# Delivery Vehicles for Transformational Change

## Gloucestershire Vision 2050

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DEMOS
PROJECTS

# Contents

## Executive Summary

### 1 Context

The development of delivery vehicles for large-scale, place-based transformation projects is a complex process that has wide ranging impacts on the roles and responsibilities of local authorities and the nature of engagement and partnership working with the private sector, other public sector bodies, central government and the third sector. The context is:

- The wide range of potential delivery 'models' for service delivery
- The limited number of delivery vehicle 'operational entities' for making things happen
    1. New Town Development Corporations (NTDCs)
    2. Locally Led New Town development Corporations (LLNDTCs)
    3. Urban Development Corporations (UDCs)
    4. Urban Regeneration Companies (URCs)
    5. Economic Development Companies (EDCs)
    6. Mayoral Development Corporations (MDCs)
- The relevant local authority structures and planning processes
- The relevant types of potential growth deals with government
- The overseas examples cited in other reports

### 2 Countywide architecture

There are different options in the current Gloucestershire context for strengthening the 'architecture' of decision making in the county that is essential to underpin the work of any new delivery vehicles if they are to be successful in delivering large-scale and long-term transformational change. Leadership Gloucestershire will need to decide which options below (or combination of them) is the optimal governance arrangement in the current context for supporting and leading an ambitious agenda for change:

- A new policy platform among local partners for Gloucestershire Vision 2050
- A new countywide decision-making structure for local statutory partners
- A new statutory spatial strategy for the county

## 3 Phased approach for developing delivery vehicles

It is suggested that a three-phase process is adopted by local partners to determine which delivery vehicle is the 'best fit' for existing large-scale transformation projects identified by the Gloucestershire Vision 2050 process and for any new projects that are identified in the future. This process of identifying appropriate delivery vehicles for large-scale place-based transformation projects should be undertaken in parallel with developing new countywide architecture to underpin and support their work. The three phases are:

**Phase 1**: Appraising the validity of an existing or new project with particular reference to its contribution to creating 'good growth' as characterised by the eight impact measures of the Gloucestershire Validity Framework.

**Phase 2:** Appraising the readiness of an existing or new project for moving into the phase of designing an appropriate delivery vehicle using a new Readiness Analysis tool based on three key questions:

- Is there a compelling enough vision for the project?
- Is there sufficient political alignment for the project?
- Is there a potential financial model for the project?

**Phase 3**: Designing the 'best fit' project delivery vehicle and any underpinning local planning arrangements for an existing or a new project through a two-stage appraisal of the seven key features of a new Delivery Vehicle Design Framework**:**

1. Purpose and footprint of the project
2. Financial model the income and outputs of the project
3. Planning and land assembly powers required to deliver the project

4 Infrastructure development required by the project

5 Governance structure of the project

6 Leadership of the project

7 Skills and expertise required for delivering the project

**Stage One:** A high level appraisal of the options for the design of the delivery vehicle for a project using the seven features of framework.

**Stage Two:** A detailed analysis of the specific levers and characteristics within the features of the framework that the delivery vehicle should have at its disposal to be successful.

As part of this design process, the report includes a new Planning Powers Options Analysis tool for considering the allocation of planning powers between local authorities and delivery vehicles.

The report also suggests that the annual running costs of a new delivery vehicle (potentially £2-£3m) could be met from a proportion of the new retained business rate allocated to economic development in the county.

## 4 Next Steps:

Five next steps should now be taken by Leadership Gloucestershire with other local and national partners to strengthen the governance arrangements locally and, alongside that, to identify the 'best fit' delivery vehicles for implementing large-scale transformation projects in the county. The publication in June 2018 of new government guidance and a new funding regime for Locally Led New Town Development Corporations may be of particular relevance to the Supercity and Bridge projects.

# Delivery Vehicles for Transformational Change

Gloucestershire Vision 2050

## Introduction

Gloucestershire Vision 2050 is a long-term vision for Gloucestershire that combines two projects (Vision 2050 and Leading Places) into a programme which now has three separate strands:

- The **Big Conversation**: a very broad, innovative, and original public engagement exercise about Vision 2050 (February - July 2018) with a report in autumn 2018.
- The development of a **Validity Framework**, which at a high level assesses the relative impact of 6 projects in the Vision (as well as any further ideas developed through the Big Conversation or at any later point) against 8 intended and positive ambitions, as a way of informing judgements about priorities.
- The identification of potential **Delivery Vehicles** in the specific context of Gloucestershire for the types of large-scale, transformational projects represented by the 6 projects in the current vision and that may emerge in the future.

This is the report of work undertaken by Phil Hope, Senior Associate Director of Demos and Localis with specialist advice from Associate Director Bob Lane, OBE (appendix 1) commissioned by the Leading Places Steering Group to undertake the third strand. The report seeks to be factual, objective, and impartial rather than evaluative in nature. It does not make recommendations about which delivery vehicles are best suited to each project.

The report describes in detail the different types of delivery vehicles that may be developed or adopted for large-scale, place-based transformation projects including:

1. New Town Development Corporations (NTDCs)
2. Locally Led New Town development Corporations (LLNDTCs)
3. Urban Development Corporations (UDCs)

**4.** Urban Regeneration Companies (URCs)

**5.** Economic Development Companies (CDCs)

**6.** Mayoral Development Corporations (MDCs)

The report emphasises the need to strengthen the underpinning countywide architecture that supports effective delivery vehicles and identifies three options for doing so:

1. A new policy platform among local partners for Gloucestershire Vision 2050
2. A new countywide decision-making structure for local partners
3. A new statutory spatial strategy for the county

The report includes analysis and tools that local partners can use at different stages of decision making when considering which delivery vehicles to develop for different kinds of projects. These include:

- A **Project Readiness Analysis** tool for assessing whether a project is ready to move into the delivery vehicle development phase
- A two-stage **Delivery Vehicle Design Framework** for assessing which type of delivery vehicle is best suited to a large-scale transformation project.
- A basic **Planning Powers Options Analysis** of the choices available for the allocation of planning powers between local authorities and delivery vehicles

The process for producing the report comprised:

- Interviews with 15 local and national stakeholders (appendix 2)
- Extensive desktop research
- Meeting with the Leading Places Steering Group to sound out initial ideas

A list of references is included in appendix 6 and each is given a hyperlink connection in the body of the report.

# 1 Context

## 1.1 Delivery models

The CIPFA report on Alternative Service Delivery Models in local government describes a delivery model as the collective term for a much wider set of partnership arrangements that the public and private sector may use, within which delivery vehicles are one distinct operational entity. The range of partnerships that may be seen as delivery models include:

1. **Contracts and partnerships between public bodies** (shared management teams, joint commissioning, joint service provision and so on)
2. **Contracts and partnerships with the private sector** (outsourcing, joint ventures, public private partnerships and so on)
3. **New public sector and non-public sector entities** (care partnership trusts, local authority companies, social enterprises, trusts and so on).

The nature of these different partnership delivery models varies between four main types:

a) **Executive Partnerships**: a vehicle which can make its own decisions about how best to secure the purposes of the partnership, and act on them. These can be corporate or non-corporate, statutory or non-statutory.

b) **Advisory Partnerships**: a vehicle in which partners can discuss and agree what each should do under their own steam as their separate contributions towards partnership objectives.

c) **Unincorporated Partnerships**: have no legal standing. One partner often acts as accountable body (for accessing and distributing funding) and they have a separate constitution although this is often unenforceable.

d) **Contractual Partnerships:** term often given to a partnership based on a non-corporate vehicle – but with a contract between the partners covering what each will do to secure the purposes of the partnership, and how it will work.

Within the **Executive Partnership** delivery model there are two basic types:

i. **Statutory non-corporate body**: the most common example is a joint committee and lead authorities also come under this category. They cannot themselves enforce contracts, employ staff or hold land.

ii. **Non-statutory corporate body**: there are many possible types of these forms including company limited by shares (CLS), a company limited by guarantee (CLG), Industrial and Provident Societies (IPS), a limited liability partnership (LLP), and a charitable independent organisation (CIO).

Joint venture companies (JVCos) are non-statutory corporate bodies that have two or more partners who share the risks and rewards of the venture and is a model often used for regeneration projects in which the local authority provides the asset and the private sector provides the equity finance. Local Asset Backed Vehicles (LABVs) are mid-to-long term corporate joint ventures that aim to give a financial return to the public sector.

## 1.2 Delivery vehicles

A Delivery Vehicle (DV) is the generic term to describe different types of operational identities that directly involve public and private sector bodies working jointly within a structure to deliver specific place-based development projects.

Delivery vehicles are executive partnerships that can be statutory or non-statutory in nature and which are created to implement policy set by other statutory bodies (rather than make policy themselves). There are different types of delivery vehicles dependent upon the nature of the tasks to be achieved, the degree of control and powers required to make change happen and the financial model.

Appendix 3 describes in detail the purpose, statutory basis, planning powers, financial levers and board membership for each of the six main types of delivery vehicles. They are, in summary:

### 1. New Town Development Corporations (NTDCs)

Originally established under the New Towns Act 1946 and now the New Towns Act 1981, NTDCs are answerable through the Secretary of State to Parliament. They give a 'blue chip covenant' to the private sector such that explicit Cabinet-level commitment is taken to mean they will not be allowed to fail. Councils can launch NTDCs with Government approval to help meet housing needs and are responsible for planning and project development, bringing private investment on board and partnering with developers to oversee completion of new towns or garden communities.

**2. Locally Led New Town Development Corporations (LLNDTCs)**

The Government issued new guidance in June 2018 on the process for creating what are described as Locally Led New Town Development Corporations. These are aimed at encouraging local authorities to set up development corporations to deliver community-led new towns, with borrowing powers that could make the model more attractive than previous government new town initiatives.

**3. Urban Development Corporations (UDCs)**

Established under Local Government, Planning and Land Act 1980. They have remit to secure regeneration of their designated areas – e.g. bringing land and buildings into effective use, encouraging the development of industry and commerce, creating an attractive environment, and ensuring housing and social facilities are available to encourage people to live and work in the area. UDCs can hold power to acquire, hold, manage, reclaim and dispose of land and other property.

**4. Urban Regeneration Companies (URCs)**

URCs were originally proposed in 1999 by the Lord Rogers Urban Task Force. Gloucester Heritage Urban Regeneration Company was the delivery vehicle for the transformation of Gloucester docks between 2006-2012. They were independent companies established by local authorities and the then regional development agencies that worked alongside English Partnerships and other stakeholders such as employers and community representatives.  20 URCs were developed as non-statutory bodies that did not have planning and compulsory purchase powers and instead the focus was on building consensus between public and private sector partners to create a regeneration strategy, stimulate new investment and lead the delivery of change on the ground.

5. **Economic Development Companies (EDCs) formerly branded as City Development Companies (CDCs)**

CDCs were launched as part of the Local Government White Paper 'Strong and Prosperous Communities', 2006 and rebranded as Economic Development Companies (EDCs) in 2007. Designed to refresh the concept of special purpose vehicles. Independent companies in charge of delivering economic change in cities and marshalling public and private sector resources adapting them to the needs of specific places. Have many characteristics of URCs and UDCs but do not hold extensive planning powers.

6. **Mayoral Development Corporations (MDCs)**

Established under the Localism Act, 2011 MDCs are created by the Secretary of State only at the request of the mayor and they are funded by HMT. In London it allows the Mayor to establish MDCs to drive regeneration with powers related to infrastructure, regeneration, development, acquisition of land, creation of businesses and financial assistance.

In addition, there are Urban Development Companies but these are not delivery vehicles in the sense meant above. They are often private sector companies that provide services and advice to local authorities and others about urban development.

## 1.3 Local authorities

Local authorities are not themselves delivery vehicles (in the sense outlined above) but the way they operate has a direct effect upon the nature of delivery vehicles that may be required to implement a large-scale transformation project – particularly if the geographical footprint of a project crosses local authority boundaries.

Local government structures in England include:

- District Councils
- County Councils
- Combined Authorities (with or without a directly elected mayor)

- Unitary Councils including Metropolitan Authorities and London Boroughs

Local Plans sit at the heart of the planning system for determining the nature and location of housing growth. In two-tier areas such as Gloucestershire (County Council and six District Councils) the Local Plans are the responsibility of district councils. Local authorities may create additional structures and processes for joint working including 'larger-than-local' statutory spatial strategies, area joint strategies, joint policy statements, memoranda of understanding (MoUs), and joint committees for planning and/or housing and economic growth. In Gloucestershire these elements additional to the Local Plans include:

- A Joint Core Strategy agreed by three district councils for housing growth allocations covering Gloucester, Cheltenham and Tewkesbury.
- A new post to co-ordinate strategic planning for the county as whole.
- A partnership of the elected leaders of the seven local authorities and others called Leadership Gloucestershire that considers issues relating to the future of the county as a whole.
- A joint committee for economic growth in the county that includes all seven local authorities and the Gloucestershire Local Enterprise Partnership (GFirstLEP) which is responsible for securing and delivering economic growth.

## 1.4 Growth deals and devolution

Local economic growth deals with government are led in England by a network of 38 Local Enterprise Partnerships. Whilst their primary focus is economic growth many of the plans include investments that also help to unlock housing growth opportunities. In Gloucestershire the GFirstLEP £100m growth deal with central government announced in early 2017 includes investment in a variety of road infrastructure projects to create access to employment land and housing sites, create employment sites and enhance skills provision.

These LEP economic growth deals are separate and different from housing growth deals with government that are linked to devolution and reform of local government through the development of Combined Authorities with directly elected mayors. Nine combined authorities currently exist and the Green Paper 'Building Our Industrial Strategy' emphasised their role as important institutions for growth.

The process of creating a combined authority is complex and can be time consuming and not every effort is successful. Lack of support for a directly elected mayor meant a proposal to create a combined authority for Gloucestershire was not carried forward to conclusion.

## 1.5 Overseas experience

Local and regional governance structures in other countries vary hugely and it is difficult to readily apply to the local government landscape in England any lessons about delivery vehicles used overseas to deliver large-scale place-based transformation projects.

However, relevant overseas examples are cited in a report for the National Infrastructure Commission by AECOM on the Cambridge-Milton Keynes-Oxford Arc that used 21 overseas case studies including seven in other countries (Portland, USA; Buchanan Quarter, Glasgow; Lublin, Poland; Mass Transit Railway, Hong Kong; Hammersby Sjostad, Sweden; Vaubenand Rieselfed, Germany; and Bordeaux Metropole, France) to demonstrate how barriers and levers to delivering large-scale transformation projects work in practice.

The internal report on the Gloucestershire Validity Framework produced in January 2018 also cites three overseas examples (Budapest, Malmo-Copenhagen and Minneapolis-St Paul) as urban areas that are 'immeasurably stronger planning growth and promoting themselves collectively, whilst having distinctive, different characters and municipal governance'.

The key findings from the AECOM report and the Validity Framework that draw upon 24 overseas examples of delivery vehicles for large-scale transformation projects have been considered in this analysis.

# 2 Countywide architecture

## 2.1 Lessons from two growth areas in England

The nature of the countywide 'architecture' that underpins delivery vehicles for projects is key. There needs to be a clear route or mechanism for the relevant public-sector bodies to work together with collective support for large-scale transformation projects. Two recent major reports on growth areas in England have stressed the importance of this approach.

The National Infrastructure Commission 2016 report 'Partnering for Prosperity' emphasised the need to create robust collaborative arrangements the future for Cambridge, Milton Keynes and Oxford:

"The success of these deals will depend upon all parties' commitment to an ambitious, arc-wide vision and robust plans for its city and county-regions – integrating planning for jobs, homes and infrastructure. Sustained improvements in collective working across the local areas – supported by clear and accountable collaborative governance arrangements – will be vital."

The importance of such a 'larger than local' countywide architecture for providing a robust platform to support the work of a delivery vehicle was also emphasised in the 2018 report on growth and regeneration of the large and organisationally complex Thames Estuary area. This identified the optimal governance arrangements for that area to be:

- a strengthened and streamlined Thames Gateway Strategic Group;
- development of statutory Joint Spatial Plans;
- the use of Development Corporation(s) to drive the delivery of homes and jobs aligned to major infrastructure investment.

## 2.2 The Gloucestershire context

There is a consensus among local partners in Gloucestershire of the need for a long-term and consistent strategy across the county or for 'larger-than-local' locations within it to support project delivery vehicles in their task. These may take the form of new joint planning committees or new joint strategies between relevant local authority partners to provide a framework within which a delivery vehicle could be established to get a project delivered. The Joint Core Strategy for Gloucester, Cheltenham and Tewkesbury was given as an example of this approach although a significant concern was raised about the length of time it has taken for it to be completed.

Some local partners believe that a long-term and consistent strategy would best be realised through the creation of one or more unitary authorities. However, there is no consensus among local stakeholders in support of this approach. And the experience of **both** two-tier areas such as Northamptonshire (a growth area) and unitary authority areas such as Liverpool (a regeneration area) has been that, whatever the configuration of the local authorities, it will still be necessary to create new delivery vehicles for large-scale, place-based transformation projects in order to establish new private/public financial partnerships and ensure there is sufficient leadership, expertise and funding focused on getting the job done.

Crucially, the reports on both the Cambridge-Milton Keynes-Oxford arc and the Thames Estuary areas where the local authority structures and boundaries are complex and embrace two-tier areas make clear that it is vital that there is a robust underpinning architecture to support the work of delivery vehicles charged with making a project vision become a reality.

## 2.3 Options for the Gloucestershire architecture

Clarity on area wide governance in Gloucestershire is critical to empower, create and support the success of any delivery vehicle that will impact upon the potential ambition, strategic fit, funding priorities of existing structures.

Leadership Gloucestershire must address the issues of county-wide governance and within the current context there are three options (or combinations of them) for strengthening the architecture in the county that local partners should consider to ensure it is capable of holding and delivering an ambitious agenda for change and within which delivery vehicles for individual transformational projects may successfully operate:

- Establish Gloucestershire Vision 2050 as a formally agreed countywide policy that informs local planning and decision making at county and district levels
- Enhance the existing county strategic planning co-ordinating function, strengthen the Leadership Gloucestershire group and its primary role to oversee the Gloucestershire Vision 2050 through a new and robust Memorandum of Understanding, and embrace both housing and economic growth within the remit of the existing the county joint growth committee
- Create a countywide statutory spatial plan for both housing and economic growth that has the agreement of the county and district councils and that shapes the Local Plans

Importantly, given that delivery vehicles have been successfully created in two tier areas (e.g. the former West Northamptonshire Development Corporation and the current Ebbsfleet UDC), work in Gloucestershire to start to develop and design delivery vehicles for projects may be undertaken **in parallel** with the work to create an appropriate countywide or appropriate 'larger than local' architecture. The allocation of planning powers between the countywide or other 'larger-than-local' architecture and a project delivery vehicle is explored further in section 3 below.

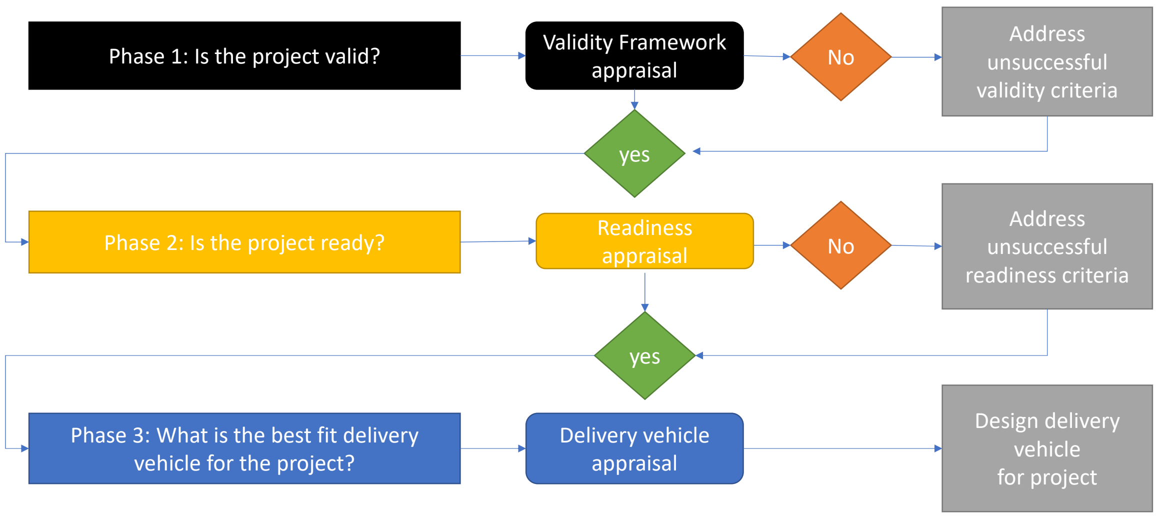
# 3 Phases for identifying potential delivery vehicles for Gloucestershire projects

Based upon experience and best practice nationally and overseas, it is suggested that the process of identifying appropriate delivery vehicles for existing or new large-scale, place-based transformation projects in Gloucestershire should be undertaken in a three-phase process:

- Phase One: Appraising the validity of a project using the Validity Framework
- Phase Two: Appraising the readiness of a project for designing a delivery vehicle
- Phase Three: Shaping the design of the delivery vehicle to best fit a project

This phased approach is set out in Diagram 1 below and discussed in more detail below.

**Diagram 1: Phases for identifying potential delivery vehicles for Gloucestershire projects**



**Phase 1: Validity of a Project**

*1 The Gloucestershire Validity Framework*

The Gloucestershire Validity Framework is a system already developed by local partners for assessing the validity of existing or newly emerging project proposals. It uses eight impact measures to assess the contribution that each project already identified within the Gloucestershire Vision 2050 makes to Gloucestershire's ambitions summarised in Table 1 below:

**Table 1: Impact measures of the validity framework**

| | |
|---|---|
| A Magnet County | An Inclusive County |
| An Innovative County | A Healthy, Happy County |
| A Skilled County | A Connected County |
| A Prosperous County | A Sustainable County |

The outcome of this appraisal is a score out of 80 points for each current project proposal identified at the time of the appraisal:

- Cyberpark 68.5
- Supercity 64
- Regional Parks 41
- Cotswold Waterpark 36.5
- Lydney-Sharpness Bridge 36
- Cotswold Airport 13.5

Appendix 4 describes the scoring in more detail and the highest scoring projects for validity are those currently named the Cyberpark and Supercity; three projects with mid-range scores are the Regional Parks, the Cotswold Waterpark and the Lydney-Sharpness bridge; and the lowest scoring project for validity is the Cotswold Airport.

*2 ‘Good’ Growth*

Gloucestershire is a growing county and implicit within the ambitions of the 2050 Vision and the Validity Framework is a desire among local partners to shape that growth to ensure Gloucestershire has a sustainable demography of working age and retired people in its population. Importantly, applying the eight impact measures in the Validity Framework ensures that large-scale transformation projects involving housing growth will result in ‘good growth’ projects that reflect the wider aspirations and ambitions of the 2050 Vision. In effect the nature of ‘good growth’ in Gloucestershire is characterised by its ambition and the Validity Framework impact criteria.

Projects involving ‘good growth’ will need to embrace growth in both housing and economic development (jobs) to help ensure sustainable communities within Gloucestershire, avoid a ‘growth at any cost’ approach that can lead to dormitory communities, and provide a basis for responding to continued pressure from central government to deliver additional housing growth beyond the proposals within the existing Local Plans.

## Phase 2: Readiness of a project for establishing a delivery vehicle

*1 Timing for establishing a delivery vehicle*

Many local partners raised a ‘cart-before-the-horse’ concern about embarking upon the process of creating a delivery vehicle for a project before the project had been clearly articulated, defined and agreed. Others suggested that the task of establishing the definition of a project could be taken on by the delivery vehicle as one of its early tasks.

In reality both have to happen. There needs to be **sufficient** agreement about a project for it to be ready to move into the phase of creating a delivery vehicle for its implementation. And, when created, the delivery vehicle will need to do **additional** work on securing continued agreement on the detailed definition of that project.

Consequently, it is suggested that the creation of a delivery vehicle for a project that has been identified as valid in phase one will then need to have ‘readiness phase’ before entering the ‘design and build phase’.

2 *A readiness phase:*

In the readiness phase there are three key questions to be considered to assess whether a project is ready to move into the delivery vehicle design phase. These questions are explored in detail below and will **also** need to be part of the early stages work of any delivery vehicle subsequently created:

1. Is there a compelling enough vision for the project?
2. Is there sufficient political alignment for the project?
3. Is there a potential financial model for the project?

**Readiness question 1: Is there a compelling enough vision?**

A project delivery vehicle must have the platform of a compelling vision upon which it is based to be successful. Is there a burning deck of problems or issues that the project aims to resolve? If not, is there a compelling vision for a new future with clear benefits for local communities that will drive the change and overcome any inevitable resistance to change to the existing landscape and structures?

In most cases the driver for large-scale change in a specified geographical area is a burning deck of issues that cannot be ignored – typically a brownfield site or a failing community in need of regeneration. The successful regeneration of central Gloucester over 10 years ago is one local example that was led by an Urban Regeneration Company delivery vehicle to address the ‘burning deck’ of a number of key housing, retail, transport and employment and challenges in central Gloucester. Key elements of success were that this delivery vehicle worked within a single district council area in partnership with a major private sector partner/financial backer; addressed a problem widely recognised by the local community and elected representatives; and had substantial government financial and political support for its activities.

Arguably the new ‘burning deck’ for Gloucestershire is not based around ‘place’ but rather is the demographic impact of an ageing community, the consequent need to retain and attract young people into the county and the pressure to build new homes to ensure a sustainable economic and social future. However, this ‘demographic decline’ is a less immediate and less visible challenge for local communities to identify with and accept as justification for the potential disruption that large-scale transformation projects will bring about.

In the absence of a visible place-based regeneration ‘burning deck’ driver for change it is essential that that each large-scale project has a compelling vision (in some cases based around ‘good growth’ in housing) that captures the interest and support of local communities and elected representatives.

Importantly, the delivery vehicle created to deliver the vision for each project will then also need to develop and promote that vision further, describing in much more detail the benefits of the changes or developments proposed to different parts of the local community.

Six projects were originally identified as having potential for making the real the ambitions and aspirations of the Vision 2050. As further analysis is undertaken, responses from the public consultation are taken into consideration and soundings taken with potential government and private sector partners, it is possible that some of these projects may be re-shaped, merged or dropped entirely; and that new projects will emerge. Some points to note are that:

- Changes to the nature, definition or scope of each project will in turn affect the nature, definition and scope of the delivery vehicle that is designed to make these projects actually happen in practice.
- The descriptors of these projects – their names or titles – are significant in conveying key messages about the benefits and impact of the projects on local communities.
- The potential creation of a Cotswold National Park in part of the county will have a direct impact on any projects located within its footprint; and an indirect impact on projects that are on its borders.

The countywide vision and the vision for each large-scale project needs to be sufficiently compelling to convince local communities and their elected representatives that there will be significant benefits for the quality of life for them, their children, and future generations.

**Readiness question 2: Is there sufficient political alignment?**

The Gloucestershire Vision 2050 process for identifying and gaining support for change within the county is essential but it is widely accepted among local stakeholders that it is not sufficient to ensure support and success for the individual large-scale projects that are emerging.

In addition to creating a robust countywide architecture to underpin the work of any project delivery vehicles as outlined, above there needs to be sufficient political alignment in support of a project among the key political stakeholders before it can realistically move into the next phase of designing the delivery vehicle to make it happen. Without sufficient political alignment there is a risk that the delivery vehicle will be at best distracted from its core task of putting the policy into practice or at worst unable to fulfil its purpose.

**Local political support**: There needs to be sufficient political support for the broad ambitions of a project among the local authorities, councillors and MPs directly affected. The active support (or at least no active opposition) to a project and a commitment to support (or at least not actively oppose) the work to create a suitable delivery vehicle will be essential to have in place prior to undertaking the work to establish that delivery vehicle. Support in principle from other local stakeholders such as academic institutions, third sector bodies and community organisations will also help to ensure later success in delivery.

**Central government support**: Almost all large-scale transformation projects will require the active support and engagement of government ministers and/or central government bodies (e.g. Homes England, Highways England and Network Rail). They play key roles in providing funding, expertise and continuity so their support in principle for a project prior to creating a delivery vehicle will be essential. They may also be directly involved as partners in the delivery vehicle depending upon the nature of the project (see growth deals below).

The projects that involve large-scale housing and economic growth such as the Supercity and the Bridge will require active government engagement, support and investment. This will require a carefully planned process of engagement at a number of levels at different stages and for different purposes:

- Civil servants in relevant departments (HMT, DoT, HCLG, BEIS) and relevant agencies (e.g. Homes England) to identify opportunities and test proposals
- Special advisers (key players in the system to navigate the national bureaucracy and secure cross-government political support)
- Ministers in the Commons and the Lords (to gain government support and achieve timely decisions)
- Local MPs (to give local support and exert national influence)

**Private sector risk**: A key factor for private sector involvement as land owners, developers or investors in a project is the extent to which there is local and national political alignment and support over a long period of time. The more explicit that this is in place then the lower the risk and the greater the chance of their involvement as partners and investors.

**Readiness question 3: Is there a potential financial model?**

For any project to be delivered the following will be required to be in place:

- the availability of very significant investment funds by central government, local government and/or the private sector
- financial models that generate income over time to pay for any up-front infrastructure
- a viable return on investment ratio for private sector investors

**Housing growth**: Nearly all large-scale transformation projects rely on housing growth to a greater or lesser extent as part of a sustainable financial model. For central government the commitment to increased housing is a key driver of both financial and political support for local large-scale transformation projects. The uplift in land values for land owners (public and private) from house building can be a key source of income to pay for non-housing benefits to existing local communities and there are a wide range of financial mechanisms for making this a reality (see appendix 5). Whilst the promotion and delivery of the wider non-housing benefits of a large-scale transformation project is key for securing the support of local communities (e.g. better health facilities, better education institutions, better transport links, better community facilities and so on) there is almost certainly going to be a housing growth element within any proposal for the project to work financially.

**Growth deals**: The government has shown a strong desire to link reform of local government with financial growth deals to support local, large scale transformation projects. As part of the delivery vehicle development process it will be important to have a dialogue with government and key departmental bodies about the potential for 'larger-than-local' growth deals for particular large-scale transformation projects that cross and impact upon different district and county boundaries. There may also be significant potential in any future rounds of LEP growth deals for contributions to funding of the large-scale transformation projects developed through Gloucestershire Vision 2050.

**Transport infrastructure investment to unlock growth:** In some cases, improvements to infrastructure such as better transport links are the catalyst that unlocks the benefits that the project is seeking to secure for local communities as well enabling any wider development of housing, jobs or visitor growth. For example, whilst the benefits of a new bridge across the Severn for local communities may be better links and shorter journey times to valued places, the primary economic value of the bridge may be to open up land either side of the river for creating new communities and a growth in housing, jobs, public sector services, and opportunities for attracting visitors through a new gateway to the Forest of Dean regional park. Creating a sustainable financial model for such a proposal could be used to secure central government funding for the bridge itself and any associated road or rail transport links.

**Private sector involvement and investment:** The financial extent and longevity of private sector engagement in a project will impact upon the quality of that project. Every project is likely to require significant private sector investment and those partners who are committed to a long-term relationship through partnership in an independent delivery vehicle may place a higher value on ensuring better quality in the outcome.

There will be significant opportunities for major landowners and employers in the county to work as partners with Leadership Gloucestershire (and within any new countywide architecture for spatial and economic planning) on shaping, investing in and delivering the projects that emerge. For some projects the delivery vehicle will not be successful without direct involvement of major landowners and employers who are committed to long-term relationships and significant levels of financial investment.

Whilst the private sector has had some involvement in the 2050 Vision proposals directly or indirectly through the GFirstLEP there will need to be a step change in engagement as the process goes forward. There is a need now to open up a substantive dialogue with key major private sector investors to identify their ambitions, explore how their aspirations connect to those of the 2050 Vision projects, and consider options for their direct involvement in and possibly leadership of potential delivery vehicles.

*4 RAG rating of the readiness of a project*

In summary, the three key questions in this readiness phase are:

- Is there a compelling enough vision for the project?
- Is there sufficient political alignment for the project?
- Is there a potential financial model?

Local partners should assess the extent to which these three key elements are **sufficiently present** for a project in order to go forward into the delivery vehicle design phase. It is suggested that this could be through a basic RAG rating appraisal:

- Red: The element is absent and needs to be developed
- Amber: Aspects of the element are present but more work needs to be done to strengthen this element before going forward to the design phase
- Green: The element is sufficiently present to go into the design phase

This RAG rating will inevitably be a subjective assessment of the readiness of each project so its purpose is primarily to provide a process for local partners to discuss the issues involved in ensuring that the necessary elements are in place before time and resource is put into the process of creating a delivery vehicle for a project. A simple template that could be used by partners for assessing the readiness of each project is shown in Diagram 2 below.

## Diagram 2: Project Readiness (RAG) Analysis

| Project | Key Element | RAG | Comment/ conclusion |
|---|---|---|---|
| E.g. Supercity | Is there a compelling enough vision? | | |
| | Is there sufficient political alignment?<br>• Local government alignment<br>• Central government support<br>• Private sector involvement | | |
| | Is there a potential financial model?<br>• Housing growth<br>• Growth deal<br>• Transport infrastructure<br>• Private sector investment | | |
| | Summary RAG status | | |

## Phase 3: Shaping a Delivery Vehicle to 'Best Fit' a Project

Once a valid project (identified in phase 1) has been appraised in Phase 2 and is felt by local partners (local authorities, other public sector bodies, the private sector and the third sector) to have a sufficiently compelling vision, a potential financial model and sufficient political alignment to be ready for the next phase, then the task of shaping or designing the delivery vehicle to 'best fit' a project can be undertaken.

*1 Levers for delivery vehicles*

The AECOM report on the Cambridge-Milton Keynes-Oxford Arc provides a thorough analysis of the key elements to be considered when designing an appropriate delivery vehicle and identifies a wide range of options within five broad categories of 'levers' that should be considered:

- Leadership and Governance
- Planning policy
- Planning consenting
- Infrastructure development
- Delivery and funding

The detailed list of over 50 levers in these five categories that are most relevant to the Gloucestershire context are listed in appendix 5.

*2 Characteristics of delivery vehicles*

In addition, drawing on the consultants' experience of designing and being members of a variety of delivery vehicles, some additional characteristics to consider to ensure they work well in practice are:

**Purpose and footprint**: A successful project delivery vehicle requires a clear and agreed focus of what it is aiming to achieve; and is not encumbered with other tasks and responsibilities that lie outside of, or peripheral to, its primary task. In particular, the geographical area covered by a delivery vehicle that has plan-making powers needs to be as limited as possible to the minimum area required to deliver the project.

For example, the footprint of a new development corporation might **exclude** existing land (towns and cities) that is not in need of redevelopment but **include** land between such places that does require development. Governance of the delivery vehicle would then include interested authorities and partners who have a wider geography than the limited footprint of the development area. This reduces to a minimum any perceived democratic deficit associated with transferring either development control or planning powers to delivery vehicles to a development corporation.

**Leadership**: For some projects the choice of the chair and membership of the board delivery vehicle will be critical to its success. The quality of the relationships that the chair has with the private sector and central government may be crucial to securing external investment and practical support.

**Sponsorship**: For some projects the existence of a single sponsor such as a single landowner – private or public sector – that has a long-term view of the future for a geographical area and a commitment to quality may be an essential requirement. If this is not the case then Compulsory Purchase Orders may be required by the delivery vehicle to secure the right platform for making things happen.

**Skills/expertise**: For some projects there will need to be staff who are specialists in particular aspects of the project and these may change over the course of the delivery vehicle's lifetime. For example, employing staff in the delivery vehicle who are highly experienced in engaging with local planning bodies may reduce the need for the delivery vehicle itself to have significant planning powers (assuming the local plans are broadly in line with the goals of the project).

*4 A single 'Delivery Vehicle Design Framework'*

Combining these categories of levers and characteristics together it is possible to create a single Delivery Vehicle Design Framework of seven key features to be addressed by local partners for designing a delivery vehicle for a large-scale transformational project.

**Table 2: Delivery vehicle design framework**

| Feature | Title |
|---|---|
| 1 | Purpose and footprint of the project |
| 2 | Financial model for funding the outputs of the project |
| 3 | Planning and land assembly powers required to deliver the project |
| 4 | Infrastructure development required by the project |
| 5 | Governance structure of the project |
| 6 | Leadership of the project |
| 7 | Skills and expertise required for delivering the project |

*4 Using the design framework to identify 'best fit' delivery vehicles for each project*

This Delivery Vehicle Design Framework might best be used by local partners for appraising projects in two distinct stages:

**Stage 1: High level analysis of a potential best fit delivery vehicle**

This is a relatively quick and broad-brush assessment of the key project requirements to establish which of the basic choices of delivery vehicles and wider underpinning support structures outlined earlier fit best.

This may be undertaken in the first instance by Leadership Gloucestershire and other local partners (e.g. Higher Education) and then used subsequently when undertaking soundings with potential private sector partners, government civil servants and third sector bodies about their appetite to support and become engaged with the project and its potential delivery vehicle. The feedback from these soundings may affirm the initial assessment or lead to a reconfiguration of the basic choices to make.

If none of the delivery vehicle operational identities outlined earlier appear appropriate to a project it may be helpful to consider options from the wider range of delivery models outlined earlier.

An illustration of the key questions to be considered by local partners in the high-level analysis when designing a new delivery vehicle and adapting the role and powers of existing bodies for each project are summarised in table 3 below:

**Table 3: Delivery Vehicle Design Questions**

| Feature | Key questions |
|---|---|
| **Purpose and Footprint** | ○ What is the delivery vehicle expected to achieve?<br>○ What will be its primary tasks?<br>○ What is the geographical footprint of the project as whole?<br>○ What is the geographical footprint where the bulk of the delivery activity will take place? |
| **Funding** | ○ How in broad terms is it envisaged that the major project outputs/services will be funded?<br>○ What housing and jobs growth is involved, and what income streams associated with this growth will fund new infrastructure and services to benefit local communities?<br>○ Will a growth deal of some kind with government be expected to generate part or all of the funding needed?<br>○ What scale of private sector investment will be required?<br>○ How will the delivery vehicle itself be funded? |
| **Planning** | ○ What will be the allocation of planning policy, plan making powers and planning consenting powers between the delivery vehicle have and existing planning authorities (see diagram 3 below)? |

| | |
|---|---|
| | ○ What new underpinning planning mechanisms, processes or structures are required outside of the project delivery vehicle for it to be successful if it does not have these powers itself? |
| **Infrastructure development** | ○ What infrastructure development role (e.g. developing roads and schools) will the project delivery vehicle have?<br>○ What funding sources/income streams will pay for any new infrastructure?<br>○ What resources, skills or expertise will the delivery vehicle require to carry out this infrastructure development activity? |
| **Governance** | ○ What should be the governance model to achieve these tasks?<br>○ What private sector bodies will be involved in the governance?<br>○ Are any existing organisations 'fit for purpose' to be the project delivery vehicle or could be amended to become so?<br>○ Is a new form of joint working and decision making between existing organisations required to underpin its work?<br>○ Will a new organisational form such as a development corporation or regeneration company be required for some or all of its geographical footprint? |
| **Leadership** | ○ Who should lead (chair) any new delivery vehicle?<br>○ Which people from the public and private sector should be members of the board of the delivery vehicle?<br>○ Which organisations will be the project and delivery vehicle primary sponsor? |

| | |
|---|---|
| **Skills/Expertise** | o What technical skills and expertise will the delivery vehicle require to be effective?<br>o How will the delivery vehicle be expected to work with or draw upon existing delivery mechanisms and expertise among local partners? |

**Planning powers (feature 3 above)**

The allocation of planning powers between the local authorities and the delivery vehicle is a central question to be considered in the first high-level stage of the design of the delivery vehicle. The AECOM report usefully distinguishes between planning policy levers and planning consenting levers but there are different combinations of the allocation of these powers between the local planning authorities and the delivery vehicles that may be chosen. The main options are described below and summarised as a process in Diagram 3: Planning Powers Options Analysis as a sequence of key choices.

**Option 1 County spatial plan + URC:** Where there is a strong countywide architecture such as a new statutory spatial plan that supports a new project, then a delivery vehicle such as a non-statutory urban regeneration company (**URC**) with a clearly identified geographical footprint could be created to make that project happen.

**Option 2 County spatial plan + UDC:** A variation on option 1 is to create a statutory delivery vehicle in the form of a development corporation (**UDC**) with development control powers but with a tightly drawn geographical footprint covering only the area of land where development will take place. This would empower the delivery vehicle to implement change more quickly.

**Option 3 Larger-than-local spatial plan + URC:** In the absence of a countywide spatial strategy, a 'larger-than-local' joint statutory spatial strategy for the geographical footprint of the project could be created (for example an updated Joint Core Strategy for the Super City project) to underpin a non-statutory delivery vehicle such as an urban regeneration company (**URC**).

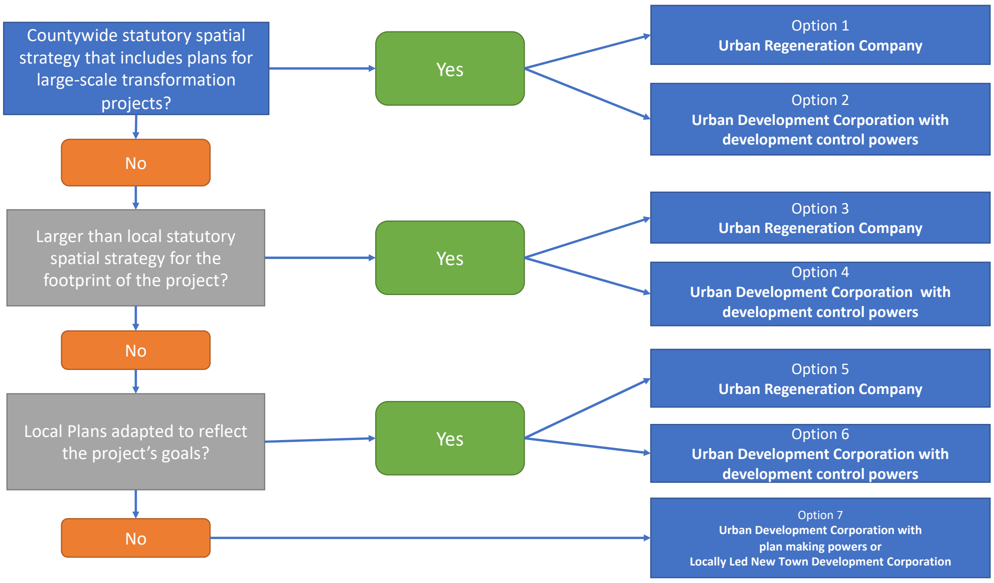
**Option 4: Larger-than-local spatial plan + UDC**: A variation on option 3 is to create the delivery vehicle as a development corporation with development control powers (UDC). The delivery vehicle might cover only a smaller tightly drawn geographical footprint of development within the joint statutory spatial strategy but be empowered to make decisions and make change happen more quickly within that area.

**Option 5**: **Local plan + URC**: Where local authorities retain their plan making powers but actively adapt their local plans to support the project then the option of creating an urban regeneration company (**URC**) is possible.

**Option 6: Local Plan + UDC**: A variation on option 5 is to create the delivery vehicle as an urban development corporation (**UDC)** with development control powers for the tightly drawn geographical footprint of the project to empower it to make change happen more quickly.

**Option 7**: **UDC or LLNTDC with plan making powers**: A final option where the relevant local authorities wish to do so, is for their plan-making powers for the tightly drawn geographical footprint of the project to be transferred to an urban development corporation (**UDC**) or a locally led new town development corporation (**LLNTDC**). The 'democratic deficit' is highest in this option but doing so would rapidly accelerate the pace at which change could happen within the footprint of the project.

## Diagram 3: Planning powers options analysis




## Stage 2: Detailed analysis and design

After the high-level analysis, a further, more substantive appraisal, of the requirements of the project will be required to explore the detailed options in each of the seven areas of the Delivery Vehicle Design Framework to establish specific proposals for the creation of the delivery vehicle. The 50 or so detailed levers across seven categories identified in the AECOM study provides a comprehensive checklist or menu of options for this stage 2 appraisal. It is consideration of these detailed options of which governance model, planning powers and funding levers that will both determine the fundamental choice of which delivery vehicle to adopt (e.g. a URC, a UDC or an LLDTC) and the detailed shaping of how it will make plans, raise funds and deliver the objectives of the project for which it is responsible.

This stage 2 analysis and design may be undertaken jointly by Leadership Gloucestershire with relevant private sector, higher education, third sector and government bodies to ensure that the best choice and detailed design also has the active support and engagement of all the key stakeholders.

If the stage 1 high-level appraisal leads to an obvious, agreed choice about the best fit delivery vehicle and supporting architecture for a project, it may be possible for the stage 2 detailed appraisal to be undertaken **by the delivery vehicle** itself. This would reduce any potential delay in proceeding at pace with development of the delivery vehicle for a project but this does carry some risk. It would involve creating the delivery vehicle on the basis of the stage 1 appraisal and require a minimum starting point of a clear mandate from Leadership Gloucestershire including broad agreement on the purpose, footprint, financial model, planning powers, infrastructure investment, governance, skills and start-up funding. The new body would then develop specific proposals for the detailed levers, powers and funding that it would require and that local partners would be reasonably expected to agree.

*5 Running costs of a delivery vehicle*

The costs of creating and running a delivery vehicle for a large-scale transformation project are additional to the costs of delivering the various services, infrastructure and outputs from its work. The amounts involved will vary but two examples are the non-statutory Urban Regeneration Company in Northamptonshire that cost around £1.5m per annum to run in 2008/9; and the statutory Urban Development Company at Ebbsfleet that has a revenue budget of £3.8m for 2018/19 and a capital budget of £40m.

It is likely these costs will need to be met from income streams unrelated to the work of the delivery vehicle itself as income from financial sources related to the housing and economic growth that is achieved may only come in later stages of the lifetime of the project. One potential source of these running costs is the new retained business rates in Gloucestershire, a proportion of which is designated for strategic economic development.

# 4 Suggested Next Steps

## Relevant delivery vehicles for the GV 2050 project

The report does not make recommendations about the appropriate delivery vehicles for each of the large-scale, place-based transformation projects that have so far been identified by Gloucestershire Vision 2050. It would be very difficult to do so given the preliminary status of the projects, and because the choice of delivery vehicle is directly related to wider decisions about the underpinning planning architecture, and the validity and readiness of each project to go forward. Instead the report provides a robust framework for partners to use to help appraise the options before them. However, it should be recognised that:

- the government is seeking to accelerate local growth and transformation projects and, to that end, issued new guidance in June 2018 and created new funding regimes to support a new delivery vehicle model called Locally Led New Town Development Corporations. This model, as well as Urban Development Corporations, might be of particular relevance to tightly drawn geographical footprints within two of the Gloucestershire Vision 2050 projects - the Supercity and the Bridge.

- delivery vehicle models such as Urban Development Corporations and Economic Development Companies could be most relevant to projects such as the Cyberpark but may need significant adaption for a rural context.

- some projects such as the Waterpark may not require a statutory body to deliver change but may require a new public-private partnership to go forward, and the model of an Urban Regeneration Company delivery vehicle may be of most relevance.

- a project such as the airport might be delivered by the private sector alone and depending upon changes to the local plans regarding transport infrastructure may not require a delivery vehicle model as defined in this report.

- the Mayoral Development Corporation delivery vehicle model does not apply to Gloucestershire.

## Key actions

There are a number of key decisions that Leadership Gloucestershire now need to take to move the process forward. We suggest that the next steps should be for Leadership Gloucestershire and relevant partners to take (given the priorities, capacity and the potential to use independent expertise and experience) are:

Step 1 **Architecture:** Agree the approach that local partners will take on strengthening the governance architecture within the county for supporting large-scale transformation projects in Gloucestershire

Step 2 **Project Validity**: Agree quickly which of the existing large-scale transformation projects pass the phase 1 validity assessment and can move to phase 2

Step 3 **Project Readiness**: Take the valid projects through the phase 2 RAG readiness assessment and identify those that can move to phase 3

Step 4 **Delivery Vehicle Design Stage 1:** Take the valid and ready projects through the design framework stage 1 high-level analysis and options for the allocation of planning powers to identify a potential 'best fit' delivery vehicle

Step 5 **Delivery Vehicle Design Stage 2:** Take the valid and ready projects through the design framework again in the stage 2 detailed analysis and design of the attributes required for the delivery vehicles to be successful.

To avoid unnecessary delays, Leadership Gloucestershire should undertake step 1 on establishing appropriate governance arrangements **in parallel with** considering the options for developing delivery vehicles for particular projects. Crucially, partners should ensure there are clear and direct links between the two processes to be mutually reinforcing.

# Appendices

## Appendix 1 The consultants

Demos is an independent charity that is cross-party and a champion of people, ideas and democracy. Localis is an independent cross-party, leading not-for-profit think tank that supports giving places and people more control over the effects of globalisation. The partnership between Demos and Localis reflects a shared commitment to supporting local efforts to transform local economies and communities.

The senior associate consultant who has produced the report is Phil Hope:

- Former Government Minister for local government, regional development, social finance and London planning
- Led the creation of Catalyst Corby, an Urban Regeneration Company; Corby won the Academy of Urbanism Award for The Great Town of 2018.
- Visiting professor at the Institute for Global Health Innovation at Imperial College, London specialising in reform and delivery of sustainable health and social care systems

The senior associate consultant who has provided expert advice and guidance on the report is Bob Lane OBE:

- Board member of the Ebbsfleet Development Corporation and a non-executive director of Dover Harbour Board
- Previously Chairman of the London Thames Gateway Development Corporation and board member of the Homes and Communities Agency (now Homes England)
- Former CEO of two area-based regeneration/development organisations, Speke Garston Development Company and Catalyst Corby/North Northants Development Company

## Appendix 2 The Interviewees

| Name | Organisation |
|---|---|
| Mark Hawthorne | Gloucestershire County Council |
| Dave Waters | Tewkesbury Borough Council |
| Robert Bird | Tewkesbury Borough Council |
| Christopher Hancock | Cotswold District Council |
| Steve Jordan | Cheltenham Borough Council |
| Paul James | Gloucester City Council |
| Doina Cornell | Stroud District Council |
| Patrick Molyneux | Forest of Dean District Council |
| Tim Gwilliam | Forest of Dean District Council |
| Ian Mean | Business West |
| Adam Starkey | GFirst Local Enterprise Partnership |
| David Owen | GFirst Local Enterprise Partnership |
| Stephen Marston | University of Gloucestershire |
| Matthew Andrews | University of Gloucestershire |
| Nick Francis | National Infrastructure Commission |

## Appendix 3: Delivery Vehicles

A Delivery Vehicle (DV) is the generic term to describe different types of operational identities that directly involve public and private sector bodies working jointly within a structure to deliver specific place-based development projects.

Delivery vehicles are executive partnerships that could be statutory or non-statutory in nature and which are created to implement policy set by other statutory bodies (rather than make policy themselves).

There are many different examples of delivery vehicles dependent upon the nature of the tasks to be achieved, the degree of control and powers required to make change happen and the financial model. The six basic types of delivery vehicles are:

### 1 New Town Development Corporations (NTDCs)

Originally established under the New Towns Act 1946 and now the New Towns Act 198, NTDCs are answerable through the Secretary of State to Parliament. They give a 'blue chip covenant' to the private sector such that explicit Cabinet-level commitment is taken to mean they will not be allowed to fail. Councils can launch NTDCs with Government approval to help meet housing needs and are responsible for planning and project development, bringing private investment on board and partnering with developers to oversee completion of new towns or garden communities.

#### Purpose

NTDCs are responsible for planning and project development and involve private investment as well as collaborating with developers in the development of new towns and garden communities. NDTCs are held accountable by councils in the area.

#### Statutory basis

The New Town Development Corporations, their functionality and mechanisms, have been legally enshrined in the New Towns Act 1981 (Local Authority Oversight) Regulations 2018.

#### Planning powers

The planning powers of an NTDC are conferred to it by the Secretary of State after carefully considering the local authority's new town proposal (of which establishing a NTDC is part). In general, it is expected that the NTDC will work closely with an oversight authority to produce a master plan for the area where the new town will be based including how and in what ways it will be developed.

## 2 Locally Led New Town Development Corporations (LLNDTCs)

The Government issued new guidance in June 2018 on the process for creating what are described as Locally Led New Town Development Corporations. These are aimed at encouraging local authorities to set up development corporations to deliver community-led new towns, with borrowing powers that could make the model more attractive than previous government new town initiatives. The guidance is not exhaustive and further guidance is expected that will be released at a later date.

LLNDTCs have the same purpose statutory basis and planning powers as NDTCs however the guidance includes new approaches to financial levers and board membership:

### Financial levers and funding

The Treasury will consider financial borrowing requests by LLNTDCs on a case by case basis within an overall programme cap of £4.6 billion. Importantly, borrowing levels for the LLNTDC will be agreed between HM Treasury and local authorities which will form the Oversight Authority, and they will have the ability to extend private borrowing without direct permission from the Treasury.

### Board Membership

The appointment of Board Members entails the oversight authority considering the appointment of people both from the local area as well as those with relevant skills and expertise. Given the complexity of delivering new towns, it is expected that Board Members will have a wide range of place making skills. This includes, but is not limited to, experience in 'leading major housing or infrastructure projects, development, construction, community development, finance and engineering expertise, art and cultural development, environmental science, human health and wellbeing and planning and design skills'. At the same time, it would be expected that the appointment of the chair, deputy chair and independent board members 'should be through an open, transparent and publicly advertised process'.

## 3 Urban Development Corporations (UDCs)

Established under Local Government, Planning and Land Act 1980. They have remit to secure regeneration of their designated areas – e.g. bringing land and buildings into effective use, encouraging the development of industry and commerce, creating an attractive environment, and ensuring housing and social facilities are available to encourage people to live and work in the area. UDCs can hold power to acquire, hold, manage, reclaim and dispose of land and other property.

### Purpose

An Urban Development Corporation is a body that is set up for the purpose of regenerating a specific area known as an urban development area (UDA). There are a number of ways in which a UDC carries out its work, one of which is bringing land and existing buildings into effective use. Additionally, it also encourages the development of new industry. Currently, there is only one UDC in operation, which is in Ebbsfleet, Kent.

### Statutory basis

Urban Development Corporations were enshrined in law through the Local Government, Planning and Land Act 1980 where it states in clause 135(1): 'For the purpose of regenerating an urban development area, the Secretary of State shall by order made by statutory instrument establish a corporation (an Urban Development Corporation) for the area'.

### Planning powers

An example of an UDC and the powers it had is the West Northamptonshire Development Corporation. Although it was closed in 2014, its last annual report is illustrative of the powers a UDC can typically expect to have. WNDC benefitted from a wide range of specialist powers including: development – the ability to acquire, manage and sell land, and to provide business support; investment – the targeted investment of over £120 million in Northampton, Daventry and Towcester; and planning – it was established with the power to determine major strategic planning applications in its area.

### Financial levers and funding

In the case of the Teeside Development Corporation, it received total government grants of £354 million as well as receiving income in other areas amounting to £116 million through the sale of land and property. Furthermore, throughout its lifetime, the Corporation managed to attract investment of £1.1 billion in the area. Therefore, financing and funding of UDCs can be said to come from a mixture of both private and public sector grants and sales with the money subsequently being used to invest in the regeneration of the local area.

### Board Membership

The Secretary of State is responsible for appointing the board and has the power to let the UDC be the local planning authority for certain purposes. However, the UDC is required to cooperate with local authorities regarding the way in which it utilises its power. In the case of the WNDC, as with UDCs in general, all nine of the board members were selected on their merit for what insight they could contribute to the betterment of the corporation.

## 4 Urban Regeneration Companies (URCs)

URCs were originally proposed in 1999 by Lord Rogers Urban Task Force. Gloucester Heritage Urban Regeneration Company was the delivery vehicle for the transformation of Gloucester docks between 2006-2012. They were independent companies established by local authorities and the then Regional Development Agencies that worked alongside English Partnerships and other stakeholders such as employers and community representatives. 20 URCs were developed as non-statutory bodies that did not have planning and compulsory purchase powers. Instead the focus was on building consensus between public and private sector partners to create a regeneration strategy, stimulate new investment and lead the delivery of change on the ground.

### Purpose

URCs were private companies set up by relevant a Local Authority and the then Regional Partnership Agency alongside English Partnerships and various other stakeholders with the main goal of engaging the various stakeholders in sustainable regeneration. The purpose of URCs was to bring together the private and public sector in an effort to enact real change and have a focused integrated regeneration strategy for key areas. They are experts in their local areas and community representatives with differing interests all play an important role in the implement. The role of English Partnerships was to offer practical assistance, as well as being a funding partner and board member. Importantly, URCs come in to provide this focused regeneration strategy when a combination of existing agencies could not provide one themselves.

**Statutory basis**

URCs are non-statutory bodies that take the shape of formalised partnerships, allowing for targeted funding and close engagement with the private sector, but they don't take a separate extra direct development role or have planning or compulsory purchase powers. Thus, owing to their status, they must cooperate and collaborate with existing statutory regeneration agencies (including Local Authorities).

**Planning powers**

In terms of their primary function, and the power they have to carry this out, URCs act to deliver physical projects through cooperation and coordination of and with the partners, using and maximising the powers and insights of existing statutory bodies. Moreover, they act on behalf of and supporting these bodies in project appraisal, project management, and commercial negotiations amongst other things. In this light, URCs while not having their own statutory powers such as compulsory purchase powers, can facilitate a space where actors from the private and public sector can come together to enact regeneration.

**Financial levers and funding**

URCs are set up by, and with the agreement of, local partners and not imposed by central government. The implications of this for funding means that the URC does not receive additional funding beyond that committed by the contributing parties who originally agreed to set it up. Contributing parties channel money into the URC, but it is separate from them all. Since 2003, businesses, acting as contributing parties, that make contributions towards the running cost of URCs will be able to treat these as deductible expenses.

### Board Membership

URCs have a Board as well as an executive team. The board of members usually consist of Local Authority, Local Enterprise Partnership, English Partnerships in addition to members from the private sector. The URC Board is usually chaired by a representative of the private sector. Additionally, an essential requirement of a URC is that the Board needs to have no public sector majority and no local authority influence or control. Local community representatives who sit on the Board will be seen as coming from the public sector, while those coming from the private sector should be drawn from prominent local, regional or national bodies.

## 5 Economic Development Companies (EDCs) formerly City Development Companies (CDCs).

Launched as part of the Local Government White Paper 'Strong and Prosperous Communities', 2006. Designed to refresh concept of special purpose vehicles. Independent companies in charge of delivering economic change in cities and marshalling public and private sector resources adapting them to the needs of specific places. Have many characteristics of URCs and UDCs, and do not hold extensive planning powers. City Development Companies were rebranded as Economic Development Companies in 2007.

### Purpose

EDCs/CDCs are city-wide economic development companies formed to drive economic growth and regeneration through new and innovative manners. They are independent companies that could be limited by guarantee. While they are built on many of the characteristics of UDCs, they are tasked with a wider agenda including greater geographic coverage, a broader range of functions, increased profile and leverage over greater budgets. Importantly, the structure and activities of EDCs/CDCs depend on the individual needs of the place it is operating in as well as the priorities of the partners. Therefore, the functionality and purpose of each EDC/CDC is based on a case by case basis.

### Statutory basis

The government have decided against vesting EDC/CDCs with a statutory basis, and therefore they operate in the same manner as URCs. The government proposed certain ideas regarding what a EDC/CDC can look like and followed this up with a series of consultations to establish concrete ideas.

### Planning powers

Just like URCs, EDC/CDCs do not hold statutory powers relating to compulsory purchase or planning. Sharing many of the characteristics of URCs they work with bodies with statutory powers, along with elements of the private sector, to identify and think of new ways to deliver economic change to cities making sure to adapt it to the needs of specific places.

### Financial levers and funding

EDC/CDCs will tend to be resource intensive and requiring considerable investment in running the company. The funding and running cost are seen to be met by member organisations. Additionally, if a EDC/CDC takes on a multi-local authority approach then the weight of funding can be spread amongst a greater number of partners. An example of how a EDC/CDC is funded can be found with Creative Sheffield. Here, the EDC/CDC was funded by Yorkshire Forward, Sheffield City Council, English Partnerships and ERDF Objective 1.

### Board Membership

The structure of the Board of EDC/CDCs is based along the same line as URCs. Usually company members will appoint the board, which should be chaired by a representative from the private sector and private representation should comprise half or more of the total board.

## 6 Mayoral Development Corporations (MDCs):

Established under the Localism Act, 2011 MDCs are created by the Secretary of State only at the request of the mayor and they are funded by HM Treasury. In London it allows the Mayor to establish MDCs to drive regeneration with powers related to infrastructure, regeneration, development, acquisition of land, creation of businesses and financial assistance.

**Purpose**

Mayoral Development Corporations are set up for the purpose of regeneration of a specific area under which a Mayor in England has jurisdiction. So far London has two of these corporations, the London Legacy Development Corporation and the Old Oak and Park Royal Development Corporation, while the Tees Valley have one. The Localism Act states that 'the object of an MDC is to secure the regeneration of its area' adding 'an MDC may do anything it considers appropriate for the purposes of its object or for purposes incidental to those purposes'.

**Statutory basis**

The power of the Mayor to request and create MDCs through the Secretary of State has been enshrined in the Localism Act, 2011. Moreover, the actual establishment of specific MDCs, for example, the Old Oak and Park Royal Development Corporation (OPDC) happened through a statutory instrument that was passed through Parliament.

## Planning powers

The website of the OPDC describes how it was granted many of its planning powers through a further statutory instrument passed through Parliament as well as from the 2016 Housing and Planning Act. Moreover, the OPDC is also a local planning authority, and therefore they are responsible for creating and maintaining a Local Plan, which serve as the basis for making decisions on applications in the area. Additionally, they are responsible for giving guidance to developers.

## Financial levers and funding

The main source of funding for the MDCs comes from HM Treasury. Here the budget is agreed upon and allocated.

**Board Membership**

In the case of OPDC, the board is responsible for the overall governing of the corporation. Specific responsibilities include providing leadership, support and advice, setting the direction and policy, monitoring the standards, and representing the corporation with other stakeholders. Additionally, the Board comprises individuals from different sectors and backgrounds including business, transport, local government, regeneration, finance, marketing and education.

## Appendix 4 The Validity Framework scores

| Transformer | Total Score/100 | Comments |
|---|---|---|
| **Supercity** | 64 | • Envisages the planned growth of Cheltenham and Gloucester as a coherent 'top- 20' UK conurbation<br>• A genuine, credible, strong transformer with a number of specific investment anchors (including Cyberpark) already identified<br>• Beyond the obvious complexity, planning and property frameworks, further issues to be addressed include inclusivity (e.g. benefits for existing residents), city 'culture' (in its broadest senses), connectivity and relationships both within county and to UK/global metros |
| **Cyberpark** | 68.5 | • Already ongoing, and builds on existing County USPs. Anchored by a 'district' of the Supercity which scales up GCHQ impact and related opportunities.<br>• Key issues include ensuring this does not become a self-contained, exclusive enclave; attracting and retaining talent at the scale required to be internationally significant; and spreading positive impact and multipliers across the county |
| **Regional Parks** | 41.0 | • Seeks to increase the roles, functions, profile and reputation of Severn Vale and Forest of Dean as key components of the Gloucestershire offer<br>• Important component of ensuring that these areas do participate in and benefit from overall G2050 approach. Probably |

| | | |
|---|---|---|
| | | requires bridge (see below) to be credible, but current lack of detail and specificity.<br>• Need to address risks of commuterism and/or focus on predominantly lower value business and jobs in these areas |
| **Lydney-Sharpness Bridge** | 36 | • A bridge to better connect Forest of Dean to rest of county, and to create synergies for Regional Parks, Supercity etc.<br>• The bridge is an enabler and can only be a transformer with major investments as in Regional Parks |
| **Cotswold Airport** | 13.5 | • The development of a major regional airport for Gloucestershire.<br>• Scores poorly because of the low degree of specificity in the current profile, with no credible evidence of demand, and no consideration of alternative options (e.g. improving connectivity to existing airports) |
| **A Cotswold Water Park** | 36.5 | • An existing brand/offer with considerable strengths - seeks to remodel and develop as an international venue for visits, conferences, events etc.<br>• Need to separate International Conference Venue ambition (highly speculative) from wider Water Park development (which has considerable potential)<br>• Challenging to deliver major physical remodelling - particularly to stimulate demand of national and international scale and quality |

## Appendix 5 The AECOM report levers for delivery vehicles

| Lever category | Levers relevant to the Gloucestershire context |
|---|---|
| **Leadership and governance** | ○ 'Larger than Local' joint body<br>○ Development corporation<br>○ Unitary government<br>○ Duty to co-operate<br>○ Statement of Common Ground<br>○ Public sector co-ordination<br>○ Regeneration company<br>○ Joint venture |
| **Planning policy** | ○ Countywide strategic spatial plan (non-statutory)<br>○ Joint Local Plans and Local Plan Review<br>○ 'Larger-than Local' spatial frameworks<br>○ Integrated evidence base<br>○ Planning freedoms<br>○ Site allocations process<br>○ Central government intervention<br>○ Land ownership transparency<br>○ One Public Estate Initiative<br>○ Transport Oriented Development<br>○ Green Belt review<br>○ Garden Villages Programme<br>○ Area Design Codes<br>○ Social Contracts (inc green infrastructure) |

| | |
|---|---|
| **Planning consenting** | o Planning Performance Agreements<br>o Permissions in principle<br>o Local development orders<br>o Housing mix and delivery requirements<br>o Commitment to delivery rates for multiple housing tenures, types and sizes |
| **Infrastructure development** | o Small scale transport infrastructure interventions<br>o Nationally Significant Infrastructure Projects (NSIPs) process<br>o Strategic Infrastructure delivery Plans (including strategic utility planning)<br>o Advance funding for early connection to utilities<br>o Innovative revenue generating models to fund public transport schemes<br>o Multi Utility Service Companies (MUSCos)<br>o Maximise use of existing infrastructure capacity<br>o Use of innovative technology to support growth and transport infrastructure<br>o Co-location and integration of social infrastructure services<br>o Direct and transparent links between financial contributions and infrastructure development to facilitate growth |
| **Delivery and funding** | o Government funding to support work on specific growth projects<br>o Community Infrastructure Levy<br>o Section 106 agreements<br>o Tariff-style alternatives to CIL and S106 |

| | |
|---|---|
| | ○ Institutional investment in housing development including Private Rented Sector development<br>○ Phasing of affordable housing delivery<br>○ Public sector house building<br>○ Compulsory Purchase Orders<br>○ Devolution deals for housing growth<br>○ Project specific planning fees<br>○ Land value capture to secure delivery of new infrastructure that benefits local communities<br>○ Business Rates Retention Scheme to fund infrastructure costs<br>○ Municipal Bonds<br>○ Tax Increment Financing and borrowing<br>○ Accelerated Construction Programme and Housing England support<br>○ Higher level of New Homes Bonus<br>○ Incentives to SME construction firms |

## Appendix 6: References with hyperlinks


1. Alternative Service Delivery Models
2. New Towns Act 1946
3. Locally Led New Town Development Corporation guidance
4. Local Government, Planning and Land Act 1980.
5. Urban Regeneration Companies (URCs)
6. Gloucester Heritage Urban Regeneration Company
7. Local Government White Paper 'Strong and Prosperous Communities', 2006
8. Economic Development Companies
9. Localism Act, 2011
10. Mayoral Development Corporations
11. Local government structures in England
12. Local Plans
13. Joint Core Strategy
14. Leadership Gloucestershire
15. Gloucestershire Local Enterprise Partnership
16. Local Enterprise Partnerships
17. Combined Authorities
18. Building Our Industrial Strategy'
19. Cambridge-Milton Keynes-Oxford Arc
20. 'Partnering for Prosperity'
21. Thames Estuary
22. West Northamptonshire Development Corporation
23. Ebbsfleet UDC
24. LLNTDC funding cap
25. LLNTDC oversight authority

26. LLNTDC borrowing permission rules
27. CDC Structures and activities
28. Teeside Development Corporation
29. Creative Sheffield
30. Old Oak and Park Royal Development Corporation (OPDC)

## Appendix 7: List of diagrams and tables