

Planning the LMO for the new community at North West Bicester

Stage 1 Business Plan for A2 Dominion
and Cherwell District Council

October 2012

SQW

Contents

Executive Summary	1
1: Introduction	5
2: The role and functions of the LMO	7
3: North West Bicester LMO - stages of development and structure	11
4: Financing the LMO - costs and options	19
5: Next steps - opportunities, risks, actions	26
Annex A: Possible sources of grant income	A-1
Annex B: LMO functions and possible funding options – over 25 and 35 year development periods	B-1

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Executive Summary

1. The Stage 1 Business Plan has been prepared by SQW to inform the setting up of a Local Management Organisation (LMO) for North West Bicester. The development partners, A2 Dominion and P3 Eco, supported by Cherwell District Council, see the creation of an LMO as an integral part of their commitment to the development of a substantial new community, which, over time, will house approximately 12,000 people.

Purpose of the LMO: a focal point for the new community

2. The new organisation will help animate a growing new community, and provide a visible expression of ownership and self-determination for the people of NW Bicester, as well as a means of engaging residents in on-going activities and one-off events. In terms of provision, and possibly management, its focus is likely to be on helping to ensure the provision and maintenance of high quality public facilities and spaces for communal use – community buildings and public open space. The new organisation must also be sustainable, and there are choices to be made about its scale and range of operation, the extent to which it delivers, oversees or influences the provision of services, the adoption of a formal legal structure, and the timescale for this.

Funding and structure for a new organisation

3. Over time, as the population grows, the LMO should be in a position, and have the capacity, to take more formal responsibility for organising and/or delivering a wider range of activities and events, both for and on behalf of the new community. As its role evolves, more formal arrangements will be needed for governance and structure, and for the arrangements through which it will link with other organisations. The partners are well aware that any new organisation will only be effective if it relates to the democratic bodies which already exist.
4. The Stage 1 Plan for the LMO expresses and represents this aspiration, and suggest how the the right means might be found to realise it. The new organisation will need to be funding from more than one source: some of the possibilities, detailed later in this Plan, represent alternative paths, but we anticipate that others could be brought together in different combinations over time, building the capacity required to undertake a widening range of functions.
5. The organisation will grow as the community grows: it will first take the form of an interim management body, overseeing the initial arrangements for liaison and initiating community engagement put in place by A2 Dominion, the first developer. From 2016 onwards, the organisation is expected to adopt the more formal structure of an Interim Partnership Board, representing private and public partners, as well as NW Bicester community residents and other developers.
6. Perhaps five years later, as the community becomes more substantial and the population passes the 3,000 mark, the organisation is expected to become a formally constituted Local

Management Organisation (LMO), which will be responsible for maintaining the interface with occupiers of the growing community, and which may have operational and financial management of community facilities, as well as on-going involvement in marketing and building the profile of the new community. The legal form for this should be decided closer to the time: the decision will need to provide for residents' involvement, as well as taking into account any tax-efficient arrangements available to an organisation set up to promote the public purpose. It will also need to maintain transparency while minimising complex reporting.

LMO functions

7. At Milton Keynes and Letchworth, substantial community-owned organisations have been created, which have taken, over time, a lead responsibility in building an active and cohesive community; they focus on management and improvement of open space and influencing proposals for new development, with a view to preserving 'green character' and quality of 'soft infrastructure'. These organisations indicate the potential scale of aspiration for an LMO, and provide comparators as to its possible functions.
8. These organisations are not direct comparators: the LMO at NW Bicester will be developed against a different policy backdrop, in which the development will be delivered, for the most part, by the private sector, and the public sector is unlikely to invest heavily to ensure social provision. However, NW Bicester has the advantage of a committed and well-resourced social housing partner, A2 Dominion, which will lead the first stage of development.
9. We expect the activities of the LMO to cover three elements, with its scope and extent of involvement increasing over time:
 - Social development – maintaining the interface with occupiers of the growing community, engaging volunteers and building individuals' skills and the capacity of the community, stimulating new activities and the formation of interest groups; also, representing the community to other stakeholders – primarily the development partners and democratically elected organisations
 - Operational and financial management of community facilities – primarily the community halls, but also including possible involvement in sports and arts facilities, and in the arrangements for public open space
 - On-going involvement in marketing and in building the profile and positioning of the new community – including researching and developing appropriate materials on living in NW Bicester (leaflets, website); developing and delivering one or more 'key events' – arts, culture or sports – which aim to symbolise and project the new community; involvement in concept marketing alongside the development partners; liaison with potential other development interests.
10. This will require a staff of four by 2016 (including two for operations management). When the LMO is formally constituted in 2020/2021, we envisage a staff complement of eight, with the LMO Manager leading a team which includes community development, marketing & events, and operations management specialists, together with delivery and support staff.

Resource required

The scale of the funding gap

11. A2 Dominion has already committed to the emerging LMO, funding the interim community management for the first two years, and joining with Cherwell District Council to commission this Business Plan. The Plan presents time-paths for the development of the new community over 25 and 35 years, showing how the LMO would be realised under these different trajectories, the estimated costs associated with its proposed operations, and the revenue based on current decisions and from possible funding streams. Based on a particular set of assumptions for base income, activities and scale, the cumulative deficit which would need to be met by additional income flows would be £44.4 million for a 25 year development period, rising to £66.2m over a 35 year period. This would require an additional annual funding in the order of of £2m to £2.5m in the later years of development.

The numbers included in the Stage 1 Business Plan, and the detailed spreadsheets which support this, are working estimates, used for the purpose of exploring possible dimensions and implications. They are based on the information currently available and a provisional set of assumptions: the figures will need to be tested and detailed further as the work in setting up the new organisation moves forward.

Sources of income

An initial commitment has been obtained to support immediate LMO purposes from the s106 for the first exemplar development - just under 400 houses. There is also agreement for a household charge for the exemplar, which will also be used to support the services needed by the new community.

The main possible sources of additional income, which could perhaps be supplemented by others including commercial leisure developments and grants, include

- a substantial S106 contribution
- a service charge levied on residents of the main development
- an income stream derived from the proposed Eco business centre
- income from a 'pipeline deal' with an energy supplier
- an income stream from an endowment created by selling land for commercial purposes.

Next steps (actions for A2 and CDC)

12. This Business Plan should be regarded as a working document, to be updated as new information becomes available, following wider consultation with stakeholders, including P3 Eco, the town/parish councils and Cherwell District Community Land Trust.

13. The early actions to move this Plan forward and put in place the embryonic LMO are as follows:
- A2 Dominion should ensure the resource required to deliver the embryonic LMO functions is in place for the first two years of the exemplar development
 - Partners' engagement in the Masterplan should aim to ensure that the review of open space provision is informed and influenced by the LMO requirement and potential
 - Key staff from the other partners should support the A2 Dominion resource, working together, and in collaboration with P3 Eco, on actions to refine the main funding options, follow up opportunities and reduce risks
 - A2 Dominion should conduct best practice discussions with both Milton Keynes Parks Trust and Letchworth Garden City Heritage Foundation
 - Discussions around the final form, ownership and management of the Eco businesses centre should take place between A2 Dominion and Cherwell District Council
 - A2 Dominion and Cherwell District Council should discuss the possible options for commercial development and whether it is feasible for this to be sold or leased by the LMO.

1: Introduction

- 1.1 In May 2012, A2 Dominion and Cherwell District Council commissioned SQW Ltd to prepare a Stage 1 Business Plan which would inform the setting up of a Local Management Organisation (LMO) for North West Bicester.
- 1.2 The purpose of the LMO is to allow local people to make decisions on the management and maintenance of community assets. The development partners, A2 Dominion and P3 Eco supported by Cherwell District Council, are committed to putting in place an LMO in a form which can provide a focus and forum for the new North West Bicester community, as this grows over the next 25 years or more.
- 1.3 The development proposition at North West Bicester is for an urban extension of 5,000 new dwellings: the concept was brought forward in line with the aspirations and expectations for eco towns set out by the previous Government. The development is seen as part of the town: services and facilities will be provided to meet the needs of a growing numbers of residents, and it is expected that there will also be direct links to the main train station and town centre services, and other recent developments including Bicester Shopping Village.
- 1.4 The exemplar phase of the Eco Town for 393 new homes has received detailed planning approval from Cherwell District Council: in July 2012, an S106 agreement was signed for the Exemplar, valued at c£5m. A2 Dominion will be the developer for this first phase.
- 1.5 The outline Masterplan for the whole site will be drawn up over the next year, with the expectation that several parties will be involved as developers/builders, and that there will be access to the wide range of commercial and other services that will ensure the development is an attractive place to live. Initial thinking on the planning for these services has engaged Cherwell District Council and Bicester Town Council with A2 Dominion: an initial ‘Community Governance Strategy’ which set out the purpose and values, was prepared in November 2010¹, and a mapping of ‘Community Assets’ has recently been undertaken.
- 1.6 The new vehicle will work on behalf of a community which does not yet exist, and which cannot therefore articulate its views. Together with other uncertainties, this means that the form, functions and scale of the new LMO cannot be fixed definitively at this time. But it is important to set out some dimensions now: these will provide an input to the overall strategy for the development, and also into the detailed thinking which will be progressed through the forthcoming Masterplan. A key factor is the recognition from all parties that the LMO should link into existing democratic structures.
- 1.7 The Stage 1 Business Plan therefore sets out these broad directions, what appears likely and possible in funding, how the LMO can operate and what it should be able to deliver. In taking account of the present uncertainties and unknowns, we have made a series of working assumptions, discussing and refining these through an iterative process with A2 Dominion and Cherwell District Council. Our key assumptions, spelt out in the sections which follow,

¹ By Barton Willmore LLP, on behalf of P3 Eco (Bicester) Ltd and A2 Dominion Group

relate to the content and pace of development, income streams, staffing and other costs, as well as setting out a core path for revenue and possible funding options. Possible sources of supporting grants are also considered, at Annex A of this document.

1.8 Alternative 25 and 35 year time-paths to realising the LMO are presented in the spreadsheets at Annex B.

- The ‘Outline Business Plan: 25 year development period’ is for an LMO which will develop in stages from the initial A2Dominion presence in NW Bicester to a sustainable organisation with its own capacity and evolving functions over a period of 24/25 years. This is based on a rate of development of 225 homes per annum: evidence from the industry suggests that this represents a realistic upper estimate for market-driven development²
- The ‘Outline Business Plan: 35 year development period’, also provides for a staged development from the initial A2Dominion presence in NW Bicester to a sustainable organisation with its own capacity and evolving functions, but over a period of 35 years with a slower rate of development, 150 homes per annum. This rate is in line with the current assumption in the proposed submission draft of Cherwell District Local Plan, August 2012.

The numbers included in the spreadsheets and the text are best estimates, based on the information currently available. They have been used in the Stage 1 Business Plan to explore possible dimensions and implications, but they should be seen as working estimates based on the information currently available and a provisional set of assumptions: the figures will need to be tested and detailed further as the work in setting up the new organisation moves forward.

1.9 The main sections of the Business Plan, which follow, are:

- Section 2 – the role of the LMO and its core functions
- Section 3 – stages of development, cost implications, possible structures
- Section 4 – financing the LMO: costs and options
- Section 5 – moving forward: risks, opportunities, next steps.

² See section 3, for the rationale for this.

2: The role and functions of the LMO

LMO purpose: a focal point for the new community

- 2.1 The development partners see the creation of an LMO as an integral part of their commitment to NW Bicester. The new organisation will exist to provide and maintain high quality public facilities, and support community engagement and self-determination; it must also be sustainable. In this section, we use examples from elsewhere to outline what the LMO might aspire to do – with regard to key functions, activities and management responsibilities.
- 2.2 The new organisation is expected to provide a focal point and animator for the community. It will provide a visible expression of ownership and self-determination for the growing population of NW Bicester, as well as a means of engaging residents in on-going activities and one-off events. In terms of provision, and possibly management, its focus is likely to be on spaces for communal use – community buildings and public open space.
- 2.3 Over time, as the population grows, the LMO should be in a position, and have the capacity, to take more formal responsibility for organising and/or delivering a wider range of activities and events, both for and on behalf of the new community. As its role evolves, more formal arrangements will be needed for its structure, and for it to link effectively with other organisations. The partners are well aware that any new organisation will only be effective if it relates to the democratic bodies which already exist.
- 2.4 The Plan for the LMO sets out to represent an aspiration, and also to build commitment to finding the right means of realising this aspiration. It could be funded in different ways: some of these possibilities, detailed later in this Plan, represent alternative paths for the main funding stream; others could be brought together in different combinations over time, building the capacity required to undertake a widening range of functions.

The key functions of the LMO

Form, scale and functions of exemplar organisations

- 2.5 Similar issues on building capacity and ensuring accountability have been faced in other new communities: the twentieth century garden cities and new towns provide some illustrative examples. The LMO at NW Bicester will be developed against a different policy backdrop, in which the development will be delivered, for the most part, by the private sector, and the public sector is unlikely to invest heavily to ensure social provision. However, NW Bicester has the advantage of a committed and well-resourced social housing partner, A2 Dominion, which will lead the first stage of development.
- 2.6 At Milton Keynes and Letchworth, substantial community-owned organisations have been created. These organisations – key points for which are summarised at Figures 2-1 and 2-2 below – have evolved to take a lead responsibility in building an active and cohesive community; specifically, they focus on management and improvement of open space and

influencing proposals for new development, with a view to preserving ‘green character’ and quality of ‘soft infrastructure’.

- 2.7 Both organisations now operate on a substantial scale, in terms of both population and finance. It is also important that they took a considerable time – in the case of Letchworth, decades – to evolve to their current structure, responsibilities, scale of operation and organisation. Milton Keynes Parks Trust and Letchworth Garden City Heritage Foundation are not seen at this point as direct models for NW Bicester, but these organisations indicate the potential scale of aspiration for an LMO, and provide comparators as to its possible functions.

Figure 2-1: Milton Keynes Parks Trust

In most places parks are owned and managed by the local authority, but English Partnerships, the public body which inherited these assets from the Milton Keynes Development Corporation established a trust, with income deriving from a substantial asset base, to ensure the green landscape would be managed without having to compete for council funds.

The Milton Keynes Parks Trust was set up in 1992 and was endowed with a substantial property and investment portfolio worth approximately £70 million. The Trust is an independent charity that owns and manages just over 1,800 ha of parks and green spaces – about 25% of Milton Keynes area. It is entirely self-financing, and any income received from its activities is reinvested into the Trust.

The Trust is governed by a Board of Trustees: these persons are also directors of the company. The Board sets the strategic direction and ensures that the charity is properly managed and complies with all relevant legislation. Around 40 staff are employed by the Trust, led by the Chief Executive, David Foster. The main activity of maintaining the open space and landscaping is largely contracted out to maintenance companies. The Trust also draws on support from around 200 volunteers.

It costs around £4 million each year to maintain and improve the parks; as noted above, this money comes from investments and rentals from the Trust’s commercial properties. However, with the recent economic conditions the Trust is currently exploring diversifying the property portfolio and other possible sources of revenue to ensure future robustness.

Source: www.theparkstrust.com and information provided by CDC

Figure 2-2: Letchworth Garden City Heritage Foundation

When Letchworth was first developed by First Garden City Ltd from 1903, the original idea was for plots to be leased providing income which could then be reinvested back into the community. In 1962, the assets, role and responsibilities of First Garden City Ltd were transferred to a public sector organisation - Letchworth Garden City Corporation and 33 years later, in 1995, 2,000 ha estate, then valued at £56 million was passed to Letchworth Garden City Heritage Foundation. Fundamentally the idea has not changed and money received from rents is still reinvested back into the community.

The historic focus of the Foundation has been to preserve the built and green character of the town and this focus is still prevalent today with consent from the foundation require in addition to planning consent from North Hertfordshire District Council.

Value is predominantly created from the Foundation property portfolio and the income generated is fed back into services and activities in the town as well as managing the green landscape. The Foundation supports local societies within the town and this has created popularity for the Foundation amongst residents.

The Foundation is governed by 30 governors from which a Board of Trustees is drawn and the chief executive is supported by 145 staff.

In the current climate, the Foundation is looking to engage in diversifying the portfolio to include other income streams besides property and to look to invest outside Letchworth.

Source: www.lechworth.com and information provided by CDC

- 2.8 While the Milton Keynes and Letchworth organisations each serve a much larger population than 12,000, the scale of endowment/asset base underpinning them – £70m and £56m respectively – is critical to their operations. The strong aspiration for community engagement which existed from the early stages of development is also relevant: this enthusiasm for local involvement has characterised other new towns and new communities and, in the examples quoted here, it has been sustained over decades.
- 2.9 In both cases, there was awareness – and on-going debate – about the implications for local government budgets of providing and maintaining community facilities and public open space. Bought together, these factors pointed in each case to the potential for a new body, responsible to stakeholders including the local authority, and to other partners and the local community.
- 2.10 Not all issues are more difficult now: even more intractable issues were faced in earlier new communities with regard to democratic accountability. Thinking about the form of the new LMO in NW Bicester is taking place against a backdrop of supportive national policy, where considerable emphasis is placed on self-determination at the level of local communities, and individual engagement. The debate on the implications will be on-going, and there is scope to learn from experience and best practice elsewhere as well as to work with the grain of public policy. But an important lesson is that the solution adopted for Bicester must be informed by the specifics of the local situation, and be resolved at local level.

The focus and opportunity in NW Bicester

- 2.11 The new LMO will operate in a different context to these examples. Despite the present economic conditions, public policy is pushing for large-scale housing development to relieve shortages and meet needs. As a relatively affluent and well-connected area, Oxfordshire is expected to engage in this agenda; eco-development principles also continue to be highly relevant in public policy. These factors are fully recognised by Cherwell District Council, which is supporting the proposed development at NW Bicester.
- 2.12 Key issues in realising the LMO are i) defining the role in relation to key stakeholders and other initiatives, and ii) providing the endowment, or other income stream, which will enable an independent or arms-length LMO to come into being and be sustained. A third, operational, issue, concerns timing and transition: this is particularly relevant in the early stages of development.
- 2.13 A potentially important relationship in defining the specific role and functions of the LMO for NW Bicester is the recently created Cherwell District Community Land Trust (CDCLT). The CLT concept, which originated in the US, is for an ‘equitable and sustainable model of affordable housing and community development’. CLTs have recently been set up in many parts of the UK: As its name suggests, CDCLT has a district-wide remit. It has a Board of 12 nominated directors with a Chair elected by the Board; the arrangements for membership are still emerging, but are expected to include provision for organisations as well as individuals. CDCLT has been established as an Industrial and Provident Society (IPS), registered with the Financial Services Authority.

- 2.14 CDCLT provides a potentially useful local ‘arms-length’ mechanism, which has similar overall aims³ and could potentially be a ‘backstop’ for the operations of the LMO⁴. Clarity as to the purpose and scope of the two organisations is needed to minimise competition for limited resources by two bodies with apparently similar objectives, and to avoid confusion within the new community and among stakeholders. How this might be achieved, taking into account the position of NW Bicester, the development partners and the town/parish councils, is set out in section 3, which follows.

³ CDC set up the Trust in January 2012. The reason for the decision given in the Council paper was that ‘*at a time of national changes with welfare reform and reduced public spending the proposals in this report aim to ensure that Cherwell is in a strong position to access new forms of funding and provide innovative and entrepreneurial solutions to the delivery of affordable housing*’

⁴ Initial discussion with lead CDC officer for CDCLT

3: North West Bicester LMO - stages of development and structure

An LMO which evolves as the community grows

- 3.1 The concept underpinning the LMO is that of an organisation which will serve the new development, helping to identify and articulate community needs, and ensuring that these needs can be met, either through other organisations or directly by the LMO. This implies a staged approach, with more complex arrangements, a more formal structure and potentially a wider range of functions, as the new community comes into being and the population grows.
- 3.2 Initial arrangements are already in hand to provide through A2Dominion an on-site presence for interface with the new community, with representatives of local democratic structures, and for marketing the new development.
- 3.3 The outline model for the evolution of the LMO structure is detailed below. These assumptions for the LMO are based on the current plans for the exemplar phase of development and the initial thinking on the shape of the NW Bicester Masterplan. We anticipate that options for the provision and management of public open space, as well as the phasing of delivery for the full development, will be considered in more detail in the Masterplan.

Assumed pace of development

- 3.4 As noted in section 1, the implications of two different rates of development are considered in this Business Plan
 - Variant (i): the development of NW Bicester proceeds over 24/25 years, at a rate of 225 dwellings completed each year, which appears compatible with reasonable market conditions, and continued demand for new housing in the area. NW Bicester will be competing with other development around and in Bicester; it will be built out by several competing house-builders, and it will provide an important part, but not necessarily the majority of, the new dwellings completed in the local area each year over this period
 - Variant (ii): a slower pace of development, in line with the CDC Draft Local Plan assumption of 150 dwellings completed in NW Bicester each year, which results in the new community being built out over a 35 year timespan.
- 3.5 In each case, there are completions in the exemplar (phase 1) development from 2013, which are sustained for four years, with approximately 100 homes released to the market each year. Also under each variant, the main part of the development starts in 2015, overlapping with the Exemplar, and building up by 2017, the fifth year of development, to the maximum rate of

225 (in variant i) or 150 (variant ii) dwellings completed and occupied in the main development each year⁵.

- 3.6 As NW Bicester grows, there will be a changing ‘sense of place’, and the need for more infrastructure, both social and commercial, to support the community. This is recognised in the Exemplar S106, and we have followed this document in considering the evolution of the LMO in three stages, which reflect the changing requirements of a growing new community.
- 3.7 The threshold of 1,000 residents is expected to be reached early in 2016, as the Exemplar moves towards completion; the first completions on the main development will be in 2015⁶. As the community becomes more substantial, reaching approximately 3,000 residents, there will be implications for the scale of provision for the new community and the delivery structures required. That threshold is expected to be reached during 2020{under Variant (i)} or by the end of 2021 {variant (ii)}.

Stages of development for the LMO

- 3.8 The stages identified for the emergence of the LMO, and its transition to a fully-fledged organisation, therefore follow those of the Exemplar S106. In the paragraphs below, we set out the implications for of a transition. The staffing costs included below include gross salaries/cost of employment, with allowance made for other direct expenses: office accommodation is assumed to be provided.

Stage 1 – 2013-2015: interim management body (IMB)

- 3.9 For the first two years, A2 Dominion will interface with occupiers and potential occupiers, and be responsible for initiating community engagement. In the first year, one person will operate as ‘community manager’ initially from a designated community house, transferring to the Community Centre for the exemplar development when that building is completed.
- 3.10 The community manager will be directly responsible to their employer A2 Dominion, while also reporting at least quarterly to an interim management body. The other development partners – P3 Eco, CDC (possibly represented through Cherwell District Community Land Trust), Bicester Town Council, could also be represented. We suggest that these meetings, or least part of them, are open to people from the community.
- 3.11 We have assumed that there is no additional staff resource cost during the first two years, as the direct costs associated with the community manager, together with any part-time administrative support, will be covered within A2Dominion’s existing budgets. We would expect that the position will then be reviewed, to decide whether this arrangement should continue into a third year, or be organised and funded through other means, for example from

⁵ We have assumed a build rate rising to 225 homes per annum, based on conversations with Countryside PLC: this is seen as a sensible pace of development based on an arrangement with four house builders working concurrently - probably the maximum number of builders that could reasonably be accommodated at one time on this site. They would build at varying rates, with no one firm accounting for more than 100 completions per year.

⁶ We have used a working assumption of 2.4 people per household; this is above the DCLG current estimate of 2.25 and falling (DCLG Household Projections to 2031, March 2009) but we anticipate that, for a development of this type, the proportion of families would be somewhat above average and of single person households somewhat below average.

the S106, or direct from partners. In developing the Business Plan, we have brought this staff cost into the spreadsheet for each variant from year 3 (2015).

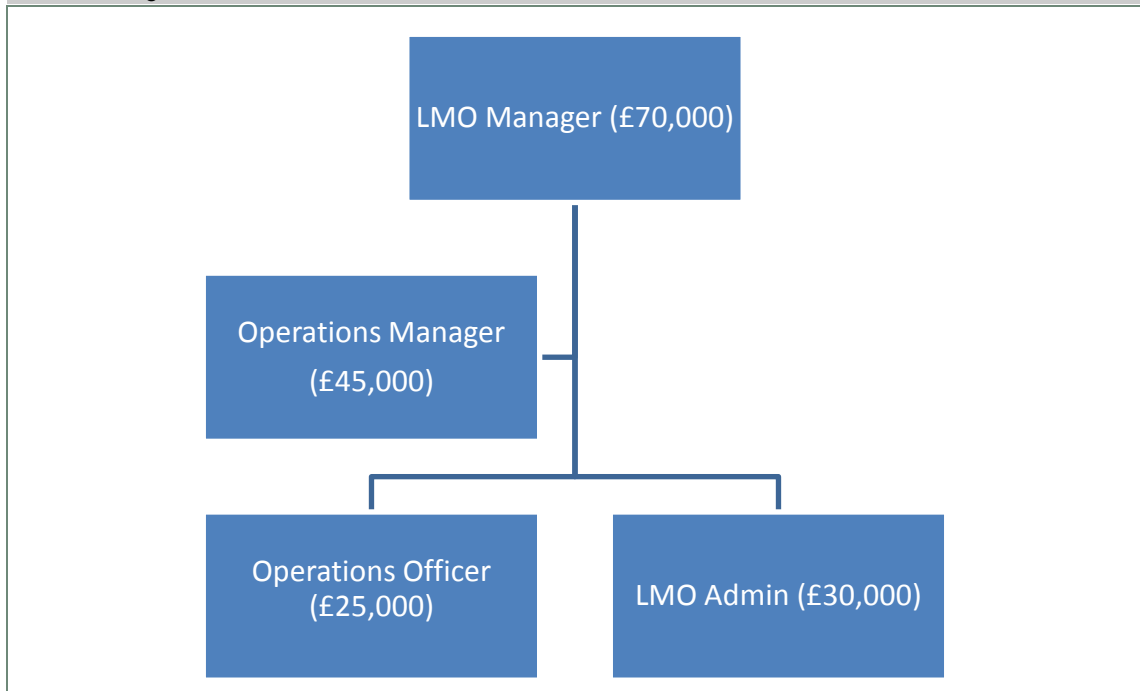
- 3.12 We anticipate that in Stage 1 the landscape maintenance role will be contracted out directly by the developer to an external party.

Stage 2 – 2016-2021: Interim Partnership Board (IPB)

- 3.13 In 2015, we envisage a process of transition will begin to a larger and more formal structure. The Interim Partnership Board, representing private and public partners, will be created, which will include (initially as observers) NW Bicester community residents and other developers. The Board will be responsible for reviewing progress, debating and determining future strategy and functions. Administrative support will be provided by one of partners to support the embryonic LMO, enabling it to receive and manage income on its own behalf.
- 3.14 By early 2016, as the population approaches 1,000 (in both variants), the community manager will be joined by an (fte) assistant; both will be employed through CDC or a developer (the total cost for the 2 fte posts will be c. £100,000 pa⁷). The manager will continue to oversee the development of the new community on the ground, working alongside A2 and P3 Eco in marketing the concept, and liaising with other interested parties.
- 3.15 By 2017, a review is envisaged of the emerging LMO's functions: the Manager might then take on wider operational responsibilities, for example the landscape maintenance role could be brought inside the emerging organisation, with an operations manager and officer working in NW Bicester as part of the team, while also being employed through CDC or a developer: (the LMO staff of 4fte will then cost in total c. £170,000 pa.). Alternatively the landscape management function could continue to be contracted out, with the Board and LMO Manager and operational staff setting performance standards, letting contracts and taking on other responsibilities.

⁷ Costs are at 2012 prices throughout. We have assumed 50% on-costs on salaries, to gross up to the total costs of employment quoted. These figures will be subject to re-consideration against current structures in the employing organisation.

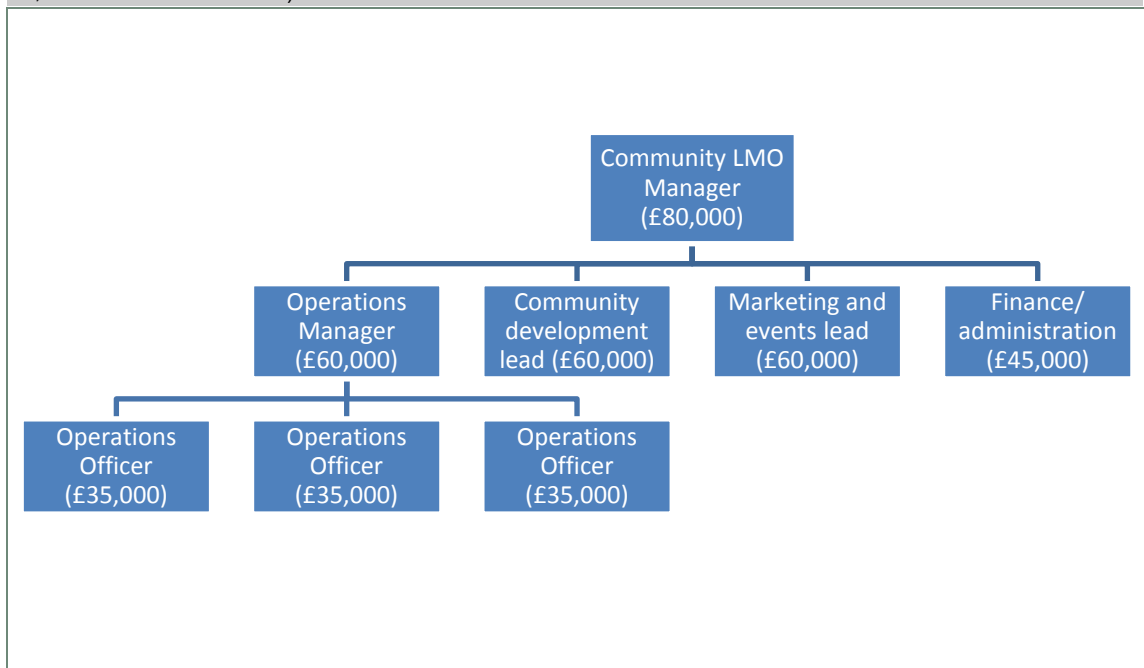
Figure 3-1: Interim Partnership Board (Stage 2, from 2016) - possible structure of the Operations Team, with gross costs



Stage 3 – from 2021: formally constituted Local Management Organisation (LMO)

- 3.16 The next, and final, step change in the LMO’s operation should take place when the community reaches approximately 3,000 people (during 2020 or 2021, depending on the pace of development). The growing community and the corresponding growth in the range and complexity of the LMO’s business - including responsibility for community hall assets and an increasing amount of open space which the LMO might manage - will by then require a larger team. We propose that the LMO should then have a core team of four (fte) people, with an overall of cost £245,000 per annum; again, approximately a third of this is notionally attributed to on-costs, including insurance, contribution to office costs etc.
- 3.17 Depending on the nature of the landscape maintenance role, or other operations, there might additionally be an operations manager and three operations personnel (an additional four fte, making eight staff in total; additional cost c. £165,000 pa.). We envisage that these posts would function as part of the LMO team, but would be employed, at least initially, by the local authority or a developer.
- 3.18 We envisage that the LMO team will be led by an experienced community development professional, ideally with experience in a voluntary/community sector organisation. Facilities management and marketing skills, a company secretary function and book-keeping/other administrative support will also be required. The other job specifications should be designed to meet the emerging needs and opportunities: taken together, the LMO staff should encompass the set of skills and expertise required to deliver the agreed role, functions and activities.

Figure 3-2: Formally constituted LMO – possible structure of team and approximate gross costs (Stage 3, from 2020/21 onwards)



3.19 We anticipate that the responsibilities of the LMO team will then include:

- Social development – maintaining the interface with occupiers of the growing community, engaging volunteers and building individuals’ skills and the capacity of the community, stimulating new activities and the formation of interest groups; also, representing the community to other stakeholders – primarily the development partners and democratically elected organisations
- Operational and financial management of community facilities – primarily the community halls, but also including possible involvement in sports and arts facilities, and in the arrangements for public open space
- On-going involvement in marketing and in building the profile and positioning of the new community – including researching and developing appropriate materials on living in NW Bicester (leaflets, website); developing and delivering one or more ‘key events’ – arts, culture or sports – which aim to symbolise and project the new community; involvement in concept marketing alongside the development partners; liaison with potential other development interests.

3.20 Taking into account the expectation expressed earlier about the interest generated by moving to a new community, and the sense of being path-breakers that tends to characterise early inhabitants of major new developments, we envisage that the demand for the LMO to be formally constituted, with a resident-led structure (see below) replacing the Interim Partnership Board, will also be evident by the start of the next decade.

3.21 By 2025-2029, when the development is expected to be half-complete, and the community will be approaching 5,000-6,000 people, a set of assets will have been established for the LMO and, as all the public open space for the development should then be in place, there will

be a large area in which the LMO will have an interest and might manage. By this point at latest, NW Bicester should be capable of sustaining a formally constituted LMO, at arms-length from the founding partners. The operations team will then report to the LMO Board, perhaps with an arrangement that the Cherwell District Community Land Trust would provide the backstop in the event of internal management issues arising, withdrawal of some parties, or lack of interest.

Structure for the LMO

- 3.22 We recommend that a legal structure for the LMO, replacing the Interim Partnership Board, should be set up only when this is needed to manage the growing assets, and when the new community reaches the scale likely to be sufficient to generate self-sustaining interest in involvement and capacity, rather than being reliant on the enthusiasm of a very few individuals.
- 3.23 We see the purpose of the organisation as being in essence that of ensuring beneficial ownership for local people, where the assets cannot be used for any purpose other than community. There should be capacity to trade, and to hold and reinvest income in pursuit of the defined purpose. We would expect the structure to change as the role of the organisation grows and changes: in particular, it should seek to be tax efficient, which may involve it, or a subsidiary, having charitable status.
- 3.24 Possible structures for the LMO include a partnership, limited liability partnership (LLP), community interest company (CIC), company limited by guarantee (CLG), company with charitable status, and normal company structure: the generic features associated with each of these are outlined below.

Table 3-1: Organisation structures

The 'Partnership' Model	<ul style="list-style-type: none"> • In this structure a number of independent organisations, usually from the public sector, come together to deliver a particular project or plan. The 'partnership' is usually formulated around a strategy, management or partnership agreement, or terms of reference. The partnership may employ a delivery team but its members are usually seconded from or hosted by one of the partners. The team is operational but unlikely to have any financial systems or support mechanisms and these will normally be provided as in-kind contributions from one of the partners who may also serve as the accountable body for the partnership. • This type of organisation is likely to finance its activity from a recognised Central Government or EU public funding stream or from the contributions of its members. While it can lever in other monies, including from the private sector, these will usually be project-based. It is unlikely to engage in commercial activity or joint ventures or access finance from the commercial sector. Some partnerships establish separate companies to enable them to broaden their business brief, take advantage of a wider range of business activity and access more commercial funds. • In this model, individual members of the partnership take responsibility for the project, any associated activity, and any financial consequences which may arise. However, as most activity will be subject to project appraisal and will have a structured business plan, any associated risk should be limited. Equally, there will be limited scope to grow or develop the activity, or raise finance, thus limiting sustainability, and the loss of core funding may prove catastrophic. • The partnership model is a common structure used by public agencies engaged in delivering a common project or strategy. It was initially adopted for the delivery of the Community Forest Programme, is often used by sub-regional partnerships developing economic or social policies, and has been adopted for the delivery of the Green Grid the structure adopted to deliver Green Infrastructure as part of the Thames Gateway growth area.
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Limited Liability Partnership (LLP)	<ul style="list-style-type: none"> This model represents a formalisation of the partnership model but introduces reduced individual risk with liability limited to the amount of money invested by the individual partner or any individual guarantee agreed. A LLP has to be registered with Companies House and make financial information publicly available through the publication of annual reports and audited accounts. LLPs are not considered a suitable vehicle for a not-for profit organisation.
Limited Companies	<ul style="list-style-type: none"> Limited companies must be registered with Companies House and all registrations require the submission of an agreed Memorandum and Articles of Association which set out the purpose of the organisation, its management structure, including any roles of individual members, and its location. The company will need to publish an Annual Report and audited Accounts and its profits will be subject to taxation. While the registration purpose for a new company is very cost-effective, with a £50 charge for the use of standard documentation, the true cost may be determined by the costs associated with the preparation and agreement of the Memorandum and Articles of Association.
Company Limited by Guarantee	<ul style="list-style-type: none"> A company limited by guarantee is a recognised form of incorporation for not-for profit activity, especially incorporated organisations involving the public sector, and those which are formed without major assets such as land or property holdings or large financial assets. Members do not hold shares and are required only to give an undertaking that they will contribute a nominal sum (often £1) towards any liability should the company be wound up. As this form of company cannot distribute profits to its members, we understand it can also apply for charitable status - for itself or a wholly-owned affiliate - should this be deemed to have an advantage for the continuation of the operation.
Company Limited by Share	<ul style="list-style-type: none"> Companies limited by share are formed on the basis of the initial investment from the individual members with shareholdings issued accordingly. In this model liability will be limited to the level of the original investment and any additional guarantees given to allow the organisation to raise finance. This model is appropriate if profits are to be shared among members and the organisation expects to accumulate assets solely for this purpose.
Community Interest Companies (CIC)	<ul style="list-style-type: none"> This form of company was introduced by new legislation in 2005 and has been specifically designed to promote social enterprises established primarily to deliver public projects and activity. A CIC has the freedom of any entrepreneurial company but is clearly branded for social enterprises with a business idea that is socially motivated and designed to deliver benefit to the community, including the reinvestment of any profits. It must comply with existing company law, including all reporting and accounting requirements. A CIC will also be subject to an asset lock which ensures that it can only use its assets in the interest of the wider community, and should the company be wound up the assets must be returned for the use of the community
Trusts	<ul style="list-style-type: none"> A Trust offers a secure means of holding and managing money or property in a particular way for the benefit of the public or a specific group or individual. This form of organisation is usually adopted when a portfolio of assets becomes available for transfer by the owner, an organisation or individual, which is no longer to manage the assets effectively but wishes them to be efficiently deployed for the benefit of others (the beneficiaries) under a Trust deed. The assets will be put into trust by the owner (settlor) and are managed by a Trustee or Board of Trustees who become the legal owners of the assets but can only deploy them in accordance with the Trust deed. Income generated by Trusts is subject to taxation.

Source: SQW Research

3.25 Company law changes over time to balance public protection against facilitating desirable activities, and the choice of which form to adopt should be made nearer the time, taking into account then current forms and rules. Relevant factors to be considered are the position on personal and joint liability, the requirement for formal audit, the scrutiny from bodies such as the Charity Commission and the positioning of the new structure for tax purposes.

3.26 During the life of the LMO we anticipate that it will wish to make trading profits – in Section 5, we set out several possible routes to income generation, including, for example, profit

generated from the trading of land. Charitable status for the LMO is likely to be important in approaching such transactions, in order to mitigate tax liabilities. On the other hand, charitable status is subject to the regulatory oversight of the Charity Commission and meeting the requirements of the Commission imposes an administrative burden.

- 3.27 Under current rules and conditions, we would, on balance, recommend that the LMO becomes a company limited by guarantee (CLG), involving as members those represented on the Interim Partnership Board and enabling provision to be made for resident members, co-opted or directly elected. We understand that this would allow, when the time is right, a sister or subsidiary company to be set up, which could have charitable status. Prior to any final decision being taken, the legal and tax position should be investigated in detail as part of the envisaged Stage 2 Business Plan. The experience gained in the Cherwell District CLT, which has adopted the form of an Industrial and Provident Society, and the relationship between this body and the LMO, will also be relevant considerations.

4: Financing the LMO - costs and options

- 4.1 In this section, the scale of costs which could be associated with a set of activities and management arrangements for the LMO is set out, together with the assumptions upon which these costs are based. The Business Plan then shows out how these activities might be funded. Costs are included at 2012 prices: any inflation is assumed to be offset by rises in revenue.

Costs

- 4.2 These are summarised under three sub-headings: staffing, the cost of operations/landscape maintenance, and marketing and events.
- 4.3 The costs of the people required to deliver the LMO functions at different stages and scales of operation, shown earlier in Section 3, are summarised below. These include the direct on-costs associated with employing personnel: office space costs are assumed to be met under the provision for community buildings, which the staff will be responsible for managing. Income from rents and room lettings is assumed to cover the costs of management and maintenance of these buildings: there is assumed to be no additional net cost arising from operating these facilities.

Staff costs

- 4.4 No additional staffing costs are involved in the first part of *Stage 1* of the development: in the two years to 2015, A2 Dominion, as the lead developer for the Exemplar, will interface with occupiers and potential occupiers, and be responsible for initiating community engagement. We envision the interim community manager will be formally designated as LMO Manager by 2015, towards the end of stage 1, to ensure they are in post for the transition to stage 2.
- 4.5 In *Stage 2*, staffing of the embryonic LMO (Interim Partnership Board) will be through a local authority or developer-employed manager and administrative assistant based with the LMO and costing £100,000 pa. (gross employment costs for staff, including a third attributable to all on-costs, insurance and equipment).
- 4.6 The landscape management role will be delivered internally, through a local authority or developer-employed operations executive, and operations personnel costing £70,000 pa. (gross employment costs for staff).
- 4.7 In *Stage 3*, the enhanced management team will expand to a four (fte) members team, at a gross cost of £245,000 per annum, one-third of which is attributable to employment on-costs, including insurance and equipment.
- 4.8 It is assumed that the landscape management role will continue to be delivered on-site and linked into the LMO. The operational executive team, employed by the local authority, a developer, the LMO or a third party, will have grown to three staff as the scale increases, costing £165,000 pa.

Operations, landscape maintenance

- 4.9 The costs for delivering landscape maintenance in the exemplar area have been calculated using estimates obtained from A2Dominon, at £192,000 per annum. We have assumed that the open space of the exemplar phase will be put in place as the development proceeds, and will not be completed until year 4. We have therefore shown the cost at one-quarter of the total sum in year 1, half in year 2, three-quarters in year 3, reaching the full cost in year 4.
- 4.10 At this point, and for illustrative purposes as no agreement has yet been reached on this, we have set the costs for maintaining the landscaping within the masterplan area against the LMO. For the purpose of the Business Plan, we related these costs to the S106 'bid list' for the main development, which includes £37m for the landscaping and maintenance of open spaces on the site. We have assumed that the open space will be developed over a number of years, and that it builds up over the early years from 2015 to 2020/21; also that it is 'front-loaded'. The assumed costs of £250,000 in year 3, is stepped up to to £1,000,000 in year 6/7 as the population exceeds 2,000, and then to the full annual amount of £1,750,000 from years 9/10. The underlying assumption is that this could be provided through an income stream (at just under 5%) from the envisaged S106 endowment.

Community engagement marketing, events, education

- 4.11 We have assumed an initial cost of £25,000 per annum for promotions, liaison and marketing in Stage 1 to help A2 Dominion interface with occupiers and potential occupiers, and to contribute to initiating community engagement. This is 'soft promotion' – engagement with the community and potential members of the community on site, and is additional to the direct marketing of the scheme and housing by the development partners. The sum will increase to £50,000 per annum in Stage 2, as the population passes the 1,000 mark, allowing events to be designed and to take place within the community which aim to enhance quality of life, well-being and engagement. We have assumed this will increase further in Stage 3 to £70,000 per annum, as the community continues to grow beyond 3,000, in the expectation that facilities will be coming on-stream in NW Bicester which can be promoted to a wider catchment, outside as well as within the local community.

Funding the LMO

- 4.12 In assessing the funding options potentially available for community purposes in North West Bicester, we have taken as given a contribution from the developers and a service charge on the occupants of the exemplar development. These assumptions are in line with decisions taken to date by Cherwell District Council and the developers, A2 Dominion. We have then assessed other possible sources of income, which could provide additional and alternative funding for the LMO.

Income - based only on decisions taken to date

Exemplar S106 contribution from the developers

- 4.13 The S106 for the Exemplar includes a contribution of £100,000 from the developer, towards the setting up of the LMO in its early stages and to the delivery of community engagement

activities. A2 Dominion as developer already expects to pay initial staff costs: we have assumed that an additional £75,000 (£25,000 pa) is made available by A2 Dominion to cover community engagement/marketing/education in Stage 1.

Exemplar Service charge

- 4.14 A service charge has been agreed as a source of funding for landscape management in the exemplar phase, which would relieve the burden otherwise falling on the District Council.
- 4.15 At the agreed rate of £489/dwelling, the revenue raised would increase from an estimated £24k in year 1 to c. £192k in year 5 (2017) and beyond, as the Exemplar was completed and the dwellings occupied. This would lag the sum required for landscape maintenance in the early years, which also increases as development proceeds, but would rise to meet the cost by year 5 (paragraph 4.9, above).

Requirement for additional funding

- 4.16 The additional funding required to deliver the funding and scale of operation envisaged for the LMO has been calculated with respect to the 25 year and 35 year variants for the delivery of the full 5,000 dwelling development. As shown in the spreadsheets at Annex B, the additional funding requirement for the LMO over a 25 year development period is £44.4m; it increases to £66.2m when the development is realised over 35 years. In Stage 1, where the embryonic LMO can draw on sources of income which are already agreed, the gap is modest, but it increases substantially as the main phase of development gets under way. This indicates the scale of additional funding needed over the period: possible sources and their implications are discussed below.

Other potential sources of funding

- 4.17 In the remainder of this section, we give a preliminary assessment of the funding options which could be available to the North West Bicester LMO.
- 4.18 At this point, we see five main possible sources of additional funding. The potential scale for each is set out below, with an indicative headline financial contribution; the estimated income flows, on an annual basis, are shown in the spreadsheets at annex B. The possibilities are as follows:
- a substantial S106 contribution
 - a service charge levied on residents
 - an income stream derived from the proposed Eco business centre
 - income from a ‘pipeline deal’ with an energy supplier
 - an income stream from an endowment created by selling land for commercial purposes.
- 4.19 On the basis set out above, more than one substantial and sustainable source of income is likely to be needed to generate the scale of funding required to support the LMO’s year-on-

year revenue expenditure. Our assessment of feasibility and risks attached to the main options, pointing where appropriate to the need for more work, is included in Section 5, which follows this section.

- 4.20 There may be other, additional, potential sources of income, for example from commercial leisure uses: these are explored briefly at the end of this section. Other possible options include grants and trading revenue.
- Some grants may be forthcoming, but we believe that those available are likely to be tied to specific activities, and unpredictable in their scale and timing: it would be unwise to depend on them as a main option. A list of possible grants is provided at Annex A, together with our interpretation of the likely relevance of each.
 - We have assumed that any revenue generated through hiring out community buildings and associated facilities will be small, and would be transferred directly back into maintaining and servicing the community halls.

The main options

The following numbers and text below are best estimates, used to explore possible dimensions and implications. They have been discussed with the Steering Group, but should be seen as working estimates based on information currently available: they will need to be detailed further and tested as the work to set up the new organisation moves forward.

Option 1: S106 contribution – directed towards landscape maintenance

- 4.21 The sum of £37m has been put forward in provisional S106 figures from Cherwell District Council for the cost of landscape maintenance within the overall Masterplan. Allowing for phased build-up of contributions in the early years, and then maintaining these at a level of £1.75m pa (within a 5% return on a £37m annuity), this would provide a revenue stream covering the costs estimated in paragraph 4.10. However, an additional £9m (for the 25 year development period) or £14m (for development over 35 years) would be required to meet other additional LMO costs not covered by decisions made to date.

Option 2: Service charge levied on all North West Bicester residents

- 4.22 The assumption here is that a service charge is levied on all residents, at the level set for the exemplar phase, £489 per home per annum. Based solely on additional income from this source, the deficit would be £18m or £28.2m, for the shorter and longer development periods respectively.

Option 3: Eco business centre

- 4.23 The Eco business centre is expected to be built within the first four years of development. Final decisions on the form, ownership and management are still to be made and agreed by the development partners, but the Eco business centre could provide a possible income stream for the LMO. In order to quantify this option, we have assumed that:

- The Eco business centre could be around 20,000 sq.ft in size, with 15,000 sq ft of net lettable space; build cost could be c. £2.5m. The centre will be funded by CDC and on completion it will be let on an overriding lease to specialist firm of business centre operators
- The base rent payable by the operator under the overriding lease will be £60,000 per annum for the first year (as firms move in and occupancy rises) and will be £125,000 per annum thereafter⁸. (In practice there would be reviews at appropriate intervals during the length of the overriding lease.) The figure of £125,000 per annum represents a return of 5% on capital cost: the operator will sublet the accommodation to business occupiers
- The income stream of £60,000 per annum, followed by £125,000 per annum will be received by Cherwell District Council, or A2 Dominion on the local authority's behalf, and transmitted directly to the LMO.

4.24 On these assumptions, the Eco business centre could make a useful contribution to the LMO, but significant other income would be required if the cost base remained as outlined: the gap to be bridged would be £41.8m for a 25 year development period, £62.3m if the building period was over 35 years.

Option 4: 'Pipeline deal' with an energy supply company

4.25 We understand that this option is being actively pursued, but discussions are at an early stage, and apparently subject to commercial confidentiality. At this early stage, we have assumed:

- An arrangement is reached between P3Eco, the land facilitators, acting on behalf of the LMO, and an energy supply company whereby the energy company commits any costs of the operation and the occupiers of the 4,607 homes in the main development are invited to enter into an arrangement: as the cost of energy supplied to the householders will be below the market rate we do not see resistance to this approach.
- The energy company will then pay over to the LMO a management fee of £100 per annum per household, producing a potential revenue stream to be used for LMO purposes which will rise to £500,000 pa when the development is completed. We believe that the figure of £100 per annum is an appropriate assumption, as it represents less than a tenth (8.5%) of the average UK household energy cost. (£1,172 per annum, DECC 2011, Annual Energy Price Statistics).

4.26 Again, a substantial deficit remains, £38.1m or £57.1m, depending on the length of the development period.⁹

⁸ We believe on the basis of information from a specific business centre operator with in-depth experience of these facilities and the Oxfordshire area, that this assumed base rent return takes a reasonably conservative view of the commercial rental level achievable (which could be £20-£25/sq ft, including some services, taking into account that these will be relatively small units); occupancy levels (85% average should be realisable after the first year); operational costs including marketing, and management fee. These assumptions will need to be tested further prior to entering into formal commitments.

⁹ These assumptions are based on conversations with P3 Eco: we are also aware that there may be possible linkage from the new development at NW Bicester to the Ardley incineration site, and we believe this option could complement any arrangements made with Ardley.

Option 5: The sale of land for commercial development

- 4.27 The series of working assumptions used to quantify this option are as follows:
- 15 acres of land, earmarked for a new commercial and civic hub, will be sold by the developer to the LMO (or to Cherwell District Council, acting on its behalf) at cost price of £150,000 per acre by the end of the exemplar phase.
 - The LMO will then apply for and achieve planning permission for commercial development on 10 acres (two-thirds of the area) for retail, leisure, office uses and a hotel. The remaining five acres will be passed over to the public sector at cost price: civic uses such as cultural, arts and sporting facilities, healthcare and library, will be developed on that land.
 - The land earmarked for commercial use will be sold or ground-leased to a developer giving the LMO profit of £8.5million or a ground rent and an endowment (to be capitalised at 5% per annum) of £425,000 per annum. The value of £1 million per acre underpinning these figures is in line with the assumption used by Bruton Knowles in the December 2011 report: *Provisional Viability Assessment: North West Bicester Eco Town*.
- 4.28 On these assumptions, a deficit of £35.5m or £53.0m would remain to be filled, if this were the only main option realised.
- 4.29 A variation to Option 5 would be the earmarking of additional land outside of the present plan for residential rather than commercial development. This would be sold by the developer to the LMO at the same (cost) price of £150,000 per acre; the LMO would in turn obtain the appropriate planning permissions and sell it on, with the benefit of existing spine roads etc, to one of the of the house builders at full housing value. This variant may be attractive towards the end of the master plan period, but we see it as less attractive than the sale of land for commercial development. There is a limit to the annual take up of housing land, and there seems no reason why the developer should allow additional housing land to be brought forward at an early date and delay the sale of his existing housing land; we would expect the proposed commercial land use in Option 5 to be brought forward quickly as this would be additional to, rather than competing with, other development. On the basis of the variants tested in this Business Plan, it would be 25 or 35 years before any receipts were available to the LMO from additional housing land.

Conclusion

- 4.30 It is evident that, on the basis of the assumptions set out above, none of the main options in isolation would generate the scale of resource required to fund the operations of an LMO that had the capacity required to deliver the core tasks set out in section 3, and the associated costs summarised at the start of this section. The implication is that two (or more) of these options will need to be pursued in parallel, or that additional possibilities will need to be considered, or that the functions of, or cost base for, the LMO will need to be substantially modified.

Other possibilities for funding through revenue-generating land uses

4.31 In the present Business Plan and spreadsheet, we have assumed that the cost of maintaining the open space will be met, in essence, by the planned service charge arrangements and/or from S106 arrangements. In addition to the sources of income listed above, there may be potential for some additional income from open space users, based on commercial leisure or other revenue-raising activities. These include:

- Leisure attractions oriented towards a local catchment (e.g. golf clubs), possibly with a retail element (farm shops/maize mazes); or themed landscape parks oriented towards tourists (e.g. Flamingoland in North Yorkshire)
- Green Cemeteries (e.g. Greenhaven Woodland Burial Ground in Lilbourne, Ketton Park Green Burial site in Rutland)
- Sports – national football centres (e.g. Goals Soccer Centres)

Figure 4-1: Goals Soccer Centres

Goals Soccer Centres plc is a leading player in the fast growing 5-a-side soccer market. The Company currently operates 43 centres and has established a pipeline in excess of 40 sites to continue the rollout of its concept.

A Goals Centre typically comprises between 9 and 14 floodlit 5-a-side courts set in an area of at least 2.5 acres. A modern "pavilion" provides quality changing facilities and a licensed lounge catering for post-match refreshment. Parking is provided for approximately 100 cars. The majority of centres also include one or two 7-a-side courts. The facilities are hired out for tournaments, games, birthday parties and corporate events.

The minimum condition for a centre is a well-located and easily accessible site within urban areas of at least 150,000 population. Goals develop sites by working with both the public and private sectors. All but one of the current centres are held on long leases and many of the current centres are located on land leased from schools or local authorities, who Goals allow to use the pitches during off-peak times free of charge. A typical Goals centre has a capital cost of around £2.3 million and a build time of approximately 5 months.

Source: <http://www.goalsplc.com>

4.32 These sources are not likely to raise substantial amounts compared with the main options listed above, and they may involve considerable off-setting costs: we suggest, however, that they should be considered for possible follow-up. As a first step, we envisage a review of the open space in the Masterplan, to consider possible options including innovative ways of managing and using open space.

4.33 Other early actions, based on our assessment of the specific opportunities and risks attached to the options, are flagged in Section 5, which follows.

5: Next steps - opportunities, risks, actions

Basis for moving forward

- 5.1 P3 Eco and A2 Dominion, supported by Cherwell District, are committed to the substantial eco-development at North West Bicester. Agreement has been reached on how the exemplar phase should be delivered, and some initial allowance has been made for the services which would be provided by an embryonic LMO. Given the location and progress to date, we are confident that, over time, significant development will take place at North West Bicester.
- 5.2 The content of the development and its phasing beyond the initial ‘exemplar’ phase are as yet much less certain. In consequence, a single ‘best fit’ solution for the LMO cannot be proposed at the present time: the uncertainty means that there should be further consideration of options, informed by this Stage 1 Business Plan. This will include the implications of pursuing the main options, and specifically how the LMO might evolve to take on fuller responsibilities for green space and for community provision – facilities and possibly revenue support - as the site is built out.

Key conclusion from the Stage 1 business planning

Based on the information available and the assumptions made at this time, a combination of income streams will be required to fund the operations of an LMO with sufficient capacity to deliver its likely core tasks.

Options development: key actions

- 5.3 In Table 5-1, below, a series of headline actions are drawn out from the opportunities and risks associated with each of the main options.

Table 5-1: Main options for LMO funding: nature of the opportunity, risks and early actions

Option	Opportunity	Risk	Action
S106 contribution Landscape Maintenance	Under current aspirational list, could make a large contribution minimising the need to find the income from elsewhere.	Large amount of money for contribution is still subject to negotiation: could mean the development is less profitable /feasible.	<i>Position to be clarified through S106 negotiations</i>
Service charge Service charges have been suggested as an important potential source of funding for the LMO	Large amount of income for the LMO, if planned correctly could provide services of which residents can enjoy free of charge encouraging participation.	A substantial charge (£400-500 per household) could place the scheme at a market disadvantage relative to other schemes in the Bicester area. This impact would be in addition to the likely uplift in selling prices associated with the eco-requirements (albeit at least partly off-set by savings in running costs) Such a charge could also create a divide between this development and Bicester Town, which we understand CDC and the	<i>Discuss with partners; obtain feedback from commercial developers</i>

Option	Opportunity	Risk	Action
		development partners are keen to avoid.	
Eco business centre	Potential asset base for the LMO	No agreement at this time on asset/revenue stream being used for LMO purposes Reliance on occupancy rates; need for professional management	<i>Work with CDC to resolve position from LMO perspective before further work on this as an option</i>
Land endowment/commercial sales	Would also create an asset base for the LMO, with potential community control over facilities.	May be issues with planning. No agreement that proceeds from windfall on commercial development should be made available for LMO	<i>Work with CDC to resolve position from LMO perspective before further work on this as an option</i>
Energy pipeline levy	Steady income for the LMO in the longer term: also cheaper energy prices for residents.	Still in scoping/initial negotiation: not enough known about the form of the scheme/scale of contribution; national policy still subject to change	<i>Early follow-up with P3 Eco</i>

Source: SQW

Next steps

- 5.4 This Stage 1 Business Plan is expected to feed into the masterplanning process, which will be undertaken in the coming months.
- 5.5 Further work detailing the scope and scale of the main options for the LMO will be required as part of, and following on from, the Masterplan. This next stage of work, which will inform the Stage 2 Business Plan, will need to be informed by policy decisions by the partners, and take into account that, in the present economic situation, the plan for development at NW Bicester might not be realised as quickly as intended.
- 5.6 In the meantime, early actions, derived from Table 5-1, above, are required to move forward the process of planning and putting in place the LMO:
- The Business Plan should be regarded as a working document, to be updated as new information becomes available, following wider consultation with stakeholders, including P3 Eco, the town/parish councils and Cherwell District Community Land Trust
 - A2 Dominion should ensure the resource required to deliver the embryonic LMO functions is in place for the first two years of the exemplar development
 - Partners' engagement in the Masterplan should aim to ensure that the review of open space provision is informed and influenced by the LMO requirement and potential
 - Key staff from the other partners should support the A2 Dominion resource, working together, and in collaboration with P3 Eco, on actions to refine the main funding options, follow up opportunities and reduce risks
 - A2 Dominion should conduct best practice discussions with both Milton Keynes Parks Trust and Letchworth Garden City Heritage Foundation

- Discussions around the final form, ownership and management of the Eco businesses centre should take place between A2 Dominion and Cherwell District Council
- A2 Dominion and Cherwell District Council should discuss the possible options for commercial development and whether it is feasible for this to be sold or leased by the LMO.

Annex A: Possible sources of grant income

- A.1 The table presents the various grants currently available or forthcoming together with our interpretation of the likely relevance of each. Some grants may be forthcoming, but we believe that those available are likely to be tied to specific activities, and unpredictable in their scale and timing: it would be unwise to depend on them as a main option.

Table A-1 : Grant funding sources

Name:	Description	Details	Funds	Example	SQW Notes
Cabinet Office Social Action Fund	Financial assistance is available to voluntary, public and private sector organisations to develop opportunities for social action in England.	Grants will be awarded primarily to fund revenue costs. The fund can be used towards equipment costs, but cannot be used to acquire fixed assets with a total purchase cost (including VAT) in excess of £5,000.	The minimum grant available is £100,000, with no maximum limit.	The Hastings Trust project aided local communities to come together to take action over local issues and concerns and helps local people to develop social networks.	Not currently available to submit applications until 2013.
The Communitybuilders Fund, previously owned by the Department of Community and Local Government is now an endowed fund, owned and administered by the Adventure Capital Fund.	It supports neighbourhood-based, community-led organisations to become more sustainable through a mixture of loans, grants and business support.	Capital and revenue funding will be available to community enterprises that have operated for at least 12 months and are looking to build their long term financial viability and increase their ability to deliver significant social impact in their communities.	The minimum investment is £250,000 and the maximum you can apply for is £750,000. Communitybuilders is primarily a loan fund and investments will have a minimum 80% loan element. We will charge an interest rate of 5% on the loan.	Hebden Bridge: Grant and loan funding of a little over £2m was agreed with the Communitybuilders fund alongside an ERDF grant for enterprise units and business facilities allows the creation of purpose-built community and enterprise facilities for the town.	Loan fund. Not available for applications until operational for 12 months.
The Community Right to Challenge	communities will be able to bid to take over local services they think they can run differently and better	The programme will include a dedicated advice phone line where support and information will be available. It will also include grants to help groups to use the new right and bid to run local public services, resources, and case studies.	three year support programme worth £11.5million	Shiney Advice and Resource Project (ShARP) - is an independent welfare rights advice centre based in Sunderland. Run as a charity it provides basic advice on debt, welfare benefits, housing and employment.	Competing against current local suppliers. Only until 2015.

Name:	Description	Details	Funds	Example	SQW Notes
The Community Right to Bid	Communities will have the chance to bid to buy and take over the running of assets that are of value to the local community.	The Right to Bid will be able to be used by a local voluntary or community group. The group can request land and assets in the local community are put on the Local Authority's Register of assets of community value. Once something is on the register, it must be declared when the owner decides to sell it, and the community then has a 6 month moratorium on the sale, which is intended to give the community time to raise the funds to bid on the open market along with other potential purchasers.	None.	No current examples.	Expected to come into effect in autumn 2012. Katie Lee contact: 0303 444 3251
Big Lottery Fund Reaching Communities programme	Financial assistance is available for projects which encourage voluntary and community organisations to identify their own local ideas for funding.	Two strands: 1.Reaching Communities revenue and small capital – funding from £10,000 to £500,000 for revenue projects and/or smaller capital projects up to £50,000 2.Reaching Communities buildings – funding of between £100,000 and £500,000 for large capital projects	£130million available. £23million spent since 2005.	Local people in Bognor Regis have come together to run a series of activities that will help to improve the health and well being of all its residents thanks to a Big Lottery Fund grant of £146,448. Bognor Community Action Network (Bognor CAN) had already spent two years working in the area, earning the trust of local people and finding out what services they really wanted and needed. Bognor CAN used the funding to put into action an ambitious plan to provide a series of activities that would engage the whole community.	Respond to need - Need is described as a problem or issue, or situation where something needs to change to make things better for a community or environment.

Name:	Description	Details	Funds	Example	SQW Notes
Big Lottery Fund Reaching Communities programme	A new strand of Reaching Communities announced in 2012.	The fund is a new strand of the BLF's Reaching Communities programme, which is worth £500m. It is designed to support charities that want shorter term, smaller scale grants than those available through the existing Reaching Communities scheme.	grants of up to £40,000 a year until 2015		Shorter term, small scale grants. Only until 2015.
The Community First Endowment	a government scheme to set up a permanent endowment of £150 million for the UK's community foundations	The goal is to have a fund of £150 million which will start to give money from 2015 to the UK's community foundations. The community foundations, in turn, will use the money to support projects in their local communities. In order to receive funding from the Endowment Fund, the community foundations will need to raise funds at the local level.	The Government will contribute £1 for every £2 donated.		
Lottery Awards for All England	The Awards for All programme aims to help improve local communities and the lives of people most in need.	Grant is available for one year only and all funds must be spent in this time.	Small grants scheme making awards of between £300 and £10,000.	Ratton School and Cavendish School in Eastbourne, East Sussex met with local groups and realised that there was a need for a project which would promote community cohesion. The My Playground arts project was awarded £5,975 and encompasses local schools, community groups and organisations to promote interaction through events and workshops. The focus is on encouraging people to participate in community life through play.	Respond to need only. Also small scale.

Source: SQW Research

Annex B: LMO functions and possible funding options – over 25 and 35 year development periods

Table B-1: LMO Outline Stage 1 Business Plan over 25 years – Years 2013 - 2020

25 year development period	1 2013	2 2014	3 2015	4 2016	5 2017	6 2018	7 2019	8 2020
STAGES								
Stages	Stage 1			Stage 2				
Population estimates	up to 1,000 residents			up to 3,000 residents				
HOUSING								
Housing exemplar	100	100	100	93				
Housing wider scheme			50	57	225	225	225	225
Housing total per year	100	100	150	150	225	225	225	225
Housing total cumulative	100	200	350	500	725	950	1,175	1,400
COSTS								
Landscaping Maintenance (exemplar area)	£48,000	£96,000	£144,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£0	£0	£250,000	£500,000	£750,000	£1,000,000	£1,250,000	£1,500,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0
STAFF								
operations personnel costs	£0	£0	£0	£70,000	£70,000	£70,000	£70,000	£70,000
other personnel/ office costs	£0	£0	£70,000	£100,000	£100,000	£100,000	£100,000	£100,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION								
Community engagement	£10,000	£10,000	£10,000	£15,000	£15,000	£15,000	£15,000	£20,000
Education	£0	£0	£0	£15,000	£15,000	£15,000	£15,000	£20,000
Marketing	£15,000	£15,000	£15,000	£20,000	£20,000	£20,000	£20,000	£30,000
TOTAL COSTS PER YEAR	£73,000	£121,000	£489,000	£912,000	£1,162,000	£1,412,000	£1,662,000	£1,932,000
INCOME								
exemplar S106 contribution to LMO set up	£25,000	£25,000	£25,000					
service charge (£489 per household - exemplar only)	£24,450	£73,350	£122,250	£169,439	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£49,450	£98,350	£147,250	£169,439	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£44.4m over devt period)	£23,550	£22,650	£341,750	£742,562	£969,823	£1,219,823	£1,469,823	£1,739,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES								
Option 1 S106 contribution (landscape maintenance)	£0	£0	£500,000	£750,000	£750,000	£1,000,000	£1,250,000	1,500,000
additional income required (£9.0m)	£23,550	£22,650	-£158,250	-£7,439	£219,823	£219,823	£219,823	£239,823
Option 2 service charge (£489 per household - wider scheme)	£0	£0	£24,450	£52,323	£162,348	£272,373	£382,398	£492,423
additional income required (£18.0m)	£23,550	£22,650	£317,300	£690,239	£807,475	£947,450	£1,087,425	£1,247,400
Option 3 eco-business centre	£0	£0	£0	£60,000	£125,000	£125,000	£125,000	£125,000
additional income required (£41.8m)	£23,550	£22,650	£341,750	£682,562	£844,823	£1,094,823	£1,344,823	£1,614,823
Option 4 energy pipeline levy	£10,000	£20,000	£35,000	£50,000	£72,500	£95,000	£117,500	£140,000
additional income required (£38.1m)	£13,550	£2,650	£306,750	£692,562	£897,323	£1,124,823	£1,352,323	£1,599,823
Option 5 commercial sales/ endowment	£0	£0	£0	£0	£425,000	£425,000	£425,000	£425,000
additional income required (£35.5m)	£23,550	£22,650	£341,750	£742,562	£544,823	£794,823	£1,044,823	£1,314,823

Table B-2: LMO Outline Stage 1 Business Plan over 25 years – Years 2021 - 2029

	9 2021	10 2022	11 2023	12 2024	13 2025	14 2026	15 2027	16 2028	17 2029
STAGES									
Stages	Stage 3								
Population estimates	up to 12,000 residents								
HOUSING									
Housing exemplar									
Housing wider scheme	225	225	225	225	225	225	225	225	225
Housing total per year	225	225	225	225	225	225	225	225	225
Housing total cumulative	1,625	1,850	2,075	2,300	2,525	2,750	2,975	3,200	3,425
COSTS									
Landscaping Maintenance (exemplar area)	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0	£0
STAFF									
operations personnel costs	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000
other personnel/ office costs	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION									
Community engagement	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Education	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Marketing	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
TOTAL COSTS PER YEAR	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000
INCOME									
exemplar S106 contribution to LMO set up									
service charge (£489 per household - exemplar only)	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£44.4m over devt period)	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES									
Option 1 S106 contribution (landscape maintenance)	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
additional income required (£9.0m)	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823
Option 2 service charge (£489 per household - wider scheme)	£602,448	£712,473	£822,498	£932,523	£1,042,548	£1,152,573	£1,262,598	£1,372,623	£1,482,648
additional income required (£18.0m)	£1,627,375	£1,517,350	£1,407,325	£1,297,300	£1,187,275	£1,077,250	£967,225	£857,200	£747,175
Option 3 eco-business centre	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000
additional income required (£41.8m)	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823
Option 4 energy pipeline levy	£162,500	£185,000	£207,500	£230,000	£252,500	£275,000	£297,500	£320,000	£342,500
additional income required (£38.1m)	£2,067,323	£2,044,823	£2,022,323	£1,999,823	£1,977,323	£1,954,823	£1,932,323	£1,909,823	£1,887,323
Option 5 commercial sales/ endowment	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
additional income required (£35.5m)	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823

Table B-3: LMO Outline Stage 1 Business Plan over 25 years – Years 2030 - 2037

	18 2030	19 2031	20 2032	21 2033	22 2034	23 2035	24 2036	25 2037
STAGES								
Stages	Stage 3 (cont)							
	up to 12,000 residents (cont)							
HOUSING								
Housing exemplar								
Housing wider scheme	225	225	225	225	225	225	225	0
Housing total per year	225	225	225	225	225	225	225	0
Housing total cumulative	3,650	3,875	4,100	4,325	4,550	4,775	5,000	5,000
COSTS								
Landscaping Maintenance (exemplar area)	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0
STAFF								
operations personnel costs	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000
other personnel/ office costs	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION								
Community engagement	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Education	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Marketing	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
TOTAL COSTS PER YEAR	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000
INCOME								
exemplar S106 contribution to LMO set up								
service charge (£489 per household - exemplar only)	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£44.4m over devt period)	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES								
Option 1 S106 contribution (landscape maintenance)	1,750,000	1,750,000	1,750,000	1,750,000	1,700,000	1,750,000	1,750,000	1,750,000
additional income required (£9.0m)	£479,823	£479,823	£479,823	£479,823	£529,823	£479,823	£479,823	£479,823
Option 2 service charge (£489 per household - wider scheme)	£1,592,673	£1,702,698	£1,812,723	£1,922,748	£2,032,773	£2,142,798	£2,252,823	£2,252,823
additional income required (£18.0m)	£637,150	£527,125	£417,100	£307,075	£197,050	£87,025	-£23,000	-£23,000
Option 3 eco-business centre	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000
additional income required (£41.8m)	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823
Option 4 energy pipeline levy	£365,000	£387,500	£410,000	£432,500	£455,000	£477,500	£500,000	£500,000
additional income required (£38.1m)	£1,864,823	£1,842,323	£1,819,823	£1,797,323	£1,774,823	£1,752,323	£1,729,823	£1,729,823
Option 5 commercial sales/ endowment	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
additional income required (£35.5m)	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823

Table B-4: LMO Outline Stage 1 Business Plan over 35 years – Years 2013 - 2021

35 year development period	Year								
	1 2013	2 2014	3 2015	4 2016	5 2017	6 2018	7 2019	8 2020	9 2021
STAGES									
Stages	Stage 1			Stage 2					
Population estimates	up to 1,000 residents			up to 3,000 residents					
HOUSING									
Housing exemplar	100	100	100	93					
Housing wider scheme			50	57	150	150	150	150	150
Housing total per year	100	100	150	150	150	150	150	150	150
Housing total cumulative	100	200	350	500	650	800	950	1,100	1,250
COSTS									
Landscaping Maintenance (exemplar area)	£48,000	£96,000	£144,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£0	£0	£250,000	£500,000	£750,000	£1,000,000	£1,250,000	£1,500,000	£1,500,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0	£0
STAFF									
operations personnel costs	£0	£0	£0	£70,000	£70,000	£70,000	£70,000	£70,000	£70,000
other personnel/ office costs	£0	£0	£70,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION									
Community engagement	£10,000	£10,000	£10,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
Education	£0	£0	£0	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
Marketing	£15,000	£15,000	£15,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
TOTAL COSTS PER YEAR	£73,000	£121,000	£489,000	£912,000	£1,162,000	£1,412,000	£1,662,000	£1,912,000	£1,912,000
INCOME									
exemplar S106 contribution to LMO set up	£25,000	£25,000	£25,000						
service charge (£489 per household - exemplar only)	£24,450	£73,350	£122,250	£169,439	£192,177	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£49,450	£98,350	£147,250	£169,439	£192,177	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£66.2m over devt period)	£23,550	£22,650	£341,750	£742,562	£969,823	£1,219,823	£1,469,823	£1,719,823	£1,719,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES									
Option 1 S106 contribution (landscape maintenance)	£0	£0	£250,000	£500,000	750,000	1,000,000	1,250,000	1,500,000	1,500,000
additional income required (£14.0m)	£23,550	£22,650	£91,750	£242,562	£219,823	£219,823	£219,823	£219,823	£219,823
Option 2 service charge (£489 per household - wider scheme)	£0	£0	£24,450	£52,323	£125,673	£199,023	£272,373	£345,723	£419,073
additional income required (£28.2m)	£23,550	£22,650	£317,300	£690,239	£844,150	£1,020,800	£1,197,450	£1,374,100	£1,300,750
Option 3 eco-business centre	£0	£0	£0	£60,000	£125,000	£125,000	£125,000	£125,000	£125,000
additional income required (£62.3m)	£23,550	£22,650	£341,750	£682,562	£844,823	£1,094,823	£1,344,823	£1,594,823	£1,594,823
Option 4 energy pipeline levy	£10,000	£20,000	£35,000	£50,000	£65,000	£80,000	£95,000	£110,000	£125,000
additional income required (£57.1m)	£13,550	£2,650	£306,750	£692,562	£904,823	£1,139,823	£1,374,823	£1,609,823	£1,594,823
Option 5 commercial sales/ endowment	£0	£0	£0	£0	£425,000	£425,000	£425,000	£425,000	£425,000
additional income required (£53.0m)	£23,550	£22,650	£341,750	£742,562	£544,823	£794,823	£1,044,823	£1,294,823	£1,294,823

Table B-5: LMO Outline Stage 1 Business Plan over 35 years – Years 2022 - 2029

Year	10	11	12	13	14	15	16	17
	2022	2023	2024	2025	2026	2027	2028	2029
STAGES								
Stages	Stage 3							
Population estimates	Up to 12,000 residents							
HOUSING								
Housing exemplar								
Housing wider scheme	150	150	150	150	150	150	150	150
Housing total per year	150	150	150	150	150	150	150	150
Housing total cumulative	1,400	1,550	1,700	1,850	2,000	2,150	2,300	2,450
COSTS								
Landscaping Maintenance (exemplar area)	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0
STAFF								
operations personnel costs	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000
other personnel/ office costs	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION								
Community engagement	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Education	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Marketing	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
TOTAL COSTS PER YEAR	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000
INCOME								
exemplar S106 contribution to LMO set up								
service charge (£489 per household - exemplar only)	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£66.2m over devt period)	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES								
Option 1 S106 contribution (landscape maintenance)	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
additional income required (£14.0m)	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823
Option 2 service charge (£489 per household - wider scheme)	£492,423	£565,773	£639,123	£712,473	£785,823	£859,173	£932,523	£1,005,873
additional income required (£28.2m)	£1,737,400	£1,664,050	£1,590,700	£1,517,350	£1,444,000	£1,370,650	£1,297,300	£1,223,950
Option 3 eco-business centre	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000
additional income required (£62.3m)	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823
Option 4 energy pipeline levy	£140,000	£155,000	£170,000	£185,000	£200,000	£215,000	£230,000	£245,000
additional income required (£57.1m)	£2,089,823	£2,074,823	£2,059,823	£2,044,823	£2,029,823	£2,014,823	£1,999,823	£1,984,823
Option 5 commercial sales/ endowment	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
additional income required (£53.0m)	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823

Table B-6: LMO Outline Stage 1 Business Plan over 35 years – Years 2030 - 2037

	Year							
	18 2030	19 2031	20 2032	21 2033	22 2034	23 2035	24 2036	25 2037
STAGES								
HOUSING								
Housing exemplar								
Housing wider scheme	150	150	150	150	150	150	150	150
Housing total per year	150	150	150	150	150	150	150	150
Housing total cumulative	2,600	2,750	2,900	3,050	3,200	3,350	3,500	3,650
COSTS								
Landscaping Maintenance (exemplar area)	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0
STAFF								
operations personnel costs	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000
other personnel/ office costs	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION								
Community engagement	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Education	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Marketing	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
TOTAL COSTS PER YEAR	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000
INCOME								
exemplar S106 contribution to LMO set up								
service charge (£489 per household - exemplar only)	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£66.2m over devt period)	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES								
Option 1 S106 contribution (landscape maintenance)	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
additional income required (£14.0m)	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823
Option 2 service charge (£489 per household - wider scheme)	£1,079,223	£1,152,573	£1,225,923	£1,299,273	£1,372,623	£1,445,973	£1,519,323	£1,592,673
additional income required (£28.2m)	£1,150,600	£1,077,250	£1,003,900	£930,550	£857,200	£783,850	£710,500	£637,150
Option 3 eco-business centre	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000
additional income required (£62.3m)	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823	£2,104,823
Option 4 energy pipeline levy	£260,000	£275,000	£290,000	£305,000	£320,000	£335,000	£350,000	£365,000
additional income required (£57.1m)	£1,969,823	£1,954,823	£1,939,823	£1,924,823	£1,909,823	£1,894,823	£1,879,823	£1,864,823
Option 5 commercial sales/ endowment	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
additional income required (£53.0m)	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823	£1,804,823

Table B-7: LMO Outline Stage 1 Business Plan over 35 years – Years 2038 - 2047

	Year									
	26 2038	27 2039	28 2040	29 2041	30 2042	31 2043	32 2044	33 2045	34 2046	35 2047
STAGES										
HOUSING										
Housing exemplar										
Housing wider scheme	150	150	150	150	150	150	150	150	150	0
Housing total per year	150	150	150	150	150	150	150	150	150	0
Housing total cumulative	3,800	3,950	4,100	4,250	4,400	4,550	4,700	4,850	5,000	5,000
COSTS										
Landscaping Maintenance (exemplar area)	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000	£192,000
Landscaping Maintenance (masterplan area)	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000
Community Halls	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
STAFF										
operations personnel costs	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000
other personnel/ office costs	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000	£245,000
MARKETING/ COMMUNITY ENGAGEMENT/ EDUCATION										
Community engagement	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Education	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Marketing	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
TOTAL COSTS PER YEAR	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000	£2,422,000
INCOME										
exemplar S106 contribution to LMO set up										
service charge (£489 per household - exemplar only)	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
TOTAL INCOME PER YEAR	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177	£192,177
Income required to achieve annual balance (£66.2m over devt period)	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823	£2,229,823
BALANCE	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
OTHER POSSIBLE INCOME SOURCES										
Option 1 S106 contribution (landscape maintenance)	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
additional income required (£14.0m)	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823	£479,823
Option 2 service charge (£489 per household - wider scheme)	£1,666,023	£1,739,373	£1,812,723	£1,886,073	£1,959,423	£2,032,773	£2,106,123	£2,179,473	£2,252,823	£2,252,823
additional income required (£28.2m)	£563,800	£490,450	£417,100	£343,750	£270,400	£197,050	£123,700	£50,350	£-23,000	£-23,000
Option 3 eco-business centre	£125,001	£125,002	£125,003	£125,004	£125,005	£125,006	£125,007	£125,008	£125,009	£125,010
additional income required (£62.3m)	£2,104,822	£2,104,821	£2,104,820	£2,104,819	£2,104,818	£2,104,817	£2,104,816	£2,104,815	£2,104,814	£2,104,813
Option 4 energy pipeline levy	£380,000	£395,000	£410,000	£425,000	£440,000	£455,000	£470,000	£485,000	£500,000	£500,000
additional income required (£57.1m)	£1,849,823	£1,834,823	£1,819,823	£1,804,823	£1,789,823	£1,774,823	£1,759,823	£1,744,823	£1,729,823	£1,729,823
Option 5 commercial sales/ endowment	£425,001	£425,002	£425,003	£425,004	£425,005	£425,006	£425,007	£425,008	£425,009	£425,010
additional income required (£53.0m)	£1,804,822	£1,804,821	£1,804,820	£1,804,819	£1,804,818	£1,804,817	£1,804,816	£1,804,815	£1,804,814	£1,804,813