

**CAMBRIDGESHIRE HORIZONS**

**Agenda Item No: 11**

**Investment Package – Overview**

*To:* **Cambridgeshire Horizons Board**

*Date:* **25<sup>th</sup> March 2009**

*From:* **Chief Executive, Cambridgeshire Horizons**

*Purpose:* **To give an overview of the Investment Package (Items 11a through to 11e)**

*Recommendation:* **That the Board note the interrelationship between the various proposals.**

**That the Board note that the overall purpose of the investment package is (taking into account the changed economic circumstances) to test options for delivering against the high-level objective agreed at the last Board:**

***"to target funds where they can deliver most value for money and be most effective in bringing housing and infrastructure projects forward"***

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## **Introduction**

The five papers that follow outline a range of issues related to investment and funding decisions. They are all, to a greater or lesser extent, linked to the recession and what measures the Board may wish to take in order to respond to the more difficult economic climate we are facing.

Each paper presents its own particular issues, but there is a significant degree of overlap between them, which is why they are being presented as a package. This short overview paper sketches out the linkages, and outlines how each of the subsequent papers addresses the challenges brought on by the economic downturn.

Together, these papers represent the efforts by Cambridgeshire Horizons and its partners to enhance our ability to deliver our stated objectives for sustainable growth as set out in the business plan and captured in the Quality Charter for Growth.

Many of these measures also present means by which developments could come forward or be completed sooner than would otherwise be the case. If achieved, this would provide a boost to the local economy at a time when other economic activities may be reducing.

## **Summary of the papers in the investment package**

In a very brief summary, the papers within the investment package are:

### **A) Housing Growth Fund (HGF) allocation**

This paper recommends a broad allocation of HGF for 2009-11, split between the Urban Fringe sites (flexible fund), the market towns, Northstowe, green infrastructure, the ICE project and Cambridge Station Gateway. The details of projects underneath these broad headings to be dealt with under the funding agreement process already in place for existing HGF projects, with reference to JSGIC for major decisions under the urban fringe flexible fund.

### **B) Cambridgeshire prospectus**

This is a draft document outlining a potential partnering arrangement with the HCA, as a basis for an ongoing shared approach to delivery of new homes, affordable homes, supporting infrastructure and funding solutions. It has been shared as a draft with colleagues at the regional HCA office, and with the central HCA team in London.

### **C) Integrated Development Programme**

A draft document that builds on, and updates, the earlier Long Term Delivery Plan analysis on infrastructure costs, and allies this with the key economic interventions (drawing from GCP's analysis) that are needed to ensure we

deliver a balance in the mix of homes and jobs. This document provides a strong evidence base to enable informed prioritisation between various projects, and enhances Cambridgeshire's ability to draw down funding from EEDA and other national funding sources. Critically, it also forms a key part of the supporting evidence base for the proposed variable rate tariff (see below).

#### **D) Proposal for a variable rate tariff**

This paper outlines the proposal to replace the current s106 system of collecting developer contributions with a "roof tariff" which would apply to all new homes. It would provide significant more revenue when compared to the existing developer contribution collection systems. It would also increase certainty for developers and local authorities, and create a fairer approach as all new homes place some strain on the infrastructure in the county and yet at the moment some 40 per cent contribute nothing to the infrastructure pot. There is a linkage to the IDP as this is part of the evidence base to support the tariff, and could persuade EEDA to help with the tariff proposals, and to the Prospectus which includes a suggestion that the HCA could help to get the tariff established in the first instance by means of a loan.

#### **E) Local Asset Backed Vehicle (LABV)**

This piece of work is at a much earlier stage than the others listed above. It outlines a possible means by which the public sector could pool its assets (land, revenue streams, cash) into a joint venture with private sector institutional investors (such as pension funds, mutual building societies) and to invest the combined funds into growth projects which may have stalled or slowed. The potential advantages are that this could kick-start schemes within the approved spatial strategy that are slowing, and represent a good investment over a medium-term for public and private investors. It could also enable the public sector consortium to specify a higher quality for the developments they were involved in (effectively requiring them to be Quality Charter-compliant) and using housebuilders simply as contractors. Planning permission would still be needed from the relevant planning authority, but this approach could guarantee quality outcomes more readily than trying to do so through the planning system alone. There is however a problem in relation to how quickly a LABV could be delivered, and there may be a requirement to deploy HGF (see item a) more quickly through bilateral deals, which could reduce the available public funding to get a LABV up and running.

#### **Matrix of objectives**

The matrix below sets out a list of some of the current pressing issues relating to the delivery of sustainable communities, and gives a rough estimate of how far the various initiatives within the investment package could contribute to easing or resolving these.

	<b>HGF</b>	<b>Prospectus</b>	<b>IDP</b>	<b>VRT</b>	<b>LABV</b>
<b>Quicker delivery</b>	√√	Maybe	Maybe	√	√
<b>Better quality</b>	√	Maybe	Maybe	√	√√
<b>Certainty of developer funding</b>				√√	
<b>Increased ability to borrow</b>	Partly			√√	
<b>Increased chance of cash for up-front infrastructure</b>	√	√	√	√	√
<b>Ability to leverage other funding</b>	√	√	√	√	√√
<b>Fairer system</b>				√	

The views of the Board are invited.