

## APPENDIX 4 – CASE STUDIES

### Siglion

Sunderland City Council has (November 2014) established a Joint Venture delivery vehicle known as “Siglion” – a joint venture partnership between the Council and a strategic investment partner formed of Carillion and Igloo Regeneration.

The Council has established Siglion to facilitate and accelerate the regeneration and development of the city and realise the overarching aims for the city as set out in The Sunderland Strategy and the Sunderland Economic Masterplan. Siglion will help to unlock a portfolio of sites across the city undertaking the city’s largest ever redevelopment project over the next 20 years; supporting housing delivery and employment and economic revitalisation. The delivery vehicle will bring forward the city’s priority projects and leverage private sector funding and investment into Sunderland.

Carillion, as the strategic investment partner, shares the Council’s vision for effective, long term regeneration across the city, seeking to inject pace and to act as a catalyst for the delivery of citywide growth and regeneration. Igloo Regeneration will provide the development management services for the vehicle.

Following a detailed OJEU Competitive Dialogue procurement process, the Council selected Carillion and Igloo Regeneration as their partner. The process included an initial options analysis, detailed business planning, financial modelling, procurement and securing appropriate Council approvals. Internal and external stakeholder engagement was key throughout the process.

### Bournemouth Council & Morgan Sindall

In February 2011 Bournemouth Council appointed Morgan Sindall as its development partner for the £500 million regeneration of the town centre to bring new homes, offices, retail opportunities, tourism attractions, business development and improvements to infrastructure and deliver the Council’s town centre master vision. The contractor’s investment arm has formed a joint venture public private partnership with the Council to deliver an ambitious regeneration scheme over the next 20 years. Morgan Sindall will provide a full range of development services to the Local Asset Based Vehicle partnership (structured as a limited liability partnership) including master planning and detailed site development through to property management and consultation. The structure of the vehicle allows proceeds generated from the partnership to be ploughed back into improving the town’s infrastructure and public spaces.

The following case studies provide examples of delivery vehicles established by other London boroughs. Whilst these vehicles have been established to catalyse delivery in the relevant areas, both of the following examples are much smaller in nature than the proposed HDV, with initial housing outputs estimated at between 300-500 units.

### Hammersmith and Fulham & Stanhope

In March 2014 Hammersmith & Fulham Council (H&F) established a 15 year joint venture (JV) with developer Stanhope to build additional new low-cost and family homes in the borough. The 50:50 JV will see H&F and Stanhope jointly take forward housing development opportunities. Initially it is anticipated that the JV will deliver more than 300 homes over the next three years, with 40 per cent affordable intermediate housing. Two initial sites, Edith Summerskill House and Watermeadow Court are being taken forward with planning applications expected to be made in 2015 and construction commencing in 2016

H&F entered into the JV because the Council considered it best use of its land assets and means to accelerate release of public land to help drive forward development, housing supply and economic growth. H&F stated that the partnership with Stanhope will enable affordable house building on a scale that would not otherwise be possible.

### Broadway Living

Ealing Council established a Council owned company "Broadway Living" in June 2014 to build mixed-tenure housing outside the borrowing limits imposed under the HRA. Broadway Living is committed to building 500 homes over the next 5 years. Ealing Council had started to approach its HRA borrowing cap and had to find ways to continue to develop housing while keeping new debt off balance sheet. Broadway Living was started with a loan from Ealing Council's General Fund, which will not count towards its HRA borrowing cap.

Whilst the main benefits of exemption from Right to Buy<sup>1</sup> and rental income are incentives of the company, they are reportedly not the main drivers for the establishment of Broadway Living. The provision of housing and the ability to unlock new development was seen as much more important, and it is anticipated that the Council-owned company will give Ealing Council a more advantageous position when working in partnership with other developers – rather than simply providing land for others to develop.

Other returns for Ealing Council in setting up this private company are:

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- <sup>1</sup> Although there is presently potential for housing development to be outside the Housing Act 1985 and therefore avoid "Right to Buy issues", it is likely that legislation in the future will seek to prohibit this even retrospectively.

- Control over house-building;
- Less reliance on grant funding;
- The utilisation of revenues from outside housing;
- Maintain full control of a property portfolio that is reportedly not subject to Right to Buy; and
- Greater flexibility.