

REPORT TO CABINET

REPORT OF: CORPORATE DIRECTOR (COMMUNITY SERVICES)

REPORT NO: DCS22

DATE: 9TH May 2005

TITLE:	TOWN CENTRE MANAGEMENT PARTNERSHIP STRUCTURES
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Town Centres Cllr J Smith Economic
CORPORATE PRIORITY:	Town Centre Regeneration and Grantham as a Sub Regional Centre
CRIME AND DISORDER IMPLICATIONS:	None
FREEDOM OF INFORMATION ACT IMPLICATIONS:	None
BACKGROUND PAPERS:	None (Trust Deed 2001)

1.0 PURPOSE OF REPORT AND SUMMARY

As Town Centre Management Partnerships (TCMP's) mature, so their organisational structures need to respond to changing circumstances. A case in point relates to Stamford Vision, who have secured considerable funding for the delivery (inter alia) of the Stamford Gateway project in Sheepmarket / Red Lion Square. The establishment of Charitable Companies Limited by Guarantee behind the established TCMP structures creates an appropriate framework to deliver projects, secure and manage funding from external organisations, invest (and carry over from one financial year to the next) funds, and own assets.

2.0 RECOMMENDATIONS

- A. That the Cabinet endorses the exercise to explore the creation of a Charitable Company Limited by Guarantee associated with Stamford Vision, and that subject to a satisfactory outcome to those discussions, that District Council representatives be invited to become members or Directors (as appropriate) of any company so formed.**
- B. That as and when circumstances arise that similar arrangements be deployed in relation to the other TCMP's**

3.0 DETAILS OF REPORT

Stamford Vision has been successful in securing considerable funding (£300,000+) through the Welland SSP to deliver a major public realm enhancement project in the middle of Stamford. The District Council intends to support the regeneration of town centres through its Capital Programme. Stamford Vision have received considerable technical support and advice for project implementation from CABE Space, an advisory arm of the Commission for Architecture and the Built Environment. The advice stemming from that organisation recommends the establishment of a Charitable Company Limited by Guarantee as an appropriate vehicle to deliver the project.

- 3.1** Formalising the status of Town Centre Management Partnerships has been a matter under consideration for some time. TCMP's are increasingly becoming the originators and sponsors of bids to funding bodies such as Sub Regional Strategic Partnerships. As presently constituted, the Partnerships have no specific legal status or powers. Funding is generally channelled through the District Council. The District Council provides financial support to TCMP's, and delegates a prescribed level of expenditure to them, above which Cabinet Member approval is required. Underspend in any one financial year is not generally carried forward to the following year.
- 3.2** The establishment of Charitable Companies Limited by Guarantee potentially represents a mechanism to support and underpin the work of TCMP's, without diminishing or undermining the Partnership principles upon which they are

founded. It enables partnerships to bid and secure funding for and to deliver projects. It also provides a more effective and flexible framework for the management of resources.

- 3.3 Company members (for example Partnership members) are able to minimise their liabilities up to a guarantee value that has been agreed. Such companies are also sustainable and able to respond to change, such as for example through changes to organisational representatives.
- 3.4 From its inception, Stamford Vision has differed from the other three partnerships, largely because of a strong private sector involvement. At its inception a Trust was formed, and to date this has been used to administer funding from non-district Council sources (for example the Welland SSP). This approach is not considered to be entirely suitable for future purposes and a new company structure is being explored. Through CABE Space, Stamford Vision have sought advice from a specialist law firm.
- 3.5 As a major stakeholder in the Partnership, it is important that the District Council is involved and contributes to any debate surrounding company formation, and also, if appropriate, takes a role in the membership of the company. The law firm have suggested a five stage process to the development of the company:
 - Initial workshop setting out governance options and possible legal models
 - Establish governance model
 - Presentation of governance document to Shadow Board and process of incorporation
 - Charitable registration
 - Asset transfer into new organisation
- 3.6 The need to deliver the Gateway Project in a prescribed timescale points towards the need to resolve this issue. Stamford Vision are minded to fund the exercise from the funds allocated to Stamford Vision by the District Council. However, insofar as any model developed may have a relevance to the other TCMP's it would be appropriate to part fund the exercise from general TCMP budgets.
- 3.7 It is recommended that the Cabinet endorses the exercise to explore the creation of a Charitable Company Limited by Guarantee, and that subject to a satisfactory outcome to those discussions, that District Council representatives be invited to become members or Directors (as appropriate) of any company so formed. It is also recommended that as and when circumstances arise that similar frameworks be deployed in relation to the other TCMP's.

4.0 **OTHER OPTIONS CONSIDERED AND ASSESSED**

It seems likely that without District Council participation in this exercise, steps will be taken to establish a company as a delivery vehicle for the Gateway project. It is considered desirable and beneficial to be involved in this exercise

from its inception, and to contribute to the identification of an appropriate governance model.

5.0 COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER) AND COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

5.1 Stamford Vision is currently a Charitable Trust and has operated on this basis since December 2001. It is therefore a separate legal entity and is subject to a Trust Deed that sets out governance of its operations. Essentially, Stamford Vision is administered and managed by Trustees who are appointed in accordance with the provisions in its Trust Deed. The Trust has been registered with the Charity Commissioners and is therefore required to comply with charity law and register trustees with the Charity Commissioner and submit reports as required.

5.2 Generally, the creation of a Charitable Company limited by Guarantee is not particularly dissimilar to a Charitable Trust. It is a separate legal entity that still comes within the overall remit of the Charity Commissioners and is subject to charity law.

5.3 Charitable Companies limited by Guarantee are considered a particular useful vehicle for delivery projects and managing resources. Essentially they are a tried and tested delivery vehicle for partnership type organisations.

5.4 The devil is often in the detail in these type of arrangements and careful attention will be needed in relation to the key documents that create the Company. If it is decided to proceed with the creation of the Company it is recommended that Legal and Financial Services be instructed to review and comment upon the documentation throughout the formation process. Further reports to members will be required.

5.5 Finally as regards District Council representation on the Board, if members are likely to be appointed they will need to bear in mind that they will be in a controlling position on an outside or separate body to the District Council and will therefore need to be fully aware of their specific responsibilities and duties that such an appointment would entail. Legal Services have already prepared an information booklet for members about this situation and it may also be necessary to ensure that the personal liability and insurance situation is clarified and resolved before a formal appointment occurs. Legal Services will be able to provide advise in this respect.

5.6 The Corporate Manager has been involved in the preparation of this report and endorses the comments contained herein.

6.0 CONTACT OFFICERS

John Pell, Corporate Director of Community Services (01476 406510)
Mike Sibthorp, Head of Planning Policy & Economic Regeneration
(01476 406472)

25th April 2005