

Otterpool Park delivery

Overview and Scrutiny Committee, 30 Jan 2018

Purpose of Cabinet report

- To set out options for delivering Otterpool Park
- Seeking £350,000 to explore preferred option
- Consider option to form a development company
- Support for use of CPO powers should they be required
- Update on discussion with Homes England
- Otterpool Park to be represented at MIPIM by DIT



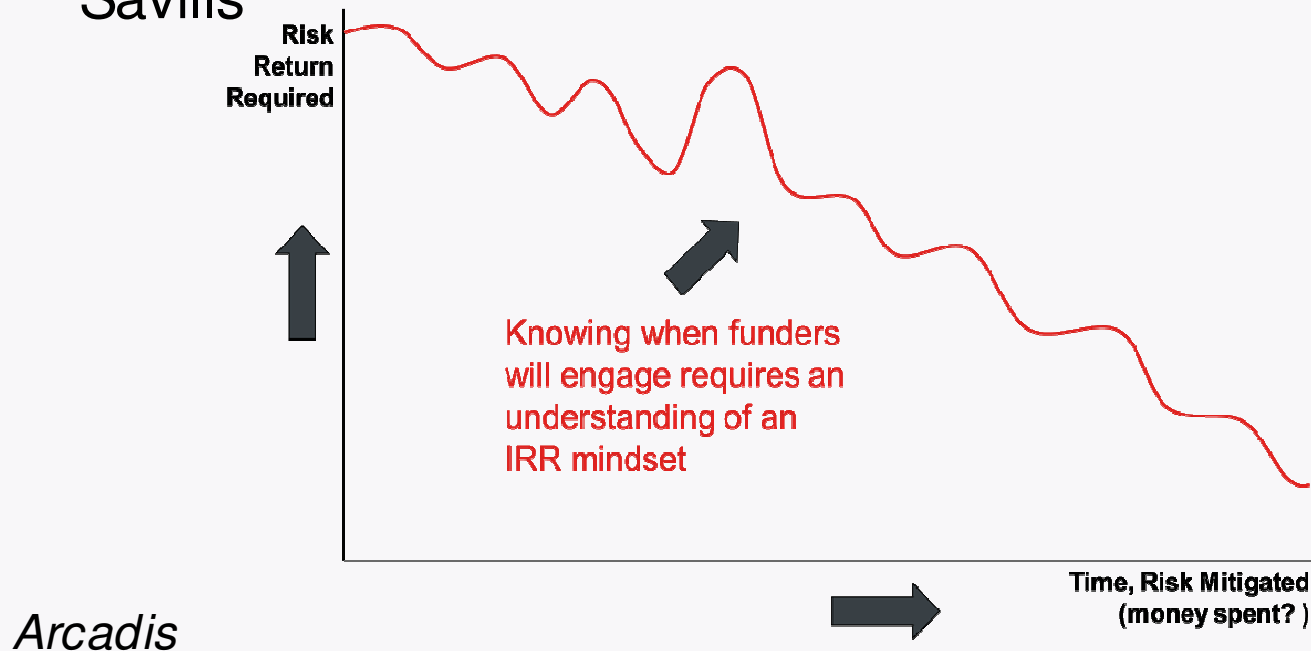
Background

- Last landowner update to Cabinet 19 July 2017
- Long term stewardship Cabinet paper 18 Oct 2017



Strategic developments – risk and return

- Otterpool Park is unlike any other project the council has embarked on in terms of size, complexity and time
- Advice sought from: Pinsent Masons, Arcadis and Hampshire CC/ Basingstoke and Deane District Council (Manydown Garden Town) Montagu Evans, Savills



Commercial return

“the value or profit available after meeting all the requirements of the initial outline planning application and future reserved matter approvals and further planning permissions”.



Otterpool Park Delivery - Corporate Plan objectives

“More Homes”

- Create a new garden town at Otterpool Park

“Achieving Stability”

- Explore alternative income streams
- Develop an investment strategy for the longer term
- Optimise the financial benefit from major developments



Financial objectives

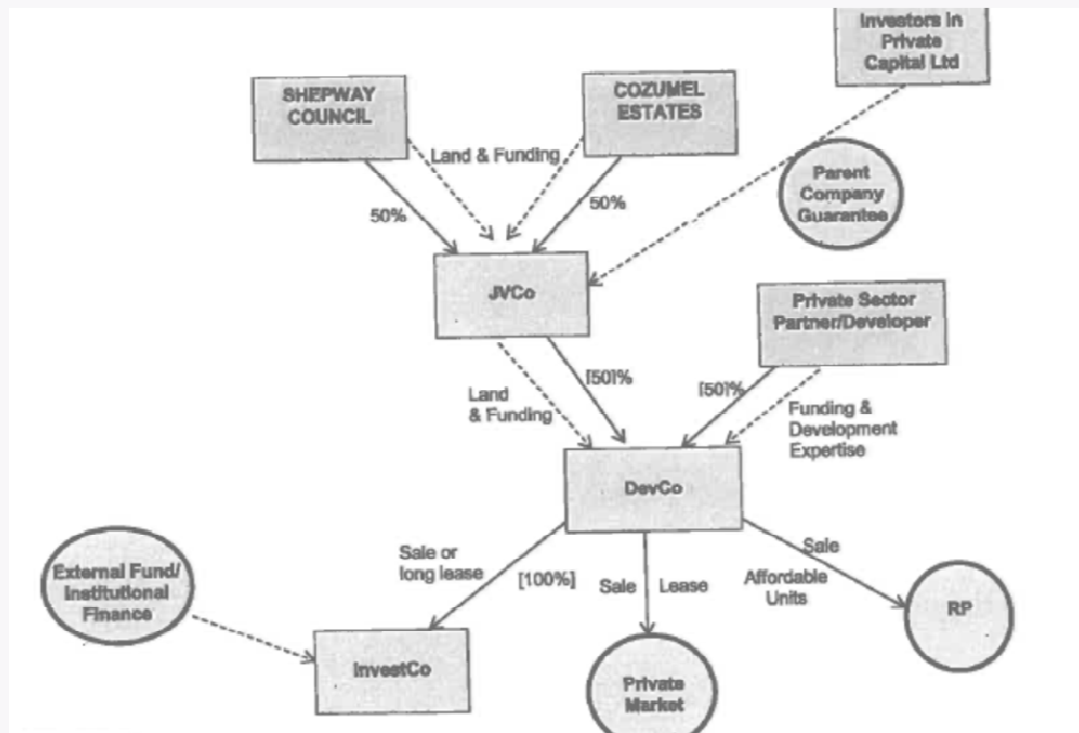
- Long term - generating revenue streams from commercial, retail and residential elements of the development.
- To recognise the need for early capital investment
- To create financial benefit for the whole district.
- The Garden Town to be financially sustainable.
- To maximise external funding in support of the project(public and private).
- To consider at each critical decision point the future financial model with an emphasis on affordability for the council.

Delivery options

1. The council develops its own land independently;
2. The council develops acquires further land and develops independently;
3. The council sells its land interest to another party free for them to develop;
4. The council sells its land interest to another party subject to a development agreement;
5. The council sells its land interest by means of a conditional land sale agreement with an ability to re-acquire land in the event of failure to meet milestones;
6. A contractual joint venture agreement;
7. A corporate joint venture.

Preferred option – corporate Joint Venture

- A corporate joint venture vehicle – either limited liability company (limited by shares) or a limited liability partnership.
- This does not commit the council to this option, but to explore it further.



Corporate Joint Venture – why a preferred option?

Advantages including:-

- Shared costs and risks
- Joint control over delivery
- Liability is limited
- Simple exit from joint venture company if required
- Involvement at board and member level/shareholder
- Transparent profit sharing arrangement
- Directors have defined duties to the company
- Finance flexibility
- Profits can be distributed by dividend in case of a company
- Familiar model for the private and local government sectors

Confidential annex

- Update on land acquisition
- Liaison with Homes England



Next steps

- Commission financial, legal and commercial advice on corporate joint venture if selected as preferred option for further analysis
- Bring full financial and viability update to Cabinet
- Bring draft Framework Masterplan to Cabinet (March 2018)



Questions and comments

