

**KEY DECISION? YES**

**REPORT NO. CEX1802**

**APPOINTMENT OF AN INVESTMENT PARTNER TO SUPPORT THE  
REGENERATING RUSHMOOR PROGRAMME**

**SUMMARY AND RECOMMENDATIONS:**

This report provides an update on the process to appoint an Investment Partner to support the 'Regenerating Rushmoor' programme. It sets out the proposed next steps and requests authority to move ahead with due diligence.

**Recommendations**

That Cabinet:

- 1) Approve Hill Investment Partnership Limited as the Council's preferred investment partner.
- 2) Confirm that due diligence should proceed with the preferred partner with a further recommendation to be presented to Cabinet and Council in due course.
- 3) Confirm the establishment of a Shadow Partnership Board and Shadow Investment Team to oversee the development of proposals, the make-up of which in terms of Council representation to be delegated to the Chief Executive in consultation with the Monitoring Officer.
- 4) Approve a supplementary estimate of up to £50,000 for the next phase of the process as outlined within the report.

**1. INTRODUCTION**

- 1.1 In May 2018 Cabinet approved the establishment of the Regenerating Rushmoor programme to drive the regeneration of both Aldershot and Farnborough. That report explained that the Council was also in the process of selecting an Investment Partner (IP) to work alongside the Council to bring forward projects within the programme. That process has now concluded.

## **2. BACKGROUND**

- 2.1 During the development of the regeneration programme, the Council 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 needed to be prepared to take more of a share of development risk to secure a greater share of financial reward. The Council identified the need to enter into a form of joint venture partnership with an experienced partner in order to bring forward a number of major sites.
- 2.2 By adopting this approach, the Council would be able to bring forward the redevelopment of some of the more challenging sites more quickly, and for the purposes of the initial agreement, the following sites were identified and included in the specification:
- Union Street East, Aldershot
  - Civic Quarter, Farnborough
  - Parsons Barracks, Aldershot,
  - Union Street West car park, Farnborough
- 2.3 As the Council was not procuring works and services, the establishment of an IP was not deemed to require procurement, but, for the purposes of transparency, a selection process was proposed to ensure best value being obtained.

## **3. THE PROCESS**

- 3.1 The selection process was carried out through the Homes England Delivery Partner Panel 3 (DPP3) framework agreement. Homes England procured the framework through fully compliant Official Journal of the European Union (OJEU) processes and it consists of, for the South and South West Region, 37 leading national and regional housing developers and contractors.
- 3.2 There were a number of stages to the selection process, and these, together with the number of companies who were actively involved in the process at each stage, are outlined below:
- Expression of Interest - 14 companies
  - Sifting Brief – 3 companies
  - Tender submission – 3 companies
  - Evaluation and selection – 3 companies

## **4. PREFERRED PARTNER**

- 4.1 Following the conclusion of the selection process, Hill Investment Partnership Limited have been identified as the Council's preferred

partner. The details of the process and the conclusions are attached as an exempt appendix.

## **5. NEXT STEPS**

- 5.1 The next steps for the project are to develop the business plan, legal agreements and carry out further due diligence and financial modelling to fully understand the legal and financial implications of establishing the partnership.
- 5.2 In addition the Council will continue with the acquisition programme for properties within the regeneration areas, and will set out the details and timing of the disposal of the land within the regeneration area to the Investment Partnership in a future report.
- 5.3 This work will be carried out by officers and the Council's legal advisors Freeths over the summer, with the intention of presenting a detailed report to Cabinet at its 18 September 2018 meeting, for recommendation to Council on 4 October 2018, subject to the above process being completed.

## **6. RISKS**

- 6.1 Although there are no significant risks arising directly from this report, there is a risk that as negotiations with the chosen partner progress, it proves difficult to secure agreement on the business plan and legal agreements required. This risk has been mitigated through the appointment process and the decision to retain the two companies who were not selected at the final evaluation as 'reserves' should this risk materialise.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 As part of the process identified, Hill Investment Partnership Limited has committed to working at risk and to use its own resources to assist the Council during the due diligence period. However, there will be a requirement to contribute in some areas in developing the business plan and in securing external support. It is therefore recommended that a supplementary estimate of up to £50,000 be agreed for this work.

## **8. LEGAL IMPLICATIONS**

- 8.1 There are no immediate legal implications arising from this report, however the creation of the partnership will have legal implications and these will be assessed and presented to Cabinet for further consideration as outlined above.

## 9. CONCLUSION

- 8.1 In order to deliver the Council's priorities a joint venture of this type is essential. The Council's aspirations are best delivered utilising expertise and investment from the private sector, in this case Hill Investment Partnership Limited.

### **Background documents:**

Cabinet report – Regenerating Rushmoor Programme 29 May 2018

Cabinet report – Regeneration Programme 9 January 2018

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