

Notice of Meeting

Council

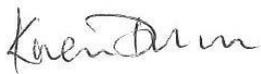
A meeting of the Test Valley Borough Council will be held on

Date: Thursday 23 June 2022

Time: 5.30 pm

Venue: Conference Room 1, Beech Hurst, Weyhill Road, Andover,
Hampshire, SP10 3A

when your attendance is required to consider the business set out in the agenda.



Head of Legal and Democratic Services

For further information or enquiries please contact:

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PUBLIC PARTICIPATION SCHEME

If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.

Council

Thursday 23 June 2022

AGENDA

**The order of these items may change as a result of members
of the public wishing to speak**

- 1 Prayers**
- 2 Apologies**
- 3 Public Participation**
- 4 Declarations of Interest**
- 5 Levelling Up Fund 3 - 10**

To consider the submission of a Levelling Up Fund Bid towards the delivery of elements of Andover town centre Masterplan.
- 6 Exclusion of the Public 11**

The following item is confidential.
- 7 Levelling Up Fund Annex 12 - 14**

Confidential annex in relation to agenda item 5.

ITEM 5

Levelling Up Fund

Report of the Leader

Recommended:

1. That the Head of Planning Policy & Economic Development be authorised to submit a bid to the Government's Levelling Up Fund for up to £20M to contribute towards the delivery of the elements of the Andover Town Centre Regeneration Masterplan set out in this report, subject to consultation with the Leader, Finance & Resources Portfolio Holder, Chief Executive, Head of Legal & Democratic Services and the Head of Finance & Revenues.

And, if the bid is successful:

2. That the match funding necessary for the bid, as set out in paragraph 8.1 of the report, be approved.
3. That delegated authority be given to the Head of Planning Policy & Economic Development in consultation with the Leader, Finance & Resource Portfolio Holder, Head of Legal & Democratic Services and the Head of Finance & Revenues to enter into a Funding Agreement with the Department for Levelling Up, Housing and Communities (DLUHC).
4. That the schemes agreed and submitted in the bid be added to the Capital Programme.

SUMMARY:

- The purpose of this report is to seek approval for the submission of a bid to the Levelling Up Fund for up to £20M towards the delivery of elements of the Andover Town Centre Regeneration Masterplan and to allocate the required level of match funding in relation to the submission of the bid (10% up to £2M) from Council reserves.
- It sets out how the funds received from the LUF would contribute towards the delivery of the core objectives of the Andover Masterplan.

1 Introduction

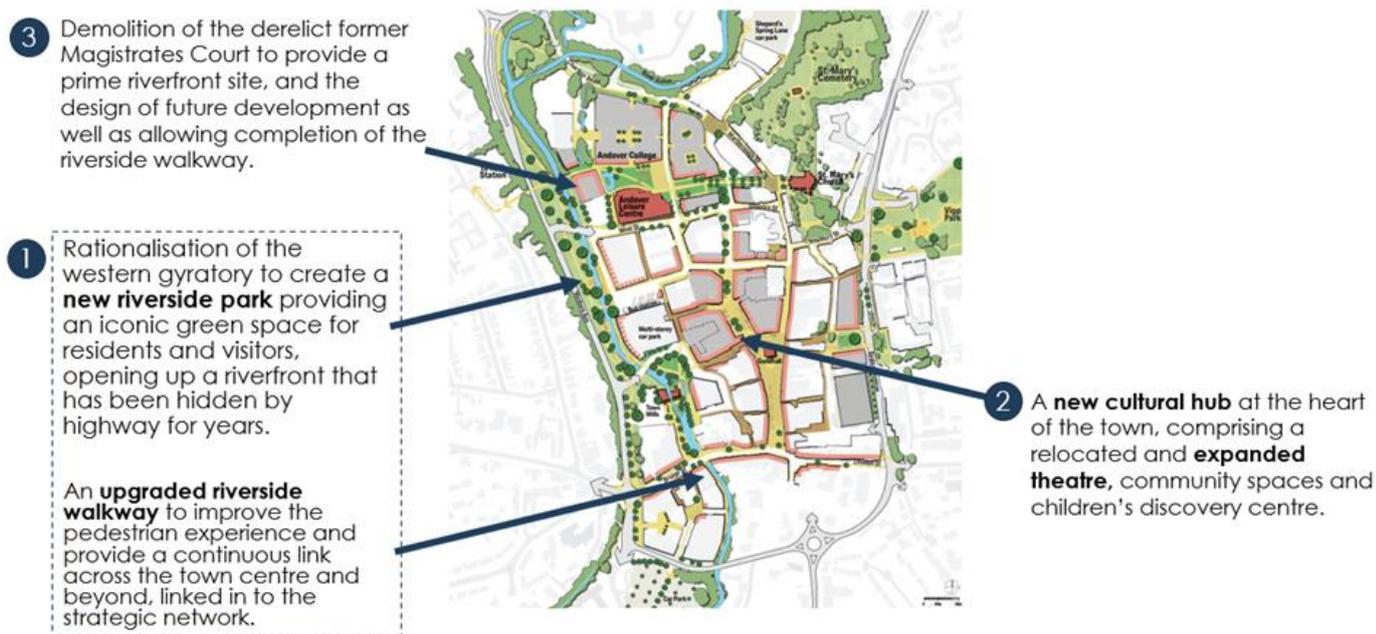
- 1.1 In March 2022 the Government released details of the second round of its Levelling Up Fund (LUF). The LUF seeks bids of up to £20M for town centre regeneration with three key objectives:
 - Local transport projects that make a genuine difference to local areas
 - Town Centre High Street regeneration
 - Maintaining and expanding the UK's cultural and heritage assets

- 1.2 The Council's bid will be aimed at delivering the first phase of the Andover Town Centre Regeneration Masterplan.
- 1.3 The closing date for submissions is 6 July 2022. DLUHC have indicated their intention to notify successful bidders in or around September 2022. If successful, projects must be started by April 2023 and completed by 31 March 2025.
- 1.4 Test Valley has been assessed as being in Tier 3 in relation to the Fund, this being the lowest priority category. This is due to the strong economy of the Borough. This however does not apply to Andover, which sits in isolation within the bottom quartile of the most deprived areas in the UK in certain categories. The demographics in central Andover reflect its post-World War II history as an over-spill development area for overcrowded parts of London. The most deprived wards in Test Valley are those close to Andover Town Centre.
- 1.5 The Council has appointed consultants Cadence Innova to collate the required evidence and put together the bid for Andover Town Centre. Cadence Innova are experienced in bid delivery, including successful first round LUF bids for Councils in Tier 3 areas. The process has involved working with key strategic partners such as Hampshire County Council, Enterprise M3 Local Enterprise Partnership (EM3 LEP), the Hampshire Healthcare Partnership, Southern Water and others.
- 1.6 In order to put the Council in the strongest position and give the best chance of success it is important for the Council to confirm its support for the bid and to commit to the required match funding.

2 Background

- 2.1 Full Council adopted the Andover Regeneration Masterplan in September 2020. This ambitious document sets out a series of proposals for the development and improvement of Andover Town Centre that will ensure it develops as a vibrant place that will be attractive and inviting for users and investors. The delivery of the Masterplan objectives is one of the Council's top strategic priorities.
- 2.2 In June 2019 Council approved the creation of a dedicated Regeneration Reserve of £1M to take forward the delivery of both of the Masterplans (Andover and Romsey) and additional transfers into the Reserve have been included in subsequent budgets bringing the total to close to £2M. In January 2021 Council agreed delegations required to authorise spending from this Reserve.
- 2.3 On 26 May 2021 the Cabinet approved the ring fencing of a portion of CIL contributions to be allocated towards the delivery of the two Masterplans. The Council has been working with strategic partners including HCC, the EM3 LEP, Homes England, Southern Water, and One Public Estate to identify potential suitable public funding programmes that would contribute towards delivery.

- 2.4 In March 2022 and with the launch of the second round of LUF funding the Council appointed Cadence Innova to collate the required evidence/information and assemble the Council's bid to the Levelling Up Fund. The bid will be for up to £20M that would be used to bring forward a number of the schemes in the Masterplan. This would significantly support the delivery and accelerate the programme.
- 2.5 There is a requirement within the funding programme for minimum match funding of 10% (up to £2M should a successful bid be made for the full amount).
- 2.6 The schemes set out below have been selected from the long list of all the development projects included within the Andover Town Centre Regeneration Masterplan.
- 1a A linear riverside park along the Western Avenue Gyratory
 - 1b Improvements to the riverside footpath south of Bridge Street
 - 2 Construction of a new Cultural Hub building in the Town Centre
 - 3 Demolition of the former Magistrates Court building



- 2.7 Current indicative costs of projects proposed for submission to LUF on the basis of Cadence Innova's professional advice is £20.3M. In this scenario LUF would fund £18.5M with the remaining £1.8M in match funding being met by the Council. Any additional funding would come from key partners such as HCC, EM3 LEP, Southern Water, OPE and other partners, although at this stage none of these are confirmed. Details of the current cost estimates of individual schemes are included in the Confidential Annex. These are subject to change as the detailed work on the bid is developed. For this reason the recommendation is for the Council to authorise up to £2M as match funding against the maximum bid level.

- 2.8 These schemes have been selected based on three criteria:
- Ability to meet the objectives of the Levelling Up Fund criteria
 - Affordability within the constraints of the LUF funding criteria
 - Deliverability by 31 March 2025
- 2.9 Prior to commencement all schemes will also be subject to Planning approval. Schemes included in the Masterplan, but falling outside of the LUF bid will be brought forward in due course subject to availability of funding.
- 2.10 There have been previous and ongoing conversations with external partners to provide a degree of confidence that external match funding will be achievable. However given the short window that is available for submission of the bid, and the current stage of the feasibility work on the Masterplan, these external sources have not been confirmed at this stage. It is recommended that the Council should guarantee the level of match funding required in order to make the bid as robust as possible. This is discussed further in the resource implications section of the report.
- 2.11 The assessment of bids is partly based on a Benefit/Cost Ratio (BCR) appraisal. This appraisal is a measure of the value for money levered from each pound of LUF funding awarded. The calculation is done as part of the bidding process using formulas approved by DLUHC. Advice from Cadence Innova is that, in order to have a chance of success, bids need to demonstrate a BCR of 2 or greater (i.e. £2 of benefit realised for every £1 awarded). The basket of schemes considered for submission have been identified for their ability to contribute to a strong BCR.
- 2.12 The estimated cost details and BCR for the individual schemes currently proposed to be submitted for funding from the LUF, are contained in the Confidential Annex.

3 Corporate Objectives and Priorities

- 3.1 Growing Our Potential – the Corporate Plan 2019-2023 identifies town centres as a strategic priority. It recognises the need to change the face of the High Street and to future-proof our town centres to be accessible places where people live, shop, work and spend their leisure time. Enhancing public realm and ensuring a high quality appearance and environment is vital to secure successful development.

4 Consultations/Communications

- 4.1 Significant public consultation has taken place in conjunction with Andover Vision in the production of the masterplan. The bid would be made against the background of the significant public and other consultation that culminated in the approval of the Andover Town Centre Regeneration Masterplan.

5 Options

5.1 The options to consider are:

- (a) submit the bid, confirming the TVBC match funding element;
- (b) submit the bid with a different selection of schemes than those recommended (and confirming the match funding element that would be required);
- (c) do not submit the bid.

6 Option Appraisal

6.1 The delivery of the Andover Town Centre masterplan is one of the Council's highest priorities. The LUF could provide a significant amount of funding towards the early stage delivery and serve as a catalyst for bringing forward future stages. For this reason, the option of not submitting a bid is not recommended.

6.2 If the Council opts to submit the bid without confirming the required element of match funding there is a significant likelihood that the bid will be unsuccessful, particularly as Test Valley is in Tier 3. The award criteria are not fully disclosed to bidders, but it can be reasonably assumed that overall affordability beyond that of the LUF itself will be a factor. Not committing to the necessary funding will, therefore, reduce the chances of the bid being successful.

6.3 The schemes currently being considered for submission as part of the bid have been chosen on the basis of professional advice as they demonstrate a broad range of benefits relating to the LUF objectives. The schemes would have a transformative place making effect. They would also make a significant impact on the overall viability of the broader Masterplan, in that they would deliver a number of exceptional and challenging elements. This would reduce the development risks associated with the broader delivery and make the schemes more attractive to commercial developers and investors.

6.4 If the Council opts to submit a different range of schemes than those considered for inclusion in the bid based on professional advice, there is a risk that the bid will not meet the objectives of the LUF.

6.5 The assessment of bids is partly based on a Benefit/Cost Ratio appraisal (BCR). There is a risk that removing one or more of the schemes may reduce the benefits realised and have a negative impact on the BCR. An analysis of the current BCR is shown in the Confidential Annex.

7 Risk Management

7.1 An evaluation of the risks associated with the delivery of the Andover Town Centre Regeneration Masterplan has previously been reported to Members: Item 5 Full Council 29 September 2020 (Masterplan Adoption).

- 7.2 If the bid for LUF is successful, the Council will need to demonstrate how the match funding of up to £2M will be made available over the three years to 31 March 2025. Although efforts will be made to secure additional match funding from external funding sources, this is not certain. This risk is mitigated by allocating funding from existing reserves that do not create a budget pressure.
- 7.3 The actual cost of the developments may be greater than the cost estimates provided by the Council's feasibility consultants Newsteer. If this happens the Council will need to identify the additional funds. The costings do make an allowance for contingency; however, with inflation at decades-high levels at the moment, there is a risk that final costs of delivery will exceed current estimates.
- 7.4 If the developments contained in a bid are not completed by 31 March 2025 there is a risk that the Council may be required to return some of the funding or face some other penalty that would be set out in the Funding Agreement. The extent of this risk will be dependent on the progress made towards delivery by the scheme end date.

8 Resource Implications

- 8.1 In order to meet the match funding requirement, the Council's maximum £2M commitment is recommended to be funded by:
- (a) £1M from the Community Infrastructure Levy that has been ring-fenced for the delivery of Regeneration in Andover and Romsey. The total available in this fund up to March 2025 is likely to be in the region of £3M
 - (b) £1M from the New Homes Bonus reserve
- 8.2 Using the above funds will ensure that the Regeneration Reserve retains a working balance sufficient to serve the ongoing development of Masterplan delivery for both Andover and Romsey.

9 Legal Implications

- 9.1 If the Council's bid is successful it will need to enter into a funding agreement with DLUHC. This agreement will set out the terms of the grant and the conditions for spending, including timescales and conditions for recovering funds that are not spent. Any funds awarded as a result of a successful bid will need to be spent in accordance with the bid and Funding Agreement.

10 Equality Issues

- 10.1 The schemes recommended for submission in the LUF bid are aimed at creating an accessible and inclusive Town Centre. This will include access to green space to promote health and greater access to cultural facilities.
- 10.2 Economic regeneration of Andover Town Centre is aimed at driving greater social and economic inclusion, creating jobs and opportunities for a diverse range of residents and visitors.

- 10.3 Equality Impact Assessments will be carried out as necessary and appropriate in relation to the specific schemes proposed.

11 Other Issues

- 11.1 Community Safety – The schemes recommended for inclusion in the LUF bid will increase levels of activity in public spaces, reducing opportunities for crime and anti-social behaviour.
- 11.2 Environmental Health Issues - None
- 11.3 Sustainability and Addressing a Changing Climate – If successful the resulting developments would make a significant contribution to the quality of the environment in Andover Town Centre.
- 11.4 Property Issues – If successful, the LUF bid will allow the Council to develop its property assets in a way that would ensure their long term sustainability. This will involve developing robust rental income streams, and developing in an energy efficient way using modern construction techniques that will reduce the Council's ongoing maintenance costs.
- 11.5 Wards/Communities Affected – Andover St. Mary's

12 Conclusion and reasons for recommendation

- 12.1 The reason for this recommendation is to facilitate the delivery of the initial phases of the Council's regeneration aspirations in relation to the Andover Town Centre Masterplan.
- 12.2 The bid to the Levelling Up Fund, if successful, would enable the Council to bring forward several of the elements within the Andover Town Centre Regeneration Masterplan and contribute towards its strategic regeneration targets.
- 12.3 The report recommends that funds are set aside from identified reserves sourced from CIL and New Homes Bonus without creating a new budget pressure.
- 12.4 The recommendation to submit the bid and guarantee the match funding will allow officers to deliver this work in an accelerated timeframe.

Background Papers (Local Government Act 1972 Section 100D)

Andover Town Centre Masterplan [Andover town centre masterplan](#)
June 2019 Council Report (Regeneration Reserve) [Council - 23 June 2019](#)
January 2021 Council Report (Delegations) [Council - 27 January 2021](#)
Cabinet Report 26 May 2021 [Cabinet - 26 May 2021](#)
LUF Funding Scheme [Levelling Up Fund Round 2: prospectus](#)

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

It is considered that the Annex to this report contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended in that it 'contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

No of Annexes:	1	File Ref:	N/A
Portfolio: (Leader of the Council) Councillor P North			
Officer:	Paul Ramshaw	Ext:	8511
Report to:	Council	Date:	23 June 2022

ITEM 6

Exclusion of the Public

Recommended:

That, pursuant to Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following reports on the grounds that it involves the likely disclosure of exempt information as defined in the following Paragraphs of Part 1 of Schedule 12A of the Act, as amended, indicated below. The public interest in maintaining the exemption outweighs the Public interest in disclosing the information for the reason given below:

Levelling Up Fund - Annex

Paragraph 3

It is considered that this report contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, being that the information relates to the financial or business affairs of any person (including the authority holding that information). It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.