

**CAMBRIDGESHIRE HORIZONS**

**Agenda Item No: 14a**

**HGF Capital & Revenue Programmes 2009-2011 – Review of Progress**

*To:* **Cambridgeshire Horizons Board**

*Date:* **29th September 2010**

*From:* **John Williamson, Acting Director for Development**

*Purpose:* **For information (FI)**

**To review progress on implementation of the Housing Growth Fund (HGF) Capital & Revenue budgets.**

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

- **Note the current position regarding the HGF Capital & Revenue programme including current risks.**
- **To approve Growth Partnership Board recommendations for additional funding for overspends on the North West Retail and Transport studies and for additional funding for the Orchard park self-build project.**

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## **1.0 HGF CAPITAL PROGRAMME**

### **1.1 BACKGROUND**

Government confirmed in December 2009 the reduction of the HGF capital allocation for 2010/11 by 43%, with the effect that Cambridgeshire's award for 2010/11 was reduced from £13,772,524 to £7,794,623. Following our demonstration to government that use of the funding is compatible with 'localism' principles, we have now

Of the 2008/09 award of £14,235,324, a total of £9,817,332 was spent. The remainder has been brought forward into the 2010/11 budget, along with approx £435k of interest accrued on the balance in the account during Year One (Horizons Board agreed to use interest in Years 2 and 3 to defray the costs to the County Council of prudential borrowing related to major growth projects).

### **2.0 HGF CAPITAL – 2010/11 QUARTER 1 POSITION**

By the end of Quarter 1 of 2010/11, approximately £8.81m of the £21,978,909 in the 2009-11 budget has been claimed and a further £8.74m has been committed to projects in this year through funding agreements. The low spend against allocation is largely due to the delays in the programme caused by the Government's consultation on the proposal to cut HGF for Year 3 (2010/11).

Horizons Board has previously agreed that a 10% over-commitment should be built into the budget; as the budget currently stands, it is £1.76m over-allocated (approx 4.8%). Should all projects proceed as forecast, 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**

A summary of projects in the programme is included at Appendix A.

#### **3.1 Green Infrastructure Projects**

**3.1.1 St Neots Green Infrastructure (£331k)** –Funding agreements for the full amount are in place and completion is anticipated by the end of 2010; spend to end of Quarter 1 2010/11 is £232,360.

**3.1.2 St Neots Countryside Access (£66k)** – The allocation will cover work already carried out and future critical works this financial year. Funding agreements are in place and the project is now complete with spend to end of Quarter 2010/11 of £62,859.

**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 and work has begun with completion anticipated in March 2011; spend to end of Quarter 1 2010/11 is £122,000.

**3.1.4 Cambridge Green Necklace (£1.096m)** – The Cambridge Green Necklace is made up of six individual projects. The total allocation has been cut – with the agreement of the individual project leads - from £1,637,380 to £1,096,022. Priority was given to a scheme linked to Cycle Demonstration Town (Wandlebury Cycle Route) which is now complete and open. All of these projects are due to be completed by March 2011, although some will be completed sooner. Spend to end of Quarter 1 2010/11 is £587,947.

## **3.2 The Fringe Sites Flexible Fund**

**3.2.1** The £4.5m loan agreement with **Trumpington Meadows Land Company** was completed in October 2009, and pre-conditions for draw down of the loan have recently been fulfilled, and the full loan sum has been drawn down.

**3.2.2** Negotiations continue on the **Clay Farm** equity investment. An oral update will be given at the meeting

## **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. A funding agreement for the anticipated 09/11 spend is complete. Currently the project has spent £201,620. There is however concerns over the current spend profile (See Risks and Issues below).

**3.3.2 Mayfield Road Housing, Huntingdon (£350k)** – Has now fully spent its allocation and the project is complete.

**3.3.3 Ely Station Gateway Feasibility & Options (£150K)** is linked to future sustainable growth of Ely through the emerging Masterplan. A funding agreement has been finalised and completion of the work is anticipated in March 2011. Spend to end of Quarter 1 2010/11 is £58,783.

**3.3.4 The Wisbech Nene Waterfront (total £1.718m)** scheme is to install advance infrastructure to prepare the site for marketing. The first phase is currently on site (approx £700k) and Fenland DC have awarded the contract for phase 2 (approx £900k), with a view to starting shortly and completing in February 2011. A funding agreement is in place for the full scheme. It is therefore anticipated that the project will fully spend by March 2011. Spend to end of Quarter 1 2010/11 is £329,439.

### **3.4 Northstowe**

**3.4.1 RSPB Fen Drayton Lakes (£73,268)** – The agreed works were completed end of March 2010 and all funds have been claimed.

**3.4.2 Renewable Energy Northstowe / LCDI (£1m)** – The business plan for the LCDI as a whole (of which Northstowe is the most advanced of the suite of projects that are envisaged across the region) has been approved by ERDF, and ERDF match funding (40%) has been confirmed. Discussions are taking place with the Northstowe promoters to work up a specific business case for site-wide renewables for Northstowe. A funding agreement is in place for the full amount. Spend to end of Quarter 1 2010/11 is £75,151.

**3.4.3 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 Buckingway Business Park route has been removed from the programme because of the funding cut and land acquisition issues. A funding agreement is in place for the remainder of the programme, with £14,550 spend to end of Quarter 1 2010/11.

**3.4.4 Northstowe Countryside Access (£115K)** – Project is now complete with a total spend of £119,280

### **3.5 Strategic Projects**

**3.5.1 Cambridge Gateway (£1.5m)** – HGF is to be used to fund the bus interchange element of the project, supporting the CIF2-funded link road and developer investment in the area. The County Council are submitting a planning application for the work in Oct. It is anticipated that £1.2million will be spent completing the project this year with a further £300,000 being spent in the first quarter of 2011/12.

**3.5.2 The Hive (£2m)** – Cambridgeshire County Council's Cabinet, approved funding for The Hive at a meeting on 15 December 2009. A funding agreement is in place for £2.0m of HGF capital and completion is anticipated in March 2011. Cambridge Regional College agreed in principle to fund half of the balance of the total project cost of £2.6m (in addition to donating the land), Horizons originally offered to underwrite the other £300k of funding. However additional money has been secured through the Skills Funding Agency, which will be used to meet the £600,000 shortfall.. Spend to the end of Quarter 1 2010/11 is £87,007.

## **4.0 HGF REVENUE PROGRAMME**

## 4.1 BACKGROUND

£1,617,255 HGF Revenue budget is available for 2009-11. Including over-profiling to allow for project slippage, this gives a total of £1,742,130. The budget is broken down in the following way:

- 2009/10 a total of £331,497 (of which £307,665 was claimed to end of Q4)
- 2010/11 a total of £1,410,633

Projects totalling £1,059,253 for 2010/11 were approved by GPB and ARM in March 2010, an additional £440,000 of projects was approved by Horizons Board on 1<sup>st</sup> of July..

## 4.2 HGF REVENUE – 2010/11 QUARTER 1 POSITION

Spend in Quarter 1 10/11 was £19,330, giving a total spend for 09/11 of £381,598.

## 4.3 PROJECT PROPOSALS FOR HGF REVENUE FUNDING

4.3.1 At the previous Horizons Board meeting on the 1st July a number of new projects were promoted into the HGF Revenue programme. Of these projects:

- Green Infrastructure masterplanning is no longer included
- The Community Engagement Southern Fringe £25K and the Mapping Community Infrastructure £30K will be amalgamated and managed through the Community Services Infrastructure Group.
- The Orchard Park Landscaping project funding may not be needed as CCC may fund the work.
- The allocation of £20,000 for the Building Surveyor is not needed.

4.3.2 We received two requests for additional funding which Growth partnership Board approved;

- North West Cambridge Retail Study, original allocation £11,000. Additional funding of £9000 for additional work undertaken.
- North West Transport Study – Overspend of £2,500

4.3.3 The following additional Revenue Projects were considered by the Growth Partnership Board.

- Northstowe Studies – Funding to support the Eco Town demonstrator study programme
- K1 – Revenue funding of £20,000 to support the self build element at Orchard Park (known as K1).

The Northstowe studies will be revisited after the next Northstowe Delivery Board. The K1 project was approved by the Growth Partnership Board.

There may be a need for some additional funding for projects e.g. Community Infrastructure Levy pilot work in East Cambridgeshire and Huntingdonshire, but any specific proposals will be brought to the Board for approval.

4.3.4 A separate paper which reviews all Horizons' revenue budgets, as requested by the Horizons Board in July, is included on the agenda.

## 5.0 RISKS AND ISSUES

5.1 The main risk is around **Programme Slippage** – Some projects have already slipped in the programme and it is likely that further slippage will occur, and/or that other projects will slip. To manage this, Horizons has set up a number of meetings with Project leads to discuss management of any spend beyond the funding period. Projects will provide regularly up-dated spend profiles (Appendix B) and these will be reported to future meetings.

5.2 Short-term overruns can be coped with, but longer term delays are more problematic. There is a risk that we may have a sizeable programme underspend at the end of March 2011 that could adversely affect any bids for future funding support.

## 5.3 Specific Projects to Highlight

- The project plan for **Huntingdon Town Centre** shows that the project will not be completed until late 2011, and it is predicted that approx £1.19m of the planned project expenditure could be past the end of the funding period, well into 2011/12. Current progress with this project is linked to complex Compulsory Purchase Orders, although recent indications are that better progress might be made soon. Horizons are meeting the project sponsor at Huntingdonshire in October to discuss.
- The **Cambridge Gateway** project – In the process of signing a funding agreement. Current indications are that if planning permission is granted on the 16<sup>th</sup> of Oct, the project will spend £1.2million pounds in the current financial year with a further £300,000 being spent in the first quarter on additional projects within the Cambridge Gateway scheme. There is a risk that if planning permission isn't granted the programme will be delayed and spend will need to be carried further into 11/12; however it is considered that this is unlikely.

- The £890,000 for the **CGB cycleway project** has been carried over from 2008/09. This project is currently unable to commence as the Northern section has yet to be handed over by the contractor. It is currently anticipated that this will happen in advance of the end of the financial year and that funding will be spent within this period. However there is some risk that if the CGB programme is further delayed, funding would need to be carried over into 11/12. To mitigate this risk CCC are currently in discussions with BAM Nuttall to allow them access to the site, before handover, to begin construction of the cycleway.

5.4 The Board noted that, whilst the funding agreements require all spend to be completed by March 2011, there is project-level flexibility to allow some carry forward to the following 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, because of the general position on over-profiling, any expenditure which occurs past the funding period will contain an element of risk.

## **6.0 CONCLUSION**

- 6.1 Most projects in the HGF capital and revenue programmes should be completed by March 2011. There is, however, a risk of several larger capital projects running beyond this period.
- 6.2 Horizons will continue to monitor spend and commitments throughout the year and report on progress at future meetings.

## Appendix A – HGF Capital Programme 2009-11

Projects 2009-11	Allocation		Finish Date	RAG *
	2009/10	2010/11		
<b>Green Infrastructure</b>				
St. Neots Strategic GI	£232,360	£99,000	March 2011	
St. Neots Countryside Access	£66,481	£0	Fully spent	
Ely Country Park	£122,000	£180,000	March 2011	
Cambridge Green Necklace (6 projects)	£279,788	£816,234	March 2011	
<i>sub-total</i>	<i>£700,629</i>	<i>£1,095,234</i>		
<b>Flexible Fund (Cambridge Fringe Sites)</b>				
Urban Fringes Flexible Fund	£2,250,000	£2,250,000	Spent	
Clay Farm/Glebe Farm	£4,750,000	£3,250,000	Likely to be committed in June 2010	
<i>sub-total</i>	<i>£7,000,000</i>	<i>£5,500,000</i>		
<b>Market Towns</b>				
Huntingdon town centre extension & devel't	£500,000	£2,500,000	March 2012	
Mayfield Road Housing	£350,000	£0	Fully spent	
Ely Feasibility and Options (Formally East Cambs Housing)	£75,000	£75,000	March 2011	
Wisbech Nene Waterfront	£399,000	£1,319,000	March 2011	
<i>sub-total</i>	<i>£1,324,000</i>	<i>£3,894,000</i>		
<b>Northstowe</b>				
Renewable Energy/LCDI	£500,000	£500,000	March 2011	
Uttons Drove	£0	£0		
RSPB Fen Drayton Lakes	£73,268	£0	Finished	
Countryside Access	£115,377	£0	June 2010	
Cycle Routes Around Northstowe	£425,000	£425,000	March 2011	
<i>sub-total</i>	<i>£1,113,645</i>	<i>£925,000</i>		
<b>Strategic Projects</b>				
Cambridge Gateway	0	1,500,000	Summer 2011	
The Hive (formerly ICE)	102,140	1,897,860	March 2011	
<i>sub-total</i>	<i>102,140</i>	<i>3,397,860</i>		
<b>Other</b>				
AAR pre commitment	£2,000,000	£0	Spent	
<i>sub-total</i>	<i>£2,000,000</i>	<i>£0</i>		
<b>TOTALS</b>	<b>£12,240,414</b>	<b>£14,812,09</b>		

Project carried over from 2008/09	Amount allocated in 2008/09 budget	Finish Date	RAG *
CGB cycleway, Histon to Cambridge	£890,000	tba	

### \* RAG Status

Red = Unlikely to spend in the Funding Period (i.e., before 31 March 2011).

Amber = Possibility that project will not spend within spending period.

Green = Likely to spend within agreed time limit