

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	6 March 2019
Subject:	Borough Growth Reserve
Report of:	Heads of Finance and Asset Management and Development Services
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Members for Finance and Asset Management and Built Environment
Number of Appendices:	None

Executive Summary:

Following the adoption of the Joint Core Strategy (JCS) in December 2017, which contained a number of Strategic Allocations, the focus now has to turn to delivery of these allocations and to bring forward the necessary growth in homes and jobs to deliver the growth strategy up to 2031 and beyond.

The strategic allocations within the JCS are now beginning to come forward for development. A number of planning approvals have been secured and are beginning to deliver the anticipated infrastructure. It is nevertheless apparent that, to support the growth in the JCS, intervention is required from the Council to help to facilitate and accelerate this development in line with the trajectory.

Recommendation:

Executive Committee is asked to APPROVE:

- I. the allocation of £500,000 to form a new Borough Growth reserve subject to confirmation of windfall receipts from the 100% Business Rates Retention Pilot.**
- II. the reallocation of the £100,000 A40 Innsworth Gateway reserve to the Borough Growth reserve subject to successful completion of the required business case and reimbursement of expenditure from grant funding.**
- III. any expenditure in excess of £50,000 or of abnormal risk is undertaken by the Chief Executive in consultation with the relevant Member Panel.**

Reasons for Recommendation:

To ensure that the Strategic Allocations and growth in housing and jobs set out in the JCS are delivering the growth anticipated in the JCS to bring about the benefits in community and infrastructure development, and to ensure that the Council can where necessary act to accelerate their progression if required.

Resource Implications:

Set out in this report.

Legal Implications:

The National Planning Policy Framework (2018) sets out at Paragraph 8 that achieving sustainable development includes an economic objective to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure. Further, at Paragraph 72, it provides that the supply of large numbers of new homes can often be best achieved through planning for large scale development, such as new settlements or significant extensions to existing villages and towns, provided they are well located and designed, and supported by the necessary infrastructure and facilities.

Relevant grants conditions and associated risks will need to be carefully assessed when allocating funds from the new Borough Growth and allocations should not be made unless formal grant agreements are in place if the Council requires reimbursement from the grant.

Risk Management Implications:

The creation of a fund to allow the Council to help unlock development or accelerate development on the Strategic Allocations and growth as set out in the Joint Core Strategy involves committing resources. Some of these resources will be to ensure that the relevant evidence is available to bring sites forward and thus will be spent on procuring advice/evidence however some of the fund will be able to be claimed back as part of project management upfront costs and can be returned to the 'pot' once funds are able to be drawn down from external sources – e.g. bids.

Performance Management Follow-up:

Performance reports are presented to Members of Overview and Scrutiny Committee on a quarterly basis and include details of the progress on each of the Strategic Allocations. The monitoring of the spend will be presented to Members at appropriate periods.

Environmental Implications:

None directly from this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Following the adoption of the Joint Core Strategy in December 2017 which contained a number of Strategic Allocations the focus now has to turn to delivery of these Allocations and the necessary growth in homes and jobs to deliver the growth strategy up to 2031 and beyond.
- 1.2** As the strategic allocations within the JCS come forward for development through securing planning approvals and the delivery of the anticipated infrastructure, it is apparent that to support the growth strategy, assistance and intervention is required from the Council to help to facilitate and accelerate this development.

1.3 The JCS contains seven Strategic Allocations:

A1 : Twigworth & Innsworth.

A2 : South Churchdown.

A3 : North Brockworth.

A4 : North West Cheltenham.

A5 : Ashchurch.

A6 : Winneycroft.

A7 : West Cheltenham.

1.4 All of these Strategic Allocations, apart from A6 Winneycroft, are either entirely or partially within Tewkesbury Borough. A number of these Strategic Allocations are now coming forward and beginning to deliver growth:

- The A1 Twigworth & Innsworth Strategic Allocation has outline planning permissions in place with the first reserved matters application submitted.
- A2 South Churchdown has the benefit of outline planning permission for a part of the site.
- A3 North Brockworth has outline planning permission and the reserved matters applications are now being submitted.
- A4 North West Cheltenham has a live Planning Application lodged with both Cheltenham Borough Council and Tewkesbury Borough Council but is yet to be determined largely due to the issues surrounding highway infrastructure.
- A5 Ashchurch Strategic Allocation is for 14 Hectares of Employment Land which has planning permission and is part of the broader area encompassed in the Ashchurch Concept Masterplan approved by the Council for consultation in Autumn 2018.
- A6 Winneycroft is within Gloucester City and has the benefit of planning permission on part of the site.
- A7 West Cheltenham has developer interest and is the subject of a bid for Garden Community status. As yet, however, there remains a number of impediments to the creation of new homes and jobs, largely due to requirements for infrastructure.
- There is also a site at Mitton which is based in Wychavon District but seeks to meet Tewkesbury's housing needs.

2.0 BOROUGH GROWTH RESERVE

2.1 It is clear that delivering development and growth of the scale set out in the JCS requires significant infrastructure. Officers consider that, to bring this forward at a pace to deliver the necessary benefits associated with this growth, will require an element of funding and intervention by the Council. This report therefore is proposing a fund of £600,000 be made available to bring about necessary work to support the delivery of this growth. It is anticipated that this, at least in part, will be in the form of a revolving fund which could be returned to the 'pot' once funds are able to be drawn down from external sources – e.g. bids.

- 2.2** The A40 Innsworth Gateway Project is an example of where this was required. This project was based upon the delivery of the Innsworth Strategic Allocation. An award of £4.53million was made by the LEP from the Growth Fund. However, to access funding a detailed business case was required to ensure that the appropriate case and evidence could be set out to release the funding. A report was taken to Executive Committee in January 2018 requesting that a fund of £100,000 was sought from reserves to support the project and unlock the £4.53 million. Since then, the business case work has been commissioned and is scheduled for completion to meet the LEP board meeting and subsequent approval in summer 2019 allowing the initial upfront resource of £100,000 to be delivered back to this Council.
- 2.3** Further work is anticipated to be required in the area of Ashchurch to deliver the growth opportunity of the wider concept masterplan (note: this area is also subject to a bid for Garden Community status) and includes option assessment of the traffic issues in the area (£50,000) including further steps in the delivery of the rail strategy for Ashchurch station (£40,000) and marketing material to support a garden community solutions (£10,000) and a strategic level flood assessment of the area (£30,000).
- 2.4** Again, similar to these above examples, the Strategic Allocations at North West and West Cheltenham require significant investment in infrastructure. Both allocations can be seen to have substantial growth opportunity (albeit to meet Cheltenham's need but a significant proportion of the allocations and in the case of West Cheltenham the wider opportunity sit within Tewkesbury Borough). The work in relation to the all-ways junction improvement at Junction 10 of the M5 is being forward funded by the County Council however the wider opportunity of the safeguarded land at West Cheltenham requires a coordinated and strategic approach to place making which will require further evidence gathering and work (estimated £100,000) to secure development coming forward in an appropriate manner.
- 2.5** The concept of at least part of this fund is as a revolving fund and therefore on receipt of the necessary grant, any relevant incurred costs would be paid back to the pot for reuse on other projects. However, an element of the fund would be spent on evidence or strategic planning work/master-planning that would not always have the opportunity to be paid back to the pot. The Council would be undertaking that element of the work for the wider benefit of the growth agenda and would benefit from the receipt of Council Tax for the domestic properties once occupied. There is also a risk that anticipated funding that could be repaid to the pot would not be forthcoming and thus not be able to be paid back to the pot and thus the Council would need to undertake this at risk, albeit benefiting from the growth through Council Tax or Non-Domestic Rates. The delivery of the strategic allocations over the next decade will have a significant impact on the Council's underlying financial position. In terms of council tax, it is estimated that annual amount collected from council tax on these sites alone could be worth around £1.5m per annum whilst the total amount that could be derived from New Homes Bonus, assuming the scheme continues in its current form, would be in excess of £40million. The strategic allocations also allow for a significant amount of employment land to be delivered over the plan period which will provide for considerable levels of business rates retention on a local basis.

2.6 Alongside income in relation to Council Tax and Non-Domestic Rates, the growth strategy has clear and significant benefits in terms of social, economic and environmental benefits bringing homes and jobs along with increased prosperity and wealth creation. The creation of employment land provision to facilitate business growth and new business investment in our borough helps to improve business productivity and boost opportunities for sustainable economic success. The added benefit to the wider economy with the creation of significant numbers of new jobs is clear. Alongside added prosperity comes added spend in the Borough with a direct and tangible benefit to wider businesses. The growth strategy also seeks to provide new housing across all tenures and affordability to meet the needs of the Borough's population and support business growth through provision of housing for those working in the businesses. Helping to bringing these sites forward in an accelerated fashion, through the creation of this fund allows the Borough along with its residents and business to benefit at the earliest opportunity.

3.0 FUNDING

- 3.1** In order to fund these ongoing requirements, it is recommended that through the year end process a new Borough Growth reserve is established.
- 3.2** As highlighted earlier in the report, Executive Committee has already set aside a £100,000 reserve for the development of the business case required to unlock funding for the A40 Innsworth Gateway project. It is suggested that, upon successful recovery of the expenditure incurred in delivering the business case to the LEP, the money is reinvested within a newly formed Borough Growth reserve. This general principle of reimbursing the Borough Growth reserve once grant funding is received will apply to all other applicable projects such as the Ashchurch bridge project should this require forward funding.
- 3.3** In addition to this, it is recommended that a further sum of £500,000 is placed into the Borough Growth reserve funded from the expected windfall receipts associated with the 100% Business Rates Retention Pilot in 2018/19. A condition of being awarded Pilot status was that any windfall receipt should be used to promote financial stability and sustainability and, in particular, some of the retained income should be invested to encourage further growth across the area. The proposed use of windfall monies to support the delivery of our strategic allocations and growth in homes and jobs would meet that definition.
- 3.4** The performance of the Pilot to date has been encouraging with quarter 2 figures suggesting a full year windfall to Tewkesbury of circa £700,000. Quarter 3 figures are currently being collated and it is expected that they will confirm this position, although volatility within the business rates system cannot be ruled out. The final position of the Pilot will be confirmed in May and this will allow the formal creation of a reserve as part of the Full Year Outturn report. This report therefore recommends the allocation of £500,000 once the windfall receipt is confirmed.
- 3.5** By establishing this reserve, and noting its intended use, the Council is able to take a pro-active approach to ensure the delivery of the strategic allocations and the residential and business growth in the JCS. The pro-active approach will accelerate delivery and therefore support the Council's financial stability by providing additional council tax, business rates and new homes bonus whilst the scheme is active.

3.6 In terms of committing to expenditure from this reserve, this would normally fall solely within the delegated power of officers once the reserve had been established. However, with this particular reserve, it is felt appropriate to establish further governance arrangements for expenditure that is deemed large and/or of abnormal level of risk. It is therefore recommended that any item of expenditure in excess of £50,000 or, in the opinion of the Tewkesbury JCS Programme Board, if it carries heightened risk will be referred to the relevant Member's panel for discussion and agreement. Any expenditure not meeting this threshold or definition will be taken forward by the responsible officer after consultation with the Tewkesbury JCS Programme Board.

4.0 CONSULTATION

4.1 Consultation on the Joint Core Strategy itself has been undertaken widely and in line with statutory regulations.

5.0 OTHER OPTIONS CONSIDERED

5.1 Other options considered are to wait for alternative sources of funding to deliver some of the infrastructure/requirements; however, it is clear that this is not practical and nor can it ensure the delivery of the sites and growth in the JCS. It would also mean that sites would not be delivered at pace and this could lead to the failure to realise the opportunity of the growth potential.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Joint Core Strategy adopted December 2017.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 National Planning Policy Framework 2018.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None directly.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None directly.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 Approval of Joint Core Strategy December 2017.

Background Papers: None.

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Appendices: None.