

**HCA review of Local Delivery Vehicles**

*To:* **Cambridgeshire Horizons Board**

*Date:* **23rd March 2010**

*From:* **Chief Executive**

*Purpose:* **To discuss a first draft of a response to the HCA's proposed review of Local Delivery Vehicles**

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

- a) note the contents of this early draft;**
- b) provide comments, and;**
- c) give a steer on taking this work forward**

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## **1. Introduction**

1.1 In February, the Homes and Communities Agency (HCA) wrote to Local Delivery Vehicles and Local Authorities in growth areas to ask for views on future arrangements for delivering growth. We have since been notified informally that this proposed review has been put on hold until after the general election.

1.2 Notwithstanding this delayed timescale, it is worth considering the issues raised in the consultation letter, as they relate to a number of key strands of work currently in train, including the Single Conversation, developing a Local Investment Plan and future funding for growth. Set out below is a first draft of a response, which can be further developed as required to provide a formal response to consultation in the future.

1.3 The letter was sent to all local authorities individually. Depending on how the consultation progresses post-election, each authority will no doubt wish to respond. However, a shared view would carry significant weight and demonstrate the effectiveness of the partnership approach that has been adopted in Cambridgeshire. But improvements can always be made, and efficiencies realised, and the paper initiates some ideas in this direction.

## **2. Background**

2.1 Delivering successful and sustainable growth of the scale we are all dealing with in Cambridgeshire is a huge challenge. However, the structures we have evolved in Cambridgeshire attempt to allow us to align our resources to maximum effect and to meet shared objectives.

2.2 This in turn means we can operate a coordinated approach within a two-tier system of local government, and act to pull together the agencies and stakeholders who need to work in collaboration if we are to deliver high quality, sustainable developments and the infrastructure to support them.

2.3 The need for a "stakeholder partnership" to coordinate and drive forward growth in the Cambridge Sub Region was identified in Regional Planning Guidance 9 for East Anglia. This recognised the complexities of governance and the need for a partnership approach to deliver the proposed much higher development levels that were contained in the plan. The 2003 Structure Plan endorsed these arrangements, which were to build on the unique partnership approach adopted in developing the plan.

2.4 Following publication of the Government's Communities Plan, which highlighted the Cambridgeshire approach as good practice, the local partners responded by strengthening the partnership arrangements and forming a company limited by guarantee, Cambridgeshire Horizons Ltd, wholly owned by the public sector (local authorities, EEDA and English Partnerships). In 2008, the Horizons remit was extended to cover the whole of the Cambridgeshire.

## **LDV REVIEW : FIRST DRAFT OF RESPONSE FROM HORIZONS**

### **A) Role of Horizons and Response to Issues Raised**

A1. Cambridgeshire Horizons is uniquely placed to achieve progress on a number of key areas, which would otherwise be difficult or impossible to achieve. These include:

- Successfully co-ordinating funding bids, drawing down greater levels of funds than would otherwise be possible, and managing growth funds that are deployed across the county in many different ways and across all partner authorities;
- Working up innovative financing solutions (Rolling Fund, Flexible Fund, Tax Increment Financing, Asset Backed Vehicles etc);
- Developing a firm evidence base to support future funding requirements (e.g. through the Integrated Development Plan, linked to the Community Infrastructure Levy) ;
- Developing a collaborative approach to driving up quality standards for new developments and infrastructure through the Quality Charter, and using this as a base for a wide-ranging training programme to enhance growth understanding and skills within the local authorities and partner agencies;
- Identifying and developing an evidence base for Quality of Life strategies (including green infrastructure, arts and culture, sports facilities and faith facilities);
- Facilitating joint working and joint decision-making, providing the space for different authorities and organisations to resolve issues which impact across organisational and geographic boundaries;
- Ensuring that colleagues working in different disciplines (e.g. housing, planning and infrastructure delivery) and across different organisations and agencies are brought together to enable the effective delivery of new communities;
- Acting as an “honest broker” when differences of view arise, or as a “dynarod” when impediments to delivery emerge;
- Providing programme management (and some project management) functions for major developments;
- Promoting the concept of sustainable housing and economic growth, and the importance of delivering this agenda in Cambridgeshire, to a range of audiences at local, regional and national levels, in particular through offering advice to authorities in other parts of the country who are facing similar challenges.

## **B) Key Questions**

B1. The consultation letter raises three key questions, which are addressed below.

*B2 - Is there a clear strategic fit for the existing delivery vehicle?*

Yes. Cambridgeshire Horizons provides a strategic function in coordinating growth across the county. The role of Horizons is embedded in the Cambridgeshire Together Structure, as the coordinating body for the Managing Growth theme of the Sustainable Community Strategy. This places sustainable growth (and Horizons) at the heart of local priorities, integrated with district based strategies.

*B3 - Is there strong local support and buy-in?*

Yes. The current delivery arrangements in Cambridgeshire were put in place by a partnership of the six local authorities (County and City / District councils), EEDA, and what was then English Partnerships. All of these are represented on the Horizons Board, together with other agencies and representative groups. The arrangements remain widely supported locally, Horizons is respected and well known (for example in local media), and draw in a range of key stakeholders, including the development industry through a Developers' Forum.

Local authorities in Cambridgeshire strongly believe that local delivery arrangements need to be rooted within the democratic process, which the current arrangements fully provides for. It is vital that they are fully involved in decisions about any future structures.

*B4- Do current arrangements represent value for money?*

The current arrangements are cost-effective in providing a strong focus for growth, effective programme management across a complex partnership, and have yielded success in delivering innovative forms of financing which have stretched the value of the growth funding that has been made available.

We have put in place mature joint working arrangements, funded through the growth monies, which support the effective joint decision-making committees for planning.

These arrangements ensure we use resources effectively to help ensure complex issues are resolved in a timely manner. However, we recognise that resources need to be used even more efficiently as public funding tightens and have therefore embarked on a review of our joint working arrangements to maximise efficiency and remove any duplication.

## **C) Value for Money**

C1. The consultation letter asks for a response on a number of aspects relating to value for money. These are summarised below.

### *Performance measure against core terms of reference*

C2. We have put in place a Business Plan for Growth, which has been endorsed by the Horizons Board and last updated in 2009. Progress has been good in terms of delivering key infrastructure, such as the Addenbrooke's Access road and Quality of Life Strategies.

C3. Substantial additional funds have been drawn down for a range of key growth projects across the County and applied innovatively, for example using some growth funds as loan arrangements to ensure early delivery of infrastructure, together with prudential borrowing by local authorities to work alongside Section 106 contributions. Progress with housing delivery has been on target, but recent progress has been affected by the economic downturn.

C4. One of the key tenets of support for the growth agenda in Cambridgeshire (and the East of England generally) has consistently been the need to provide infrastructure ahead of housing growth. The partnership approach has been extremely successful in drawing down substantial funds, especially around £100m of growth funds.

C5. Growth funds have therefore been deployed to put in place key infrastructure, including an innovative approach to funding the Addenbrooke's Access Road through a Rolling Fund investment, which opens up the Southern Fringe for housing and economic development.

C6. We have also supported green infrastructure, regeneration and economic development in market towns and the development of skills in sustainable construction to mention just a few of the projects which we believe now equip Cambridgeshire better in its aim of delivering sustainable growth.

C7. Growth funds have been used innovatively, including loan arrangements and have been deployed alongside other funding sources such as RFA, CIF, ERDF and LTP to maximise value.

C8. Recently, considerable work has been undertaken to explore new funding opportunities, including tariff/levy approaches, asset backed vehicles and the potential for a Tax Increment Finance scheme.

## **D. Links to HCA objectives**

### *Contribution to HCA's core objectives as defined in Single Conversation Local Investment Plans*

D1. We are working with HCA on a draft Local Investment Plan (LIP) for Cambridgeshire, that builds on the work undertaken for the Integrated Development Programme (IDP).

D2. The LIP is being developed with the support of the local authorities. Our growth objectives focus strongly on delivering housing, including high levels of affordable housing (we have recently achieved ministerial support for 40% affordable housing in Cambridge Southern Fringe), sustainable growth and quality developments.

## **E. Added Value**

### *Added value of existing arrangements and potential to generate greater value*

E1. Horizons provides a programming overview, active monitoring, intervention and challenge, together with a means to resolve complex issues between agencies and with developers and infrastructure providers. By working in partnership, we can deliver better outcomes more efficiently and maintain continuous buy-in to the growth agenda.

E2. Horizons, working with its partners, has prepared an Integrated Development Plan for Cambridgeshire, which sets out the major infrastructure requirements associated with growth and potential funding solutions.

E3. Horizons has achieved considerable success in promoting the quality of life agenda associated with growth. Working with partners, key and often groundbreaking studies have been undertaken, including:

- Balanced and Mixed Communities, which sets out the need for integration of housing tenure types in new communities
- Arts & Culture and Sports Facilities Strategies, which establishes the importance of culture as a key component of successful new communities
- Green Infrastructure Strategy, which sets out aspirations for the sub region; now being reviewed to provide a strong evidence base for green infrastructure on a Countywide basis
- Strategic Housing Market assessment, which provides the evidence base for significant levels of affordable housing
- Faith facilities strategy

E4. These studies and strategies have raised the bar for new developments in terms of quality and have helped inform the development of the Cambridgeshire Quality Charter for Growth, as an overarching guide for the design and implementation of new communities.

E5. Growth funds are vital to the delivery and we have deployed revenue funding to create resource in Horizons and the local authorities, especially the County Council, Cambridge City Council and South Cambridgeshire District Council, as well as to progress key infrastructure studies, such as water cycle strategies and preparation for the Single Conversation.

## **F. Risks of changes to current structures**

### *Risks to wider Government objectives of changes to the funding or structure of LDVs*

F1. We recognise that improvements are needed, not least to tackle the resource constraints of the future. However, to change fundamentally our delivery arrangements would have a serious impact on delivery, with the risk of fragmentation of growth activity, competition for resources, duplication of work and prolonged resolution of issues, or in some cases, issues not being resolved.

F2. Our current approach roots decision-making in the local community through the local authorities, but also builds bridges and effective partnerships not only across local authorities but with other public sector bodies, housing and infrastructure delivery bodies, and the development industry and wider private sector.

F3. The current arrangements also fit well with the Total Place concepts and any changes should focus on strengthening integration and avoid fragmentation of activity.

## **G. The Challenge Ahead**

G1. There has been considerable progress in delivering new homes across Cambridgeshire and recent LAA housing targets have been met. Some major sites are progressing well, for example, construction is expected to start soon on Trumpington Meadows, thanks in no small part to the innovative work carried out by Horizons, together with the relevant housing association and the local authorities. Master planning work on the Cambridge University site is also progressing well.

G2. Despite the economic recession, recent figures show that 26,086 new homes have been built between 2001 and the end of 2009. That is over 36% of our housing target of 73,300 to be achieved by 2021 as published in the Regional Spatial Strategy.

G3. However, there is considerable emphasis that must still be placed on major developments for sustained growth, such as Northstowe. The downturn in the economy has had a marked effect on the pace of progress for these sites, placing greater pressure on the need for investment in infrastructure and the use of innovative forms of finance. Progress on key market town developments will also need investment, support and effective coordination.

G4. Horizons has been asked by the local authorities to lead discussions with the HCA through the Single Conversation. This is a vital process to ensure that funding directed from HCA is targeted at identified social housing and growth infrastructure needs. This links to the Total Place approach, which is being developed through our countywide Sustainable Community Strategy, Cambridgeshire Together, integrated with district based strategies. This ensures that resources are used effectively to meet local needs and, crucially, putting the needs of communities before those of the provider organisations.

G5. We are acutely aware of the very serious funding issues facing the public sector in the coming years and that it is essential to ensure that we put in place the most efficient methods of delivering growth.

G6. To do this, we must build on our strengths and avoid the temptation to redesign structures where this is unnecessary. We recognise that we can go much further as a sub-regional / Countywide partnership in making efficiency savings. Local authorities have already had to make savings and we have started to look at how we can work more effectively together on the growth agenda by pooling resources and removing duplication of effort, whilst retaining proper governance and accountability. (We anticipate that the outcomes of this work will emerge in the spring.)

G7. With some Local Authorities having to cut their revenue input to growth as a result of their own budget constraints, so it becomes more important that Horizons is able to provide a coordinating function and draw funds in to support that. A more fragmented approach would probably be more expensive and less effective, not least as it will remain critical that there can be alignment of areas such as housing and jobs, planning and transport, responsibility for which is shared across local authorities and necessarily involves central Government and agencies.

G8. The growth agenda for places like Cambridgeshire will remain critical to any future Government, but there needs to be some means of providing funding and effective delivery arrangements for implementation. Successful delivery within Cambridgeshire is even more important given the contribution the county makes to the wider national economy. This means that it is imperative we maintain the progress we have made thus far. Without the necessary housing and infrastructure the future economic success of the county - and to an extent the country - will be put at risk. Places like Cambridgeshire must be supported to deliver new homes and infrastructure so that its strong economic potential can be realised, which will in turn provide the tax receipts to help other parts of the country that need more help.

G9. The growth arrangements in place for Cambridgeshire, of which Horizons as an entity is a key part, represent what we believe is a unique cross-organisational partnership that is widely recognised an exemplar regionally and nationally.

G10. There is uncertainty regarding future regional and governance arrangements. However, there is potential for the current arrangements in Cambridgeshire to be developed to fit the future scenarios that are being suggested. It is vital that appropriate arrangements are put in place that work for the two-tier local Government model, to include effective strategic planning and local planning firmly rooted in the directly elected local authorities and strong partnership arrangements for delivery, involving the relevant agencies and private sector representatives. One area that could yield efficiencies is to explore that potential for closer working between growth and economic development functions, providing a better and more integrated approach to sustainable growth, and using fewer resources overall.