

SECTION 9: GOVERNANCE ARRANGEMENTS FOR RUSHMOOR DEVELOPMENT PARTNERSHIP AND RUSHMOOR HOMES LIMITED

Rushmoor Development Partnership

- 9.1 The Council has established the Rushmoor Development Partnership LLP (RDP) with Hill Investments Partnership Limited (HIPL) to support the delivery of elements of the Regenerating Rushmoor Programme. This is underpinned by a formal Members Agreement and Business Plan.

RDP Operating Structure

- 9.2 The Rushmoor Development Partnership is 50:50 controlled by the Council and Hill Investment Partnerships. The Council's Executive Director and Monitoring Officer is authorised to act as shareholder on behalf of the Council. The LLP is not a public sector body for public procurement or accounting purposes.

Rushmoor Development Partnership Board

- 9.3 The RDP Board exercises strategic oversight of the Rushmoor Development Partnership; all major decisions are made by the Board. The RDP Board comprises three Directors from HIPL and three representatives from Rushmoor. Both partners (the Council and HIPL) have an equal say in decision making and governance processes. Each partner has one vote each in decision-making. If there is disagreement, then no decision is made. If any matters under disagreement are not able to be resolved within a fixed period, then this enters a deadlock process where the matter is escalated to the Council's Executive Director and Monitoring Officer and the equivalent HIPL Senior Officer for resolution with the support of experts or specialists as appropriate e.g. in the event of a disagreement over construction costs or land values. This process, in effect, removes the matter from the RDP and back into the Council's usual dispute resolution procedures.

The Council's representatives on the Rushmoor Development Partnership (RDP) Board are as follows:

- Major Projects & Property Portfolio Holder
- Chief Executive
- Executive Director (KE)

Investment Team

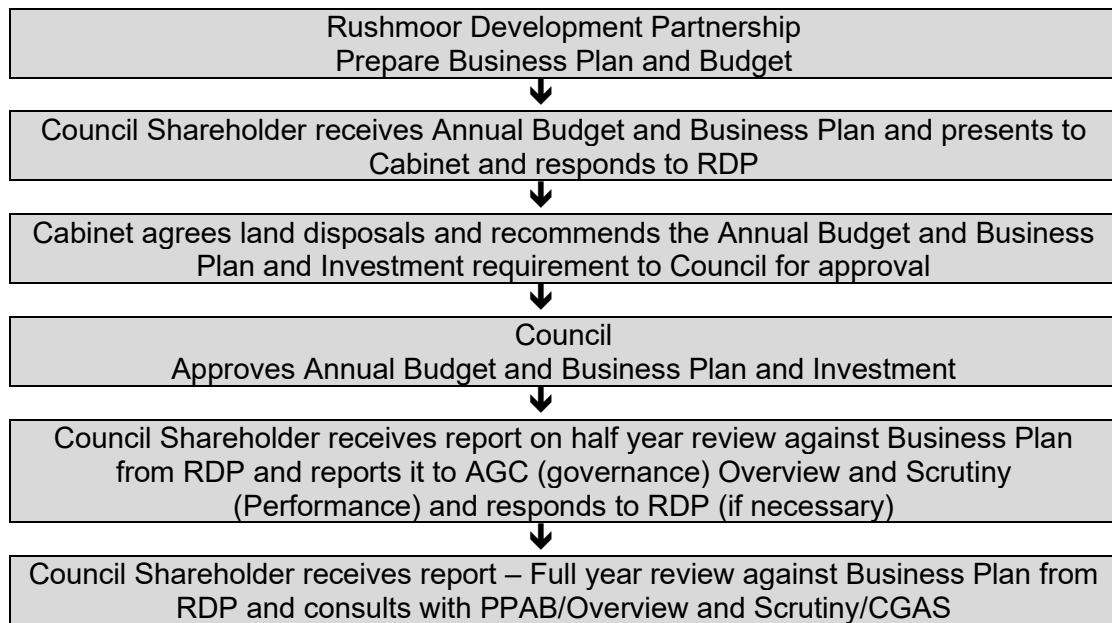
- 9.4 The Investment Team is responsible for the day to day management, development and delivery of project plans for development sites, and the delivery of partnership business in accordance with the RDP Business Plan and as the RDP Board may determine. The Council's representatives on the RDP Investment Team are as follows:

- Interim Head of Development
- Regeneration Delivery Manager
- Project Accountant, Financial Services

Monitoring the Rushmoor Development Partnership

- 9.5 The RDP will report on a six-monthly basis to the Council's Shareholder, and with quarterly performance reporting to Cabinet and Overview and Scrutiny Committee. Governance matters will be considered by the Audit and Governance Committee. The process is set out below:

Annual Cycle of RDP/Council Governance and Approvals



Site Development Process and Associated Land Transfer

- 9.7 The RDP's site development process as set out in the business plan is summarised 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 RDP 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 RDP 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 RDP 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.

9.8 Summary of Council Responsibilities within the above process:

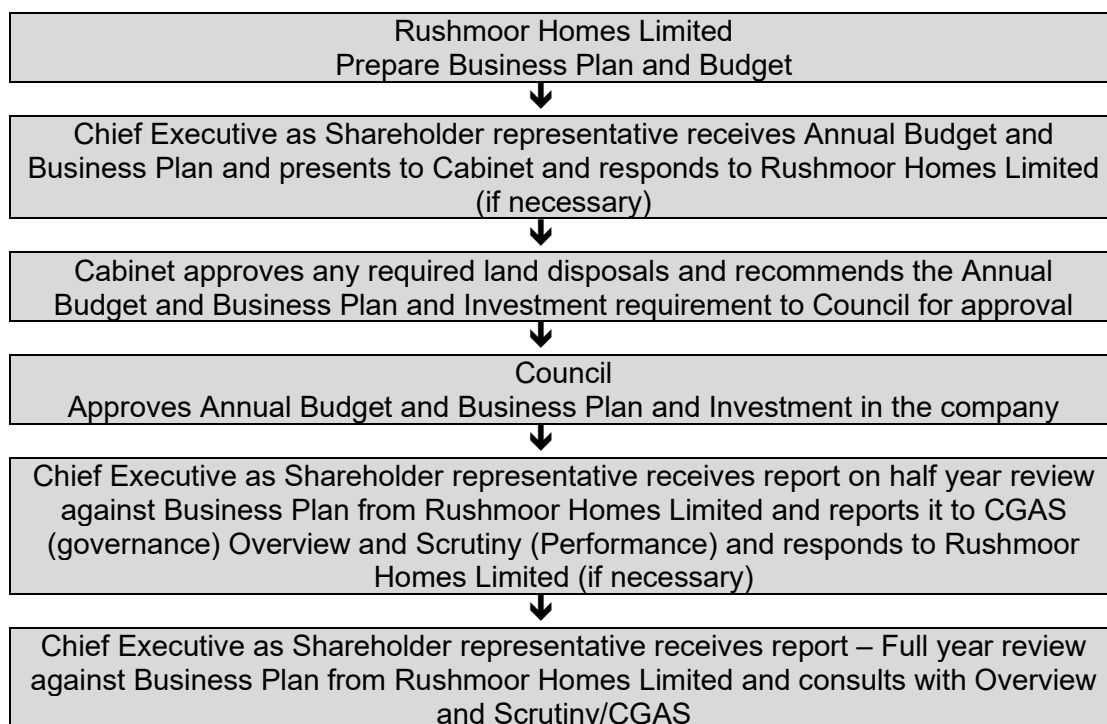
- The inclusion of the portfolio of sites for consideration (Council decision)
- Transfer of land and the value of the land at transfer (Cabinet decision)
- Whether to make a loan or other financial arrangement with the RDP (Council decision)

Should the Council undertake to provide any loan facility to the RDP it would need to be considered alongside criteria set out in the Council's Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy and the Annual Capital Strategy.

RUSHMOOR HOMES LIMITED

- 9.9 The Council has established a wholly owned company limited by shares, 'Rushmoor Homes Limited', to allow the Council to participate directly in the housing market and increase housing supply by providing quality homes for rent in the Borough.
- 9.10 Rushmoor Borough Council is the sole shareholder of Rushmoor Homes Ltd and owns 100% of the company, which is underpinned by a formal shareholder agreement, a funding agreement, Articles and Memorandum of Association and a Business Plan.
- 9.11 The Licensing and Corporate Business Committee is responsible for appointing Directors of the Board of the housing company. Following the incorporation, the Council's representatives on the Rushmoor Homes Company Board of Directors will be:
- Representative from the Conservative Group
 - Representative from the Labour Group
 - Portfolio Holder for Finance
- 9.12 The Governance arrangements for the Company are set out in the Articles of Association, however, because it is a Company wholly owned by the Council, there are additional governance arrangements. A summary of the arrangements is set out below:

Annual Cycle of Rushmoor Homes/Council Governance



Site Development Process and Associated Land Transfer

9.13 The Rushmoor Homes site development process as set out in the business plan is summarised as follows:

- (1) Portfolio of potential council land sites agreed by the Council
- (2) An option appraisal is developed by the Housing Investment Team for the Council
- (3) The Council Shareholder considers options and determines best course of action for the Council and if appropriate offers to Housing Company
- (4) Housing Company Board considers site and Project Plan setting out the planning strategy delivery, budget, development appraisal and development finance requirement to be agreed
- (5) Depending on basis of land transfer which is subject to BCA from the Option Appraisal Planning disposal to be agreed by Cabinet unless already delegated
- (6) The Council transfers each site into Rushmoor Homes at an agreed value and time together with associated development financing
- (7) The Rushmoor Homes Board agrees the construction agreements, warranties and monitoring arrangements.

9.14 An Operational Group is being established to oversee and scrutinise the construction programme through to practical completion. This Group will report to the Rushmoor Homes Board on budget, risks and progress during the delivery phase, together with matters such as rental values and lettings.