



PAPER C

Purpose: For Decision

Committee report

Committee	EXECUTIVE
Date	15 DECEMBER 2016
Title	ISLE OF WIGHT COUNCIL REGENERATION PROGRAMME
Joint report to	LEADER AND EXECUTIVE MEMBER FOR RESOURCES AND CHILDREN'S SERVICES AND THE EXECUTIVE MEMBER FOR REGENERATION, HOUSING AND HOMELESSNESS, TRANSPORT

EXECUTIVE SUMMARY

1. The financial challenge facing the council is the biggest risk to sustainable local authority services on the Isle of Wight. The council's recently approved medium term financial strategy provides it with an opportunity to secure its financial position over the medium term.
2. In order to make the most of this opportunity the council must seek to grow its tax base (council tax and business rates), by increasing the prosperity and sustainability of the Island community, based on the pillars of regeneration, growth and productivity.
3. This paper identifies the council's options for using in the main, its own land and assets to kick start its regeneration activity. It also considers the need to acquire two employment sites, not in the council's ownership, in order to secure them for its future regeneration aspirations.
4. It is estimated that the regeneration programme proposed in this paper could, subject to a number of assumptions, deliver £15m per annum in increased council tax, business rates and new homes bonus, as well as 12,000 new jobs over a 10 year period.

BACKGROUND

5. Following the austerity agenda, introduced by government as a result of the financial crisis, the council continues to face significant budget challenges. It has been required to save almost £60m from the budget over the last 5 years; a further £24m has to be identified over the next 4 years, to close the council's funding gap, as set out in the medium term financial strategy (MTFS), approved by Full Council in October.

6. The MTFS recognises the council cannot sustain key services to the community in the longer term purely by making further savings. It therefore sets out a fundamental policy shift to invest resources, in order to generate income/revenue directly, through increased council tax, business rates and financial receipts from the sale/use of its assets. The plan also recognises that, as the council has continued to make savings and focussed on the delivery of its statutory services it has not retained the capacity, skills or resources needed to deliver any step change in the regeneration activity that might support a significant growth in its income or the prosperity of the Isle of Wight.
7. As a result, the MTFS allocated resources to recruit and properly fund a regeneration team. Newly created posts of, Director of Regeneration, Assistant Director of Regeneration and Property Manager has been agreed and recruitment is underway. In addition the new team will be able to secure other resources (specialist legal, design, planning, property, programme management etc.) necessary to bring forward and deliver regeneration activity.
8. In order for the council to develop its regeneration aspirations without delay, working with the Local Government Association (LGA), it has looked to identify a programme of regeneration activity, based on the deliverability and impact of the potential projects to be delivered as part of that activity. The projects are, in the main, focused around the council's own land and premises in order to aid their overall deliverability.
9. The capacity and resource to produce the programme was provided by Inner Circle Consulting (ICC), procured through the LGA and tasked with establishing a regeneration programme through a detailed process of data collection and evaluation. In so doing, ICC's starting point was to ensure that, for the programme to be successful, it would have a compelling vision and secure consistent leadership with a focus on delivery and it must embrace entrepreneurial thinking.
10. As a result of this work. Inner Circle Consulting identified 11 priority projects in "opportunity areas" of Ryde, Newport and Sandown Bay, with a focus on income generation and deliverability. These projects and ICC's assessment of the deliverability of an Isle of Wight regeneration programme are set out in appendix A to this report, for members' consideration and endorsement.
11. In overall terms the programme has the potential to deliver, over a ten year period, £15m pa of additional tax income to the council, 12,000 jobs to the Island and 1,200 new homes. These estimates are, however, subject to some very broad assumptions that would need to be tested as the detailed planning associated with each regeneration project is progressed. It is also important to note that the creation of new homes must be linked to the development of the new jobs and therefore the council's housing strategies must become interwoven with its regeneration aspirations.
12. The regeneration programme is intended to be delivered in line with the council's current related strategies and plans in particular the Island Plan Core Strategy and Economic Development Action Plan. It will also complement the work currently underway on a One Public Estate bid for the Island working with other public sector partner including health police and fire on the development and more efficient use of all public land and buildings.

13. ICC's work identified a number of barriers to growth which are worthy of highlight in this paper. In part, they relate to the Island's separation from the mainland and include the high cost of delivering services, lack of investment in some sectors including tourism, reduced economic activity due to the ageing population, reliance on low skilled often seasonal employment and issues with transport infrastructure. It also points out other factors that impact on investor confidence including political stability and consistency of planning decisions, especially in relation to major inward investment projects.
14. In addition to establishing the scope and potential outcomes from the regeneration programme, the work of ICC also identified the key activities the council will need to adopt in order to deliver the programme and its associated benefits:
- Develop a partnership approach to programme delivery and stakeholder management
 - Continue to develop a vision and 20 year growth plan for the Isle of Wight in partnership with all stakeholders.
 - Develop a set of principles that govern the behaviour of all those involved
 - Adopt a strategy of retaining assets and investing to create the most value and maximise long term returns on investment.
 - Ensure each priority project has a clear value and that it is making a measurable contribution to vision
 - Commit to an evidenced based approach to decision making
 - Adopt a common method of project progression
 - Establish a strong Programme Office
 - Ensure all investment decisions are underpinned by a clear business case
15. In order to deliver this programme and ensure the pace and momentum needed it will be necessary to establish appropriate governance structures to ensure timely decision making. This is to be organised through a Regeneration Board with a clear remit for both decision making and delivery of the programme. In this model the Executive would be responsible for agreeing the overall programme and the resources required but the Board would be able to act within this overall framework in order to ensure development opportunities and momentum are maintained and the outcomes set out in the programme are realised.
16. The proposed regeneration programme was developed in accordance with a strict brief in relation to deliverability and impact. It is additional to ongoing regeneration activities including those at East Cowes, Dinosaur Isle, Sandown and the Spectrum affordable housing schemes. It also takes no account of opportunities currently being developed or considered by the private sector, which the council may want to consider and enable through its own regeneration activities, depending on the proposed outcomes of each scheme.

Kingston Marine Park (KMP), East Cowes

17. Kingston Marine Park comprises around 6.5 hectares of allocated employment land between the river Medina and the housing development currently being competed by Barratt's at Whippingham (see plan attached as Appendix B). The land is owned by the Homes and Communities Agency (HCA) which has invested in the infrastructure

of the site over a number of years. The site is currently serviced and has road access, but still unresolved is access to the water which requires significant further investment. Planning approval has been granted for a “hoist dock” which will enable vessels to be transported from the river to the site but the funding for this has yet to be secured.

18. The HCA estimate the cost of the hoist dock to be £2.5m – £3m but have been unable, at this time, to secure further funding given the significant sums already invested by them the site. A revised layout of the hoist dock has recently received planning approval which it is hoped will reduce costs.
19. The council have been working with the HCA and other stakeholders on the regeneration of East Cowes for many years and more recently with the Solent Local Enterprise Partnership (SLEP). The SLEP have funded the new floating bridge project and are supportive of the need for safeguarding and creating marine related employment and business as this is a key priority within its economic strategy. Discussion are on-going with the SLEP to secure a funding package which would complete the marine access and enable the both the relocation of businesses from the centre of East Cowes and inward investment opportunities for further business.

Island Technology Park (ITP), Whippingham

20. The HCA also owns the final plot (Plot A - 2.03 Ha) at the Island Technology Park situated in Whippingham. The site is allocated as an employment site and has planning permission for B1/B2/B8 employment use (see plan at appendix C). The HCA has worked with Isle of Wight College to develop a new Centre of Excellence for Composites, Manufacturing and Marine Technology on the front part of the whole site and is understood to be in negotiations for the disposal of other parts of the site
21. The HCA has indicated its intention to dispose of Kingston Marine Park and Plot A at the Island Technology Park and is prepared to negotiate a disposal to the council, on terms to be agreed. This is primarily because the HCA’s internal priorities are changing, and its focus is now primarily on the delivery of housing across the country, given the increasing need for new homes.
22. Both sites have been identified as key employment locations and in the context of delivering a financial strategy based around creating prosperity and wealth, will add an important resource to the council’s portfolio if a purchase can be agreed. Whilst the sites could be developed by the private sector, it may not have the same pace or urgency to bring them forward for development and ultimately the sites could end up simply being land banked until the market improves.
23. The acquisition of Kingston Marine Park would also ensure that the principal aspiration for this site, as one for marine related employment, could still be pursued by the council. If, however, the council is not able to secure the necessary funds for the hoist dock that make a marine related scheme possible, then it would still have the opportunity to develop the site for general employment purposes.

STRATEGIC CONTEXT

24. The overall aim of the council’s MTFS (October 216) is to ensure that

“in year expenditure matches in year income over the medium term, whilst regenerating the Island economy and providing essential value for money services for our residents and businesses”.

The council's budget gap is projected to be £24m over the next four years and, without any additional financial support from government, the council will need to increase its income from its tax base in order to avoid significant service reductions to help it to meet this aim. The adoption of the regeneration programme will start the process of securing additional direct income to the council with a positive benefit of creating new opportunities for jobs and wealth creation for the Island's residents.

25. The acquisition of Kingston Marine Park and Plot A at the Island Technology Park will ensure that the council has sufficient land assets to extend its regeneration activities over the medium to long term, improving the overall financial sustainability of the Island and the council.
26. The regeneration programme will guide activity which, if delivered, will have a positive impact on four priorities of the council's corporate plan 2015-2017. Specifically under the priority of, “supporting growth in the economy, making the Island a better place and keeping it safe”, the corporate plan sets out that the council will,

“continue to influence the work of the.....HCA to secure funding which enables the creation and safeguarding of jobs, supports business start-ups and growth secures inward investment and creates affordable homes for the benefit of the Island community”.

CONSULTATION

27. The regeneration strategy is primarily focussed on bringing forward council owned sites where the council has greater control about the deliverability and overall impact on its revenue budget position. Consultation with partners and stakeholders will take place as proposals for sites are developed.

FINANCIAL / BUDGET IMPLICATIONS

28. The council has allocated £1m a year in its MTFS to support the delivery of its regeneration activities in order to improve the prosperity and sustainability of the Isle of Wight and increase the council's revenue income. This funding provides for both directly employed staff as well the opportunity to buy in specific additional skills, capacity and expertise, as required, to deliver the programme
29. The delivery of specific projects within the regeneration programme (and the council's wider regeneration activities) will require the provision of capital financing. These funds may come from the private sector, grant awards (for example from the Solent Local Enterprise Partnership) or from the council itself. It will be the role of the regeneration team to develop and prepare business cases to secure the funding to develop specific projects and to make the appropriate bids to secure that funding from the most appropriate sources.

30. The council will need to fund the purchase of the Kingston Marine Park and Plot A of the Island Technology Park, from within its own resources. Officers will need to demonstrate that any price negotiated for the acquisition of these sites offers 'best value' to the council. Funding for their acquisition will need to be agreed by the Full Council when it meets to set its capital programme for 2017/18.

LEGAL IMPLICATIONS

31. Section 2 of the Local Government Act 2000 provides the council with the power to do anything which it considers will improve the overall economic, social and environmental well-being of the area provided that such actions are consistent with the Community Strategy. The regeneration programme seeks to improve the economic well-being of the Island.

EQUALITY AND DIVERSITY

32. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and foster good relations between people from different backgrounds. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
33. The regeneration programme attached as Appendix A is intended to improve the overall economic well-being of the Island. It is not targeted to any group of people in particular and therefore none of the identified groups will be adversely affected by the adoption of the plan. It is intended that the development of key sites set out will create opportunities for investment in the Island's economy that may ultimately lead to greater employment and economic well-being across the whole of the community.

OPTIONS

34. The options available to the council are as follows:
- (a) Adopt the Isle of Wight regeneration programme set out in appendix A, as a basis for securing the future prosperity and sustainability of the Isle of Wight.
 - (b) Not to adopt the Isle of Wight regeneration programme set out in appendix A.
 - (c) Agree to purchase land from the HCA at, Kingston Marine Park and Plot A at Island Technology Park, in order to secure its contribution to increasing the future prosperity and sustainability of the Isle of Wight, provided that the purchase price is at 'best value' to the council.
 - (d) Not to purchase the land at, Kingston Marine Park and Plot A at Island Technology Park.
 - (e) To recommend to Full Council that it allocates the funds necessary to acquire land from the HCA, when it meets to set its capital programme for 2017/18.

RISK MANAGEMENT

35. Regeneration and transformation are two of the key elements in the council being able to successfully deliver its MTFS and securing its long term financial sustainability. Without a clear and properly resourced regeneration strategy there is a risk that the council will be unable to deliver the aspirations of the MTFS. It is also important that the council starts its regeneration ambitions without delay and gives some pace and structure to them whilst monitoring their progress. The proposed regeneration programme offers the right structure at this time creating the right environment for the new regeneration team to start to deliver for the benefit of the council and the Island.
36. The council has set out its aspirations to build a prosperous and sustainable Island community, built on the pillars of regeneration, growth and productivity. In order to achieve this aspiration it needs to build confidence in investors and employers that the Isle of Wight is serious about its regeneration aspirations and prepared to work with them to deliver solutions that meet the Island's needs. This will be greatly aided by a sound regeneration programme, with clear outcomes and aspirations, delivered in a timely and consistent way by a properly resourced regeneration service.
37. The proposed regeneration strategy attached at appendix A lays the framework for such an approach but, will not be such a strait jacket as to exclude other potential activities that may come along and which may offer better options in respect of deliverability or impact. Ultimately however the council will need to ensure that it does not allow the scope of its programme to 'creep' to such an extent that it become undeliverable within the available resources.
38. If the council does not purchase land on offer from the HCA then there is the possibility that it will be sold on the open market and then land banked by its owner until such time as the market warrants its development. This would severely limit the opportunity to bring forward employment land with waterfront access in order to protect and grow the Isle of Wight's important marine industries. This would prevent the council from securing some of the marine businesses in Cowes and East Cowes, currently on short leases from their landlords.
39. Securing funding for the hoist dock at Kingston Marine Park is critical to supporting the marine businesses that may locate/relocate there. There is a possibility that the council may be unable to secure these funds but, if it has the site under its control, it has secured the time and opportunity to explore every available source of funding for the hoist dock. If the site is outside the council's control, this opportunity is lost and the site may only be developed for more general employment use. Ultimately, this may be the position the council has to take if no funding can be secured.

EVALUATION

40. The council has made clear in its MTFS that a key component of securing a sustainable future for the council is to grow income via increased business rates, council tax and new home bonus. To achieve this position the council recognises that it needs a new approach and that targeted activity focussed on the use of the land and property within the council's portfolio can help deliver a significant increase in the

tax base. At the same time it will support the creation of jobs and economic wealth to the Island as a whole.

41. To do this the council needs to invest in regeneration and has set aside the budget to drive forward this work at pace. A regeneration programme is vital to ensure these resources are efficiently and effectively deployed and once adopted will give the newly recruited regeneration team an immediate programme of work.
42. The purchase of HCA land would both enable the council to secure a vital area of marine related employment land and also set out the council's intent to invest in the future regeneration and growth of the island's economy.

RECOMMENDATIONS:

- (a) Adopt the Isle of Wight regeneration programme set out in appendix A, as a basis for securing the future prosperity and sustainability of the Isle of Wight.
- (c) Agree to purchase land from the HCA at, Kingston Marine Park and Plot A at Island Technology Park, in order to secure its contribution to increasing the future prosperity and sustainability of the Isle of Wight, provided that the purchase price is at 'best value' to the council.
- (e) To recommend to Full Council that it allocates the funds necessary to acquire land from the HCA, when it meets to set its capital programme for 2017/18.

APPENDICES

[Appendix A](#): Isle of Wight Council Regeneration Programme, Inner Circle Consulting, November 2016.

[Appendix B](#): Plan of Kingston Marine Park

[Appendix C](#): Plan of Island Technology Park.

BACKGROUND PAPERS

[Medium Term Financial Strategy, October 2016](#)

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