



THE YOUNG FOUNDATION

## Building Sustainable Communities Seminar Series

Monday 30<sup>th</sup> June, 2008

English Partnerships, Central Business Exchange II, 414-428 Midsummer Boulevard, Milton Keynes,  
MK9 2EA

### **Seminar four: Constructing longer-term stewardship and governance – through new mechanisms like community councils, neighbourhood charters, development trusts and different ways of generating income streams for community activity**

The Young Foundation is hosting a series of four seminars to explore different ways of building environmentally and socially sustainable communities. This is currently particularly important given government's emphasis on increasing housing supply. The results of the discussion will help inform a toolkit for practitioners to promote practical ways of tackling these issues.

This forth seminar will explore different ways of constructing longerterm stewardship and governance, through new mechanisms like community councils, neighbourhood charters, development trusts and different ways of generating income streams for community activity.

The four seminars will be informed by findings from a variety of case studies exploring how similar issues have been tackled in regeneration projects over the past decade, and in previously built new housing settlements.

The seminars aim to:

- support practitioners to develop a more rounded approach to new housing developments which can help ensure that the creation of new settlements is more than just a land transaction, but also builds in good governance, participation and longer-term stewardship
- build on existing knowledge and good practice solutions, drawing on research from the UK and internationally and strong practical examples, and help ensure that policy is framed to enable their implementation.

The themes explored in the seminar discussions will, along with the case study research, form the basis of a toolkit which will be made available at the end of the project. This paper sets out some initial thoughts to help frame the discussion, building on the discussions at the first three seminars in the series, which focused on ways of increasing community and resident participation in new housing developments, managing the conflict between policy aspirations and what residents want, and the link between environmental sustainability and participation.

### **Constructing long-term stewardship models in new communities**

The management of settlements is, of course, nothing new. For many the traditional approach of management through the local authority or parish council has proved successful in providing the services and maintenance of public space that residents require. However, for some communities, social and economic decline over past decades have translated into reduced support for many of the facilities and spaces that are crucial to community wellbeing; those that provide a place for community meetings, youth provision and for young families to play. Hardest hit have been the most deprived areas, for example the Byker estate in Newcastle, which over the 1980s saw a significant rise in anti-social behaviour and crime and at the same time a gradual decline in both the physical condition of the estate itself and the residents' quality of life. For many existing communities a practical and successful remedy to these problems has been neighbourhood management, provided by the local authority, or more holistic neighbourhood involvement from housing associations, ALMOs and local authorities. Many such schemes have been successful in large part because they have actively engaged the community and included residents as key partners in decision-making processes.

Looking ahead to the creation of new settlements as part of the government's housing agenda there is a tangible opportunity not only to avoid the mistakes made in the past, but also to create stewardship structures that actively help involve residents in civil society, giving them a role in shaping their own communities. These management structures could be a helpful component in the creation of shared values and community cohesion, all helping to engender a sense of belonging for residents. The success of such structures might be judged not just on how well they deliver specific services but also on how well they are able to understand the needs of the area and the incoming residents and can adapt to meet them.

Local authorities, national agencies and their development partners will need to plan ahead and ensure that issues of how best to manage community facilities and assets are considered from a development's outset. This might be even more appropriate in developments that aim to be more environmentally sensitive and sustainable, such as eco-towns. These may include new forms of community assets far and beyond the traditional community centre, such as micro-generation energy technology, combined heat and power plants, Envac-style waste collection systems or spaces for community food production. Local authorities, in their strategic role as place-shapers, might decide that the idiosyncratic nature of such developments would best suit a style of management specific to the particular geographic area. Some local authorities may find themselves home to several new settlements, each with their own management systems, and organisations. Their role as coordinators will be vital to the maintenance of consistently high standards across their boundaries. In some existing

communities, RSLs have shown themselves to be particularly strong at providing neighbourhood-wide services. Where there are landlords in new settlements, they might become (or remain) key partners for local authorities.

Already a plethora of stewardship models exist (some of which are outlined on page 6), from development trusts and community land trusts to energy service companies. Though these are differently constituted, the majority tend, in legal terms, to be companies (either limited by shares or guarantee), industrial and provident societies (IPs), cooperatives or societies for the benefit of communities or partnerships and limited liability partnerships. How development stakeholders select an appropriate model will depend on many factors, one of the most pressing of which will be how long-term revenue can be secured. This may mean that the development will need to include some form of assets, which when transferred to the organisation will generate secure funding for investment in service provision. However, other considerations will also influence this decision, particularly what structure will be best suited to the profile of the incoming residents and what is most likely to offer them appropriate methods for involvement in decision making.

Many strong examples of the types of initiatives local authorities and their partners might consider for new settlements already exist, and range across a spectrum of organisational autonomy. These might range from neighbourhood charters and agreements to formalised parishes and community councils, to, at the other end of the scale, development trusts providing services direct to neighbourhoods. In these existing examples, each context has developed its own system for selecting participants or board members and for responding to community needs. These governance considerations will be key to management schemes' ability to be successful both in terms of service delivery and as an anchor for the wider community.

As these organisations grow there may well be scope for them to promote the role of social enterprise in their new communities, either through training and business start-up support or through their capacity to sub-contract other companies to provide services. This may prove to be a helpful way of promoting new businesses in the area or securing work for existing local companies in neighbouring communities, which could potentially help mitigating any lingering feelings of nimby-ism from surrounding communities.

### **Benefits and risks**

The potential benefits of constructing a management plan from the outset are considerable. Developers and other stakeholders will be able to demonstrate how longer-term risks, such as the stigmatisation that was seen of some previous 'new towns', can be mitigated and managed. This in turn can help to attract in further outside investment, both financial investors and developers, who might find the community a more attractive prospect, and

potential residents who may otherwise be hesitant to move to the new town. These benefits, however, can be difficult to measure and quantify.

Community management organisations offer a way of empowering residents with a sense of being able to improve and shape their local area. They can provide opportunities for new residents to meet each other and get involved with community activities collectively. Evidence from Milton Keynes indicates that current residents have higher than average levels of involvement in community groups and activities, suggesting that investment in promoting community development and involvement from the outset of the creation of a new settlement can have lasting benefits.

Management organisations can also be a strong voice among other service providers, such as the local authority, health providers and the police. They can help to represent community interests in local partnerships, such as the Local Strategic Partnership (LSP), and bring to the table a strong understanding of the needs of local residents.

Where there has not been the foresight or capacity to establish a management organisation a community charter, community organisation or community council could potentially be established more readily. The strength of these models lies in mobilising the community on specific issues but their effectiveness can often be constrained by a limited mandate and lack devolved responsibility. Also, in the absence of a clear framework for working with local authorities the relationship can prove challenging. However, these issues could be overcome by dedicated community development work.

One risk that is already apparent in some settlements arises when private developers alone are responsible for planning and instigating long-term management structures; sometimes as a stipulation of their planning agreements. Undoubtedly, many in this situation have taken this responsibility seriously but for others, building for outright sale, there has been no incentive to develop the best plan for the community, but rather their incentive has been to reduce their own costs as much as possible. It is important that all the stakeholders in a development have some degree of input into the process of drawing up a management plan.

### **Factors leading to successful management delivery**

A recent report by the Housing Forum, looking at 'new management for new mixed communities' has identified the following themes and principles as leading to best practice in management delivery:

1. **Incorporating management plans into the design stage** of a development to ensure coherent management, maintenance and funding is in place

2. **Adequate and sustainable funding** into the long term, which may be gained from some of the following options:

<b>Planning agreements</b>	Through section 106 negotiations , invested to generate ongoing revenue
<b>Endowments</b>	Either cash for investment, or buildings and other facilities with the potential to generate revenue over the long term
<b>Ground rents</b>	From freeholders
<b>Rent Charges</b>	From property owners, and transferable to future owners
<b>Precepts</b>	From a parish council, whose boundary matches that of the managed area / development
<b>Commercial precepts</b>	From the occupiers of business premises in the area
<b>Overage from land sales</b>	Added land value from the development can be shared between the developers and a long-term management vehicle
<b>Service charges</b>	From local residents. Important that these are set at a reasonable level when residents are also paying local authority taxes

3. **Stakeholders identified and included from the start** of the project, and may include landowners, developers, housing associations and parish councils
4. **Involving residents** and making concerted efforts as residents move in to new communities to engage with them and explain how they can get involved
5. **Consistent management quality** over time and across the geographical area to promote confidence from the community and cohesion across it
6. **Visibility** of the management organisation so that residents are aware of their role and how to engage with them. This may involve specific staff members' time
7. **Use of neighbourhood agreements** where appropriate, for community charters and other form of covenants to support the quality of the neighbourhood
8. **Becoming a neighbourhood leader** and successfully engaging with other service providers.

**Sources:**

*New Management for New Mixed Communities, Working Group Report*, The Housing Forum (2008) available at: <http://www.constructingexcellence.org.uk/resources/publications/view.jsp?id=7946>

NAME	PURPOSE	LEGAL VEHICLE	MEMBERSHIP	COMMENT
Development Trust	Enterprises created by communities to enable sustainable development, and undertake economic, environmental and social initiatives, e.g. property development, community businesses, sports and leisure facilities.	No standard organisational form. Most are charitable and companies limited by guarantee. Some are IPSs. Could potentially opt to be community interest companies.	LAs, RDAs, English Partnerships, developers, local residents and / or groups.	DTs are found in inner cities, on housing estates, in market and coastal towns, and rural communities. DTs aim to reduce reliance dependence on grant-aid over the longer term. In poor communities contributions from public or charitable funds may be required into the future. Accountable to local people.
Community Land Trust	To preserve land values for the benefit of the community. Core activity is to grant long- and short-term leases to providers of commercial developments, private housing, social housing and community facilities. A CLT might be directly involved in providing affordable housing.	CLTs can be charitable or non-charitable. If a charity it is likely to be a company limited by guarantee, a trust or an IPS. Non-charitable CLTs could be an IPS, a company limited by guarantee or a community interest company.	English Partnerships, LAs, local residents and/ or community groups	CLTs rely on ground rents from leases to secure long-term income – huge advantage to have a regular income. Some CLTs seem themselves mainly as landholders but others as having a wider role in the community. CLTs can gain land through gifts or at discounted rates. On the outskirts of settlements they may be able to buy it at agricultural rates and with exceptional planning permission to develop affordable housing. Planning permission may be granted to private developers on the condition that a portion of the land is endowed to the CLT for community purposes.
Commonhold Association	A form of freehold ownership where the proprietors of houses, flats, or commercial units within an area have an interest in the CA which then manages shared common areas.	Company limited by guarantee.	'Unit holders' – proprietors of houses, flats or commercial units in the area.	The commonhold is divided up into freehold units, each held by a freehold proprietor. The rest of the building or estate is held by the CA. The commonhold community draw up a statement outlining to borders of each unit and each proprietor's contribution to the running costs, and their duties and obligations. Unlike ordinary management companies there are no issues around enforceability of agreements between the units and the landlord.

Parks Trust	A body set up to hold land such as a park or large estate.	Company limited by guarantee or community interest company.	The stakeholders who set it up, English Partnerships and perhaps Las.	Normally the land is endowed to the trust to manage, as happened in some of the New Towns. The trust is able to exploit the land and assets to generate income in order to maintain the asset. Case studies have shown a higher level of maintenance than similar LA managed examples.
Management Company	Traditional approach to managing assets.	Usually companies limited by shares, guarantee or community interest companies.	Developers and occupiers.	Traditionally the developer and the occupiers would be members. The developer would maintain control until a particular portion of the development is occupied. At that point control transfers to the occupants. More recently public and private sector partners have been incorporated.
ESCO (Energy Service Company)	An entity to deliver 'energy services' – generally the supply of heat and power (rather than fuel and electricity).	Usually companies limited by shares, guarantee or community interest companies.		In a regeneration context an ESCO would normally operate as a public / private partnership.
MUSCO (Multi Utility Service Company)	Provides services such as gas, water, electricity and telecommunications.	Usually companies limited by shares, guarantee or community interest companies.		One point of contact is seen as more efficient than the standard utility approach. Only one trench for utilities is sunk easing maintenance.

### Policy Context

#### **Housing Green Paper (CLG 2007):**

Announced the government's commitment to build 3 million new homes by 2020, including five new eco-towns.

#### **Quirk Review ( CLG 2007):**

Encouraged transfer of assets from local government and wider public sector to community organisations.

#### **Local government white paper (CLG 2006):**

Confirmed 'place shaping' agenda for English local authorities, encouragement to introduce community empowerment measures including neighbourhood management and neighbourhood charters. Some proposals – including increasing local control over the setting up of new parishes or community councils – were taken forward through the **2007 Local Government Involvement in Public Health Act**. The **2007 Sustainable Communities Act** also introduced measures to encourage the development of sustainable communities.

### First thoughts

In this seminar we will discuss how to ensure that the stewardship structures put in place for new settlements not only deliver high-quality services to residents, and that their long-term financial sustainability is assured, but that they also form an integral component of local efforts of build a sense of community, belonging and wellbeing among new residents.

### Our questions

1. What are the key factors that need to be taken into account when selecting an appropriate stewardship scheme for a new community?
2. How does the stewardship model for a community fit into a wider strategy for drawing new residents into engagement with local civil (and possibly civic) society?
3. What is the best way to avoid a situation where developers (or other single stakeholders) are responsible for drawing up a management model?
4. What are the most successful governance structures for ensuring accountability for local residents?
5. How can stewardship organisations and local authorities best work together to avoid residents paying for services twice (through council taxes and any potential service charges)?

## Case study profiles

### Goodwin Development Trust, Hull

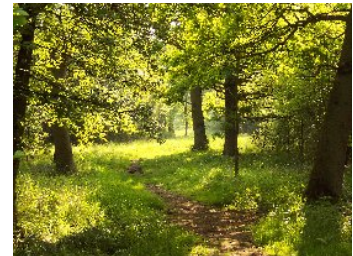
The Goodwin Development Trust was originally formed as a charitable organisation in 1994 by the residents of the Thornton Estate in Hull. The Trust has since grown and now employs over 300 staff, working across 38 sites and with an annual turnover of around £9.2 million.

The Trust works in partnership with private, public and voluntary sector organisations to help deliver services for communities over four priority areas: health, social care and wellbeing; children and young people; enterprise, employment and training; and, safer and stronger communities. The Trust is able to sustain its activities by developing community assets, either through new-build developments, such as The Octagon and Fenchurch Street or by refurbishing old or dis-used buildings.



### Milton Keynes Park Trust

The Milton Keynes Park Trust was set up as an independent charity in 1992 to manage many of the city's parks and green spaces. The Trust was endowed with three types of land: park and woodland; transport corridors; and income-earning assets (neighbourhood shopping centres, local shops and industrial developments). These assets constitute around 20 per cent of the city's area.



The Trust is governed by a board of trustees, which includes representatives from the borough council, the county council, local parish councils, various nature societies and the Friends of Milton Keynes Parks Trust. The organisation receives no funding from council taxes or business rates.

### Salford Urban Regeneration Company

Salford Urban Regeneration Company (URC) has pioneered a new approach, Spotlight, to help public services and communities work together to improve service delivery. For six weeks the Spotlight team undertakes research and consultation on a particular area of the city to develop a deeper understanding of the issues most affecting the community. At the end of the process the team produce an action plan for short, medium and long-term improvements that need to be made.





One of the areas involved in this process is Ordsall and Langworthy, home to the Seedley and Langworth Trust (SALT). SALT is a charitable organisation, set up in 1997, which provides a range of community services including practical support for local residents' associations, alley gating schemes, recycling, training schemes, and, social research and development. SALT is a key partner to the Spotlight programme.

