

**Part 2 CONFIDENTIAL**

**SOUTHERN FRINGE SECTION 106 NEGOTIATIONS**

*To:* **Joint Strategic Growth Implementation Committee**

*Date:* **17 July 2007**

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

- Purpose:*
- 1. To receive a presentation from King Sturge on viability issues concerning Trumpington Meadows**
  - 2. To initiate a debate about issues and priority setting that are likely to emerge**
  - 3. To endorse processes and timetable to be undertaken by all four organisations collectively to result in an agreed package by mid-October 2007**

*Recommendation:*

**The Committee is recommended to discuss issues arising from the King Sturge presentation and endorse the processes and timetable set out in Section 3 of the report.**

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## 1. INTRODUCTION

1.1 The development of the southern fringe of Cambridge represents a significant element of the growth agenda for the sub-region and there is now an urgent need to provide informal member guidance to officers on the emerging developer contribution package. In total, the development will produce some 4,000 new homes, new leisure, recreation, health and community facilities, new schools, local shopping and a medi-park. The main development sites are:

### 1.1.1 **Clay Farm**

Approximately 2,300 new homes, strategic open space between Hobson's Brook and the railway line, education facilities, sports and recreation, health and community facilities and local shopping facilities. The site is in Cambridge City Council's administrative area.

### 1.1.2 **Trumpington Meadows**

Approximately 1,200 new homes, recreation and leisure facilities and extensive open space. The site spans Cambridge City and South Cambridgeshire District Council's administrative areas and is subject to 2 separate planning applications.

### 1.1.3 **Addenbrookes 20/20**

Clinical/biomedical uses/research and development. The site is in Cambridge City Council's administrative area.

### 1.1.4 **Bell School**

Approximately 350 new homes & 100 student bed living accommodation including open space. The site is in Cambridge City Council's administrative area.

### 1.1.5 **Glebe Farm**

Approximately 230 new homes (awaiting application). The site is in Cambridge City Council's administrative area.

Members will appreciate that the key to establishing communities that are balanced and sustainable is the provision of appropriate infrastructure (in its broadest sense) in a timely manner.

A major element of the funding of such infrastructure will be the Section 106 contributions secured from the various developers. Work undertaken by the authorities and Cambridgeshire Horizons has identified that the Section 106 requirements in respect of transport, education, household waste, community and sports facilities, and open space can only be considered on a cross-sites basis. Initial costings are appended, although this work is not complete and has not been thoroughly tested. Officers are working to finalise this work by the end of July.

Both Grosvenor (Trumpington Meadows) and Countryside/Liberty (Clay Farm, Glebe Farm, Showground and Addenbrooke's) maintain that the level of requirements identified currently together with the percentage of affordable housing sought exceeds the amount that can reasonably be obtained from Section 106 contributions. To provide an objective assessment, Members will know that King Sturge have been engaged by Cambridgeshire Horizons to undertake viability testing.

King Sturge have produced a viability model for use on the development sites. Trumpington Meadows is the furthest advanced in terms of the supply of data and Andrew Tice of King Sturge is attending the meeting to present the initial work (copy attached herewith). However, it has to be emphasised that more work is required to fix the inputs before a definitive view can be given. Nevertheless the initial findings do provide a backdrop for discussion about issues of priority setting should there be a 'viability gap' on any or all of the development sites.

## **2. SIGNIFICANT OUTSTANDING ISSUES**

2.1 The following are some of the main issues that affect the S106 process:-

### **2.1.1 Transportation**

- Specifications for the various elements of transportation infrastructure need to be finalised so that the attendant cost can be identified.
- Contributions from other developments away from the southern fringe need to be verified and taken into account.
- The timing of contributions to be made need to be analysed to see if they can be delayed to improve cashflow

### **2.1.2. Schools**

- Sizes, specifications and attendant costs need to be verified
- Ability to accommodate co-located facilities such as community, health and sports
- Timing of provision/payments

### **2.1.3. Waste Facilities**

- Location and scale of facilities need to be determined
- Need to establish quantum of contributions from Southern Fringe and other developments
- Need to consider timings of contributions

### **2.1.4. Community Facilities**

- Scale, specification and costs need to be determined as well as the relationship to other facilities, such as schools.

- Future management arrangements and attendant contributions need determining
- Timing of contributions

#### 2.1.5. **Public Realm/Open Space and SUDS**

- The extent, specification and attendant cost need to be established
- Future management arrangements and commuted sums need to be established
- Timing of provision of facilities and payments need to be determined

2.2 Resolution of these issues as soon as possible will help to finalise inputs for the King Sturge model to give a better view of viability. To meet the timetable set out in Section 3, these matters need to be finalised by end of August 2007.

2.3 Whilst the final figures have yet to be provided it seems very likely that there will be a viability gap and the Section 106 contributions will struggle to meet all the community benefits and infrastructure requirements so far identified by the authorities. Appendix 1 illustrates the quantity and range of contributions currently identified (please note that these figures are still being finalised).

2.4 In the event that there is a viability gap then there are several measures available to the local authorities to close the gap. In preparation for this eventuality appropriate questions or actions need to be addressed urgently:

**A) *Is the viability evidence robust?***

We need to be certain that the data and assumptions used for the modelling were correct.

**B) *Are the S106 infrastructure costs accurate?***

We need to be certain that the costs are accurate, grounded in policy and that they can be rigorously defended, if necessary, at appeal.

**C) *Is funding available from alternative sources?***

We need to ensure that we have exhausted alternative funding sources for infrastructure provision.

**D) *Review specifications***

We need to review specifications for S106 infrastructure provision and associated revenue costs. This needs to include trigger points. At present partners are front-loading contribution requirements which has a significant adverse affect on viability. The 'rolling fund' sought from government would play an important role in this respect.

**E) *Review infrastructure priorities***

We need to agree the infrastructure 'givens' and the infrastructure areas where we are prepared to negotiate.

**F) *Review timing and phasing proposals***

Some planning contributions may be more affordable if delivered later in the development process.

- 2.5 This meeting provides the Members with the important first opportunity to work together to establish areas of agreement/difference on the requirements and, perhaps more importantly, the processes that need to be established to help resolve matters. Members are urged to prepare their input to the framework in 2.4. A suggested process and timetable is set out in Section 3 below to assist Members with their discussions.

### **3. WAY FORWARD**

- 3.1 Reviewing priorities is a substantial piece of work requiring considerable input from the three authorities and a strict adherence to an agreed timetable if sufficient progress is to be made. This could be especially challenging over the holiday period, hence the need to make significant progress at this meeting.

- 3.2 A discussion amongst officers has suggested that Cambridgeshire Horizons' role in this work should be to facilitate discussions on the Section 106 package. The suggested timetable for the work is as follows:

- Initial discussions amongst members – July 17<sup>th</sup> JSGIC
- Officers to complete costings and triggers work by end of July
- Joint proposed package to be drawn up by the end of August
- Authorities to take proposals through their respective internal processes – by mid October.

- 3.3 The local authorities have confirmed their key internal processes as set out below:

Cambridgeshire County Council –

- PDG 31<sup>st</sup> July to consider Heads of Terms
- PDG September to refine County position
- Cabinet 16<sup>th</sup> October to approve final package

South Cambridgeshire District Council – Cabinet meets on 8<sup>th</sup> October

Cambridge City Council - provisional date for special Environmental Scrutiny Committee in September.

- 3.4 To avoid discussions becoming fragmented and lines of communication becoming confused, Horizons are suggesting that

- All meetings on the Section 106 to include all four organisations
- Member level discussions to be chaired by Sir David Trippier
- Officer level discussions to be chaired by Stephen Catchpole

- 3.5 Each organisation has identified a lead officer to attend all meetings:

- County Council – Nick Dawe / Graham Hughes
- South Cambs DC – To be confirmed
- City Council – Simon Payne
- Cambridgeshire Horizons – John Onslow
- Joint Planning Director (DC Advisor)

- 3.6 Each authority be asked to appoint a representative to sit on a Member group set up to oversee this work supported by officers (including the lead negotiators) as appropriate:
- Sir David Trippier (Chair)
  - South Cambs DC – to be advised
  - City Council – to be advised
  - County Council – to be advised
- 3.7 Given that we will be working through the holiday period, it would be appropriate to allow substitutes to attend meetings if necessary.
- 3.8 The Member group should seek to meet late July/early August (depending on availability), if necessary more than once, to review progress and provide a steer to officers. All viability work will therefore need to be completed by the end of August, so that an agreement can be sought on the relative priorities.