

To: **Executive 21st March**
Council 19th April

Annual Review of JV Business Plan 2020-2023
Executive Director: Resources

1 Purpose of Report

- 1.1 The first Business Plan for the Property Joint Venture (JV), which is a partnership between the Council and Countryside Partnerships (UK) Limited (“**Countryside**”), was agreed by the Council at its meeting on 25 November 2020 and covers the period 2020-2023. This set out the agreed objectives for the Joint Venture over this period, included anticipated budgets and profits from the first 3 sites anticipated to be developed. The Bracknell Forest Cambium Partnership was formally incorporated as a limited liability partnership (LLP) in December 2020.
- 1.2 This report sets out the progress made against the Business Plan objectives to the end of December 2022. It also outlines changes proposed by the Partnership for the remainder of the Business Plan period to December 2023. Under the legal agreements the Business Plan is required to be reviewed and any changes agreed annually or as reasonably requested by each partner. The refreshed JV Business Plan (attached as Annex A) has been agreed by the LLP Board to be recommended to each partner organisation for consideration and approval.

2 Recommendations

That the Executive:

- 2.1 **Notes the progress made by Bracknell Forest Cambium Partnership for the period December 2021 to December 2022;**
- 2.2 **Supports the annual refresh of the JV Business Plan 2020-2023 for the Bracknell Forest Cambium Partnership as set out in Annex A and the financial budget and forecast as set out in Confidential Annex B and recommends these to Council for approval.**
- 2.3 **Agrees that the Bracknell Forest Cambium Partnership enters into the Bond and Co-indemnities required to undertake the enabling works related to the sewer move which is required to prepare the councils owned land at Market Street for development, noting that there is no flow of liability to from this arrangement to the Council.**
- 2.4 **For future development sites where a similar arrangement is required by a statutory body, to Delegate authority to the Borough Solicitor to provide such approval on the Council’s behalf.**

3 Reasons for Recommendation(S)

- 3.1 The recommendations 2.1 and 2.2 support the fulfilment of Bracknell Forest Cambium Partnership's objectives and aligns with the legal agreements entered into by the partners, which require the agreed JV Business Plan to be formally reviewed each year.
- 3.2 The JV Business Plan has not changed materially, although the Jubilee Gardens site will now be considered as part of a wider master planning of secondary sites, such as the Southern Gateway and Eastern Gateway Development area, that has been commissioned by the Council. There is no obligation for the Council to enter any exclusivity arrangements on additional sites and each site will be subject to Executive approval prior to any initial site development proposal (ISDP) being put to the Council for consideration. The Executive has agreed to offer surplus land at the Depot site to the JV under a 12-month exclusivity agreement, ending October 2023.
- 3.3 Under the delegation's policy of the JV, the granting of a "guarantee, suretyship or indemnity to secure the liabilities of any person or assume the obligations of any person" is a decision which is reserved to each individual party. Since any such guarantee would be provided by the JV and not the Council directly, it is recommended that consideration of such matters arising directly through fulfilment of previously approved site development plans or on a case-by-case basis where a site development plan has not been approved, is delegated to the Borough Solicitor to review against relevant legislation prior to any agreement being entered into by the Bracknell Forest Cambium Partnership. Should the Borough Solicitor consider that any such arrangement would potentially expose the Council itself to material risk that had not been foreseen when the site development plan was approved, he would bring the matter to the Executive for formal consideration.

4 Alternative Options Considered

- 4.1 Members could choose not to endorse the refreshed Business Plan and instruct the Partnership to rework any parts that cause concern. However, as there are no proposed significant amendments to the Business Plan 2020-23 that have not previously been considered and endorsed by Members, it is felt that this would not be easily justified.

5 Supporting Information

- 5.1 Bracknell Forest Council has a long-standing ambition to secure new development in Bracknell town centre and across the Borough, to promote economic development, enhance vitality, and secure new homes and facilities for residents and businesses. Specifically, the Council Plan 2019-2023 states,

"We will continue to work hard to make sure that Bracknell Forest continues to thrive, even with the challenges ahead for all sectors of the economy. The Council is committed to continuing the town centre regeneration and over the next four years will deliver the next phases, helping the whole town centre to flourish and grow, providing a rich 18-hour economy."

- 5.2 Alongside other initiatives, this ambition led to the creation of the Bracknell Forest Cambium Partnership, a Joint Venture with Countryside formed to develop Council owned sites in and around Bracknell town centre. The strategic objectives for the JV were determined by the Council and are enshrined in the legal partnership

agreement and included in the JV business plan to clearly show its expected strategic direction, as follows:

- support and help the Council deliver its strategic plan;
- proactively facilitate the physical delivery of the strategic vision for the town centre;
- deliver new commercial and residential uses that support the on-going regeneration of the town centre contributing to economic development, and a balance of daytime and evening trade and activity;
- deliver development of high design quality, setting the bar for further future development;
- enable the provision of affordable residential homes, space for specific commercial occupiers and typologies, and new community facilities to ensure development delivers benefits for all;
- maximise regeneration potential by responding flexibly to each opportunity and leveraging development expertise and resource to identify new opportunities, including with other public sector partners; and
- provide long term revenue streams to the Council to support future service delivery and furtherance of the objectives under the Council's strategic plan whilst managing risk exposure per site

5.3 The JV business plan sets out the Partnership's planned activities for a period of 3 years from its inception in December 2020 and includes key metrics such as the nature and scale of proposed development activity on individual sites, expected profits and land values and overall financing requirements. More detailed plans are included in individual Site Development Plans for each of the proposed development sites.

5.4 As part of the Members' Agreement between the Council, Countryside and the Partnership, there is a Delegations Policy that sets out the decision-making parameters for the Partnership, identifying where decisions are to be taken by the development manager (Countryside), JV Partnership Board and the individual partners (the Council and Countryside). A key principle is that the JV's Business Plan, is required to be reviewed by each partner annually or as required via each partner's decision-making process. This approach means that the Council itself is always able to determine the JV's activities at a strategic level, while more operational decisions are delegated to the JV Partnership Board which has the authority to act within the parameters of the agreed Business Plan and any agreed Site Development Plans. The Partnership Board comprises 3 representatives from each of the partners, with the Council's representatives being the Executive Members for Economic Development and Regeneration and for Transformation and Finance and the Executive Director: Delivery. Any proposed material deviations from the agreed JV Business Plan need to be referred by the JV Partnership Board to both the Council and Countryside as partners in the Bracknell Forest Cambium Partnership. Note that where decisions are reserved for the Council as a partner in the Partnership, the Members' Agreement does not specify how the Council is to make that decision. It is a matter for the Council itself to decide who take the decision within the Council, in accordance with the Council's constitution, standing orders, delegation procedures and any other internal governance arrangements.

5.5 Despite the economic challenged brought by the pandemic, war in Ukraine and associated inflationary pressures, the partnership has made good progress against its agreed objectives and priority sites since December 2020. Specifically:

- Planning permission was secured for 52 homes at Coopers Hill, with development commencing in early Spring 2022 with first show home being completed in May 2023;
 - Planning application for Market Street was secured in February 2022 for 169 homes plus commercial space:
 - Exclusivity rights have been awarded for surplus land at the Depot site for a period of 12 months from September 2021, and extended until October 2023
- 5.6 The expected levels of investment and returns for the Council from the planned developments are set out in the confidential section of the JV Business Plan. As previously reported, the Council's equity will be in the form of land and cash, which will be secured through loan notes issued by the JV. Cash investment will be funded by a combination of internal borrowing and short-term external borrowing if needed. The loan note "premium" (i.e., the margin after offsetting borrowing costs) will typically be around 2.5% - 3.0%.
- 5.7 Wider benefits for the Council in the proposals include additional income from Council Tax and car parking as well as increased footfall in the town centre to support on-going regeneration, including the provision of affordable housing.
- 5.8 **Bonds and Indemnity**
- Bonds and Indemnification of risks is common in the construction schemes; therefore, it is not unusual for the Partnership to be required to enter into a guarantee, indemnity or surety in relation to construction works. In the Delegations Policy this decision for the Partnership is a decision where approval of each partner (the Council and Countryside) is required before the JV enters into such arrangement. The recommendation in 2.3 and 2.4 is therefore being made for practical reasons for these decisions to be made quickly after legal considerations are understood by the Council. In future these would be delegated to the Borough Solicitor, unless this decision involves a complex consideration of risks, in which case the Borough Solicitor will bring such decisions back to the Executive for final determination.
- 5.9 Note that decisions under this delegation would only relate to circumstances where the Partnership is being asked to give a guarantee, indemnity or surety. It would not include any request for the Council itself to give a guarantee, indemnity or surety.

6 Consultation and Other Considerations

Legal Advice

- 6.1 Responsibilities for decision making have been agreed by the Joint Venture Partners in the Members' Agreement dated 23rd December 2020 and are set out in the Delegations Policy which forms part of the Members Agreement. Business Plan approval is a decision reserved under the delegation's policy to the Individual Partners. From the Council's perspective this is an Executive decision to be taken by its Executive under its governance arrangements.

Financial Advice

- 6.2 There are no immediate financial implications arising from this report. The Council's investment and returns from developments undertaken by the JV are set out in detail in individual Site Development Plans, which are required to be separately considered and approved by Council.

Other Consultation Responses

- 6.3 Recommendations supported by Bracknell Town Centre Regeneration Committee

Equalities Impact Assessment

- 6.4 None undertaken

Strategic Risk Management Issues

- 6.5 Commercial development, by its nature, cannot be risk free. The establishment of a JV with an experienced development partner and the approach set out in the JV Business Plan and associated legal documents strikes a balance between minimising the Council's risk exposure while allowing it to achieve its regeneration objectives for Bracknell town centre. This approach ensures that the Council is sharing risk and reward with an experienced and successful development partner.

Climate Change Implications

- 6.6 The Joint Venture is committed to building in an environmentally responsible and sustainable manner. Further information is available in the Partnership's Sustainable Development Policy

Health & Wellbeing Considerations

- 6.7 NA

Background Papers

Annex A	JV Business Plan 2020-23 - Reviewed Dec 2022
Annex B	Confidential Financial information
Annex C	Confidential Legal advice on Co-indemnity for Thames Water (sewer) works
Annex D	Confidential Briefing note

Contact for further information

Stuart McKellar, Executive Director: Resources - 01344 352180

Stuart.McKellar@bracknell-forest.gov.uk

Sarah Holman, JV Business Partner – 01344 354197

Sarah.holman@bracknell-forest.gov.uk