



## Governance, Stewardship and Land Value Capture

June 2019

|  |               |
|--|---------------|
| <b>1. INTRODUCTION .....</b>   | <b>3</b>      |
| <b>2. GARDEN VILLAGE PRINCIPLES.....</b>   | <b>4</b>      |
| <b>3. VISION AND LEADERSHIP .....</b>  | <b>5</b>      |
| 3.1 THE TORTWORTH ESTATE .....   | 5             |
| 3.2 ST. MODWEN.....  | 5             |
| 3.3 MASTER DEVELOPER .....   | 6             |
| <b>4. GOVERNANCE AND STEWARDSHIP .....</b>   | <b>7</b>      |
| 4.1 INTRODUCTION .....   | 7             |
| 4.2 GOVERNANCE STRUCTURE.....  | 7             |
| 4.3 STEWARDSHIP OBJECTIVES .....   | 8             |
| 4.4 AFFORDABLE HOUSING .....   | 11            |
| 4.5 COMMUNITY BUILDINGS AND MOBILISER.....   | 11            |
| 4.6 FUNDING LONG-TERM STEWARDSHIP .....  | 12            |
| <b>5. LAND VALUE CAPTURE .....</b>   | <b>14</b>     |
| 5.1 PLANNING GAIN .....  | 14            |
| 5.2 NATURE OF THE LAND OWNERSHIP AND THE DEVELOPMENT AGREEMENT .....                           | 14            |
| <b>6. PLANNING FOR STEWARDSHIP – NEXT STEPS .....</b>  | <b>16</b>     |
| <br><b>APPENDIX 1: BUCKOVER GARDEN VILLAGE GOVERNANCE STRUCTURE .....</b>                      | <br><b>18</b> |
| <b>APPENDIX 2: GOVERNANCE STRUCTURES AND THEIR RELATIVE ADVANTAGES AND DISADVANTAGES .....</b> | <b>19</b>     |

# 1. INTRODUCTION

Buckover Garden Village is a Strategic Development Location (“SDL”) within the West of England Joint Spatial Plan (“JSP”) Publication Document of November 2017.

The proposal is for Buckover Garden Village to be a new settlement of around 3,000 dwellings together with a range of employment, community and cultural facilities.

Unlike many of the other SDLs, the land required to deliver Buckover Garden Village is in the control of a single family that has owned it for nearly 400 years and who will retain an ongoing interest in the delivery of Buckover Garden Village according to a set of principles that has guided them from the outset.

It is these guiding principles that led to the draft policy within the JSP requiring *“an appropriate delivery body, including land value capture, ownership and management of assets, long-term stewardship and governance arrangements (for the benefit of the community), land uses, masterplanning and detailed design principles accord with Garden City principles and shall be agreed with the Council following consultation with the local community, Parish and Town Councils and other relevant stakeholders.”*

This Working Paper has been prepared to evidence our experience, approach and commitment to the governance, stewardship and land value capture principles of a Garden City and provide a foundation for a dialogue with interested parties and key stakeholders including the civic governance provided through South Gloucestershire Council, Thornbury Town Council and Falfield Parish Council.

## 2. GARDEN VILLAGE PRINCIPLES

### 2.1 Background

The principles of a Garden Village or Town emerged out of the Garden City movement, conceived in the 1890s by Sir Ebenezer Howard to combine the very best of town and country living and so create healthy homes for working people in vibrant communities.

The Town and Country Planning Association (TCPA) define the Garden City principles as “*an indivisible and interlocking framework for delivery, and include:*

- *Strong vision, leadership and community engagement*
- *Land value capture for the benefit of the community*
- *Community ownership of land and long-term stewardship of assets*
- *Mixed-tenure homes and housing types that are genuinely affordable*
- *A wide range of local jobs in the Garden City within easy commuting distances of homes*
- *Beautifully and imaginatively designed homes with gardens, combining the best of town and country to create healthy communities, and including opportunities to grow food*
- *Development that enhances the natural environment, providing a comprehensive green infrastructure network and net biodiversity gains, and that uses zero-carbon and energy-positive technology to ensure climate resilience*
- *Strong cultural, recreational and shopping facilities in walkable, vibrant, sociable neighbourhoods*
- *Integrated and accessible transport systems, with walking, cycling and public transport designed to be the most attractive forms of local transport”*

Whilst Garden Villages and Towns and Cities broadly share the same guiding principles, they differ in scale. Garden Villages provide 1,500-10,000 homes whilst Garden Towns provide in excess of 10,000 homes. Given the differing scale, there is also then a recognition that not all community services and facilities can be incorporated into a smaller settlement and so there is a focus on creating strong and sustainable links to nearby towns and cities.

Whilst this paper is focussed on our approach to the principles of Governance, Stewardship and Land Value Capture, our alignment to these other garden village principles will be evidenced through our masterplan and supporting technical papers covering topics such as design and access, sustainability, transport, employment, community engagement etc.

## 3. VISION AND LEADERSHIP

### 3.1 The Tortworth Estate

Buckover Garden Village is being promoted by a single landowner, the Tortworth Estate, which has nearly 400 years of successful experience in the stewardship of land, buildings and community in South Gloucestershire.

The Estate comprises approximately 4,500 acres, with agriculture being the main use. Over time the Estate has diversified and today includes 1,000 acres which is farmed and managed directly by the Estate and 2,500 acres let on various agricultural tenancies. In addition, there are 450 acres of woodland, 60 let farmhouses and cottages, a primary school, scout huts, village halls, a cricket pitch and football grounds, two roadstone quarries, a farm shop and 18,000 sq ft of business units (office and light industrial). The Estate is proud of its role within the community and the opportunities it has actively provided to local businesses and community initiatives to flourish.

The Tortworth Estate is playing an instrumental role in the development of Buckover Garden Village from shaping the vision, attending consultations and influencing the masterplan and design proposals. Its involvement will continue when it comes to delivery, with the Estate proposing to take an active role in the formation and management of a Stewardship Body (see Section 4). The Estate is also proposing to build a farm shop at the centre of the new community at a very early stage to establish its vision and provide the community with an identity. It will also retain ownership of some of the new homes, employment and retail spaces.

### 3.2 St. Modwen

In January 2018, following a thorough 12-month selection process, the Tortworth Estate appointed St. Modwen as its delivery partner.

St. Modwen is a FTSE 250 company with its own skilled in-house planning, construction, development and asset management teams that specialise in partnering with landowners, both private and public, and developing sustainable mixed-use communities.

St. Modwen's selection as delivery partner reflected not only their strong track-record in infrastructure, housing and commercial property delivery but also the fact that the purpose, values and culture of the business are closely aligned to those of the Estate. This synergy is considered by both parties to be crucial to the successful delivery of Buckover Garden Village.

Further information on St. Modwen can be found at [www.stmodwen.co.uk](http://www.stmodwen.co.uk)

### 3.3 Master Developer

St Modwen and the Tortworth Estate are contractually bound to the delivery of Buckover Garden Village through a *Promotion and Development Agreement*.

Under the terms of this agreement, St. Modwen and the Tortworth Estate act jointly as “Master Developer” responsible for managing the development process and delivering the vision. This role includes:

- Promoting Buckover Garden Village through the planning process and ensuring the vision and objectives are secured and protected through an outline planning permission (e.g. s106 agreement, masterplan and design code)
- Establishing the necessary governance structure and funding requirements for the long-term stewardship of the new community and its assets
- Procuring the design, finance and delivery of infrastructure
- Securing individual reserved matter consents to meet the delivery programme
- Directly delivering certain phases for residential, employment, retail, leisure, community uses
- Selling phases for residential, employment, retail, leisure, community uses to carefully selected partners to deliver in accordance with Design Code and other Master Developer requirements, so character, quality and vision are maintained
- Co-ordinating site wide construction, marketing and community engagement

The Master Developer holds a Strategic Steering Group meeting every quarter which is responsible for agreeing the vision, objectives and principles of the Buckover Garden Village and then overseeing its delivery. It will also determine the phasing strategy and manage the development account which is the means by which land values can be captured enabling the early delivery of infrastructure. The Strategic Steering Group is made up of senior representatives of the two organisations.

The Master Developer additionally holds a monthly project meeting attended by the Tortworth Estate and a core team from St Modwen, to include members from the development, planning and construction teams. At this stage of the process, these meetings draw on the technical knowledge of the consultant team that has been assembled to inform the promotion and planning stages. This includes organisations and individuals with expertise in town and country planning; masterplanning; cultural heritage and archaeology; ecology; hydrology; sustainability; quantity surveying; construction project management; transport and highways; landscape; agricultural land classification; utilities and energy solutions; noise; air quality; arboricultural; and asset management. As the project evolves the advisors attending the project meetings will change with the focus moving from investigation to design and then on to delivery.

Included within our monthly project meetings are those responsible for our community and stakeholder engagement. This allows for continuous reflection of what has been heard from the community since the initial engagement in 2016, through to the latest consultations. In addition, that feedback helps both challenge and inform the master planning exercises such that opportunities and challenges raised through engagement can be tested and acted upon.

## 4. GOVERNANCE AND STEWARDSHIP

### 4.1 Introduction

When completed, Buckover Garden Village will be a mixed community comprising residential, retail, business, agricultural, leisure and community accommodation/facilities on a site extending to approximately 550 acres. As a result, a governance structure and stewardship regime will need to be established that can deliver a co-ordinated and integrated management regime which meets the needs and aspirations of those who live, work or wish to relax and enjoy the leisure facilities which Buckover Garden Village will provide.

The day-to-day management of a mixed-use development such as Buckover Garden Village requires a different management philosophy and broader skill base to that which is generally applied to managing a traditional housing development. For Buckover Garden Village it will require estate management in its broadest sense and incorporates not only the physical management of properties but also the management of infrastructure, the environment and consultation and stewardship of the community.

### 4.2 Governance structure

A Stewardship Body will be put in place at an early stage of the development process to integrate, interact, partake, influence and enhance the new community at Buckover Garden Village. It will be established and administered by the Master Developer early on but will be there to protect the interest of the community long term and ultimately, once the development is completed, be run by the community for the community.

There are different forms and structures that a Stewardship Body can take including Association, Trust, Limited Company or Community Interest Company. We have outlined their advantages and disadvantages within Appendix 2 using a table published by TCPA in their publication "Built Today, Treasured Tomorrow" and based on the Master Developer's own experiences.

Whatever legal structure the Stewardship Body takes, the following parties will be represented:

- Tortworth Estate
- St. Modwen
- Housing Associations(s) that own/manage the affordable housing on the development
- Residents
- Employers/Businesses/Schools

South Gloucestershire Council, Thornbury Town Council and Falfield Parish Councils will be consulted throughout the promotion, planning and delivery stages to understand and define respective aspirations, roles and any legal and civil interrelationships that might be required.

## 4.3 Stewardship objectives

Regardless of the governance structure adopted, long-term stewardship of Buckover Garden Village will be secured through the following objectives of the Stewardship Body:

### 4.3.1 Management of communal areas and spaces

The Stewardship Body will have oversight and ultimately be responsible for the management of all communal areas at Buckover Garden Village that are not adopted by the local authority or utility providers. This can include the following:

- green infrastructure (allotments, play areas, sport pitches, sports pavilion, community orchard, woodland, open space)
- community facilities and infrastructure (art installations, community hall, community food production, district heating centre)
- unadopted transport infrastructure (roads, accessways, footpaths, lighting, parking areas)
- security, CCTV
- water/drainage systems (Drains, Sewers, Swale, Balancing Ponds)

At a practical level, it is likely the Stewardship Body will delegate many of its responsibility to a Managing Agent which would include:

- preparation of service charge accounts and budgets
- administer the statutory books and complete statutory filings at Companies House as necessary
- provide advice where necessary on Company matters
- arrange for all areas within the ownership/control of the Stewardship Body to be maintained, inspected and kept in good repair with full statutory compliance and in accordance with best practice
- undertake regular dialogue with the Directors and Residents with an ongoing review of their aims and objectives
- ensure compliance with estate covenants
- collection of service charges and administering compliance certification/deed on transfer

As well as being practical, it is also beneficial to community harmony to separate the stewardship roles and responsibilities of the Stewardship Body from those of the Managing Agent, who would be responsible for the collection and administration of service charges, management of third-party contracts and for enforcing covenants.

### 4.3.2 Development control

Estate covenants, secured via the legal transfer of individual properties, will be used to protect the quality of the environment for the benefit of the community. They will be explained to people from the outset so residents know what they are committing to and will be supported through the right level of management control.

The following covenants could be considered:



- **maintenance obligations** – freeholders could be required to keep in good and substantial repair and condition the exterior and the internal structural parts of their property, including any boundary walls and fences.
- **alterations** – freeholders could be required to obtain the consent of the Stewardship Body prior to any building work (i.e. extensions, additions, structural alterations etc).

Covenants and/or restrictions could also be introduced on Stewardship Body owned property so that it is safeguarded for the benefit of the community.

#### 4.3.3 Promoting resident involvement in the decision-making process

Essential to the success of stewardship is the extent to which communities are able to both participate in the decision-making process, whether this be as a resident representative, director, member or shareholder.

Whilst we tailor each Stewardship Body framework to the needs of each development, St. Modwen’s approach at Locking Parklands (Weston-Super-Mare) where it established a Community Interest Company could provide a starting template for developing the enhanced governance and community engagement that we wish to see at Buckover Garden Village.

##### Example: Locking Parklands, Weston super Mare



- £4,000m redevelopment of a 200 acre former Ministry of Defence training facility
- 1,450 home new community set in 80 acres of landscaped parkland
- 650,000 sq ft of employment space, district centre, retail, library and school.
- **Community Interest Company** formed with a managing agent performing the estate management role, monitored by St. Modwen.
- Directors are St. Modwen representatives who meet with the managing agent and elected resident representatives on a monthly basis.
- An old Church was converted into a community hall (known as the “Radio Wing”), with design and use being influenced by the community. The facility is now run by the residents with the assistance of St. Modwen and it hosts keep fit classes, church groups, birthday parties etc. The local authority has also had an input into the facility and helped with setting charges etc. Residents of Locking Parklands get a discounted rate for hall hire.

#### 4.3.4 Fostering a Sustainable Community Spirit

The following initiatives, following the lifecycle of someone's interaction with a Stewardship Body, are essential in engaging with the community:

- **Pre-Acquisition** – The role, vision and benefits of the Stewardship Body should be clearly set out on and included within all sales/marketing literature. If residents are going to pay to live on a managed development, then it is important that the benefits are outlined so they understand what they are buying into prior to making a commitment.
- **Point of reservation** – A pack should be provided at the point of reservation explaining more about the Stewardship Body, how it is managed, further information on the service charges, what the covenants are and why they are there, the role of committees and how to volunteer etc.
- **Moving-in** – A welcome pack should be provided to residents when they move in with the contact details of key members at the Stewardship Body, Managing Agent, Resident Committee and other sub-committees. It could be delivered or supplemented by a personal visit from a Community Mobiliser to explain and promote the additional benefits associated with the Garden Village to include:
  - the opportunities for, and how people can get involved in food production
  - the health and wellbeing opportunities provided by the village e.g. a walkable village
  - the opportunities provided for nature and the opportunity for interaction with residents i.e. parks, wetlands, open spaces etc.
  - alternative transport that uses will be available and how to access them
  - the community hub and how it can be used to access offices, meeting rooms etc.
  - residents are involved in the governorship of the Village
  - opportunities for community work and involvement
- **During occupation** – Continuous engagement should occur through a community notice board and website, newsletter, social events (preferably organised through a Social Committee), clubs and societies – gardening clubs etc. and resident meetings.
- **For onward sale** – It is crucial that when a resident comes to sell their house that they receive a certificate of compliance from the Stewardship Body in an efficient and timely manner. Also, as part of this process it will be important for early engagement with the prospective homeowner through provision of an information pack as outlined in the Pre-Sale Section above.

Early and ongoing engagement with residents is essential to the success of creating a sense of community and the Buckover Garden Village team are already engaging with local residents, adjoining landowners, business and service providers to help create that sustainable community spirit.

## 4.4 Affordable Housing

Providing mixed tenure housing and housing types that are affordable is a key garden village principle and a commitment of Buckover Garden Village. Further information on the tenure and type of accommodation will follow at the planning stages.

However, as far as the interaction between affordable housing and stewardship is concerned, the Master Developer is exploring the possibility of creating a shortlisted panel of affordable housing providers who understand and are willing to actively contribute to the garden village principles.

It will also look to deliver affordable housing throughout the development rather than in pockets.

## 4.5 Community Buildings and Mobiliser

It is the intention of the Master Developer to commence development from the core of Buckover Garden Village, delivering the central infrastructure (village square, park, roads, utilities and drainage), some employment accommodation and a farm shop and café at the same time as the first residential phase.

The farm shop could additionally accommodate a community hub to create that sense of belonging and identity from day one.

The Master Developer is also considering allocating funds to the Stewardship Body from the outset so it can employ a “Community Mobiliser” to be based on site from the earliest stages of residential delivery. Their responsibility will be to:

- act as an intermediary between residents, the Stewardship Company and developer(s)
- encourage and explain initiatives that if adopted from day one can become embedded in behaviours – carshare; use of public/sustainable transport and employment hub etc.;
- keep residents informed and engaged in cultural and recreational facilities and events
- co-ordinate recycling facilities
- organise minor repairs and maintenance of public realm

Early delivery of community infrastructure and the provision of staff come at a cost which we consider further below and in Section 5.

## 4.6 Funding long-term Stewardship

The long-term success of Buckover Garden Village will be dependent on ensuring sustainable income streams to support the long-term management and maintenance of the assets and community. This could be achieved through the following means:

- Good Design – due consideration will be given to the design, management and maintenance of community assets over the long term to minimise their financial burden relative to the benefits they bring to a community. Examples include minimising heating/cooling costs through sustainable design; the choice of plants in landscaped areas and materials in the built environment that require limited maintenance; and designing buildings/environments that are adaptable to different uses and at different times to maximise income generation opportunities (i.e. the same space could be used as a café, arts centre, exercise studio and nursery).
- Capital Investment – this could be secured through Section 106 Agreements and Endowments (of either land/property or money) – see Section 5 “Land Value Capture”
- Public sector grant funding or subsidy – one option that is being explored is whether grant funding could be obtained for some of the sustainability proposals which might then provide the Stewardship Body with an income (i.e. energy production)
- Service charges – a service charge could be administered to cover the following non-exhaustive costs:
  - repairing, resurfacing, cleaning, lighting, landscaping, maintaining, renewing and replacing estate managed areas
  - Insurance (buildings, public liability insurance etc.)
  - Staff
  - Compliance with legal obligations
  - Managing Agent costs
  - Security
  - Pest Control
  - Compliance with Planning and other requirements (health and safety, management plans etc.)
  - Long-term maintenance contingency
  - Sinking fund for long term maintenance items

It is usual for a service charge to be structured on a two-tier basis throughout a development to cover (1) estate wide common services; and (2) the costs for services relating to specific properties/areas. A third tier could additionally be included to cover a phase of development, or use.

It is important in the context of Garden Village principles that the service charge is set at a level where it is affordable and that it is structured to ensure it is transparent; fair and reasonable; and capable of being understood.

- Income generation – sale of energy and heating from a district centre system, PV panels, biomass plant etc; Leasing of community owned assets (buildings, parks etc.), car parking
- Alternatives – Social Impact bonds, Charitable donations, National Lottery funding

## 5. LAND VALUE CAPTURE

Land Value Capture is a concept that seeks to ensure the fair distribution of increases in the value of privately-owned land between landowners, the local community and government.

There has been renewed discussion in recent years about how the state can efficiently and fairly redistribute increases in land value arising from policy decisions (in particular, the granting of planning permission and the provision of infrastructure), while ensuring that privately-owned land continues to come forward for appropriate development.

Buckover Garden Village, due to the nature of its ownership and the structure of the development agreement that has been negotiated to deliver it, allows for increases in land value to be captured for the benefit of the wider community.

### 5.1 Planning Gain

Local authorities can through planning obligations secure funding for infrastructure works and for community benefit. Section 106 Agreements are made between a developer/land owner and the local planning authority designed to mitigate concerns an authority has about meeting the cost of providing new infrastructure made necessary by the development. The obligations that form the agreement are negotiable and can relate to a wide range of infrastructure including highways, public transport, education, health, community and cultural facilities, green infrastructure, environmental mitigation and affordable housing.

Whilst Section 106 Agreements and Community Infrastructure Levies were not specifically designed to capture uplifts in land values, they effectively capture land value, with requirements for the provision of affordable housing also having a wider benefit for the community.

### 5.2 Nature of the Land Ownership and the Development Agreement

Buckover Garden Village is fairly unique in the modern era in that the development can be delivered by a single landowner.

More often than not, large scale new housing development is complicated by multiple land ownerships where a range of promotion agreements and option agreements need to be negotiated, all of which complicate land assembly, delay delivery and divert land values to intermediaries.

Furthermore, unlike more conventional promotion or option agreements whereby a house builder agrees to acquire land at a single moment in time from a landowner (often on receipt of planning) and the developer is then left trying to service the associated debt over an extensive period, St Modwen and the Tortworth Estate entered into a Development Agreement which allows for a phased drawdown of parcels of land over the duration of the

development. This provides significant opportunities for land values accruing from the grant of planning permissions to be captured and used to address the necessary infrastructure costs and affordable housing provision.

As master developer with a long-term interest in making Buckover Garden Village a success (both commercially and as a legacy to the community), the Tortworth Estate and St. Modwen are committed to the early delivery of infrastructure and establishing the correct environment for the long-term stewardship of the community through the provision of community mobilisers, community built assets and subsidising the operation and activities of the Stewardship Body. The framework then exists through the nature and structure of the master developer's interest in the land to realise this commitment through endowments and/or through deferring land receipts until much later in the development cycle.

## 6. PLANNING FOR STEWARDSHIP – NEXT STEPS

We are currently at an early stage of planning for stewardship and summarise below the key stages in progressing our proposals, following the planning process. Our approach at Buckover Garden Village is staged to allow for proper due diligence and community engagement throughout this process.

### 6.1 Promotion Stage – Understanding Existing provision and Projected Need

- Draw on stewardship experience and skills of parties to inform the Master Developer on governance structures, stewardship and land value capture. This includes the asset management team at St Modwen but also external organisations. So far, we have met representatives of the Duchy of Cornwall, the Bournville Village Trust, the Land Trust and Preim, all of whom have their own approach and experience to governance and stewardship.
- Establish an understanding of existing provision of community assets and current and projected need arising from the development.
- Engage with the local community (parish, residents, stakeholders), local authority and delivery bodies to explain the approach, understand aspirations/objectives, legal interrelationships of existing management and democratically constituted bodies.

### 6.2 Pre-Application Stage – Consider Options

- Detailed consideration of options for Stewardship Body, what legal form it might take, what governance structure it might have and long-term (minimum 25 years) calculations of capital and revenue funding options.

### 6.3 Planning Permission Stage – Incorporation

- Financial calculations undertaken to establish the long-term financial needs of a Stewardship Body.
- These calculations could be used to inform Section 106 discussions to secure short-term funding and require that funding for the ongoing management of community assets is provided for.
- Alternative opportunities for long-term stewardship funding to be investigated/formalised.
- Proposal for the ongoing management of community assets to be formalised.
- Finalise the drafting of the Memorandum and Articles of Association and incorporate the Stewardship Body(ies).
- Management Controls – detailed discussions with the appointed solicitors to ensure that the management controls are included in any developer agreements prior to disposal.
- Appointment of a Managing Agent to advise at the pre-development stage, particularly for budgeting purposes.

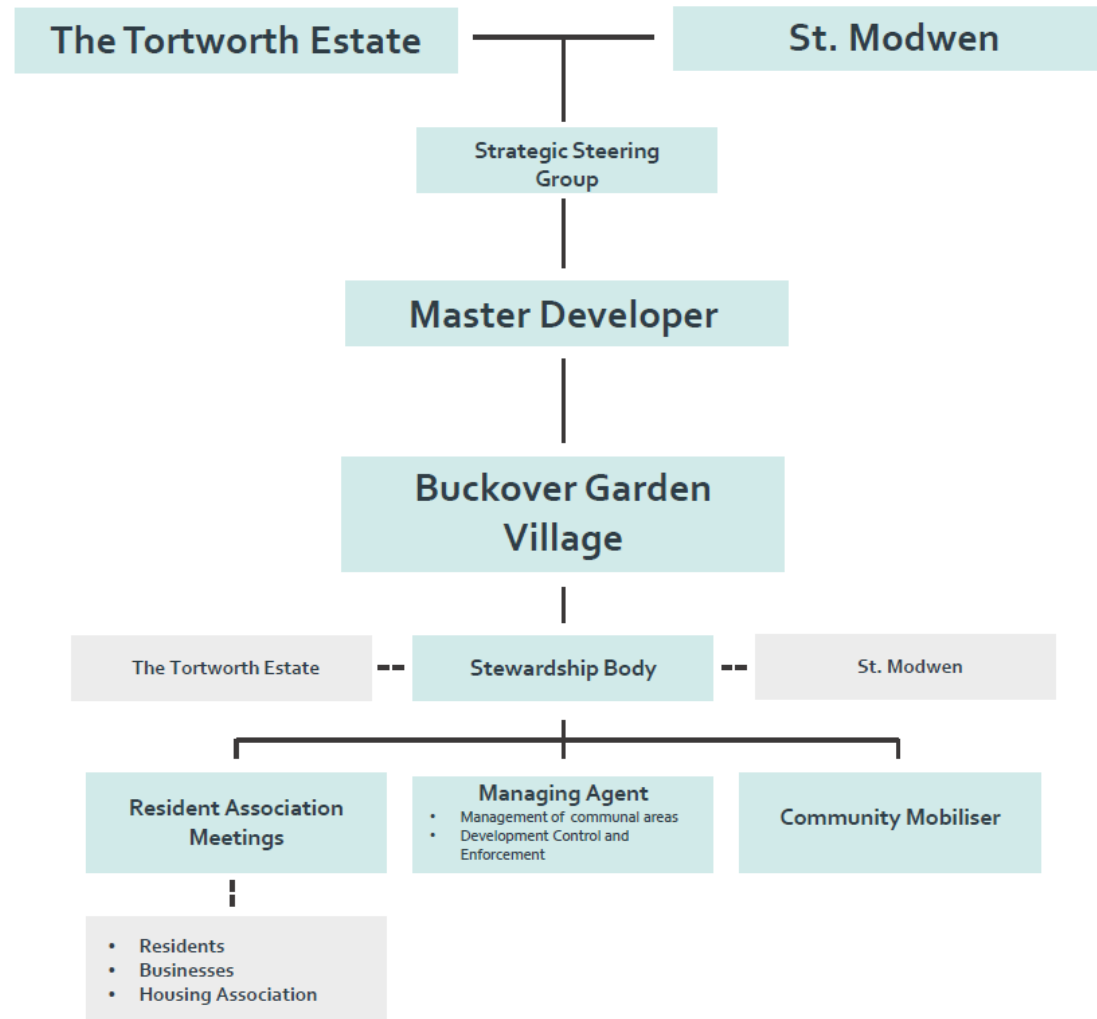


- Master Developer appraisal to be finalised so that there is certainty on the timing of infrastructure delivery.

#### 6.4 Development Stage – Implementation

- Community hub and on-site Community Mobiliser provided from the outset of the development.
- Service charge budget to be tailored to individual phases.
- Community engagement following the lifecycle of an individual's interaction with the Stewardship Body.
- A management plan for the long-term stewardship will include a staged approach to evolve stewardship requirements. This will be reviewed at key stages to make the most of new opportunities.

## APPENDIX 1: BUCKOVER GARDEN VILLAGE GOVERNANCE STRUCTURE



## APPENDIX 2: GOVERNANCE STRUCTURES AND THEIR RELATIVE ADVANTAGES AND DISADVANTAGES

| Legal Structure   | Typical features   | Ownership, governance and constitution  | Is the body a 'legal person' distinct from those who own/run it   | Can the body's activities benefit those who own/ run it   | Assets 'locked in' for community benefit  | Charity and claim charitable status tax benefits?         | Advantages   | Disadvantages  |
|---|--|---|---|---|---|---|--|--|
| Unincorporated Association – it is not a legal entity.                                  | An 'unincorporated association' is an organisation set up through an agreement between a group of people who come together for a reason other than to make a profit. | You don't need to register an unincorporated association, and it doesn't cost anything to set one up. | No. This can create problems for contracts, in holding property and over liability of members. Unincorporated associations can hold property but only in the names of individuals/ members participating in the organisation. | Depends on the body's own rules   | This would need to be specifically drafted into the body's governing principles and objectives. | If it meets the criteria for charitable status.           | <ul style="list-style-type: none"> <li>Governed by a simple constitution</li> <li>No regulation</li> <li>Easy to set up and administer</li> <li>Can hold property</li> </ul>   | <ul style="list-style-type: none"> <li>No legal identity separates it from the individual members; can only enter into contract through its members.</li> <li>Management committee and/or members are responsible for any new debts that the association incurs.</li> <li>May still have to pay corporation tax.</li> </ul>  |
| Trust   | A way of holding assets that separates legal ownership from economic/ beneficial interest.   | Assets owned by trustees and managed in the interest of beneficiaries under the terms of the trust.   | Trustees are personally liable.   | Trustees/ directors cannot benefit unless the trust, the courts or the Charity Commission permit                | Yes, if the trust is established for community benefit.   | Yes, if it meets the criteria for charitable status       | <ul style="list-style-type: none"> <li>Clearly defined purpose and function: activities are governed by the terms of the deed establishing the trust, which may be inflexible.</li> <li>Income arising is held for the beneficiaries</li> </ul>  | <ul style="list-style-type: none"> <li>Trustees have personal liability.</li> <li>The terms of the trust deed establishing the trust may be inflexible.</li> <li>It may be difficult to clearly define the class of beneficiaries.</li> </ul>  |
| Limited company (Non CIC) - company limited by guarantee, and company limited by shares | Most frequently adopted corporate legal structure; can be adapted to suit most purposes.   | Directors manage the business on behalf of members; considerable flexibility over internal rules.     | Yes – members' liability is limited to an amount unpaid on shares or by guarantee.  | Yes – but no dividends etc are paid to members if the body is a company limited by guarantee                    | Would need bespoke drafting in articles (which could be amended by members).                    | Yes, if it meets the criteria for charitable status       | <ul style="list-style-type: none"> <li>A legal entity</li> <li>Can own property and enter into contracts</li> <li>Directors can be paid</li> <li>Not subject to CIC regulatory requirements</li> <li>A company limited by shares is a good investment model – the ability to pay dividends may make it easier to attract private investors.</li> <li>For a company limited by guarantee ('not for profit'), any surplus arising is ring-fenced and can be ploughed back into the activities of the company.</li> <li>Wider liberty to design and deliver the managed estate</li> </ul> | <ul style="list-style-type: none"> <li>Regulation (from the Companies Act).</li> <li>More responsibility for people involved – for example, they may become company directors.</li> <li>In contrast to a CIC, assets are not protected by an asset lock.</li> <li>If the company is limited by guarantee, it may be difficult to raise philanthropic donations/grant aid.</li> <li>Companies limited by shares cannot generally raise philanthropic donations/grant aid, so they need to be entirely self-financing or financed through private investment.</li> <li>For companies limited by shares, there is potential for conflicts of interest between the individual social entrepreneur and the broader shareholder constituency.</li> </ul> |
| Community Interest Company (CIC)  | Limited company structure for social enterprise, with a secure 'asset lock' and a focus on Community benefit.  | As for other limited companies, but subject to additional regulation to ensure community benefits.    | Yes – members' liability is limited to an amount unpaid on shares or by guarantee.  | Yes – but the company must benefit the wider community as well. Can pay limited dividends to private investors. | Yes – through Standard provisions which all CICs must include in their constitution.            | No, but it can become a charity if it ceases to be a CIC. | <ul style="list-style-type: none"> <li>Embraces democratic ownership, not-for profit and commercial models.</li> <li>Combines freedom of entrepreneurial activity with the protection of an 'asset lock'.</li> <li>Directors can be paid.</li> <li>Has a separate legal identity from its members.</li> <li>Can own property or enter into contracts in its own right.</li> <li>More resident and occupier involvement in the development.</li> </ul>  | <ul style="list-style-type: none"> <li>Dual regulation from the Companies Act and the CIC Regulator</li> <li>More responsibility for people involved</li> <li>More burdensome to run during the development cycle.</li> <li>Resistance from residents and occupiers to the cost of estate management</li> <li>Restricted in its remit and scope</li> <li>It may be difficult to raise philanthropic donations/grant aid.</li> </ul>  |

