

COUNCIL MEETING – 7TH OCTOBER, 2021**AGENDA ITEM 4 (1)****REGENERATION PROGRAMME - POTENTIAL REGENERATION ACQUISITIONS
FARNBOROUGH TOWN CENTRE**

A report from the meeting of the Cabinet held on 10th August, 2021.

SUMMARY AND RECOMMENDATION

At its meeting on 10th August 2021, the Cabinet agreed proposals to progress negotiations to acquire land and property to enable the progression of regeneration in part of Farnborough town centre.

The report also requested the necessary funding to progress the proposal. This requires an additional budget which requires a decision of the Council.

It is RECOMMENDED that the Council agree an initial budget of up to £250,000 to enable the progression of the associated due diligence, legal assessment, feasibility study, development options and preparation of a detailed business case for the acquisition and development of the land and property set out in the exempt appendix as part of the ongoing regeneration of the town.

1. BACKGROUND

- 1.1 Regeneration of Farnborough town centre has been a key priority for the Council for a significant period and there is much frustration in the community and with elected members that some of the redevelopments agreed have not been progressed as anticipated.
- 1.2 During recent months the Council has been undertaking discussions with a landowner in the town with a view to the Council acquiring land and property which would give the Council direct control of a significant proportion of the outstanding redevelopment in the town. The Cabinet had considered a report (Exempt Appendix A to this report) setting out the details of this land and property.
- 1.3 The report considered by the Cabinet included a report from Lambert Smith Hampton Investment Management (LSHIM) who provide property and commercial investment advice to the Council. That report set out the financial impacts of the different elements of the acquisition proposal and has been considered by the Council's Property Investment Advisory Group.

2. CABINET CONSIDERATION OF THE PROPOSAL

- 2.1 Cabinet considered the opportunities and risks associated with the potential acquisition and agreed on balance that discussions and due diligence should proceed to the next stage as acquiring the land and property would give the Council control of a significant portion of the town centre and allow the development of a wider town centre masterplan aligned to the Civic Quarter masterplan. Cabinet agreed that this would also enable the Council to address the current 'piecemeal' approach to regeneration of the town, deliver better place and regeneration outcomes and more coherent town centre offer.
- 2.2 The next stage of work would include detailed commercial negotiations, further due diligence, site investigations, condition surveys and development of a detailed feasibility study, development options and business case to complete the regeneration of this part of the town centre.

3. FINANCIAL AND RESOURCE IMPLICATIONS

- 3.1 The estimated costs for acquisition of the whole site, subject to further negotiation, were set out in the Cabinet report and it was identified that running and holding costs of the different elements of the proposals would need to be determined as part of the due diligence work. As the project is not currently identified as part of the Council Capital Programme approval from Council is required to agree the funding for the due diligence and business case work. This is estimated at up to £250,000.
- 3.2 The future financing of this project, should it proceed, would need to be carefully considered in the light of the Council's current property portfolio, aspirations in the Council business plan and recent decision in respect of proceeding with the Union Yard development in Aldershot.
- 3.3 Cabinet noted that moving forward now with the due diligence and business case for this project will mean the reallocation of regeneration and property resources to some extent from other projects and the reprioritisation of work underway in the existing regeneration and property and major works programmes.
- 3.4 Cabinet noted that the Government brought in restrictions recently affecting Councils ability to use Public Works Loan Board (PWLB) borrowing purely for commercial acquisitions. Commercial acquisitions related to housing and / or regeneration are acceptable provided the income arising from them is used to support regeneration. Should the acquisitions progress then future reports will highlight this issue for Members. The acquisition of commercial assets is considered justified in this case as the Council is seeking to secure control of the town centre in order that it can ensure that a placemaking approach is adopted in the future and that by securing ownership the assets contribute to the future of the town.

4. EQUALITIES IMPACTS

4.1 There are no known Equalities Impact Implications arising from this report.

5. CONCLUSIONS

5.1 Acquiring the land and buildings as set out in the Cabinet report will give the Council full control of the regeneration of part of Farnborough town centre. The existing plans for the area were conceived over 20 years ago and the Council would have the opportunity to reconsider what was needed in this area of the town and enable a more a cohesive development taking into account the Civic Quarter and other development coming forward in the town.

5.2 The next steps in any acquisition would be negotiating an appropriate commercial deal and undertaking detailed due diligence and business case development which would underpin a recommendation to proceed with the acquisition.

5.3 The Council's approval for £250,000 funding is requested to enable the progression of associated due diligence and business case development.

M.J. TENNANT
MAJOR PROJECTS AND PROPERTY
PORTFOLIO HOLDER