

CABINET

17 January 2007

WINCHESTER TOWN OPEN SPACE PROJECTS

REPORT OF DIRECTOR OF COMMUNITIES

Contact Officer: Bob Merrett Tel No: 01962 848165 bmerrett@winchester.gov.uk

RECENT REFERENCES:

CAB1247 – Outdoor Sports Centre, Bar End - 10 July 2006.  
WTF84 - Winchester Outdoor Sports Centre - 22 November 2006.

EXECUTIVE SUMMARY:

In looking at Open Space projects and their funding, the Cabinet and Council have agreed the use of a number of mechanisms to deliver sport projects and most recently to support the Outdoor Sports Centre from the Town Open Space Fund. Projects of this size can attract funding from national sources which are generally not available to the majority of local initiatives that come to the Council each year. Concerns have been expressed over the potential for major projects to deplete the Open Space Fund and prevent local proposals being considered and delivered in the future. The funding proposals, expected income and interim Capital Funding support described in this and previous reports in relation to Town projects provides a mechanism to meet all of the known commitments and any other suitable projects that may come forward in the medium term.

RECOMMENDATIONS:

- 1 That Cabinet endorses the approach previously agreed to fund Winchester Town Open Space projects and the Outdoor Sports Centre proposal in the Town area in particular.
- 2 That Cabinet notes the approach taken to the funding of any future sports projects in the Winchester Town area and to the matter of the General Fund support for any shortfall in the Open Space Fund and subsequent loss of interest.

## CABINET

17 January 2007

### WINCHESTER TOWN OPEN SPACE PROJECTS

#### REPORT OF DIRECTOR OF COMMUNITIES

##### DETAIL:

##### 1 Introduction

- 1.1 Cabinet, at its November 2006 meeting, considered the debates that had been held in the Town Forum on the use of Open Spaces funding and asked that a report be brought back to Cabinet on the matters raised and particularly on the alternative funding of any new Open Space project in the Town area.
- 1.2 Following that Cabinet meeting, Town Forum met again on 22 November 2006 and considered Report WTF84 on the proposed Outdoor Sports Centre and the implications for funding other projects.
- 1.3 The Town Forum meeting resolved to ask Cabinet to consider, amongst other things, three particular issues:
  - a) To acknowledge that the Sports Centre is a facility which will serve the whole District;
  - b) To authorise officers to request Parish Councils in the District to contribute their uncommitted sports funds in accordance with the provision of the Open Space Strategy towards the £1million required from the City Council;
  - c) To follow the precedents when sums from the General Fund have been allocated towards the cost of sports and other facilities which serve a significant part of the District and to commit permanently from the General Fund the balance required to complete the £1 million total.
- 1.4 Cabinet considered the minutes of the Winchester Town Forum including the points in 1.3 above at its meeting of 13 December 2006.
- 1.5 It concluded, as it and Council had done previously, that the Outdoor Sports Centre proposal was situated in the Town and would have a largely Town focus. The use of the Town Open Space fund was, therefore, highly appropriate. Cabinet had already agreed to correspond with all the Town and Parish Councils to seek contributions but it was not deemed appropriate to seek to obtain their uncommitted sports funds as the Town Forum had suggested. The funding issues are expanded upon in paragraph 2 below.

## 2 Funding

- 2.1 The main source of funding for sport or play projects in the Town and parished areas is the Open Space Fund using S106 funding from developers. Contributions are reserved for use in the area of the development where they are used for making improvements in provision.
- 2.2 Few sport projects for the Town area have come forward in recent years, hence the accumulation of over £650,000 in this part of the Open Space Fund. There are also several housing and large development projects due to progress in the Town in the near future, which will provide significant further income to the Town Open Space Fund.
- 2.3 The only major sports project currently under consideration is the Outdoor Sports Centre at Bar End. The funding issues related to this project have previously been considered by Cabinet, Principal Scrutiny Committee and Council. The Town element of the Open Space Fund is not currently sufficient to fund the whole of the City Council's commitment to this project but with Town developments that are in the pipeline it is estimated that around £180,000 per annum will be coming into the sport pot for the Town Fund at least over the next two years. This should, if the external funding bids are successful and the Outdoor Sports Centre project goes ahead at the expected time, make up the shortfall in the Town Fund within two years. If the funding for the whole of the City Council's element of this project is required earlier than the Open Space Fund for the Town is replenished, again Cabinet and Council have agreed to draw the current £334,000 shortfall from the General Fund Capital Programme and to repay this from Open Space sport contributions when received.
- 2.4 Paragraph B23 of Annex B to Circular 5/05 (which provides advice on the use of funds sought and obtained under Section 106 agreements) states that:-

*"In cases where an item of infrastructure necessitated by the cumulative impact of a series of developments is provided by a local authority or other body before all the developments have come forward, the later developers may still be required to contribute the relevant proportion of the costs. This practice can still meet the requirements of the Secretary of State's policy tests if the need for the infrastructure and the proportionate contributions to be sought is set out in advance."*

Section 106 agreements under which funds are paid to the Open Space Strategy provide that the funds can be used for projects set out in the Strategy. The Bar End proposal is expressly identified as a sports project in the Open Space Strategy 2006/07. The Strategy, Local Plan Review and accompanying documents set out clearly the requirement for contributions to be made by developers towards open space projects. This means that, in accordance with circular 5/05, the Council can still seek contributions towards the Bar End facility, even after it has been provided, and thereby recover any proportion of the total project costs which have been funded by the Council in advance. Where such project costs include a loss of interest to the General Fund, it would be justifiable to include such loss of interest in the total project cost (in the same way as consultants' fees and other project costs are funded from the Open Space Fund), and recover such loss of interest from the Open Space Fund in the same way as any capital advance would be recovered. Alternatively, if the Council so decided, it would be lawful to treat any loss of interest as a contribution from the General Fund, in accordance with the Council's powers under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 and Section 111 of the Local Government Act 1972, to fund recreation facilities.

- 2.5 It has been further agreed that should other sport related projects come forward before the Open Space Fund for the Town has been replenished, these will be considered to determine their potential for support. Such projects, if they were to come forward, would be considered in line with the need and value for money related criteria for the Open Space Fund. Any continued shortfall in the Open Space Fund Town element would not, of itself, be a reason to reject any such project.
- 2.6 The matter of town and parish council support for the Outdoor Sports Centre project has also been explored. It has already been agreed that the town and parish councils will be asked if they would wish to contribute some of their funds to this project. Although the Open Space fund is held by the City Council, and is not directly controlled by the parishes, it would be inappropriate (and possibly challengeable) to use funds allocated in the Fund to parishes without their agreement. In any event, these parish funds are quite limited and even if they were to agree to contribute, the sums would be small. As a consequence no income from this source has been factored into calculations.
- 2.7 CAB1247 indicated that the likely inflow of funds into the Town Open Space Sports fund would be in the order of £100,000 per annum. This assumption was updated at the Town Forum meeting in November and increased, as indicated above, to around £180,000 per annum for at least the next two years. Assuming the project proceeds as expected, the majority of expenditure would be incurred in 2007/08 although with delays and sums withheld until final completion it is likely that the cash flow would broadly follow the pattern shown in the Appendix. If this predicted pattern of expenditure and income turns out to be accurate then there will only be a modest call on General Fund reserves with a smaller loss of interest than originally expected. It should be noted, however, that the actual pattern of expenditure and income over time will be more complex, but in broad terms should produce a summary position equivalent to that shown.
- 2.8 No account has been taken of any other Town sport project that might come forward in the near future as there are no known projects under development. Should such a project materialise, then as has been indicated before, this would be considered together with its impact on further General Fund expenditure.
- 2.9 The Government are currently consulting on proposals to change the system of planning obligations, and in particular reduce the scope of s.106 payments by developers and introduce a planning gain supplement to reflect the change in land value arising from development. Their proposals may affect the Council's income from this source, although it not clear precisely how open space funding may be affected. It seems likely there will continue to be provision for funding such infrastructure as part of a new planning obligations regime, although at present officers cannot advise what this might be. The DCLG have indicated any change is unlikely to be introduced before 2009/10.

### 3 Conclusion

- 3.1 The matter of open space funding for a variety of projects has been debated at a number of Council committees as well as the Winchester Town Forum.
- 3.2 The concerns of the Winchester Town Forum over the funding of the Outdoor Sports Centre and the possibility of impact on other initiatives have been considered and largely addressed in the previous decisions of Cabinet and Council and there are no

proposals to overturn those decisions. The matter of interest lost to the General Fund should monies be 'borrowed' from that source to cover any shortfall in Open Space Funding has been considered in accord with the Cabinet decision on report CAB1247 and account taken in the cash-flow projection in Appendix 1.

- 3.3 This report confines itself with the funding issues. It should be noted that a number of other legal and finance related issues will come back to Cabinet for agreement once the project proceeds.

#### OTHER CONSIDERATIONS:

##### 4 CORPORATE STRATEGY (RELEVANCE TO):

- 4.1 This project will contribute significantly to improving the quality of people's lives by encouraging more active and healthy lifestyles (Safer and More Inclusive Communities). It also has clear links to the development of a Winchester District Children and Young Person Strategy and delivery plan.

##### 5 RESOURCE IMPLICATIONS:

- 5.1 The resource implications for the project have been reported previously. The issue of interest is set out in Section 2 of this report, but otherwise there are no new issues in this report.

#### BACKGROUND DOCUMENTS:

None

#### APPENDICES:

Appendix 1 - Outline Cashflow Projection

Appendix 1

Outline Cashflow Projection

<b>Item</b>	<b>2007/8 £</b>	<b>2008/9 £</b>
Town Open Space (Sport) Fund Balance	660,000	(63,000)
Expected Town Open Space (Sport) Income	180,000	180,000
<b>Sub-Total</b>	840,000	117,000
Contribution to Outdoor Sports Centre (projected)	900,000	100,000
<b>Closing Balance</b>	(60,000)	17,000
General Fund Contribution to Open Space Fund	60,000	0
Loss of General Fund Interest	3,000	0
Carried Forward as a cost to the Town Open Space (Sport) fund	(63,000)	17,000