



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 2.1
27 September 2017	PUBLIC REPORT

**DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DCLG)
NATIONAL INFRASTRUCTURE FUND**

1.0 PURPOSE

- 1.1 A key function of the Combined Authority is to attract additional investment into the area to support economic growth, provide essential infrastructure and deliver new homes.
- 1.2 The Government's Housing Infrastructure Fund represents a major capital grant programme of £2.3 billion for new physical infrastructure which will help unlock sites in the areas of greatest housing demand and help to deliver 100,000 new homes in England. Funding will be awarded to local authorities on a highly competitive basis. Combined Authorities can bid for schemes up to £250m under the Forward Funding Pot.
- 1.3 One exceptional bid has arisen as a result of rigorous and independent evaluation by one of the Country's leading property investment companies, CBRE, and the Board is asked to endorse the submission of the Cambridge Northern Fringe East bid to the Forward Funding Pot.
- 1.4 The process identified two additional strong candidate schemes which could make a significant contribution to unlocking new homes and social and economic growth in the area. The Board is also asked to support further development of these schemes to target future investment proposals:
- Huntingdon Third River Crossing
 - Wisbech Garden Town

DECISION REQUIRED

Date:	27 September 2017
Lead Member:	Mayor James Palmer

Lead Officer:	Martin Whiteley, Chief Executive	
Forward Plan Ref:	N/A	Key Decision: No
<p>The Combined Authority Board is recommended to:</p> <ol style="list-style-type: none"> 1. Submit the Cambridge Northern Fringe East bid to the Housing Infrastructure Fund Forward Funding Pot in the sum of £193m which will unlock the potential for 7,600 new homes which will in turn support new jobs in the Cambridge Science Park and in Greater Cambridge more generally. 2. Note the endorsement of this bid by the Greater Cambridge Greater Peterborough LEP (Appendix 1) – this will be noted by Government as a strength. 3. Commit to deliver the two additional schemes of strategic importance identified through this process by developing business cases to target future investment at: <ul style="list-style-type: none"> • Huntingdon Third River Crossing • Wisbech Garden Town. 4. Note and endorse the Marginal Viability Funding bids to be submitted by the District Councils. 		<p>Voting arrangements</p> <p>Simple majority of voting members</p>

2.0 BACKGROUND

Department for Communities and Local Government (DCLG) Housing Infrastructure Fund

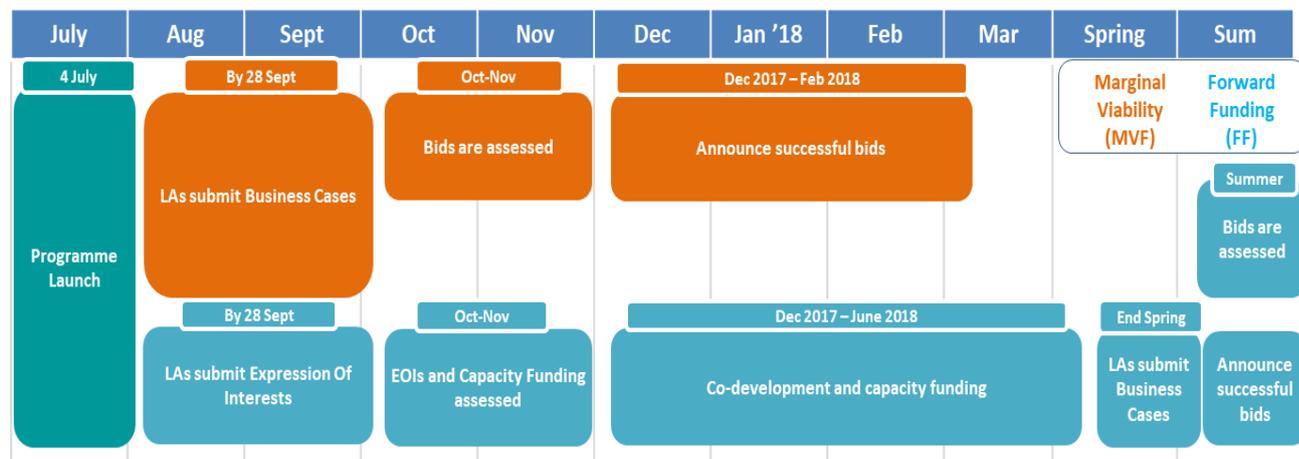
- 2.1 DCLG launched the Housing Infrastructure Fund in July 2017. The Fund is making £2.3bn grant funding available to deliver 100,000 new homes. DCLG is seeking competitive bids, to be spent on land or infrastructure, linked to areas of greatest housing demand. The DCLG documentation can be found at: <https://www.gov.uk/government/publications/housing-infrastructure-fund>
- 2.3 Two funding pots are available. The Forward Funding Pot is aimed at Combined Authorities. The Marginal Viability Pot is aimed at single and lower tier authorities and the Combined Authority to asked to endorse the bids. The core characteristics and the bidding process for each funding pot are summarised in the table below:

Marginal Viability Funding Pot	Forward Funding Pot
For single & lower tier local authorities	For the upper most tier of local government
Unlock stalled sites for quick delivery	Strategic high impact schemes
Final piece of funding needed	First part of funding needed
Up to £10m per scheme	Up to £250m per scheme

Marginal Viability Funding Pot	Forward Funding Pot
Bidding process: <ul style="list-style-type: none"> • Business cases to be submitted by 28th September 2017 • Funding awarded in early 2018 • Money must be committed by March 2021 (35 months) 	Bidding process: <ul style="list-style-type: none"> • Expression of interest needed by 28th September 2017 • If selected, business cases to be submitted by Spring 2018 • Funding awarded in Summer 2018 • Money must be committed by March 2021 (32 months)
Bids Assessed: Oct – Nov 2017	Bids Assessed: Oct-Nov 2017
Results announced Dec 2017 – Feb 2018	Co-development period & capacity funding to develop business cases Dec 2017 – June 2018
	Results announced Summer 2018

2.5 In this DCLG competition, although not compulsory, endorsement by the relevant LEP or LEPs for both Funding Pots will also be taken into account in the bid assessment.

2.6 The closing date for submission of bids is 28 September 2017. The timing and bidding process is summarised in the figure below:



2.7 At a meeting with HCA on 2 August 2017 it was confirmed that:

- DCLG and HCA are expecting the competition to be over-subscribed. The Combined Authority will be in competing with others to secure funding.
- The review of submissions will be conducted by DCLG and Homes and Communities Agency (HCA).
- DCLG has indicated that they want local authorities to submit their most ambitious bids so that they can fund the best proposals available. Local authorities are asked to rank the bids they submit in order of priority. When ranking bids, local authorities need to consider the degree of ambition in the bid, primarily in terms of:

- the value for money and the number of additional homes;
 - the strategic approach;
 - the deliverability of the infrastructure and homes;
 - meeting the spend timetable (funds to be committed up to March 2021).
- The review of submissions will consider in the first instance all 'rank 1' Expressions of Interest; DCLG and HCA may then assess lower priority bids in ranked order.

2.8 DCLG published ranking process guidance on its website on 13 September 2017. DCLG have indicated that when ranking bids, local authorities need to consider the degree of ambition in the bid, primarily in terms of the value for money and the number of additional homes; the strategic approach; and the deliverability of the infrastructure and homes. As a guide, value for money will count for half of our assessment with a broadly equal split between strategic approach and deliverability.

3.0 MAIN ISSUES

Developing submissions for the Forward Funding Pot

- 3.1 A list of potential schemes that would be suitable for the Forward Funding Pot was identified by housing and planning colleagues from local authorities across the Combined Authority area at the end of July 2017.
- 3.2 A first high-level appraisal of these schemes was conducted against the criteria for eligible bids. CBRE consultants were also asked to provide a high level independent view using the same criteria. Alongside informal feedback from the HCA, the three strongest schemes were identified. A high level description of the three schemes is provided in the table below:

Scheme	Description
Cambridge Northern Fringe East	<p>A large-scale brownfield regeneration opportunity in Greater Cambridge, extending across both Cambridge City and South Cambridgeshire District Councils.</p> <p>Redevelopment could create a new mixed-use neighbourhood including circa 7,600 new homes, business space, jobs and cultural and community infrastructure.</p> <p>Infrastructure - to deliver the project requires the relocation of Anglian Water's Cambridge Water Recycling Centre (WRC) which occupies circa 40 hectares of land within the CNFE boundary.</p> <p>Cambridge City Council, Anglian Water and Grosvenor have been working jointly to deliver the scheme and have assessed that £193m of HIF funding is required to enable CNFE to be delivered.</p>

Scheme	Description
Huntingdon Third River Crossing	<p>The provision of a third river crossing would help facilitate development of sites such as;</p> <ul style="list-style-type: none"> • Wyton Airfield - 4,500 dwellings • Giffords Park - 2,200 dwellings • Sapley Park - 1,300 dwellings • Lodge Farm - 3,820 dwellings <p>Infrastructure - transport modelling undertaken in support of the Emerging Local Plan to 2036 indicated that the existing road network would not be able to accommodate any large-scale development north of the river and the A1123 without a third river crossing to the A14. The sites outlined above are unlikely to come forward without a third river crossing.</p> <p>Work undertaken in relation to the Local Plan indicated that the scheme would cost £136m for a dual carriageway river crossing.</p>
Wisbech Garden Town	<p>The Wisbech Garden Town proposal will see 10,000 to 12,000 new homes built in Wisbech creating 11,000 new jobs for the town over a 30 to 40-year period.</p> <p>The site sits predominantly within the jurisdiction of Fenland District Council however it also extends into the boundary of the Borough of Kings Lynn and West Norfolk.</p> <p>Infrastructure – considered on basis of two scenarios, £250m of HIF and £40m of HIF. (i) £250m - on and off-site infrastructure costs, flood mitigation measures, community and social facilities and as a contribution towards connectivity projects. (ii) £40m - improvements to the A47, new roundabout junction, construction of site access and land acquisitions required to deliver the project.</p>

3.3 The second part of the appraisal exercise involved CBRE undertaking a review and assessment of the three schemes. CBRE considered a number of different scenarios based on applying different weighting to the key criteria (value for money; strategic approach; deliverability of the infrastructure and homes and meeting the spend timetable).

3.4 Cambridge Northern Fringe East has been assessed as the exceptional scheme for submission to DCLG. It meets all of the criteria as published by DCLG:

- Strategic Fit - Cambridge Fringe North East is included in the Local Plan and is the last, urban large-scale brownfield regeneration and currently blocked opportunity in Cambridge/South Cambridgeshire. Cambridge City Council, Anglia Water and Grosvenor have been working together for several years to unlock the delivery of the scheme through investment in new infrastructure to unlock strategic land. The scheme will optimize the investment made in the Cambridge North station to unlock maximum growth in jobs, infrastructure and homes and is consistent with the

Government's objective to bring forward schemes that would not progress without the Fund.

- Number of homes – The scheme will unlock the delivery of 7,600 homes in an area of high demand and affordability challenge. It will support new jobs and sustain existing jobs within the Cambridge Science Park and in Greater Cambridge more generally. Detailed feasibility work and financial modelling has been undertaken to support the delivery plans.
- Deliverability and Spend Timetable – The Scheme goes a substantial way to meeting the Government's spend timetable including an evidenced spend profile and known buildability of the housing. A key delivery issue, which will be assessed in more detail in the development of the full business case, is the speed with which Anglian Water can progress the relocation of the Water Recycling Centre.
- Value for money – Evaluated according to the DCLG Economic Ready Reckoner, the scheme was ranked in the top category of estimated economic benefits.

3.5 In light of the powerful case for Government investment in the Cambridge Fringe North East scheme, it is proposed that the Combined Authority Chief Executive is charged with submitting this bid to DCLG by the deadline date of 28 September 2017.

3.6 This process identified two other exceptional schemes which were not currently in a state of readiness to meet all of the DCLG criteria. Given the contribution these sites will make to the economic growth of the area it is proposed to take forward work to develop business cases in relation to these sites which would support future Forward Funding Pot applications or attract alternative investment.

Marginal viability funding pot

3.7 Bids to the Marginal Viability Funding Pot are being managed by CA member local housing authorities. Where more than one bid is being submitted by the local housing authorities they will be required to rank the bids in priority order. A summary is provided at Appendix 2. The Board is asked to endorse those proposals.

4.0 FINANCIAL IMPLICATIONS

4.1 The detailed Expressions of Interest submitted to DCLG will outline the required financial information.

5.0 LEGAL IMPLICATIONS

5.1 In accordance with the DCLG Housing Infrastructure Fund competition requirements, the Combined Authority is coordinating and ranking the forward funding bids for submission to DCLG.

- 5.2 The process requires a business case to be developed should an expression of interest be called forward by DCLG.
- 5.3 At this stage in the funding bid, submitting of an expression of interest is not a key decision.

6.0 EQUALITIES IMPLICATION

- 6.1 There are no matters to bring to the Board's attention.

<u>Source Documents</u>	<u>Location</u>
<i>Not Applicable</i>	