

CAMBRIDGESHIRE HORIZONS

Agenda Item No: 10

HGF Capital Programme 2009-2011 – Review of Progress

To: **Horizons Board**

Date: **23 March 2010**

From: **Chief Executive**

Purpose: **To review progress on the Housing Growth Fund (HGF) Capital budget.**

Recommendation: **The Board is invited to:**

- **Note and comment on the current position regarding the HGF Capital programme**

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1.0 BACKGROUND

- 1.1 Government confirmed in December 2009 the reduction of our HGF capital allocation for 2010/11 by 43% and the effect is that Cambridgeshire's award for 2010/11 has been reduced from £13,772,524 to £7,794,623.
- 1.2 The Board considered and agreed a revised HGF capital programme at its December meeting. The project leads have now been formally advised of the new HGF capital budget allocations following the cut (as set out in Appendix A) and requested to re-commence work on the agreed projects. A number of projects were reduced in scope or deferred.
- 1.3 Horizons Board noted that it would not be possible to retain the full allocation of the Flexible Fund for Cambridge urban fringe sites should the cut go ahead, and that £4.5m of the Flexible Fund had been committed to the Trumpington Meadows loan. The Board agreed, however, to limit any cut to the Flexible Fund to £1m (i.e., leaving a minimum of £8m for other loans and equity investments). Commitment has already been made for £500,000 for the Clay Farm Guided Busway crossing.
- 1.4 A summary of the effect of the cut on projects and programmes is detailed in Section 3 below and in Appendix A.
- 1.5 All but three of the project funding agreements are already complete and the others are in the process of being finalised.

2.0 HGF CAPITAL – 2009/10 QUARTER 3 POSITION

- 2.1 Some funds from 2008/09 that were carried forward still remain unspent. The two projects with spend remaining are;
 - New Development in Huntingdon - £226,120 of the initial £700,000 allocation unspent
 - Bringing forward additional development in Ely - £43,465 of the initial £685,000 allocation unspent.
- 2.2 The original allocation for 2008/09 was £14.26m and, of this, £9.592m has been spent. The original programme was, however, intentionally over-profiled by 10%. Approximately £1.6m is currently being carried forward for completion of the Year 1 projects and the remainder has been brought forward into the 2010/11 budget, along with around £430k of interest accrued on the balance in the account during Year 1.
- 2.3 By the end of Quarter 3 of 2009/10, approximately £2.4m of the £27.05m in the 2009-11 budget has been claimed and a further approx £3.4m has been committed to projects in this year through funding agreements. The low spend against allocation is due to the delays in the programme caused by the Government's proposal to cut HGF for Year 3 (2010/11).
- 2.4 Board is reminded that a 10% over-commitment was built into the budget; as the budget currently stands, it is £1.62m over-allocated. Should all projects

proceed as forecast, and no other funds become available (which is unlikely), it would be necessary for the shortfall to be met proportionately across all schemes.

3.0 DETAILS OF THE HGF CAPITAL SCHEMES

Note: *The changes to the HGF Capital Programme were agreed at the last Board meeting and the revised programme is now posted on the Horizons web site [here](#) (Item 17). The same web page also includes copy of an e:mail sent by Horizons Chief Executive to Board Members confirming the revised programme following the Government's cut.*

3.1 Green Infrastructure Projects

3.1.1 **St Neots Green Infrastructure (£331K)** – This project had an initial allocation of £647,000 which has now been reduced to £331,360. Phase 1 has been agreed and is being implemented, but Phase 2 was not previously identified as a priority. However, it has now been confirmed that, £240,000 of recently secured match funding would be lost if the HGF were to be withdrawn and the Horizons Board has agreed to the reinstatement of part of this project. Funding agreements for the full amount are now in place and completion is anticipated in by March 2011.

3.1.2 **St Neots Countryside Access (£66K)** – The original allocation of £286,600 has been cut to £66,481 that will cover work already carried out and future critical works this financial year. Funding agreements are in place and completion is anticipated in March 2010.

3.1.3 **Ely Country Park (£302K)** – As an East Cambridgeshire priority project the allocation for this project has remained unchanged. A funding agreement is in place; work has begun and completion is anticipated in March 2011.

3.1.4 **Cambridge Green Necklace (£1.069m)** – The Cambridge Green Necklace is made up of six individual projects. The total allocation has been reduced – with the agreement of the individual project leads - from £1,637,380 to £1,096,022. Priority has been given to a scheme linked to the Cycling Demonstration Town work (Wandlebury Cycle Route). However, the Wicken Fen cycle project is linked to wider funding (including Sustrans, EU, Landfill Tax) and a modest investment in HGF (£89,000 in addition to £28,000 already committed) will help secure about £1m of infrastructure. All of these projects are due to be completed by March 2011, although some will be completed sooner.

3.2 The Fringe Sites Flexible Fund

3.2.1 Negotiations continue on a possible loan or equity investment (or a combination of the two) of up to £8m in Clay Farm/Glebe Farm, Cambridge. The investment will include funding for the crossing of the proposed development spine road over the Cambridgeshire Busway.

3.2.2 The **Trumpington Meadows** loan agreement is complete, as previously reported, and the funding remains committed to the project. The developer anticipates draw-down of the first tranche of the loan in the next few weeks.

3.3 Market Towns

3.3.1 **Huntingdon Town Centre Regeneration (£3m)** – Funding for this project in 2009-11 has been cut from the original £4m budget to £3m (but see para. 4.3 below). Huntingdonshire District Council (HDC) is currently putting together a project plan and cost profile to include in the emerging funding agreement; officers have indicated that the project will run to December 2011.

3.3.2 **Mayfield Road Housing (£350K)** - A funding agreement is in place and it is anticipated that the full allocation will be spent by May 2010.

3.3.3 **Ely Feasibility & Options (£75,000)** is linked to future sustainable growth of Ely through the emerging Masterplan. A funding agreement is in the process of being put in place and completion is anticipated in March 2011.

3.3.4 Feasibility work has commenced on the **Wisbech Nene Waterfront (£1.718m)** scheme and the project is now ready to progress to install advance infrastructure to prepare the site for marketing by March 2011. A funding agreement is in place for the full scheme. Kickstart 2 funding was not approved for this project and Fenland DC is exploring alternative funding models with partners to deliver the housing on the site.

3.4 Northstowe

3.4.1 **Renewable Energy Northstowe / LCDI (£1m)** – The business plan has been approved by ERDF, and confirmation of ERDF match funding is anticipated soon. Discussions are taking place with Homes & Communities Agency on the LCDI to work up a separate business case. A funding agreement is in place for the initial £88,000 and it is anticipated that an agreement for the remainder will be drawn up within the next two weeks.

3.4.2 **Uttons Drove** – Arrangements are being put in place for the loan facility to bring forward the Uttons Drove drainage scheme, which is critical to Northstowe and further expansion of Cambourne. A Memorandum of Understanding between the partners has been signed and loan agreements are being prepared. It is anticipated that the work will be completed and that the loan will be repaid within the HGF programme period; the loan is therefore considered to be budget-neutral in respect of the HGF Capital budget.

3.4.3 **RSPB Fen Drayton Lakes** – Allocation reduced from £234,996 to £73,268 to cover work already carried out, and some further critical work this financial year. A funding agreement is in place and completion is anticipated in March 2010. Funding was reduced because of the funding cut and the current status of the Northstowe programme. The project may be reinstated in future funding rounds, subject to funds being available.

- 3.4.4 **Northstowe Cycle Routes (£850K)** – Work is commencing on the resolution of land ownership issues on the Cottenham to Histon cycleway and completion is anticipated in March 2011. The Swavesey to Buckingham Business Park route has been deferred from the programme because of the funding cut and land acquisition difficulties.
- 3.4.5 **Northstowe Countryside Access** – Funding reduced from £400,000 to £115,377 which covers works already carried out, and some further critical work this financial year. Completion is anticipated in March 2010. Funding was reduced because of the funding cut and the current status of the Northstowe programme. Work may be reinstated in future funding rounds, subject to funds being available.

3.5 Strategic Projects

- 3.5.1 **Cambridge Gateway (£1.5m)** – This project supports the CIF2-funded link road project (that must be completed by March 2011) and developer investment. It is anticipated that development will start mid in 2010, following completion of the section 106 and other agreements. The County Council is, however, seeking separate planning permission for the bus interchange to enable it to be implemented whether or not the developer's proposals come to timely fruition. It is looking likely that this project will run into the summer of 2011, and further work is in hand to determine a realistic programme.
- 3.5.2 **The Hive (£2m)** – Cambridgeshire County Council's Cabinet approved The Hive at a meeting on the 15 December 2009 and the project was launched on 11 March 2010. A funding agreement is in place for £2m of HGF capital and County officers anticipate completion in late summer 2011. Given the funding position, it remains important for The Hive project to seek to secure funding to fill the additional £600k gap. CRC has committed £300,000 subject to the other £300,000 being funded. Horizons has agreed to underwrite this amount *'in extremis'* but the expectation is that the project partners will secure sufficient external funding.

4.0 OTHER PROJECTS AND FUNDING ISSUES

- 4.1 Some projects have been deferred from the programme because of the Government's reduction of the HGF award for 2010/11. The general approach suggested is that these projects should be considered in a future round of funding, if funding is available.
- 4.2 The **March Housing and Regeneration** scheme remains an important project as part of the development of homes and related community benefits in Fenland. However, the project is considered by Fenland DC to be a lower priority than the Wisbech project, in part due to the withdrawal of LSC funding for the new College of West Anglia (COWA) campus relocation
- 4.3 **Further Green Infrastructure Projects** – i.e. schemes identified in the original programme, but not included above, including Countryside Access schemes, and further works on Green Necklace projects.

4.4 The **Huntingdon** project underspent by around £300,000 in 2008/09 that could be rolled into the overall scheme cost subject to a detailed project plan. Any costs exceeding the current HGF allocation of £3.0m will be considered from any funding awarded to Horizons post March 2011.

5.0 SUMMARY

5.1 Appendix A is a summary of the revised HGF Capital programme. Horizons will continue to monitor spend and commitments throughout the year and report on progress at future meetings.

5.2 The funding agreements require all spend to be by March 2011, although there is programme-level flexibility to allow some carry forward to next year. Pressure should remain on spending by March 2011 to maximise potential for securing future funds. Where this is not possible, spend should be completed as soon as possible after March 2011.

Appendix A – HGF Capital Programme 2009-11

Project	Original 2009-11 Total (pre-cut)	Allocation	
		2009/10	2010/11
Green Infrastructure			
St. Neots Strategic GI		£232,360	£99,000
St. Neots Countryside Access		£66,481	£0
Ely Country Park		£122,000	£180,000
Cambridge Green Necklace (6 projects)		£279,788	£816,234
<i>sub-total</i>	<i>£3,000,000</i>	<i>£700,629</i>	<i>£1,095,234</i>
Flexible Fund (Cambridge Fringe Sites)			
Urban Fringes Flexible Fund		£2,250,000	£2,250,000
Clay Farm/Glebe Farm		£4,750,000	£3,250,000
<i>sub-total</i>	<i>£13,500,000</i>	<i>£7,000,000</i>	<i>£5,500,000</i>
Market Towns			
Huntingdon town centre extension & devel't		£500,000	£2,500,000
Mayfield Road Housing		£350,000	£0
Ely Feasibility and Options (Formally East Cambs Housing)		£75,000	£75,000
Wisbech Nene Waterfront		£399,000	£1,319,000
<i>sub-total</i>	<i>£7,750,000</i>	<i>£1,324,000</i>	<i>£3,894,000</i>
Northstowe			
Renewable Energy		£500,000	£500,000
Uttons Drove		£0	£0
RSPB Fen Drayton Lakes		£73,268	£0
Countryside Access		£115,377	£0
Cycle Routes Around Northstowe		£425,000	£425,000
<i>sub-total</i>	<i>£3,000,000</i>	<i>£1,113,645</i>	<i>£925,000</i>
Strategic Projects			
Cambridge Gateway		£0	£1,500,000
The Hive (formerly ICE) (Note 1)		£102,140	£1,897,860
<i>sub-total</i>	<i>£3,000,000</i>	<i>£102,140</i>	<i>£3,397,860</i>
Other			
AAR pre commitment		£2,000,000	£0
		£0	£0
<i>sub-total</i>	<i>£2,000,000</i>	<i>£2,000,000</i>	<i>£0</i>
TOTALS	£32,250,000	£12,240,414	£14,812,094

(Note 1) – Allocation for the Hive for 2009/10-2010/11 has been augmented by underspend available from 2008/9 of £0.5m. Total HGF contribution has been reduced from the original figure of £3m to £2m. £300,000 contingency if required in addition to the figure in the total (See Section 3.5.2) to be funded from underspend or future funding.