

Cabinet 23 MARCH 2020

Northern Roots Project

Portfolio Holder:

Councillor Sean Fielding, Leader and Cabinet member for
Economy and Enterprise

Councillor Abdul Jabbar, Cabinet member for Finance and
Corporate Resources

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Reason for Decision

To enable delivery of the next phase of the Northern Roots project, specifically by seeking approval for the activation of the Northern Roots (Oldham) Limited Charitable Company and nomination of Directors to the board of the Company.

Executive Summary

In January 2019 Cabinet approved both the capital investment for the redevelopment of the Alexandra Park depot into an Eco-Centre (Northern Roots phase 1), and the allocation of two-years' revenue funding to enable the further development of the wider Northern Roots project, including issues of planning, branding, project delivery and community engagement.

Both projects are proceeding well through feasibility, in close coordination with each other. The design team for the Eco-Centre project has been appointed, designs are under development and a planning application will be submitted shortly.

This report provides an update on progress in developing the wider Northern Roots project. The main purpose of the report is to seek approval for specific steps necessary to establish the governance of Northern Roots so that the project is able to accept offers of external funding. The aspiration is that charitable funders and social investors will provide

funds both to complement the current Northern Roots revenue budget for the inception phase, and for the ultimate capital development of the Snipe Clough site. Such funders require Northern Roots to be incorporated as an independent charity to become eligible to receive their funds.

Recommendations

It is recommended that Cabinet:

- 1 Approve the activation of Northern Roots Oldham Limited as a charitable company limited by guarantee with a board of Directors
- 2 Delegate authority to the Director of Communities and Reform to appoint further Directors to the Board, with ratification by the Board.

1. Background:

Over the past six years, and as a tangible part of the Co-operative borough ambition, community growing, horticulture skills and training, renewable energy and the local food economy have been developing. This is through a series of linked initiatives including Get Oldham Working, Get Oldham Growing, Growing Oldham, Feeding Ambition, Oldham Community Power and more recently the work on Thriving Communities.

The Northern Roots project aims to build on this experience to develop the UK's largest urban farm and eco park in the heart of Oldham, on the 160 acre Snipe Clough site, directly adjacent to Alexandra Park and the new Eco-Centre. Currently an under utilised site, it offers opportunities for early phase projects as a precursor to the development of more ambitious proposals on the site. These will include agriculture, horticulture, forestry, food production, sports, eco-tourism and cultural and educational activities.

The intention is that Northern Roots should draw in external sources of funding to minimize the financial contribution required from the Council. This funding will break down into:

- Short term revenue funding to supplement the initial allocation to the project from Council funds. This supplemental funding will be required to enable the project to reach the beginning of capital delivery.
- Capital funding to support the physical development of the Snipe Clough site and initiate operation of the site.

Longer term the ambition is for Northern Roots to be self-financing through a mix of sustainable revenue streams generated through different routes including commissioning, enterprise and visitor attractions. The ambition is also that the project should be developed in such a way as to support the evolution of an ecosystem of small and medium sized businesses, social enterprises and cooperatives to operate the site. These enterprises will operate under licence from the proposed Northern Roots charitable company, in exchange for committing to maximize their contribution towards the project's social value imperatives. This model is intended to deliver maximum social value and economic returns to the people of Oldham.

The development of the Oldham Plan and the Oldham Model as a driver of change means there is a clear framework to drive social impact and investment in order to achieve an Inclusive Economy, Thriving Communities and Co-operative Services. These form the overarching social value objectives of the Northern Roots proposal:

Northern Roots Outputs and Outcomes Model



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The Northern Roots brand has the opportunity to be iconic and associated with both quality and provenance. The project is extremely timely, positioning Oldham at the forefront of a growing national policy debate about the future funding model for urban green spaces. Local authorities and national government, the National Trust, Heritage Lottery and others are all exploring how new sources of funding can be leveraged into urban parks and green spaces in order to deliver sustainable social, environmental and economic outcomes. At a time when many local authorities are disinvesting from their parks and green spaces due to budget cuts, Oldham is building on its track record of superb green space stewardship to develop the new Eco Centre, and to bring the Snipe Clough site into sustainable, productive use. If successful, the project will put Oldham on the map as a pioneer of a new social, environmental and economic compact, and provide a model that other localities can adopt to preserve and enhance their green infrastructure. For this reason the project is attracting considerable interest from parties nationally.

In January Cabinet approved an initial two year phase of the project until March 2021, by which time there would be:

- An operative brand and businesses trading under licence
- Strong community engagement and involvement
- Delivery of early implementation projects
- Planning approval for the full Northern Roots opportunity site
- Inward investments secured and an investment strategy and pipeline
- Legal infrastructure in place and operational
- Contracts and commissioning contracts operational
- Growing social enterprise eco-system operating under Northern Roots licence

2. Current Status

Over the last twelve months considerable progress has been made against these objectives:

- An operative brand and businesses trading under licence: the Northern Roots trademark and wordmark have been registered; a master licence document and structure have been developed. Licensing relationships with social enterprises and other community businesses will be trialed as part of pilot project delivery planned for 2020 and 2021.
- Strong community engagement and involvement: Community, partner and stakeholder engagement has commenced with a presence at local events like Oldham Calling, Healthwatch and the Harvest Festival, organization of bespoke consultation sessions in communities neighbouring Snipe Clough, presentations to and meetings with a range of local, regional and national partner organisations, and site visits. Communications activities, to support engagement, launched in January 2020 and build over the coming year.
- Delivery of early implementation projects: Pilot projects have been planned from 2020 onwards. These will include volunteer clearance days, forestry and woodland management, a programme of walks, runs and bike rides, citizen science projects, bee keeping, local history projects, and arts and creative activities. They will also include the relocation of the Growing Hub from Alexandra Park depot to the top of the Snipe Clough site.
- Land Registry: Over the last six months, ownership of the land within the Northern Roots site boundary has been confirmed and, where necessary, registered. A register of easements, covenants or other constraints in place over the land have also been identified and recorded. To facilitate the project a formal transfer of a lease on the land from the Council to the Northern Roots Company will be required at the appropriate time in conjunction with planning approval. The project will seek Cabinet approval for this transfer, with appropriate safeguards, in due course.
- Planning approval for the full Northern Roots opportunity site: A planning strategy is under development for the site. This will inform the updating of the masterplan in preparation for submission of a planning application in the course of 2020.
- Inward investments secured and an investment strategy and pipeline: A pipeline of funders to support the revenue and capital delivery phases of the Northern Roots project is under development. Some initial offers of funding have been received. These funders require Northern Roots to be established as a registered charity before the monies can be transferred.
- Legal infrastructure in place and operational: a project board and working group have been set up to steer and deliver the Northern Roots project. In keeping with the findings from feasibility work conducted in 2018 it has been recommended to establish the Northern Roots company as a charitable private limited company with

charitable objectives, with a commercial trading subsidiary. Community organisations, social enterprises and small businesses will operate under licence from the Northern Roots company. This structure was recommended as the best means of delivering, and balancing, the following four fundamental priorities for the project:

- Ensuring that the Council retains a level of governance control that will ensure the project is effectively directed by its essential purpose and its short, medium and long term objectives
- Ensuring that the community is engaged in substantive, enduring ways, beyond levels typically reached in local regeneration projects
- Ensuring that the project is managed for the public benefit, to the highest quality, and with appropriate risk management
- Ensuring that the project balances public benefit purpose with self-sustaining viability
- Ensuring that the project can access the broadest range of funding sources.

This report is now seeking permission to follow these recommendations by activating the Northern Roots Charitable Company.

3. Options

The following options are available for establishing the legal infrastructure of the Northern Roots project:

Option A: Retain the management and delivery of the Northern Roots project within Oldham Council. Do not set up the Northern Roots project company. This ensures that the Council retains control of the project, but means that it will struggle to secure external funding, or to deliver on the collaborative ambitions of the project.

Option B: Establish the Northern Roots company as a wholly owned and controlled Council Company. This ensures that the Council retains control of the project, but means that it will struggle to secure external funding, or to deliver on the collaborative ambitions of the project.

Option C: Activate the Northern Roots company as a Charitable Company, Limited by Guarantee. Register the company with the Charity Commission so that it is eligible to receive charitable funding. To meet the Charity Commission's stipulations with regards to independence, it is necessary that Council-appointed Directors do not comprise more than 50% of the Northern Roots board. Therefore, it is proposed that the company be established with an initial board of four Council Members/Offices to five independent Directors, with potential to increase, in the same ratio, to a board of up to 13 as the project develops. A Council nominated Director would serve as Chair of the board. As the sole shareholder of the Charity, at least initially, the Council will retain the right to appoint and dismiss the members of the board of directors if they fail to ensure that the company meets its charitable purposes.

Option C is the recommended option. The Overview and Scrutiny committee have scrutinised the Options in depth and have endorsed Option C as the preferred option.

Should Option C be approved, the majority of the current Northern Roots project budget, and activities will continue to be managed within the Council's mechanisms

and controls until at least March 2021. Only activities funded by external charitable donations would be managed through the Northern Roots Charitable company. Over time, if the project is successful in securing additional external funding, this will flow into the Charitable Company, which will then, incrementally, take on more of the delivery of project activities. The Eco Centre will remain solely under the control of the Council and will not fall within the ambit of the Northern Roots company.

Consequently Cabinet is now requested to:

- 1 Approve the activation of Northern Roots Oldham Limited as a charitable company limited by guarantee with a board of Directors
- 2 Delegate authority to the Director of Communities and Reform to appoint further Directors to the Board, with ratification by the Board.

4. Financial Implications

The current Capital Strategy and Capital Programme was approved at Full Council in February 2019 with the 2020/21 to 2024/25 Strategy to be taken for approval to Council on 26 February 2020. Northern Roots is included as an emerging project but does not have any allocation of resources. It is not proposed to include an allocation for capital spend until the feasibility work progresses and the ask of the Council is understood, which will be in the next financial year.

The January 2019 Cabinet paper approved revenue funding over 2 years to progress the project. This has been funded from reserves. Costs to date have been for consultants, project management and specialist advice. Based on the proposal for Option 3 this will continue until 31 March 2021. Only new external funds for future project work will be managed by the charity.

The establishment of the charity will require financial management arrangements to be operated separately from those of the Council. It will therefore operate in accordance with the legislative and regulatory framework applicable to charitable status. The appropriate operating arrangements will be established with support from the Council during the financial year 2020/21.

As the project goes forward into capital delivery and day to day operations as a charity, there is an ambition to utilise external funds, for both ongoing revenue and capital to assist in the build programmes. There is no guarantee that such funding will be awarded and the charity must produce a Business Plan to highlight its sustainability without these grants / funds. Due to this there may be a call on Council resources in order to finance operations post March 2021.

(Sam Smith)

5. Legal implications

Northern Roots (Oldham) will be a private limited company with charitable objectives in its articles of association. The Council has to be mindful of the requirements for the company to maintain its charitable status and to ensure that the Council is not using

the charity to carry out its own executive functions. To this end, it is important that there are enough independent members on the board of directors providing independent advice to the charity to ensure the essentials for a charity are met and that the company is independent from the Council and not under Council's control.

The Council also has to be mindful that the success of this project will depend upon external funding and funders from charitable organisations which will require assurance that the company is a charity with objects aligned to their own objectives and totally separate from the Council. It is for this reason that the number of members sitting on the board of directors should be limited so that the Council is represented on the board, but so that it cannot be accused of influencing the decisions of the board of directors. It is recommended that the Council does not have more than fifty per cent of the voting rights on the board and as such, the company would be described as an "influenced" company rather than a "controlled" company. Therefore, the ratio of councillors sitting as directors on the board to independent members should reflect the requisite level of voting power required to ensure a level of independence from the Council.

In order to ensure that the Council maintains a level of control over the project it is recommended that the Council remains the sole shareholder of the company and that the articles of association referred to in the body of this report are amended to reflect the fact and also to include a list of matters which should be reserved to the Council for decision making. The Council will also retain an ability to control the project through a Master Licence with the company to use its branding "Northern Roots (Oldham) Limited" and any subsequent lease and grant funding arrangements.

Nevertheless, it has to be acknowledged from the point of view of legislation the company would technically be an "influenced" company. As such, it would:

- be required to identify itself as being local authority influenced on all
- business letters, notices and other documents of the company;
- be required to remove any director who became disqualified from
- holding membership of a local authority;
- be barred from publishing any material which might affect public
- support for a political party;
- be required to provide to the local authority's auditors information
- about the company which they might need to audit the local
- authority's accounts.;
- be required to provide the Audit Commission with such information as it
- required;
- be required to provide councillors with any information they needed to discharge
- their duties;
- be required to obtain the Audit Commission's consent to the appointment of any
- auditor

Should the Council be minded to transfer funding directly to the charitable company it is recommended that the Council should enter into a grant funding agreement with the charity to ensure that the project delivers its agreed outcomes and meets its objectives. (Elizabeth Cunningham-Doyle)

6. HR / People implications

N/A

7. Links to Co-operative Values

The Northern Roots project is rooted in social value and making tangible the co-operative values. This is reflected throughout the project with a strong emphasis on community engagement, tangible opportunities for residents and seeking to establish and support local businesses and enterprises.

8. Strategic Links

The plans for an Eco-Centre and Northern Roots project are aligned with the ambitions set out in the Oldham Plan and fully support delivery of the Oldham Model. The plans for the opportunity site, Snipe Clough, are ambitious and will present opportunities for jobs, health and wellbeing, connecting communities as well as further building Oldham's reputation and offer as a green city.

There are strong interdependencies with the recently approved vision for the regeneration of Oldham town centre. The vision details our ambitions for a thriving town centre, a town centre that provides a safe, living, working, visiting environment and atmosphere which supports the local economy and supports opportunities for our communities. The Northern Roots project will contribute to our role as a community wealth builder - maximising the impact of Council spend (both direct and indirect) to keep money in the local economy, to generate opportunities for local employment and skills development for residents of all ages. In addition the Project will maximise the opportunity to build and scale activities already underway around the food economy, growing, low carbon and renewable energy, sustainable transport etc.

Early work and proposals for opportunities, investment and delivery models will have social value at their core ensuring maximum benefit for Oldham residents.

9. Communications – comments/implications

Northern Roots has the potential to further establish Oldham as a green and growing town. Known for its environment, leading on sustainability, food economy and natural capital it will support the delivery of the Oldham Model.

Development of a strong brand and marketing plan will be fundamental. These are being developed to work with and complement those of the Council, and other partners, to support development of a visitor, retail and enterprise offer.

10. Consultation

The initial proposals for Northern Roots were informed by a wide consultation conducted through a series of engagement events and meetings with the Leader, Cabinet, Executive Management Team, key stakeholders and early community engagement with users of the Snipe Clough site. The subsequent steps taken during 2019 to deliver those proposals have continued to be informed by ongoing consultation with the Leader, Councillors, Executive Management team, stakeholders, potential partners and funders, and community members. This consultation will build as the project progresses.

Consultation has also been conducted specifically around the appropriate legal structure to be adopted to facilitate the vision for Northern Roots. Detailed options have been provided by legal advisors. These have then been discussed further with partners including the Newcastle Parks Trust, and with Action Together, who are keen to ensure full and genuine participation of the community in the project. These proposals have also been reviewed by the Overview and Scrutiny Committee, and the Labour Group.

11. IT Implications

None at this stage.

12. Property Implications

a. Proposed transfer of lease on land at Snipe Clough.

Under the Council's land and property protocols the proposed transfer of land at Snipe Clough will be subject to further reports and approvals. These future reports will be predicated on having sight on the business plan to operate this project at Snipe Clough. The recommendations contained within this report with the appointment of two additional Non-Executive Directors will assist in the delivery of the project.

b. The Alexandra Park Eco Centre, once completed, will effectively be one of the main gateways into Northern Roots. The centre aims to be an exemplar for sustainable development contributing to Oldham's reputation as a destination for eco-tourism, education and environmental enterprise. The appointment of new directors to the Northern Roots board will help to ensure that the close working relationship between the two projects continues into the future. (Su Barrat, Regeneration)

13. Procurement Implications

There appear no procurement implications at this stage. Engagement of the procurement team is essential for any future requirement to source goods, services, and works. (Dan Cheetham, Procurement)

14. Environmental and Health & Safety Implications

a. N/A

15. Equality, community cohesion and crime implications

a. N/A

16. Equality Impact Assessment Completed?

a. No

17. Key Decision

a. No

18. Key Decision Reference

a. N/A

19. Background Papers

a. None

20. Appendices

a) Northern Roots Project report to Cabinet, January 28 2019