

Report to Cabinet

Title:	Housing Infrastructure Fund - Forward Funding bid
Date:	Monday 25 September 2017
Date can be implemented:	Tuesday 03 October 2017
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Local members affected:	Aston Clinton & Berton; Aylesbury East; Aylesbury North; Aylesbury North West; Aylesbury South East; Aylesbury South West; Aylesbury West; Wendover, Halton and Stoke Mandeville; Ridgeway East; Stone and Waddesdon; Wing
Portfolio areas affected:	Leader, Transportation, Planning and Environment, Education and Skills

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

Earlier this summer, the Department for Communities and Local Government announced a £2.3bn Housing Infrastructure Fund to support the implementation of physical infrastructure to unlock housing growth. Buckinghamshire County Council can submit a bid for up to £250m. Aylesbury has been selected as the focus for the bid due to the scale of planned growth around the town, its newly announced status as a Garden Town and its location within the Oxford-Cambridge Corridor. The categories of infrastructure which can be included in the bid include, for example, roads and transport, schools, energy and land assembly. Bidding is a two stage process, with Expressions of Interest sought initially and a fully developed business case to be submitted in Spring 2018 by successful bidders. This report seeks Cabinet support to submit an Expression of Interest application.

This report has been brought forward under the General Exemption rule and was not published on the Forward Plan 28 days prior to Cabinet. This was due to the tight timescales to prepare a bid for submission by 28 September 2017.

Recommendation

1. **Cabinet APPROVES submission of an expression of interest Housing Infrastructure Fund (Forward Funding) application of up to £250m to support the development of Aylesbury Garden Town and, if successful, to develop and submit a business case for the final stage in Spring 2018.**
2. **Cabinet delegates authority to the Executive Director TEE and the s151 Officer to agree the expression of interest and, if successful, the business case for the detailed bid due in Spring 2018.**
3. **A review will be provided for Cabinet on progress of the bid following announcements on successful bidders with an update on the proposed composition of the business plan.**

A. Narrative setting out the reasons for the decision

Background

1. In the Autumn Statement 2016, the Government announced a National Productivity Investment Fund to stimulate the economy and improve productivity in the UK. A key part of this was investment in infrastructure and increasing the number of homes being built across the Country. It included the announcement of a number of funds which would be created, including a Housing Infrastructure Fund. The Housing White Paper in February 2017 also set out the role of the Housing Infrastructure Fund in unlocking potential housing sites. In July 2017, the Department for Communities and Local Government invited local authorities to bid for a £2.3bn Housing Infrastructure Fund, with the target of unlocking 100,000 new homes across England.
2. The Council's strategic objective of Ensuring Buckinghamshire is Thriving and Attractive has a number of aims which fit with the Housing Infrastructure Fund, including:
 - a. Working with partners to delivery strategic infrastructure in line with changing demands;
 - b. Enabling the right conditions for economic growth; and,
 - c. Improving connectivity and reliability of the transport network as well as promoting sustainable transport
3. The Housing Infrastructure Fund is administered by the Houses and Communities Agency (HCA). It is a highly competitive process and bids will be assessed against value for money and other criterion. The Fund is available to support schemes which:
 - Deliver new physical infrastructure to support new and existing communities;
 - Make more land available for housing in high demand areas, resulting in new additional homes that otherwise would not have been built;
 - Support ambitious local authorities who want to step up their plans for growth and make a meaningful difference to overall housing supply by 2021;
 - Enable local authorities to recycle the funding for other infrastructure projects, achieving more and delivering new homes in the future.
4. The Housing Infrastructure Fund is split into two funding streams (the division of the £2.3bn across these streams has not been announced):
 - Forward Funding Bids. Designed to support a development as large as a new garden town, an urban extension or the development of a number of brownfield sites that will deliver significant numbers of homes. Bids of up to £250m are

invited and must be submitted by unitary or upper-tier authorities (County Council). Expression of Interest applications are to be submitted by 28th September 2017.

- Marginal Viability Bids. Designed to get housebuilding started quickly on particular sites where upfront costs are not stacking up financially. Bids of up to £10m are invited and must be submitted by unitary or second-tier authorities (District Councils). Full bids must be submitted by 28th September 2017.
5. A number of joint workshops were held with officers and Cabinet Members from the County Council, Buckinghamshire District Councils and Buckinghamshire Thames Valley Local Enterprise Partnership throughout the summer, culminating in an agreed shortlist of bids under both Housing Infrastructure Fund streams.
 6. The County Council has been asked to support a number of Marginal Viability bids around Buckinghamshire. In line with bidding restrictions, these will be submitted by the District Councils and are therefore not discussed in detail in this report.

Forward Funding Bid – Aylesbury Garden Town

7. The County Council is preparing a single Forward Funding bid focussing on Aylesbury Garden Town. This approach is supported by all Buckinghamshire District Councils and by the Buckinghamshire Thames Valley Local Enterprise Partnership. The decision to focus solely on Aylesbury has a number of strengths:
 - a. Aylesbury is by far the largest growth area in Buckinghamshire, with over 15,000 new homes expected over the next plan period, including a significant amount of unmet housing need from the southern district authorities (Chiltern & South Bucks and Wycombe). Significant infrastructure investment is critical to the delivery of these new homes, as well as being needed to relieve pressure on the town centre and existing communities.
 - b. The HIF bidding guidance makes an explicit connection between HIF and newly announced Garden Towns. This has been confirmed in officer discussions with DCLG and the HCA. Aylesbury's Garden Town status is expected to weigh heavily in favour of a Forward Funding bid.
 - c. Aylesbury also sits within the wider Oxford to Cambridge Growth corridor, a current area of interest for government through the National Infrastructure Commission.
8. The Aylesbury Garden Town Forward bid will seek funding to secure infrastructure to help support over 15,000 new homes. At the time of writing, the bid is still in development but its main focus is likely to be on progressing the Aylesbury Outer Link Roads. The bid needs to demonstrate that the physical infrastructure can be delivered by end of 2020/21. Other elements of the bid could include:
 - a. Schools and Education
 - b. Advance Energy and Power
 - c. Green Transport Corridors
 - d. Flood Mitigation
 - e. Waste Services
 - f. Land Assembly
9. The final bid is expected to seek approximately £150m of infrastructure funding. Whilst HIF guidance allows for Forward Funding bids of up to £250m, a bid for a smaller value will boost the value for money aspect of the proposal and increase the likelihood of success. Approval is sought for a bid of up to £250m to provide flexibility on the overall asks during bid development.

10. Expression of Interest applications must be submitted online by 28th September 2017. These will then be assessed by the Homes and Communities Agency and the best proposals will be shortlisted to go through a six-month process of “co-development” of business cases. Local authorities will then submit their fully worked up business cases online in Spring 2018. Successful bids will be announced from Summer 2018.

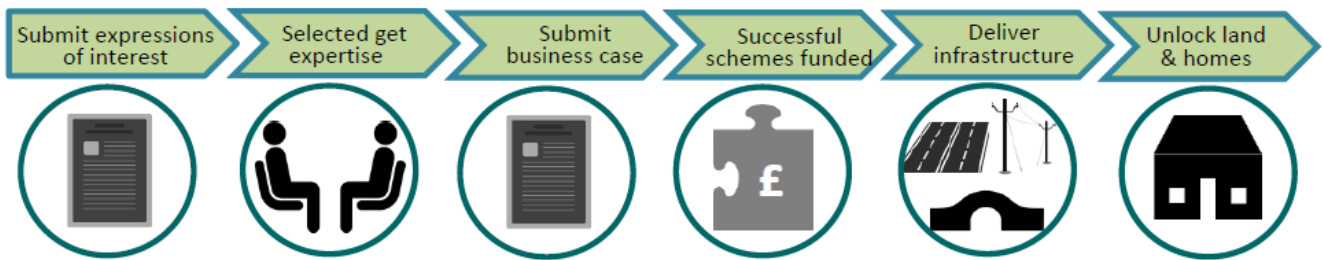


Figure 1: HIF Forward Funding process

B. Other options available, and their pros and cons

11. Expression of Interest applications should be submitted by 28th September 2017 and require a large amount of technical input. As such, there is not deemed to be sufficient time or resource available to prepare alternative or supplementary bids at this time. Nonetheless, the proposal to progress a Forward Funding bid for Aylesbury Garden Town has been informally agreed by Cabinet Members at the County Council prior to this decision, as well as District and Local Enterprise Partnership colleagues. The main options being considered are variations of a bid, considering factors such as deliverability, value for money, meeting the bid criteria and possibility of recycling the funds for future investment in infrastructure.
12. Cabinet could decide that the County Council should not submit a bid. This would minimise commitment of officer resources to a potentially prolonged process of bid preparation (particularly if the Expression of Interest application is successful). However, Buckinghamshire would miss the opportunity to secure significant government investment to support future development.

C. Resource implications

13. Expressions of interest which are coupled with local match-funding are likely to be viewed more favourably during bid assessment. However, for Aylesbury Garden Town, the majority of this match-funding is already provided through secured developer contributions (either financial or in kind) and secured Local Growth Funding. If the bid is successful then this match funding would effectively be committed to the scheme. However since much of this funding is already ‘in play’ the level of financial risk to the County Council is relatively low. No “new” Council funding is being requested as part of the bid.
14. The application process for Forward Funding will have significant revenue implications in the form of officer time. The extent of this commitment is currently unknown and will ultimately depend on the extent to which the application progresses but will be managed with existing resources. If the Expression of Interest for the Forward Funding is successful then further commitment of resources will be required to develop full business case working alongside dedicated Homes and Community Agency support. The HCA may provide some capacity funding to help support the development of the business case but have indicated that this would only be for a small number of bidders.

15. Work is already underway corporately to assess the impact of planned housing growth on demand for local services. The bid is supporting the planned housing growth around Aylesbury and providing certainty of delivery of sites which are being allocated in the draft Vale of Aylesbury Local Plan.
16. If the bid is ultimately successful, significant revenue resource will be required to manage delivery of the Aylesbury Garden Town HIF programme, although the scale of this requirement has yet to be quantified. The HIF is for capital only and not all costs associated with developing and implementing the infrastructure can be capitalised. Some provision for this will be incorporated into the bid, in terms of the individual project management costs which can be capitalised. BCC already has some resources in place to manage the schools capital programme and the delivery of road infrastructure from external sources. Plans are already being developed as part of the Aylesbury Garden Town project to set up Programme Management capacity. Procurement and delivery options for a potential £250million investment are still being developed.
17. If the bid is successful, the fund allows local authorities to forward fund infrastructure and then recoup some of this through s106 contributions or other mechanisms.
18. The Forward Funding bid will require Section 151 Officer sign-off.

D. Value for Money (VfM) Self Assessment

The key criteria on which the bid will be assessed by the Homes and Communities Agency (on behalf of DCLG) will focus on value for money.

The potential investment which could be secured from HIF means that the initial investment of officer time required by the decision to progress with a bid is deemed to represent good value for money.

E. Legal implications

Bidding is voluntary. If the Expression of Interest was selected to progress to the final stage, the County Council could still choose not to proceed with the preparation of the business case.

No further legal implications for this decision are currently identified.

F. Property implications

None currently identified.

G. Other implications/issues

A successful Aylesbury Garden Town bid would have implications for BCC Strategic Plan objectives, the BTVLEP Strategic Economic Plan, BCC Local Transport Plan, Flood Management Strategy, Environment, Waste, Education and other policies.

The bid has been developed in partnership with BTVLEP and is supported by the Buckinghamshire District Councils.

Many of the proposals which the bid is seeking funding for have been subject to consultation e.g. Aylesbury Transport Strategy, draft VALP.

H. Feedback from consultation, Local Area Forums and Local Member views

The timescales for the bid have not allowed for detailed consultation with local members. However, local members have previously been consulted on individual infrastructure schemes which affect their division as well as on Aylesbury Transport Strategy, Buckinghamshire Strategic Infrastructure Plan and the draft VALP.

A draft version of this report has been shared with all Local Members for electoral divisions affected by this report. To date, only one response has been received (see below). Further responses will be shared through a verbal update at the Cabinet meeting if required.

Date advance notification of decision given: 13 September 2017

Date local members consulted on draft decision: 13 September 2017

Deadline given for responses: 22 September 2017

Overview of responses received: Awaited – a verbal update could be provided to the Cabinet meeting. Cllr Stephen Bowles (Wendover, Halton and Stoke Mandeville) has expressed full support for the proposal.

I. Communication issues

It is intended that the decision will be communicated to relevant stakeholders and members as soon as it is made.

J. Progress Monitoring

Bidding for funding is an integral part of the Transport Economy Environment Business Plan. Specific mention of HIF with key milestones will need to be incorporated. If the bid is successful then the implementation will need to be monitored as key projects for the Business Unit through its existing monitoring processes. It will also form a key part of the work of the Aylesbury Garden Town Board of which the County Council is a key partner.

K. Review

A review will be provided for Cabinet on progress of the bid following announcements on successful bidders with an update on the proposed composition of the business plan.

Background Papers

Housing Infrastructure Fund – Supporting Document for Forward Fund. The document can be found on the Internet at <https://www.gov.uk/government/publications/housing-infrastructure-fund>

Your questions and views

If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.

If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Member Services Team by 5.00pm on Friday 22 September 2017. This can be done by telephone (to 01296 382343), or e-mail to democracy@buckscc.gov.uk