

10 July 2019

Policy, Resources and Economic Development

Asset Development Programme Update

Report of: *Chris Leslie – Executive Director of Commercial Services*

Wards Affected: *All*

This report is: *Public but with exempt appendices*

1. Executive Summary

- 1.1 The aim of the Council's Asset Development Programme (ADP) is to realise the potential of the Council's property asset base so as to deliver improved revenue streams from the portfolio but at the same time securing the regeneration, economic development and housing objectives of the Council.
- 1.2 A Joint Venture was approved as the vehicle to deliver developments on a number of Council owned sites. This report also provides an update on the procurement of a joint venture partner.

2. Recommendation(s)

- 2.1 **This report is for information only and intended to update Members on the progress of the Asset Development Programme.**

3. Introduction and Background

- 3.1 The Project Board advises on all projects relating to the ADP, which includes projects relating to Corporate Asset Management, Property, Joint Venture Partnerships and Seven Arches Investments Ltd. It will in turn be informed by the work of the Corporate Asset Management Group.
- 3.2 On 19 September 2017 Policy, Projects and Resources Committee approved a hybrid approach for delivering the asset development programme. The hybrid approach involves the self-development of simple sites by the Council, while more complex sites would be undertaken jointly between the Council and a procured joint venture partner.

- 3.3 Sites developed with a partner will require the establishment of a separate company to comply with legislative requirements and to formalise the partnership. This will be in the form of a limited liability partnership (LLP) with ownership split 50:50.

4. Joint Venture Partner Procurement

- 4.1 Following the selection of a preferred bidder in February 2019 a number of activities took place to brief members on the selection before Annual Council in May. These included:

- All Councillor briefing on 11th February;
- All Councillor meeting with the preferred bidder on 18th March;
- Two drop-in sessions for Councillors on 10th and 25th April;
- All Councillor meeting with the preferred bidder aimed at new Councillors on 8th May.

- 4.2 Since Annual Council several further actions have taken place to inform Councillors before a full Council decision is made. These included:

- Flowchart showing Councillors' formal decision making process in site designs and transfer (Appendix A);
- Leader and Chair of PRED meeting with Morgan Sindall;
- Contract review by Leader and Chair of PRED;
- Assurance report from East of England Local Government Association produced (Appendix B);
- Councillors' risk review session held on 19th June;
- Risk Q&As provided to Councillors (Appendix C – Exempt)
- Detailed risk report produced (Appendix D – Exempt)
- Addition of 2 Non-Executive Directors added to the JV board to be recruited from the residence of Brentwood.

5. Joint Venture Development

- 5.1 The Council has selected three sites to be the first to be developed in partnership:

1. William Hunter Way Car Park;
2. Maple Close Garage Site;
3. Westbury Road Car Park.

- 5.2 On creation of the partnership a consultation and engagement plan will be prepared to identify key stakeholders of the sites and how they will be engaged.

Their input will help shape the development of the site. This will include Councillors.

- 5.3 Once designs have been prepared and a scheme development plan formulated this will be put forward to Councillors in accordance with the approval process outlined at Appendix A.
- 5.4 It is anticipated that further sites will be developed through the partnership but there is no obligation for the Council to do this.

6. Joint Venture Reporting

- 6.1 This Committee will continue to receive updates on the progress of the Joint Venture at every meeting as part of the Asset Development Programme.
- 6.2 Project Board will be informed of the activities of the Joint Venture and Seven Arches Investment Limited and advise on these matters.

7. Seven Arches Investments Limited (SAIL)

- 7.1 Details of potential investment opportunities for SAIL are provided in Appendix E (Exempt).

8. Reasons for Recommendation

- 8.1 To update the Committee on the progress of the Asset Development Programme.

9. References to Corporate Plan

- 9.1 This fits with the Council's Transformation Vision, to explore new income generating ideas and opportunities.

10. Implications

Financial Implications

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- 10.1 The asset development programme is anticipated to provide substantial income for the Council.

- 10.2 Costs associated with the Joint Venture are to be met from the Organisational Transformation Reserve.
- 10.3 The financial position on SAIL remains unchanged. However, opportunities and investments are being proposed and reviewed to develop the commercial aspect for the Council.
- 10.4 Investments carry a degree of risk and the company will need to be sustainable in the long term.

Legal Implications

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- 10.5 Legal implications are referred to in the body of this report. Legal Services, working with external legal advisers and specialists, will be providing advice and assistance going forward.

11. Appendices to this report

Appendix A – Formal Decision Making Flowchart

Appendix B – EELGA Report

Appendix C – Risk Q&As (Exempt)

Appendix D – Detailed Risk Report (Exempt)

Appendix E – SAIL Investment Opportunities (Exempt)

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