

Executive Report

Ward(s) affected: Lovelace

Report of Resources Director

Author: Claire Morris

Tel: 01483 444827

Email: Claire.morris@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 7 January 2020

Ripley Village Hall Cashflow Loan

Executive Summary

The village hall in Ripley was built as a temporary structure in the 1970s and was designed to last for up to 25 years. It is recognised by the Parish Council and the local community that there is a long overdue need for a replacement hall to meet the need for community facilities in the village and borough ward area of Lovelace. Planning permission for the new village hall was granted in February 2019.

The Ripley Village Hall trustees have raised funds locally to help pay for the new village hall. In addition, Ripley Parish Council has taken a £500,000 loan from the Public Works Loan Board to enable them to grant fund the village hall by £500,000. The loan will be repaid from an increase in the Ripley parish precept of the Council tax. Although significant funds have been raised to date, there is still a funding shortfall of £600,000 for the main village hall. The trustees have asked the Borough Council for a contribution.

The principal source of funding for community facilities such as the village hall is from S106 Developer Contributions or in time, once the policy is implemented, the Community Infrastructure Levy. The Council does not currently have any S106 monies in hand from developments in the area that would meet the criteria to fund the hall. However, it does anticipate potentially having S106 monies available in the future that may be available to fund the village hall redevelopment, principally from the Garlick's Arch site which is allocated in the Council's adopted local plan for development.

In addition, the Council anticipates receiving a New Homes Bonus (NHB) grant if the development of Garlick's Arch proceeds. It is proposed that the Council contributes 30% of any potential NHB grant arising from the development to the Village Hall Trust. The contribution is in line with the NHB policy adopted by the Council in February 2016.

The village hall is currently in a poor state and near the end of its useful life. The redevelopment of the hall is becoming urgent. In order for the trust to proceed with the development, it is proposed that a cashflow loan to the trust is granted by the Council. The amount of the loan will be determined if, and when, planning permission for the Garlick's Arch

development is granted and the Council signs a S106 agreement with the developer. The value of the loan will not exceed any agreed S106 contribution due to Ripley for community uses together with 30% of the anticipated NHB grant from the development. However, on approval of this report a contribution of £25,000 (as an upfront payment of the 30% NHB grant from the development) funded from the new homes bonus reserve, will be paid to the trust to enable them to proceed to the next stage of the development.

Repayment for the loan will be at the point the Council receives the S106 contribution from the developer and the NHB income from the government. If for any reason, the S106 monies are not received following a signed S106 agreement, the village hall trust will be asked to enter into a repayment plan for the loan over a period of 50 years.

Recommendation to Executive

- (1) That a cashflow loan be provided to Ripley Village Hall Trust, to be repaid from S106 contributions for community use in Ripley and 30% of the New Homes Bonus grant anticipated from the Garlicks Arch Development.
- (2) That the exact sum of the loan be agreed by the Director of Resources in consultation with the Lead Councillor for Finance, Assets, and Customer Services once planning permission is in place and a S106 agreement is signed.
- (3) That the loan amount shall not exceed the S106 and NHB funding available to the Council.
- (4) That an upfront payment of the loan of £25,000 be made from the Council's new homes bonus reserve, which will be part of the 30% NHB contribution towards the scheme.

Reason for Recommendation:

To enhance community facilities in Ripley by supporting and making a contribution towards the redevelopment of the Village Hall.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 The purpose of the report is for the Executive to agree a cashflow loan with the Trustees of Ripley Village Hall for them to proceed with the village hall redevelopment. The Loan is to be repaid from anticipated S106 contributions and anticipated New Homes Bonus grant arising from development proposals in the Ripley area.

2. Strategic Priorities

- 2.1 The Council's corporate plan 2018 to 2023 included a corporate priority under the Community theme to *Enhance sporting, cultural and community and recreational facilities in the borough*. Community facilities are essential to maintain and enhance active social communities. The village hall in Ripley was built as a

temporary structure in the 1970s and was designed to last for up to 25 years. It is recognised by the Parish Council and the local community that there is a long overdue need for a replacement hall to meet the need for community facilities in the village and borough ward area of Lovelace.

- 2.2 In addition, under the Place-Making Theme the Council's priority is to implement the Guildford Borough Local plan and supporting policies. The Lovelace Neighbourhood Plan has been submitted to the Borough Council for adoption. The Council is currently consulting on the Neighbourhood Plan with a view to adopting it in 2020. If adopted, the neighbourhood Plan will form part of the Council's supporting development management policies covering the neighbourhood area. The Lovelace Neighbourhood Plan recognises that Ripley Village Hall requires replacement and that new community facilities should incorporate flexible space to allow for a range of uses and activities for the community. The provision of new and improved community buildings and open space facilities is supported by the neighbourhood plan which states that the Lovelace parish councils will determine which community facilities should benefit from Community infrastructure Levy (CIL) or S106 funding. Ripley Parish Council determined at its meeting in August 2019 that it wished S106 receipts from the Garlick's Arch Development allocated for community facilities in Ripley to be allocated to the development of improved facilities at Ripley Village Hall.

3. Background

- 3.1 The current Ripley Village Hall which was built as a temporary structure in the 1970s was designed to last for up to 25 years. The Parish Council and the local community recognise that there is a long overdue need for a replacement hall which is in a poor state of repair. The Trustees of Ripley Village Hall, a Charitable Incorporated Organisation (CIO) created in July 2015, were granted planning permission for a new hall in February 2019. The new building will incorporate the latest technological developments in terms of thermal insulation and solar heat utilisation in order to substantially reduce operating costs and aims to be carbon neutral.
- 3.2 The cost of redeveloping the hall is around £1.6million. The trustees have had considerable success at raising money locally through various events and fundraising activities. Ripley Parish Council has provided a grant to the village hall trust of £500,000 which is being paid for by an increase in the Ripley Parish precept element of the Council tax in the Ripley area.
- 3.3 The trustees have submitted their business plan to the Council for consideration of funding to help with the cost of redeveloping the hall. The principal source of funding for community facilities such as the village hall is from S106 developer Contributions or in time, once the policy is implemented, the Community Infrastructure Levy. The Council does not currently have any S106 monies in hand from developments in the area that would meet the criteria to fund the hall.
- 3.4 Although the Council does not currently have any S106 monies available at present, it does anticipate potentially having S106 monies available in the future that may be available to fund the village hall redevelopment. The Council's adopted local plan policy A41 covers land at Garlick's Arch, Send Marsh/Burnt

- Common and Ripley. Policy A41 allocates the land for development of 550 new homes and 6 travelling showpeople plots. The policy states that the development should make a necessary and proportionate contribution towards adverse impacts on communities and the environment, including in Send, West Clandon and Ripley. The developer of Garlicks Arch has undertaken local consultation events and asked the community, including Ripley Parish Council, for ideas on how the development can contribute towards improving the local community.
- 3.5 The developer of Garlick's Arch has also engaged with the Local Planning Authority in respect of pre-application discussions for the development and it is anticipated that a planning application will be submitted in the next few months. If that is the case, it is anticipated that the application will be determined by the planning committee in Spring 2020. The developers are not at present proposing to include a community centre on the development site and so Ripley Village Hall will be the nearest community centre to the new development. As part of the assessment of the planning application, planning officers will negotiate with the developer what S106 contributions may be forthcoming as a result of the development. Any contributions need to be shown to be necessary and proportionate to the development. The exact amount of any S106 contributions potentially payable in respect of community facilities in the area and the split of any such contribution between Ripley and Send is a matter to be negotiated as part of the planning process. It is too early in the process for there to be any certainty at this stage as to the outcome of the process.
- 3.6 In addition to S106, the Council receives New Homes Bonus from new houses developed in the borough. In the past the Council has received NHB grant in respect of new homes for a period of 4 years. The Government issued a technical consultation for the local government finance settlement for 2020-21 in Autumn 2019 which indicated that there will be a further review of the NHB scheme. The technical consultation suggests that it is likely that if NHB continues as a grant post 2021, that the grant will only be payable for 1 year.
- 3.7 The Council adopted a New Homes Bonus Policy in February 2016 which stated that allocate up to 15% of the NHB grant generated from new homes, in a ward or parish where a community group or parish council has an adopted neighbourhood plan in place and the new homes were generated from a site allocated for new housing within the neighbourhood plan, to an earmarked reserve for that community group or parish council. The Council will then ask the community group or parish council to put forward proposals for specific schemes to improve local community facilities, services and shops, which will be funded from the earmarked reserve. In addition, The NHB policy states that the Council will allocate the remaining NHB to projects identified in the Guildford Borough Council Corporate Plan, which will directly benefit our community, and where funding is requested as part of the annual business planning process, including those projects where the Council may make a contribution towards a project which is predominantly to be delivered by a partner authority/agency. Example projects that the Council may fund using NHB funding include projects where the Council will work with partners to deliver additional schools and educational facilities, health facilities, residential care, and community facilities to meet population changes and local demand. The Lovelace Neighbourhood Plan is in

the final consultation stages and it is hoped the Council will be able to adopt the neighbourhood plan in Spring / Summer 2020.

- 3.8 The existing village hall building, having been built as a temporary structure in the 1970s is in a poor state of repair and urgent action is required. The cost of undertaking repairs to the existing hall is prohibitive and in light of the redevelopment plans, would not be a good use of resources. The trustees of the village hall have indicated that they need to progress the redevelopment plans swiftly to avoid the need to close the hall and leave Ripley without a community facility. The relative urgency of the matter has been supported by the Parish Council.

Funding Proposal

- 3.9 The exact funding that may be available to help fund the village hall redevelopment is currently uncertain however, the Council is sympathetic to the need to redevelop the village hall in Ripley to meet the community's needs for the future. The timing of the Garlick's arch development and therefore the funding streams and amount of available funding that may be available to the Council to help support the project financially are misaligned. As a result, the village hall trustees have requested that the Council considers providing a cashflow loan to the village hall trust so that the redevelopment may be progressed in an acceptable timescale.
- 3.10 The village hall trustees have requested funding of £600,000 from the Borough Council towards the cost of redeveloping the main hall (Phase 1). A separate affordable housing grant for phase 2 of the project will need to be determined separately by the Council's affordable housing team. It is anticipated that the affordable housing grant will be paid by the Council's Housing Revenue Account, if approved.
- 3.11 As the potential funding available is uncertain at present, Officers are seeking Executive approval to support the project in principle so that the loan agreement can be drafted. Executive are asked to delegate approval of the final amount and a loan agreement with the village hall trust to the Director of Resources in consultation with the Lead Councillor for Finance, Assets and Customer Service. The loan amount will not exceed the S106 and NHB funding streams available.
- 3.12 Assuming the Lovelace Neighbourhood Plan is adopted, it is proposed to allocate 15% of the New Homes Bonus generated by the site to Ripley Parish Council and in addition, that the Borough Council provides match funds of a further 15% from its share of the NHB grant in recognition that enhancing community facilities also meets the priorities of the Borough Council's Corporate Plan. The additional contribution also recognises that the Borough Council uses the facility as a polling station and also as a designated District Emergency Centre. This means that 30% of any NHB grant generated by the Garlick's Arch development is used to part fund the Ripley Village Hall redevelopment.
- 3.13 The loan amount will be finalised if/when planning permission for the Garlick's Arch development has been granted and a S106 agreement has been signed.

The loan amount will not exceed the funding that will be made available to the Council by way of S106 contributions or 30% of the NHB grant from developments in the Ripley and Send Marsh. The loan will be a cashflow loan to forward fund the development ahead of the Council receiving any S106 and NHB funding from the development. The loan will be interest free and repayable from the S106 contributions and NHB grant in respect of developments in the Ripley area. It is proposed that the loan will be secured against the new village hall.

- 3.14 In order for the trustees to continue to progress the scheme, it is proposed an upfront payment of £25,000 of the Cashflow Loan be made on approval of this report.

4. Consultations

- 4.1 The trustees of the village hall have consulted the local ward community about the redevelopment of the hall. In particular, Ripley Parish Council consulted the local community about raising its parish Council precept in order to fund the redevelopment of the hall. The majority of Ripley residents supported the proposal and indicated a willingness to pay an increased precept to fund the redevelopment.
- 4.2 The redevelopment of the hall also has the support of the local ward councillor, Councillor Colin Cross who has been consulted on this report.

5. Key Risks

- 5.1 The funding proposal is contingent on development coming forward in the Ripley area that will be able to contribute towards the village hall redevelopment. Whilst the principle of development on the site has been established through the adopted Local Plan, whether development proceeds or not will be dependent upon the submission of a planning application that the local planning authority through the Council's planning committee can find acceptable in planning terms and therefore approve. There is a reasonable risk that for a variety of reasons, planning permission may not be granted, or if initially refused, may be granted on appeal. This may impact on the availability and timing of funding to support the village hall redevelopment.

6. Financial Implications

- 6.1 Financial implications have been stated throughout the report. The cashflow loan to the village hall trust will be financed by S106 Contributions and NHB grant. As a result there should be no on-going cost to the Council's general fund revenue account.

7. Legal Implications

- 7.1 It is open to the Council to provide a loan facility. The Council may seek security for the loan, and where it does not, should consider an appropriate interest rate to reflect the amount of collateralisation, by reference to the EU reference rate scheme. Other relevant terms, may include requiring evidence of eligible expenditure.

- 7.2 Where the appraisal upon which a loan decision is based refers to anticipated s106 income, it will be important to ensure that such anticipated income is both reasonable, and likely (by reference to the scale of the scheme, and the development timetable). The NHB grant terms should be studied to ensure that the loan funds will be used in a compliant manner, allowing for recovery.
- 7.3 Where it is proposed to use Housing Revenue Account funds to support the scheme, the proposed holding and ownership should be examined to ensure that such funds may be compliantly used.

8. Human Resource Implications

- 8.1 There will be no human resource implications arising from this report.

9. Equality and Diversity Implications

- 9.1 None

10. Climate Change/Sustainability Implications

- 10.1 The new village hall is anticipated to be more energy efficient than the existing building and therefore it is anticipated that the proposal will have a positive impact on climate change mitigation. In addition, the provision of a village hall, which is often used for health and fitness classes will have a positive benefit on the public health of the community.

11. Executive Advisory Board comments

- 11.1 It is not anticipated that the proposal will be discussed with the EAB as in practice there is little input the EAB will be able to have on the redevelopment of the village hall. The funding request has been made to the Council from the Trustees of the Village Hall and is supported by Ripley Parish Council.

12. Summary of Options

- 12.1 The Council has three options:
1. To provide the cashflow loan and support the redevelopment of Ripley Village Hall (Recommended)
 2. To support the redevelopment of the Village Hall but find alternative funding sources (note that this option has been explored but there are no other budgets or funding streams held by the Council which could be used without having an on-going impact on the Council's general fund budget and services)
 3. Not to support the redevelopment of the Village Hall

13. Conclusion

- 13.1 It is recognised by the Parish Council and the local community that there is a long overdue need for a replacement hall to meet the need for community facilities in

the village and borough ward area of Lovelace. Planning permission for the new village hall was granted in February 2019.

- 13.2 Although significant funds have been raised to date, there is still a funding shortfall of £600,000 for the main village hall. The trustees have asked the Borough Council for a contribution.
- 13.3 The principal source of funding for community facilities such as the village hall is from S106 Developer Contributions or in time, once the policy is implemented, the Community Infrastructure Levy. The Council does not currently have any S106 monies in hand from developments in the area that would meet the criteria to fund the hall. However, it does anticipate potentially having S106 monies available in the future that may be available to fund the village hall redevelopment, principally from the Garlick's Arch site, which is allocated in the Council's adopted local plan for development.
- 13.4 In addition, the Council anticipates receiving a New Homes Bonus grant if the development of Garlick's Arch proceeds. It is proposed that the Council contributes 30% of any potential NHB grant arising from the development to the Village Hall Trust.
- 13.5 In order for the Trust to proceed with the development, it is proposed that a cashflow loan to the Trust is granted by the Council. The amount of the loan will be determined if, and when, planning permission for the Garlick's Arch development is granted and the Council signs a S106 agreement with the developer. The value of the loan will not exceed the S106 contribution due to Ripley for community uses and 30% of the anticipated NHB grant from the development. However, on approval of this report a contribution of £25,000 (as an upfront payment of the 30% NHB grant from the development) funded from the new homes bonus reserve, will be paid to the trust to enable them to proceed to the next stage of the development.

14. Background Papers

None

15. Appendices

Appendix 1: Ripley Village Hall Business Plan

Appendix 2: Letter of Support from Ripley Parish Council.