

**DEVELOPER CONTRIBUTIONS THROUGH S106 AGREEMENTS FOR PUBLIC REALM
IMPROVEMENTS IN SHEPshed TOWN CENTRE**

REVIEW OF FORMULA FOR CALCULATING S106 CONTRIBUTIONS

INTRODUCTION

Developer contributions are requested towards town centre public realm improvements to ensure development directly contributes to the regeneration of Shepshed in accordance with Policy CS1, CS8 and CS9. Contributions are requested to improve accessibility and enhance the pedestrian environment and public realm in Shepshed town centre. This is to shape and equip Shepshed town centre to support the expanding community to access services and facilities locally and development contributes to regeneration, an objective which underpins the development strategy.

Contributions secured will be used to fund the Shepshed Town Centre Public Realm Project. This project has identified, designed and consulted on a scheme of improvements to the Market Place, Bull Ring, Hall Croft and Field Street, based on the Shepshed Town Centre Masterplan. The project has been commissioned using developer contributions, capital funding forward funded from the Council's capital plan and funds secured through the Leicester and Leicestershire Enterprise Partnership and UK Shared Prosperity Fund will require further funding to complete and respond to the impact of new residents.

A developer contribution of £239 per dwelling was identified in 2015 based on indicative scheme costs available at that time to ensure development directly contributes to the regeneration of Shepshed, including improving accessibility and enhancing the pedestrian environment and public realm in the town centre, in accordance with Policy CS1, CS8 and CS9. In view of detailed costings for delivering the Shepshed Town Centre Public Realm Project becoming available recently, a decision has been made to recast the formula for calculating developer contributions through S106 agreements, to ensure future development continues to make an appropriate contribution to the regeneration of Shepshed.

BACKGROUND

Charnwood Local Plan Core Strategy Policy CS1 plans positively for 1,200 homes within and adjoining Shepshed to support its regeneration. Policy CS1 supports sustainable development which contributes towards meeting the Borough's remaining development needs which supports the strategic vision which describes a regenerated Shepshed in 2028.

Shepshed Town Centre is identified as one of seven priority areas for regeneration in the Borough. Policy CS8 supports development which contributes to the vitality and viability of Shepshed and makes a commitment to work with our partners to prepare a Shepshed Regeneration Masterplan.

Policy CS9 supports new developments that directly contribute to the regeneration of Shepshed and improves accessibility to Shepshed town centre through signage, pedestrian and cycle routes, enhanced public transport and highway improvements and traffic management and parking initiatives and improves the pedestrian environment and the public realm.

A new Local plan for Charnwood 2021-2037 is currently subject to Examination in Public and is at modifications stage and is scheduled to be adopted in Autumn 2023. This plan restates the regeneration priority for Shepshed and sets out the expectation in Policy SUA1 that contributions will be made towards inter alia the improvement of the public realm in Bull Ring, Hall Croft, Field Street and Market place, town centre vitality and viability and the provision of managed

workspace and small business start-up space. This policy is reflected in the wording of site specific allocations in Shepshed that may contribute at least 2,001 new homes to 2037.

The Council is working closely with the Shepshed Town Team, with support from Shepshed Town Council on the Shepshed Town Centre Public Realm Project which will improve the public realm within Shepshed town centre. It covers improvements in Market Place, Bull Ring, Hall Croft and Field Street. The scheme has been informed by the Shepshed Town Centre Masterplan (2013) and will improve public realm, existing pedestrian routes and connectivity to ensure the centre is more accessible and attractive for pedestrians. The project is being taken forward in two phases, with implementation according to the level of resources that have been secured. Detailed scheme designs have been prepared for Phase One (Market Place) and Phase Two (Bull Ring and Hall Croft).

For more information:

- Shepshed Town Centre Project: <https://www.charnwood.gov.uk/pages/shepshed>
- Shepshed Town Centre Masterplan: <https://www.charnwood.gov.uk/pages/shepsheddraftmasterplan>

REVIEW OF FORMULA FOR S106 DEVELOPER CONTRIBUTIONS

A detailed cost estimate of £2,436,000 was prepared for Phase One and Two in May 2022. The project has been commissioned using developer contributions, capital funding from the Council and funds secured through the Leicester and Leicestershire Enterprise Partnership and UK Shared Prosperity Fund.

A total of £2,474,956 capital funding has currently been secured for the project. This comprises of:

- £730,000 forward funding allocated in the Borough Council's Capital Plan
- £294,956 in receipts from existing S106 Agreements related to developments in Shepshed
- £600,000 from the Business Rates Pool Fund
- £850,000 from UK Shared Prosperity Fund

The Borough Council appointed contractors in January 2023 on a two stage Early Contractor Involvement contract for the pre-construction and construction phases of the Market Place element of the scheme. The contractor has submitted a Target Cost for the construction phase of the works in Market Place. This brings the total estimated cost for the Market Place scheme (including project on-costs and contingencies) to £2,475,097.84. This means the total estimated cost for the Market Place scheme can be met within the existing project budget. However, in order to bring forward Phase Two of the project (i.e. Bull Ring and Hall Croft) additional forward funding will be required. Based on 2022 CapEx estimates, an additional £500k forward funding will be required to deliver Phase Two. The total cost of the project as a whole is now estimated to be £3.0m

In light of firm costings for Phase One (Market Place) of the Shepshed Town Centre Public Realm Project and a decision from Cabinet in April 2023 to proceed based on these costings, a decision has been taken to review the formula for calculating S106 contributions from developers bringing forward sites in Shepshed.

The revised formula has taken into consideration the following:

- Borough Council forward funding of £730k

- Funding shortfall of £500k for the Phase Two of the project

In view of the above, a contribution of £688 per dwelling will be requested for future developer contributions through S106 agreements (which will be index linked). These contributions are considered to meet the three tests set out in the Community Infrastructure Levy Regulations. The formula will be kept under review and amended to ensure it takes into consideration the future cost of additional projects to achieve the regeneration of Shepshed, as indicated in the Town centre Masterplan.

While the policy will be applied to planned and unplanned residential developments in Shepshed, Appendix 1 provides a breakdown of the potential future S106 contributions from planned housing developments in Shepshed. Based on a contribution of £688 per dwelling and the policy reflecting site specific allocations in Shepshed may contribute at least 1,798 new homes to 2037, this would result in an overall developer contribution of approximately £1,237,024.

REVIEW OF FUTURE DEVELOPER CONTRIBUTIONS THROUGH S106 AGREEMENTS FOR PUBLIC REALM IMPROVEMENTS IN SHEPshed TOWN CENTRE ARISING FROM PLANNED SITES

Ref	Site Location	Application Number	Number of Dwellings*	Proposed New S106 Formula (£688 PD)
HA30	Land off Fairway Road, Shepshed		100	£68,800
HA32	Land off Tickow Lane (South)		325	£223,600
HA33	Land Off Oakley Road, Shepshed		204	£140,352
HA34	Land off Tickow Lane (north), Shepshed		394	£271,072
HA35	Land North of Hallamford Road and west of Shepshed		250	£172,000
HA36	20 Moscow Lane, Shepshed		49	£33,712
HA37	Land east of Iveshead Road, Shepshed	P/22/2229/2	55	£37,840
HA38	Land to rear of 54 Iveshead Road		5	£3,440
HA39	Land fronting Ashby Road & Ingleberry Road & north of Iveshead Lane		151	£103,888
HA40	Land to west of B591/Ingleberry Rd & north of Iveshead Lane	P/20/2162/2	200	£137,600
HA41	Land south of Ashby Road Central	P/21/2045/2	50	£34,400
HA43	32 Charnwood Road, Shepshed	P/21/1217/2	15	£10,320
TOTAL S106 CONTRIBUTION			1,798*	£1,237,024

*Total dwelling numbers will depend on the details of the respective planning applications.