

Report to:	<b>Cabinet</b>	
Date:	<b>13 November 2019</b>	
Title:	<b>Langarth Garden Village – Release of funding to support land acquisition and community infrastructure (part 1)</b>	
Portfolio Area:	<b>Culture, Economy and Planning</b>	
Divisions Affected:	<b>All</b>	
Local Member(s) briefed:	<b>Y</b>	
Relevant Scrutiny Committee: <b>Economic Growth &amp; Development</b>		
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Approval and clearance obtained:		<b>Y</b>
<b>For Cabinet and delegated executive decisions only</b>		
Key decision? (≥£500k in value or significant effect on communities in two or more electoral divisions)		<b>Y</b>
Published in advance on Cabinet Work Programme?		<b>Y</b>
Urgency Procedure(s) used if 'N' to Work Programme?		<b>N</b>
Date next steps can be taken		<b>23 November 2019</b>

**Recommendations:**

1. That the Strategic Director for Economic Growth and Development be given delegated authority to complete the acquisition of the land identified in the exempt report and to give effect to the Northern Access Road and other infrastructure as set out in the exempt report, in consultation with the Portfolio Holder for Homes, the Portfolio Holder for Culture, Economy and Planning, the Monitoring Officer and Section 151 Officer.
2. That expenditure of up to £888,000 from the approved capital programme be delegated to the Strategic Director for Economic Growth and

Development in consultation with the Portfolio Holder for Culture, Economy and Planning, the Monitoring Officer and the Section 151 Officer to progress investment in facilities (including a new hall) at Threemilestone Primary School, by way of a conditional grant released in phases subject to the completion of a grant agreement to ensure satisfactory progress of design stages.

3. That the Strategic Director for Economic Growth and Development, in consultation with the Portfolio Holder for Culture, Economy and Planning and with the Divisional Members in accordance with the Member/Officer Protocol be given delegated authority to progress other projects in adjoining communities as evidenced by the master planning consultation to RIBA Stage 3 from the Economic Development Match Fund Reserve (programme revenue budget), within the financial parameters set out in the report, including but not exclusively:
  - Improvement to the Community Hall in Threemilestone
  - Improvements to Threemilestone Village Centre, including any pedestrian and cycle links to Langarth Garden Village
  - Improve access and infrastructure links at Threemilestone Industrial Estate as part of the employment offer for Langarth Garden Village
  - Playing pitches and associated facilities in Threemilestone.
4. That subject to the funding being otherwise secured by the All Saints Church, Highertown, up to £612,000 from the approved capital programme be provided as match funding as a conditional grant, and that authority to commit to the provision of that funding and the determination of the terms of the funding agreement, and appropriate contractual commitments to ensure ongoing community use, be delegated to the Strategic Director for Economic Growth and Development in consultation with the Portfolio Holder for Culture, Economy and Planning, the Monitoring Officer and the Section 151 Officer.
5. That authority be delegated to the Strategic Director for Economic Growth and Development in consultation with the Portfolio Holder for Culture, Economy and Planning, the Monitoring Officer and Section 151 Officer to take such steps as are necessary to address any issues arising from the transactions to secure the acquisition of the land and interests, including for the delivery of the Northern Access Road, to which the preceding recommendations relate, including the exercise of powers of compulsory purchase.

## 1 Executive Summary

- 1.1. This report seeks authority for some specific actions within an approved programme of interventions to enable delivery of an urban extension to the West of Truro. This programme was established by resolutions of the Cabinet in December 2018, and preceding reports as set out in section 4. Council agreed the funding required in January 2019 subject to further Cabinet decisions.
- 1.2. For clarity it is noted that the term “Threemilestone developments” has been colloquially used for developments in this area but in consultation with the stakeholder panel the title of the development has been adjusted to “Langarth Garden Village” for the whole site, not just the components that are historically part of farms called Langarth in various forms. This provides a clarity of identity, ease of reference and acknowledges the independent identity of the existing community of Threemilestone.
- 1.3. The actions this report relates to are the early investment in community infrastructure (which is dealt with primarily in this report) and the acquisition of land (which for commercial reasons is primarily dealt with in the related exempt report).
- 1.4. Officers of the Council were set the task, as a result of the January 2019 Council resolutions, to use the funding allocated to progress a masterplan for the development area, and secure interests in land to give the Council a controlling stake in the developments.
- 1.5. The clear focus has been to progress the masterplan but minimise spend until land had been secured. This report sets out the background, and the associated exempt report sets out the commercial details that deliver the first land acquisitions. This is within the existing capital allocations agreed by Cabinet and Council in December 2018 and January 2019.
- 1.6. In addition, it has been clear from the master plan work, that there are number of community projects that are required now in Threemilestone and Highertown in advance of work commencing. A commitment was given in the earlier reports that the Council would ensure early investment in infrastructure, including in existing communities. Funding was identified for these sorts of projects in the capital allocation and it is appropriate to use some of this at an early stage. These projects are identified in this report.

## 2 Purpose of Report and key information

- 2.1 The December 2018 paper and January Council resolution were founded on a specific land acquisition strategy.
- 2.2 Work has progressed, and the priority has been the acquisition at the West end of the development area. The professional team have reached agreement in principle with Inox for an acquisition which addresses key issues of risk, value, and delivery of infrastructure. This is affordable within the current capital envelope. Further detail of this is included in the related exempt report as it is commercially sensitive.
- 2.3 The land acquisition from Inox also allows the land to be transferred to Cornwall Council, subject to contract, with limited encumbrance for the purpose of delivery the stadium for Cornwall.
- 2.4 In addition, work has progressed through the masterplanning and stakeholder engagement work which has identified an initial pair of projects in the existing communities of Threemilestone and Highertown. A key concept of the Council resolution in January 2019 was to protect these existing communities and releasing identified funding at this stage directly supports that mandate.
- 2.5 It is noted that “adjoining communities” were not defined particularly in earlier reports, and in this report and future reports it is accepted the impacts of the development will be felt across a wide area. There are clearly adjoining neighbouring communities of Threemilestone, but also Gloweth and Highertown all of whom use facilities in the A390 corridor. However, the development will impact on the quiet lanes and communities through to Shortlanesend and Kenwyn, and equally in to the Bissoe valley in the other direction. Services such as primary care also cover overlapping areas, encompassing Chacewater and Truro city practices. Different services cover differing geographies and therefore it is not appropriate to precisely delineate “adjoining communities” because there are a range of communities at differing distances who will be impacted in varying ways.
- 2.6 £5.815m was allocated in the original capital envelope for community (£2.298m) and green (£3.517m) infrastructure. It is proposed to use £1.5m of this to progress identified projects early, acknowledging that there is still a significant lead in time to develop such projects (this is accounted for in the business case appended to the related part 2 report). The Council will rely on its powers contained within Section 1 of the Localism Act 2011 to fund these projects. There is a need to demonstrate that the benefit is commensurate to the level of expenditure. The justification for this funding is addressed below.
- 2.7 These projects are important to bring forward now, to meet the commitments made in previous reports to invest in community infrastructure. They are

bought forward now as part of the funding package for the acquisition of land, and repayment will be through the income from that land alongside the land acquisition costs as demonstrated in the business case appended to the exempt report. Therefore they fall in the same category of risk as the land acquisition if future monies raised from plot sales are less than forecast.

## 2.8 The projects are:

- match funding for a community hall at All Saints Church Highertown (whose parish encompasses the entire A390 corridor); this match funding is proposed as £612,000 towards a total project cost of circa £1.9m, which match funds church, diocesan, European and private donated money. In addition is a further community support project over 6 years of £827,000 which is funded using monies from the church commissioners. The Council match funding would have to be by way of a conditional grant to be agreed, and linked to specific non-faith community outputs. The project will enhance facilities for the whole community. There are 28 currently listed diverse groups who use the existing facilities examples including Cornwall Fairtrade Hub, Truro Foodbank, Kernow Credit Union, Cornwall Refugee Resettlement Network, Truro Memory Café, Singing for the Brain, Parenting and Wellbeing Course, Toddle Parent and Toddler Group, Resident's Association, Guides, All Saints Friends Group, NCT Classes, Christians Against Poverty. The Langarth development area is in the heart of the ecclesiastical parish of Highertown Church, and as such the improved church facilities planned are directly related to preparing for the impact of the development. Delivery mechanisms are noted at section 8.4 below.
- Investment of up to £888,000 in facilities at Threemilestone school including a new hall. This would also have to be way of a conditional grant to the Academy, linked to specific outputs. The funding is outside of normal school grant provision and recognises the specific need to ensure resilience of the school ahead of a new school in the development area anticipated in 2023. In considering this investment the Council recognises that the new development creates two competing issues. The first is to ensure early provision of a school in the new development so that the current Threemilestone school does not come under further pressure. However, equally, in creating a new school in the development it is important that the current Threemilestone school does not get left behind in terms of comparable resources. The funding allocated allows for proper project development, and resourcing to ensure that the facilities provide the widest range of uses for the school itself but also to the community

outside of school hours, and ensuring that does not create competition with other facilities. The funding will not be sufficient to deliver the full scheme, but it is a significant component which can be used as leverage for other funding as the project progresses. The amount of the funding available is derived from what is affordable within the business case set out in the part 2 report. Delivery mechanisms are noted at section 8.4 below.

- 2.9 The identified projects also acknowledge that the A390 corridor has borne significant growth already in the Local plan period without any commensurate investment in community facilities. That growth includes Copperfields and the old Richard Lander School site, Gloweth, Lowen Bre and numerous smaller schemes. Langarth is by the far the largest area, but is in addition to all that which has already happened. Funding will not displace any existing s106 obligations which have already been paid.
- 2.10 It is acknowledged that further engagement work is ongoing and other schemes will emerge, however it is reasonable and proportionate to facilitate these existing projects around which there is evidenced consensus and support, meeting specific and identified community needs, without prejudice to other schemes which emerge, and without using all the available funding (of the allocated £5.815m). The investment in the school and church projects will directly provide space to support vulnerable families in Threemilestone and adjoining areas including those experiencing food poverty, addiction, mental health, domestic abuse, and financial vulnerability, as well as providing space for other community groups. Evidence suggests that local facilities are regularly fully booked and that there is limited availability of space and so additional capacity is useful and relevant. Investment now also improves the resilience of existing communities to ensure that their resources are prepared for any pressure and demand from the new development. Investment now also ensures that the community facilities of the existing communities do not become of a lesser standard or of lesser importance than those in the new development.
- 2.11 There are number of other projects that that have been identified at this early stage as being in need support to develop and shape their business cases to increase their ability to access funding from the Council or other funding bodies in the future. The Council recognises that it needs to proactively help create this capacity for project development and therefore recommendation 3 seeks to allocate revenue funding to develop schemes to RIBA Stage 3 (this term relates to the Royal Institute of British Architects project stages described in their “Plan of work” which are routinely used to describe the life cycle of a project from inception (“strategic definition”) at stage 0 to completion (“hand over and close out”) at stage 6, and “in use” at stage 7. Stage 3 is defined as “developed design” which is a practical and pragmatic

stage at which a project has enough form and shape to have confidence it is clearly defined and deliverable but is before the project has committed to the expense of full detailed design). At this stage, these projects are recorded as, including, but not exclusively being, as follows:

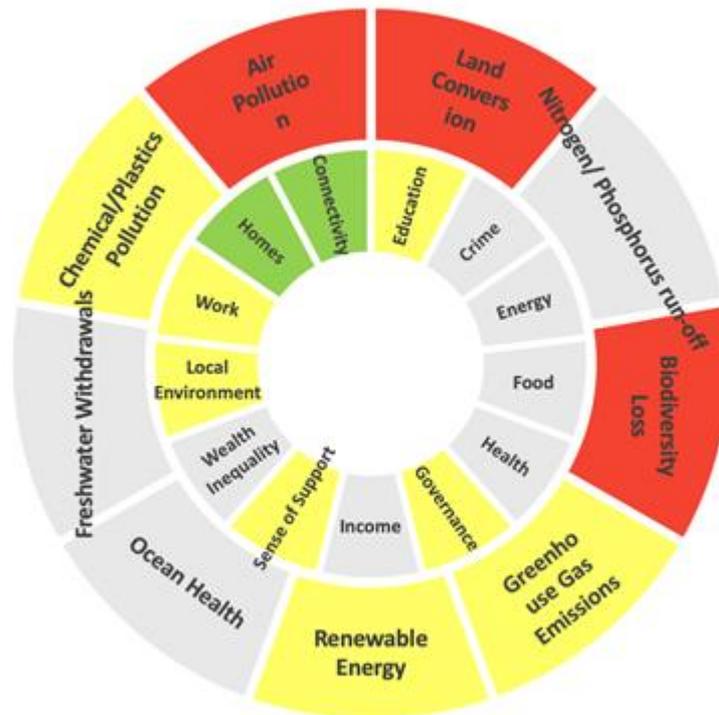
- Improvement to the Community Hall in Threemilestone
- Improvements to Threemilestone Village Centre, including any pedestrian and cycle links to Langarth Garden Village
- Improve access and infrastructure links at Threemilestone Industrial Estate as part of the employment offer for Langarth Garden Village
- Playing pitches and associated facilities in Threemilestone.

2.12 This work will be funded from within the existing provision of £856,000 in the current revenue budget allocated to the programme to support community and green infrastructure project development.

2.13 It is important to note that committing funds at this stage is to help project development. Further funding from the Council or other funders would be required to take these projects forward beyond RIBA stage 3. However, without initial funding as described it is really hard for such schemes to gain enough shape to progress and be considered. It is acknowledged that through this work some schemes may simply prove unviable or unworkable. Each will require local leadership to take forward. The funding will be only used to instruct consultants via direct commission from Cornwall Council. RIBA stage 3 is likely to be achieved over 12 – 18 months.

2.14 The interventions described in this report and the related part 2 report have been assessed against the Climate Change and Sustainability decision wheel as set out below.

2.15 If the Council did not intervene, and the current consents (or similar) were implemented, the impact is summarised as follows in figure 1 below:



*Figure 1 – Climate change decision wheel applied to current planning consents*

- 2.16 For those reading in black and white, the most significant detrimental impacts scoring red are Air Pollution, Land Conversion and Biodiversity Less. Those shown amber are Greenhouse Gas Emissions, Renewable Energy, Governance, Sense of Support, Local Environment, Work, Education and Chemical/Plastics pollution. The balance of factors were scored as neutral. Nitrogen and Phosphorous run-off is scored as neutral because of the industry standard mitigation through the foul drainage proposals prepared by the developers with South West Water.
- 2.17 The assessment was re-run on the basis of the proposed interventions, using the emerging masterplan in its form at the time of writing this report, plus taking in to account recommendations for investment in community infrastructure as set out in this report, and the impact is summarised in figure 2 below:



*Figure 2 – Climate change decision wheel applied to the master plan (stage 1B) and proposed Council interventions*

Again, for those reading in black and white, there are now no factors recorded as red. All the factors on the inner circle are recorded as green as a result of the interventions proposed and evidenced in the emerging masterplan or as the result of the community investment proposed in this paper. Other factors to highlight are air pollution (green – because of the sustainable location and creation of walkable and cycleable neighbourhoods); renewable energy (green - because of the opportunity to invest in renewable energy as part of the development); Biodiversity loss and Land conversion (moved from red to amber because notwithstanding the ability of the masterplan to achieve a net biodiversity increase, it acknowledges that land conversion on this scale to housing cannot be without significant impact). We accept that issue could be taken with the neutral scoring applied to nitrogen and phosphorous run off, but given that the Council is inheriting the same industry standard solution via the current developers at this stage it has not been re-scored.

### **3 Benefits for Customers/Residents**

3.1 The benefits for customers and residents of the proposed investment programme were set out in the report approved by Cabinet in May and Dec 2018. In summary, they are:

- By taking an active coordinating role in the developments the Council will be able to set higher standards for place making and design in the area, leading to a sustainable community, a more attractive place to live and

providing good quality homes serving Truro, addressing the overall imbalance of jobs and homes and underwriting the Council's policy target of 35% affordable homes.

- By providing infrastructure that developers would otherwise have to fund at the outset of development, Council investment will help to unlock private sector development of the area, thereby supporting the achievement of the Council's housing delivery targets.
- Better cycle, bus and walking connections will provide a realistic and practical alternative to car use for accessing the city centre and other services with an intent to make a significant change in modal shift from use of the car to other more sustainable forms of transport as part of the overall objectives
- By retaining some properties within its own housing stock the Council will receive a long-term financial return from home rentals and sales, supporting the Council's overall finances. This will be a future decision and depends on the viability to the Council's own housing programme at the time but would enable us to set a very high environmental standard.
- The residents of the existing Threemilestone Village and other adjoining communities along the A390 will benefit from investment in improved facilities as described elsewhere in the report.
- The investment in wider community infrastructure is clearly articulated in section 2 above.

#### **4 Relevant Previous Decisions**

- 4.1 On 15 November 2017, Cabinet approved an increase of £70million to the Council's capital programme to continue with the development of a number of schemes so that momentum could continue in respect of acquisitions, feasibility, specialist investment and development advice, as well as promotion to planning permission stage.

(See: <https://democracy.cornwall.gov.uk/ieDecisionDetails.aspx?AllId=67278>)

- 4.2 The schemes within the scope of the Threemilestone Programme included Langarth Farm and West Langarth; discussions to buy land parcels to provide homes within the Housing Development Programme and provide a possible extra care scheme; and the Truro Northern Access Road.
- 4.3 On 2 May 2018, Cabinet agreed in principle to the Council taking a significant strategic leadership and delivery role in developments at Threemilestone north of the A390 by way of a programme of specific and selective interventions, and that this programme of interventions would be included in

the proposed 2018/19 Investment Programme to be submitted to Cabinet and Council later that year.

(See: <https://democracy.cornwall.gov.uk/ieDecisionDetails.aspx?AllId=71166>)

- 4.4 On 20 June 2018, Cabinet agreed to the acquisition of 154 plots of land plus further land for public infrastructure at Langarth Farm. This decision was ratified by Full Council on 10 July 2018.

(See: <https://democracy.cornwall.gov.uk/ieDecisionDetails.aspx?AllId=72581> and <https://democracy.cornwall.gov.uk/mgAi.aspx?ID=73535>)

- 4.5 On 18 December 2018, Cabinet recommended to council that the capital programme be increased by £159.047m in respect of this programme of interventions and the use of £7.627m from the Economic Development Match Fund, which was subsequently ratified by Council on 22 January 2019.

## 5 Consultation and Engagement

- 5.1 A comprehensive engagement strategy has commenced and is growing in its reach both internally within the Council and externally with the public, parish Councils, partners, developers and potential supply chain. This is evidenced on the relevant web pages found via the latest public update at <https://www.cornwall.gov.uk/council-and-democracy/council-news-room/media-releases/news-from-2019/news-from-october-2019/community-invited-to-shape-langarth-garden-village-plans/>
- 5.2 The combination of this regeneration and engagement work will form a significant thread of evidence for use in the development of business cases in the future to draw down funding from the capital allocations as well as evidence for planning approvals and deliberations over community infrastructure.
- 5.3 The stakeholder panel established as a result of the January 2019 Council resolution has been meeting and has been important in selecting and working with the masterplanning team. A series of other discussions have been ongoing through September and October with various groups and these conversations will continue.
- 5.4 The work is an integral part of the Truro and Kenwyn Neighbourhood Plan review group, and there are representatives who sit on both the stakeholder and Neighbourhood Plan groups to ensure consistency and challenge.

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

- 6.1 The commercial and financial implications of the land acquisitions are set out in the related part 2 report but are within the parameters agreed by full Council.
- 6.2 The investment in the initial specific community infrastructure projects totals £1.5m and is within the allocated capital budget identified for community infrastructure in the original funding package presented in December 2018. Finance costs can be met by the Economic Growth and Development Directorate, provided the related land acquisition business case is approved.
- 6.3 The decision at Cabinet in December 2018 effectively set out that the full £159m approval would be met from prudential borrowing and HIF grant (for the NAR) and be subject to future business cases that would set out how the debt repayments required would be financed. This report now sets out that the premise of this land acquisition and associated infrastructure costs would be met from the Council's internally held cash deposits, which would then be replenished over time with the onward sale of land to developers i.e. future capital receipts, as set out in detail in the part 2 confidential report and business case.
- 6.4 Stamp duty and legal fees for all acquisitions and capital grants will be an addition cost to the programme.
- 6.5 Changes in the commercial market will need to be managed to ensure the programme delivers objectives within budget.

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

- 7.1 The Council has power to acquire land by agreement pursuant to Section 120 of the Local Government Act 1972 but has a legal duty to ensure the acquisition and terms are financially prudent and achieve best value.
- 7.2 The Council has obtained, and will continue to obtain, appropriate professional advice on the proposals and is currently satisfied that they present value for money, help mitigate risks and liabilities as far as reasonably practicable and meet any procurement law and State Aid requirements.
- 7.3 The legal agreements which implement the proposals are in the process of negotiation. These currently include three sale contracts, six transfers, development agreements and easements. There are various issues in negotiation, the legal implications and risks of which are outlined in the exempt report.

- 7.4 The Council will continue to seek appropriate professional advice on these agreements until the transaction has completed to ensure that they present value for money, mitigate risks and liabilities and meeting any procurement law and State Aid requirements. The Council is also in the process of conducting legal due diligence in conjunction with the technical appraisals and land due diligence and is taking all necessary steps to identify and mitigate any risks arising.
- 7.5 The Council will rely on its powers contained within Section 1 of the Localism Act 2011 to fund the community projects described earlier in this report. For such funding to be approved there is a need to demonstrate that the benefit is commensurate to the level of expenditure.
- 7.6 Further legal implications including the detailed legal implications of the land acquisitions are set out in the exempt report.

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

- 8.1 The risk implications of the land acquisition and programme delivery are set out in the related exempt report.
- 8.2 The main risk of committing funds to specific community infrastructure projects is that they prejudice future availability of funds. However, the balance of risk between pursuing much need capacity in existing or identified projects at this stage out ways that risk as set out in the related exempt report.
- 8.3 The funding of the community infrastructure relies on the investment in land and subsequent sales receipts. Therefore, if the budget is allocated and land acquisition does not progress there is a risk of how the community infrastructure is then funded. However, this is balanced against the clear commitment the Council has given to fund community infrastructure early and a more practical way than the development industry can normally achieve.
- 8.4 The church/community hall is already at RIBA stage 4 with significant degree of cost certainty and significant risk reduction. The Council's funding commitment will be at a capped figure. The Threemilestone school improvements are at RIBA stage 0 and therefore further design work will be required to take the scheme to RIBA stage 3 to ascertain costs and mitigate risk. As this stage the commitment is for a higher capped sum including all appropriate contingencies. It is proposed that these schemes are grant funded and managed through their own legal agreements.

8.5 The funding for the proposals referenced in the preceding paragraph are effectively additional voluntary financial contributions. The funding is part of the business case in the related exempt report. The financing costs are accounted for in the business case, and the capital will be repaid from future land receipts as also set out in that business case.

8.6 Further risk implications are as described in the exempt report.

## **9 Comprehensive Impact Assessment Implications**

9.1 The current Comprehensive Impact Assessment is appended at Appendix 1.

## **10 Options available**

10.1 The options associated with the land acquisition and ancillary proposals are set out in the related exempt report.

10.2 The alternative for the release of funds for the community infrastructure is to wait and allow other projects to emerge, however there is a risk in projects not coming to fruition at the appropriate time or missing key funding deadlines.

## **11 Supporting Information (Appendices)**

11.1 None.

## **12 Background Papers**

12.1 None.

### 13 Approval and clearance

#### All reports:

<b>Final report sign offs</b>	<b>This report has been cleared by (or mark not required if appropriate)</b>	<b>Date</b>
Governance/Legal (Required for <b>all</b> reports)	Mark Pearce	4.11.2019
Finance (Required for <b>all</b> reports)	Leah Thomas	4.11.2019
Equality and Diversity (If required)		
Service Director (Required for <b>all</b> reports)	Phil Mason (on behalf of Louise Wood)	5.11.2019
Strategic Director (If required)	Phil Mason	5.11.2019

