaining its public realm, cycle and walking routes, SUDS networks and un-adopted parts of the highway network to promote healthy and active lifestyles and ensure ease of movement and good connectivity.*
- *Ensuring that any facilities and property under its control are used to complement local communities, generate a strong sense of community, promote healthy and active lifestyles, and enhance employment opportunities in the locality.*
- *Ensuring that the scope and activities of the organisation are applicable to all the development area regardless of ownership (including considering beyond the redline boundary if necessary), as well as all homes across the area regardless of tenure, to reflect the diversity of housing, create a strong sense of community and complement local communities.*
- *Ensuring that the organisation is a self-financing body and manages costs, benefits, and risks effectively to last in perpetuity and provide a sustainable future for the management of the neighbourhood, and not be susceptible to changing external factors*
- *Ensuring that the organisation includes resident (and other relevant community stakeholder) involvement to ensure the vision for Langarth is deliverable and generates a strong sense of community, where residents and other community members feel empowered to initiate community, cultural and business activities.*
- *Ensuring that the organisation is flexible and can sit above various subsidiary organisations and operate in partnership with other organisations depending on need. It should also be able to accommodate a stakeholder structure where the level of involvement/control of key stakeholders can vary over time, such as developers or the council changing their level of involvement or exiting completely if required.*

### **Scope and key service requirements**

The scope of the stewardship organisation will cover the management, maintenance, and delivery of:

- Land (green and blue infrastructure, public realm)
- Facilities and assets (community hubs and community farm, etc.)
- Unadopted highways
- Services and community governance.

Within each of these categories, the proposed scope will include that set out in the diagram below:

Green and Blue infrastructure & Public Realm	Facilities & Assets	Unadopted highways	Services & community governance
<p>Public open spaces (parks, play areas, sports pitches, civic spaces, green infrastructure/landscaping etc.)</p> <p>Suitable Alternative Natural Greenspace (SANG)</p> <p>Public realm (footpaths, pavements, verges, spaces between buildings)</p> <p>Surface drainage (SUDS on land), including swales and ponds</p> <p>Street furniture Public art, heritage and cultural facilities as well as meanwhile use spaces.</p> <p>The above are both within and outside of specific development parcels within Langarth</p>	<p>Community Hub on plot B6 (phase one), including a café, toilets, and flexible community space</p> <p>Aspects of the Mobility Hub that will be situated besides the Community Hub – e.g., Bike hire, EV charging points and car club (phase one)</p> <p>Community Farm on plot D8 (phase three)</p> <p>Community Hub (which may include a library) on plot D13 (phase four)</p> <p>Allotments (across various phases including phase one)</p> <p>Agricultural land</p>	<p>Recommended that the stewardship organisation initially take on responsibility for at least the tertiary roads. This will enable the stewardship organisation to ensure a holistic approach to placemaking and permeability in terms of drainage etc.</p> <p>For the parts of the highway network that Langarth Stewardship Organisation are not responsible for, there should be a requirement that the stewardship organisation is consulted before works are planned, so they can ensure they're consistent with Langarth's principles.</p> <p>After the initial years of operation, once the stewardship organisation is more experienced and has more income, it may be appropriate for them to also take on the responsibility of the secondary roads at that point.</p>	<p>Governance of all the development sites across the area, regardless of ownership</p> <p>Governance of all homes across the area regardless of tenure</p> <p>Ensuring representation from neighbouring communities such as Threemilestone</p> <p>Community Development workers</p>

#### Scope of Langarth Stewardship Organisation

The scope could also include other strategic assets / revenue-generating mechanisms (subject to future agreement by Cornwall Council). This could include:

- Rent from letting designated commercial space in each node (across each phase) of Langarth
- Part of ESCO surplus income
- Ground rent from some of the freehold in Langarth
- Events income including festivals / large-scale events, potentially weddings, as well as pop-up spaces and meanwhile uses (across each phase)
- Data Strategy income if applicable
- Biodiversity net gain income if applicable, relating to any surplus Biodiversity Units on the strategic open space at Langarth
- Potential parking revenue (not Park & Ride)
- Income from sports facilities (including those that are part of schools and may could be available outside of school-use hours), camping facilities etc.

The scope of the stewardship organisation should be influenced by the Investment Objectives and the Financial Case to ensure Langarth is a sustainable community that can cover running

and maintenance costs beyond the assets and services usually funded by Council Tax, as well as bring additional community benefit to residents and the wider community.

A key strategy to manage the evolving need for physical space for community use or community health use will be the flexible use of ground floor commercial spaces, and protection of key plots in each node for new projects to emerge, that may bring opportunity to generate additional source of income. A flexible model is required to allow the stewardship organisation to respond accordingly to changing demand and needs.

There will be further discussions on the scope of the infrastructure which will be initially transferred into the ownership of the Stewardship Organisation once the OBC is endorsed and the Full Business Case & Business Plan is progressed.

## 1.6 Options (The Strategic Case)

### Long List of Options

The SOC outlined several different legal structures which could be used for the purposes of neighbourhood management.

It should be noted that many stewardship organisations consist of several legal structures with one overarching body and several subsidiaries according to their purpose. To inform the development of the available options and to understand the potential opportunities and pitfalls, a number of existing Stewardship Organisations were investigated. These included Chilmington (part of the South of Ashford Garden Community), Lightmore Village, North-West Bicester, Leybourne Grange, The Hamptons in Peterborough and several organisations established by The Land Trust.

The shortlist of options is therefore not mutually exclusive, and the preferred solution may evolve into a combination of several the options illustrated. Furthermore, there are many variants on each of these options, which can be tailored to the specific opportunities (or constraints) for development available to the Council.

Earlier business case options appraisals found that:

- Unincorporated organisations are considered unsuitable, and incorporation is required to protect members from liability.
- Various forms of corporate bodies, including Company Limited by Guarantee (CLG), Company Limited by Shares (CLS), and Community Benefit Society (CBS) are considered suitable for further consideration as they are flexible enough to be tailored to requirements.
- A Community Benefit Society should be considered as part of the next stage as its purpose and structure could potentially meet the requirements at Langarth, however members are not protected from liability as it's a charity.
- Further consideration should be given to the use of third-party management companies given their track record.
- Based on the findings from the SOC and the review and validation process of this OBC, an additional option was identified. The Hybrid option, which provides direct local community control and involvement, through the setup of a Company (Limited by Shares or by Guarantee), that has the ability to appointment an experienced third-party management company, to deliver the stewardship scope.

Earlier business case options also considered the business-as-usual option. Finding that:

- While many established functions exist within Cornwall Council and its partner organisations (such as Treveth, Corserv), no one existing organisation or council function is currently able to meet all the required scope of the stewardship organisation.
- It may be that these council functions and organisations can collectively meet the scope if brought together under one single entity – together with other relevant community stakeholders – that can ensure community benefit in perpetuity for Langarth and surrounding communities.
- The 'business as usual' option does therefore not provide a strategic fit and meet business needs.
- A new dedicated community stewardship organisation will be the most appropriate custodian of Langarth Garden Village – particularly due it being a new community of significant scale with up to 3800 homes and up to 10,000 residents, along with extensive community and green infrastructure.

Before providing a detailed analysis of the shortlist of options assessed as part of this OBC, the below table summarises some of the key issues in relation to the longlist of options at SOC stage.

Options	Key Issues	Proceed	Notes
<b>Ruled out at SOC stage</b>			
Business as usual	An overarching single entity is required to ensure the stewardship organisation can effectively govern Langarth for the community benefit	No	There will still be many opportunities for council functions and organisations to have a role, either as subsidiary orgs or as tendered orgs for specific contracted services
Charity	Inflexible and complex	No	Not appropriate as the overarching stewardship organisation but could work in tandem with a non-charitable legal structure
Co-operative society	For the benefit of its members (not the wider community)	No	Wider community benefits are required at Langarth
Charitable incorporated organisation	No benefit over a limited company which elects to also be a charity. With added costs to Governance and management	No	If as the stewardship organisation matures, charitable status can be progressed as required.
Unincorporated body	Simple, contractual partnership – unlimited liability for members	No	Unlimited liability is undesirable.
Unincorporated trust	Separates ownership from beneficial interest – but members still individually liable	No	Unlimited liability is undesirable.

For details of the development of the long list of options, please refer to the SOC.

### Short List of Options

The short-listed option includes types of unincorporated and incorporated bodies, existing Council organisations and third-party management companies, in addition to a hybrid option. From the longlist, the SOC and OBC identified a shortlist of options that are most suitable in meeting the requirements for Langarth. They are:

- Business as usual (BaU)
- Company Limited by Guarantee (CLG)
- Company Limited by Shares (CLS)
- Company Limited by Shares (CLS) that is a Community Interest Company (CIC)
- Community Benefit Society (CBS)
- Third party management companies
- Hybrid: A Company (Limited by Shares or Guarantee), with a third-party management company

Each of these options were assessed on their ability to deliver high-level strategic and operational benefits. This saw the development of the benefit criteria, as set out Section 1.7 – Benefits Expected (The Economic Case).

A brief description of each shortlisted option is provided below:

#### Business As Usual

Setting up a stakeholder group with terms of reference to act as the stewardship organisation through existing council structures and existing organisations (Treveth, Corserv etc).

Company Limited by Guarantee

This offers protection from personal liability to members for the company's debts. (Liability is limited to the amount of the guarantee set out in the company's articles, which is typically just £1).

Company Limited by Shares

As with a company limited by guarantee, there is a two-tier structure except that the owners are referred to as shareholders (or members) and their liability extends only to their share in the company. There are also directors who manage the company.

Community Interest Company

Designed to encourage people to establish social enterprises that benefit local communities, rather than being focused on generating a profit for the company's shareholders. When a CIC is formed, it must express how it intends to benefit "the Community".

Can either be a Company Limited by Guarantee or a Company Limited by Shares with an 'asset lock' of at least 65% of dividends being reinvested or going to their designated community benefit. The latter is often pursued to attract investment, which can then help the organisation in pursuit of their aims.

A Community Benefit Society

A community benefit society is run primarily for the benefit of the community, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership. An applicant enterprise must also have a special reason for being a community benefit society rather than a company, such as wanting to have democratic decision-making built into its structure.

They are rarely used and generally have been replaced by using CICs. Does not offer significant benefits over being a company limited by guarantee or a community interest company given the lack of flexibility, expense of set up and regulation by the FCA.

Third Party management company (such as the national charity, The Land Trust)

A charity governed by a Board of Trustees and a company limited by guarantee.

Member orgs (incl. the Town and Country Planning Association (TCPA), Groundwork, National Trust etc) support through joint working on projects, being 'critical friend,' attending Annual General Meetings and playing key role in guiding the direction of the third-party management company.

Day-to-day operations are the responsibility of the Chief Executive and Senior Leadership Team, supported by a staff team.

At the local level, the third-party management company appoints appropriate managing partner to manage the site. Communities have local expertise, activities and events offered by the on-site ranger team; and are safe in knowledge that managing agents are fully accountable to the third-party management company to deliver the outputs outlined in the Management Agreement.

Hybrid: A Company (Limited by Shares or by Guarantee), with a third-party management company

A hybrid option to set up a Local Stewardship Organisation set up as a Company Limited by Shares or by Guarantee, with an appointed third-party management company to deliver the stewardship scope, to de-risk through providing a proven history of delivering stewardship management and maintenance services. This company could be registered as a community interest company at a later date if found to be beneficial.

**Risks, Constraints and Dependencies**

To inform the options assessment process, the key constraints and dependencies for the project were identified. Risks are captured in section 1.14 of this document and constraints and dependencies are detailed in Appendix 1.

**Options Analysis**

Evaluation Process

The short list of possible options was evaluated using the Green Book's Critical Success Factors (CSFs) and the Cornwall Council's Strategic Parameters. These are detailed in Appendix 2.

## Options Assessment

The table below provides a traffic light summary of the assessment of the potential of each option against the Investment Objectives and CSFs. The narrative then provides more detail on the factors influencing this assessment.

Critical Success Factors	BAU	CLG	CLS	CLS as CIC	CBS	Third-Party Providers	Hybrid
Meets the agreed spending objectives, related business needs and service requirements	Red	Yellow	Green	Green	Red	Yellow	Green
Provides holistic fit and synergy with other strategies, programmes and projects	Red	Yellow	Green	Yellow	Red	Yellow	Green
Optimises social value (social, economic and environmental), in terms of the potential costs, benefits and risks	Red	Yellow	Green	Green	Red	Yellow	Green
Matches the ability of potential suppliers to deliver the required services	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
Appeals to the supply side	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
Can be financed from available funds	Green	Green	Green	Green	Green	Green	Green
Aligns with sourcing constraints	Green	Green	Green	Green	Green	Green	Green
Is likely to be delivered given the relevant parties ability to respond to the changes required	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
Matches the level of available skills required for successful delivery	Yellow	Yellow	Yellow	Yellow	Red	Green	Green
<b>Outcome</b>	<b>Discounted</b>	<b>Carried</b>	<b>Carried</b>	<b>Carried</b>	<b>Discounted</b>	<b>Carried</b>	<b>Preferred</b>

## Summary Commentary

Before providing a detailed analysis of the shortlist of options assessed for this OBC, the below table summarises some of the key issues in relation to the list of options.

Options	Key Issues	Proceed	Notes
Hybrid option: Company Limited by Shares or by Guarantee, with a specialist third-party management company	Limited risk exposure for guarantors, and flexibility of membership. Potential to mitigate Stamp Duty Land Tax (SDLT).	Yes	When used in partnership with a third-party management company, this will mitigate the risks and exposure to the Council while reducing direct costs.  Allows for use of the third-party's resources, knowledge, experience and expertise without having to set-up an additional management company.  Can also gain Charitable status in the future as required
Company limited by guarantee	Limited risk exposure for guarantors, and flexibility of membership. Council exposed to SDLT which could impact viability	Within hybrid	Can be pursued in parallel to charitable status, enabling member liability to remain limited while benefits of being a charity can be maximised (VAT exemption, charitable funding, regulated governance obligations etc)
Company limited by shares	Limited risk exposure for guarantors, and flexibility of membership. Less exposure to SDLT	Within hybrid	It can be set up to ensure sufficient regulations and flexibility to balance potential costs, benefits, and risks in perpetuity.
Companies limited by shares as Community Interest Company (CIC)	For the benefit of the community. Like a limited company but with an asset lock ensuring at least 65% is reinvested or used for the company's specified social objectives	Could be added at later date if beneficial	Mainly applicable if Council wanted to exit completely but ensure assets remained in community hands. Less flexibility than a company limited by shares without the asset lock. The CIC aspect can always be added later if required.
Third-Party Provider (such as The Land Trust)	Limited risk as they have responsibility to lead the stewardship and can adapt to accommodate an evolving scope, but concerns around their commercial nature and taking value out of the local community, which works against localism vision	Within hybrid	Applicable if the Council wants to limit risk (due to Land Trust track record and expertise) but also potentially limit the benefits. Critically, community stakeholders would only be influencers in this model and not decision makers, which again works against localism vision.  Risk
Community benefit society	For the benefit of the community but not flexible enough	No	Have generally been replaced by Community Interest Companies

## **The following options have been discounted through the options assessment:**

### Business As Usual

The business-as-usual option of using existing council functions and organisations was ruled out at the SOC phase. This is because:

- This option does not provide a strategic fit and meet business needs.
- This option does not optimise social value in terms of potential costs, benefits, and risks.
- It would be easier to manage under one single entity.
- The scope of the organisation and core income options will determine the potential affordability of the stewardship organisation, so the legal type of stewardship organisation is not deemed to have a determining factor in distinguishing between them.
- The potential achievability is deemed to be the same for all options, except for: A Community Benefit Society as it is a charity which introduces more regulatory requirements, and a third-party management company (such as The Land Trust) as they are already set up and have a track record.

### A Community Benefit Society

A Community Benefit Society has been discounted as an option. This is because:

- It does not provide a strategic fit and meet business needs.
- It has sufficient regulations but limited flexibility to balance potential costs, benefits, and risks in perpetuity to ensure social value
- The type of new organisation set up to be the overarching community stewardship organisation is not deemed to have a bearing on supplier capacity and capability, as all would initially be set up by the Council.
- The scope of the organisation and core income options will determine the potential affordability of the stewardship organisation, so the legal type of stewardship organisation is not deemed to have a determining factor in distinguishing between them.
- As a Community Benefit Society is a charity it introduces more regulatory requirements. It is therefore not deemed to be quite as achievable compared to other options.

### Standalone Third-Party Provider

Using a stand-alone third-party provider is another possible viable option, but it is not the preferred option. This is because:

- It doesn't best provide a strategic fit and meet business needs. Community stakeholders will not have any decision-making ability as they will be local influencers, not decision makers.
- This approach is not aligned with Cornwall Council's Localism Strategy [Localism Vision and Strategy \(2020\)](#) and in particular the key principles of sharing more community control over assets and services and involving communities more in decisions that affect them.
- In terms of ensuring value for money, there is reduced risk due to expertise and track record.
- This option is potentially the most achievable of the other alternative options due to established third-party providers' expertise and track record, though it is not the preferred option for the reasons given.

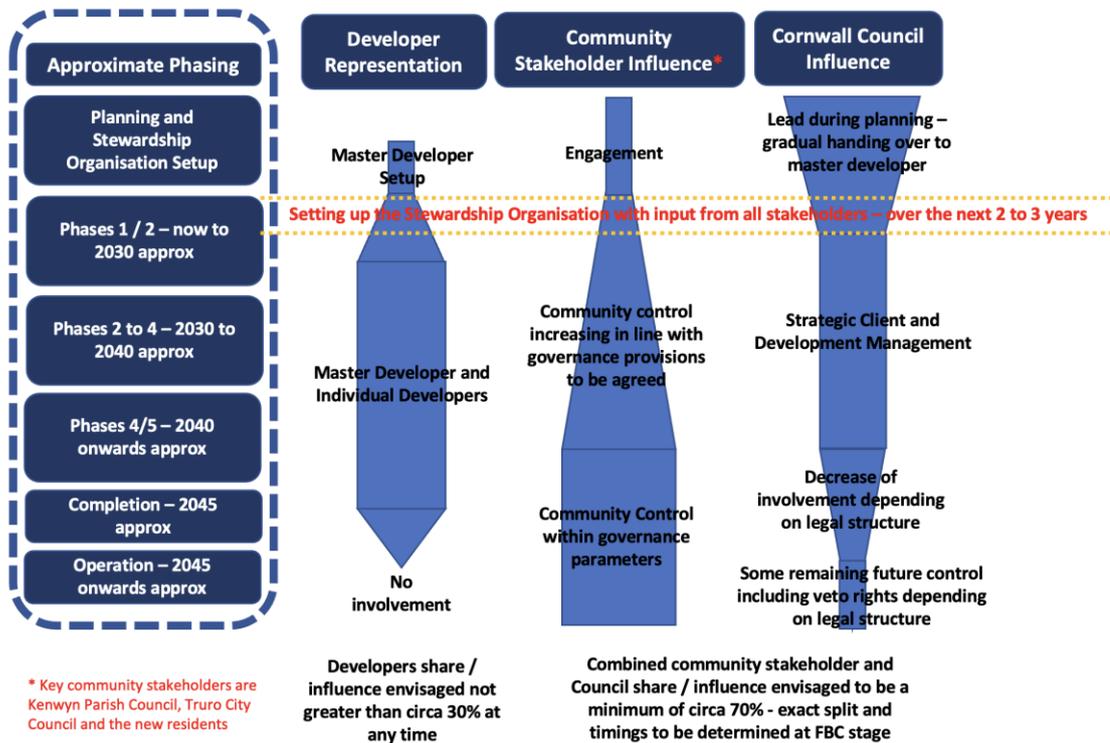
## Preferred Option

The preferred option is a hybrid option to set up a Local Stewardship Organisation set up as a Company Limited by Shares or by Guarantee (subject to further evaluation at Full Business Case stage), with an appointed third-party management company to deliver the stewardship scope. This is because:

- This is the option that best provides a strategic fit and meets business needs. This is because it:
  - Is sufficiently regulated to ensure community benefit (especially if specific objectives for Langarth are detailed in the articles of association)
  - Protects shareholders (members) from liability
  - Is sufficiently flexible to be tailored to requirements
  - Can meet objectives, business needs and service requirements, and provides holistic fit and synergy with other strategies, including localism
- Provides local control and representation, while mitigating the risk of delivery through the experience, knowledge and expertise of a management company with a track record of delivering successful stewardship services.
- It can be set up to ensure sufficient regulations and flexibility to balance potential costs, benefits, and risks in perpetuity.
- The political and financial risks are minimised by having an overarching stewardship organisation where all relevant parties are represented and contracting the expertise of a third-party management company to manage Langarth.
- By appointing a third-party management company with expertise and track record, the risk of setting up a new community stewardship organisation is mitigated. This risk will also be minimised because the stewardship organisation will slowly be set up and grow in scope as the development of Langarth progresses and management is handed over from the development portfolio manager in stages as appropriate.
- Although setting up and staffing a new organisation will likely incur additional initial revenue costs, these costs are likely to be lower than on a traditional approach that does not incorporate third-party management company, as additional staff would be required to deliver the services. The finance model (see Section 1.9) demonstrates that a hybrid model would achieve a break-even point before a traditional approach.
- The choice between the two different legal forms of Limited by Shares or Guarantee requires further consideration in relation to legal, financial, procurement and governance considerations during FBC stage. Some considerations will be:
  - If the land is transferred by the Council to a subsidiary company limited by shares, SDLT group relief will normally apply provided the Council holds (directly or indirectly) at least 75% of the subsidiary's ordinary shares, profits and assets available for distribution. This relief is not available to a company limited by guarantee.
  - A Company Limited by Guarantee (CLG) may offer more future flexibility but it does not provide some of the potential tax efficiencies that are available through a Company Limited by Shares (CLS)
  - Currently received legal advice on either legal form has not been conclusive and has not taken account of the community stakeholder aspect, nor has it considered Cornwall Council's internal preferences and processes, so that a decision on the legal form should be deferred to OBC stage to enable fully informed decision making. This will also help to ensure stakeholder engagement can be undertaken and feedback incorporated as required.

The below diagram sets out the potential flex that the Council input will have over the lifetime of the scheme, as the development and stewardship Company matures.

**Flexing Influence of Cornwall Council, Community Stakeholders and Developers in the Stewardship Organisation over time**



As part of the validation process for this OBC, we have progressed high-level discussion and engagement to understand the potential for The Land Trust to be appointed in the role of a third-party management company, without the requirement for a freehold interested in Langarth, (subject to detail and agreement, potential for management agreement only, management agreement and leasehold interest), as is their standard business model. These initial discussions have been positive, with The Land Trust welcoming the opportunity to demonstrate their capability and eagerness to work with Cornwall Council, demonstrating market appetite from an experienced and proven Garden Stewardship management organisation. Any appointment of a management company will be subject to a procurement process and professional legal advice.

## 1.7 Benefits Expected (The Economic Case)

### Benefits criteria

Meeting the potential scope for Langarth's stewardship organisation should deliver a range of high-level strategic and operational benefits. These are set out by investment objectives in Table 5 below.

Investment Objectives	Main Benefits Criteria
Managing and maintaining its green infrastructure	To ensure Langarth is a unique and bespoke place to live, within a performative landscape, and remains resilient to climate change.
Managing and maintaining its public realm, cycle and walking routes, SUDS networks and un-adopted parts of the highway network	To promote healthy and active lifestyles and ensure ease of movement and good connectivity.
Managing and maintaining the assets under its control	To complement local communities, generate a strong sense of community, promote healthy and active lifestyles, and enhance employment opportunities in the locality.
The scope and activities of the organisation are applicable to all of the development area regardless of ownership (including considering beyond the redline boundary if necessary), as well as all homes across the area regardless of tenure	To reflect the diversity of housing, create a strong sense of community and complement local communities.
The organisation can last in perpetuity, managing costs, benefits and risks, as well as maximising income opportunities	To provide a sustainable future for the management of the neighbourhood, and not be susceptible to changing external factors
The organisation is a self-financing body, and includes resident (and other relevant community stakeholder) involvement	To ensure the vision for Langarth is deliverable and generates a strong sense of community, where residents and other community members feel empowered to initiate community, cultural and business activities.
An overarching stewardship organisation that is flexible and may sit above various subsidiary organisations and/or operate in partnership with other organisations depending on need. It should also be able to accommodate a stakeholder structure where the level of involvement/control of key stakeholders can vary over time, such as developers or the council changing their level of involvement or exiting completely if required.	<p>Collectively, the benefits of a stewardship organisation for Langarth Garden Village will contribute to:</p> <p><b>Wellbeing:</b> will encourage the improvement of residents' health</p> <p><b>Community cohesion:</b> will contribute to making services more easily accessible for new and existing residents; increase social sustainability and enable the council to understand resident need better</p> <p><b>Placemaking:</b> will contribute to retaining the uniqueness of the Cornish landscape and creating a healthy and biodiverse natural environment</p> <p><b>Quality of place:</b> will guide design detail from a user's point of view</p> <p><b>Environmental:</b> will retain and develop the landscape and natural environment, maintain biodiversity and encourage sustainable forms of travel.</p>

## Benefits Appraisal

The benefits of Langarth's development and successful stewardship – summarised in the table above – will be monitored and reviewed using the KPIs already developed as part of the Delivery Framework to ensure its successful development and stewardship in-keeping with Langarth's Design Principles.

In relation to stewardship specifically, the already established KPIs have been mapped against the Investment Objectives for the overarching stewardship organisation and the main benefits they relate to, the Critical Success Factors, and Cornwall Council's Strategic Parameters for the organisation. A Benefits Realisation Strategy was also undertaken during an earlier phase of the project. Delivering a Strategic Infrastructure Delivery Plan, with the main benefits criteria output of this, set out within table 5 above.

### Benefits

Successful community stewardship will ensure the identified benefits of Langarth Garden Village are achieved – i.e. the factors that will help to contribute to a socially sustainable community that is striving to be socially, economically and environmentally sustainable. Langarth Garden Village will:

- Make services more easily accessible for new and existing residents
- Encourage the improvement of residents' health
- Enable the Council to understand resident needs better
- Increase economic resilience and social sustainability
- Retain the uniqueness of the Cornish landscape
- Promote local talent and businesses through a variety of programmes
- Create a healthy and biodiverse natural environment
- Create a zero-carbon, sustainable environment
- Enhance employment opportunities in the locality
- Provide the opportunity for people from diverse backgrounds to live at Langarth by providing high-quality housing of the right mix
- Create stronger local businesses
- Create a stronger local labour market
- Provide links to the wider transport network
- Provide cheaper and more sustainable energy.

These benefits are consistent with the Design Principles and will also contribute to wider policy objectives, including the Cornwall Business Plan and the Cornwall Local Plan.

Specifically, a community stewardship model that residents are actively involved in will have the following benefits:

- Wellbeing – will encourage the improvement of residents' health
- Community cohesion – will contribute to making services more easily accessible for new and existing residents; increase social sustainability and enable the council to understand resident need better
- Placemaking – will contribute to retaining the uniqueness of the Cornish landscape and creating a healthy and biodiverse natural environment
- Quality of place – will guide design detail from a user's point of view
- Environmental – will retain and develop the landscape and natural environment, maintain biodiversity and encourage sustainable forms of travel.

## 1.8 Costs (The Economic Case)

A financial model considering the projected cost and revenue throughout the delivery of Langarth Garden Village was developed for this OBC; this is further detailed in the Financial Case section below. The financial model demonstrates Langarth Stewardship Organisation (with the preferred structure being a Company Limited by Shares or Guarantee, with an appointed third-party management company to deliver the stewardship scope) to be financially self-sustaining after the 14-year break-even point by the beginning of phase 4 in 2037/38 – which is in line with precedents set by other stewardship organisations. This is starting from the beginning of phase one of Langarth's delivery in 2023/24. The table below summarised the Stewardship Organisation projected costs and revenue from 2023/24 to 2046/47.

				Phase 1				Phase 2	Phase 3	Phase 4	Phase 5
				2023/24	2024/25	2025/26	2026/27	2027/28 - 31/32	2032/33 - 36/37	2037/38 - 41/42	2042/43 - 46/47
				Year 1	Year 2	Year 3	Year 4	Years 5-9	Years 10-14	Years 15-19	Years 20-24
NET CASHFLOW POSITION	INCOME	1	Land	£423	£818	£1,185	£1,395	£7,781	£54,791	£75,266	£64,709
		2	Facilities and assets	£0	£0	£0	£0	£0	£0	£0	£0
		3	Unadopted highways	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		4	Services and community governance	£11,069	£42,777	£92,759	£154,688	£1,103,656	£1,760,504	£2,128,024	£2,516,147
		5	Contributions	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
		6	Operations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			<b>Income</b>	<b>£11,492</b>	<b>£43,595</b>	<b>£93,944</b>	<b>£156,083</b>	<b>£1,111,437</b>	<b>£1,815,296</b>	<b>£2,203,290</b>	<b>£2,580,855</b>
	COST	1	Land	(£171,914)	(£235,583)	(£294,123)	(£347,740)	(£529,689)	(£730,850)	(£807,003)	(£729,651)
		2	Facilities and assets	£0	£0	£0	£0	£0	£0	£0	£0
		3	Unadopted highways	(£24,557)	(£47,453)	(£68,772)	(£81,403)	(£352,845)	(£473,736)	(£568,921)	(£573,185)
		4	Services and community governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		5	Contributions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		6	Operations	£0	(£40,000)	(£139,560)	(£134,840)	(£380,470)	(£426,142)	(£462,666)	(£477,004)
			<b>Projected cost</b>	<b>(£196,471)</b>	<b>(£323,036)</b>	<b>(£502,455)</b>	<b>(£563,984)</b>	<b>(£1,263,004)</b>	<b>(£1,630,728)</b>	<b>(£1,838,590)</b>	<b>(£1,779,840)</b>
	<b>Net income (NPV)</b>	<b>(£184,979)</b>	<b>(£279,441)</b>	<b>(£408,511)</b>	<b>(£407,901)</b>	<b>(£151,567)</b>	<b>£184,568</b>	<b>£364,700</b>	<b>£801,015</b>		

The operational costs include central staff, an allowance for Council resources, and set-up costs, including the appointment of a third-party management company. The assumptions considered to estimate these costs are as follows:

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Assumptions/comments
Set-up cost	£40,000		-	-	-	One-time only costs and includes legal and other professional fees.
Central staff	£84,500	£84,500	£147,000	£203,250	£259,500	During the first two phases, only one executive position would be required, since the appointed third-party management company would be responsible of delivering the management scope. As the development progresses, additional resource will be required.
Allowance for Council resources	£25,000	£25,000	£12,500	£10,000	£7,500	Initially, Council resources would be required to provide support. Council resources would decrease as the stewardship organisation develops.
KPI monitoring and evaluation	£20,000	£20,000	£20,000	£20,000	£20,000	An allowance of £20,000 per annum is projected for monitoring and evaluation purposes.
Office space	£20,000	£20,000	£20,000	£20,000	£20,000	Indicative cost for renting office space for on-site presence. Estimated £20,000 per annum

The above assumptions reflect annual costs excluding inflation.

## 1.9 Commercial Approach (The Commercial Case)

The Council's commercial objectives in establishing a stewardship organisation that will oversee the future stewardship and neighbourhood management arrangements for Langarth Garden Village to include:

- Contributing towards the investment objectives for the stewardship organisation set out in section 1.6, table 5.
- To use the Council's, and subsequently the stewardship organisation's, procurement and commercial functions to maximise social value through seeking suitable providers (local where possible), and sharing more control over assets and services through devolution to local communities
- Flexibility in being able to respond to the evolving needs of the community and commercial opportunities (e.g. the need for community or commercial space)
- To be commercial in its focus to be self-funding over time, with any surplus income to be retained in the stewardship organisation.
- Seeking opportunities to be participatory by involving communities in procurement or commercial decisions that affect them.

### Procurement Strategy

The procurement and commercial arrangements for Langarth Stewardship Organisation will be subject to the Council's role in the stewardship organisation and how this will change over time.

Prior to incorporation when the Council's role will still be key in providing a transition from the current portfolio management arrangements, the commissioning body will be the Council and so procurement activities will be undertaken in accordance with the Public Contract Regulations.

Upon incorporation, there may be less restrictions in relation to procurement. At this point, it is proposed the organisation would adopt a procurement strategy to be approved by its Board, noting the Council will form part of this. To set the parameters for this, several principles have been identified, based on:

- The Investment Objectives for the Stewardship Organisation and the connected main benefits (which are in turn based on Langarth's Design Principles)
- The Critical Success Factors
- Cornwall Council's Strategic Parameters (to ensure strategic fit and meets business needs)
- Cornwall Council's Commercial Strategy.

All services procured should be in-keeping with criteria to be defined, including consideration of:

- The ability to provide sufficient expertise and suitable experience to meet the investment objectives of the stewardship organisation
- To offer value for money
- The ability to offer social value and local community benefits
- Inclusivity for local suppliers and SMEs

### Procurement of Third-Party Management Company

Through the validation process, discussions took place with other stewardship organisations and management companies in order to understand what services and arrangements they may be able to provide as a third-party organisation working with Langarth Stewardship Organisation.

The intention is that once approval to the OBC is received, negotiations to enter into a formal agreement with a suitable third-party management company would commence. The agreed

approach will deliver the key requirements of the Stewardship Organisation and protects the Vision.

### Procurement Activity

Procurement activity over time will include:

Service	Commissioning body
Set-up of Langarth Stewardship Organisation and gradually transition responsibility from existing management structure to stewardship organisation, as the scope of the stewardship organisation expands	Cornwall Council
Contracting of central staff employee/s (preferably from Cornwall Council or partners to ensure continuity and knowledge transfer from staff involved in its development)	Langarth Stewardship Organisation
Contracting of third-party organisation(s) to manage assets or services	Langarth Stewardship Organisation
Contracting of specialist expertise as required. E.g. Legal, finance, commercial advice from the Council and other experts	Langarth Stewardship Organisation
Employing central staff employee/s directly, when required	Langarth Stewardship Organisation

### Proposed Charging Mechanisms and Proposed Contractual Arrangements

Initial charging mechanisms for assets and services controlled by the Stewardship Organisation would include a household and commercial service charge.

In addition, there would be income (or a proportion of income) from rent and other income from assets and facilities within control of the Stewardship Organisation.

The proposed contractual arrangements and accountancy treatment will be determined by external advice procured by the Council at the Business Case stage.

## 1.10 Investment Appraisal (The Financial Case)

This OBC's Financial Case for Langarth Stewardship Organisation demonstrates that the organisation can be financed from available funds and aligns with sourcing constraints. It sets out:

- What its main cost streams will be (e.g., initial set up and procedural costs, maintenance costs, capital repairs and refurbishments. Note Langarth's capital development costs are not included – see reasoning for this below.)
- What primary funding sources are required to cover both the above costs, and to maximise wider community benefits through its range of assets and services to ensure a sustainable legacy for Cornwall.
- The overall affordability and long-term viability of Langarth Stewardship Organisation based on which the recommendation for its inception is made in this business case.

This OBC's Financial Case seeks endorsement of the funding sources required to sustain Langarth Stewardship Organisation and to enable it to deliver on its objectives, which are based on Langarth's design principles.

Based on Cornwall Council's Investment Objectives for Langarth Stewardship Organisation, its Strategic Parameters, and a review of best practice from other stewardship organisations (see Strategic Case), there are a number of funding mechanisms to consider. A review of funding mechanisms and considerations is provided below.

### **Funding mechanisms**

Based on Cornwall Council's Investment Objectives for Langarth Stewardship Organisation, its Strategic Parameters, and a review of best practice from other stewardship organisations (see Strategic Case), funding mechanisms will include:

Source of income	Purpose	Comment
<b>Cash set-up amount from Cornwall Council</b>	To fund initial set up and operations of the stewardship organisation	This may be phased by will require some front-loading
<b>Deficit grant from Cornwall Council</b>	To cover the first phases of development (until Langarth generates sufficient income to sustain itself)	This could be split into a number of tranches based on unit delivery
<b>S106 (developer-funded) and/or Council-funded endowment</b>	To create mechanisms for generating income that will: 1) replace deficit grant, 2) provide funding for significant infrastructure that has wider community benefit (than primarily for Langarth residents), and 3) enable the stewardship organisation to fulfil its objectives and empower the community to actively maximise benefits and create a sustainable legacy for both Langarth and wider Cornwall through reinvesting surplus income.	In the form of strategic assets and possibly also as a cash lump sum in a number of tranches
<b>Resident and commercial-owner service charges</b>	To cover the required maintenance costs (beyond the maintenance usually provided by the Council for adopted areas) – this should not cover significant infrastructure that exists prior to development or has significant wider benefit to the community outside Langarth such as Govers Farm for example (this is why the endowment is required – see above)	Whether through a conventional contractual estate service charge mechanism for the wider estate or using a rent charge structure to secure payment across the scheme)
<b>Possible proportion of CIL revenue</b>	To improve local infrastructure	Including CIL payable to Cornwall Council and any Neighbourhood Plan CIL share payable to the parish council
<b>Community facilities</b> such as Community hub buildings, community farm, e-bikes and e-car charging points (see scope in Table 4 of section 2.3.4 for further details)	To provide for community need – such as café of community hub generating income that helps fund cost of its public toilets and flexible community space for use by various groups	Should wash their own face (i.e. income should cover cost) but will likely not generate surplus income for organisation. If they do however, this should be retained by the stewardship organisation.

Note that:

- Once the stewardship organisation is set up, the above sources of income should replace any commuted sums, with any remaining commuted sums already paid by developers for future maintenance being transferred to the stewardship organisation.
- If it is decided that the stewardship organisation should take on the responsibility of areas/services usually adopted/provided by the Council to ensure a consistent standard of maintenance and community cohesion, then the funding mechanisms will need to be sufficient to ensure these costs are covered.
- There is currently no revenue provision for this activity. The Council is facing significant savings requirements and revenue support for Langarth Stewardship Organisation will be assessed in that context. However, funding support can be secured through capital if required.

- Income opportunities for the stewardship organisation could also be created from the ESCO, for example through the provision of services. It is recommended that the Stewardship Vehicle could receive some of the income benefit from the ESCO, however the ESCO would remain a separately governed body. This will provide flexibility and appropriate control for Cornwall Council (as a funder of the ESCO).

### **Options reviewed**

To understand the potential financial position a high-level financial model was prepared, on the basis of a reducing requirement for Council resource and limited direct staffing costs, by utilising the services of a third-party management company, with the required expertise and a proven track record of delivering Garden Village scope management and maintenance services. Noting that this should not dilute the control of the Council, as would have no impact to the proposed structure of the preferred option, a Company Limited by Shares or Guarantee.

### **Overall Affordability and Funding**

The financial model demonstrates Langarth Stewardship Organisation (with an appointed third-party management company) to be financially self-sustaining and profitable after the 14-year break-even point by the beginning of phase 4 in 2037/38 – which is in line with precedents set by other stewardship organisations. This is starting from the beginning of phase one of Langarth's delivery in 2023/24.

This OBC demonstrates what funding sources are required to cover the initial set up and establishment period of the stewardship organisation, its maintenance responsibilities, and its ability to deliver the vision for Langarth.

In the short-term while Langarth is in the early stages of delivery until the stewardship organisation becomes self-funding, the organisation set-up and management will be funded through revenue receipts, as well as gross profit via land sales, prior to returning any net profits to Cornwall Council / LGV LLP etc. The funding gap is currently projected to be circa £1.4m to £1.8m over the first fourteen years of Langarth's delivery (adjusted for inflation), by which point Langarth will be sufficiently developed and the assets within scope transferred to the stewardship organisation so that the organisation becomes profitable and self-financing into perpetuity.

Subject to future agreement by Cornwall Council, further strategic assets (in addition to the scope outlined in section 2.13 of this report) and/or cash lump sums in tranches could be required to enable the stewardship organisation to:

- De-risk its operations
- Empower it to deliver on its investment objectives
- Provide strategic assets that have wider community benefit than for Langarth residents alone.
- To further assist in realising the vision for Langarth and a sustainable legacy for Cornwall.

### **Potential Future Endowment Funding Sources**

Beyond the scope and funding requested in this OBC for the set-up and initial running of Langarth Stewardship Organisation, future consideration should be given to the Endowment funding mechanisms listed in the table below

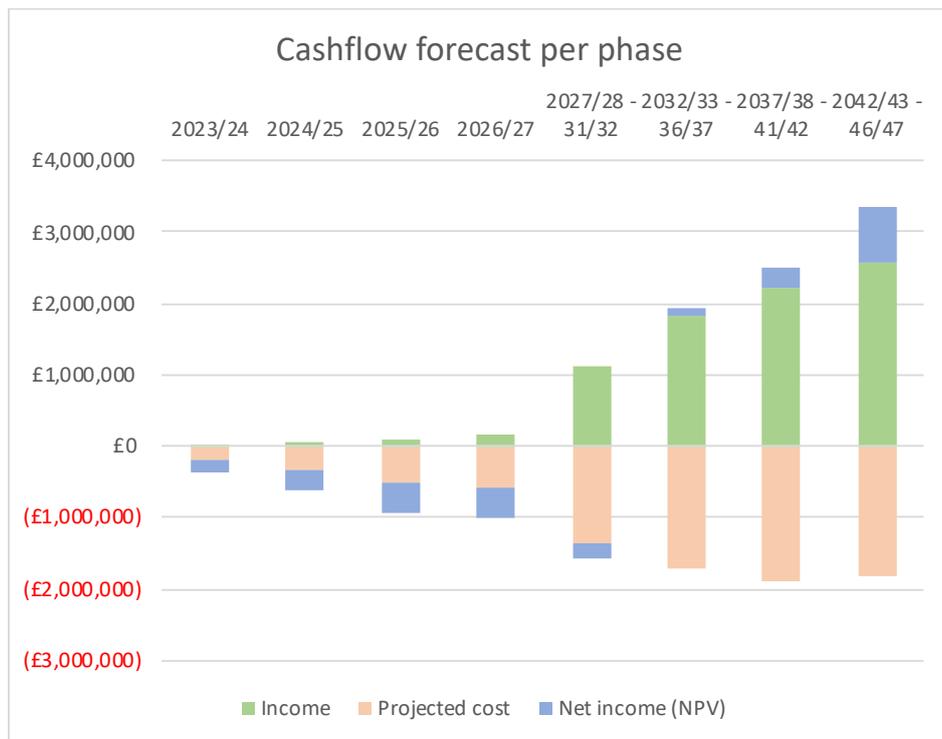
<b>How endowment could be funded</b>	<b>Purpose</b>	<b>Comment</b>
<b>Possible aspects of endowment</b>	To create mechanisms for generating income that will: 1) replace deficit grant, 2) provide funding for significant infrastructure that has wider community benefit (than primarily for Langarth residents), and 3) enable the stewardship organisation to fulfil its objectives and empower the community to actively maximise benefits and create a sustainable legacy for both Langarth and wider Cornwall through reinvesting surplus income.	Potential sources of income will be examined and integrated over time as the evolution of the Langarth development itself. The decision on initial stewardship org funding will be made at FBC stage.
<b>Ground rent from freehold of some of Langarth (whether the freeholds sits with Cornwall Council or the stewardship organisation)</b>	As above	Other stewardship organisations have been transferred the freehold of all aspects that are usually are adopted by Council
<b>Rent from letting a proportion of commercial space</b>	As above Major source of cost recovery	Other stewardship organisations have benefitted from commercial space being transferred to them in a number of tranches to provide a revenue-generating income stream
<b>Events income</b>	As above Minor source of cost recovery	Stewardship organisation will be well-placed to oversee and facilitate an active programme of community events – both commercial and community in nature to enhance placemaking and generate income.
<b>Kickback from ESCO surplus income</b>	As above Major source of cost recovery	Due to Energy centre being based within Langarth and Langarth generating a large amount of energy – the community should benefit from this to help ensure its sustainable
<b>Biodiversity net gain revenue</b>	As above	From use by third party developers of Biodiversity Units provided by the Langarth strategic open space
<b>Local parking revenue (non-Park and Ride)</b>	As above	To allow local management
<b>Langarth data strategy</b>	New model and opportunity to create smart village As above	Could be explored at FBC stage
<b>Marketing and advertising income</b>	As above	From poster boards, Langarth phone app etc

### Projected Finances Per Phase

The table in Section 1.8 Costs (The Economic Case) on page 24 of this report sets out the potential financial outcomes of the Stewardship Organisation with a third-party management company to deliver the stewardship scope, key financial assumptions for this model are provided in Appendix 3.

The cashflow forecast demonstrates several key elements that require consideration going forward:

- Firstly, as the local infrastructure is being designed, delivered, and used by incoming residents to the Garden Village, the cost and income assumptions may change and will require continuous validation. Initially this will be undertaken by Cornwall Council and its consultants; and will be continued by the Stewardship Organisation and the appointed third-party management company.
- Secondly, most data is currently available per development phase which makes the cost model most accurate when looked at per phase, compared to annual income and cost streams (which have been estimated based on the assumption that infrastructure is delivered linearly each year). The resulting annual figures used were estimated and will be refined as the Garden Village and the stewardship organisation evolves.
- Thirdly, as the financial forecast demonstrates, before break-even, there will be an initial reliance on additional funding to cover ongoing maintenance cost, fund capital repairs and invest in community infrastructure and services.
- Finally, as Langarth’s population and local business base increases, the underlying Finance Model will require further information and costing data as explained above.



As demonstrated in the above graph, there will be a requirement for support funding for the stewardship organisation to break even financially at the start of Phase 4. This can be achieved through the above-mentioned mechanisms, as well as additional income mechanisms that will be further evaluated through the development of the FBC and stewardship company Business plan. Examples of such other income sources could be parking (excluding park & ride), local events, parks sponsorships, advertising, and marketing through a Langarth phone application, ESCO, income from bookings of community spaces and facilities.

Exempt Appendix 4 - Cash Flow Model includes further detailed information on how the above summary has been arrived at.

## Stakeholder Support

The financial model and its assumptions were developed in collaboration with the key stakeholder groups. Continuous feedback was gathered from within Cornwall Council and external consultants to ensure the following sets of information are as accurate as possible at this OBC stage, noting that limited cost information was available:

- Maintenance cost of infrastructure (e.g. green and blue spaces),
- Income streams from e.g. public spaces,
- Frequency at which cashflows occur, and
- Phasing of delivery.

## 1.11 Project Management & Governance Structure (The Management Case)

### Current management

During the planning of Langarth and phase one of delivery, Arcadis have been appointed by Cornwall Council as their Framework consultant to manage the Langarth Garden Village development and its Portfolio of projects. A Portfolio Management Office (PMO) has been set up to manage the scheme delivery which includes setting out policy and procedures for reporting and managing projects.

### Langarth Master Developer

The current role of master developer is being delivered by Treveth, the Council DevCo. As the scheme progress this role will be delivered by a special purpose vehicle (SPV) specifically set-up to take on the responsibility of the master developer role to deliver the Langarth Vision and lead on all commercial aspects of the scheme.

### Langarth Stewardship Organisation

Langarth Stewardship Organisation will be set up as a Company Limited by Shares or Guarantee with an appointed third-party management company.

It will have:

- **A Board of Directors** (and possibly also Non-Voting Observers): consisting of community stakeholder representatives, residents, and developers – the balance of decision-making power will likely change over time as Langarth (and its stewardship organisation) become more established
- **Resident Members** (and possibly other community members) as shareholders of the Company: who vote on proposed changes and recommendations at the stewardship organisation's annual general meetings (AGMs)
- **One Direct Employee (initially)**: to oversee operations and relationships, and support community development and communications activity
- **Specialist Expertise as required**: to inform stewardship activity
- **Procured Services**: Most assets will be managed by the appointed third-party management company, who will procure suitable local organisations to deliver services (see the Commercial Case), so one central member of staff will be sufficient, with other staff employed as Langarth develops and the need arises.

### Council control and influence

- It is proposed that Cornwall Council will have more decision-making powers at the outset of the stewardship organisation. The intention is that the Council's level of control will reduce as the community and its stewardship organisation become more established.
- Note that once Langarth is sufficiently established, Cornwall Council may not wish to have more than 50% control as that would make Langarth Stewardship Organisation Local Authority-controlled, rather than community-controlled with Cornwall Council being a member and having one or more representatives on the board of directors. It is proposed that legal mechanisms are in place to ensure certain aspects cannot be amended without Cornwall Council's consent, particularly while the Council is the master-developer. This is highlighted in diagram provided on page 21 of this report:

## Stewardship Body Membership / Stakeholders

The following key stakeholders should be involved in the stewardship organisation for Langarth Garden village, highlighted in the figure below:



Those who are on the board may change over time. For example, with developers entering and exiting as their schemes complete.

The number of seats and voting powers may also change over time. It is envisaged that Cornwall Council will have a more active and influential role in the first few years as Langarth is developed, with power shifting to the community as Langarth becomes more established.

Refer to key principles to define the stewardship organisation summarised in Section 1.2 previously for a summary of key points identified in the OBC process.

### Next Steps

As the Langarth FBC and Stewardship Business Plan is developed, the following will be further defined:

- **The governance and control** to inform the balance of decision making and influence between the following and how this should change over time:
  - The members of the Company Limited by Shares or Guarantee and the Board of Directors; and
  - The various interests represented on the Board of Directors
  - The governance structure may also include Non-Voting Observers.
  - The Council having certain entrenched decision-making powers as member.
- **More detailed operational set up and procedural plans** for the organisation.
- **A refined scope** of responsibilities (with more detail provided) for the stewardship organisation
- **Appointment of a third-party management company** (subject to detail and agreement) to deliver all or part of the required scope
- **A more detailed financial model** based on a refined scope that Langarth Stewardship Organisation will be responsible for and specialist tax advice on VAT and tax treatment.
  - This OBC's Finance Case sets out indicative costs and income based on data available to date and informed assumptions based on best practice. This OBC demonstrates what range of income sources are required to have a viable stewardship organisation that can fulfil its objectives. The amount of funding required from each source of income will be determined in the Business Plan.

## 1.12 Change Management (The Management Case)

It is anticipated that the transition from the current PMO management structure to management by Langarth Master Developer LLP will take place during phase one of delivery with the stewardship management organisation being set up also, within this period, ready to gradually take on various responsibilities from the latter part of phase one. Ensuring that commercial and stewardship deliverables are not in conflict with the objectives of the lead organisation.

To assist the Langarth Stewardship Organisation, it is proposed that Cornwall Council would provide specialist advice (accounts, environmental, legal and commercial etc) at infancy, through a contract, which would reduce as the organisation matures and benefits from the expertise and experience of the proposed appointed third-party management company.

The Langarth Stewardship Business Plan will develop detailed transitional governance arrangements, setting out how responsibilities of the stewardship organisation will change over time.

It is recommended that a partnership board of relevant stakeholders forms and starts meeting, so that this can transition into the stewardship organisation's Board of Directors and Non-Voting Observers once the organisation is incorporated. This will enable the collaborative exploration of the best approach to the balance of decision making and influence and for community perspectives to be drawn on to inform the Business Plan.

## 1.13 Resource Requirements (The Management Case)

Initially, the Langarth Stewardship Organisation central staff team will consist of:

- Senior employee to oversee its set up, relationships between key parties and operational activities
- One Project Officer, when phase 3 commences, to support with the above (for admin support and related experience)

The stewardship organisation would appoint a third-party management company with experience and track record in Garden Village management (such as The Land Trust), which would, thus reduce resource requirements. This third-party management company would be responsible of delivering the scope, including asset management.

As the stewardship organisation grows in scope, specialist expertise can be drawn on as required. In its infancy the stewardship organisation, staff should be able to draw on the input of specialist Council Officers as required, such as across legal, finance and commercial teams. Other external specialist advice may also be required – both will be procured through service contracts.

A resource plan will be developed to meet the scope of the Langarth Stewardship Organisation at the business plan stage.

## 1.14 Timescales (The Management Case)

Date	What	Comment
TBC 2023	Langarth Client Board Meeting	An opportunity for the Client Board to consider the recommendations and details of the OBC prior to it being formally submitted.
TBC 2023	Outcome Group Meeting	An opportunity for Senior Councillors to consider the recommendations and details of the OBC prior to it being formally submitted.
Papers to be issued 3 <sup>rd</sup> Feb 2023	Senior Responsible Officer (SRO's) review of Cabinet Report	SRO Phil Mason to review Cabinet Report ahead of Green Paper Review.
12noon 3 <sup>rd</sup> February 2023	Reports & Speaker Notes required in Cornwall Council's Electronic Document Record Management System (EDRMS)	Cornwall Council to upload reports and associated papers into ERDMS.
6 <sup>th</sup> February 2023	Informal Portfolio Holder Briefing (IPHB)	
9 <sup>th</sup> February 2023	Cabinet Green Paper review at Corporate Directors' Team (CDT) including media released speaker notes	CDT review of Cabinet Green Paper
23 <sup>rd</sup> Feb 2023	Completion of report & submission for clearance	Finalisation of report and submission for clearance.
27 <sup>th</sup> February 2023	Cabinet pre-agenda	Pre-agenda meeting to consider Cabinet report
3 <sup>rd</sup> March 2023	Final reports signed off (with relevant Finance and Legal clearance, who require five days)	Sign off by Service and Strategic Directors
14 <sup>th</sup> March 2023	Agenda despatch	Final agenda and reports sent out
20 <sup>th</sup> March 2023	Cabinet Agenda Briefing	
22 <sup>nd</sup> March 2023	Cabinet Meeting	Cabinet Meeting

## 1.15 Risks (The Management Case)

The main business and service risks associated with the scope for the stewardship organisation are shown below, together with their counter measures.

Risks	Contingency
<b>Business Risks</b> – these risks remain with the organisation (100%), cannot be transferred by the organisation, and include political and reputational risks.	
Changes to elected members / political priorities may impact on the stewardship organisation	Take a Business Case approach to secure decisions and make the case for change. Member engagement throughout the process.
Stakeholder support is required for successful adoption and operation of stewardship arrangements.	Stakeholder engagement through each stage of the Business case process.
Opportunities to access funding as an appropriate body.	Review and assess government and private funding opportunities; best practice of various stewardship organisations and their funding streams, and seek tax advice regarding VAT and tax treatment
Lack of cash – availability from CC. The business model is dependent upon the availability of CC investment.	Investment requirements focus predominantly on standard resident and commercial owner service and rent charge contributions, as well as investment from Cornwall Council in the form of strategic assets/an endowment that will generate revenue and further the Council's localism objectives – that will only come about through the development of Langarth as a garden village with a stewardship organisation.
<b>Service Risks</b> – These associated risks fall within the design, build, financing and operational phases of the project and may be shared with others from outside of the organisation.	
Long timescales over which Langarth is being planned and delivered (25 years), and then managed (ongoing)	Establishing Langarth Stewardship Organisation to be suitably flexible to be able to respond to changing requirements dynamically and effectively, while adhering to its governing investment objectives to safeguard the vision for Langarth and a sustainable legacy for Cornwall
Boundary review & change to parish boundaries	Active monitoring of changes to boundaries and understand implications. Include both the current parish council and Truro City Council in governance of the stewardship organisation to ensure appropriate community oversight.
Maintaining service standards from third-party suppliers of maintenance and management services	Appropriately robust procurement and contract management of suppliers including clear service-level agreements consistent with stewardship objectives.

Financial risks regarding income from assets	<p>Business Plan developed to include a diverse portfolio of income stream across various assets.</p> <p>Commercial Strategy required for Langarth's revenue-generating activities to inform the above.</p>
Commercial risks associated with letting commercial space.	Business Plan to include a diverse portfolio of income stream across various assets. Ensure flexibility of commercial space to allow other uses.
Lack of expertise / experience within the organisation to fulfil its business needs.	Set up a stewardship model that is suitably flexible to accommodate subsidiary org and sub-contractor relationships for specialised services as required. It is normal practice for stewardship organisations to outsource most management/service functions until it obtains the required knowledge and experience, as well as financial self-sufficiency to bring more in-house.
Ability to grow and support LGV at the same rate as development.	Business Plan will be aligned with stewardship org's evolution to ensure sufficient capacity exists within the stewardship organisation.
Lack of cash – availability from government A change in government policy, especially New Homes Bonus, could fundamentally affect the financial benefits of development to CC.	<p>Test implications of possible changes in government policy</p> <p>On-going monitoring of policies, proactive lobbying as appropriate</p>
Inability to attract and retain high-quality staff	Understand resourcing needs and ensure continuity from Langarth's planning stage. This OBC recommends the initial in-house Langarth central staff team is staffed by those people involved in Langarth's planning and appropriate contracts can be put in place to ensure external expertise can be drawn on from Cornwall Council and elsewhere as required, until the stewardship organisation can attract suitably qualified staff and afford to bring more roles in-house.
Financial risks on individual projects There will be an inevitable residual risk of undershooting target returns on an individual project level. Whilst this risk can be mitigated by careful project definition and management, it cannot be eliminated.	A portfolio view of risks and returns must be taken. Shortfalls in returns from one project need to be viewed in the context of their impact on portfolio performance as a whole and measures taken, if necessary, to adjust the approach and target returns on some projects to balance under performance on others.
<b>External Risks</b> – These non-systemic risks affect all society and are not connected directly with the proposal. They are inherently unpredictable and random in nature. They include technological disruption, legislation, general inflation and catastrophic risks	
Resurgence of current pandemic or a new pandemic	Protocols now developed for how to respond in the case of a pandemic, as well as local, regional and national policy focus on building

	<p>local sustainability and increasing resilience in case of future pandemics or other crises.</p>
<p>Economic and housing market changes impacting upon demand for services and subsequent income.</p>	<p>Ensure flexibility of use for any assets and buildings.</p> <p>Cornwall Council has adopted a peak debt model and a specific risk mitigation plan in relation to this as part of its wider funding programme.</p> <p>A risk mitigation plan is being developed and monitored in relation to LGV LLP as master developer.</p> <p>The stewardship organisation project assurance process will include regular reviews of these risk registers to ensure how they impact on risks and mitigation regarding the stewardship organisation specifically.</p>
<p>Changing government policies (national or regional)</p> <p>Changes in taxation, planning, housing, and energy policy may deter developers, reduce revenues or impact on BCC's ability to deliver housing targets.</p>	<p>Stress-test various scenarios to understand the impact</p> <p>Ongoing monitoring of policies</p>

## Appendices

### Public Appendices

- Appendix 1 – Risks, constraints & dependencies
- Appendix 2 – Critical success factors, strategic parameters & considerations
- Appendix 3 — Key financial assumptions

### Exempt Appendices

- Appendix 4 – Finance Model Summary & Cashflow Hybrid Option



## Appendix 1 – Risks, Constraints & Dependencies

### RISKS

The main business and service risks associated with the scope for the stewardship organisation are shown below, together with their counter measures.

Risks	Contingency
<b>Business Risks</b> – these risks remain with the organisation (100%), cannot be transferred by the organisation, and include political and reputational risks.	
Changes to elected members / political priorities may impact on the stewardship organisation	Take a Business Case approach to secure decisions and make the case for change. Member engagement throughout the process.
Stakeholder support is required for successful adoption and operation of stewardship arrangements.	Stakeholder engagement through each stage of the Business case process.
Opportunities to access funding as an appropriate body.	Review and assess government and private funding opportunities; best practice of various stewardship organisations and their funding streams, and seek tax advice regarding VAT and tax treatment
Lack of cash – availability from CC. The business model is dependent upon the availability of CC investment.	Investment requirements focus predominantly on standard resident and commercial owner service and rent charge contributions, along with developer contributions through S106 (equivalent to what amount of financial contributions would be required from developers if Langarth wasn't being set up as a Garden Village with a stewardship organisation), as well as investment from Cornwall Council in the form of set up funds, deficit grant (until stewardship org becomes self-financing), and strategic assets that will generate revenue and further the Council's localism objectives – that will only come about through the development of Langarth as a garden village with a stewardship organisation.
<b>Service Risks</b> – These associated risks fall within the design, build, financing and operational phases of the project and may be shared with others from outside of the organisation.	
Long timescales over which Langarth is being planned and delivered (25 years), and then managed (ongoing)	Establishing Langarth Stewardship Organisation to be suitably flexible to be able to respond to changing requirements dynamically and effectively, while adhering to its governing investment objectives to safeguard the vision for Langarth and a sustainable legacy for Cornwall
Boundary review & change to parish boundaries	Active monitoring of changes to boundaries and understand implications. Include both the current

	parish council and Truro City Council in governance of the stewardship organisation to ensure appropriate community oversight.
Maintaining service standards from third-party suppliers of maintenance and management services	Appropriately robust procurement and contract management of suppliers including clear service-level agreements consistent with stewardship objectives.
Financial risks regarding income from assets	Business Plan developed to include a diverse portfolio of income stream across various assets.  Commercial Strategy required for Langarth's revenue-generating activities to inform the above.
Commercial risks associated with letting commercial space.	Business Plan to include a diverse portfolio of income stream across various assets. Ensure flexibility of commercial space to allow other uses.
Lack of expertise / experience within the organisation to fulfil its business needs.	Set up a stewardship model that is suitably flexible to accommodate subsidiary org and sub-contractor relationships for specialised services as required. It is normal practice for stewardship organisations to outsource most management/service functions until it obtains the required knowledge and experience, as well as financial self-sufficiency to bring more in-house.
Ability to grow and support LGV at the same rate as development.	Business Plan will be aligned with stewardship org's evolution to ensure sufficient capacity exists within the stewardship organisation.
Lack of cash – availability from government A change in government policy, especially New Homes Bonus, could fundamentally affect the financial benefits of development to CC.	Test implications of possible changes in government policy  On-going monitoring of policies, proactive lobbying as appropriate
Inability to attract and retain high-quality staff	Understand resourcing needs and ensure continuity from Langarth's planning stage. This FBC recommends the initial in-house Langarth central staff team is staffed by those people involved in Langarth's planning and appropriate contracts can be put in place to ensure external expertise can be drawn on from Cornwall Council and elsewhere as required, until the stewardship organisation can attract suitably qualified staff and afford to bring more roles in-house.
Financial risks on individual projects There will be an inevitable residual risk of undershooting target returns on an individual project level. Whilst this risk can be mitigated by careful project definition and management, it cannot be eliminated.	A portfolio view of risks and returns must be taken. Shortfalls in returns from one project need to be viewed in the context of their impact on portfolio performance as a whole and measures taken, if necessary, to adjust the approach and target returns on some projects to balance under performance on others.
<b>External Risks</b> – These non-systemic risks affect all society and are not connected directly with the proposal. They are inherently unpredictable and random in nature. They include technological disruption, legislation, general inflation and catastrophic risks	

Resurgence of current pandemic or a new pandemic	Protocols now developed for how to respond in the case of a pandemic, as well as local, regional and national policy focus on building local sustainability and increasing resilience in case of future pandemics or other crises.
Economic and housing market changes impacting upon demand for services and subsequent income.	<p>Ensure flexibility of use for any assets and buildings.</p> <p>Cornwall Council has adopted a peak debt model and a specific risk mitigation plan in relation to this as part of its wider funding programme.</p> <p>A risk mitigation plan is being developed and monitored in relation to LGV LLP as master developer.</p> <p>The stewardship organisation project assurance process will include regular reviews of these risk registers to ensure how they impact on risks and mitigation regarding the stewardship organisation specifically.</p>
Changing government policies (national or regional) Changes in taxation, planning, housing, and energy policy may deter developers, reduce revenues or impact on BCC's ability to deliver housing targets.	<p>Stress-test various scenarios to understand the impact</p> <p>Ongoing monitoring of policies</p>

## KEY CONSTRAINTS

Setting up a stewardship organisation is subject to the following constraints:

- The long period of time over which Langarth will be developed means there are many moving parts (e.g. scope, corporate priorities, political context, community needs, funding framework, national discourse around best practice in stewardship and more broadly, localism, and community resilience and sustainability)
- Rely on funding from a range of mechanisms
- Lack of knowledge transfer across other stewardship organisations
- There is no one-size-fits-all solution to the legal structure of stewardship organisations; different towns require different approaches
- May not qualify for the same funding schemes as traditional local government bodies
- Long-term financial sustainability not always guaranteed
- Focus on Best Practice – innovation often comes from outside
- Lack of innovation in use of financial mechanisms
- Can be fixed long-term agreements with suppliers and management bodies

- Revenues of town stewardship can be less visible than costs, particularly during the first ten years, while the community is being developed.

## KEY DEPENDENCIES

Dependencies outside the scope of the project, upon which its success is dependent, include both inter-dependencies between other projects and across the programme portfolio, and external dependencies outside the project including the following. These dependencies will be carefully monitored and managed throughout the development and long-term management of Langarth Garden Village:

Inter-dependencies include:

- The masterplan and planning workstream
- Cornwall Council's funding programme and debt model
- Cornwall Council's approach to their role as master developer in Langarth (now falls under LGV LLP)
- The commercial strategy for the delivery and revenue-generating activities of non-residential space
- The Utilities strategy
- The commercial strategy for the delivery and revenue-generating activities of non-residential space
- The masterplan and planning workstream
- ESCO Business Case.

External dependencies include:

- The approval process for the planning application
- Council elections and any changes to members and portfolios
- Supply chain to Cornwall and immediate Truro area
- Access to the right skills and volume of skills.

## Appendix 2- Critical Success Factors, Strategic Parameters & Considerations

### CRITICAL SUCCESS FACTORS

The Green Book's Critical Success Factors (CSFs) have been used alongside the investment objectives for the organisation (see Strategic Case) to evaluate the short list of possible options.

Desired Outcome	Critical Success Factors
<b>The preferred option can provide:</b>	<b>The preferred option:</b>
Strategic fit and meets business needs (see Strategic Parameters below)	Meets the agreed investment objectives, related business needs and service requirements
	Provides holistic fit and synergy with other strategies, programmes and projects
Value for money	Optimises social value (social, economic and environmental), in terms of the potential costs, benefits and risks
Supplier capacity and capability	Matches the ability of potential suppliers to deliver the required services
	Appeals to the supply side
Affordability	Can be financed from available funds
	Aligns with sourcing constraints
Achievability	Is likely to be delivered given the relevant parties ability to respond to

Table 1: Critical Success Factors

## CORNWALL COUNCIL'S STRATEGIC PARAMETERS

In analysing the shortlist of possible options against the Critical Success Factors and Investment Objectives for the stewardship organisation, Cornwall Council's Strategic Parameters have been considered when appraising if the option provides a strategic fit and meets business needs (see above). They evolved through consultation throughout January to June 2021 (including with the Strategic Board and key council officers). A period of validation was also undertaken with Cornwall Council and Treveth from July to September 2022. They are:

Strategic Parameter	Description
<b>Scope</b>	<p>The scope of the overarching stewardship organisation should be determined by Investment Objectives and Critical Success Factors, in terms of achieving Langarth's design principles in a viable way. (The Financial Case of the OBC will therefore need to be considered as part of this, and the scope and core income options are likely to need more refinement at the Full Business Case stage)</p>
<b>Control</b>	<p>The stewardship organisation should be set up in a way to allow for varying levels of control (decision-making powers) and influence between stakeholders that can change over time as Langarth develops and becomes an established community.</p> <ul style="list-style-type: none"> <li>• The council wants the set-up of the stewardship organisation to safeguard the principles of localism and objectives of the stewardship organisation, in terms of building a healthy, safe and resilient community.</li> <li>• These principles should be embedded in the governing articles of the stewardship organisation and in the operating and procurement framework criteria, when tendering the management of specific assets or services to local providers.</li> <li>• If the company is LA-controlled (ie. Has majority or ownership/influence), Cornwall Council would be required to follow the internal shareholder consent process.</li> <li>• Safeguards will be put in place in other ways to ensure certain aspects cannot be changed without Cornwall Council's consent. For example, the organisation's articles of association that set out its governing objectives that honour Langarth's design principles could state that the articles can't be changed without Cornwall Council's consent. Restrictions on altering the business plan could also require Cornwall Council consent. Other controls are being implemented by other means including through planning (S106 requirements and the Langarth design code etc), and through land covenants in the TR1 transfer deeds.</li> <li>• Over time, the council anticipates that it and developers will have less of a role in the management of Langarth as the local community grows and becomes more established. The organisational structure of the overarching community stewardship organisation should accommodate this.</li> </ul>
<b>Community governance</b>	<p>In keeping with the principles of localism and the Council's Localism Strategy, the set-up of the overarching community stewardship organisation should allow for a transition to occur from community representation and influence alongside the Council and developers to full community control.</p> <ul style="list-style-type: none"> <li>• In terms of who the community stakeholders are, they include: Cornwall Council, developers, Town &amp; Parish Councils, and other community stakeholders, such as residents, community and voluntary groups/orgs and local businesses.</li> </ul>

<b>Langarth Land</b>	<p>As best practice, all freehold areas within the proposed Stewardship scope would be transferred to the preferred organisation to enable financial security in perpetuity.</p> <p>The timing, phasing and areas of transfer of the freehold land will be further considered following approval of the FBC during the business plan process. Where the potential to generate further revenue through the following opportunities will be determined:</p> <ul style="list-style-type: none"> <li>• The freehold of third-party land should be transferred to the stewardship organisation if and when possible (it may be transferred to the council initially).</li> </ul> <p>If commercially viable, land sold to developers will be on a long lease with suitable covenants in place, so the stewardship organisation can boost its self-sufficiency by benefiting from ground rent payments.</p>
<b>Liability</b>	<p>Liability should be limited to company members/shareholders.</p> <p>The directors of the company will have statutory duties and responsibilities, as set out in Law, which can incur personal liability in limited certain circumstances.</p>
<b>Flexibility</b>	<p>The overarching stewardship organisation should be highly flexible to adapt to growing scope and changing external and internal requirements and context over a long period of time, while ensuring sufficient governance safeguards are in place to protect the purpose and objectives of the organisation (as per the control parameter above). This will enable the overarching stewardship organisation to:</p> <ul style="list-style-type: none"> <li>• Work in partnership with other organisations / subsidiaries depending on requirements as needs evolve</li> <li>• Tender for suitable local suppliers, (which could include the appointment of a third party management organisation to take on part or all of the stewardship' scope), to manage / deliver various assets and services, so setting up suitable procurement processes that build on Langarth's design principles will be key.</li> </ul>
<b>Core income options</b>	<p>Core income options should be determined by Investment Objectives and Critical Success Factors, in terms of achieving Langarth's design principles in a viable way and securing a sustainable legacy for Cornwall.</p> <p>Core income options will likely include, though not limited to:</p> <ul style="list-style-type: none"> <li>• Resident service charge and commercial estate charge related to immediate community benefit (in addition to standards / services usually provided for by Council Tax to ensure maximum community benefit)</li> <li>• S106 and CIL</li> <li>• If the stewardship model takes on the responsibility of aspects usually adopted by the council in order to ensure consistent management and standards throughout the development (as has been the case in other garden communities), appropriate funding mechanisms will be required. These could include an endowment for example.</li> <li>• Asset management for community facilities, and employment and commercial space. It may also include income from electric vehicle charging points and parking</li> <li>• Management of community events and services</li> <li>• Potentially ESCO income from sale of energy generated onsite.</li> </ul> <p>When considering core income options, it should be considered:</p>

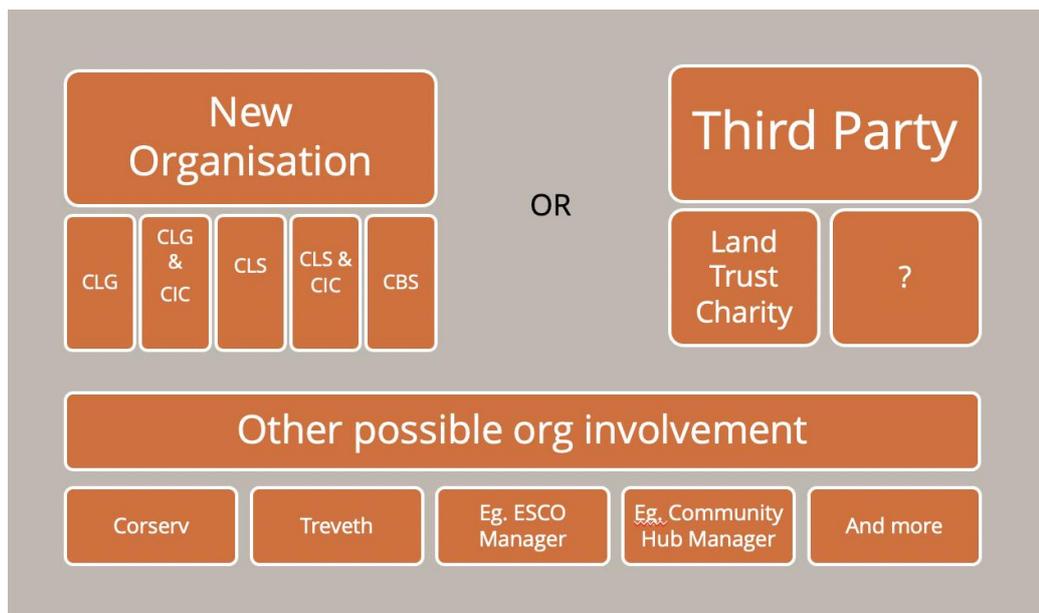
- That elements of Langarth will provide significant benefit to the wider community to those outside of Langarth. Based on precedents set by other community stewardship organisations, an endowment would therefore be appropriate to ensure their appropriate management – beyond what the service charge and other sources of income can cover.
- What other additional income streams are needed to create the ability for the stewardship organisation to fulfil its objectives beyond the maintenance funded by the service charge elements?
- Any residential service charge should always be reasonable and appropriate.
- There are two key options for how to impose the service charge across the scheme:
  - Requiring developers within the scheme to impose a standard service charge requirement on all plot purchasers and any commercial purchasers. To be effective it would require deeds of covenant to be entered into by each individual purchaser in favour of the stewardship company and restrictions to be entered at the Land Registry to ensure that a similar deed was obtained on every onward freehold sale. An equivalent arrangement would be imposed on any apartment blocks, requiring long leaseholders to provide a deed of covenant. The stewardship company would need to monitor these to ensure the deeds of covenant produced, although if set up properly at the outset, the Land Registry restriction will mitigate that. The advantages of this approach are that the stewardship company would have more accurate real-time information as to the current proprietor of each plot to invoice for payment and it is a tried and tested structure which both mortgagees and developers tend to be comfortable with.
  - Estate rent charges are set up at the outset to create a new interest in land in favour of the stewardship company and the service charge payment obligations continue to bind any plot purchaser regardless of whether sign fresh deeds of covenant each time. This massively reduces the paperwork and the risk of missing a deed of covenant along the chain of owners. However, they are not often used in the market as they can concern mortgagees funding plot purchases and development finance. The rent charge ranks ahead of other charges and interests, meaning that if money is owed to the stewardship company that would rank ahead of a plot purchaser's mortgage. They sometimes are drafted to entitle the rent charge holder (stewardship company in our case) to effectively be able to forfeit the freehold, although obviously we would not recommend including that at Langarth. The absence of regular deeds of covenant can make tracking current owners to chase for payment more difficult.

It should also be noted that:

- For affordable housing units, the Council section 106 standard requirement is for the service charge basis for calculation and breakdown to be set out in the affordable housing scheme to be approved by the local planning authority prior to commencement of development. There is no express cap in respect of shared ownership housing, specifically, the service charge is qualified by an express reasonableness requirement. The affordable housing scheme also needs to set out details for ground rents or management fees applied to the affordable dwellings so the housing team at the Council have visibility on the overall cost burden imposed on the tenants and owners of affordable housing units. Any deviation from

	<p>the above terms requires the agreement of the CC housing team, but the s106 Heads of Terms provide for a contractual mechanism which expressly allows some of the service charges from all dwellings to be distributed towards the operational costs of the Stewardship Vehicle. No quantum or cap has been discussed or proposed, at this stage. If a rentcharge mechanism is to be used instead or as well, this could be accommodated in the S106 drafting or the s106 drafting could provide for an either/or mechanism, with details to be fixed at a later date e.g. as part of the Stewardship Vehicle operating or business plan to be approved after grant of planning permission (this will set out the estate services to be provided, projected sources and amounts of income, projected costs, net expenditure etc.).</p> <ul style="list-style-type: none"> <li>• Whilst open market service charges are not regulated by the section 106 agreement and are matter for the private landlord and the tenant, most tenants of residential premises benefit from protection against excessive service charges under the Landlord Tenant Act 1985. The basic principle is that the costs are 'reasonably incurred' vs. 'reasonable'.</li> </ul>
<b>Surplus income</b>	All surpluses will be reinvested in the stewardship organisation for community benefit. (Please note that stewardship organisations can think beyond their redline boundary for the benefit of community cohesion, especially if part-funded through sources outside the resident service charge, such as through an endowment etc)

Stakeholder representatives that could potentially be involved in the stewardship organisation



## CONSIDERATIONS

In developing the above strategic parameters, the reasoning captured in the table below was considered. (Please see Appendix 2 for stewardship case studies)

Principle	Reason	Alternatives and commentary
Langarth Garden Village needs to exist as a specific entity (whatever form that takes)	The best practice through historic and contemporary examples involves an organisation that exists separately to the initial assembler and/or local authority	It remains administered by the Council as part of normal Council business/services as appropriate for each element
Revenue income generated from assets at Langarth needs to be held within a single entity	Providing security of income other than just service charges is important; loss of income back to the Council will require a return flow of subsidy from the Council creating loss of local influence and room for confusion	Diluting income and taking the benefit of that income elsewhere in the Council pulls decision making back into the Council about how to fund key services at Langarth
The Council or its companies should not seek to become the stewardship organisation	The Council (possibly including one or several of its companies) should absolutely be a key member(s) of a stewardship organisation but should not seek to take the place of the organisation	There are individual opportunities for the Council's companies to provide services to a Langarth stewardship organisation, but they would all require a Langarth client – it would be hard for them to assume the client role on behalf of Langarth given the need to involve all relevant community stakeholders.
The land acquired from the initial capital allocation should remain on the Council's balance sheet until sold (if development land) or passed into a stewardship organisation	There are multiple destinations of land acquired by the Council – a) onward sale to developers of development parcels, b) ongoing use for service provision (e.g. school or extra care), c) onward transfer of green or blue infrastructure	The land could be vested in an intermediary body but that creates complexities of tax and accounting
Flexibility in scope and governance has to be accommodated	The character or the community and the assets to be managed will shift over time as the development grows; the local authority role will shift over time away from the initial assembler and provider of infrastructure, whilst developers will come and go over time	
The stewardship organisation has to work beyond the boundary of the garden village	Evidenced good practice	The stewardship body can look beyond the Langarth redline boundary to ensure cohesion with surrounding communities – e.g. Threemilestone, involving resident representatives in community engagement/influence and ensuring consistent standards of upkeep of green space for example
There has to be community involvement in the stewardship organisation	Evidenced good practice	The alternative would be to rely entirely on existing local council or Cornwall Council route, though this has been deemed to not fulfil Garden Village principles or Langarth's design principles.

## Appendix 3 - Key Financial Assumptions

The financial forecast considers the following income and cost sources:

- Income
  - From land and public spaces (like sports facilities and allotments etc), and
  - Community governance (commercial and residential service charge).
- Cost
  - Land maintenance
  - Unadopted highways maintenance
  - Operations and management, such as employment of a staff team and paying for external advice/services etc.

The underlying Finance Model was developed with the assumptions as outlined below:

Category	Assumption	Detail	TBD at FBC or Business Plan
<b>General</b>	<b>Delivery of assets</b> – assumed to be linear within each phase	Information regarding the scheduled delivery of assets is currently available on a phase-by-phase basis. For the purposes of this model, it is assumed that annual delivery will occur on a linear basis.	A more nuanced delivery schedule of assets will be assessed at business plan stage.
	<b>Community Facilities</b> – Facilities considered cover community and leisure facilities, a community farm, retail units and bike / e-bike hubs.	These have been modelled based on precedents elsewhere, whereby community facilities wash their own face (i.e., income covers cost, rather than generating significant surplus).	The potential scope for income from bike / e-bike hubs will be considered at business plan stage. All other community facilities have been included in the FBC.
<b>Income streams</b>	<b>Resident charges</b> – It is assumed that one single resident service charge will be applicable across the entirety of Langarth (though this can be distributed unevenly, according to bedroom size for example), with one bill being received by each household. This will be key to ensuring a consistent retention throughout and community cohesion among Langarth's residents. Having multiple charges and different standards of management would work against the ethos of a Garden Village and would pose a potential risk of creating rifts within the community. This reasoning was outlined in a paper to Cornwall's	An average charge of £350 per unit is assumed at this point for the stewardship element of the service charge (though it can be shared unevenly between households based on bedroom size for example). This includes 35% affordable units and a 20% admin discount on the charge for those unit, as the housing association will be billed rather than each household.  The average charge is assumed to be £350 per unit per year; in line with best practice from comparable towns such as	As more detailed housing delivery plans are produced, these figures can be adapted; with a more precise number to be included in the business plan

	<p>Council Directors Team (CDT) in May 2021.</p> <p>Consistent with that we do however make the point that housebuilders will have common service charge areas such as shared parking and leasehold building common areas service charges which will be generated additionally, but residents should receive one bill from all charges from one company.</p> <p>Occupation rates are assumed to increase gradually for new developments in each phase to a maximum of 90% by the end of the phase; with 100% occupied by 2046/47.</p>	<p>Ashford Borough Council as well as other local developments, such as Antony Richards Property Services in West Cornwall, these charges are set to combine ground rent, estate management and repairs.</p>	
	<p><b>Commercial charges</b> – Income from service charges through commercial properties such as retail units, employment space and mixed-use spaces which at FBC stage is assumed to given in full to Langarth Stewardship organisation. It is recommended that a formal agreement is agreed with the Council.</p> <p>Occupation rates are assumed to increase gradually for new developments in each phase to a maximum of 90% by the end of the phase; with 100% occupied by 2046/47.</p>	<p>Income is measured on a per m<sup>2</sup> basis and is estimated using benchmark costs from existing properties in the nearby local market.</p> <p>Service charge income has been benchmarked at £5 per m<sup>2</sup> .</p>	<p>Business Plan will determine the percentage of commercial service charges that the stewardship organisation will receive.</p>
	<p><b>Energy Services Company (ESCO)</b> – An ESCO could provide an additional income stream once set up, for example through the provision of services</p>	<p>Further information regarding the setup, governance and income opportunities of the ESCO is in development, in order to estimate any potential income.</p>	<p>TBD at business plan stage whether in scope.</p>
	<p><b>Other income streams</b></p>	<p>This will potentially include considerations such as rents from some commercial space in each node, marketing and advertising income from a Langarth smart phone app, parking charges (excluding Park &amp; Ride) and commercial building construction and operation.</p>	<p>TBD at business plan stage whether in scope.</p>
<b>Cost streams</b>	<p><b>Maintenance costs</b> for (strategic) public spaces within and outside development parcels based on benchmark costs.</p>	<p>Using indicative example costs from Ashford Borough and Cornwall County Councils in this instance to estimate</p>	<p>Included in FBC.</p> <p>More refined costs to be assessed at business plan stage</p>

		maintenance costs per unit or m <sup>2</sup> delivered <sup>1</sup> .	
	<b>Stewardship management costs</b> – This consists of staff, external advisers and resources, Council resources, and office space for the stewardship organisation.	The model assumed an initial senior member of staff due to procuring third-party to manage estate and deliver services.	Included in FBC.

See the supporting Finance Model for a detailed list of all assumptions made in terms of phased delivery, income, and cost streams per phase as well as the cashflow forecast between financial years 2023/24 – 2046/47.

<sup>1</sup> <https://www.ashford.gov.uk/media/adlikmao/green-space-cost-calculations-2011-evidence-base-to-spd.pdf>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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