



Purpose: For Decision

Committee report

Committee	CABINET
Date	11 MARCH 2021
Title	ISLAND INVESTMENT PLAN
Report of	CABINET MEMBER FOR REGENERATION AND BUSINESS DEVELOPMENT

EXECUTIVE SUMMARY

1. This report seeks Cabinet approval of the Island Investment Plan (Appendix 1)
2. In June 2019 the Cabinet approved the “Inspiration Island” regeneration strategy setting out a wide-ranging programme of regeneration to help address its revenue generation aims set out in the medium-term financial plan and improve the prosperity and quality of life of those who live, work and visit the Island.
3. The regeneration strategy along with a Solent Local Enterprise Partnership funded Infrastructure study highlighted the priorities for improving the Islands infrastructure, particularly those linked to the key regeneration projects set out in the strategy.
4. The impact of the Covid -19 pandemic throughout 2020 and into 2021 is still being felt and the regeneration programme, while impacted by global pandemic, still represents an excellent foundation for the Islands social and economic recovery from its the worst effects, as set out in the Covid-19 recovery plan.
5. This report summarises progress in relation to the regeneration strategy key projects, their relationship to key recovery objectives, and seeks Cabinet approval of the Island Investment Plan (IIP), appendix 1, that sets out the resources required to progress further.
6. The UK government has indicated its intention to develop a “Levelling Up” fund and a “Shared Prosperity” fund. It is proposed the IIP will form the basis of the council’s applications to these funds

BACKGROUND

7. The Covid -19 pandemic continues to impact on every aspect of life on the Island. The resident and business populations continue to deal with the physical, economic, social and environmental effects and recovery from the impacts will require significant commitment and resources in the coming months and years.
8. Changes to the way we work, travel and take care of ourselves and each other will continue to be at the forefront of local, regional and national recovery policy requiring new ways of delivering sustainable prosperity and quality of life.
9. Regeneration is a complex task. It is about improving all those aspects that influence the quality of life of people living in, working in or visiting a place. It is about jobs, more of them and better paid, improving skills, growing existing businesses and attracting new investment to improve overall prosperity. It is about housing, affordable and liveable spaces with quality choices for all budgets.
10. The “Inspiration Island” regeneration strategy was co-designed with those it is intended to benefit. More than 2500 people and organisations participated in surveys, workshops and a series of thematic conferences to help shape the draft strategy. A detailed appreciation of “where the Island is now”, the key issues it faces on a whole Island and area level was collated using latest available data.
11. The strategy sets out the current issues facing the Island and a vision for change, consistent with the council's Corporate Plan.

Our vision is for the Isle of Wight to be an inspiring place to grow up, live, work and visit.

12. Structured as an integrated programme and operated using a programme management approach, the strategy proposes six key areas of activity to help achieve the vision.
 - Place making
 - Housing
 - Transport and infrastructure
 - Cultural and environment assets
 - Skills and business development
 - Area regeneration
13. The strategy is the repository and monitoring instrument for a programme of specific projects, located under each theme, that must measurably deliver financial and quality of life outcomes, in support of the vision, and therefore warrant their development and investment. Projects that meet an identified need, in terms of statistical exception or stakeholder commentary at an Island or specific community level.

14. Programmes of this type require a long-term commitment to addressing structural issues in the economy, the population and the environment so an initial scope period up to 2030 has begun with a substantive review scheduled in 2024.
15. Financing regeneration schemes in an Island context can be challenging, particularly in terms of meeting the costs of underpinning infrastructure. Additional labour and materials costs due to dislocation and lower land values require gap financing of key elements of individual schemes to deliver viability as well as addressing island wide infrastructure needs such as utility capacity and securing sustainable transport.

STRATEGIC CONTEXT

16. The “Inspiration Island” strategy sets out the key elements of the regeneration programme. It sets out how they will deliver change individually and how they link together.
17. It sets out how regeneration actions support the outcomes set out in the Isle of Wight Council Corporate Plan:
 - A financially balanced and sustainable council
 - Businesses have the confidence to invest
 - Vulnerable people are supported and protected
 - All young people will have the best start in life so they can fulfil their potential
 - People have a place to call home and can live with independence
 - People take responsibility for their own health and well-being
 - A well-educated and skilled community
 - The Isle of Wight is a leading UK visitor destination
 - Outstanding digital and transport connectivity
 - The community feels safe and the Island is resilient
 - The environment and unique Island characteristics are celebrated
 - Community needs are met by the best public services possible
18. A strong and vibrant economy, delivered in sustainable way, is essential to achieving a better quality of life. This aspiration informs every element of the regeneration strategy and the Island Infrastructure Investment Plan has been closely developed with the Isle of Wight Chamber of Commerce and other business organisations on the Island.
19. But the strategy and infrastructure investment plan isn’t just about contributing to the delivery of the council’s Corporate Plan priorities and economic prosperity – it’s wider than that.
20. True regeneration and recovery is about more than bricks and mortar, it is about measurable social and environmental improvement in people and place. It is a focal point for a range of other plans and strategies, from both within and outside of the council.

21. In addition to this shared economic and social vision, the regeneration strategy and the Island Infrastructure Investment Plan, seek to support delivery of a range of interrelated Island strategies. These include, but are not limited to the following:
- A better island – Covid 19 Recovery Plan
 - Health and Well-being strategy: Start Well, Live Well, Age Well
 - Public Health strategy
 - Local Care Plan
 - Delivering Better Education action plan
 - Housing Strategy
 - (emerging) Island Planning Strategy
 - Island Independent Living Strategy
 - Economic Development Strategy
 - Solent Local Economic Partnership –Local Industrial Strategy and Covid Recovery Plan
22. The UK government is concerned to address the uneven impact of the pandemic on different areas of the UK and to utilise any replacement funding for EU structural funds to help close the gaps between prosperous and deprived areas and communities.
23. Details of a new “Levelling Up” fund and “UK Shared Prosperity” are expected to be announced shortly and an Institute of Fiscal Studies report “Geography of COVID – 2020” highlighted the Isle of Wight as one of the worst impacted areas of the UK. It is intended the Island Infrastructure Investment Plan will form the basis for an Island bid to these funds.

Progress with the “Inspiration Island” strategy

24. Significant progress has been made with progressing the regeneration strategy prior to and during the pandemic period laying the foundations for an effective and speedy recovery from its worst impacts
25. Delivering a de-risked investment environment on major schemes such as Newport Harbour, through securing relevant planning and regulatory permissions has been combined with the creation of new jobs and homes and protecting jobs in key sectors of the economy.
26. The strategy’s pre pandemic vision of promoting the Island as a safe, inspirational place to live and work, with the highest quality natural environment, excellent community cohesion and great virtual connectivity has gained increased significance and been accelerated as a result of the UKs experience of the pandemic.
27. Each theme of the regeneration programme has seen progress during the first three years of delivery and the main achievements to date are listed below:

350 job contact centre investment at BAE in Cowes. The council renovated and brought back into use unused office space in 2017 to enable Ascensos to invest in the Isle of Wight. The company recently expanded in the building to provide sustainable Covid safe working space for its Island employees. On-line retail is a major provider of jobs in the UK and the Isle of Wight facility has also supported Covid NHS on line services

£2million Heritage High Street programme – A four-year programme of high street improvements in Newport and Ryde that seek to celebrate to unique heritage of both towns and their crucial role in providing jobs and services to the wider Island.

Both programmes are part of community consulted, partnership place plans which seek to address local challenges and build on local strengths.

Acquisition of Venture Quays in East Cowes – Guaranteeing security for marine manufacturing on the Island by stepping in to purchase Homes England land linked to an abandoned marina investment. More than 100 marine manufacturing and supply chain jobs have been secured and another previously unused building at the site now also provides jobs for rapidly growing island company Tee-mill.

Branstone Farm – rural employment and affordable housing – £4.5 million partnership project to deliver 2000 square metres of employment space for business start-ups an expanded Island brewery as well as 42 affordable housing units. The development will also provide new accommodation for the Island AONB and education facilities that celebrate the Island's 2019 UNESCO Biosphere designation

Blue Sky thinking – Island Higher Education prospectus – Bringing together for the first time, into one easy to use guide details of the wide range of higher education courses available to island residents

Newport Harbour Masterplan – An ambitious vision and blueprint for bringing the harbour back to life as visitor destination, provider of space for new jobs and homes at the heart of the county town. A major new cultural centre, expanded hotel accommodation and a new cycle /footbridge to accompany essential improvements to the fabric of the harbour, all unlocked by the recently approved harbour revision order enabling long term investment in the masterplan project prospectus

Ryde Nicholson Road – Planning permission granted for a 14.6-hectare business park extension creating up to 500 jobs, a new health centre and key worker housing set in a high-quality natural environment

Ryde Interchange and Island line investment – More than £40million investment to improve the key transport hub on Ryde seafront and modernise the rolling stock and rail infrastructure for the Island line

Gigabit Island - £50 million commercial investment in upgrading the Island's broadband

New roads – Completion of the multi-million-pound PFI programme delivering highest quality road surfaces across the Island and £9 million funding for strategic traffic junctions' improvements in Newport with the first phase St Marys improvements delivered ahead of time and on budget

New housing – One hundred units of affordable housing delivered in 2020, the highest number for five years, including the first purpose built extra care facility at Ryde village

In addition to these key achievements a range of other locally led regeneration projects have helped demonstrate change is possible through collaborative working between councils, businesses and community groups.

28. Moving forward the regeneration programme to support the Island's Community, Economic and Place recovery from the Covid 19 pandemic will need further government support. The Island Infrastructure Investment Plan proposes a shared investment deal-based relationship between the Isle of Wight council and government delivering measurable increases in Island average wages, SME productivity, GDP and qualifications.

Island Investment Plan

29. The Island Investment Plan themes set out below align directly with the Solent LEP recovery plan and their 2050 regional growth strategy and proposes in the case of each project the overall public investment required to move it towards delivery and the council proposed borrowing to be matched by any LEP/UK government support.
 - *A world leading marine and maritime economy*, building on the specialisms of the Isle of Wight in boat building, sail making, the manufacture of flying boats and hovercraft
 - Pioneering approaches to *climate change adaptation and decarbonisation*
 - Becoming the UK's *capital of coastal renaissance*, including high streets, infrastructure and housing, investing in many of our towns
 - *A thriving visitor and cultural economy*, making the most of our distinctive offer of coastal communities, green spaces and world class visitor attractions
 - Developing a *world class talent base*, which is critical to our future economic growth
 - Creating an *outstanding business environment* through investing in innovation support and workspace for our growing businesses. to build on our gigabit broadband roll-out
30. The projects supporting these themes have been previously developed as part of the Inspiration Island regeneration strategy and contain shovel-ready proposals which likely be a key requirement of any government investment funds.

Project	Cost	Support from Investment Plan
Marine and maritime economy projects		
Medina Wharf	£9 million	£3 million
Kingston Marine Park	£10 million	£10 million
Kingston Wharf	£5 million	£1.5 million
Medina Yard	£12 million	£5 million
Climate change adaptation and decarbonisation projects		
Zero Carbon Energy Infrastructure	tbc	tbc
West Wight Cycle Route	£1.5 million	£1 million
Coastal renaissance projects		
Camp Hill	£30 million	£0.5 million per year
East Cowes Waterfront	£30 million	£5 million
Newport Harbour	£100 million	£25 million
Ryde Interchange and Esplanade	£25 million	£5 million
High Street and Town Centre Improvements	£2.5 million	£2 million
Small Housing Site Enabling	£20 million	£2 million
Visitor and cultural economy projects		
Dinosaur Isle	£20 million	£0.8 million
World class talent base projects		
Centre of Excellence for Digital Skills	£2.57 million	Unknown
Outstanding business environment projects		
Nicholson Road	£45 million	£3 to £5 million
Innovation Wight	£5 million	£2 million
Branstone Farm	£4.5 million	£1.8 million

31. An initial package of £25 million of borrowing by the Isle of Wight Council together with £25 million of funds from Government would enable the Council to progress these projects further, focusing on those that are most deliverable. As the full package of projects is developed, further funding can be identified.

OPTIONS

32. The foundation of the regeneration programme and the supporting Island Investment Plan is centred on taking a pro-active approach to addressing the council's financial challenges through bringing forward revenue generating projects and increased core source income such as council tax and business rates.
33. As the programme and specific projects developed it became clear a more holistic approach was needed to help secure successful delivery. The need to evidence wider impact in terms of helping recover from the pandemic, meeting the challenges the Island faces has also required attention on issues such as employment support, skills development and infrastructure.
34. This wider appreciation of the economic, social and environmental value of regeneration programme activity has attracted widespread business and community support.

Option 1 – Not to approve the proposed Island Investment Plan (Appendix 1) and instruct officers to consider other options for addressing the Island's community, economic and place recovery.

Option 2 – Cabinet to approve the Island Investment Plan, as the first working version and require annual progress reports linked to its implementation.

CONSULTATION

35. An Island wide survey “The Wight We Want” was followed by a series of area workshops held throughout 2018 which discussed Wight We Want survey findings, statistics which evidenced local needs and considered these to determine local area priorities. A database of more than 3000 people is registered to receive updates and attend these workshops. Town and Parish council representatives also played an active part in these workshops.
36. A series of landmark conferences were held to shape the regeneration programme, a youth conference, and environmental conference and two digital conferences have been held to help shape the regeneration programme.
37. The Island Economic Board comprising business representative groups has overseen the development of the investment plan and supports its content.

FINANCIAL / BUDGET IMPLICATIONS

38. The council budget for 2021/22 and the medium-term financial plan identifies resources to support implementation of the “Inspiration Island” strategy and Island Investment Plan:
 - Capital expenditure
 - Revenue expenditure

Capital expenditure:

39. **Capital programme** £4.2million towards land and infrastructure costs in bringing forward regeneration schemes
40. **Prudential Borrowing** - £25million for Regeneration & Business Development
 - Allocated subject to a comprehensive business case and financial appraisal for each project, approved by the council’s section151 officer, which can demonstrate with a good certainty that any borrowing costs can be met from reliable long-term income streams or savings to the council.
 - Prudential borrowing is governed by the Prudential Code and its associated tests of affordability, sustainability and prudence
 - The council must demonstrate it can afford the debt repayments over the long term.

- Given the future forecast revenue deficits of the council, prudential borrowing is only available for invest to save schemes where this is a demonstrable case that the capital expenditure incurred will result in savings (i.e. a cost reduction or additional income) that at least cover the cost of borrowing.
- Those savings must accrue directly to the Council and be available on a sustained basis over the lifetime of any borrowing

Revenue expenditure

41. A revenue budget of £1.3million for Regeneration and Business Development to enable project development, implementation and monitoring across all the programmes themes.

CARBON EMISSIONS

42. Development and implementation of this wide-ranging programme of regeneration is centred on the principle of sustainable development and while new business growth, development of new housing presents risks in terms of emissions growth the strategy will seek to be carbon neutral over the period of its implementation through development and implementation of green energy and jobs and transport initiatives.
43. The monitoring and evaluation framework for the programme will focus on monitoring this issue.

LEGAL IMPLICATIONS

44. There will be legal implications associated with each project set out in the strategy. These will need to be identified for each project and appropriate legal advice and guidance received prior to full business cases being agreed. This can be done through the Council's own legal team or, where necessary, procured from external legal specialists.

EQUALITY AND DIVERSITY

45. 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 to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
46. Under the Equality Act 2010 we are required to have due regard to our equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies. This must be done at the formative stage of any proposal, not retrospectively as justification for the recommendation.

47. An equality impact assessment taking account of the feedback received from consultation was undertaken in February 2019 and found that there were no negative equality and diversity impacts arising from the proposed implementation of the strategy. The implementation of the projects will have a positive effect on addressing social exclusion and improving access and treatment for protected characteristics groups.

PROPERTY IMPLICATIONS

48. A progressive and comprehensive review and utilisation assessment of the Council's property portfolio is a key element of strategy implementation.

RISK MANAGEMENT

49. Not approving the Island Investment Plan would create a significant risk in not being able to source further government funding and achieve the revenue generation objectives and timelines set out in the Isle of Wight council's medium-term financial strategy.
50. Each project brought forward is managed as a distinct project including project risk logs and mitigations.

EVALUATION

51. Assessing the impact of the investment placed in the regeneration programme is a key part of the regeneration strategy not just in terms of revenue generated and homes built but also measuring the Island population's sense of well-being and confidence in their future. In order to achieve a successful recovery from the Covid -19 pandemic, contribute to financial stability and improve the economic prosperity, well-being and quality of life of Islanders the Inspiration Island strategy and supporting Island Investment Plan continues to represent the most effective response given current resources.
52. Working with the Health and Well Being Board, a common set of key measures are being developed to complement the regeneration programmes own qualitative and quantitative data collection
53. The programme and project management approach being implemented by the programme clearly identifies intended outputs and their contribution to overall programme outcomes linked to the key themes.

RECOMMENDATIONS

- Cabinet to approve the Island Investment Plan (Appendix 1) as the basis for funding applications to government to assist with Island regeneration and recovery and require annual reports on progress with its implementation.

APPENDICES ATTACHED

Appendix 1: Island Investment Plan

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