| WARWICK DISTRICT COUNCIL | Executive - 12 December 2012 | Agenda Item No. **6** |
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| **Title** | Proposals for a Limited Liability Partnership ('LLP') to support asset management and regeneration.<br><br>Part A |
| **For further information about this report please contact** | Bill Hunt<br>Deputy Chief Executive<br>01926 456014<br>Bill.hunt@warwickdc.gov.uk<br><br>Duncan Elliott<br>Senior Projects Co-ordinator<br>01926 456072<br>Duncan.elliott@warwickdc.gov.uk |
| **Wards of the District directly affected** | Leamington Clarendon, Brunswick, Milverton. |
| **Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?** | No |
| **Date and meeting when issue was last considered and relevant minute number** | Executive 30 May 2012.<br>Minute number 5. |
| **Background Papers** | Executive Report 30 May 2012 - Feasibility Study of Leamington Assets - Part A (public report) and Part B (private report).<br><br>All the other background papers to this report are as previously detailed in the above-mentioned Executive report. |

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| **Contrary to the policy framework:** | No |
| **Contrary to the budgetary framework:** | No |
| **Key Decision?** | Yes |
| **Included within the Forward Plan? (If yes include reference number)** | Yes (471) |
| **Equality & Sustainability Impact Assessment Undertaken** | No |

**Officer/Councillor Approval**

| **Officer Approval** | **Date** | **Name** |
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| Deputy Chief Executive | | Bill Hunt |
| Head of Service | | All |
| CMT | | Chris Elliott, Andrew Jones, Bill Hunt. |
| Section 151 Officer | | Mike Snow. |

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| Monitoring Officer | | Andy Jones. |
| Finance | | Mike Snow. |
| Portfolio Holder(s) | | Cllr. Doody, Cllr. Mobbs and Cllr.Hammon. |
| **Consultation & Community Engagement** | | |
| Various stakeholder meetings during the production of the EC Harris Asset Optimisation feasibility Study.<br><br>The Council has consulted other authorities where the model has been set up and is working. Wider consultation has not been possible due to the confidentiality arrangements surrounding the PSP model. | | |
| **Final Decision?** | | Yes |
| **Suggested next steps** | | |

## 1. SUMMARY

1.1 To seek Executive approval to create a Limited Liability Partnership ('LLP') between Warwick District Council and Public Sector PLC, to be used as a vehicle to unlock regeneration and assist the Council's asset management.

1.2 The report is presented in two parts. The Part A incorporates all of the information that is considered appropriate to place in the public domain in order to inform the decision of Members in relation to the recommendations.

1.3 The Part B report, elsewhere on the agenda, includes those elements which it is considered necessary to deal with on a confidential basis in order to maintain commercial confidentiality. This information contained in the Part B report is considered to be the minimum necessary to meet such requirements, and that report contains no recommendations. In considering the recommendations set out in this report it will be necessary for Members to have regard to information contained in both the public domain (Part A) and the private and confidential (Part B) elements of the report in order to arrive at their conclusions.

## 2. RECOMMENDATIONS

2.1 That Executive notes the contents of this report and the proposed purpose, benefits and risks of establishing a limited liability partnership for the management and development of Council's property portfolio;

2.2 That the Executive approves the creation of a Limited Liability Partnership (LLP) between the Council and Public Sector Plc Facilitating Limited ('PSP').

2.3 That Executive delegates authority to the Deputy Chief Executive (BH) and s151 Officer, in consultation with the Leader and Portfolio Holders for Finance and Development, to agree the final terms of the necessary agreements to establish the LLP, adopt a name and undertake the registration of the LLP with Companies House.

2.4 That Executive delegates authority to the Chief Executive, Monitoring Officer and Legal Services, in consultation with the Leader, to agree the Council representation on the LLP Board.

2.5 That Executive approves the first phase of initial project proposals and evaluation work set out in Appendix 1 be passed to the LLP. Also, that Executive notes that the Council will retain the ability to decide whether to refer any projects to the new LLP vehicle either, via a specific Executive report; or via the annual Strategic Asset Management Plan reports (programmed for March).

## 3. REASONS FOR THE RECOMMENDATION

3.1 The LLP will be an additional option for the Council to use to deal with its office relocation and urban and economic regeneration ambitions, and the restructuring of its Asset Management portfolio. By entering into the LLP, the Council will not be under any obligation to put any specific property related project into the Partnership. The key safeguard is that if better value can be delivered by a normal market disposal or by other means then any project would not go through the LLP and would progress as they currently do.

3.2 **The Purpose and Benefits of the LLP would be as follows:**

3.2.1 Purpose:

- Help the Council to deliver its office relocation and regeneration objectives (including the suite of Leamington sites/projects referred to in the previous 30 May Executive report).
- Help the Council to deliver its Asset Management Plan and the property elements of Fit for the Future through the management of surplus assets and reviews of other assets.
- Offer an alternative to normal market disposal and other potential individual asset arrangements and enable the Council to share in development profit.
- The model will provide the Council with an additional option for its assets and land holdings.
- Maximise the Council's capital and revenue funding streams.

3.2.2 Benefits:

- The provision of additional funding, capacity and skills to manage and develop the Council's property portfolio and improve the performance of the core estate. The LLP will provide the Council with a 50% share in any project's net development profits.
- By taking a strategic portfolio-wide approach the LLP can ensure that individual projects with less commercial viability can be aggregated with others to provide an overall positive return to the partners.
- The establishment of the LLP provides the Council with an alternative way to reduce its costs and liabilities and realise additional value from its property portfolio.
- The LLP will provide up-front private sector investment funds that the Council could not provide itself in the current economic conditions.
- The LLP can respond more quickly to market opportunities and drive greater value through its commercial approach which could involve the aggregation of Council property with adjacent private sector property in order to increase overall value.

3.3 **The LLP model proposed by Public Sector Plc**:

3.3.1 Public Sector Plc is a private company which offers asset management expertise and can provide the backing of private sector finance to property projects. PSP are owned and backed by Winston and William Pears Groups. PSP propose to go into partnership with the Council in the form of a Limited Liability Partnership ("LLP"). The LLP would then look for opportunities to pursue property related projects in the district. The LLP itself is not a developer of property, but rather a facilitator: firstly the LLP will act as a forum to bring together expertise and ideas about the Council's property assets, and secondly if the two partners in the LLP (i.e. the Council and PSP) agree, through an evaluation process, that a certain project should proceed, then the LLP will provide finance and get the project onto the market.

3.4 **LLP Board representation:**

3.4.1 The delivery vehicle would be a Limited Liability Partnership with 50:50 Local Authority and PSP ownership/membership. This would require the creation of an LLP Board consisting of equal representation of Councillors and PSP nominees. The relevant number of Councillors will come from the Executive as their role would involve following through an Executive decision.

3.4.2 The Chairperson would be appointed from the Council representation and the Vice Chair from the PSP nominees. There needs to be equal voting by both parties for a proposal to proceed and without that the project would not proceed. No project would proceed unless the majority of Councillors on the LLP Board vote in favour of it. There is no casting vote for the Chairperson. he total number of representatives on the LLP Board would be 6, with 3 being Councillors and 3 from PSP. The LLP Board will make decisions in respect of property related projects which are referred to it from the Operations Board.

3.4.3 The partnership as identified above would also be supported by an Operations Board of officers. Again the representation will be equally split with the Council PSP and the total number will need to be set as part of final contractual arrangements

3.5 **Due Diligence and Feasibility work**:

3.5.1 The Council was originally approached by the private sector company Public Sector Plc ('PSP') and officers have held various discussions and undertaken a high level review to identify the potential to employ the PSP 'LLP' model initially in the Leamington Spa area.

3.5.2 Particularly in light of the present adverse market conditions the Council has been looking at ways to facilitate development, find ways to continue to deliver regeneration and to maximise our capital and revenue resources. Officers have also consulted other local authorities using various asset models.

3.5.3 PSP has in the past few years established separate LLP vehicles with Dudley Borough Council, Dorset County Council, Southend Borough Council, Bolton Borough Council, and recently with Scarborough Borough Council . They are also presently in negotiations with other local authorities.

3.5.4 Following some initial feasibility work, the initial assets and projects recommended to be assessed by the LLP are contained in the attached **Appendix 1**.

3.5.5 Officers have held four meetings with PSP and one meeting with their lawyers. In addition PSP team members have visited a number of properties in the Council's portfolio to consider the potential asset management opportunities. Proposed legal agreements and project documents have been provided by PSP to Council officers and advisers for review. Further detailed legal and financial due diligence questions, assessing quality, reputation, track record and compliance matters, have been submitted to PSP and a response is expected at the time of writing this report.

3.5.6 Recent due diligence by officers has included detailed consultations with Dudley, Southend, Bolton and Scarborough Councils regarding the effectiveness of their now established LLPs, and their working relationships with PSP. All have given very positive references for PSP and their LLP model, with no negative feedback. It is clearly demonstrated that the LLPs have had a radical and positive impact on these councils' range of projects, that included regeneration, commercial disposals and development, and improved asset management performance. It should be noted that all these LLPs are at a relatively early stage in actual delivery, in that most in the process of evaluating projects and securing funding.

3.6 **Legal Implications:**

3.6.1 It is considered that the Council has the legal powers to enter into a limited liability partnership, under the general power of competence of section1 Localism Act 2011, or under the general incidental power of s111 Local Government Act 1972. While the power of the Council to enter into an LLP is not expressly stated in the legislation (and indeed the general power of competence refers to companies as being the vehicle through which local authorities should operate commercially), the thrust of the general power of competence is to empower local authorities to have the same powers as an individual person, and importantly there is no express prohibition on a local authority entering an LLP. There are a number of existing LLPs involving local authorities which have not been subject to legal challenge.

3.6.2 A limited liability partnership is a corporate entity in which two or more partners agree to go into partnership with a view to making a profit. LLPs are regulated by legislation in the same way as for a company, an LLP must file annual accounts and details of membership with Companies House. In an LLP the members (and the individuals appointed to represent the members) have the benefit of limited liability- that is, protection from personal liability for any debts or claims made against the LLP, provided they act within the powers of the constitution of the LLP.

3.6.3 To enter into this proposed LLP it will be necessary to enter into a binding partnership agreement with PSP Facilitating Limited. This partnership agreement, and the more detailed operating agreement which sits beneath it, commits both parties to a number of obligations in terms of establishing management and decision-making structures, but it does not commit the Council to make any financial commitment to the LLP.

3.6.4 The proposed term of the partnership is 10 years, but the agreement enables either the Council or PSP Facilitating Limited to terminate the partnership at any time on 12 months' notice. In practical terms, if the LLP was part-way through delivering an asset management project at the time either party gave notice to terminate the partnership, an orderly exit arrangement would need to be agreed and there may be some cost to the Council arising from termination.

3.6.5 Entering into the LLP does not give rise to any EU procurement implications since there is no obligation to undertake development works to the Council's assets and therefore no works or services contracts are being awarded through establishing the LLP. In relation to specific projects that the LLP may take forward, every potential asset disposal or development will need to be assessed to ensure legal compliance. It is likely that in many cases these will be land transactions which are not caught by EU procurement rules. It is also possible that the LLP in its own right will not be deemed subject to the EU procurement rules. These are matters which can be addressed on a project by project basis, but the important point to note is that the Council could nevertheless require an EU complaint procurement process was undertaken on a specific project (even in circumstances where it may not technically be required) if this was considered appropriate to demonstrate value for money and transparency.

3.6.6 At this stage, from review of the proposed documents and initial scoping work, it is not considered that entering into the LLP arrangement will expose the Council to any significant financial or legal risk. However as noted above, a process of quality assurance and legal and financial due diligence is still underway and it will be important that this is concluded to the satisfaction to the Deputy Chief Executive and s151 Officer, on the advice of professional advisers, before the Council enters into any binding agreements.

3.6.7 The LLP Board will operate like the Board of Directors of a company in many respects. Individuals appointed to the Board are protected from personal liability in the same way as they are in a company, provided they act within the powers given to them. Unlike in a company however, where councillors appointed as directors have to recognise that the interests of the company are legally separate from the interests of the Council, in a Limited Liability Partnership the councillors appointed to the LLP Board are appointed there solely to represent the interests of the Council. Thus it is considered unlikely that any conflict of interest will arise for councillors. In any event councillors will be provided with advice on how to perform their roles on the LLP.

3.6.8 The Monitoring Officer will be discussing the matter further with the Council's Legal Services on the impact on the appointed Councillors attending/participating in Council meetings which consider the matter.

3.7 **Risk Assessment**:

3.7.1 Final standard financial and related due diligence checks are being made on PSP. Any materially adverse outcomes of this would be reported back to Executive prior to the creation of the LLP. Individual projects will be thoroughly risk assessed on a case by case basis. The model has been risk assessed internally and in consultation with other Local Authorities with the following conclusions:

- the costs and risks of establishing the partnership and the facilitation of property projects will be met by the private sector partner.

- the establishment of the LLP will provide additional capacity, resources and skills to the Council which will support the delivery of our urban and economic regeneration, and Asset Management Plan.

- the LLP can secure planning permissions and run competition for the provision of facilities by developers. It can manage the redevelopment of sites on behalf of the Council addressing any site acquisition, disposal and management requirements without the risk of up-front investment by theCouncil.

- there is no compulsion on the Council to use the LLP or to dispose of any specific asset to the LLP and the Council can exit the partnership by providing notice to the private sector partner. The LLP is, therefore, a tool that can be made available to the Council to help achieve its targets and objectives.

- the intellectual property rights of this type of public/private partnership model are owned by PSP. The Council will have access to the use of the private sector partner's intellectual property rights and documentation through the establishment of the LLP but will not be able to share the model with third parties without the permission of the partner.

- PSP is not a developer itself and does not have a long track record of delivery of projects. The LLP model that PSP proposes is a fairly new innovation and relies on a small team of dedicated PSP staff. There is therefore a risk that this is an untested model and that its success relies considerably on the quality of expertise that PSP can offer and the commitment of staff resources, as well as financial resources, from PSP. However it is considered that this risk can be evaluated on a project by project basis as there is no obligation to commit a particular asset to the LLP at the point the Council goes into partnership with PSP.

- PSP uses a network of professional advisers to inform project evaluations. The Council has the ability to seek independent verification of those evaluations if it so chooses, but there may be a cost to the Council in doing so.

3.8 **Key conclusions:**

3.8.1 The LLP would be used as "part of" and not "instead of" the range of tools for the maximum realisation of our asset portfolio. The Council is not obliged to follow the LLP route with any particular project (although it should certainly consider it in all relevant cases). However, when the Council does decide to formally pass a project to the LLP, then the Board will have full authority to investigate that project to ensure maximum VFM is being delivered and decide whether to take it forward or not.

3.8.2 The Council has the reassurance that any new projects to be referred to the new LLP vehicle will be done so either, via a specific Executive report; or via the annual Strategic Asset Management Plan reports (programmed for March). Executive will also be able to decide the frequency and timing of any individual project approvals. All projects will then also require a report to Executive before any sign-off and possible implementation.

3.8.3 Only property related projects which both parties agree to would progress through into the LLP. In other words any property related project to be pursued by the LLP would first have to be approved by the Executive (and subject to Scrutiny in the normal way). Each scheme would need to demonstrate a good business case and meet stringent value for money criteria to maximise capital and revenue streams. If better value can be delivered by a normal market disposal or by other means then that project would not go through the LLP and would progress as they currently do.

3.8.4 By entering into the LLP, the Council will not be under any obligation to put any specific property related project into the Partnership.

3.8.5 The financial liabilities for the LLP rest with PSP. All time, money and effort spent until the point at which a project is committed is at PSP's risk.

3.8.6 Entering into the LLP would not provide any form of lockout arrangement for the Council's land holdings. The Council would still be at full liberty to use the model or not on a case by case basis and would not be prevented from other means of disposal outside the LLP arrangement.

3.8.7 Should a project fail to progress and a property have to be transferred back to the Council, it would be returned at the same original (and externally verified) value, ensuring the Council would not make a loss or incur a liability.

3.9 **What happens next?**

3.9.1 Time is of the essence in respect of taking forward the Council's much needed regeneration programme. Consequently, if Executive Committee approves this report the new LLP will be created. It is estimated (based on other Councils' experiences) that the LLP could be in place by March next year. However, in the interim a 'Shadow' LLP Board would be put in place to guide and manage the urgent commencement of initial project appraisal work (funded by PSP) for the key projects set out in

**Appendix 1**. Consequently an update report could be brought back to Executive Committee in March/April next year on real progress on all these matters.

3.9.3 The LLP would build upon the work already undertaken by EC Harris with the Council to evolve a more detailed strategy and associated commercial analysis.

## 4. POLICY FRAMEWORK

4.1 The Council's Fit for the Future framework was approved by Council in October 2012. The Fit for the Future programme, updated in the report presented to the April Executive is designed to ensure that the Council meets the challenges of decreasing finances, increasing expectations and changing demand.

4.2 The recommendations in this report are fully consistent with the Fit for the Future programme's principles. More efficient use of the Council's assets will enable service delivery to be reconfigured to the benefit of customers, facilitate behavioural change amongst the Council's workforce to the same end and deliver financial savings.

4.3 The principle of using assets efficiently and seeking regeneration opportunities is also consistent with the Council's vision and Sustainable Community Strategy's general focus of furthering economic, social and environmental well-being for the district and the specific focus on the town centre of Leamington, Warwick and Kenilworth to underpin and develop economic activity.

4.4 This report now sets out a recommended option to create a Limited Partnership ('LLP') with the private sector company PSP. This new regeneration and investment vehicle (once created) will then investigate detailed delivery solutions for the above and report back to Executive. This follows on from the report to the Executive Committee meeting on 30 May which included the following decisions:

- to relocate the Council's headquarter offices, with the aim of using the relocation to support urban and economic regeneration.
- to seek a 'partnership approach' to the exploration of a range of property options for its existing asset portfolio.
- to examine possible partnering options in parallel to a detailed appraisal of a specific option (which was detailed in the private report at that meeting).

## 5. BUDGETARY FRAMEWORK

5.1 The previous Executive report reported that if the Council continued with its existing operations using its current assets for the next 25 years, this would equate to a cost of some £28.6m over that period.

5.2 It was also projected that the Council would need to achieve £1.73m in on-going savings by 2017-18. More effective and efficient use of the Council's operational assets would go some way to addressing these savings, however, Members were asked to recognise that the savings from the feasibility study cover a much longer time period and would require initial investment.

5.3 The setting up of an LLP arrangement does not appear to have any financial implications for the Council. Once the LLP arrangement is established the financial due diligence will take place on a case by case basis put forward for the LLP and would be reported into an Operations Board and ultimately the LLP Board for approval to progress with the scheme.

## 6. ALTERNATIVE OPTION(S) CONSIDERED

6.1 There are a number of options available to the Council in managing its assets, as follows:

(a) Managing assets in-house on an individual basis as part of the capital programme and seeking funding from public and private sources as required;
(b) Procuring a developer to undertake a development of a specific site or scheme;
(c) A specially established partnership (probably taking the form of a Limited Liability Partnership and known as an "asset-backed vehicle") between the Council and a developer, under which arrangement the Council transfers a set of assets into the partnership in return for the developer committing to developing the assets and share the proceeds.
(d) Creating a partnership to look at asset management solutions, with no commitment at the outset to transfer Council assets (This is the PSP model proposed in this report).

6.2 The Council could of course undertake any project itself, if it was prepared to take all of the risk, have all of the funding and resources to deliver a project, and consider it a priority for use of its resources. This could produce the best return for the Council. However, the LLP model, and any projects it recommended be taken forward, would have to demonstrate additional value, over and above any exclusively Council led scheme.

6.3 All options therefore remain available to the Council, if it enters into the LLP model proposed by PSP. The final selection of a suitable option will be at the Council's discretion.

# APPENDIX 1

## INITIAL PROJECT PROPSALS FOR CONSIDERATION BY THE LLP

The Council is currently formulating a strategic asset management plan which will be brought to Executive in March 2013. In advance of that, and to inform its development it is proposed that an initial tranche of projects is considered by the LLP.

### PROJECT 1: WDC headquarters relocation

The May Executive approved the relocation of WDC's headquarters from Riverside House and endorsed the approach recommended by the EC Harris study of investigating the potential to use the relocation to promote regeneration of the Court Street/Althorpe Street area of Old Town.

It is proposed to use the LLP to do a full appraisal of the regeneration options across the Court Street area. This will, in turn, inform the Council as to whether this remains the optimum location for our new offices.

Any relocation, regardless of the site chosen, assumes the disposal of the Riverside House site to generate a capital receipt. It is likely that disposal for residential development would generate the maximum receipt.

However, for any relocation scheme involving new build offices, funding would be required in advance of a disposal to enable operations to be relocated (temporarily or permanently) to deliver vacant possession of the site. Our relocation strategy needs, therefore, to be as much about resolving these cashflow issues as it is about absolute capital creation.

There is further land owned by the Council adjacent to Riverside House, at Adelaide Bridge Car Park, and if this were to be drawn into a wider options analysis, it may be possible to phase works such that some capital is created early to ease the potential cashflow issues as well as adding to the total budget available for the project. This is one area of work that it is proposed the LLP should consider.

The Court Street option is also dependant on an assessment of the potential stimulus the HQ relocation would deliver for a wider regeneration of the area. Without accompanying regeneration the Council may wish to consider the potential benefits of alternative relocation sites

Therefore, another area of study for the LLP would be to assess the potential for other value creating uses that are capable of being accommodated on the Court Street site to complement the office relocation.

A four-pronged strategy is proposed covering an assessment of capital creating uses on three sites (Riverside House, Adelaide Bridge Road and Court Street) together with an assessment of the costs and methods of the delivery of the proposed new office building on the Court Street site. The aim of the study would be to create a self-funding project that generates sufficient values to ensure the Council can build a new HQ with freehold ownership whilst stimulating complementary regeneration uses across the wider area.

It is envisaged that the LLP would need to consider a range of activities to help achieve the desired outcome:

1. Creation of a business case based upon the agreed relocation strategy;
2. Development of masterplans for the various sites to establish a baseline for commercial analysis and subsequent planning applications,
3. Securing planning permissions across the various sites for the agreed mix of uses,
4. Undertaking enabling works on sites such as demolition and site remediation,
5. Acquiring third party land to enhance the value of existing assets,
6. Delivery of funding for the new accommodation,
7. Reviewing and resolving cashflow issues.

**PROJECT 2: Spencer Yard area**

There is a need to review the plans for this site afresh as the EC Harris study offered little new thinking.

A range of discussions have been held with potential partners over the past months to discuss options for future use of the former United Reform Church. As a result of these detailed preparation of a significant funding bid to enable the building to be used as a home for the County Music Service and a performance venue for the wider community is being prepared for submission in early 2013.

Whilst this will potentially resolve the issue of how to bring the URC back into use without the need for any involvement of the LLP the issue of how best to regenerate the wider area will not be resolved by this alone. The key to a wider development of the area remains the Loft Theatre site.

It is therefore proposed that the LLP should evaluate how sufficient value could be generated to enable the relocation of the theatre to free up this site for alternative use.

However, it is envisaged that the study should encompass a wider area, including the properties in Victoria Colonnade as there is a need to enhance access to the area and create a direct link from Victoria Terrace and other properties in the area such as the day nursery and properties adjoining Spencer Street.

The potential options appraisal would also need consider the feasibility of a bridge linking the area to the Pump Rooms, the relationship of any such structure to North Hall and the potential for additional income generating activities within the Pump Rooms complex (see below).

**PROJECT 3: Other Leamington Assets**

The EC Harris study also considered options for a range of other Council owned assets within Leamington:

- Royal Pump Rooms
- Town Hall
- Royal Spa Centre and adjoining car parks
- Hamilton Terrace properties
- Bedford Street car park
- Packington Place car park
- Bath Place car park

It is proposed that LLP should also undertake a more detailed feasibility study of the options for all these sites, taking them as a package.

This is partly due to their geographical vicinity but also reflects that there is a potential connectivity between the current and future service delivery options that can be delivered across these sites.

For example, there are unresolved decisions on the optimum site to locate a Leamington One Stop Shop and whether the current locations of the Visitor Information Centre and Spa Centre booking office are the most suitable. As some of these decisions have been outstanding for some time and early indication of the potential for alternative uses of the sites is essential.

Revised service delivery options (including the choosing of a site for the One Stop Shop) are dependent on a clear understanding of the 'opportunity costs' of using these buildings for WDC (or other public sector) service delivery  and whether this enhances or restricts alternative uses or value creation.

It is acknowledged that alternative uses for some or all of these sites could generate significant capital receipts or revenue savings in addition to options to transform service delivery.

**PROJECT 4: Asset Options Appraisals**

To support the development of the Asset Management Plan work to deliver comprehensive stock condition information and an assessment of future spending needs has been commissioned for all operational properties. This will enable the development of a 30 year spend profile, similar to that already deployed for the HRA stock, to inform decision making on investment priorities and/or alternative use options.

A similar information gathering exercise is underway for all the land assets owned by the Council such as parks and open spaces, cemeteries, surface car parks, footpaths etc.

The final element of this work is an assessment of future spending liabilities and rental income streams from the non-operational asset portfolio, currently used for both commercial lettings and letting to community groups.

It is proposed that an initial batch of non-operational assets which either have high investment needs or low income earning potential is identified and that these are assessed by the LLP to determine if disposal, investment to generate higher rental income, retention for alternative use or retention for current use is the best future option.

Revenue income or capital receipts generated from this element of the proposed work could potentially be used to:

- reprofile the existing asset base through acquisitions of properties that will generate maximum revenue income
- invest in existing assets
- support service delivery
- bolster reserves
- 'smooth' MTFS saving profiles

**GENERAL WORKSTREAM:**

It should also be borne in mind that the LLP is a long-term partnership and not a project specific vehicle. Thus, whilst opportunities might not be deliverable immediately, within the lifespan of the partnership market conditions and the economy are likely to improve and previously unviable schemes may become deliverable. The LLP could contribute to ongoing regeneration of Leamington Spa and other parts of the District through the following;

- Reviewing new ideas and opportunities for sites,
- Preparing masterplans and appraisals to optimise the value of sites,
- Considering commercial strategies for site disposals,
- Act in a facilitating role, investing in enabling works and securing planning permissions for sites to de-risk them prior to taking them to the market,
- Review opportunities for acquiring additional land to secure the delivery of more comprehensive schemes.