

**RUSHMOOR DEVELOPMENT PARTNERSHIP – GOVERNANCE AND  
OVERSIGHT ARRANGEMENTS**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY:**

The Council has established Rushmoor Development Partnership LLP (RDP) with Hill Investments Partnership Limited (HIPL) to support the delivery of the Regenerating Rushmoor Programme. The RDP will be submitting its first Business Plan to the Council in July which includes more information on the processes for development of sites taken forward by the partnership.

Whilst the business plan will be considered by the Cabinet with appropriate recommendations to Council it is the role of the Licensing, Audit and general Purposes Committee to ensure that the Council's governance arrangements are robust and fit for purpose. This report therefore sets out further proposals for the governance and oversight of both the RDP and the associated decision making activities of the Council. This model can also be used for future Joint Venture or Company Arrangements.

**RECOMMENDATION:**

That the Committee agree the proposed governance arrangements as outlined in the report. .

**1. INTRODUCTION**

- 1.1 The Council established the Rushmoor Development Partnership in October 2018. Report CEX 1806 to Cabinet in September set out the key elements of the Partnership Agreement and other documentation that supported the RDP operation and would regulate the respective responsibilities and dealings between the Council and HIPL and the conduct of the business and management of the affairs of the RDP.
- 1.2 Proposals for governance were set out in the September report and these have now been developed further.
- 1.3 The partnership is preparing its first business plan and members were invited to a presentation on the business plan on 20 May. The business plan sets out the structure and objectives of the partnership, the site development process, the RDP governance arrangements, the site programme and the regeneration and investment model.

- 1.4 A number of these matters have consequential governance and oversight considerations for the Council and these are set out below for consideration by the Committee.

## **2. RDP PARTNERSHIP GOVERNANCE**

- 2.1 Members at the seminar wished to understand the decision making approach within the Partnership and the process in the event of disagreement between partners. The RDP Partnership Board consists of three Directors from HIPL and three from Rushmoor. These are currently the Leader, the Portfolio Holder for Major Projects and Property, and the Executive Director (Customers, Digital and Rushmoor 2020).
- 2.2 Both partners have an equal say in decision making and governance processes. With each partner (i.e. the Council and HIPL) having one vote each in decision making. In the event that there is disagreement then no decision is made. If any matters under disagreement are not able to be resolved within a fixed period then this enters a deadlock process where the matter is escalated to the Council's Chief Executive and the equivalent HIPL Senior Officer for resolution with the support of experts or specialists as appropriate e.g. in the event of a disagreement over construction costs or land values. This process, in effect, removes the matter from the RDP and back into the Council's usual dispute resolution procedures.

## **3. MONITORING PROGRESS**

- 3.1 Members will be engaged and updated on the work of the RDP in a number of ways. This will include a regular update seminar, through the Policy and Projects Advisory Board who have a role in early scheme development, and more formal presentation to all members at the point of submission of a planning application. In terms of formal monitoring it is proposed that the RDP will report on a six monthly basis to the Council's Shareholder, the Chief Executive. The Chief Executive will enable consideration of an appropriate report by the Council's Overview and Scrutiny Committee on progress and by the Licencing, Audit and General Purposes Committee on any governance matters. This process is shown in the fig.1 below

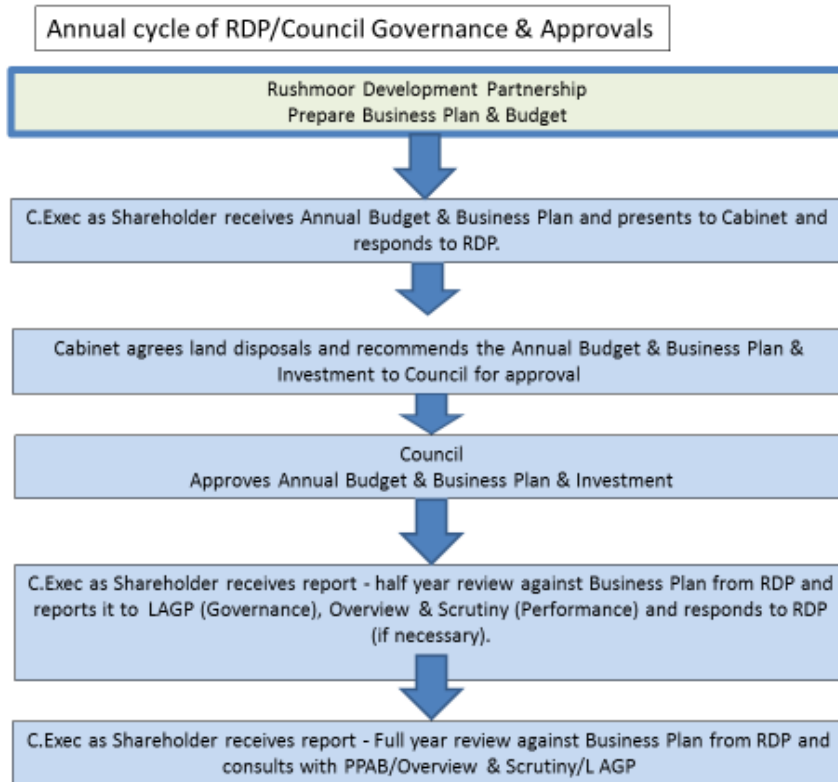


Fig 1.

#### 4. SITE DEVELOPMENT PROCESS AND ASSOCIATED LAND TRANSFER

4.1 The RDP's site development process as set out in the draft business plan is summarised as follows;

- (1) Portfolio of council land sites agreed by the Council.
- (2) A project plan and accompanying financial appraisal and costings are developed by the Investment Team and agreed by the Board
- (3) HIPL provides funding and supporting resources to obtain a planning consent
- (4) The Project Plan sets out the planning strategy delivery, budget and development appraisal to be agreed by the Board.
- (5) Planning consent obtained.
- (6) The Council transfers each site into the RDP at an agreed value and time.
- (7) RDP Board decides to develop or (where required to cross subsidise the programme) sell all or part of a site
- (8) In the case of RDP development, a project cash flow model is prepared identifying the peak equity required from each partner. This includes the timing of payments and financial returns, plus any development debt finance required.

- (9) The Council has the opportunity to provide funding at this stage.
- (10) The Board agrees the funding commitments and subsequent construction agreements and monitoring arrangements.
- (11) An Operational Group will be established to oversee and scrutinise the construction programme through to practical completion. This group will report to the RDP Board on budget, risks and progress during the delivery phase together with matters such as sales values on the private units or land sales.

4.2 From this process it can be understood that there are 3 areas of decision for the Council. The first is the inclusion of the initial portfolio of sites for consideration. This has already been agreed by the Council as follows;

- Civic Quarter, Farnborough
- Union Street East, Aldershot
- Farnborough Main car park (also known as Union Street West)
- Parsons Barracks car park, Aldershot

4.3 The second area is the transfer of land and the value of the land at transfer. Decisions on land disposals are made by the Cabinet. As with any decision all members of the Cabinet would need to consider whether they had a prejudicial interest in the decision and make that known and withdraw or abstain from voting on that decision as appropriate. The Council's current procedures and guidance set out in the Code of Conduct would apply in this instance.

4.4 The third area of decision relates to whether the Council would choose to make a loan or other financial arrangement with the RDP. Again, these decisions would be made by the Cabinet and similar provisions in respect of members interests would apply. Should the Council undertake to provide any loan facility to the RDP it would need to be considered alongside criteria set out in the Council's Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy, and the Annual Capital Strategy. Any lending rate would need to take account of:

- State Aid requirements;
- any statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) concerning local government capital financing and investments;
- guidance issued by Chartered Institute of Public Finance and Accountancy (CIPFA) on Treasury Management in the Public

## **5. SUMMARY AND RECOMMENDATIONS**

- 5.1 The Council must ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, accounted for and spent economically, efficiently and effectively. This applies equally to its partnerships, which have become an increasingly important way of delivering strategic objectives and services but which produce particular risk and governance issues. Partners from different organisations with different priorities and cultures may not have the same opinion about partnership objectives, outcomes and activity. The Council must ensure that partnerships are linked to the Council's democratic processes to give assurance that the Council is not exposed to unacceptable or unforeseen risks.
- 5.2 For the majority of matters arising from the establishment and proposed site development processes for the RDP, the Council's established arrangements for decision making as set out in the Constitution, together with Statutory Guidance from MHCLG and other guidance from CIPFA are considered sufficient. If any changes to the Constitution are required, these will be picked up in the current review taking place.

### **BACKGROUND DOCUMENTS:**

*1. Reports to Cabinet - ESTABLISHING THE RUSHMOOR DEVELOPMENT PARTNERSHIP (RDP) September (CEX 1806) and Council October 2018*

### **CONTACT DETAIL:**

Chief Executive – Paul Shackley [paul.shackley@rushmoor.gov.uk](mailto:paul.shackley@rushmoor.gov.uk)