

NORTHSTOWE PHASE 1 SECTION 106 FUNDING PROVISION

To: Cabinet

Date: 4th March 2014

From: Executive Director: Economy, Transport and Environment

Electoral division(s): Papworth & Swavesey; Willingham; Bar Hill; Cottenham, Histon & Impington

Forward Plan ref: N/a **Key decision:** No

Purpose: To agree principles for sharing responsibility for additional funding that may be needed to deliver community infrastructure for the first phase of Northstowe with South Cambridgeshire District Council. The agreed principles will apply to this Council and South Cambridgeshire District Council.

Recommendation: Cabinet is recommended to:

- a) Approve the principles for the joint management of the delivery of Section 106 infrastructure with South Cambridgeshire District Council
- b) Agree that any funding shortfall will be split between the District and County Councils in proportion to the total value of the community infrastructure provided (Option 2).

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1. BACKGROUND

- 1.1 The Northstowe Joint Development Control Committee (NJDCC) resolved to grant outline planning consent for Phase 1 of the Northstowe development on 19th March 2013, subject to:
- the successful negotiation of a Section 106 Agreement to secure required infrastructure and community facilities, and
 - the conclusion of a land transfer arrangement for the secondary school.
- 1.2 The underlying principle is that the community requirements must be delivered early in relation to the housing programme to ensure that essential infrastructure such as schools and community meeting places is ready for use and viable at the appropriate time.
- 1.3 The first phase of the development of Northstowe carries a disproportionate financial burden in site preparation and installation of basic infrastructure. In addition, the first phase will include the provision of a secondary school that will serve the whole of the town. In recognition of the funding pressures, the level of affordable housing was also agreed at 20% for Phase 1.

2. MAIN ISSUES

- 2.1 The delivery of Northstowe is crucial to the delivery of additional jobs and housing in Cambridgeshire. The first phase of the development carries a disproportionate share of the new infrastructure needed to make the new town successful. As a result the financial viability of the first phase is challenging. To resolve this and to make Northstowe a reality, the NJDCC agreed, when they resolved to grant consent in March 2013, that the developers contribution to new community infrastructure will be limited to £30m, although the estimated cost of the infrastructure is £33.6m. The Section 106 Agreement has been completed on this basis and planning permission will be granted prior to this meeting of Cabinet.
- 2.2 Appendix 1 shows the final set of Section 106 Funding Obligations, with a potential unfunded gap of £3.36m. Officers consider that there are savings that can be made in the delivery of this infrastructure, which both authorities will work hard to deliver. This report addresses how this funding gap could be met by the two authorities should it arise.

Proposed Principles for Sharing the Support Funding

- 2.3 To manage the difference between the developer contribution and the estimated cost of infrastructure, County and District officers have agreed a set of principles.
- i. **Cost effectiveness** - Each party will seek to secure the most cost effective approach to procurement, specification and delivery of each service or facility. If the cost of any item goes above the cost identified in the agreement, the party responsible for delivery of that item is entitled to value engineer, and is responsible for the additional costs.
 - ii. **External and additional funding** - Each authority will explore additional and external sources of funding.

- iii. **Ring fencing savings** - Any savings secured through cost efficiencies on individual items, and subject to requirements within the Section 106 Agreement, will be placed in a single notional savings account and will be allocated towards the overall support funding required. This will be used against items as required and as they come forward in accordance with the timing in the Section 106 Agreement.
- iv. **Record keeping** - At the end of the process any outstanding funding for the remaining items will be provided by the County and District Council authorities. Options for the allocation of this are set out below.
- v. **Review** - This mechanism will be reviewed after five years, in the expectation of a ten-year build-out programme.

Support Funding Options

2.4 In order to ensure an equitable distribution of support funding should it be required, two options have been considered. Both take into account the fact that this Council will be delivering the greater share of community infrastructure (78%), largely through school provision, while the District Council elements of 22% are largely through the community centre, sports and parks (see Appendix 1). The breakdown and balance of expenditure are summarised below.

		DISTRICT	COUNTY
Total Section 106 essential requirements	<u>£33,361,550</u>	£7,207,688	£26,153,862
		21.60%	78.40%
Gallagher Obligations	<u>£30,000,000</u>		
Proportionate Balance	£3,361,550	£726,095	£2,635,455

- 2.5 **Option 1:** The County and District maintain separate savings and expenditure accounts and are each responsible for securing funding for their own facilities. This option could give rise to a disproportionate burden on either authority for an essential item of infrastructure to the dis-benefit of the community as a whole. It does not reflect the spirit of partnership working between the authorities which has been the strength of our approach to date.
- 2.6 **Option 2:** The proportionate approach views all savings and expenditures required to secure a facility to be funded through a shared notional 'pot', but apportioned 78/22 between the County and District items. The advantage is that if savings are derived in one area, say in the provision of the primary school or community centre, then the saving would benefit both authorities. This is the recommended option.
- 2.7 South Cambridgeshire District Council considered a similar report to this at their Cabinet meeting on 13th February 2014 where it was agreed the District Council supported Option 2 as outlined above, thereby covering £726,095 of the unfunded Section 106 infrastructure costs should that arise.
- 2.8 With the build-out of Northstowe phase 1 expected to take 8-10 years, it is unlikely that there will be a call for this support funding for the Section 106 items in the

short term. During this time, County and District officers will be endeavouring to reduce costs as far as possible and to seek additional sources of funding particularly for the sports and community facilities.

3. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

3.1 Developing the local economy for the benefit of all

Phase 1 of Northstowe includes provision for 5ha of employment land. This will provide approximately 500 jobs. In addition, further employment opportunities will be provided within the mixed-use local centre and the primary school.

Phase 1 of Northstowe also strengthens the relationship between jobs and houses in Cambridge and the surrounding hinterland. In particular, Phase 1 is located adjacent to the Longstanton Park and Ride and Busway stop; this allows residents of Northstowe the opportunity to easily, quickly and sustainably access jobs in Cambridge (particularly the Science Park and the Addenbrooke's Bio-medical Campus) as well as assisting employees travelling to the Northstowe employment site from the surrounding area.

3.2 Helping people live healthy and independent lives

The proposal will ensure access to a full range of public services, such as education, early in the development.

Phase 1 of the development will build in routes and networks of footpaths and cycle paths that will assist movement in and around Northstowe and into the surrounding area.

3.3 Supporting and protecting vulnerable people

An important element of Northstowe will be the provision of affordable housing on site, which will help to assist those in housing need and who cannot afford to buy a property in the local area. Affordable housing will include social rented housing as well as intermediate housing (including provision for key workers).

3.4 Ways of working

The County Council has worked closely with partners on the development of Phase 1, including South Cambridgeshire District Council, the Highways Agency and a range of service providers.

Given the pressing need for new housing in the area, there is a clear need to move the Northstowe project through the formal planning process and towards delivery. The Northstowe joint officer team has been established between SCDC and CCC, to prioritise Northstowe as a key growth area and help provide joined up service.

The proposals for Phase 1 of Northstowe have been subject to a robust consultation process. This has included consultation with statutory consultees such as the Highways Agency, the Northstowe Parish Forum and the local community (including local public exhibition events). A Statement of Consultation is included within the outline application and provides further details of this.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource and Performance Implications

Northstowe is an important part of the development strategy for the area, and considerable attention has been given to deliver viable development which meets the required level of infrastructure.

4.2 Statutory, Risk and Legal Implications

There is a risk that if sufficient funding is not available as and when needed in order to provide a particular facility then:

- i. it may not be provided;
- ii. it may be provided over a longer duration whilst additional funding is sought; or
- iii. It may be provided to a reduced specification or size.

This would have implications for community health and well-being and will undermine the exemplar status to which the development of Northstowe aspires. There is a risk register for the Northstowe project which is used to manage all associated risks, and will be updated to specifically include the Section 106 requirements.

The Section 106 for Northstowe is a legal and contractual document agreed between the principal parties: the County and District Councils and Gallagher Estates, together with the relevant landowners. It is structured to ensure that funding is drawn down to enable the provision of facilities or services at times appropriate to the anticipated build-out of the Phase 1 development, with sanctions imposed on the applicant if funding is not brought forward at the agreed points in the development process.

4.3 Equality and Diversity Implications

There are no significant implications for equality and diversity.

4.4 Engagement and Consultation Implications

The proposals for Phase 1 of Northstowe have been subject to a robust consultation process. This has included consultation with statutory consultees, the Northstowe Parish Forum and the local community (including local public exhibition events). Regular forum meetings are held to engage local people and stakeholders alike.

4.5 Public Health Implications

There are no significant implications for Public Health; however discussions will continue to include health providers.

Source Documents	Location
Committee Report to NJDCC, 19 th March 2013	SCDC website
Committee Report to NJDCC, 30 th January 2013	SCDC website
CCC Cabinet Meeting 15 th January 2013	CCC website
Committee Report to NJDCC 24 th October 2012	SCDC website

**Phase 1 Section 106 Agreed Apportionment of Funding Between County and District
February 2014**

NORTHSTOWE SEC 106 BALANCE OF FUNDING: COUNTY AND DISTRICT OBLIGATIONS				
Schedule	Works	Monies	Total for SCDC	Total for CCC
2 Education	Primary School (Design)	£1,200,000		£1,200,000
	Primary School (Build)	£9,800,000	-	£9,800,000
2 Education	Secondary School (Design)	£1,000,000		£1,000,000
	Secondary School (Build)	£7,000,000	-	£7,000,000
3 Household Waste Recycling Centre	HWRC	£190,395	-	£190,395
4 Sustainable Urban Drainage System	SUDS	£1,015,967	-	£1,015,967
5 Off Site Flood Mitigation Works at B1050, Hatton's Road	Mitigation Works	£31,500	£31,500	-
5 Off Site Flood Mitigation Works at B1050, Hatton's Road	Drainage upgrade & maintenance	£46,500	£46,500	-
6 Transport Including the Cambridgeshire Guided Busway	CGB	£2,380,500	-	£2,380,500
6 Transport Including the Cambridgeshire Guided Busway	Bus Funding Contribution	£1,320,000	-	£1,320,000
6 Transport incl. CGB	Community Transport Contribution	£80,000	-	£80,000
6 Transport including the CGB	Annual Transport Monitoring Contribution	£70,000	-	£70,000
6 Transport including the CGB	Capital Transport Monitoring Measures Contribution	£860,000	-	£860,000
6 Transport including the CGB	Cycle Way	£932,000	-	£932,000
6 Transport including the CGB	Street Furniture	£30,000	-	£30,000
6 Transport including the CGB	Construction Environmental Management Plan (£100,000)	£100,000	-	£100,000
6 Transport including the CGB	Travel Plans (£175,000)	£100,000	-	£100,000
		£75,000		£75,000
8 Community Centre	Community Centre (by 900)	£1,522,500	£1,522,500	-
9 Allotments and Orchards	Allotments and Orchards (£25,000)	£25,000	£25,000	-
10 Community Support and Development	Community Support and Development	£300,000	£300,000	-
11 Land for Faith/Voluntary Groups	Faith and Vol .Sector Land 0.25ha	Nil	-	-

Schedule	Works	Monies	Total for SCDC	Total for CCC
12 Environment	Air Quality Monitoring	£78,550	£78,550	-
12 Environment	Ordinance - Evacuation Costs	£60,000	£60,000	-
	Ordinance - Council Costs	£10,000	£10,000	-
12 Environment	Water Course- technical assistance	£1,500	£1,500	-
12 Environment	Noise and Vibration monitoring	£31,625	£31,625	-
12 Environment	Webbs Hole Pump	£277,500	£277,500	-
13 Governance	Governance	£22,500	£22,500	-
14 Open Space	Open Space, Formal Park LAPs, LEAPS, NEAP Sports Pitches	£520,000	£520,000	-
14 Open Space		£1,516,263	£1,516,263	-
14 Open Space	MUGA			-
14 Open Space	Sports Pavilion (by 350)	£1,100,000	£1,100,000	-
14 Open Space	Community Endowment for Public realm Maintenance	£1,500,000	£1,500,000	-
15 Temporary Waste Facilities and Recycling Bins	Temporary Waste	£24,000	£24,000	-
15 Temporary Waste Facilities and Recycling Bins	Bins	£140,250	£140,250	-

Total	<u>£33,361,550</u>	£7,207,688	£26,153,862
		21.60%	78.40%
Gallagher Obligations	<u>£30,000,000</u>		
Balance required	£3,361,550	£726,095	£2,635,455