

## **APPENDIX 1. Examples of Special Purpose Vehicles and Local Asset Backed Vehicle in Action<sup>1</sup>**

1. Below is a summary of a number of examples of successful local government asset backed vehicles (often called LABVs) that have been developed over approximately the past 10 years. Generally the expected duration of the partnership is fifteen years or more, and so many projects are still in the early stages. However a number of LABVs have already started to deliver positive outputs and some notable successes have been achieved despite the economic downturn.
2. The vehicles described cover a range of different entities with different purposes. Some are primarily intended to deliver regeneration or development of a key site or a portfolio of city centre sites. Others are focussed on improving the management of a portfolio of investment properties. Two examples relate to Regional Development Agencies rather than local authorities; however the structures and lessons are potentially still applicable to local authorities.
3. All of the diverse examples cited can be thought of as Local Asset Backed Vehicle (LABV), although the partners involved may use a range of different terms, for example Urban Regeneration Vehicle, Joint Venture, or simply partnership. This demonstrates that there is potentially great flexibility in the application of the LABV type of investment project.

### **Croydon**

4. CCURV (Croydon Council Urban Regeneration Vehicle) is one of the best known and oft cited examples of a Local Asset Backed Vehicle (LABV). CCURV is a 28-year exclusive partnership between Croydon Council and John Laing to regenerate a range of key sites across Croydon borough.
5. John Laing was appointed as Croydon's partner in November 2008. CCURV was set up as a 50:50 partnership, with Croydon Council investing land in the URV and with John Laing investing equity and providing development expertise.

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<sup>1</sup> Provided by Ben Ticehurst, Peterborough City Council.

6. Initially CCURV is intended to deliver a £450m regeneration of significant sites across Croydon town centre including the new 240,000sqft council offices and the Waddon leisure and housing development (both of which are now underway). As part of Croydon Council's ongoing regeneration, CCURV is intended to deliver sustainable facilities to benefit the entire community while unlocking land value and delivering development profit to the partnership.

## Gateshead

7. A consortium of Galliford Try, Gateshead Council and housing association Home Group have formed a local asset backed vehicle called Evolution Gateshead to build the homes and associated community facilities, for both private sale and affordable housing. The deal, covering 19 sites and expected to deliver 2,400 homes, is estimated to be worth £347 million. Work is expected to start on the first sites in 2013 and continue over the next 15 years.
8. Gateshead Council state that creating a joint venture partnership means the risks and rewards of developing the sites will be shared between the partners, and that they will be able to reinvest any profits from the sites back into Gateshead neighborhoods. They also expect to be less reliant on central government funding.

## Bournemouth

9. The Bournemouth Development Company is a public-private partnership between Bournemouth Borough Council and Morgan Sindall Investments Ltd, established to deliver much of Bournemouth's Town Centre Vision through the development of Council-owned land.
10. The company is owned jointly (50/50) by the Council and Morgan Sindall Investments Ltd and will be developing a number of sites around the Town Centre for a variety of uses, in line with the Council's planning policy. Planning permission has been granted for the first sites with work expected to start imminently.

## Aylesbury Vale

11. Aylesbury Vale District Council (AVDC) and Akeman Partnership established a commercial property joint venture known as Aylesbury Vale Estates (AVE). The innovative move ensures that AVDC's portfolio of industrial units, shops and offices meets the needs of

modern businesses and continues to provide an income stream which can then be used to support important services.

12. As part of the joint venture, which has a minimum life of 20 years, AVDC transferred ownership of all of its commercial property assets to AVE. The properties are now managed, improved and developed by the joint venture, with an income going to the council. AVDC and the Akeman Partnership control AVE on a 50/50 basis, with the council represented on the board of the joint venture and continuing to be involved in the operation of the portfolio at a strategic level.

### Oxford (Barton)

13. Oxford City Council began looking for a joint venture partner for the development/regeneration of the Barton area in November 2010 to help deliver the new neighbourhood at Barton. The process was not subject to OJEU procurement as it was not procuring works or services.
14. The Council eventually formed a joint venture with Grosvenor Developments Limited on 31 October 2011. The partnership combines the Council's land and vision for the site with Grosvenor's funding capacity and expertise.
15. The project team, made up of equal representation from Grosvenor and the Council, is now working together on master planning, community facilities, design and access. The Barton Area Action Plan was adopted in December 2012 and start on site is planned for 2013.

### Skypark Exeter

16. The Skypark site was formerly run by Devon County Council as part of Exeter Airport. In February 2009, following a six-month selection process, St. Modwen was named Joint Venture Partner. The partnership is driving forward the development of the 1.4 million sq ft Skypark Business Park comprising of office and industrial/manufacturing space. Work is already underway, with a £3 million energy centre to serve SkyPark and the nearby new community at Cranbrook completed in September 2012.

### Sci-Tech Daresbury

17. Sci-Tech Daresbury is one of two National Science and Innovation Campuses established in 2006, (originally named as Daresbury

Science and Innovation Campus). In December 2010 a new joint-venture company was created to spearhead the longer-term development of the site. The partners in the JV company are the Science and Technology Facilities Council (STFC), Halton Borough Council and Langtree, a property developer and investor. It changed its name to Sci-Tech Daresbury in July 2012. The partners have subsequently achieved enterprise zone status for the site and secured Regional Growth Fund grant to help bring forward new development

## Onsite North East

18. Onsite North East was originally a joint venture between One North East (the Regional Development Agency for the North East), and partner Langtree. It had the aim of managing, developing and investing in sites previously held in the One North East portfolio and responding to other investment and development opportunities elsewhere in the region. The deal was valued at £25m and due to last 15 years. The sites under the control of Onsite comprised over 1,000 acres, with a focus on workspace, warehousing and offices, but also the potential for leisure, retail and residential uses.
19. The first year of the joint venture facilitated six developments with the sale of more than 23 acres. These included the sale of land in Cramlington for a new depot and sale of land in Hartlepool to the Cleveland Fire Authority for a new headquarters. Revenues were to support the running costs of Onsite and eventually to pay a dividend. Following the winding up of the RDAs by government One North East's property portfolio and interest in the joint venture was transferred to the Homes & Communities Agency, but Onsite North East continues to operate as a live venture.

## PxP West Midlands

20. PxP West Midlands is an enterprise that brings together developer Langtree and the Homes and Communities Agency (HCA). This joint venture was originally formed by the RDA Advantage West Midlands, but its interests transferred to the HCA on winding up. This innovative private public sector partnership was set up to develop, regenerate and invest in a diverse portfolio 600,000 sqft and development of sites spread over 130 acres throughout the West Midlands. It brings additional private sector capital, expertise and resources to manage and deliver strategic brownfield sites more quickly.

21. PxP was set up in 2007 with an initial duration of 10 years and an estimated value of £64m. A number of developments have successfully been completed including Sapphire Court - the first phase of its £9 million speculative industrial development at Bromsgrove Technology Park.