

HOUSING GROWTH FUNDS 2008/9 to 2010/11 AND BUSINESS PLAN

To: **Cambridgeshire Horizons Board**

Date: **12th December 2007**

From: **Director for Development**

Purpose: **To update Board members on the current situation with Housing Growth Funds for 2008/9 to 2010/11**

Recommendation: **The Board is asked to:**

- a) Note and comment on the award from Government for housing growth funds.**
- b) Approve Addenbrooke's Access Road as highest priority for 2008/9 for the Rolling Infrastructure Fund.**
- c) Agree to further work being carried out on the allocation of funds to be discussed at a Founder Members meeting in January and brought back to the Board in March.**

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1. BACKGROUND

- 1.1 In September, Cambridgeshire Horizons, on behalf of the local authority partners, submitted *Growing Cambridgeshire*, a bid for Housing Growth Funds (HGF), also known as Growth Area Funds Round 3 (GAF3) for 2008/9 to 2010/11. The submission document and project details are shown at Appendix 1 and 2 and also available on the Cambridgeshire Horizons website at:

http://www.cambridgeshirehorizons.co.uk/doclib/Cambs_PoD_to_print.pdf

http://www.cambridgeshirehorizons.co.uk/doclib/Cambs_PoD_Section_9_project_detail.pdf

- 1.2 The bid, which was approved by the Board, totalled nearly £130Mn and is summarised in Table 1 below.

	2008/9	2009/10	2010/11	Total
Northstowe	5107	8437	7382	20926
Cambridge Urban Fringes	0	8000	8000	16000
Market Towns and Other Major Settlements	5866	11350	7075	24291
Strategic	3995	6115	4611	14721
Revenue	6000	5200	5400	16600
Rolling Infrastructure Fund	26800	9750	750	37300
Total	47768	48852	33218	129838

- 1.3 The proposals had been subject to a prioritisation process to ensure that the most important deliverable projects in terms of implementing the sustainable growth programme were included in the submission.
- 1.4 The Board agreed that further prioritisation of HGF should be undertaken by the Founder Members (excluding English Partnerships) with the Chairman and officers of Cambridgeshire Horizons, and a further report brought back to the Board. The meeting is being scheduled for January.
- 1.5 The announcement from CLG was made on the 4th December. Details of the award are given in Appendix 3. In summary, the award for capital for 2008/9 is positive; Cambridgeshire has been awarded £14.2m against a bid of £15.0m. Indicative capital for the following two years is £19.9m in total, however, this figure is to be firmed up following consultation on the new approval early in the New Year.

- 1.6 HGF will be more flexible than early GAF rounds. Up to now, projects approved by Government have been tightly ring fenced. However, for 2008/9 capital funds have been awarded on a block allocation basis, with freedom for local partners to allocate funds within annual totals.
- 1.7 Revenue has been awarded separately from capital. £727,355 has been awarded for revenue for 2008/9, with a further £1,041,273 indicative to 2010/11. This is substantially less than the amount sought in the submission. However, at this stage no decision has been made on LDV core funds (expected January) or on the rolling fund.

2. ROLLING INFRASTRUCTURE FUND AND ECO TOWNS

- 2.1 In addition to capital and revenue funds, Government is expected to award monies for a Rolling Infrastructure Fund to provide for early investment in infrastructure on certain major sites to allow development to commence; monies would be recovered from developers as sales of property are realised. Receipts will be recycled to fund future schemes – the process will need to be formalised in the Section 106. Progression with the fund is linked to the implementation of the Section 29 Committee, which is to be considered formally by local authorities early next year. However, no announcement has yet been made.
- 2.2 Government is also considering proposals from potential developers for new eco towns across the growth areas. Horizons, the County Council and South Cambridgeshire District Council, have jointly made strong representations to Government that Northstowe, as a prototype eco town, should receive additional funding to support the eco town objectives. The Minister has welcomed the suggestions from the local partners.
- 2.3 Representations have also been made by Huntingdonshire District Council that a proposed eco urban extension at St Neots (see item 11), which potentially provides additional homes to the current allocations, should be considered as part of the eco town agenda.
- 2.4 It is hoped that both these projects will receive additional funds from Government in support of delivery of the eco town agenda, although it is unclear at the time of writing whether such funds would be incorporated into the HGF award.
- 2.5 It is vital that work on Phase 2 of the Addenbrooke's Access Road, which will provide access to much of the Southern Fringe development and relief to local roads, commences in early 2008/9, both to facilitate the development and take up planned possessions of the railway line. Any delay to this scheme would lead to a substantial delay to the implementation of the development. Progress will need to tie in with planning approval for the development sites, programmed for the next few months, and the related Section 106 Agreement,

which is currently being negotiated by the local authorities, supported by Horizons.

- 2.6 Therefore, it is proposed that the Addenbrooke's Access Road should be treated as highest priority for any Rolling Infrastructure Fund awarded.
- 2.7 In the event of insufficient funds being available for the above scheme, consideration will need to be given to other means of contributing to the Rolling Fund, such as local authority prudential borrowing and / or allocation of HGF mainstream funds.

3. PRIORITISATION OF GROWTH FUNDS

- 3.1 Advice from CLG is that funds should be targeted at delivery of homes and communities and used flexibly to address barriers to delivery. Consideration will also need to be given to strategic schemes that do not align to any one particular development, but are essential to the sustainable growth agenda. It is therefore necessary to identify top priorities and to continue to review the programme.
- 3.2 Following a Founder Members meeting to be arranged for January, a further report, setting out a firmed up programme and priorities, will be brought to the March Board meeting.

4. BUSINESS PLAN

- 4.1 The Business Plan for 2008/9 to 2010/11 was approved by the Horizons Board in September 2007. The Plan will be updated to take account of the HGF announcement and subsequent LDV core funding announcement and brought back to the Board in March 2008.