

**RUSHMOOR DEVELOPMENT PARTNERSHIP –
APPROVAL OF BUSINESS PLAN**

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. This report includes the RDP's first Business Plan which sets out the key activities for the RDP and the processes for development of sites taken forward by the partnership. It also provides a position statement on the four sites currently being worked on.

RECOMMENDATION:

That Cabinet recommends to Council the approval of the first Business Plan of the Rushmoor Development Partnership.

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 as Investment Partners and the conduct of the business and management of the affairs of the RDP.
- 1.2 The partnership has now prepared its first business plan and elected members were invited to a presentation on the business plan on 20 May 2019. The business plan is included at Appendix 1. Cabinet should note that Sections E and F of the plan are considered to be commercially sensitive and are therefore exempt from publication.
- 1.3 The Council has agreed that 4 sites would be included as the initial 'portfolio' for the RDP. These are
 - Civic Quarter, Farnborough
 - Union Street East, Aldershot
 - Farnborough Main car park (also known as Union Street West)
 - Parsons Barracks car park, Aldershot

- 1.3 The governance arrangements for the RDP were considered by the Licensing, Audit and General Purposes Committee at its meeting on 6 June 2019 (Report CEX 1903). The Committee agreed that for 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 were sufficient and would ensure that RDP business would be conducted in accordance with the law and proper standards, and that public money would be safeguarded, accounted for and spent economically, efficiently and effectively. The RDP governance and management arrangements were sufficiently linked to the Council's democratic processes to give assurance that the Council is not exposed to unacceptable or unforeseen risks.
- 1.4 Cabinet is asked to consider the business plan and confirm that it is satisfied that the approaches and proposals will as far as possible ensure the regeneration of the sites included and the RDP will support the delivery of the Regenerating Rushmoor Programme as envisaged. Decisions related to the transfer of land will be made under normal delegations as an executive function with individual site project plans from the RDP being presented in due course.

2. CONTENT OF THE BUSINESS PLAN

- 2.1 The business plan covers the strategic context for the Rushmoor Development Partnership and sets out its key objectives as follows;

"The key objectives of the RDP are to deliver growth and regeneration by the acquisition, marketing, investment in and disposal or retention for income of certain sites owned by the Council and/or third parties which will:

- Build on the sub-regional positions of Aldershot and Farnborough as shopping destinations, diversifying their offer and developing complementary leisure, restaurant, cultural and arts offers within an attractive environment;
- 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;
- 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;
- Maximise financial return through enhanced asset value;
- Achieve targeted area development; and
- Procure a return to the Investment Partners commensurate to their investment and the level of risk in respect to such investment and so far as consistent with the overall objectives. "

- 2.2 The Business Plan sets out an overview of the Partnership including, the Board composition, responsibilities and functions and supporting Investment Team arrangements. The plan also details the partnership's governance and operational arrangements, investment strategy and site development process which is detailed in section 3 below. Finally, the business plan includes the key

deliverables for 2019/20 and provides a position statement on each of the four sites.

3. SITE DEVELOPMENT PROCESS AND ASSOCIATED LAND TRANSFER

3.1 The RDP's process for taking forward site development is set out in the draft business plan 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 PROGRAMME

4.1 The deliverables and milestones for 2019/20 set out in Section F of the Business Plan indicate that, subject to a viable scheme being possible, by the end of the financial year each of the four sites would have a live planning application. This will represent significant progress in the first year of operation of the RDP.

5. MONITORING PROGRESS

5.1 Members will be engaged and updated on the work of the RDP in a number of ways. This will include a regular update seminar for all members, 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 submission of the first business plan

should be seen as the first of those reports. In future 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.

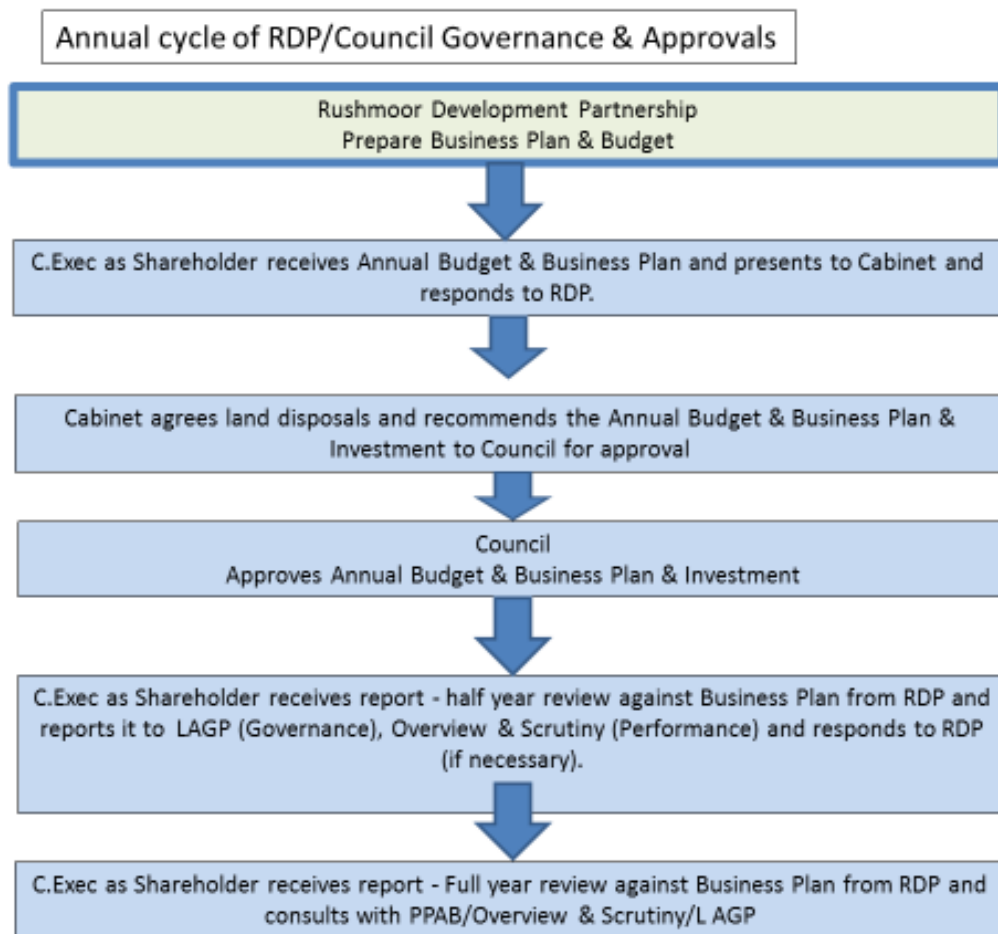


Fig 1.

6. LEGAL IMPLICATIONS

- 6.1 The legal framework and other arrangements for the operation of the Rushmoor Development Partnership are set out in the partnership agreement which was agreed by the Council in December. The governance of the partnership has been considered and agreed by the Licensing, Audit and General Purposes Committee.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications as a result of this report. The costs of operating the RDP are included within existing budgets and financial issues such as land transactions, loan agreements and any direct project costs will be

brought forward through individual reports as required and in accordance with the Council's current arrangements.

8. SUMMARY AND RECOMMENDATIONS

- 8.1 The RDP's Business Plan is a key part of the process for delivery of regeneration across the sites in the portfolio. Subject to the views of the Cabinet, Council will be asked to approve the first business plan of the RDP at its meeting on 25 July 2019.

BACKGROUND DOCUMENTS:

Reports to Cabinet:

Establishing The Rushmoor Development Partnership (RDP) - September 2018 (CEX 1806) and Council October 2018

Report to Licensing Audit and General Purposes Committee:

Rushmoor Development Partnership Governance and Oversight Arrangements – 6 June 2019 (CEX 1903)

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