

19th JANUARY 2021

REPORT NO. RP2101

KEY DECISION: NO

**ALDERSHOT REGENERATION UPDATE –
UNION STREET, ALDERSHOT**

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report sets out a progress update in relation to the redevelopment of Union Street, Aldershot. It also seeks to establish a Cabinet Working Group in order to support the completion of the due diligence processes and make recommendations to the Cabinet in respect of the delivery approach and funding options for delivery of the consented scheme.

RECOMMENDATION:

That Cabinet

1. Notes the update on the demolition works being undertaken and the next steps with the development;
2. Notes the update on the due diligence process being undertaken in respect of the delivery of the consented scheme;
3. Agrees to the establishment of a Cabinet Working Group consisting of the Major Property and Projects Portfolio Holder, the Corporate Services Portfolio Holder and the Leader of the Labour Group to work alongside officers on the due diligence being undertaken associated with the delivery of the consented scheme.

1. INTRODUCTION

- 1.1. The regeneration of land at Union Street in Aldershot Town Centre is a Council priority. Delegated authority was provided to the Executive Head of Regeneration and Property (RP2005) to submit planning applications and secure the appropriate permissions as required to enable the Union Street regeneration scheme in Aldershot Town Centre. The planning application

was submitted in early March 2020 and was approved by the Development Management Committee on 24 June 2020.

- 1.2. This report provides Cabinet with a further update as at the start of January 2021 and seeks further approvals to assist with the delivery of the scheme.

2. BACKGROUND

- 2.1. The regeneration of Aldershot Town Centre is a corporate priority and Union Street is identified as a key site allocation for regeneration within the Rushmoor Local Plan (adopted February 2019) and the Aldershot Prospectus SPD. It has formed part of the portfolio of sites being progressed by the RDP since its inception in late 2018.
- 2.2. Following Cabinet approval (RP2005), a planning application was submitted to the Local Authority by the RDP on the 4th March 2020 for a mixed use scheme comprising 100 residential units, purpose built student accommodation (PBSA) (128-bed spaces) for the University for the Creative Arts (UCA) and ground floor commercial uses (2,237sqm GEA) focused around a 'Creators Yard'. The submission followed on from a period of public consultation in January/February 2020, with two public drop-in sessions held in Aldershot town centre on the 16th and 18th January. From the responses received to the feedback forms, approximately 80% of respondents supported the proposals that were presented and 97% agreed that Aldershot town centre needs regeneration.
- 2.3. The planning application was validated on the 6th March 2020 and was considered by Development Management Committee at its meeting on 24 June 2020 and agreed subject to suitable legal agreements to secure the required planning obligations.
- 2.4. Cabinet Report RP2008 set out that the detailed Project Plan associated with the Union Street scheme from the Rushmoor Development Partnership (RDP) was being considered and due diligence was commencing on matters including commercial, property, legal and finance assumptions and procurement options associated with the delivery of the scheme.

3. SITE PROGRESS UPDATE

DEMOLITION

- 3.1. Cabinet approved (RP2011) the procurement of the demolition contract through a procurement framework either as a direct award or through a mini competition. The Southern Housing Group Framework was identified as an appropriate route and a Briefing Document was issued to the companies registered on the framework lot. Only one company expressed an intention to submit a proposal, Hill Partnerships Limited, who were subsequently identified as the preferred partner to oversee the works.

- 3.2. The Council appointed Lawson Queay to perform the role of Technical Advisor/Employer's Agent for the purposes of contract negotiations and scrutiny associated with the delivery of the works.
- 3.3. As at January 2021, the contracts associated with the works have been agreed by both parties and issued for execution and a pre-start meeting is scheduled for mid-January with the intention to mobilise later this month. The programme of works is identified to be approximately 20 weeks.
- 3.4. The contract value is approx. £1.2m and this cost is being covered by the external grant funding secured from the Enterprise M3 LEP.
- 3.5. Following the granting of planning permission, the next stage that needs to be undertaken is work associated with RIBA Stage 4: Technical Design. This takes the drawings submitted for planning as the baseline and develops the design in sufficient detail e.g. mechanical and electrical (M&E) requirements / structural engineering calculations, to enable a design pack to be prepared which can be passed to the contractor and their supply chain to construct the development.
- 3.6. A further report will be presented to Cabinet setting out the options available to the Council for taking forward this element of work in due course.

DUE DILIGENCE

- 3.7. The Council commissioned Grant Thornton UK LLP and, more recently, Lambert Smith Hampton (LSH) to support the due diligence and consider the implications of a number of different options for delivery, funding and potentially ongoing management of elements of the scheme which could be retained by the Council:
- 3.8. The due diligence covers the following:
 - Delivery structures – the approach to managing control, risk and return for the Council including an overview of the relative merits of the alternative delivery options available, the governance arrangements and the financial implications to the Council;
 - Funding scenarios – appraisal of funding scenarios available for the Scheme, including the use of equity investment, borrowing under the Prudential Works Loans Board (PWLB), grant income and other third-party borrowing;
 - High-level affordability – outputs from the financial development appraisal working paper assessment of Scheme viability.
- 3.9. Once the funding and delivery approach has been agreed the procurement options for construction can be considered and further legal advice may be required at that time.
- 3.10. The Council is now in receipt of the two key reports (Phase 1 and Phase 2) and awaiting the final report that brings together the key recommendations. There is a relatively detailed piece of work to be undertaken over the next

six weeks to evaluate the due diligence outputs and prepare a cabinet report and recommendation which will eventually need to be agreed by full Council. Given the level of investment and risk associated with this project it is proposed that a small Cabinet Working Group is established on a task and finish basis to work alongside officers, to undertake this work and review the outcomes of the due diligence reports and to make recommendations to Cabinet in support of the delivery of the consented scheme. It is suggested that the Working Group include the Major Property and Projects Portfolio Holder, the Corporate Services Portfolio Holder and the Leader of the Labour Group given his role on the Property and Project advisory group. In addition, a number of briefing seminars for all Members will be facilitated to ensure that all are informed ahead of further key decisions by Cabinet/Full Council.

4. IMPLICATIONS

Risks

- 4.1. The key risk to consider is the ability to progress with the Council's regeneration aspirations in accordance with timescales that are driven by external funding milestones (HIF). In order to secure the £5m of funding to assist with scheme costs, the delivery route needs to be confirmed in line with milestones agreed with Homes England.

Legal Implications

- 4.2. The Council has entered into contract with Homes England in respect of the £5m of HIF funding. The contract sets out the milestones that the Council needs to meet in order to secure the funding. The inability to meet these milestones would result in the Council defaulting on its legal obligations and put at risk the funding drawdown. A similar implication applies in respect of LEP funding towards the scheme but this is set to be drawn down as part of the approved demolition works.

Financial and Resource Implications

- 4.3. The outputs from the due diligence will inform a further report to Cabinet in respect of the recommended financial approach to taking forward the delivery of the scheme.

Equalities Impact Implications

- 4.4. There are no known equalities impact implications arising from this proposal.

5. CONCLUSIONS

- 5.1. This report sets out a progress update in relation to the redevelopment of Union Street, Aldershot as at January 2021. It also seeks to establish a Cabinet Working Group in order to support the completion of the due diligence processes and make recommendations to the Cabinet in respect of the delivery approach and funding options for delivery of the consented scheme.
- 5.2. The recommendations set out within this report align with the 'Place' priority within the Council's Business Plan (April 2019) by continuing to drive forward the regeneration of Aldershot and Farnborough town centres.

BACKGROUND DOCUMENTS:

Cabinet Report RP2011: Regenerating Rushmoor Programme – Union Street, Aldershot Regeneration Scheme

Cabinet Report RP2008: Rushmoor Development Partnership – Union Street, Aldershot

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