

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

3 June 2013

AUTHORS: Director of Planning and New Communities

NORTHSTOWE DELIVERY AND DRAINAGE REQUIREMENTS

Purpose

1. To consider the implications for the Council arising from the need to support funding for the range of community and infrastructure facilities in Phase 1; endorse support for the A14 Improvement Scheme; and give authority to explore an appropriate mechanism to deliver the investment and development vehicle for phase 2 and subsequent phases.
2. This is a key decision because,
 - (a) it is likely to result in the authority incurring expenditure which is significant having regard to the Council's budget for the service or function to which the decision relates, and
 - (b) it is likely to be significant in terms of its effects on communities living or working in an area comprising two or more wards.

Recommendations

3. Cabinet is recommended:
 - (a) To agree in principle the Council's support for the A14 Improvement Scheme and to authorise officers to proceed to negotiate an Agreement with the County Council for this purpose subject to a detailed scheme to be reported to Cabinet and Council in due course.
 - (b) To note on-going negotiation on the section 106 Agreement for Northstowe including the need to meet the required funding in order to provide the essential requirements for the first phase as set out in Appendix B of the report approved by the Northstowe Joint Development Control Committee (NJDCC) on 19 March 2013.
 - (c) To authorise the allocation of up to £3m funding to cover the balance of the estimated funding required for the implementation of the first phase of community facilities.
 - (d) To authorise the allocation of funding of £780,000 in order to underwrite the repayment of the Local Enterprise Partnership loan for the purposes of implementing the Webbs Hole sluice pump project as part of the long-term drainage solution for Northstowe and settlements within the drainage catchment area.
 - (e) To authorise the allocation of funding of £0.5m for the purpose of funding the maintenance of the Webbs Hole sluice pump for a period of 100 years, and to note that officers will continue to seek to identify a partner to take on this maintenance responsibility.

- (f) To agree that the District Council, will take on the responsibility for the operation and practical maintenance of the Webbs Hole Sluice pump and related works until such time that officers secure a management arrangement with a suitable body as a long-term solution.
- (g) To authorise officers to develop Heads of Terms in order to enter into an Agreement with Homes and Communities Agency (HCA) and Cambridgeshire County Council (CCC) for the purposes of establishing a joint venture to invest in and develop the post phase 1 development of Northstowe, to be reported to Cabinet at a future meeting.
- (h) To authorise the principle of the allocation of £25m from the HRA Business Plan approved by Council in February 2013 for the purposes of the District Council's investment in the Joint Venture delivery vehicle.
- (i) To endorse the principle of supporting a thriving business community and to instruct officers to consider schemes to incentivise business to locate and develop in Northstowe from the early days of the development.

Reason for Recommendations

4. To ensure that Cabinet can consider any corporate and financial implications arising from the essential requirements for Northstowe Phase 1 and support from the A14 Improvement Scheme and (i) to confirm that Cabinet has no objection to the completion of the section 106 Agreement which includes an obligation on SCDC and the County Council to secure funding (but not necessarily from their own resources) to ensure that the balance of essential requirements will be provided at the relevant time and such as to ensure that the planning permission will be acceptable in planning terms, and (ii) to authorise officers to commence consideration of an appropriate investment and delivery vehicle for subsequent phases in partnership with the County and HCA.

A14 Considerations

5. Council, in April 2013, requested that a more detailed consideration of the financial implications of the A14 upgrade be brought to this meeting of Cabinet. Unfortunately this has not been possible as the full details were not available at the time of drafting this report.
6. Members will recall the October Government announcement of the major A14 Improvement scheme. Works are currently programmed to start in 2018 and are expected to last for three years. The proposed access arrangements for Northstowe are currently being reviewed by the Highways Agency. The road will be part-tolled; the details of this are still being developed but tolls are likely to be applied to the proposed new off-line section. Without these road and traffic management works to the A14 large sites such as Northstowe could not proceed.
7. Detailed work is proceeding on the basis of a tripartite funding split between central Government, the affected local authorities and income to be derived from tolling. A report on the scheme and funding details will be presented to Cabinet at a later stage. In order to assist in the progress of the scheme Members are asked to endorse the principle of the shared funding proposals, and in principle to commit the District to a financial contribution to be made over 25years. Recommendation (a) in this report applies.

8. The Cambridge Northern Bypass from Girton to Milton will be improved, separately, as a Highways Agency Pinchpoint improvement project.

Funding Northstowe Phase 1 requirements

9. The (NJDC) resolved to grant outline planning consent for Phase 1 of the Northstowe development on 19 March 2013 subject to the successful negotiation of a section 106 Agreement to secure required infrastructure and community facilities, and to the conclusion of a land transfer arrangement for the secondary school. In order to create a sustainable community the requirements of Phase 1 have to be delivered early in relation to the housing build-out programme to ensure that essential infrastructure such as schools and community meeting places are ready for use at the appropriate time and are viable in relation to their patronage. Together with suitable planning conditions, the planning agreement is the principal mechanism for securing this.
10. Officers are currently in detailed negotiations with the developers over the precise delivery and funding arrangements for each element of infrastructure. There are areas where funding from the public or voluntary/community sector, at a later date, could improve a facility, either enhancing its specification or as part of a funding partnership. Some of the items in the Northstowe phase 1 application fall into this category and additional funding will be required, beyond the £30m pledged by the developers.
11. The estimate of additional funding for the essential infrastructure requirements for phase 1 reported to NJDC in March amounted to approximately £2.3m together with the £30m offered by the developer and accepted by Members. Officers continue to explore ways to reduce the estimated sums required through value engineering, the phasing of funding, external sources of funding available for sports or community uses, and delivery partnerships with other bodies such as the developer or trusts. Early research on local governance, energy generation and community sustainability suggests that the transfer of phase 1 assets such as the public sports areas, the sports pavilion and community centre, to a local trust or to the new Town Council could derive sufficient potential revenue to generate self-sufficiency. However, this work is at an early stage, and more detailed proposals will be brought forward at a later stage.
12. Cabinet is therefore asked to approve the principle of the allocation of funding of £3m to provide the backstop for bringing forward the essential facilities at times appropriate to meet the needs of the emerging community. It is proposed that this sum would be shared and apportioned with the County Council, and proposals regarding responsibilities of each Council are being developed. Recommendations (b) and (c) apply.

Land Drainage Solution: Uttons Drove Sewage Treatment Works Land Drainage Solution (Pumping Station at Webbs Hole Sluice)

13. On 30 January 2013 the NJDC approved Planning Condition 34 'Land Drainage Solution' restricting occupancy of the phase 1 development to 500 dwellings until the land drainage solution for the Uttons Drove Waste Water Treatment Works has been fully implemented in accordance with an approved scheme.
14. On 19 March 2013 the NJDC agreed officer delegation to conclude the delivery of the land drainage solution including the proposal for the District Council to

commission and operate the pumping station as an interim measure until such time as officers were able to identify and secure an alternative responsible organisation. The Environment Agency (EA) then agreed to act as project manager on behalf of the District Council. A preliminary report setting out a delivery programme commencing in March 2013 with completion in August 2014 was presented and endorsed by the NJDCC which would enable the pumping station to be in operation in advance of the current proposed housing trajectory for 500 dwellings. The NJDCC report referenced a financial obligation of £277,500 from Gallagher, representing their offer of a pro rata contribution based on the 1,500 houses in phase 1. Funding is already secured for a loan of £780,000 from the (LEP) but it is repayable in full by SCDC in five years' time.

15. However, the initial EA cost assessment indicated capital costs for the pumping station design and construction in the region of £1.7m and a revenue requirement of £474,000 for its operation and maintenance over a 100 year period. Officers have sought alternative estimates and the developer's consultants, in consultation with the Technical Liaison Group, have estimated a capital cost of approximately £1m. This amount can be covered by the total funding secured whereas the £1.7m would leave a shortfall payable by SCDC. In addition to working with the EA, officers are exploring delivery arrangements in order to bring forward the project for the lowest cost.
16. Cabinet is therefore asked to agree formally to taking on the LEP loan of £780,000 in accordance with the funding agreement and note that this requires re-payment in full by September 2018 as set out in recommendation (d) in this report. It is also recommended that funding is allocated for the revenue contributions over a 100 year period, payable to a suitable body, for a total of £0.5m as set out in Recommendation (e). Whilst officers continue to negotiate a solution with appropriate bodies, the Council would take on the operational responsibility for the maintenance of the pump in the interim period. It is unlikely that this obligation would be called upon since officers will be negotiating strenuously on an alternative solution before the completion of the project in Autumn 2014. A report will be brought back to Cabinet when a solution is agreed or the works are complete, whichever is the sooner. Recommendation (f) applies.

A Joint Venture

17. Following the meeting of the HCA Investment Board on 25 April, the HCA Regional Director wrote to the County Council and District Council to invite them to consider a joint venture to invest in and to bring about the creation of the town itself post-phase 1. The HCA Investment Board is further considering the details of the financial package for Gallagher for phase 1 and the Delivery and Investment Plan for subsequent phases on 11 July.
18. In February 2013 the District Council approved a 30 year Business Plan for the Housing Revenue Account that allocated over £230m of investment in house building. Officers are in discussion with the prospective partners, the HCA and County Council, on the principles of a delivery vehicle and how this might operate and will bring back a more detailed proposal at a later stage. In the meantime Cabinet is asked to endorse the principle of investing £25m for the purpose of bringing forward housing through a joint venture and to authorise officers to draft Heads of Terms (Recommendations (g) and (h)).

Business Location and Development Incentives

19. A thriving business community is essential to the economic sustainability of Northstowe. Supporting local business growth and development will help to balance the function of the town as a community in its own right, as a complementary settlement to Cambridge and to establishing its role in the sub-regional economy. The previous scheme for Northstowe was supported by an Economic Development Strategy that identified a mixture of roles but the recession and depressed housing market over the past five years forces its reconsideration. Officers have agreed with Gallagher that a review will provide the context for bringing forward the commercial areas and local centre, including exploring the role of the LEP, the college and training centres, and the County and District Councils.
20. Cabinet is therefore asked to endorse the principle of creating a thriving and skilled business and enterprise community from the early days of Northstowe and to instruct officers to consider schemes to incentivise business and the skills sector in order to bring back options for Cabinet's consideration. Recommendation (i) applies.

Implications

21. Financial	<p>There are direct implications for the Council in relation to:</p> <ul style="list-style-type: none"> i. Funding for the joint venture of £25m from the HRA ii. Allocation of £3m as a backstop support towards the community infrastructure over the 8-10 year build-out of Phase 1(with the County Council) iii. Underwriting the repayment of the LEP loan of £780,000 by September 2018 to be funded through s106 Agreements iv. Making provision for revenue maintenance funding of £474,000 over 100 years for the drainage pump to be funded through s106 Agreements v. No funding has been identified within the Council's Medium Term Financial Strategy to meet the costs of any Council contribution to the A14 upgrade. It is likely the Council will be requested to make a commitment to fund a part of the capital costs over a 25 year period. This could be met through the New Homes Bonus, Business Rates generated from the upgrade or through the General Fund. A full financial appraisal will be brought forward in due course
Legal	<p>In addition to concluding the detailed section 106 Agreement for Phase 1, there will be:</p> <ul style="list-style-type: none"> i. Heads of Terms leading to a legal agreement with the HCA and County on the joint venture ii. Legal agreement with the EA or Gallagher on the project management to deliver the drainage pump and/or suitable operating body iii. A legal agreement with the Highways Agency for the A14 funding <p>There is an existing agreement with the LEP regarding the Drainage pump funding.</p>
Staffing	<p>There may be staffing implications due to needs arising from phase 2 and extensive on-going work on phase 1. Two new staff members have recently been appointed on contracts to work on community engagement and the co-ordination of community, children's and family services</p>

Risk Management	There are two principal corporate risks: the reputational risk of not achieving the aim to secure an Exemplar town at Northstowe, and the financial risk arising from the allocation of funds to different aspects of the Northstowe programme as identified in this report. The financial exposure of the Council is moderated by a mixture of the long timescale for the provision of the funding, the requirement on officers to bring back detailed schemes and business plans that will identify how funds can be repaid or achieve returns to the Council, and the sharing of the financial risk with other public sector partners.
Equality and Diversity	The Northstowe proposals aim to create a sustainable town and address a range of community and economic needs with community engagement and local governance being at its core.
Equality Impact Assessment completed	No EIA will be appropriate in the development of the individual proposals.
Climate Change	The ability to adapt and to mitigate the effects of climate change is inherent in the Exemplar ambitions and in the ethos of the creation of Northstowe as a sustainable community.

Consultations

22. The Northstowe proposals have been the subject of extensive consultation through the planning process and through the Northstowe Parish Forum, workshops on a strategic framework and design codes, a traffic management group and residents' drop-in sessions in nearby villages programmed to continue through 2013/14.
23. With regard to consultation with children and young people it is the intention to work with young people, community youth groups and the schools to develop the detailed proposals with the individual builders for the first phase of Northstowe. The new Community Worker will have this remit. There will be extensive consultation on establishing a Town Council over the next year or so.
24. Specifically, the Youth Council has appointed a Northstowe Specialist Youth Councillor to help inform the development process from a young person's perspective. The Northstowe Specialist Youth Councillor is spending two weeks' work experience during July in the Northstowe Team based at South Cambs DC to help increase his understanding both of Northstowe as a whole, but also of planning processes and how new communities are developed.
25. Youth Councillors have also been attending the public drop-ins that have been happening in Longstanton and Oakington to help encourage young people to attend and make sure their views are captured too. Currently, Youth Councillors are surveying their local schools by interviewing teachers, students and parents to find out what makes a school good and what they would like to have in the new secondary school at Northstowe – Meridian Trust (the Northstowe secondary school provider) have actively encouraged and welcomed this initiative by the Youth Council and a Report on the Youth Council's findings and recommendations will be published in October half term 2013. Similarly, the Diocese of Ely is also encouraging input from the Youth Council to help develop the first Primary School and early community facilities at Northstowe.
26. Other Northstowe issues that the Youth Council are keen to influence are healthy and sustainable lifestyles with good public footpaths, cycle ways and transport links as well as employment, business and learning opportunities for people of all ages.

Effect on Strategic Aims

27. The development of Northstowe is a corporate priority. The creation of a quality town with the infrastructure to support housing and economic development is a fundamental requirement. Officers will continue to seek additional funding sources and explore different ways of delivering community-based services and facilities to reduce the financial risk to the Council and to enhance its reputation in civic leadership.

Conclusions

28. The development of Northstowe is a long-term programme that must remain flexible to changing circumstances over the next generation. This report summarises the range of initiatives under way or being explored to bring forward not only the housing but the essential community infrastructure and facilities. Much of this work needs to be in partnership with the private sector as developer, with new businesses, and public sector partners, particularly the County and the HCA. In its role as civic leader the Council may be required to provide financial support in order to unlock individual aspects of the programme. As negotiations continue Cabinet will consider further reports to enable the Council to continue to provide that direction and to make the required strategic decisions.

Background Papers: The following background papers were used in the preparation of this report:

Northstowe Action Area Plan (NAAP) 2007
Committee Report to NJDCC 20 July 2012
Development Framework Document, August 2012
Committee Report to NJDCC, 4 October 2012
SCDC Cabinet report 12 October 2012
Committee Report to NJDCC, 24 October 2012
Committee Report to NJDCC, 30 January 2013
Committee Report to NJDCC, 19 March 2013

Contact Officer: Lois Bowser – Northstowe Team Leader, Tel: (01954) 713390