

Cherwell District Council

Executive

November 2014

North West Bicester Update

Report of Commercial Director (Bicester)

This report is public

Purpose of report

To advise Members of the expenditure of the Eco Town grant received in 2010 and projects delivered in Bicester, to enable consideration of the proposals for future expenditure and to authorise a change to the delegation for authorisation of expenditure.

1.0 Recommendations

The meeting is recommended:

- 1.1 Note the expenditure that has taken place and the committed funding from the Eco Town grant
- 1.2 Note the progress that has been made in delivering projects to meet the aims of the One Shared Vision for the Town
- 1.3 Agree the delegation of future expenditure to the Commercial Director (Bicester) in consultation with the Leader of the Council.

2.0 Introduction

- 2.1.1 Following the announcement by the Government of £60 million ring fenced allocation for eco towns in July 2009 the Council submitted a bid for growth funding from this allocation. The purpose of this funding was to pump prime and support private sector development at NW Bicester.
- 2.1.2 Following the submission of the bid in November 2009 the Council was notified of the outcome of the Bid in March 2010 and received £7,886,620.75 capital funding and £1,834,065.75 of revenue funding to support the delivery of an eco town. A further £460,000m was identified from the Department of Children Schools and Families to fund the zero carbon sixth form centre at Cooper School. This latter funding was not received due to a change in funding priorities.

- 2.1.3 In the second round of Eco Town funding a further grant was also secured in 2010 of £3.55m comprising of £150,000 revenue and £3.4m capital.
- 2.1.4 The grant funding has been used to support the delivery of a series of demonstration projects within the town, the progression of the development at NW Bicester and the delivery of projects that met the aims of the One Shared Vision for Bicester, through the support of a dedicated project team. The report below outlines the funding spent to date whilst appendix A provides further details of the individual projects.
- 2.1.5 This report also identifies priorities for the remaining funding which is earmarked to facilitate the early delivery of the first primary school on the site and the delivery of an eco business centre to support the incubation of small businesses in the town. The report also considers the potential to recycle funding through further projects.
- 2.1.6 In 2010 the Executive agreed delegation for the Eco Town grant to the Chief Executive in consultation with the Leader of the Council. With the appointment of a Commercial Director with responsibility for Bicester it is recommended that the delegation is altered to reflect the revised structure and that the Commercial Director (Bicester) is given delegation for expenditure in consultation with the Leader of the Council.

3.0 Report Details

- 3.1 As part of the negotiation with DCLG, prior to the receipt of grant funding, a Strategic Delivery Board was established for Bicester to bring together public sector interests to ensure the delivery of the NW Bicester development. This Board has met quarterly since 2010 to steer the project and works on a consensus basis. The Board supported the development of a vision for Bicester, known as the Eco Bicester One Shared Vision, which set out the aspirations for the town as a whole, not just new development. This Vision has helped to direct the work of the Board and therefore priorities for the project team. The vision can be viewed at <http://www.ecobicester.org.uk/cms/content/eco-bicester>. The terms of reference of the Board have recently been reviewed and changes introduced. The terms of reference are attached at Appendix B.

Grant Expenditure

- 3.2 The Eco Bicester Strategic Delivery Board (SDB) has received regular reports on the funding position and overseen expenditure and delivery of projects. The grant revenue funding has supported a dedicated project team which has worked both on the delivery of the NW Bicester development but also on the delivery of projects in the town. Early projects were identified demonstration projects that DCLG encouraged, to see early delivery of works within the town. These included the provision of demonstration buildings showcasing sustainable building technology and a focus on sustainable travel within the town and energy efficiency in buildings. The funding of a dedicated project team has been instrumental in ensuring that proposals at NW Bicester progress and deliver to eco town standards resulting in a development that is already being recognised as a national exemplar. Equally

importantly it has enabled the delivery of early projects and on going work to deliver the Shared Vision for the town.

Revenue Expenditure

- 3.3 It was originally envisaged that the revenue funding would support a project team for five years. However not all posts originally identified have been filled and therefore some revenue funding remains. In addition given the success of a dedicated project team in ensuring delivery, the relatively limited grant revenue funding has been supported with interest earned on capital to prolong the funding of the team (see budget at Appendix C). The project team expenditure, together with expenses and consultancy has resulted in revenue expenditure to end of March 2014 of £1,127,944 offset by £443,303 of interest earned on the unused grant.

Capital Expenditure

- 3.4 A range of projects have been delivered supported by the project team. The aim has been to work with partners to maximise the delivery whilst minimising calls on the grant funding. Each project has been different but support has ranged from;

- grant to directly deliver a project; for example a grant of £2,825 was provided to Bicester Town Council to enable the creation of a community garden in Garth Park for use by an outreach group and £277,006 has been spent on delivery of sustainable transport initiatives.

- grant that has attracted other funding, for example grant of £190,000 for a subsidised household insulation scheme brought in matched funding from energy companies and householders of £2.20 for each £1 of grant.

- grant to pump prime the delivery of projects by others, for example the delivery of the Demonstration Building in Garth Park where the provision of the hard standing for £14,000 was funded and grant of £40,000 to fund a dedicated staff resource to establish Bicester Green, the reuse centre

- grant used as match funding to attract other funding, for example the Green Deal pilot project where £100,000 of grant attracted another £280,000 of grant, and the heat network feasibility study where £20,000 attracted a grant of a further £80,000 and £20,000 from Oxfordshire County Council.

- other projects have been delivered by others and support has been limited to staff time in supporting or bidding for funding for example the Sanctuary Housing demonstration development at Thyme Close and monitoring of the energy efficiency of the properties.

Further details of projects are set out in Appendix A.

Committed Funding

- 3.6 There is a commitment to spend £6.250m of capital funding to support the early delivery of a primary school on the development at NW Bicester. A school has been seen as important to supporting the formation of the new community and establishing sustainable patterns of travel. Normally schools on new development

are funded through developer contributions and therefore are only viable on large scale developments (about 1000 dwellings) and often are not delivered until developments have a number of occupations. The purpose of identifying funding is to ensure the delivery of the school as early as possible with funding being recouped through developer contributions as the first phase builds out and from later phases of the development.

- 3.7 One of the aims of the eco town development was to increase the level of local employment. The provision of an eco-business centre to provide supported incubation work space has therefore been identified as a priority for funding. Land for the eco business centre will be secured as part of the first phase of development at NW Bicester and £3m of funding has been earmarked to support the initial delivery of the project. A detailed report on the delivery of an Eco Business centre is programmed for the December Executive. There is potential for future income generation or recycling of the capital funding from the project.
- 3.8 Some funding also remains committed to sustainable travel and energy efficiency projects £600,000 and £130,000. A sustainable transport strategy is being developed which will help to prioritise works, but it is anticipated that it will be used to focus on cycling improvements at the southern end of the Banbury and Buckingham Roads in Bicester so comprehensive routes are achieved along these roads. A Boiler scheme is currently operating in the town and take up of this will be reviewed as colder weather impacts and in the light of changes to government initiatives and funding on energy efficiency.

Future Funding Plans

- 3.8 Further funding will be reliant on the receipt of developer funding to allow the recycling of school funding, funding from the eco business centre and access to other sources of funding such as further grants. Whilst there can be reasonable confidence in being able to recycle the school funding the timing is uncertain as it will rely on the speed at which development takes place. Never the less two potential areas of spend have been identified assuming repayment of the first tranche of developer funding in the medium term. The first is that if the forward funding of the school is successful this approach could be repeated elsewhere on the development to ensure early delivery of facilities. For example the approach could have benefits in providing the first school on the land on the south of the rail line to facilitate the creation of the community and sustainable travel patterns. In addition there remains the potential for investment in energy generation, for example through the work to explore the development of a heat network connected to Ardley, which could also provide future income for the Council. It is recommended that these options are kept under review as recycled funding becomes available.

Delegation for Funding

- 2.1.7 In 2010 the Executive agreed delegation for the Eco Town grant to the Chief Executive in consultation with the Leader of the Council. With the appointment of a Commercial Director with responsibility for Bicester it is recommended that the delegation is altered to reflect the revised structure and that the Commercial Director (Bicester) is given delegation for expenditure in consultation with the Leader of the Council.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Over the last 4 years a considerable amount of work has been done in Bicester and as this report demonstrates a number of outcomes have been delivered. Work has now started on site at NW Bicester on a national exemplar development as well as a masterplan for the whole site being submitted. The Project Team has worked with the promoters A2Dominion to ensure that the development meets the high standards set in the Eco Towns Planning Policy Statement. With work underway on site the potential to deliver key infrastructure on site in the form of the school and eco business centre is now closer, with the school due to start on site in March 2015 and steps now being taken to formalise the delivery of the eco business centre.
- 4.2 A number of projects have been delivered in the town, particularly focussing on energy efficiency and sustainable travel. These have delivered demonstration projects as sought by DCLG and delivered against the aims of the One Shared Vision for the town.
- 4.3 Over £30m worth of grant funding has been attracted to Bicester, including the DCLG eco town funding. This has been instrumental in the range of projects that it has been possible to deliver in the town. This approach of seeking external funding is continuing with further work being done to enable projects to continue to be delivered in the town.
- 4.4 Grant funding is a small proportion of the overall investment that has taken place in the town. A study by Montague Evans estimated that over £184m of private sector funding has been invested in the town since 2009 in the construction of housing and commercial premises. Furthermore the report concluded in terms of future development as part of the growth of Bicester, the estimated value of the housing sites identified in Bicester is £950 million which is expected to be supported by approximately £700 million of infrastructure investment.
- 4.5 Never the less as the town grows the DCLG eco town funding remains an important source of funding for the delivery of projects in the town. Importantly the funding is enabling a project team to be employed and this is instrumental particularly in the attraction of additional funding and delivery of projects in the town. To maximise the benefits from the grant the ability to recycle funding over time to provide for further investment in the town is sought where feasible.
- 4.6 Future funding will largely rely on the receipt of developer funding to repay the investment in the primary school or income from the eco business centre. Limited funding remains for sustainable travel initiatives and energy efficiency projects is also ring fenced. Other sources of funding are actively being sought including grants from other sources and projects that can be delivered in partnership. This is necessary to be able to continue to deliver projects to meet the outcomes of the One Shared Vision.
- 4.7 The appointment of the Commercial Director (Bicester) has increased the Council's capacity for delivering the planned growth and associated benefits in Bicester along with the required infrastructure. The change of delegation of the eco town funding to the Commercial Director (Bicester) in consultation with the Leader of the Council is recommended to ensure that funding continues to be appropriately targeted.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: to leave the delegation with the Chief Executive or not to delegate responsibility for spending eco town funding.

With a Director for Bicester now appointed it is logical that delegation now reflects the revised structure. Much funding is day to day and with no delegation the Council would have less flexibility in the timing of decisions with regard to funding.

Option 2: To commit to future spend of recycled funding

The timing of the receipt of recycled funding is uncertain and over time priorities and pressures can change. It therefore is difficult to commit to funding specific projects at the current time. Some flexibility is therefore sought to review priorities as funding becomes available.

7.0 Implications

Financial and Resource Implications

7.1 There are no new financial implications from this report. The grant funding is monitored as part of the Council's budget monitoring process. Interest earned on the unspent capital is added annually.

Comments checked by: Joanne Kaye, Interim Strategic Finance Accountant, 01295 221545, joanne.kaye@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no new legal implications from this report.

Comments checked by: Kevin Lane, Head of Law and Governance, 0300 003 0107 kevin.lane@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

Bicester, Chesterton and Caversfield

Links to Corporate Plan and Policy Framework

District of Opportunity

Lead Councillor

Councillor Barry Wood – Leader of the Council

Document Information

Appendix No	Title
A	Eco Bicester Projects List
B	Eco Bicester Strategic Delivery Board Terms of Reference
C	Eco Town Financial Appraisal
Background Papers	
None	
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