

The Cambridgeshire Prospectus

***A prospectus for investing in new housing and infrastructure
projects in Cambridgeshire***

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Executive Summary

Cambridgeshire has been at the heart of the Government's housing growth agenda for many years, but like the rest of the country, has seen progress slow in the face of a steep economic downturn.

The creation of the Homes and Communities Agency, combining the skills and resources of the Housing Corporation and English Partnerships, could not have come at a better time. With a reduction in the availability of bank finance, and with developers facing tough times, the HCA needs to deploy available public funds urgently to advance key growth and regeneration projects. But the HCA can only succeed if it is able to work effectively with local areas to deliver shared objectives.

Cambridgeshire offers a uniquely attractive package for investment in delivering sustainable communities, including:

- Acute and strongly-evidenced housing need, as shown in the Strategic Housing Market Assessment and reflected in the regional economic and spatial strategies, so that demand for housing remains strong and the market will bounce back more quickly once the recession eases;
 - An economy that is relatively resilient in the face of difficult macro-economic circumstances, with high levels of employment and good future growth potential;
 - A sound and well-supported spatial strategy that gives a clear indication of where growth and infrastructure will come forward, underpinned by a shared vision across authorities and political parties to deliver high-quality growth;
 - A suite of major housing development sites that are oven-ready, particularly those on the southern fringe of Cambridge, and which represent excellent prospects for delivering a return on investment;
 - Stable and well-functioning partnership mechanisms, co-ordinated through Cambridgeshire Horizons as a well-established Local Delivery Vehicle, and with joint planning across the County, City and South Cambridgeshire District Councils;
 - A track-record of innovation and flexibility, and the vision to embrace radical new solutions to delivering new homes and communities;
 - A strong commitment to delivering quality in our new settlements, backed up by a strong analytical base through our quality of life studies, our Quality Charter for Growth, and our Long Term Delivery Plan.
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Investing in Cambridgeshire represents excellent value for money and will deliver major settlements quickly, showing how public funds can act counter-cyclically to the market, boost employment, and enhance confidence across the country

Section 1: Purpose

The Cambridgeshire Prospectus sets out a unique vision for delivering high-quality, sustainable housing growth for the current and future residents of .Cambridgeshire.

It presents opportunities for investment in an area which boasts one of the strongest and most resilient economies in the UK, is at the forefront of the plans for a step-change in the delivery of housing against the backdrop of clearly evidenced housing shortages, and offers superb long-term investment value in the sites that are already earmarked for major development.

This document describes our proposals for a pilot partnering project with the Homes and Communities Agency.

In the chapters that follow, the prospectus:

- sets out the objectives and targets for sustainable growth in Cambridgeshire;
- describes the underpinning evidence base supporting growth, and analyses the position of the local economy, housing and labour markets;
- summarises the spatial and infrastructure strategy through to 2021, and profiles the major development sites;
- considers the impact of the economic downturn and profiles some innovative approaches to delivering much-needed homes in a changed economic environment;
- explains the strong delivery and governance mechanisms already in place;
- illustrates the strength of the existing skills and capacity across the county, and;
- concludes with a summary of the proposal to the Homes and Communities Agency.

Section 2: Objectives and targets

Context

Cambridgeshire Horizons was set up in 2004 by the six local authorities in Cambridgeshire, the regional development agency and English Partnerships, to help deliver the vision shared by local and central government to create sustainable and vibrant new communities in Cambridgeshire.

The vision set by the founding members was for places where people want to live and work and which enhance the overall quality of the area. This was set out in the 2003 Cambridgeshire and Peterborough Structure Plan, and was rolled forward into the 2008 East of England Regional Spatial Strategy (The East of England Plan).

New communities will make a major contribution to the future prosperity of Cambridgeshire, providing homes and infrastructure to support the economy, providing better opportunities for existing and new residents and doing more to reduce their carbon footprint, and to adapt to likely future climatic conditions.

Key regional strategies

An area of outstanding recent economic performance and seemingly more resilient to the recession than many other parts of the country, Cambridgeshire offers potential for significant delivery of new jobs and homes over the next decade and beyond.

Cambridgeshire is part of the London-Stansted-Cambridge-Peterborough growth area. Leaders across the county have long accepted the need to increase the rate of housing growth and associated infrastructure delivery, as set out in the Regional Spatial Strategy (the East of England Plan) – our basis for planning to 2021.

The Regional Economic Strategy (RES) also makes reference to the importance of this agenda, setting out sub-regional economic ambitions and recognising Cambridge as a key engine of growth, but one whose future economic success depends to a large part on the successful delivery of additional homes and infrastructure.

The RES sets out a vision for the East of England, with bold targets and priorities to drive forward in a globally competitive environment. The vision is for it to be:

- Internationally competitive with a global reputation for innovation and business growth.
- A region that harnesses and develops the talents and creativity of all.
- At the forefront of the low-carbon and resource-efficient economy.

And known for:

- Exceptional landscapes, vibrant places and high quality of life.

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- Being a confident, outward-looking region with strong leadership and where communities actively shape their future.

This vision can only be achieved if Cambridgeshire maximises its contribution, and that in turn depends upon the successful delivery of a significant number of new homes and associated infrastructure.

Statutory Targets - housing

Across Cambridgeshire, 73,300 new homes are to be built between 2001 and 2021¹. Around 35% of these are expected to be affordable homes, and in Cambridge City and South Cambridgeshire, this is expected to be 40%. Taking into account the homes already built from 2001 to 2006, over 59,000 homes are still needed (2006 to 2021) to meet these targets (see table).

	Minimum dwelling provision 2001 to 2021		
	Min to build 2001 to 2021	Of which already built 2001 to 2006	Still to build 2006 to 2021
Cambridge City	19,000	2,300	16,700 (1,110 pa)
East Cambridgeshire	8,600	3,240	5,360 (360 pa)
Fenland	11,000	3,340	7,660 (510 pa)
Huntingdonshire	11,200	2,890	8,310 (550 pa)
South Cambridgeshire	23,500	3,620	21,380 (1,330 pa)
Total for Cambridgeshire	73,300	15,390	59,410

Statutory targets - jobs

For 2001 to 2021 the indicative target for net growth in jobs for Cambridgeshire is 75,000. This represents some 17% of the Region's total indicative target of 452,000 jobs. The value-added nature of many of the jobs in Cambridgeshire is particularly high, especially for those based in the high-tech, bio-tech and medical research clusters around Cambridge, and there is a clear link to the housing targets - insufficient housing availability has a negative impact on the economy.

Objectives : A strong commitment to high quality growth

Through our detailed quality of life studies², and in our Quality Charter for Growth, we have agreed a series of principles to achieve better growth outcomes.

The Quality Charter for Growth identifies what matters most for Cambridgeshire, and is designed to help people understand the 'big picture' of housing growth.

¹ Cross-reference RSS

² Insert refs to Balanced&Mixed, Green Infra, Arts, Sports etc

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The Charter has been built upon well-established local priorities, enhanced by learning from experiences of excellence elsewhere in the UK and Europe. It summarises the core principles for achieving higher quality under four broad themes:

- **Community** (*providing a greater choice of housing along with the active participation of people in the way their neighbourhoods are run*)
- **Connectivity** (*new developments should be located where people can benefit from high connectivity to jobs and services, and the infrastructure upgraded to match the pace of development*)
- **Climate** (*climate change should be tackled through imaginative landscaping that treats water as a friend not an enemy, and through innovative approaches to transport, energy and waste*)
- **Character** (*places of character should be created, with distinctive neighbourhoods and a first class public realm*)

...all to be achieved through working collaboratively across all sectors within the growth partnership.

Section 3: Evidence Base

Supporting our focus on delivering growth is a strong analytical framework, and a sound understanding of the economic and housing fundamentals. Together, these provide a strong evidence base for the targets and objectives set out in the previous section, and also demonstrate the attractiveness of Cambridgeshire as a location for investment.

Clear evidence of acute need for more homes

In June 2008 the Cambridge housing sub-region's first strategic housing market assessment (SHMA) was published. The Cambridge housing sub-region comprises all of Cambridgeshire plus the neighbouring districts of Forest Heath and St Edmundsbury.

This groundbreaking piece of analysis was undertaken through a project team including district housing and planning colleagues, English Partnerships, the Housing Corporation, developers and land owner representatives, GO-East, EERA, and was steered by a wider partnership group of around 120 stakeholders.

The SHMA enables us to provide more secure planning policy across the housing sub-region, and more consistently evidenced decisions. It also provides a foundation of data, which we can grow and learn from in future.

The SHMA provides a wealth of information for the Cambridge housing sub-region, including the effects of demographic change and economic plans. Key to the assessment is the affordability of homes in our area. In August 2008, in Cambridge City, the average house cost nearly 9 times more than the average person earns – making it out of reach for most people. The area with the most affordable housing is Fenland, where the average property price will still set you back 5.9 times the average salary.

Building communities, not just houses

New communities cannot be considered in isolation. Who lives there will have an effect on who lives elsewhere and will alter the balance of existing neighbourhoods. If new communities are seen as the most desirable places to live (in both the market and the affordable sector) this will impact on the mix of households living elsewhere in the locality and may be sufficient to tip marginal areas or estates into failure unless delivery of attractive new residential neighbourhoods is balanced by measures to enhance the attractiveness of existing neighbourhoods and ensure that they share in any general uplift in prosperity or housing standards.

However, if new developments progress too slowly or without essential community facilities, or wider infrastructure, there could be major concerns about social cohesion and opportunities for new residents, as well as environmental outcomes.

Therefore, it is vital that growth in Cambridgeshire progresses at a sufficient rate to meet housing needs, in a manner that complements and contributes to existing communities, and supports the long-term economic prosperity of the county.

Costed Infrastructure Plans

Our Long Term Delivery Plan (LTDP) gives us a solid evidential basis for our infrastructure needs over the RSS period 2001 to 2021.

The largest element of this is for transport infrastructure, with health, education and community facilities also major components. Prepared by Deloitte on behalf of the local partners, the plan identifies total expenditure of just under £4bn from 2001 to 2021. It includes estimates of committed and anticipated expenditure, including expected developer contributions. The LTDP suggests a *minimum* funding gap of £763m over the assessed period, but this was based on optimistic assumptions about the level of developer contributions, and that the Transport Innovation Fund monies linked to the introduction of congestion charging would be forthcoming.

The LTDP is currently being updated to address the challenges of the low carbon agenda. It is also being developed, with the support of the East of England Development Agency, and the Greater Cambridge Partnership, into an Integrated Development Programme (IDP) for Cambridgeshire.

The IDP aligns our spatial and economic objectives, prioritises between competing investment options, links to the key infrastructure needs such as water, energy and transport, and provides a firm basis for implementation of the economic and spatial strategies. As such, it provides an excellent basis for the “single conversation” approach put forward by the HCA.

This evidence base is further supported by the SHMA and strong Local Development Frameworks, including Area Action Plans, either complete or in preparation, for the major development areas.

Economic resilience

Cambridgeshire has shown considerable resilience to date in the face of the economic slowdown, with one of the lowest increases in unemployment levels in the UK, and with an economic structure in the major urban settlement which has limited exposure to those segments of the economy (such as banking and financial services) which have been most affected by the credit crunch, and high exposure to sectors such as health and education, which are less impacted by the recession. This analysis was confirmed in the recent Centre for Cities report, which showed Cambridge in the top ten performing cities in the UK, against all its major indices³.

[Insert latest JSA figures - shows one of lowest increases in UK]

³ Centre for Cities, Cities Outlook 2009

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The underlying economic fundamentals for Cambridgeshire are sound, with Cambridge in particular boasting one of the best-qualified labour forces in the country, see table below.

[Insert skills data table from Centre for Cities]

Strong economic growth prospects over the medium term

Cambridgeshire is identified in the Regional Economic Strategy as a major engine for growth, with a strong economy, and is one of the few truly international brands that the UK has. Jobs increased by 15,000 between 1999 and 2004, and are projected to grow by 75,000 between 2001 and 2021 across the county, placing further demands on the local housing stock and infrastructure to support sustainable growth.

The economic success of the Cambridge sub-region has made it one of the most attractive places to live and work in the UK. It offers a vibrant commercial network, world-famous research and academic institutions, and a high quality of life which continues to draw enterprises and people from around the country and the world.

Cambridge is one of the most important engines for economic prosperity in the East of England and the UK. The city of Cambridge has an economic footprint that extends far beyond the immediate surroundings to include the whole of the East of England. Through the research outputs of the University of Cambridge, through the success of the Cambridge Phenomenon and the commercialisation of ideas in the high-tech, biotech and medical sectors, Cambridge has become home to one of the world's leading technology clusters. Cambridge is not only the key hub for the East of England, it is also part of the greater South-East of England, with strong connections to London and one of the highest levels of venture capital investment in the UK. The unique nature and special character of Cambridge complements the global city of London, further strengthening Cambridge's role in the national economy.

Our growth strategy also recognises the importance of strengthening the economies of our market towns, exploring the potential for new developments to contribute to the delivery of a low-carbon economy through use of renewable energy and advances in telecommunications, particularly in the more rural parts of the county.

The characteristics of the Cambridgeshire economy mean that it is well placed to attract investment that might otherwise locate elsewhere internationally. The continuation of the remarkable economic development story of Cambridgeshire, which is also critical to the performance of the wider UK economy, depends in large part on the delivery of new homes and infrastructure, particularly transport and low-carbon infrastructure, so that growth is not hampered by unaffordable housing and unacceptable congestion.

A solid planning platform

The strength of the analysis that went into the 2003 Structure Plan, and the levels of support this garnered as a solid platform for delivering sustainable growth, have

stood Cambridgeshire in good stead as growth plans have matured, and the philosophy of that growth strategy has survived intact in the Regional Spatial Strategy, published by the Secretary of State in 2008.

This means that, despite the unfortunate slowing of progress linked to the changed macro-economic environment, there is a high degree of certainty as to the desirability and deliverability (over the medium-term) of major growth sites.

Major sites which are ready to go

Land allocated for residential development in Cambridgeshire, including around the edges of Cambridge and at the new town of Northstowe, comprises some of the most attractive development opportunities in the country.

While the current economic downturn may temporarily have slowed progress towards delivery of sustainable new communities, sites are well-positioned to deliver swiftly as conditions improve. For instance, planning permission has been granted for around 4,000 homes at the Southern Fringe of Cambridge, subject to completion of Section 106 agreements, and developers are in place for the major sites to be delivered first at the Southern Fringe and North West Cambridge.

Balancing these large strategic sites, our market towns and other major settlements have the capacity to deliver additional housing and related development with appropriate funding support. These settlements fulfil both historic and newly-emerging roles as local service centres and are now acting as established focal points to support a significant proportion of the new housing and employment growth planned for Cambridgeshire.

Strong and continuing demand

The demand for new housing comes from:

- a) inward migration to the area from other parts of the UK, Europe and beyond;
- b) a growing and ageing population;
- c) lifestyle changes in the population at large, including many more single-person households, resulting in increases in the numbers of new household formations, and;
- d) an existing shortfall in housing supply.

The current economic situation, with a declining housing market, the credit crunch and reduced availability of mortgage finance are reducing access for individuals to all elements of the housing market and have impacted on land values.

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More widely, general economic uncertainty and loss of confidence are having impacts across the country, although the Cambridgeshire economy and housing market may be less affected than some other areas, it is still feeling the impact.

Whilst there may be some downward adjustment to the predicted levels of inward migration to Cambridgeshire, the pressure on housing remains acute. Housing shortages have led to very high prices and increased commuting distances. First time buyers have struggled to get on the housing ladder and the level of affordable and key worker housing must increase significantly to meet needs.

At the forefront of the green economy

Cambridgeshire provides a great opportunity to build on success. However, the future of the County will not be one of unconstrained growth. Cambridgeshire will increasingly focus on low carbon technology to develop an economy that is financially and environmentally sustainable, and indeed this may prove to be a rich seam as the global economy shifts towards “green collar” jobs.

We have firm foundations for this exciting and innovative future, with a track record in innovation across a range of disciplines, and in the housing arena, having delivering high-quality low-carbon developments such as the Stirling Prize- winning Accordia, imaginative sustainable transport solutions such as the Cambridgeshire Guided Busway, and the SmartLife centre, which is driving forward modern methods of construction.

We are now working on a low carbon strategy, a renewable energy project for Northstowe and the International Climate Exchange, which will nurture the growth of low carbon enterprises and practical skills related to renewable energy solutions.

Flexibility and Innovation

As we have responsive and active partnerships, a problem-solving approach and positive, analytical grounding we can respond to change quickly and effectively.

In the current market we are exploring innovative uses of public funding, including the Housing Growth Fund; ways to respond to mortgage and development restrictions through a more flexible approach to housing tenure; pioneering creative thinking around section 106 agreements, tariff models, and investigating options for a local asset backed vehicle.

Cambridgeshire: resilient during a downturn, quick to respond to an upswing

Section 4: A strong platform for delivery

The spatial strategy

As noted earlier, Cambridgeshire benefits from having a Countywide spatial strategy that has strong support from all the authorities in the County. The strategy is closely linked to investment in infrastructure investment.

Infrastructure being delivered - transport

Flowing from the spatial strategy are a series of critical infrastructure investments, many of which will be delivered in the near future, so providing a better platform for delivering housing growth

The Cambridgeshire Guided Busway linking the Southern Fringe of Cambridge with the City Centre and onwards to the Science Park / Northern Fringe, Northstowe and St Ives, with connections through to Huntingdon, is due to open during summer 2009. The scheme has been funded by Government grant and local authority prudential borrowing, which is to be recovered from developer contributions.

Meanwhile, a combination of Housing Growth Fund, Rolling Fund and local authority prudential borrowing has been used to forward fund the Addenbrooke's Access Road, improving access to the hospital and the forthcoming bio-medical research campus, easing congestion on existing routes, and opening up the Southern Fringe for development.

The A14 trunk road is programmed for a major upgrade and re-routing by the Highways Agency. This is a massive project, long in the gestation, which is now scheduled for completion by 2016.

On rail, the Regional Funding Allocation includes proposals for a new station at Chesterton, which will provide improved access to the rail network from the north of Cambridge, including an interchange with the Cambridgeshire Guided Busway. Separately, Network Rail have announced plans for increased carriages on the key Cambridge to London services, and a major extension to Thameslink services which will benefit Cambridge.

Meanwhile, cycling within Cambridge will be enhanced as part of its Cycling Demonstration Town status.

Cultural and economic investments

Our strategy also provides for major cultural and economic investment, including a number of key projects in Cambridge; a creative hub (a project of this nature has

already been completed in St Neots), a major arts and conference facility and a community stadium and other sports facilities.

Green Infrastructure Strategy

Another key element to our strategy is the delivery of green infrastructure, to offset the impact of more development and to maximise the social and environmental benefits of well-managed and accessible green spaces across the County. Major projects include the Wicken Fen and Great Fen projects (supported through Housing Growth Funds), Fen Drayton Lakes (a major RSPB centre), and the Cambridgeshire Green Necklace (a series of projects that will increase green space provision around Cambridge and improve access between them, linking new and existing communities in the city to the countryside.)

Progress to date

There has been notable progress at new developments such as Cambourne and sites within Cambridge. However, much of the growth so far has been seen at smaller sites throughout the County, whilst the planned major developments around Cambridge and Northstowe, have experienced delays.

In the case of Cambridge Southern Fringe, we have achieved planning approval for major development, subject to Section 106 Agreement. In some cases, we were close to agreement on Section 106 during 2008 and envisaged sites being started in 2009.

However, the economic downturn has had a major impact on the short-term viability of these sites, resulting in developers seeking to renegotiate outline Section 106 agreements. The impact is so significant that there is no real prospect of agreement being reached simply through using established models.

The major sites

Figure X shows the main settlements of Cambridgeshire and the key transport links.

[Insert key sites diagram]

The key locations for development identified in the current plans are:

Cambridge Urban Area: Station Gateway

There are several sites being developed across the city.

Of greatest significance is the **CB1 proposal** that will deliver a mixed use development, including market, affordable and student housing, employment, retail

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and cultural facilities, and public realm infrastructure, including an improved rail and bus gateway to the city and the wider sub region.

This development is a once-in-a-lifetime opportunity to transform the area around the station into a gateway to Cambridge (indeed to the region) that will do justice to the beauty of the historic city. The quality of the built environment, and the public spaces, will revolutionise what is currently a somewhat drab entrance to the city, as well as providing a modern and effective multi-modal transport interchange.

Cambridge Southern Fringe

Approximately 4000 homes (40% affordable) will be built as a sustainable urban extension, which will include schools and community infrastructure and green spaces. The location comprises Clay Farm (up to 2,300 dwellings), Glebe Farm (up to 300 dwellings), Trumpington Meadows (1200 dwellings) and Bell School (347 dwellings) developments, plus the Addenbrooke's Bio-medical campus, which will provide for around 8,000 jobs linked to medical research and development. The area will be served by the new Cambridgeshire Guided Busway, due to open in summer 2009. The Bio-medical campus gained planning permission in November 2007 and permission, subject to Section 106 Agreement, has also been granted for Clay Farm, Glebe Farm and Trumpington Meadows.

North-West Cambridge

Approximately 4,000 homes (at least 40% affordable) will be built in north-west Cambridge as a sustainable urban extension to the city, including residential development linked to the growth of Cambridge University.

A planning application has been submitted for part of the quadrant, the NIAB site, which is planned for just under 1800 homes (at least 40% affordable).

The University site is expected to deliver up to 2500 dwellings, with around 50% of this as affordable housing to meet identified key worker needs of the University. The development as a whole will include education and community infrastructure and open spaces, with sustainable transport links to other parts of the city.

Northstowe

The proposed new town will provide 9,500 homes (40% affordable) and will be a whole new community linked to Cambridge by the Guided Busway.

Northstowe will be the country's first new town since Milton Keynes and will be an exemplar of sustainable development, especially in terms of transport; energy, waste and water; and quality of design.

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Progress with the planning of Northstowe has slowed down due to the current economic situation and discussions are currently taking place between HCA and Gallaghers, who have options on parts of the site, as to how best to proceed. The outcome of these discussions should be the catalyst for progressing the project, with a revised planning application expected later this year.

Cambridge East

Cambridge East will be a modern, high quality, vibrant and distinctive urban extension to Cambridge, comprising between 10,000 and 12,000 new homes in three areas to the East of the city: North of Newmarket Road, North of Cherry Hinton, and Cambridge Airport.

The new homes will be built alongside a wide range of employment opportunities, community facilities, schools, open spaces, and other services. The new community will be well connected to the rest of the city with a range of high quality public transport links, including a proposed extension to the Cambridgeshire Guided Busway and a network of cycle paths.

Progressing the plans to develop Cambridge East is currently linked to the issue of the relocation of the current aviation-related activities to an alternative site, which is not yet resolved.

St Neots

Government has already recognised the potential for the sustainable expansion of St Neots through the potential delivery of a significant urban extension, of approximately 5,000 homes, incorporating the existing Loves Farm development, and 25 ha of high quality employment opportunities and related community facilities, on land to the east of the town.

The proposed sustainable urban extension has the potential to act as a catalyst to enhance the sustainability of the whole community, to make good use of established and enhanced sustainable transport links and to act as a national example of renewable energy provision - by exploring the potential to re-use waste heat from the nearby Little Barford power station.

Ely

Plans are being drawn up to expand the City of Ely through a northern sustainable urban extension and regeneration of the Station area and city centre sites. The expansion, linked to provision of a Southern Bypass and sustainable travel improvements, could result in 3,000 to 5,000 homes being built by 2031. Plans are still early in development and are subject to approval through the planning process.

March

The town is the administrative centre of Fenland District and connected by rail to Cambridge and Peterborough. Proposals for 3,000 homes at sites to the west and south of the town centre are proposed. Both projects are linked to investment in learning through the proposed College of West Anglia and expansion of Neil Wade Community College Building Schools for the Future scheme. The development will reinforce the role of the town as a key local centre, and March has already been at the forefront of exemplar projects with two Smartlife Modern Methods of Construction housing schemes having recently been developed' .

Wisbech

The port area of this historic town provides the basis for a regeneration project aimed at delivering over 300 new homes, retail and cultural improvements, linked to new jobs at the already complete Boathouse innovation incubator project and future growth in port related commercial and tourism activity. In addition, a further 2,000 homes at sites around the town are proposed. This is likely to involve partnership working by linking up with development proposals in neighbouring Kings Lynn and West Norfolk being promoted through their Local Development Framework process.

Huntingdon

Huntingdon is strategically located in respect of nationally important transport links – on the East Coast mainline and at the inter-section of the nationally important A1 and A14 trunk roads.

Growth funds have already been used to stimulate regeneration of parts of the Oxmoor estate including direct contributions towards new affordable homes and enhanced community facilities.

Funding is also being made available to deliver new road infrastructure on brownfield land to the west of the town centre and in the Hinchingsbrooke area; which will create capacity for the expansion of the town centre, stimulate new housing and employment growth and ensure the early delivery of key public infrastructure (including enabling the relocation and enhancement of the regional further education college).

Other sites

There are a number of sites being developed or considered for development across the County, including Orchard Park on the edge of Cambridge, Cambourne and sites in Cambridge and the market towns. South Cambridgeshire District Council is currently reviewing site allocations in the district in response to the need for additional sites. A number of alternatives are under consideration.

Section 5: Delivery and governance arrangements

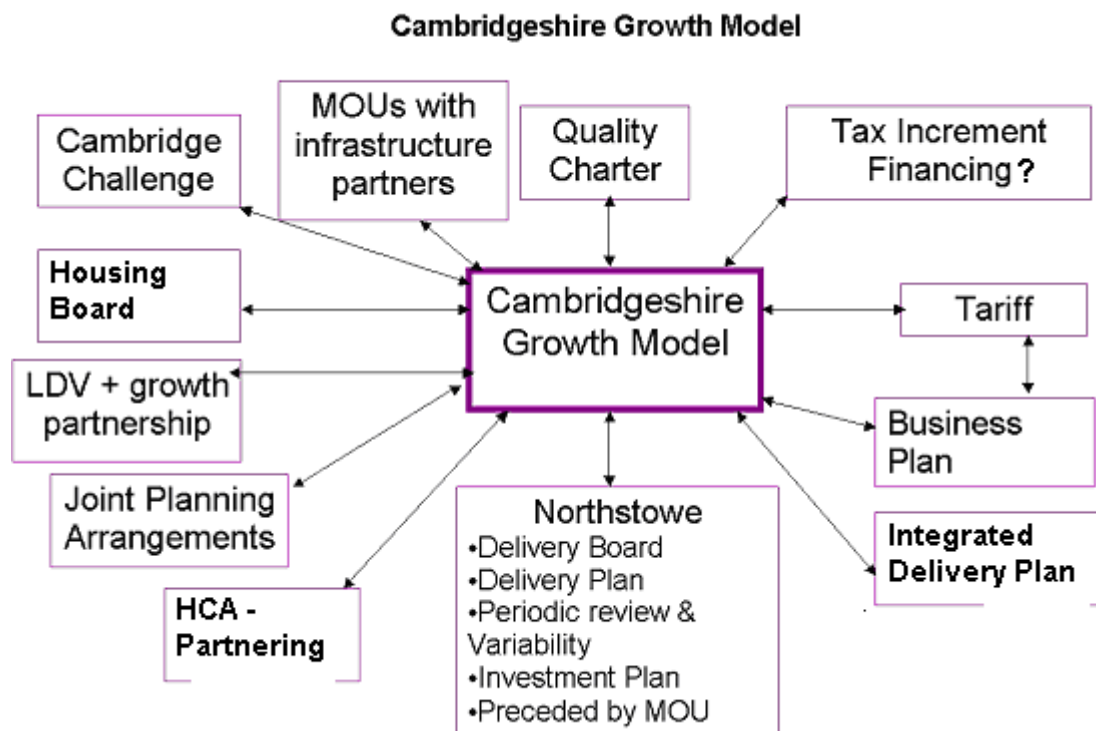
Cambridgeshire: strong partnerships delivering a shared vision

Cambridgeshire has a sound spatial strategy in place, one that was created by local politicians, and enjoys strong support across all six local authorities, across different political groups, and amongst the wider public and private sector agencies who are critical to delivery.

Alongside this is a strong set of governance and delivery arrangements, with effective partnerships across the relevant public, private and voluntary sector bodies.

Joint planning and delivery structures are well established between Cambridge City Council, South Cambridgeshire District Council and the County Council, so aligning the work of the key infrastructure authority with the local planning authorities. Senior Officer groups work across administrative boundaries to help deliver the key Local Area Agreement (LAA) targets, so enabling a more joined-up approach to delivery.

These are some of the key ingredients in the emerging “Cambridgeshire Growth Model”



Structure for delivery

The sheer scale of the challenge we face demands new ways of thinking and working. This requires the public, not-for-profit and private sectors to work together in a co-ordinated way that delivers not just successful development but also resolves and satisfies the often conflicting priorities of quality, economy, sustainability, environment and climate change issues.

To do this, we have put in place a unique partnership to lead the project and secure the right results for the people of Cambridgeshire. It is a partnership that consists of the six councils in Cambridgeshire and Cambridgeshire Horizons. The Cambridgeshire Horizons Founder Members and Board agreed in Summer 2008 to amend the Memorandum and Articles of Association so that Cambridgeshire Horizons covers the whole county rather than Cambridge sub-region. This change was made partly in response to the publication of the new East of England Plan in May 2008, and partly in recognition of the countywide approach to growth that is embedded in the Local Area Agreement.

Local Area Agreement

Cambridgeshire's LAA has five key themes, the first of which is Managing Growth. The LAA is overseen by Cambridgeshire Together, the Partnership of key stakeholder agencies delivering against LAA objectives. The LAA is a three-year agreement between central Government and a local area.

The Cambridgeshire Horizons Board oversees the Managing Growth theme within the LAA, and is the governance body responsible for delivering the LAA growth targets (NI 154, 155 and 159). Horizons' work also has strong links to other themes such as Economic Prosperity and Environmental Sustainability.

Horizons, as the Local Delivery Vehicle, is therefore linked very closely to the core priorities of the public sector organisations operating across the county.

Changes in the structure for delivery, to support integration with the LAA have been agreed. This helps to ensure a strong focus on key housing targets and that delivery of new homes is closely linked to economic, environmental and social inclusion objectives. New communities need to be healthy communities, with opportunities for jobs and learning. New communities need to be integrated with existing communities and the benefits of old and new shared.

Existing delivery structures

The current delivery arrangements operating in Cambridgeshire include:

- A joint committee, the **Joint Strategic Growth Implementation Committee (JSGIC)**, to oversee the growth agenda for the major growth sites in the Cambridge and South Cambridgeshire area

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- Following approval by CLG, a **Section 29 Committee** for plan making and policy has been agreed to by the local authorities (see structure diagram below).
- Two **Joint Local Authority Development Control Committees**, one for Northstowe comprising South Cambridgeshire District Council and Cambridgeshire County Council and one for Cambridge Urban Fringes comprising South Cambridgeshire District Council, Cambridge City Council, and Cambridgeshire County Council.
- We have also built up joint public / private sector **Delivery Boards** to oversee each major development, and there are joint officer arrangements between the authorities to support the **Joint Development Control Committees** and a **Joint Urban Design team**

Housing Delivery Structures

The Cambridge sub-region's long-standing housing board (CRHB) has a strong record for delivery and effective partnership working, and plays into both the LAA and the wider regional housing agenda. Horizons is represented on CRHB, and a Housing Associations representative is a member of the Horizons Board, so there is a clear link between planning, infrastructure and housing delivery.

Horizons and its partners also work closely with developers, who attend the delivery boards and the Development Industry Forum. We also work in partnership with employers through the Greater Cambridge Partnership, Cambridge Network, Cambridgeshire Chamber of Commerce, and the Key Worker Employers Network.

The Cambridge Challenge

The Cambridge Challenge is one example of an innovative partnership approach in the area, which brings significant benefits for planning the delivery of homes, particularly affordable homes, even in difficult market circumstances.

Pioneered by the Housing Corporation, the Cambridge Challenge is a national pilot investment process which may see up to £60 million invested in 3,300 new affordable homes.

Partner selection was announced in August 2007, the successful bidder being Cambridgeshire Partnerships Limited (CPL) who are now working closely with developers, local authorities, utilities, the HCA, and Cambridgeshire Horizons to allow for a more coordinated and less uncertain approach to the complexities of delivering major housing developments.

These arrangements, backed up by strong programme, project and risk management, ensure we have in place a robust partnership approach to delivery, which builds on the successes of the past and ensures that decisions are made in a joined up way wherever possible.

Skills and capacity

In Cambridgeshire, we have invested in skills and increasing our capacity to deliver. We have established Cambridgeshire Horizons as a co-ordinating body, expanded our planning teams and created new posts in education planning, transport and community development.

Our partnership approach provides a strong basis for successful working, which until the onset of the economic downturn, brought us close to starting the delivery of several major projects.

However, we recognise that we need to adapt to changing circumstances. Building on our Quality Charter, we have begun a training programme aimed at improving member, officer and stakeholder skills, and brought in expert consultants to help us with our innovative projects outlined in the previous section.

However, we cannot deliver alone. Partnering effectively with the HCA and other Government agencies is vital to ensure we can make the most of our shared ability and resources to make new sustainable communities happen.

Section 6: Economic Downturn - impact and responses

Macro-economic climate

Economic news, on a global and national scale, has taken on an unremittingly negative tone in the past six months. Concern about domestic inflation and oil prices gave way to swift macroeconomic contraction, rising unemployment and the risk of deflation. Credit markets have experienced unprecedented contraction and rationalisation, impacting on retail and housing with particular severity. The growth agenda for Cambridgeshire, anticipated to be challenging during boom times, now appears more ambitious than ever.

Cambridgeshire Horizons and its partners have sought to understand the impacts of the current economic situation on the growth agenda in Cambridgeshire. With the banking and financial systems coming close to collapse, and the FTSE and other stock markets seeing huge losses, and huge volatility, it is clear that nowhere is immune. A more specific analysis is needed to form an appropriate view of the prospects for delivering housing growth over the coming months and years.

Impact on housing market

Much of the wider economic malaise has a very specific impact on the housing market, both at the individual level (with mortgages becoming much more difficult to come by), and at the corporate level (where housebuilders and those whose business is focussed on lending to house buyers being among the most exposed firms in the economy as asset values have fallen).

For developers and housebuilders, the credit crunch has reduced their ability to borrow at all, or at commercially attractive rates. The buy-to-let market has been badly affected, with consequent impacts on those firms most exposed to that market, but the rental market remains buoyant, especially in Cambridge.

The market situation is changing developers' perception of scheme viability, and the credit position is seeing them struggling to obtain funding. We are under pressure from developers to review viability of the major growth sites. Modelling previously undertaken is being reopened, and officers are being asked to reconsider elements of the planning obligation packages. As a consequence, the securing of firm planning permissions and the related Section 106 agreements has moved forward more slowly than originally planned. Delivery of both the projected new market and affordable homes will inevitably be delayed.

Opportunities to buck the market trend

In the midst of pessimism, however, it is vital to note that the economic and institutional structure of Cambridgeshire both offer opportunities to withstand the recession and pioneer innovative new methods of driving forward growth. Public intervention to invest in infrastructure, boost the housing market and promote job

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creation is the Keynesian policy approach promoted by government. Cambridgeshire Horizons and its partners remain committed to delivering sustainable housing growth, and a big increase in affordable housing, the need for which could be made even more acute by current conditions. In some ways, the current economic situation could represent as much an opportunity as a threat.

Considering the appropriate response to the changed economic conditions, the Cambridgeshire Horizons Board has endorsed the following high-level objective:

“In responding to changing economic circumstances, Cambridgeshire Horizons will work with its partners to develop flexible funding solutions which maintain the overall quality of developments, and will target available funds where they can deliver most value for money and be most effective at bringing housing or infrastructure projects forward”

The news is not entirely bad. Looking at the housing market more narrowly, some reduction in house prices could help individuals who are currently priced out of the market (assuming they can secure mortgage finance). However, it could leave some existing homeowners facing negative equity. Lower land prices could also create some opportunities for the public sector and/or housing associations to buy land for development.

There are reasonable prospects that Cambridgeshire can remain relatively stable in terms of employment levels, and that for those facing a situation where their income is reduced, banks and building societies will work with them to find a way through and limit the number of repossessions.

The level of public sector-led activity could buck the trend in the private housing market, and could lead to an increased rate of delivery of affordable homes in the short-term, which could mask some of the impact of a slower private housing market.

Cambridgeshire Horizons is therefore looking to work with colleagues across the region, and in particular with the new Homes & Communities Agency to investigate alternative models, aiming to put any public funds to best use so as to continue to develop long-term mixed tenure communities. Private rent, or rent-to-buy, tenures could make up a much larger share of the new-build market over the next few years than has been the case over the last two decades.

The need remains....

Whilst the economic situation necessitates a change in our realistic expectations of delivery, and suggests that we need to look at different ways of delivering homes and infrastructure, it does not change the underlying arguments in favour of sustainable growth. Nor should it change the basic spatial philosophy of how we want to deliver that growth, as set out in the Structure Plan and confirmed in the

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RSS, with the focus on growing Cambridge and its fringes, the new town of Northstowe, and the market towns.

Neither does it detract from the Quality of Life agenda, nor the principles set out in the Quality Charter – it would be a mistake to sacrifice quality of developments which will be with us for decades simply to pursue a numbers game. What it does mean is that we may need to adapt current schemes to recognise short-term difficulties but long-term benefits of investment in a way that holds onto long-term targets but is flexible and realistic over the next few years.

The Strategic Housing Market Assessment provides powerful evidence of the under-supply of homes at all levels of the market, with large numbers priced out of the market (even with the reductions being reported) and thousands on waiting lists.

Whilst some demand for market housing will be suppressed by reduced availability of mortgages, the underlying supply imbalance remains, and will worsen as demographic change and population growth continues to increase demand.

Failure to address these issues will leave us in a far worse position once the market recovers, and would stifle the mid-to-long-term prospects for the Cambridge economy. It is more urgent than ever that the availability and affordability of housing is addressed, in order to promote a more sustainable housing market in the long-term, and to ensure the conditions for economic success in the future, as well as to meet immediate identified needs.

The case for action

The current situation puts more pressure on finding innovative funding solutions during a period where borrowing is expensive and building definitely could slow. Taking action now will stimulate greater levels of activity, help to address social, environmental and economic needs and have the benefit of supporting economic activity, employment and enterprise over a difficult period.

Early action will also allow for quicker pick-up when the economic cycle swings upwards again, especially as lack of housing and infrastructure is likely to constrain the ability of the county to make the most of its economic potential.

All of this points to a more public-sector led approach to delivery, ideally through effective partnership across public, private and voluntary sectors. We have already secured additional up-front investment in major developments, as a result of the Cambridge Challenge being in place, and the ability of the designated social housing provider being able to partner with local authorities and developers at an earlier stage than would otherwise be the case.

A range of further opportunities present themselves, and a partnership approach between the HCA and Cambridgeshire Horizons could yield major benefits, and some

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early wins, for both organisations. Some of the other potential means of achieving this are outlined in the sections below.

Innovative use of Housing Growth Fund.

Cambridgeshire has been very successful in securing awards of Housing Growth Fund (HGF). For 2008/09 £14.9 million was made available, and in December 2008 the Department of Communities and Local Government confirmed a further sum of £28.8 million for 2009/10 and 2010/11. As HGF is a programme- rather than project-based scheme, these monies can be used with great flexibility across the growth agenda.

Delivering the major growth sites is recognised as a priority and a 'flexible fund' has been agreed for these sites. HGF could then be used to support the viability of development, in the manner most appropriate to the situation. This could involve grant, loan, or purchase of an equity or land stake. As an approach, this has the potential to generate assets that could be used as a precursor to, or roll into, a Local Asset-Backed Vehicle.

Rolling Fund

In cases where viability concerns centre around cashflow, rather than more serious lack of profit within a scheme, a 'Rolling Fund' approach could be employed.

Consideration also needs to be given as to how public funds can provide a genuine return. It is likely that public sector budgets are going to be tight for years to come, making it all the more important to use HGF as effectively as possible.

As well as payback clauses linked to the Rolling Fund, this could involve the public sector taking an equity stake in developments. In this scenario, the public sector would take on more of the up-front risk of a project, including investing in infrastructure, but would then take a share of the proceeds of property development in the long run. We are currently with partners to prioritise our funds to ensure greatest returns in terms of housing and community infrastructure.

Housing tenure flexibility

In current market conditions, funding and delivery may be more certain for affordable housing than market housing, particularly given the recent creation of the Homes and Communities Agency (HCA). The need for affordable housing in Cambridgeshire is acute and likely to deteriorate over coming months and years without significant intervention. It is therefore sensible to examine new methods of using the public funding available for social housing and working imaginatively with Housing Associations and the HCA. The intent is to explore ways of delivering additional housing, under a different model to that which has been applied over recent years, whilst retaining the objective of delivering balanced and mixed communities.

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Housing Associations can, for example, choose to buy up completed units that are unoccupied through the HCA's 'Clearing House'. They may also be able to finish off sites that have been left half-finished, but would almost certainly need additional funding and flexibilities to do so.

To date there has been a sharp distinction drawn between affordable and market units, but there may be scope for widening the definition of affordable housing. New approaches to the tenure mix could be taken, at least for the early stages of new developments, whilst maintaining the ambition of creating balanced and mixed communities. This could include a range of products suited to the circumstances of different households, on the continuum between private ownership and social rented. Rent-to-buy, shared-equity, intermediate and affordable renting would be included.

Cambridgeshire Horizons is undertaking work with its partners to look at the full range of tenure options currently available, including new HCA products. This will give a clearer picture of how a more flexible approach to tenure could work. There may also be the opportunity to pioneer 'tenure blind' communities, where the extent to which any household owns or rents their home is entirely flexible and down to their choice. Precedents for this are being investigated, as are co-operative and community equity models.

Adopting a less rigid approach to section 106 contributions

For large-scale developments, built out over a long time-period, it could be possible to adopt a more flexible approach to section 106 contributions, so that levels of contribution in terms of cash or other public benefits (including the percentage of affordable housing) could vary between different phases of the development.

In essence, this could involve accepting a deferral of some elements of the section 106 contributions to take account of a tougher market in one phase, with the deferred charge being recovered in a later phase when the market has recovered. Similarly, for affordable housing, this could involve, say, allowing a lower percentage of affordable homes in one phase, with the balance being made good in the later phases so that, overall, the scheme when completed meets policy aspirations. There would need to be limits to the extent to which variations could be allowed, a type of "cap and collar" approach, but this could allow developments to be delivered more quickly than would otherwise be the case, whilst maintaining overall standards.

A Local Asset-Backed Vehicle (LABV).

Another option, similar to the equity share model, is an asset-backed vehicle approach. This could involve moving towards a co-funding, co-decision model in which public sector powers were exercised through a partnership with the private sector, known as a Local Asset-Backed Vehicle. The vehicle would own certain assets, such as land currently owned across public sector partners, which would be used to leverage funding. The LABV could, for example, assemble land for redevelopment and sell it on as serviced 'development platforms' to house builders.

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Cambridgeshire does not have large amounts of local authority land identified in statutory plans for development, but does have significant local authority land holdings elsewhere. Therefore a creative approach, appropriate for Cambridgeshire would need to be developed.

A simpler option could be to enter into specific joint venture arrangements, perhaps with HCA, local authorities, and institutional investors all taking a stake in a development on a co-funding co-decision model.

Section 7: Proposal

Cambridgeshire is at the forefront of delivering sustainable growth. We have ambitious and carefully thought through plans, strong partnerships and innovative delivery arrangements. We have a strong track record of delivery. We are also bold in our vision and willing to use new approaches to make things happen.

It will not be possible to deliver everything in the same way or on the same timeframes as had been planned before the economic downturn. However, with careful targeting of resources, innovative approaches and a strong relationship with the HCA and other key partners, we can make real progress, and begin to deliver the sustainable new communities that are vital not only to Cambridgeshire, but also to the East of England and UK as a whole.

We can also show the art of the possible by pushing ahead on some of those developments that are “ready to go”, but which have viability gaps which HGF alone cannot bridge, and instil a greater degree of confidence not only in the county, but also in the region and across the country.

A programme of development activity in Cambridgeshire would demonstrate that a joined-up public sector team can buck the market and deliver homes, especially affordable homes, infrastructure, and of course the related jobs, even during a difficult climate, and without compromising on quality.

We therefore invite the HCA and other Government agencies to work with us in Cambridgeshire to pilot a unique partnership between central and local Government to deliver the sustainable growth ambitions for Cambridgeshire. A range of options could flow from such a piloting arrangement, but some of the most immediate outputs could include the following six areas:

1. Support to continue the Cambridgeshire Rolling Fund

The Rolling Fund has already been used to help deliver the Addenbrookes Access Road, but as the initial funding was only £8m, it was quickly used up and it will be some time before the developer contributions will be available to replenish it.

Investing through the Cambridgeshire Rolling Fund in loan-type arrangements, backed by land or equity collateral, to de-risk developments by investing in up-front infrastructure in return for a share in the long-term value created.

2. Joint ventures to deliver some of the major sites in the Southern Fringe

Viability issues appear to be particularly acute in some elements of the Southern Fringe, but the long-term value in these sites is excellent, as they are on released green belt on the edge of one of the most prosperous cities in the UK.

The HCA could work with us to consider options for joint ventures or partial buy-outs to ensure quicker delivery of oven-ready sites. This could be combined with use of HGF as Rolling Fund as set out above.

3. Work with us to delivery a quality settlement as early as possible at Northstowe

There are complex issues involved in the ownership and delivery of Northstowe. But local partners in Cambridgeshire share the HCA's ambition to deliver an exemplar new settlement at Northstowe. We stand ready to work closely with the HCA to bring forward this flagship scheme

4. Co-investing in a Local Asset Backed Vehicle

A LABV has the potential to put the public sector more in the driving seat for delivering growth. If the HCA were to invest, perhaps alongside Housing Growth Fund investment, and/or local authority assets, then a strong public sector basis to attract private investment would be in place, with the LABV able to take forward a number of sites across the county over time, and return value to both private and public investors.

5. Completing unfinished sites

Some sites have been left in a difficult position as the downturn saw housebuilders abandon their plots, leaving people living in less than ideal circumstances.

Orchard Park is one example of such a development, and it would be relatively easy to deliver quickly on these plots if the HCA were willing to invest, in partnership with the local authorities and Cambridgeshire Horizons.

6. Investing in regeneration

Whilst the majority of the major sites in Cambridgeshire are growth-focused, there are also projects, such as the Nene Waterfront project in Fenland, which have a regeneration focus, but linked in to delivering additional homes too.

HCA support for such schemes would fit with its own objectives as a regeneration agency, as well as helping to deliver on housing targets.

7. Investigating new tenure options

The developments that could be brought forward through a combination of the measures above would probably be more strongly oriented towards rental tenures than most developments that have come forward in recent years. Looking at ways in which a flexible range of rental products could meet current demand, whilst maintaining the policy objective of building balanced and mixed communities, and providing options for people to switch between rent and ownership, could provide a different solution to meeting people's needs effectively.

8. Supporting the establishment of a county-wide tariff

We have worked up extensive proposals for a county-wide variable-rate tariff, as a more efficient and effective way to collect developer contributions to wider infrastructure needs. But, as in Milton Keynes, the tariff fund will need support

through an opening “float” of several million pounds, which will be repaid over time. We would look to the HCA to help with this pump-priming investment, in the same way that English Partnerships did in the Milton Keynes example.

9. Support our ambitions for delivering sustainable infrastructure

Delivering sustainable communities is as much about the infrastructure around them, not just the homes. With the HCA’s wider brief, we would be looking to work to deliver low-carbon, high-aspiration, well-connected communities, and using flexible approaches to funding to help deliver this.

We look forward to working with the HCA to develop these, and other ideas, further.