

Using the Community Infrastructure Levy towards a Strategic Regeneration Reserve

Report of the Planning Policy & Economic Development Portfolio Holder

Recommended:

1. That Community Infrastructure Levy funds are used towards the Strategic Regeneration Reserve to assist the delivery of the Romsey and Andover town centre masterplan objectives.
2. That the Strategic Regeneration Reserve and Community Project Reserve is implemented as set out in Section 6 of this report.
3. That the CIL Spending Protocol is amended so as to apply a cap of 50% of the total project cost to bids from the Community Project Reserve.

SUMMARY:

- To draw on Community Infrastructure Levy (CIL) to build the Strategic Regeneration Reserve for both Romsey and Andover town centre masterplan objectives.
- A proportion of CIL funds are recommended to be set aside over successive years to grow the Strategic Regeneration Reserve.
- To draw on CIL to establish a Community Project Reserve.
- This will enable the continuation of CIL bids for local scale projects through the Community Project Reserve.

1 Introduction

- 1.1 The report recommends that the Strategic Regeneration Reserve is grown to assist with the delivery of the adopted masterplans for both Andover and Romsey using Community Infrastructure Levy (CIL) funds.
- 1.2 A proportion of CIL is proposed to be set aside for the Strategic Regeneration Reserve starting in the 2021/22 financial year. A separate Community Projects Reserve will remain for CIL bids to continue to come forward for community projects and local scale infrastructure in line with the Council's adopted CIL Spending Protocol.

2 Background

- 2.1 The primary purpose of CIL is to enable or mitigate development through the delivery of strategic scale projects. In accordance with National Planning Practice Guidance, CIL Charging authorities should use CIL in a strategic way to ensure that key infrastructure priorities are delivered to facilitate growth and the economic benefit of the wider area. This may, for example, include working with neighbouring authorities, Local Enterprise Partnerships and other interested parties and involve consideration of other funding available that could be combined with the levy to enable the delivery of strategic infrastructure, including social and environmental infrastructure, and facilitate the delivery of planned development.
- 2.2 The Council has committed to the regeneration of both Andover and Romsey town centres. The adoption of the respective masterplans in September 2020 outline the plans and proposals for creating attractive areas where people will want to live, work and spend their leisure time. In June 2019 Council agreed a budget of £1M, funded from the New Homes Bonus Reserve, to enable progress to be made with both the Andover Town Centre regeneration and the South of Romsey Town Centre project through their respective masterplans.
- 2.3 The need to begin setting aside CIL for the Strategic Regeneration Reserve now is important to contribute to long-term growth in the town centres. It is anticipated that the amount of forecasted CIL that the Council receives through planned growth will not be sufficient to deliver the entirety of the masterplan objectives for both town centres. However, building a financial reserve demonstrates the Council's commitment to delivering the early phases of both Romsey and Andover masterplan areas.
- 2.4 One of the primary purposes of CIL is to enable development. A reserve will act as a tool to leverage further funding/ investment so that the Council can demonstrate to potential partners and/or investors that it has committed to kickstarting delivery. This is likely to be particularly important to commence work on the more short term elements of the masterplan, such as public realm improvements and biodiversity enhancements and will increase the attractiveness and functionality of the town centres and stimulate further investment to facilitate delivery of subsequent phases of the masterplans.
- 2.5 Contributing to the Strategic Regeneration Reserve using CIL will mean changing the way CIL receipts are apportioned. Currently 80% of funds received are available via the adopted CIL Spending Protocol for bids by community groups and Parish Councils. This approach is unique amongst local authorities. Since 2017, it has provided an opportunity for Parish Councils and local community groups to bid on strategic funds for smaller scale projects.
- 2.6 At the same time as building the Strategic Regeneration Reserve, a separate Community Projects Reserve will be created using CIL funds for local scale projects. This will enable the continuation of bids for the delivery of small scale local projects, in line with the CIL Spending Protocol, albeit tapered over successive years as set out in Section 6.

- 2.7 It is important to note that Parish and Town Councils will still receive 15% of the CIL funds from development within their area (or 25% for those Parishes that have undertaken the process of achieving an adopted Neighbourhood Development Plan). The purpose of the 15% (or 25%) forwarded to Parish Councils is to directly mitigate the impact of development in localised way without relying on the local authority's strategic infrastructure element of CIL.
- 2.8 In the last 5 years since the CIL Spending Protocol was adopted, good quality bids from community groups and parishes have been received and either fully or part funded, enabling the delivery of valuable projects at a local scale. The majority of these projects have been planned over many years and draw together other sources of funding to be combined with CIL. A list of projects that have been funded by CIL are appended to this report in Annex 1 and demonstrate the scale and distribution of projects in receipt of CIL.
- 2.9 The Community Projects Reserve as well as the neighbourhood proportion of CIL, the Community Asset Fund and any unallocated Section 106 contributions would remain available and could be used in combination, alongside any other sources of funds, to enable small and medium sized local infrastructure projects to come forward, with advice and support from the Council's officers.

3 Corporate Objectives and Priorities

- 3.1 To ensure Test Valley's town centres adapt and thrive, the importance of town centres is enshrined in the Council's Corporate Plan (Growing our Potential 2019 – 2023) which recognises the need to invest in the Borough's town centres.
- 3.2 The Romsey South of Town Centre Masterplan was adopted at Council on 2 September 2020. The adopted masterplan document is shaped by extensive engagement and close working with Romsey's communities, including an innovative approach to a citizen's assembly and the members of Romsey Future.
- 3.3 On 28 September 2020, the Council adopted the Andover Town Centre Masterplan. Following extensive engagement with Andover Vision and other key stakeholders the masterplan sets out a series of objectives to improve the long term viability and attractiveness of the town centre.
- 3.4 Both masterplans are driven by a desire to respond to the change in shopping habits and are supported by proposals in each masterplan document for alterations in the physical fabric of each town centre to adapt to changes and ensure town centres remain relevant and attractive.

4 Consultations/Communications

- 4.1 This proposal has been the subject of discussions with senior Members and senior officers within the Council.

4.2 Subject to the approval of the recommendation there will be communication with parish councils and community groups informing them of the change in arrangements.

5 Options

5.1 There are three options considered. The first is whether the Council establishes a Strategic Regeneration Reserve (Option 1), or not (Option 2). Option 3 considers whether to apply a cap of 50% of the project cost to bids from the proposed Community Project Reserve.

6 Option Appraisal

6.1 Option 1 (Recommended)

6.2 This option will ensure a suitable level of funding for a Strategic Regeneration Reserve whilst maintaining the ability for local communities to bid for funding through a Community Project Reserve to deliver on their aspirations.

6.3 Following the proposed allocation of CIL funds to projects at Cabinet in June 2021 (for CIL bids received between September and November 2020) 60% of the remaining CIL funds would be set aside as a deposit to establish the Strategic Regeneration Reserve (after deductions have been made for the parish portion and administrative expenses)

6.4 Furthermore, as shown in Table 1 below, 60% of CIL receipts and increasing to 80% of CIL receipts (after deductions have been made for the parish portion and administrative expenses) will be set aside year on year between 2021/22 and 2023/24, levelling off at 80% thereafter.

6.5 Table 1

	2021/22	2022/23	2023/24
Income	£800,000	£600,000	£800,000
Parish Portion	£120,000	£90,000	£120,000
Admin Expenses	£40,000	£30,000	£40,000
Strategic Regeneration Reserve	£384,000	£336,000	£512,000
Community Project Reserve	£256,000	£144,000	£128,000

6.6 It should be noted that the figures in Table 1 are estimates based on forecasted CIL income linked with known and planned development in the Borough.

- 6.7 While the Community Project Reserve would be reduced, Parishes and community groups will still have the opportunity to bid for funding for projects from this element of CIL. These bids can be supplemented by additional sources of funding such as unspent S106 funds, the Community Asset Fund as well as the parish proportion (15% or 25%) of CIL.
- 6.8 **Option 2**
- 6.9 The alternative option is that the Council does not use CIL to contribute to the Strategic Regeneration Reserve. This is not preferred for the following reasons.
- 6.10 The Council has a corporate commitment to invest in Test Valley's two main town centres of Andover and Romsey as set out in the Corporate Plan 2019 – 2023. The purpose of investing in the Borough's town centres is an opportunity to future proof our town centres, enhancing public spaces and ensuring growth benefits all of Test Valley's communities.
- 6.11 The Strategic Regeneration Reserve would form part of a suite of options to create a funding package to then lever in further funding. Without it, it increases the challenge, and risk of not being able to deliver on the masterplan objectives in a timely way. For example the enhancement of public spaces in both Romsey and Andover town centres is key to ensuring success and further investment, but which are unlikely to generate a capital receipt in order to secure delivery.
- 6.12 **Option 3**
- 6.13 This report recommends the creation of a Community Project Reserve and that a cap of 50% be introduced for future bids. Presently there is no cap and the Council has seen increasingly large bids from external organisations. By establishing a cap it would enable a greater range of schemes to benefit from the Community Projects Reserve. Without a cap a small number of expensive bids could exhaust the reserve to the detriment of a greater number of community schemes.
- 6.14 Reducing the amount that external organisations can bid for may affect the proposals delivery. However, CIL forms one element of funding available for community and local scale projects. Other funds that are available include the Community Asset Fund, the parish proportion of CIL (15% or 25%) and unallocated S106 funds. All of these funds, including any reserve held by parishes as well as fund raising within the community can be used in combination with the CIL Community Project Reserve. This enables communities to plan for and draw together several options for funding in working up a project in consultation with their communities.
- 6.15 For these reasons it is recommended that a cap of 50% of the project cost should be applied to bids to the Community Project Reserve. It should be noted that the total value of all the projects in this latest bidding round (1 April – 30 June 2021) are likely to draw on the majority of CIL funds available for community projects. The latest bidding round would continue unaffected by these proposals.

7 Risk Management

- 7.1 The recommendation allows for a pragmatic approach to supporting the regeneration of our town centres whilst also providing funds for parish and community groups' projects.
- 7.2 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

8 Resource Implications

- 8.1 There are no additional resource implications for this proposal. Apportioning and allocating CIL funds can be carried out as part of the role of the CIL Officer.

9 Legal Implications

- 9.1 There are no legal implications of the chosen option. The management of CIL funds is at the discretion of the Council, provided that CIL is applied to the infrastructure types as listed in Paragraph 2, Section 216 of the Planning Act 2008 (as amended),

10 Equality Issues

- 10.1 The EQIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have and will be taken.

11 Other Issues

11.1 Community Safety

- 11.2 None identified

11.3 Environmental Health Issues

- 11.4 None identified

11.5 Sustainability and Addressing a Changing Climate

- 11.6 A Strategic Regeneration Reserve will assist with the delivery of Andover and Romsey masterplan areas, particularly the early phases, providing a resource to enable the delivery of Corporate Action Plan projects for Andover Town Centre and South of Romsey Town Centre which may include improvements to green infrastructure and the natural environment as well as enhancing pedestrian and cycle links, encouraging greater walking and cycling.

11.7 Property Issues

- 11.8 None identified

11.9 Wards/Communities Affected

11.10 The South of Romsey Town Centre masterplan area is located within Abbey Ward. The Andover Masterplan Area is located in St Mary's Ward. However, a Strategic Regeneration Reserve would contribute to the regeneration of both town centres, benefitting all Romsey and Andover residents, businesses within the towns and those residents of surrounding areas and visitors who choose to come to the towns.

11.11 With regards to the Community Project Reserve all communities and organisations have the ability to submit bids for funding.

12 Conclusion and reasons for recommendation

12.1 The proposal to build the Strategic Regeneration Reserve using CIL funds represents an opportunity to assist with the delivery of the initial phases of both Andover and Romsey masterplan objectives and demonstrates the Council's commitment to initiating action in line with the Corporate Action Plan 2019 – 2023 with regard to supporting town centres.

12.2 Through the proposed Community Projects Reserve it enables the continuation of CIL bids for community projects and local scale infrastructure projects, allowing communities to continue to plan for the delivery of essential infrastructure to meet the needs of their communities.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
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.			
No of Annexes:	1	File Ref:	N/A
(Portfolio: Planning Policy & Economic Development) Councillor N Adams-King			
Officer:	Katie Rasdall Lawes & Oliver McCarthy	Ext:	8256 8176
Report to:	Cabinet	Date:	26 May 2021