

Andover Masterplan – Levelling Up Fund

Report of the Leader

Recommended:

That the funding as set out in section 8 of the report be approved to support the delivery of the Western Avenue/ River Anton priority area as identified in the Andover Masterplan.

SUMMARY:

- The purpose of this report is to outline the implications of the Council's unsuccessful Levelling Up Fund bid and to recommend the next step for the delivery 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 sought bids of up to £20M for town centre regeneration with three key objectives of improving the local transport network, the high streets and maintaining and expanding our cultural and heritage assets.
- 1.2 In June 2022 Council approved the submission of a bid of £18.5M, including up to £2M of match funding, towards the delivery of the first phase of the Andover masterplan.
- 1.3 Following the announcement from Government on 19th January 2023 that the Council was unsuccessful in its Levelling Up Fund bid, this report outlines the implications of this outcome and next steps for the delivery of the Andover masterplan.

2 Background

- 2.1 The 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 The masterplan was developed following extensive community engagement with Andoverians. A survey undertaken as part of this received over 3000 responses with a 97% positive support for the improvement plans.

- 2.3 In June 2019 Council approved the creation of a dedicated Regeneration Reserve of £1M to take forward the delivery of both the Andover and Romsey Masterplans and additional transfers into the Reserve have been included in subsequent budgets bringing the total to close to £2.3M as at 31st March 2022. In January 2021 Council amended delegations of authority to authorise spending from this Reserve.
- 2.4 The budget recommendations elsewhere on this agenda set out that a further £500,000 per annum is expected to be added to the reserve over the next three years.
- 2.5 On 26 May 2021 the Cabinet approved the ring fencing of a portion of Community Infrastructure Levy contributions to be allocated towards the delivery of the two Masterplans. The Council has also been working with strategic partners including HCC and the EM3 LEP to identify potential suitable public funding programmes that would contribute towards delivery.
- 2.6 As part of the Levelling Up Agenda the Government launched the Levelling Up Fund (LUF). Each authority was placed in either Tier 1, 2 or 3 with Tier 1 authorities representing those administrative areas with the highest level of need. Test Valley has been assessed as being in Tier 3, the lowest priority category. This is due to the strong economy and relative affluence of the borough. This approach masked the pockets of deprivation that some areas of Andover experience where areas of the town sit within the bottom quartile of the most deprived areas in the UK in certain categories. Despite the perception that the LUF assessment criteria was weighed against them, Tier 3 authorities were still able to apply for funding.
- 2.7 In light of the Government's announcement of the second round of LUF bids, the Council 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.
- 2.8 The schemes set out below were selected from the long list of all the development projects included within the Andover Town Centre Regeneration Masterplan.
1. A linear riverside park along the Western Avenue gyratory
 2. Improvements to the riverside footpath south of Bridge Street
 3. Construction of a new Cultural Hub building in the town centre
 4. Demolition of the former Magistrates Court building
- 2.9 These schemes were selected based on three criteria of ability to meet the objectives of the LUF criteria; affordability; and deliverability by 31st March 2025. The schemes focussed on the priority area (as defined in the Andover Masterplan) of Western Avenue/River Anton save for the inclusion of the Cultural Hub development, which formed part of the Chantry Centre priority area.

- 2.10 In order to put the Council in the strongest position and give the best chance of success the Council confirmed its support for the bid and to commit to the required match funding. This was approved at the June 2022 Council meeting.
- 2.11 The indicative costs of projects at the time of submission to LUF on the basis of Cadence Innova's professional advice was £20.3M. In this scenario LUF would fund £18.5M with the remaining £1.8M in match funding being met by the Council. As these figures were subject to change as the detailed work on the bid was developed the Council authorised up to £2M as match funding.
- 2.12 The Department for Levelling Up, Housing and Communities confirmed that the Council was unsuccessful on 19th January 2023. The Government has also confirmed that feedback on the Council's bid will be provided as soon as possible. At the time of writing that has not yet been received and no timetable for receiving this feedback has been given. The Government has confirmed that there will be a third round of the fund although no details have been published.
- 2.13 The next steps in the delivery of the Western Avenue Riverside Park (including the element of the Riverside Walk south of Bridge Street) south of Bridge Street would be to appoint designers to progress the feasibility design into a detailed design that would be taken through the Planning process. This will involve continued close working with HCC as Highways Authority and Southern Water to ensure that the various elements of the scheme work together. Once Planning consent has been secured the aim would be to procure the appropriate construction contractors. It is envisaged that this would follow a similar programme to that put forward as part of the Levelling Up Fund Bid.
- 2.14 Work on other Masterplan projects such as the Former Magistrates Court and the Cultural Hub would continue. This would involve bringing forward designs and seeking Planning consent in order that the projects are as advanced as possible to give the strongest chance of success in future funding rounds, including Round 3 of the Levelling Up Fund.

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 was made against the background of that consultation that culminated in the approval of the Andover Town Centre Regeneration Masterplan.

4.2 Andover Vision continues to play an important role in the future of the town. The organisations that make up Andover Vision have been kept informed on the progress of delivery.

4.3 All parties which supported the Council in the submission of its bid have been informed of the outcome. Subject to the decision of Council those parties will be informed of any decision to progress with Western Avenue/River Anton scheme.

5 Options

5.1 The Andover masterplan is one of the Council's key priorities and despite the outcome of the LUF bid, the principle of securing its delivery remains unchanged. Therefore the option to consider is how best to support the next steps of the masterplan. There is the further option of whether to wait for a future LUF bidding round or not.

6 Option Appraisal

6.1 It is disappointing that the Council was unsuccessful with its bid. However, due to the DLUHC methodology and placing the Borough in Tier 3, coupled with the level of competition from other authorities¹, it was recognised that it would be a challenge. The outcome does provide an opportunity to re-evaluate those schemes of the masterplan which were submitted, as well as those schemes in the wider masterplan, to identify the most appropriate next step.

6.2 In the absence of the Levelling Up funding the Council will need to prioritise the delivery of the proposed project in order to be able to realise delivery within budgetary constraints. While all four of the LUF projects are important and would be transformational, it was established through the Benefit Cost Ratio analysis (BCR) that the Western Avenue/River Anton scheme (including the element of the Riverside Walk south of Bridge Street) provided the greatest benefit for the least cost. This project also benefits from strong support from external strategic partners.

6.3 The relocation of the Lights Theatre to create a new Cultural Hub in the Town Centre was the most expensive element of the LUF bid. In the absence of the LUF funding, this element would require significant support from external sources, such as Arts Council England to deliver. In order to secure this, the Council will need to demonstrate that it has a robust cultural strategy in place based on significant research and community engagement and its ability to deliver. This scheme maybe the main focus should the Council decide to submit a bid for the third LUF round given its importance in establishing a vibrant town centre. Work on the cultural hub will continue which includes the technical studies required to inform the future planning application.

6.4 The demolition of the former Andover Magistrates Court is the most affordable and is likely to come forward at a later date on completion of an options appraisal to inform its future use. The masterplan currently identifies a number of options including a health hub or a hotel. It is recognised that the building currently detracts from the area around The Lights and Andover College. However, to demolish the building prior to confirming its future use would risk

¹ 529 LUF bids were submitted for round 2 of which 111 bids were selected for funding.

objections from the Environment Agency and potentially result in later delays to securing an appropriate redevelopment of the site.

- 6.5 The Western Avenue scheme would deliver a number of exceptional public realm improvements along with habitat restoration. The scheme would also secure significant highway improvements and encourage sustainable modes of travel. Those partners who are key to the delivering these aspects (including Hampshire County Council and Southern Water) have already confirmed their continued support despite the outcome of the LUF submission.
- 6.6 Undertaking these works would make an impact on the overall viability of the broader masterplan, in that it would act as a catalyst for future phases by undertaking works which would not have a commercial benefit and reaffirming the Council's commitment to changing Andover town centre. By funding these works it would also make the development elements of the regeneration scheme more attractive and viable to commercial developers and investors and therefore reduce the development risk associated with the delivery of the masterplan.
- 6.7 If the Council had been successful with LUF, the funding was based on the completion of the relevant schemes by March 2025. Whilst this deadline no longer applies there remains a commitment to undertake and complete within a similar timeframe.
- 6.8 The other elements of the masterplan excluded from the LUF bid predominantly focus on the future redevelopment of the Chantry Centre. This is a significant element of the future of the town in terms of scale and complexity. Work has been commissioned to guide on the feasibility and delivery mechanism to bring these stages forward.
- 6.9 The Council would also continue to work with Hampshire County Council on delivering highway improvement schemes at Eastern Avenue/Vigo Park. Whilst these schemes will make an important difference to the town centre the scale of the Western Avenue scheme and the linked improvements to sustainable travel to the wider network make this the preferred scheme to fund.
- 6.10 In the Government's notification letter reference is made to a third round of LUF funding being made available. No further details regarding amount of the fund or timescales have been released. Whilst a third round represents another opportunity to seek external funds it is likely that there will be the same challenges and level of competition. Council could decide to not release the recommended funding and re-submit the bid and await that outcome. However as there is no certainty of timetable for the third round, or of success, it is not recommended that the Council pause or delay progress.
- 6.11 The release of the recommended funding would not prevent the Council from re-evaluating and submitting an amended bid in the future. Background work would continue and demonstrate progress and commitment on the various elements of the masterplan and potentially put the Council in a stronger position for future bidding rounds.

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 The actual cost of the projects may be greater than the cost estimates provided by the Council's feasibility consultants. 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. A further contingency has been included in the resource implications to help mitigate this risk.
- 7.3 Prior to commencement all schemes will need to secure the relevant planning approvals and complete all necessary agreements with statutory consultees. There is a risk that outside bodies will not grant the necessary consents however this is unlikely because of the ongoing support demonstrated throughout the creation of the masterplan and in submitting the LUF bid.

8 Resource Implications

- 8.1 The Council's match funding commitment to the LUF bid was a maximum of £2M. This was 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 The overall cost of this project was estimated to be between £5.5M and £6M. To allow for the potential for inflation to have affected the estimated value of the works, a budget allocation of £6.5M is recommended.
- 8.3 As noted in paragraph 8.1 above, the Council has already identified £2M of match funding to support the original LUF bid.
- 8.4 It is recommended that the required budget of £6.5M be met as follows:
- £2M from the New Homes Bonus
 - £1M from CIL contributions
 - £1M from the Regeneration Reserve
 - £1M from s106 highways contributions
 - £1.25M from additional investment income generated in the current financial year
 - £250,000 from s106 contributions received in respect of Chantry Lodge and approved by Cabinet on 27th October 2021.

- 8.5 The local government settlement for 2023/24 has confirmed that the New Homes Bonus will continue into next year. There is also an expectation that a further award will be made in 2024/25. After allowing for the latest award and a £2M draw, the forecast unallocated balance on the New Homes Bonus Reserve at 31st March 2026 is £10.1M.
- 8.6 As noted in paragraphs 2.2 and 2.3, there is a sufficient balance in the Regeneration Reserve to be able to contribute to this project. Planned additional contributions over the medium term will replenish the balance.
- 8.7 The Council has benefitted in the current year from unexpected rapid increases in the base interest rate. This is expected to create an in-year surplus of approximately £1.25M. It is recommended that this additional income be set aside to contribute towards this project.
- 8.8 The Cabinet decision of 27th October 2021 agreed that the £250,000 S106 contribution from the development at Chantry Lodge, Andover be allocated towards a scheme of public realm, cycling/walking infrastructure and landscape improvements, in line with Andover Town Centre Masterplan objectives, to an area within the River Anton corridor and/or to Western Avenue, and/or linking to Shepherds Spring Lane. It is intended that this contribution be focused on Western Avenue.
- 8.9 Further funding will be made available from unallocated S106 highways contributions held by Hampshire County Council. The amount available is yet to be finalised but is expected to be approximately £1M. This would not be sufficient to deliver the scheme without the other additional funding referred to. Any external funding that is identified will reduce the required draw from the New Homes Bonus Reserve or be allocated towards future regeneration projects.

9 Legal Implications and Statutory Authority

- 9.1 Prior to commencement all schemes will also be subject to planning approval and all necessary agreements with statutory consultees secured.

10 Equality Issues

- 10.1 Equality Impact Assessments will be carried out as necessary and appropriate in relation to the specific schemes proposed. However, in general terms the schemes recommended are aimed at creating an accessible and inclusive Town Centre. This will include access to green space to promote health and wellbeing.

11 Sustainability and Addressing a Changing Climate

- 11.1 The resulting developments would make a significant contribution to the quality of the environment in Andover Town Centre through habitat creation and promoting sustainable, non-car modes of travel.

12 Other Issues

- 12.1 Community Safety - will increase levels of activity in public spaces, reducing opportunities for crime and anti-social behaviour.

- 12.2 Environmental Health Issues – N/A
- 12.3 Property Issues – Not directly although delivering these benefits to the highway infrastructure and public realm will help demonstrate progress and delivery in later stages of the masterplan which will include the Council assets.
- 12.4 Wards/Communities Affected – Andover St Mary’s

13 Conclusion and reasons for recommendation

13.1 The fact that the Council was not successful in securing the LUF funding is disappointing. However the Council is in a good position to start to deliver the initial projects along Western Avenue and the River Anton. Prioritising the funding of this project will create a linear riverside park that will transform perceptions of the town as a place to live and invest. This scheme alone will have a positive impact on the ability to bring subsequent development phases to investors and developers with confidence. It is therefore recommended that the Council commits the resources as outlined in the report.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Andover Masterplan 2020			
<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.			
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(Exempt)	File Ref:	
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Report to:	Council	Date:	23 February 2023