

CABINET

9TH JANUARY 2018

**COUNCILLOR MARTIN TENNANT
ENVIRONMENT & SERVICE DELIVERY
PORTFOLIO HOLDER**

KEY DECISION: YES

REPORT NO. CD1801

REGENERATION PROGRAMME

SUMMARY AND RECOMMENDATIONS:

This report sets out the current regeneration programme for the Council. It provides a summary of the latest position with key projects and requests revenue funding to support delivery of the programme for the remainder of the current financial year.

It also seeks delegated authority to move forward with processes to secure investment, development and delivery partners as required.

RECOMMENDED that;

- 1) Cabinet notes the update and funding allocations;
- 2) Cabinet approves a supplementary estimate of £50,100 to support the delivery of the regeneration programme for the remainder of the 17/18 financial year;
- 3) In the event that it not be possible to proceed with the Aldershot Railway Station Project, the LEP be requested to divert funding for the scheme to other Aldershot projects in the programme and the Council's own current capital allocation for the project be released for other projects within the programme for 2018/19 onwards; and
- 4) The Corporate Director, in consultation with the Leader, Portfolio Holders for the Environment and Corporate Services and the Chief Executive, be authorised to agree the selection criteria and undertake the appropriate selection or procurement processes to select an investment or development partner or partners, to enable the delivery of sites within the Regeneration Programme, for recommendation to the Cabinet and Council in due course.

1. INTRODUCTION AND BACKGROUND

- 1.1 The Council Plan includes a key priority of “sustaining a thriving economy and boosting local business”. Key objectives include regeneration in both Aldershot and Farnborough and accelerating the delivery of housing in Rushmoor.
- 1.2 Cabinet raised the priority of this work in the Council plan this year and, to enable delivery, a formal regeneration programme was established, bringing together the key projects in the plan. The Council is now developing improved governance and project arrangements and identifying the resources needed to move the programme forward.
- 1.3 The programme currently includes the following projects:
- Regeneration of land and property at Union Street East / High Street, Aldershot
 - Regeneration of The Galleries shopping centre and the High Street car park, Aldershot
 - Aldershot Railway Station – transportation hub and urban realm improvements
 - Growing the gaming sector and establishing an Aldershot Games Hub
 - Regeneration of the Farnborough Civic Quarter area
 - Highways infrastructure and traffic improvements
 - Delivery of private and affordable rented housing
- 1.4 The Council’s regeneration team is now working with external regeneration and housing development specialists, RegenCo, to develop the business cases, options analyses and more detailed implementation plans needed to ensure the Council can both increase the pace of delivery whilst managing the levels of risk inherent in this work. The Council is intending to commence a process in the New Year to select a partner to work alongside the Council to bring forward projects within the programme and RegenCo will also provide support to this work. The proposed approach for this is set out in section 3 below. The additional cost in the current financial year for this support is estimated at £52,860. This will be met from the flexible use of capital receipts.
- 1.5 Reports to take forward individual projects such as the redevelopment of Union Street, Aldershot and the Civic Quarter in Farnborough will be necessary and come forward to Cabinet and Council for decisions in due course. However, in the meantime, feasibility and evaluation work is required and it is now necessary to establish some working budgets to enable the programme to move forward for the remainder of 2017/18. These are included in the individual updates below. Future budget and staffing arrangements to make sure we are in a good position to drive the programme forward next

year are being developed as part of the Chief Executive's review and will be included in the Council Plan and budget for 2018/19.

2. PROGRAMME UPDATE

2.1 Regeneration of land and property at Union Street East / High Street, Aldershot.

The Aldershot Town Centre Prospectus SPD, adopted January 2016, identifies Union Street East as a key development site and the document forms a material planning consideration for development management decisions within Aldershot. It provides the planning framework to allow the council to seek development partners and intervene where necessary to acquire these properties, either by agreement or using its compulsory purchase powers, in order to assemble a development site and seek development partner(s) to build out a mixed use scheme to regenerate this area of the town. The SPD envisages a development of mixed retail/ leisure and other town centre uses at ground floor with residential above.

The 2016 report endorsed a regeneration project in relation to the site, including acquiring key properties and appointing architects to develop a scheme and external advisors to provide a Compulsory Purchase Order schedule.

An initial mixed retail, employment and housing scheme has been prepared which, if brought forward would represent a £30m investment in the town. However, this scheme is not deliverable financially in its current form and work is now required to look at options as to how a development can be brought forward including options for phasing and an associated financing strategy including taxation implications. A bid has also been submitted to the Homes and Communities Agency's Housing Infrastructure Fund (HIF) for viability gap funding and a business case will be submitted to the Enterprise M3 Local Enterprise Partnership for additional funding during 2018.

It will be important that any new development including retail does not sit vacant and some early specialist advice is needed on future retail strategy given the wider changes to shopping patterns and retailers moving increasingly to out of town and online models. In order to undertake this work we will need to draw on external advice and a budget of £25,000 is required for this work in 17/18.

The council has already been successful in acquiring some properties this year through negotiation. Some of these are in poor condition and interim surveys and subsequent works were required and will be funded from the capital budget for the Union Street project as follows;

58 Union Street - £12,400 for Fire Risk Assessment, Electrical Property Inspection, RICS Building Survey and Drawings, Replacement door to roof, hoarding works and isolation of incoming power supply

50 & 52 Union Street - £2,450 for Building Survey and preparation of floor plans and £45,000 for essential works prior to interim letting.

2.2 Regeneration of The Galleries shopping centre and the High Street car park, Aldershot.

Further to the report considered by Cabinet in December 2016 the developer has brought forward a draft scheme and the Council is now in a position to confirm heads of terms and the legal agreements necessary to enable inclusion of the Council's High Street car park in the development. Whilst the Council's reasonable legal costs will be met by the developer, a small budget of £10,100 is needed for additional professional advice associated with the transfer.

2.3 Aldershot Railway Station – transportation hub and urban realm improvements

Together with the rail and bus operators and Hampshire County Council, the Council submitted a bid to and secured funding from the Enterprise M3 Local Enterprise Partnership (LEP) to carry out improvements to the public space around the railway station building.

The scheme proposes rationalising land use in and around the railway station to create a better public transport interchange within the forecourt of the station to include bus stops and a taxi rank and improved pedestrian links into the town centre.

The bus station would be relocated into the town centre, freeing up a useful development site, and helping to reduce traffic congestion around the railway station caused by unnecessary bus movements.

Unfortunately due to a change in the franchisee for the station this project has been delayed and currently there are some risks in relation to the project proceeding. In the event that the project should stall further, then it is proposed that the Council and LEP funding currently allocated for the scheme be diverted to other Aldershot projects in the programme.

2.4 Growing the Gaming sector and establishing an Aldershot Games Hub

Aldershot has been identified as an area where there is an emerging employment sector associated with the development of on-line gaming. The Council working with the Enterprise M3 Local Enterprise Partnership (LEP) is considering the potential and feasibility of setting up a 'games company incubator' currently known as the 'Games Hub' to encourage growth of this sector locally. The work is at the feasibility and design stage with options for suitable premises in the town being evaluated and a business case being prepared. The cost of this work in 2017/18 is expected to be in the region of £15,000 which will be met from the flexible use of capital receipts.

2.6 Regeneration of the Farnborough Civic Quarter

The Civic Quarter offers a significant opportunity for a development that integrates with the town centre.

The site is currently home to Farnborough Leisure Centre, Elles Hall community centre, Farnborough library, Westmead House (offices), a skate park, surface car parks and a public green space. It was also the site of the now-demolished police station.

The vision is that area will become a vibrant mixed-use space, providing new opportunities for town centre living alongside active ground floor uses, such as cafes and restaurants along with the leisure centre, library and community facilities. Improvements to the public space will see an improved central area, forming a focal point for events, and improved pedestrian links between the town centre and Farnborough Business Park.

In June 2015, the Farnborough Civic Quarter SPD was agreed following public consultation, and work is now progressing with the other landowners to develop the Civic Quarter area masterplan. Consultation on the former police station site will start in January and we are anticipating the draft masterplan being available later in Q1 or early Q2 2018/19, subject to the Council making further decisions in relation to the future refurbishment or replacement of the Farnborough Leisure Centre, which will be considered by Cabinet in due course.

Whilst the masterplanning work is currently being funded by the Homes and Communities Agency, a budget of £15,000 is requested in 2017/18 to enable work to commence on investigating and taking forward options for the relocation of community organisations on the site.

2.7 Highways infrastructure and traffic improvements

Options and feasibility work for potential highway and other traffic improvements are currently being funded by Hampshire CC. Areas currently being consulted on are the A325, Lynchford Road and options for reducing congestion in the Invincible Road/Solatron Road areas. There may also be a need for a parking/traffic study for Farnborough to be undertaken during 2018/19 to support the redevelopment of the Civic Quarter area.

2.8 Delivery of private and affordable rented housing

The Council has identified a portfolio of potential housing development sites and is currently working on site appraisals to enable prioritisation of a programme of development. We are working with professional advisers to determine the appropriate delivery vehicles and/or potential company arrangements that will be necessary to support this. Cabinet have already set aside up to £40,000 from the flexible use of capital receipts where development could return an income stream to the Council.

3. INVESTMENT/DEVELOPMENT PARTNERSHIP

- 3.1 The Council has identified the opportunity to secure a revenue income as opposed to a capital receipt from some or all of its development opportunities. In order to do this it will need to be prepared to take more of a share of development risk to secure a greater share of financial reward. This will be a long term programme as a straightforward redevelopment scheme can on average take around three years to complete with schemes such the Civic Quarter taking considerably longer.
- 3.2 The Council may need to enter into a form of joint venture partnership or partnerships with an experienced partner or partners to bring forward the major sites in its programme. Officers are currently evaluating the options including traditional JV models, contracting and a newer model known as an Investment Partnership (IP). This latter model allows for greater flexibility and control by the Council, in that it can choose which sites it wishes to take forward through the IP and which sites may lend themselves to different approaches. As the Council is not procuring works and services, the establishment of a IP is not deemed to be a procurement, but it would be necessary to undertake a form of selection process to ensure best value will be obtained. The assessment would also involve the usual due diligence checks in respect of finance and probity.
- 3.3 Whatever route is chosen, it will be necessary for the process and criteria to be agreed beforehand. To enable the process to commence as soon as possible, it is recommended that the Corporate Director in consultation with the Leader, Portfolio holders for Environment and Corporate Services and the Chief Executive be authorised to agree the selection criteria and undertake the appropriate selection or procurement processes to select an investment or development partner or partners for recommendation to the Cabinet/Council in due course.

4. FINANCIAL IMPLICATIONS

- 4.1 The additional revenue budget required to progress the programme totals £50,100 for 2017/18 as follows;

Financial Revenue Implications for 2017/18	
Retail Strategy	£25,000
The Galleries	£10,100
Civic Quarter	£15,000
Total	£50,100

Alongside the Council's contributions to these projects, officers will continue to submit bids to appropriate government funds and the LEP to support delivery and viability of the regeneration programme.

Cabinet is recommended approve these budgets as supplementary estimates to support the delivery of the regeneration programme.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications as a direct result of this report.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

Karen Edwards – Corporate Director

Nick Irvine – Principal Planning and Regeneration Officer

David Phillips – Town Centres and Cultural Services Manager

Phil Stoneman – Economic Development Officer