CABINET

Report subject	**Proposed Regeneration Vehicle Options Appraisal**
Meeting date	26 May 2021
Status	Public Report
Executive summary	To achieve the Council's regeneration ambitions across the conurbation at pace, this report recommends the creation of a wholly owned Urban Regeneration Company (URC). The URC will bring together the resources, leadership, and focus required to deliver the ambitions set out in the Big Plan which was considered by Cabinet and Council in February.
Recommendations	**It is RECOMMENDED Cabinet:** **Supports the establishment of an Urban Regeneration Company (URC) and delegates authority to the Chief Executive, in consultation with the Leader and Deputy Leader, to formally set up the URC subject to his approval of the further information set out in this report.**
Reason for recommendations	To enable greater focus and capacity for realising the significant opportunities for delivering homes and jobs on sites owned, or controlled, by the council and increasing the scale and pace of delivery. The current internal capacity of the council is not sufficient to deliver the scale of ambitions set out in the Big Plan and additional support and expertise is required, which after options appraisal, is considered to be best met by creating a URC.
Portfolio Holder(s):	Councillor Drew Mellor, Councillor Philip Broadhead
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Graham Farrant, Chief Executive
Wards	Council-wide
Classification	For Decision

Background

1. On 10 March 2021, the Cabinet approved the use of external consultants to explore in greater detail the possible models for accelerating the pace and scale of regeneration delivery and authorised the Chief Executive to bring forward a subsequent paper with recommendations on possible structures. The Cabinet paper included five alternative models for consideration:

    A. Urban Regeneration Company
    B. Special purpose vehicle
    C. Joint Venture
    D. Strategic Partnership
    E. Expansion of existing wholly owned Council Company

2. The Council appointed Inner Circle Consulting to explore in greater detail the alternative models and undertake options appraisal of the degree to which each model would allow the Council to deliver its ambitions and meets its objectives.

3. The key findings of the Inner Circle Consulting report that reinforce the case for an alternative model for regeneration delivery are:

- The scale of the opportunity is significant delivering up to circa 3,500 homes and £2 billion gross development value from an initial list of 16 Council owned sites.
- The Council does not currently have the appropriate capacity, capability, or in-depth experience in this field to advance these sites at pace.
- The Council is seeking a significant step-change in delivery and therefore a commensurate step-change in resources, leadership and focus is required. This was recognised in the 2021/22 budget of the council.
- The strategic sites could have a hugely positive social and economic impact on the community and wider area. This supports the rationale for an alternative type of delivery model which could bring together the resources, leadership and focus described.

The Ambition

4. The recently published “Big Plan” captures the Council’s ambition to deliver regeneration at a pace and scale not seen before across the BCP area.

5. The Council has already signalled this intention through the allocation of an additional £1.75m ongoing annual revenue budget for the management of regeneration, principally to bring forward appropriate Council owned sites and by setting up the £50 million Futures Fund intended to enable the Council to invest in infrastructure improvements as required. This is in addition to the already significant resources that the Council has invested, and continues to invest, in project management. This all represents a significant upscaling of the focus and resources being applied to delivering growth and investment at the scale that is appropriate to the opportunities that the Council has.

6. It is essential that we utilise these resources to the maximum effect and the Council has recognised that to meet its ambition will require a fundamental change of approach. It is therefore proposing the creation of an external vehicle to oversee and manage the urban development agenda across the BCP city-

region, focusing on bringing forward development on the key sites owned by BCP Council.

Consideration of delivery options

7. In considering the most suitable regeneration model to deliver this ambition, the March Cabinet report set out five options that would be considered as part of an options appraisal as follows:

    A. **Urban Regeneration Company (URC)** - this could be a wholly owned company providing regeneration advice and development and project management services to the Council. It would not own the sites or enter into JVs or SPVs but would support the Council in these activities.
    B. **Special Purpose Vehicle** – Is a model typically used to bring forward individual development sites by the Council acting alone or in partnership with other organisations. An SPV could involve partial or complete transfer of ownership of the sites.
    C. **Joint Venture –** The Council would enter into a Joint Venture arrangement on one or more sites where an external partner has specific expertise, ownership interests or resources. A JV of this nature would generally involve some degree of transfer of ownership of the sties.
    D. **Strategic Partnership –** a Homes England initiative which allocates significant Affordable Homes Programme funds on a long-term development basis to those organisations (for example, Southern have £55m to deliver over 1000 homes) who have land, planning and building skills.
    E. **Expansion of existing wholly owned Council Company (Seascape Homes)** - the scale could be increased to deliver more homes and greater returns to the Council's general fund. The company could build out and manage residential developments brought forward by any of the above options.

8. These options are not mutually exclusive, and the Council may need to consider any of these for individual sites as well as a preferred model for meeting the overall need for increased delivery capacity. This might result in a matrix of appropriate delivery vehicles, dependant on the scale and opportunities on each site, but with a strategic overview being provided by the Council's leadership team, and with that capacity supported by a strategic enabler.

Appraisal Criteria

9. The Council developed and used six criteria to assess the five options above against a do-nothing option. The criteria cover the different elements that are required from a regeneration delivery model to deliver a step-change in the scale and pace of delivery.

10. The six criteria used were:

    I. **Value for money** – The model must offer a value for money solution for the Council to deliver its regeneration ambitions. Value for money is assessed by considering the costs associated with the establishment and operation of the new vehicle compared to the speed and scale at which it could deliver the schemes within the regeneration portfolio. A general assumption used for the purpose of the appraisal is that the regeneration portfolio has the potential to deliver significant and substantial financial returns for the Council and economic benefits for the area and communities.

II. **Dedicated leadership and focus** – successful delivery of regeneration projects relies upon dedicated and consistent leadership and focus. Without these, projects will not be delivered at the pace required to meet the Councils ambitions.

III. **Accelerated delivery –** The Council wishes to accelerate delivery of its regeneration portfolio. By doing so, these large-scale assets can be utilised quicker to their fullest potential for the benefit of the local residents and yield substantial financial and economic benefits for the Council, residents and communities.

IV. **Adaptability and flexibility** – The regeneration delivery model must have the ability to adapt and flex easily to changing Council, stakeholder and market conditions and requirements.

V. **Scalability** – The model must allow the Council the possibility to scale up and down over time to respond to the Council's requirements and the opportunities within the market.

VI. **Talent attraction** – Competition for individuals with development and project management skills is high and there is an overall shortage across the industry, and particularly within the BCP region.

Options Appraisal

11. The table below captures how the five options compare against a do-nothing scenario using the following ratings of likelihood of meeting the Councils objectives: Highly likely, Likely, Neutral, Unlikely and High Unlikely. The rationale for this scoring can be found in the options appraisal document in Appendix 1.

Option/ Criteria	Do Nothing	Urban Regeneration Company	Special Purpose Vehicle	Joint Venture	Strategic Partnership	Expansion of existing wholly owned Council Company
Value for money	Neutral	Likely	Unlikely	Neutral	Likely	Unlikely
Dedicated leadership and focus	Unlikely	Highly likely	Unlikely	Neutral	Neutral	Unlikely
Accelerating delivery	Unlikely	Highly likely	Unlikely	Likely	Likely	Unlikely
Adaptability and flexibility	Likely	Highly likely	Highly unlikely	Likely	Highly unlikely	Highly unlikely
Scalability	Neutral	Highly likely	Highly unlikely	Likely	Neutral	Highly unlikely
Talent attraction	Unlikely	Highly likely	Highly unlikely	Likely	Unlikely	Unlikely

Preferred Option

12. The comparison clearly demonstrates that the option most likely to meet the Council's strategic objectives is the Urban Regeneration Company (URC) model.

13. The URC model would have the following key characteristics:

- It would be a company wholly owned by the Council and so would ensure that it prioritises the Council's strategic objectives.
- It would provide regeneration, development, and project management services to the Council, and only to the Council in the first instance.
- The team would be made up of a mixture of directly employed key staff and seconded Council staff to get the best results.
- It would prepare an annual business plan for approval by the Council.

- It would not own any Council assets or enter into any development or construction contracts unless agreed by the Council, it is envisioned that these would be entered into by the Council following advice from the URC, retaining ultimate control within the Council's leadership.
- It would advise the Council on the most appropriate and suitable delivery models for each of its development sites (including reviewing and exploring the advantages of Joint Ventures, Special Purpose Vehicles, etc), to ensure the greatest benefits are delivered across the regeneration portfolio.
- It would act as a beacon for the area; attracting the very best people and partners to deliver in a world class city region - one of the best coastal places in the world in which to live, work, invest and play.
- Any decisions taken by the Council under this arrangement would be open to public scrutiny and subject to the controls of the Council's Constitution.

Taking the URC Forward

14. This report sets out the detail of the proposed URC and seeks Cabinet approval of the concept and that responsibility be delegated to the Chief Executive, in consultation with the Leader and Deputy Leader, and working with the Director of Finance and the Director of Law and Governance, to set up the company. This will include a review and approval of the final business case and agreeing any required arrangements regarding and including:
    - Registration at Companies House
    - Preparation of company documentation
    - Establishing governance arrangements
    - Establishing a budget and any constraints on the use of Council funding
    - Recruitment of the permanent team, both board and employees
    - Agreement of any relevant contracts.
15. The final business case and supporting information will be provided in good time to the Chief Executive in preparation for him making any decisions under the delegations set out in this report. It is estimated that the advice will be available in full by the end of May, enabling early movement on the set-up of the company.

How the URC will operate

16. Development on each site may be delivered directly through the Council, or through specific JVs or SPVs established for each site as appropriate. The URC's primary role will be to employ expert staff who are versed in working with the private and public sectors to deliver first class development at scale and with pace and to provide expert advice to the Council on the preferred way of achieving strong outcomes through regeneration and investment on the key sites, and across the wider environment.
17. The URC will be funded for its activities each year by the Council paying for the services provided under a commissioning contract, utilising an element of the additional funds that have been allocated in the revenue budget for 2021/22 and future years. Some elements will be retained within the Council, including finance to ensure that we have adequate regeneration, financial and legal resources to

work as an appropriate and strong client to the URC. The funding will be confirmed each year, against the proposed Annual business plan which will be presented to the Cabinet and will be set out in an annual service level agreement.

18. The URC will wish to commission technical project development and masterplanning capacity and other technical advice, on behalf of the Council, or may advise the Council on the advisory services required. The budgetary requirements and the source of funding for this work will be agreed between the Council and the URC as required. Until the URC is formally established, any interim budgetary requirements for consultancy, staffing and support are being met from the £1.75m, governed using the Councils financial rules and regulations.
19. Land ownership will not be transferred to the URC, and it is not intended to hold assets so it will not need to raise funds for site acquisition or direct works. However, with the guidance and advice of the URC, the Council may decide, through its normal governance arrangements, to transfer into or sell land to a JV or SPV designed for the purposes of achieving development. Formal decision-making on each site will remain with the Council, with those decisions guided by the outcomes from the URC’s thinking and taken through the appropriate route, depending on site value.
20. The Council will have to provide sufficient budget for any initial development activities on each site including master planning and development design and will need to fund the establishment costs for the URC for the long term. This will be established through a formal service level agreement between the URC and the council.
21. It is likely that the URC will be asked to provide strategic advice on the potential uses for the Futures Fund to assist the Council in determining the key priorities for this essential investment and to ensure that the use of this fund supports the Councils overall direction for regeneration and investment.

Establishment and structure

22. The URC will need an agreed staffing and establishment structure which will be designed to deliver the long-term ambitions but will also need to flex in light of short-term experience of operating alongside the Council. In the interim period this will be populated by a mixture of consultants and staff made available to the URC with that team gradually being supplemented and replaced by permanent appointments into the URC structure and short-term appointments as required.
23. A number of internal staff have already been identified who have been made available to work with the URC and the long-term future of these posts will be confirmed during this process, with appropriate consultation and secondment or transfer arrangements put in place as appropriate.
24. It is essential that we provide the capacity that the newly formed URC needs to move quickly into productive work, and we will put appropriate measures in place to achieve this.

Summary of financial implications

25. This report seeks approval to create a URC and authorises officers to set up the Company in liaison with the Leader and Deputy Leader.

26. The URC will be a private company limited by shares with a single shareholder, Bournemouth, Christchurch, and Poole Council. As 100% owner of the company the council will be able to set the strategic direction of the URC and ensure the operational activity of the company accords with such direction. This is important for a number of reasons not least ensuring the reputation of the council and its financial probity.

27. In order to ensure that the Council is able to use the URC to deliver on its behalf without the need for it to bid in a competitive tender process, the URC will need to be set up as a 'Teckal Company' in compliance with Public Procurement legislation. This means, in essence, that its shareholding cannot be diluted by private sector shareholders and it must be sufficiently controlled and/or directed by the Council. In addition, its activities must predominantly be for the benefit of the Council.

28. Payment to the URC will be via an annual service delivery contract process. This will enable the company to register for VAT compared to the position if it was grant funded. In taking this approach any VAT incurred by the URC will be reclaimed.

29. The URC will be required to produce annual accounts and arrange for these accounts to be independently audited. The Council will need to incorporate these accounts within its Group Accounts subject to an annual assessment as to materiality. There will be a range of additional costs to operate the company, but these are considered relatively small compared with the potential benefits that the URC will bring in terms of expertise and knowledge.

30. Any significant matters that arise in setting up the URC will be brought back to councillors for approval at Cabinet or Council as appropriate. To be clear matters that will need to be finalised but at this stage are not anticipated to be significant or material include:

    - The scope of the company's reserved matters such as the approval of an annual business plan, company name, renumeration policy.
    - Making of any loan required to support any working cashflow of the company in comparison to the contract payments made by the Council.
    - Annual service level agreements (contract value) on the assumption it is fundable within the overall 2021/22 budget for regeneration.
    - Tax implications with a need to ensure any potential liabilities are minimised.
    - Any Transfer of Undertakings (Protection of Employment) Regulations (TUPE) implications from moving existing staff of the council into the company.
    - Any necessary pension and VAT implications.
    - Necessary councillor oversight arrangements including arrangements for Scrutiny.

    These matters are not anticipated to be significant/material based on the council's previous experience, via predecessor councils, of setting up such arrangements.

31. It is important to reiterate that separate business cases for each site that the Council proposes to develop based on the recommendations of the URC will be

brought forward for Cabinet and Council approval, as necessary. Such business cases will consider the appropriate model for delivery and any associated risks including those associated with the financing of the development.

32. It will also be important to note that if the URC manages any developments, subject to an approved business case, on behalf of the Council they will need to follow Public Procurement Legislation, the Council's governance arrangements including financial regulations and the contracts will need to be in the name of the council.

Summary of legal implications

33. In exercising any power or duty local authorities must act for proper purposes, in good faith and must exercise their powers properly, following proper procedures in a "Wednesbury reasonable" manner. In other words, local authorities must act for proper motives, taking into account all relevant considerations, ignoring irrelevant matters, not acting irrationally and balance the risks against the potential rewards.

34. Additionally, local authorities must observe the usual fiduciary duties to their tax and business rate payers and must discharge their functions with reasonable care, skill and caution, and with due regard to the interest of those tax and rate payers. They must also exercise their powers and comply with their duties in accordance with its best value duties as set out in the Local Government Act 1999, i.e., it must make arrangements to secure continuous improvement in the way in which it exercises its functions, having regard to a combination of factors, including economy, efficiency and effectiveness.

35. As part of the Council's best value duties, it also needs to determine the best way in which to ensure it meets its duty to consult in respect of continuous improvement of the delivery of its functions pursuant to section 3 of the Local Government Act 1999.

36. Further duties relevant to the context of decision-making include crime and disorder reduction, equalities, health and wellbeing.

37. The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 empowers the Council to do for a "commercial purpose" anything which it is authorised to do for the purpose of carrying on its ordinary functions. Section 1 of the Localism Act 2011 introduced the concept of the GPOC, but section 4 requires the exercise of the GPOC for a commercial purpose to be undertaken through a company (inter alia per section 1(1) of the Companies Act 2006); this would include a private company limited by shares.

38. Where the Council exercises the power under the 2009 Order to do anything for a commercial purpose, the 2009 Order states that it must first prepare a business case and approve that business case. A business case must contain the objectives of the business, the investment and other resources required to achieve those objectives, any risks the business might face (and how significant they are) and the expected financial results of the business, together with any other relevant outcomes the business is expected to achieve (s2(4)(a)-(d)). It must also ensure that it recovers the costs of accommodation, goods, services, staff or any other thing that it supplies to a company in pursuance of the exercise of that power.

39. Even if the Council does not intend for the newly incorporated entity to have a commercial purpose, but rather simply to deliver development support services to the Council in the performance of its regeneration, well-being and economic development functions and objectives, a clear business case is recommended to be produced prior to any decision being taken in order to support and evidence the proper exercise of the Council's best value duties and fiduciary duties. This work will continue to be developed and it is noted that the exercise of the delegated authority to create the URC remains subject to approval of further detail relating to this proposal (expected to be available in the near future as set out in paragraph 15 above).

40. The legal risks inherent in setting up a company should be mitigated by taking legal advice on all aspects of the proposal. The advice will need to cover aspects such as:

  a. procurement (including Teckal criteria and compliance);
  b. governance and directors;
  c. subsidy control;
  d. TUPE;
  e. equal pay; and
  f. information governance.

41. Further advice will be required on the implementation of the proposed operating model (once defined), including the contractual arrangements such as:

  a. legal review of any existing contracts proposed to be accessed by the newly incorporated vehicle;
  b. incorporation;
  c. shareholder agreement;
  d. support service agreement;
  e. working capital loan agreement;
  f. commissioning contract; and
  g. lease / licence to occupy.

Summary of human resources implications

42. The approval for a URC to be established will have significant Human Resource (HR) implications. The business plan will have to cover the employment conditions for individuals directly employed by the entity. The employer will be the URC, not BCP Council, therefore the following factors will need to be considered and determined by the URC Board (not an exclusive list):

  a. Form of Employment contract.
  b. Terms and conditions of employment.
  c. Pension arrangements.
  d. Remuneration, including rates of pay, allowances, incentives and other benefits.
  e. HR Policies and processes for example, grievance, disciplinary, performance, absence etc.
  f. HR Management systems including payroll and recruitment.

43. The business plan must also consider how employees of the URC will be measured in terms of performance, particularly over long periods of time, and subsequently when those performance measures are determined what that may result in, in terms of reward. This must be in line with the value that the

commercial vehicle is generating for BCP Council so that we can justify the use of public monies in this way.

44. The business plan must also consider if TUPE is likely to apply, this will need to be evaluated in the scoping and will be dependent if there is a transfer of services. If TUPE applies, then Terms and Conditions of employment for TUPE staff will remain the same which may have an impact with direct employees of the vehicle in creating a two-tier workforce that may have challenges with equity.

Summary of sustainability impact

45. There are no specific sustainability impacts arising from this report, but the framework of regeneration delivery should improve the sustainability of the conurbation and each development will be reviewed in terms of its impact all the climate and ecological emergency.

Summary of public health implications

46. There are no specific public health implications arising from this report, but good quality housing is an underlying principle of good public health, and these proposals should enable good quality housing development to be brought forward at pace.

Summary of equality implications

47. There are no specific equality implications directly arising from this report, but the accelerated provision of good quality housing development should enable some of the inherent inequalities in our communities to be addressed. The URC will need to have comprehensive policies for ensuring equality and diversity in employment and its operating practices.

Summary of risk assessment

48. The risks associated with this report fall into three categories. Firstly, how the Council will manage risks in its relationship with the new regeneration vehicle. Secondly, how the new regeneration vehicle will manage company and project risk and finally how risks will be managed on individual developments and projects.

49. The manner by which the Council assesses and manages risks in its relationship with the new regeneration vehicle and how the vehicle assesses and manages company risk will be the subject of further, more detailed work that will be captured in the Councils commissioning arrangements and the vehicle's business plan.

50. Risk assessment and management on individual developments and projects will be set out in the individual business cases that will come before Cabinet for approval at each investment gateway.

Background papers

Published Works: The Future of Regeneration in Bournemouth, Christchurch and Poole, Cabinet Report – 10 March 2021

Business Case framing and Portfolio Definition – report by Inner Circle Consulting 8 April 2021

Appendices

Appendix 1 - USP Report Supplementary Document - Options comparison rationale document

Appendix 1

USP Report Supplementary Document - Options comparison rationale document

This document provides the rationale to support the assessment of the alternative options considered by the Council for the regeneration vehicle.

Alternative options

The alternative options considered by the Council as part of this assessment are:

A. Do nothing – continue to manage and deliver the regeneration portfolio in line with current arrangements.
B. Urban Regeneration Company (URC) - this could be a wholly owned company providing regeneration, development, and project management services to the Council.
C. Special Purpose Vehicle – Is a model typically used to bring forward individual development sites by the Council acting alone or in partnership with other organisations.
D. Joint Venture – The Council would enter into a Joint Venture arrangement on one or more sites where an external partner that brings has specific expertise, ownership interests or resources.
E. Strategic Partnership – a Homes England initiative which allocates significant Affordable Homes Programme funds on a long-term development basis to those organisations (Southern have £55m to deliver over 1000 homes) who have land, planning and build skills.
F. Expansion of existing wholly owned Council Company (Seascape Homes) - the scale could be increased to deliver more homes and greater returns to the Council's general fund. The company could build out and manage residential developments brought forward by any of the above options.

Appraisal criteria

To objectively appraise the alternative options, the Council developed six criteria that spanned the different elements necessary to accelerate regeneration delivery as follows:

1. Value for money – The model must offer a value for money solution for the Council to deliver its regeneration ambitions. Value for money is assessed by considering the costs associated with the establishment and operation of the new vehicle compared to the speed and scale at which it could deliver the schemes within the regeneration portfolio. A general assumption used for the purpose of the appraisal is that the regeneration portfolio has the potential to deliver significant and substantial financial returns for the Council and economic benefits for the area and communities.
2. Dedicated leadership and focus – successful delivery of regeneration projects heavily relies upon dedicated and consistent leadership and focus. Without it, projects will not be delivered at the pace required to meet the Councils ambitions.
3. Accelerated delivery – The Council wishes to accelerate delivery of its regeneration portfolio. By doing so, these large-scale assets can be utilised quicker to their fullest potential for the benefit of the local residents and

yield substantial financial and economic benefits for the Council, residents and communities.

4. Adaptability and flexibility – The regeneration delivery model must have the ability to adapt and flex easily to changing Council, stakeholder and market conditions and requirements.
5. Scalability – The model must allow the Council the possibility to scale up and down over time to respond to the Council's requirements and the opportunities within the market.
6. Talent attraction – Competition for individuals with development and project management skills is high and there is an overall shortage across the industry (add supporting information).

Options appraisal

Do Nothing

The do-nothing scenario assumes the Council will continue to deliver the projects within the regeneration portfolio as it has done to date. Doing so would have a neutral impact on value for money as the costs of delivery compared to the scale and speed of delivery are unlikely to change. The Council does not currently have dedicated regeneration leadership that can provide consistent focus to the delivery of its regeneration portfolio; consequently, it is unlikely that the delivery will be accelerated. Retaining the delivery of regeneration within the Council would provide the ability to be adaptable and flexible though not quickly scaling up and down to respond to changing Council objectives and market conditions due to the nature of Council processes and the timescales associated with some decision making. Finally, it is unlikely in the do-nothing option that the Council would be able to attract and retain the very best regeneration and development practitioners given the Council salary structures and reward system.

Urban Regeneration Company

The creation of an Urban Regeneration Vehicle (URC) is likely to provide greater value for money as the costs associated with its creation and ongoing operation are likely to be significantly and substantially smaller than the financial and economic benefits that would derive from the greater speed and scale of delivery that it would enable. The URC would be led and managed by an Executive team providing dedicated and focussed leadership. The Executive team would be supported and held accountable by the URC company board, whose membership would include independent non-executive director that would provide additional leadership and capability in the fields of regeneration, development and place making. As a consequence, it is highly likely that delivery will be accelerated. The URC model provides greater ability to adapt and flex to meet changes to Council objectives and market conditions and also the ability to scale up and down as circumstances change over time. This can be accomplished through the adoption of robust yet flexible policies on employment and recruitment.
Finally, the URC could become a beacon that could attract and retain the very best talent that the market has to offer. This would be achieved through the creation of a high performing team culture, compelling employment offer, and the enticement of leading and delivering the most exciting regeneration portfolio in the south of England.
Examples of successful wholly owned Council regeneration companies include Be First in the London Borough of Barking and Dagenham.

Special Purpose Vehicle

The creation of a single or multiple special purpose vehicles (SPV) is unlikely to improve value for money as the set-up costs for each are unlikely to propagate a substantial and significant change in delivery profile. SPV's would not enable dedicated and focused leadership across the portfolio and consequently, on their own, are unlikely to enable accelerated delivery of the regeneration portfolio. SPV are typically established to delivery individual developments or groups of developments; they therefore have little flexibility and adaptability to respond to changing Council, stakeholder and market conditions and requirements and typically do not have the ability to scale up and down to meet changing needs. The creation of one or more SPV's is highly unlikely to be able to attract and retain the best talent the market has to offer.

Joint Venture

The creation of Joint Venture is assessed to have a neutral impact on value for money because the set-up costs are unlikely to be compensated by a substantial and significant change in delivery. While Joint Ventures can provide dedicated leadership and focus it has been assessed that, for the range, scale and most importantly early stage of the projects within the Councils portfolio, that this model is unlikely to be the most suitable approach. The Joint Venture model with the right partner can accelerate delivery and can be adaptable and flexible to changing Council, stakeholder and market requirements and can scale up and down to respond to changing needs. A Joint Venture could also attract talent within the regeneration and development market.

Strategic partnership

A strategic partnership with Homes England is a long-term arrangement to deliver affordable homes in return for capital funding from Homes England. It therefore provides an opportunity for the Council to leverage greater investment into the area to support the delivery of affordable homes though, on its own, it not a model that can be used to deliver all the Councils regeneration ambitions. It offers value for money because it brings in additional funding. It is not yet clear how much local leadership Homes England would offer for strategic partners however typically leadership and focus on delivery remains the responsibility of the Council. The additional funding is likely to have a positive effect on accelerating delivery however its unlikely to offer significant adaptability and flexibility to meet the changing Council and stakeholder requirements. It is not yet clear if it will be possible to scale a Strategic Partnership and it is unlikely to change the ability of the Council to attract and retain the very best talent.

Expansion of existing wholly owned Council Company

The expansion of an existing wholly owned Council Company is unlikely to offer the best value for money because although the set-up costs minimal it is unlikely that a company not designed to deliver large scale regeneration and development projects will mean a material change in delivery. Company leadership is unlikely to have the skills and focus and consequently accelerated delivery is unlikely to be achieved. An existing company will already have a business plan and constitutional arrangements and therefore is highly unlikely to be adaptable and flexible and highly unlikely to be able to scale. An existing company will already have a track record no it is unlikely to be able to use that track record to attract and retain the very best talent.

Summary

The table below summarises how the six options compare using the following ratings of likelihood of meeting the Councils assessment criteria: Highly likely, Likely, Neutral, Unlikely and High Unlikely.

Option/ Criteria	Do Nothing	Urban Regeneration Company	Special Purpose Vehicle	Joint Venture	Strategic Partnership	Expansion of existing wholly owned Council Company
Value for money	Neutral	Likely	Unlikely	Neutral	Likely	Unlikely
Dedicated leadership and focus	Unlikely	Highly likely	Unlikely	Neutral	Neutral	Unlikely
Accelerating delivery	Unlikely	Highly likely	Unlikely	Likely	Likely	Unlikely
Adaptability and flexibility	Likely	Highly likely	Highly unlikely	Likely	Highly unlikely	Highly unlikely
Scalability	Neutral	Highly likely	Highly unlikely	Likely	Neutral	Highly unlikely
Talent attraction	Unlikely	Highly likely	Highly unlikely	Likely	Unlikely	Unlikely