

CABINET

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

29 MAY 2018

KEY DECISION: YES

REPORT NO: CD1802

REGENERATING RUSHMOOR PROGRAMME

SUMMARY AND RECOMMENDATIONS:

This report seeks authority to establish the 'Regenerating Rushmoor' programme to enable the delivery of the Council's regeneration ambitions. It sets out proposed Council and partnership governance arrangements and requests some delegations to enable key projects to move forward.

Recommendations

That Cabinet:

- 1) Authorise the establishment of the Regenerating Rushmoor Programme and agree the outline governance arrangements set out in this report.
- 2) Note the projects included within the programme and their current status.
- 3) Recommend to the Policy and Project Advisory Panel that Task and Finish Groups for Aldershot Regeneration and Farnborough Regeneration be established and agree the appointment of the Leader, Deputy Leader and Portfolio Holder for Major Projects and Property to the Steering Group.
- 4) Agree a further period of working with officers from RegenCo (East Hampshire District Council) to help deliver the programme until the Council's proposed resources (or other interim arrangements) as set out in report CEX 1802 are in place.
- 5) Agree that all existing delegations (in relation to legal activities) to the Solicitor to the Council and future legal transactions ancillary and pursuant to the delivery of the Regeneration Programme, transfer to the current Legal Services Manager from 1 June 2018 and subsequently to the new role of Corporate Manager Legal Services once appointed.
- 6) Authorise the Executive Director, in consultation with the Chief Executive and Portfolio Holder for Major Projects and Property to negotiate and acquire by agreement, the properties listed in Exempt Appendix 2 to the Report and note that there may be the need for a future variation to the capital programme to enable the completion of all acquisitions

- 7) Note that the Council will bear the risk for expenditure as set out in Exempt Appendix 2 and authorise the use of prudential borrowing until the Housing Investment Fund (HIF) conditions are satisfied and funding released by Homes England
- 8) Authorise the Executive Director to negotiate an extension to the Civic Quarter Memorandum of Understanding with the existing partners.
- 9) Delegate authority to the Executive Director to vire the revenue budgets as set out in paragraph 6.1.
- 10) Cabinet are requested to approve the change in use of the Capital budget as set out in paragraph 6.3 for predevelopment works

1. INTRODUCTION

- 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 in January Cabinet considered report CD1801 which set out the programme and updated Council on progress at that time. That report also explained that it would be using RegenCo – (Regeneration specialists provided through East Hampshire District Council) to work with the Council to help establish robust programme and project management arrangements and support delivery of key projects within the programme.
- 1.3 This report updates members on some of the outcomes of that work and proposes that the Council should move forward with a broader, more ambitious programme ‘Regenerating Rushmoor’ enabled by a more collaborative approach to delivery involving key partners.

2. PROPOSED PROGRAMME

- 2.1 The Regenerating Rushmoor programme is a comprehensive partner co-ordinated approach to addressing the economic and place-making challenges facing the Borough’s key towns of Aldershot and Farnborough; whilst also seeking to tackle other borough-wide regeneration issues. It directly addresses the priorities in the Council plan of ‘Sustaining a thriving economy and boosting local business and ‘Supporting and empowering our communities and meeting local needs’.
- 2.2 It sets out a vision for the town centres in 2028:

“In 2028 the town centres of Aldershot and Farnborough will have a compelling offer and be vibrant and vital - they will have experienced a significant transformation and renaissance. With prosperous economies, they will be key destinations for residents, visitors, employers and investors. High-quality mixed-use redevelopment is offering an attractive environment with a distinctive retail, leisure, cultural, employment and residential offer. Aldershot and Farnborough town centres will be places that people are proud of and want to visit and spend their time and money in – whether by day or in the evening. Catering for everyone, they will offer a dynamic programme of cultural events, markets and activities building upon their unique heritage and histories. They will have strong reputations as family friendly town centres that positively complement their respective global brands’.

2.3 This Vision is under-pinned by 5 over-arching ‘place-making’ outcomes of:

- **Great Places to Visit** – for Aldershot and Farnborough to build on their sub-regional positions as destinations, diversifying their offer and developing complementary leisure, restaurant, cultural and arts offers within an attractive environment;
- **Great Places to Work** – for offices and vacant office space to make a positive contribution to the economic role and function of the Aldershot and Farnborough town centres as places where businesses provide quality employment and opportunities;
- **Great Places to Live** – to make Aldershot and Farnborough town centres great places to live with a wide variety of quality new homes attractive to a diverse range of people;
- **Great Places that are Attractive & Distinctive** – developing an attractive and distinctive environment with high quality buildings, streets and spaces that enhance the character of Aldershot and Farnborough town centres, building on their rich heritage and helping to contribute to a sense of identity and improved visitor experience;
- **Great Places that are Accessible & Connected** – ensuring high quality access and connectivity to and within Aldershot and Farnborough town centres by a range of modes, prioritising walking, cycling and public transport, but maintaining high quality road access to the respective town centres

3. THE PROGRAMME

3.1 The programme builds on the projects set out in report CD1801 and it is proposed that from 1 June 2018 will include the following key projects:

Aldershot:

- Galleries and High Street Car Park
- Union Street East
- The Station and surrounding area (including Windsor Way)
- Princes Hall site
- Games Hub

- Parsons Barracks
- High Street Bus Interchange

Farnborough:

- Civic Quarter
- Farnborough Transport Package
- Invincible Road
- Farnborough Town Centre (St Modwen Phases 3 & 4)
- Hawley Lane South

Borough Wide

- Right Homes, Right Places
- Selection of Investment Partner

3.2 These projects, their deliverables, current status and contribution to the place making outcomes are described in Appendix 1.

4. PROGRAMME DELIVERY, GOVERNANCE AND COLLABORATION

4.1 To ensure the successful delivery of the programme, it is essential that appropriate governance arrangements are put in place to oversee the programme and ensure that there is an organisation wide view of the risk, issues and progress against project milestones.

4.2 As part of this, it is proposed that a Regenerating Rushmoor Steering Group is established to oversee, drive and steer the programme to successful delivery. It is proposed that the Steering group be comprised of the Leader and Deputy Leader, the Portfolio Holder for Major Projects and Property and the new Executive Leadership Team. The detailed governance arrangements will be agreed by the Steering Group at its first meeting.

4.3 Any decisions required by the programme will be referred to Cabinet for consideration. In addition, formal performance reporting will be quarterly to the Cabinet and all members will be invited to regeneration update seminars. In terms of policy development and scrutiny, it is proposed that Cabinet recommend to the Policy and Advisory Panel that task and finish groups for Aldershot Regeneration and Farnborough Regeneration be established to replace the current Aldershot Town Centre Regeneration Group (a cabinet working group) and the Farnborough Town Centre Group (which was part of the Environment Panel arrangements).

4.4 Whilst the Council has its own commitment, passion and resources to deploy to transform the economic performance and offers of both Aldershot and Farnborough town centres; ultimate success of the Regenerating Rushmoor programme will come down to how the Council engages and works collaboratively with its partners. Without the commitment, capacity, insights, networks and resources from a broad

range of partners to the delivery of the Regenerating Rushmoor Programme; then delivery and securing improvements in the economic performance and offer of the town centres will be challenging. In addition, it needs to be acknowledged that the Regenerating Rushmoor Programme will also be in constant competition for partner senior level commitment and resources with other such programmes elsewhere across Hampshire and the wider region. At this stage in the delivery of the programme the key partners have been identified as Hampshire County Council, Enterprise M3, Homes England and the Defence Infrastructure Organisation (DIO).

- 4.5 The governance and delivery arrangements have therefore been developed to enable substantial participation by partners because of the mutual benefit of collaboration. For example, Homes England will have housing targets to deliver; Enterprise M3 LEP will have skills and business targets to deliver; etc. All partners have indicated that they would be pleased to engage in the Regenerating Rushmoor Programme at a senior level recognising that more will be achieved by working together.
- 4.6 Building upon this partner commitment it is important that the Council undertakes to engage partners and co-ordinate collaborative delivery in a professional manner that seeks to build and sustain long-term value-creating relationships. The Regenerating Rushmoor Programme governance structure has been carefully designed to ensure that it focuses on accelerating collaborative delivery; creating shared value; keeping bureaucracy and reporting to a minimum; and celebrating and learning from success.

5. REGENERATING RUSHMOOR PROGRAMME - NEXT STEPS

- 5.1 It is intended that the new delivery and governance arrangements will be fully established from 1 June 2018. The Chief Executive's report on organisation redesign and structural review (CEX 1802) will establish new management and team arrangements for the delivery of the programme. However, those arrangements are unlikely to be fully in place until the Autumn. The Executive Director and Chief Executive will continue to lead the programme in the interim. However, to ensure momentum is maintained across the programme, it is proposed that RegenCo be appointed for a further period to support the implementation of key projects including the selection of an investment partner, Union Street East, The Galleries and the Games Hub. The estimated cost of £48,500 can be met by virement from existing and carried forward budgets as set out in section 6 of this report.
- 5.2 The Solicitor to the Council will be leaving at the beginning of June. This role holds a number of key delegations that enable legal and property related transactions to support regeneration projects to be undertaken. A new post of Corporate Manager Legal Services will be established as part of the new structural arrangements but this role is unlikely to be in place for some months. To ensure all essential activities can proceed as

required, Cabinet are requested to transfer all existing delegations to the Solicitor to the Council to the current Legal Services manager initially and subsequently to the new role once appointed.

Investment Partner

- 5.3 The Council is also now in the process of selecting an Investment Partner (IP) to work alongside the Council to bring forward projects within the programme. That process will be concluded during June and Cabinet will be asked at its July meeting to confirm that due diligence should proceed with the preferred partner with a recommendation to full Council to establish the partnership on the conclusion of that due diligence.
- 5.4 There are three additional matters relating to the programme, which require a decision by Cabinet.

Union Street and High Street Aldershot

- 5.5 Members will recall that the Council was successful in securing £8.4m from the Marginal Viability Fund where the Government provides the final, or missing, piece of infrastructure funding to get additional sites allocated or existing sites unblocked quickly. The Council's bid was for funding of £5m towards the Union Street East project, which will bring forward over 100 new homes in the town centre (subject to planning permission) alongside active commercial units and £3.4m towards The Galleries project, a mixed use scheme of over 400 new homes alongside the provision of a new town centre car park and commercial units. The bid specifically sought assistance in the delivery of a sewer diversion on the High Street multi-storey car park, the provision of Suitable Alternative Natural Greenspace (SANG) and to assist with site assembly for the Union Street scheme. There is a requirement to commit all spending by 31 March 2021 and the Council is concluding funding clarifications with Homes England.
- 5.6 In exempt report LG1612, Cabinet had authorised the Solicitor to the Council to negotiate and acquire, by agreement, any legal interests or rights held in respect of specific properties in Union Street to enable the regeneration of the site as listed in Table A of exempt Appendix 2. Further work on the scheme has identified further properties that the Council would need to acquire to complete the site assembly and enable the scheme to proceed. The full list of properties is set out in Table B of the exempt appendix with estimated acquisition costs. Cabinet are asked to consider Table B and the associated explanatory text and authorise the Executive Director, in consultation with the Chief Executive and Portfolio Holder for Major Projects and Property to negotiate and acquire by agreement those properties within the total funding levels identified in Appendix 2.
- 5.7 In report CD1802, it was expected that Housing Investment Fund (HIF) funding would be available by now to support these purchases. However,

the timing of HIF funding confirmation – which is driven by Homes England - is unlikely to allow this and Cabinet are requested to note that the Council will bear the risk for expenditure as set out in exempt Appendix 2 and requested to authorise the use of prudential borrowing until the Housing Investment Fund (HIF) conditions are satisfied and funding released by Homes England.

- 5.8 The HIF allocation was based on the Council's estimated acquisition costs at the time the HIF bid was prepared. Whilst we expect total expenditure on acquisition to be in the region of that set out in the capital programme there may be a variation required once all negotiations are completed. The Cabinet is therefore requested to note that there may be the need for a future variation to the capital programme in this respect.

The Galleries and High Street Car Park

- 5.9 Discussions have continued to bring forward this scheme, and are likely to require the Council to enter into a revised Heads of Terms agreement with the developer as well as a subsequent Development Agreement to bring forward this scheme. Cabinet are asked to note the current position and that the revised Heads of Terms will come forward in a further report in due course.

Civic Quarter

- 5.10 Work to develop the Masterplanning options for this scheme has been carried out to date with the key delivery partners and landowners for the site under a Memorandum of Understanding (MoU). This MoU has secured the agreement of all parties to work collaboratively and outlines the shared vision, objectives, early actions to bring forward the development and key principles of working together.

The MoU includes a longstop date of 30 May 2018 after which all parties would be free to pursue their own interests. To ensure that the principles developed for the site so far continue to apply, Cabinet is asked to authorise the Executive Director to negotiate an extension to the current Memorandum of Understanding with Homes England, the Wilky Group and Hampshire County Council.

6. Financial Implications

- 6.1 With the majority of the Regeneration Programme projects at the feasibility stage there are a wide range of costs being incurred, which cannot be charged to capital at this stage. To allow flexibility to use existing budgets in support of the overall programme, Cabinet are asked to delegate authority to the Executive Director to vire the budgets set out below between cost centres and expenditure codes as required.

- Existing carry forward budgets from 2017/18 of £66,140 (Aldershot Regeneration Consultancy) and £61,590 (Farnborough Regeneration Consultancy)
 - Existing regeneration consultancy budget £100k, and
 - Funding budgeted for an interim Head of Regeneration of £60k (which will be used in part to fund the additional support from RegenCo section 5.1)
- 6.2 The specific financial implications arising from the proposed acquisitions are set out in exempt Appendix 2.
- 6.3 There is around £730k in the capital programme 2018/19, currently initially identified for acquisition costs. Some budget is now required for predevelopment works to support the Union Street / Galleries schemes. Cabinet are requested to approve the change in use of this budget for these predevelopment works.

Legal Implications

- 6.4 The Council has entered into a contract with East Hampshire District Council acting through their commercial company under powers contained in sections 101, 102, 112 and 113 of the Local Government Act 1972, and the regulations made thereunder; section 1 of the Local Authorities (Goods and Services) Act 1970 and the general power in section 1 of the Localism Act 2011, sections 9EA and 9EB of the Local Government Act 2000 and the supporting provisions within section 111 Local Government Act 1972 and all other relevant enabling powers.

7. Conclusion

- 7.1 Regenerating Rushmoor is an ambitious programme underpinned by a robust delivery programme and governance arrangements that over the next decade will enable the transformation of the two town centres and support the delivery of new homes across the borough.

Background documents:

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APPENDIX 1 Regenerating Rushmoor: Overview of projects

Project / Activity	Description	Project Status	Outcome – Great Places				
			To Visit	To Work	To Live	Attractive & Distinctive	Accessible & Connected
ALDERSHOT							
Former Galleries shopping centre & High Street Car Park	Residential-led town centre regeneration scheme providing new homes, alongside new ground floor commercial uses.	Feasibility		✓	✓		
Union Street and High Street	Mixed use, residential-led redevelopment to provide new homes alongside new ground floor commercial uses.	Feasibility		✓	✓		
The Station & surrounding area (inc Windsor Way)	Public realm improvements to the railway station forecourt to include a revised public transport interchange and the redevelopment of the current bus station site for a mixed-use development.	Feasibility					✓
Princes Hall & surrounding public sector buildings	Review of the wider site to consider development opportunities.	Feasibility	✓			✓	
Games Hub	Grow the games sector in Aldershot by creating a world class 5G enabled Games Hub (first in the UK) and potentially locate within heritage building.	Feasibility		✓			
Parsons Barracks car park	Feasibility for use of this site for new homes and student accommodation/enhancements to football stadium / potential hotel	Feasibility	✓	✓	✓		
High Street bus interchange	Bus interchange (linked to railway Station and bus station regeneration schemes). Provision of new bus stops between Wellington Street and Short Street, including customer information centre and staff welfare facilities. Provides Gold Priority Route 1 improvements linking Farnborough Aldershot and North Camp.	Concept design					✓
FARNBOROUGH							
Civic Quarter	To complete MasterPlan and enable a mixed use development, including new homes, leisure and community use alongside the introduction of new uses that will enhance the town centre and improve connectivity to the Business Parks.	Feasibility	✓	✓	✓	✓	✓
Farnborough Transport Package	Lynchford Road - Localised widening to improve traffic flow and reduce journey times. Improvement to connectivity between M3 and the new Exhibition Centre. Note that some improvements are subject to MOD land release A325 corridor improvements - Various schemes yet to be developed but to include improvements to the Kingsmead bus interchange and access onto A325 (Farnborough Growth Package, LEP funded)	Detailed Design					✓
Farnborough Town Centre (St Modwen Phase 3&4)	Completion of mixed use Town Centre Scheme providing commercial floor space, new homes and access to car parking	Detailed design		✓	✓		
Invincible Road	Improved access egress from Invincible Road onto Elles Road	Concept design					✓
Hawley Lane South	Potential to develop a locally important employment site for small and start-up business units in a mix of sizes.	Options Appraisal		✓			
Right Homes, Right Places	To support the provision of well-designed and appropriately located homes in sufficient numbers to meet the needs of our residents and support the economic future of the borough.	Options Appraisal			✓		
Investment Partner	Process for securing a preferred Investment Partner to develop and oversee proposals for four major sites in Rushmoor - Union Street East and Parsons Barracks car park in Aldershot, and the Civic Quarter and Union Street West car park in Farnborough.	Expression of Interest Stage	✓	✓	✓	✓	✓