

ITEM: CAMBRIDGE NORTHERN FRINGE EAST UPDATE



Cambridge City Council

To: Leader of the Council

Report by: Fiona Bryant, Strategic Director

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 19/03/2018

Wards affected: East Chesterton

1.0 Executive Summary

1.1 The Cambridge Northern Fringe East (CNFE) site (see Appendix 2), situated south of the A14, west of the science park and north of the Cambridge business park, is one of the last large scale brownfield development regeneration sites suitable for housing development in Cambridge. The location beside the A14, Cambridge North Station, the guided bus way and the Chisholm Trail, make this a highly accessible

and sustainable location. The whole CNFE area encompasses around one square kilometre within the City and South Cambridgeshire.

1.2 The core site of around 49ha, (about 50% of the whole CNFE area) is owned by Anglian Water Authority and Cambridge City Council and is located within Cambridge City Council boundary. It currently houses the Cambridge Water Recycling Centre (CWRC). The relocation of this is key to unlocking the potential both for this site and for the wider area, but the cost of relocation has rendered potential development unviable in previous years.

1.3 The launch of a national Housing Infrastructure Fund (HIF) programme round in the autumn of 2017 offered an immediate opportunity to address this issue. A successful outcome for the bid for funding for the relocation of the CWRC would provide the potential to progress this unique strategic site through a comprehensive mixed use development.

1.4 The Council and Anglian Water are committed to developing and agreed joint vision for the core site through the area action plan to promote a new and innovative quarter for Cambridge, creating a high quality and attractive and sustainable place to live, work, learn and play through a high density residential and mixed use development graced by impressive design and public realm, networked into the city.

1.5 The HIF bid is still in progress, with the outcome of the expression of interest stage expected in March, and the final outcome expected before the end of 2018. At this time the Council and Anglian Water are focussing on ensuring that they are well prepared to progress the major programme required, once the HIF outcome is confirmed, as deliverability is a key criteria for HIF success.

1.6 With this in mind, current activity is focussed in 4 main areas:

- Progressing the HIF bid
- Procuring a master developer for the core site, subject to HIF outcome
- Initiating development of the Area Action Plan covering the wider site allocation of Cambridge Northern Fringe East
- Establishing an agreed joint venture delivery vehicle and

governance structure, with the intention of formalising these once HIF bid outcome is confirmed

1.7 This report is intended to update the Executive Councillor and Committee on the current status and proposals for the site and to recommend next steps actions.

2.0 Recommendations

The Executive Councillor is recommended to:

2.1 Note the current status, indicative proposals and target timescales for the programme and the continued engagement with Homes England on progression with the HIF bid.

2.2 To approve the timeline for the Master Developer tender process and delegate the final approval to the Strategic Director, in consultation with the Executive Councillor and Opposition Spokesperson, noting that the decision to run a procurement in order to identify a master developer, was in consultation with the Leader, recognising that the offer was not certain at point of tender.

2.3 To establish the terms for an appropriate joint venture vehicle, working with the Strategic Director, Anglian Water and advisers, subject to HIF bid outcome.

2.4 To note the proposed timetable for preparing the CNFE Area Action Plan for the proposed wider boundary area (refers paragraph 4.2.6 and appendix 2a), which is programmed to run in tandem with the HIF bid and with the subsequent regulatory process required for relocation of the Cambridge Water Recycling Centre.

3.0 Background and Context

3.1 The Site

3.1.1 Cambridge Northern Fringe East (CNFE) contains one of the last undeveloped large-scale brownfield regeneration opportunities in Greater Cambridge. The wider site, allocated in the local plans of SCDC and the City Council, extends to approximately one square kilometre across Cambridge City and South Cambridgeshire District Councils'

administrative areas. The Core Site occupies just under 50% of the CNFE regeneration area, extends to 49ha (121 acres), and is broadly L-shaped. The Core Site (see Appendix 1 for map) is owned by the Anglian Water Authority and Cambridge City Council and sits entirely within Cambridge City Council's administrative boundaries. It houses the Cambridge Water Recycling Centre which is an active water treatment works, owned and operated by Anglian Water.

3.1.2 The site is well connected to the transport network, with its strong national connections. It is bounded by the A14/A10 to the North, and the main London – Cambridge – King's Lynn railway line to the East. Cambridge North station opened in May 2017 and will be at the heart of a high-quality transport gateway within CNFE, ensuring that the proposed vibrant new community is well connected with the rest of the City, surrounding areas, and region.

3.1.3 St John's innovation park, and beyond, the Cambridge Science Park, are located immediately adjacent to the site, and contribute to the area's reputation as a centre of excellence for commercial and scientific development and employment. The Cambridge Business Park lies to the South

3.2 The Housing Infrastructure Fund

3.2.1 The Housing Infrastructure Fund is a government capital grant programme of up to £2.3 billion, aimed at helping to deliver up to 100,000 new homes in England.

3.2.2 Funding is potentially awarded to local authorities on a highly competitive basis, providing grant funding for new infrastructure that will unlock new homes in the areas of greatest housing demand.

3.2.3 The Fund programme launched in 2017 was divided into two parts – smaller scale bids of up to £10m and larger scale forward funding bids of up to £250m.

3.2.4 A bid to the HIF Forward Funding scheme was developed by the City Council and Anglian Water for funding to support the relocation of the water recycling centre

3.2.5 An expression of interest was submitted on 28th September 2017 for £193m to support the relocation of the CWRC in order to unlock the site for a high density residential and mixed use development. The bid was prioritised by the Cambridgeshire and Peterborough Combined Authority as its only bid submitted for the forward funding programme in this HF round, demonstrating the extent of political support, joint working and collaboration of the eight entities making up the Combined Authority (CPCA). The Expression of Interest was also supported by Daniel Zeichner, MP for Cambridge.

3.2.6 The City Council and Anglian Water are still awaiting the outcome of the shortlisting process, but hope to receive a decision in March 2018. If successful the next stage will be development of the business case. The final outcome of the HIF bid will be determined by the end of 2018. If the bid is successful, and the funding awarded, this will trigger the implementation of an agreed process for Anglian Water to investigate options for relocation.

3.3 Vision

3.3.1 The Centre for Economics and Business Research (CEBR) expect Cambridge to be the fastest growing city economy in Britain in the next

decade, growing by 2.8%, in excess of the 2.2% average. Total employment in Cambridge and South Cambs is expected to grow by circa 20% over the next 20 years. In order to maintain its global and national status, Cambridge needs to successfully manage and support this growth.

3.3.2 Housing affordability, meanwhile, is a key issue, with an average earning to average house price ratio of 1:15. Cambridge has seen house prices rise by 55% over the last five years, significantly over performing the England and Wales average of 29%. There are around 2500 on the housing needs register, so e bringing forward of additional affordable housing at social rent levels which is affordable for low income households is a priority for Greater Cambridge's continued success.

3.3.3 The performance of the housing market does not only impact on those on the formal housing register however. Nationally, only 25% of 25-34 years olds on middle incomes (£22,200-30,600) can afford to buy a house, down from 65% 20 years ago. In Cambridge many key workers, and others on average incomes, are finding that they cannot afford to live and work in the city. 30% of households in Cambridge are earning between £15,000 and £31,500 and average household income is £23,250. The percentage of home ownership amongst middle earners is now closer to low earners than high earners. Rental values have also increased by around 16% in the last three years increasing unaffordability pressures and further impacting on access to home ownership. The development of wider forms of housing that is "affordable" is therefore also important.

3.3.4 The core site therefore offers a major opportunity to deliver additional market and affordable housing as part of a new mixed-use and inclusive district to the City, alongside matching opportunities to work locally on nearby sites, and the development of the community and social infrastructure required for a new community.

3.3.5 The landowners believe that scale and location of the whole site offer the potential for something different and special for Cambridge. The early draft vision submitted within the bid envisages a new innovation quarter for Cambridge, benefitting from the proximity to the Science Park and transport links, and creating a live, work, learn and play community.

A community of this scale may encompass residential, commercial, retail, amenity as well as civic and community uses. Early estimates indicated that innovative design of the core site (120 acres) might provide over 5000 residential units, and circa 7,000 new jobs, with significant retail and amenity, and community space, and circa 20 acres of open space* (NB it must be noted that these estimates are still to be fully tested and evidenced and then are still subject to statutory approvals).

3.3.6 The unlocking of the core site will also offer the potential for further residential employment on adjacent sites and provide opportunities to connect with other development across the wider CNFE area and beyond .

3.3.7 The regeneration of CNFE supports the ambitions of the Cambridgeshire and Peterborough Combined Authority for the wider region

4.0 Current Activity

4.1 Pending the outcome decision on the expression of interest stage for the HIF programme, and of course the final outcome, the Council and Anglian Water are continuing to ensure that we have everything possible in place in a timely fashion to evidence our ability and readiness to deliver to Homes England in terms of the bid itself, and of course more generally, to ensure that we can act quickly and effectively, if the bid is successful, to implement a successful programme of development. The Council is managing the risk of commitment in advance of a HIF decision, against the need for progress in the interim period.

4.2 The Planning Framework

4.2.1 There are a number of elements which inform the Core Site's planning status, primarily both the statutory development plan (including the Minerals and Waste Core Strategy) and the emerging local plan.

4.2.2 The local plan is currently subject to independent Examination by the Planning Inspectorate. This has been on-going since the end of 2014 and the hearing sessions closed in July 2017. Consultation on the modifications to the plan closed on 16th February 2018 and both Councils

are expecting a report from the Inspector into the soundness of their plans later this year.

4.2.3 Draft Policy 14 of the Local Plan concerns the Northern Fringe East and updates the previously adopted policy. The emerging local plans of both the City and South Cambs Councils identify the site for comprehensive mixed-use development and indicate that an Area Action plan will be prepared to include that future development.

4.2.4 The AAP Issues and Options Consultation in December 2014 set out four options for development of this area. The fourth and final option sought the maximum level of redevelopment. This was predicated on the water recycling centre being relocated elsewhere to enable comprehensive redevelopment of the area.

4.2.5 Given the redevelopment opportunities afforded by the HiF Bid process, alongside the findings of the adjacent A10 Cambridge – Ely transport study, and the published aspirations of the Science Parks to the west for growth, both Councils have committed to review earlier work on the AAP, prior to publication, of a further issues and options version that captures the revised aspirations and challenges of development on this site and beyond. This is obviously predicated on the water recycling centre being relocated elsewhere so as to allow comprehensive redevelopment of the area.

4.2.6 The table below sets out the indicative timetable which needs to be met for preparing the CNFE Area Action Plan. The outcome of the HIF bid will be important in shaping the future form of the AAP with both being contingent on the other progressing in the form planned. For the Council to be able to demonstrate the AAP is ‘deliverable’ – a key statutory test – requires certainty that the CWRC facility will be relocated.

Key Milestones	
Regulation 18: Public participation in the consideration of Issues & Options for redevelopment of CNFE	October 2018
Regulation 18: Public participation on the Council's Preferred Option for redevelopment of CNFE	June 2019
Regulation 19: Pre-Submission publication (minimum six week period for representations)	September 2019
Regulation 22: Submission of DPD and representations to the Secretary of State	November 2019

Independent Examination in Public	January 2020
Receipt of Inspector's Report	March 2020
Adoption	May 2020

4.2.7 The AAP will be developed with extensive input from the community and City and South Cambs ward Councillors for the area and Cabinet members for planning.

4.2.8 Should the HIF bid be unsuccessful, it will not be possible to develop the core site as envisaged, and the AAP will require further revisiting to advance in a form that still engages the development potential of the wider area. The revised plan should not forgo the potential of similar funding opportunities becoming available in the future.

4.3 Masterplanning the Core Site

4.3.1 With the ambition outlined in 3.4 above in mind, a successful master plan for the area is vital to ensure that the advantages and benefits of this site can be optimised through a high quality approach. Whilst the Master Developer role for this project is for the core site only, the work will need to encompass the ambitious and innovative approach for the core site, whilst ensuring alignment and benefits from the plans and objectives for the wider area. The potential outcome is challenging and very exciting for Cambridge.

4.3.2 In line with public sector transparency, Anglian Water and the City Council agreed to procure a Master Developer in accordance with a competitive procedure with negotiation under the Public Contracts regulations 2014. The decision to run a procurement in order to identify a master developer was in consultation with the Leader, recognising that the offer was not certain at point of tender.

The process is being overseen by Cambridge City Council's Procurement Manager.

4.3.3 The panel overseeing the Master Developer tender exercise includes:

Cambridge City Council and Anglian Water as landowners

Eversheds Sutherland – legal advisers

Savills – Consultants

CPCA – Interim Director of Housing (Developer Interview stages)

Freeths, as the Council's legal advisers on property matters, have also provided input into the draft Heads of Terms and Master Development Agreements

4.3.4 The initial qualification questionnaire was launched in December 2017. Of the 9 submissions, 5 were shortlisted. A day for the 5 organisations to ask the panel questions was held on 8th February. The timeline for the appointment of the Master Developer is outlined in the table below. The contract will be awarded subject to a successful outcome of the HIF bid.

4.3.5 Final tenders are anticipated to be evaluated against Quality 60%; Commercial 40%. A breakdown of headings and sub-considerations is available later in Appendix 1.

4.3.6 The strategic objectives underpinning the tender at this stage will be refined and developed as the project evolves, but at this stage they are, indicatively:

- Ensure the scheme is integrated and compliments the wider CNFE area;
- Policy Compliance with Local Plan, including policy compliant levels of affordable housing;
- Deliver place making and the live, work and play philosophy intended for the New Quarter;
- Create distinctive, high quality buildings and impressive public realm;
- Innovation in technology, design and construction methods to accelerate development;

- Use of the Cambridge Sustainable Housing Design Guide to underpin the overarching site design;
- Transport neutrality to enhance capacity and reduce car dependency;
- Achieve a mix of tenures; and
- Financial Return – in the context of the above Objectives, deliver a scheme and sales strategy which maximises the return to the landowners.

4.3.7 The core role of the Master Developer will include:

- To establish a contractual agreement to deliver the scheme in keeping with the Strategic Objectives
- To develop a planning application strategy and master plan in order to promote the site for planning permission.
- To obtain a planning permission over the site at their own cost and risk.
- To formulate a sales strategy with the landowners for the consented site, recognising that this may take a number of years.
- In conjunction with the landowners, develop a delivery strategy for the site, including detailed phasing of both infrastructure and residential dwellings, and ancillary development having due regard for the Strategic Objectives.
- Be responsible for the practical delivery of the necessary infrastructure to allow the sale of serviced parcels of land, for which they will propose an appropriate return for this.
- Have the ability to fund the necessary infrastructure themselves

- Monitor on an on-going basis the building out of sold development parcels to enforce the terms of any disposal, which will be in keeping with the Strategic Objectives

4.3.8 The timeline for completion of the tender process is outlined in the table below:

The key dates for this procurement are currently anticipated as follows:

Task	Date
Invitation to Competitive Procedure with Negotiation issued	29 January 2018
Initial Tenders Submitted	28 February 2018 at 12 noon
Stage 2 Negotiation	March 2018
Stage 3 Negotiation (Final Tenders)	April/May 2018
Standstill Period	May 2018
Contract Award	May/June 2018

5.0 Governance

5.1 A key element of progressing the programme successfully is ensuring that the Governance structure is appropriate for such a project. The indicative governance and programme management structure proposed is developed under the Managing Successful Programmes framework with a diagram shown at Appendix 3. Members and key responsibilities for the main boards are proposed as follows:

Group	Member organisations	Key Responsibilities
Joint Venture	Anglian Water Authority Cambridge City Council Master Developer	Delivery Vehicle and Landowners decisions *key decisions will be referred to Exec Cllrs/Committee/ AWA board as appropriate
Programme Board (Officer)	Cambridge City Council Anglian Water Authority South Cambs District Council CPCA Cambridge County Council	Ensures programme delivery within agreed parameters Agrees finance model with SPV

	Greater Cambridge Partnership Homes England Master Developer Attending: Local Planning Authority Adviser	Defines acceptable risk profile and thresholds Resolves strategic and directional issues Ensures integrity of benefits Provides assurance for operational stability Supplies resources for delivery Engagement and Communications
Member Reference Group (Member)	Cambridge City Council (Leader and CEO) South Cambs District Council (TBC) CPCA Cambridge County Council Greater Cambridge Partnership Attendees: Joint Venture Representatives	Championing the programme Providing continued commitment and endorsement in support of programme objectives at executive and communications events Advising and supporting the SRO Confirming public sector funding for the programme Confirming public sector strategic direction against which the programme is to deliver public sector outcomes
Stakeholder Groups	There will be a number of groups, representing (not exclusively), for example: City and County Ward Councillors in East Chesterton and Kings Hedges and SCDC adjacent Ward members(also briefed through Council briefings, and governance) Wider CNFE	The programme will be engaging and working with these groups

	Landowners/Developers Business Community and University Local Residents Community Groups Related Projects e.g. A10	
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5.2 As indicated in the Governance chart at Appendix 3, the Local Planning Authority will be acting independently of the main programme governance in accordance with its remit and statutory obligations, but where possible, we will be working jointly with stakeholder groups, and will ensure that the programme is developed in line with LPA advice.

5.3 The relevant groups are likely to be initiated informally if we are confirmed through to the next stage of the HIF bid and formally established at the final outcome stage.

6.0 Next Steps

6.1 Proposed next steps are as follows:

The team will continue to work with Homes England to progress the HIF bid in line with the information provided above

A joint workshop for Executive Councillors from City and South Cambs

A follow up all member briefing for City Council Members

Appointment of the Master Developer in line with the tender process outlined above

A presentation will be sent to an Innovation Symposium in Melbourne, Australia, occurring in late March. This is the first in a series of events and will establish Cambridge as a key partner with Melbourne and Barcelona in understanding and leading the knowledge and learning arising from the development of similar districts.

6.2 The timescales will be informed by the outcome of the HIF bid but current indicative target dates are as follows:

The timescales for the overarching development will be informed by the outcome of the HIF bid but current indicative target dates are as follows:

Dates	Delivery
2018	HIF bid outcome Local Plan Adoption and CNFE AAP progression Master Development Plan Initialisation
2019	AAP Submission to the Secretary of State for examination in public and submission of planning applications for the relocation of the Water Recycling Centre
2020	Adoption of the AAP and Planning Permission granted for the new recycling centre
2021	Relocation Works Start
2023	Relocation Completed
2023 onwards	Infrastructure Development and Construction

7.0 Implications

(a) Financial Implications

To date funding for progress has been by partners. There is a budget bid within the current budget for support for the programme progression moving forward. The master planning process will include business plan development with longer term financial projections

(b) Staffing Implications

The SRO for the programme is the City Council's Strategic Director. The current budget process includes a bid for support around programme management and resources for underpinning the AAP development, as

well as for legal and other advice. The full team also includes resources provided by Anglian Water and, in future by the Master Developer

(c) Equality and Poverty Implications

None specific at this stage although as the programme progresses and the HIF bid outcome is determined, the relevant implications will be considered as part of the overall programme. The strategic objectives, including those around affordable housing, are in line with the anti-poverty strategy

(d) Environmental Implications

None specific at this stage although as the programme progresses and the HIF bid outcome is determined, the relevant implications will be considered as part of the overall programme. Development will be in line with the Cambridge Sustainable Housing Design Guide

(e) Procurement Implications

The Master Developer is being procured in accordance with the Competitive Procedure with Negotiation under the Public Contracts Regulations 2014.

(f) Community Safety Implications

None at this stage although as the programme progresses and the HIF bid outcome is determined, the relevant implications will be considered as part of the overall programme

8.0 Consultation and communication considerations

Early briefings and

9.0 Background papers

10. Appendices

- (a) Appendix 1: Map of Core site
- (b) Appendix 2: Tender scoring criteria
- (c) Appendix 3: Proposed Governance Structure

11.0 Inspection of papers

To inspect the background papers or if you have a query on the report please contact Fiona Bryant, Strategic Director, Cambridge City Council
tel: 01223 - 457325, email: Fiona.bryant@cambridge.gov.uk

Appendix 1

Evaluation Criteria for the Invitation to Negotiate

Principal Evaluation Criteria

1.1 Award Criteria

The Landowners are basing their tender evaluation on the following areas:

Criteria	Weighting
Quality	60%
Commercial	40%
Contract	Pass/Fail
Total	100%

Bidders should also note these evaluation criteria have sub-criteria applied to them, which are detailed below.

1.2 Quality

Bidders are required to prepare seven Method Statements which address the Landowner's Evaluation Criteria (as set out below):

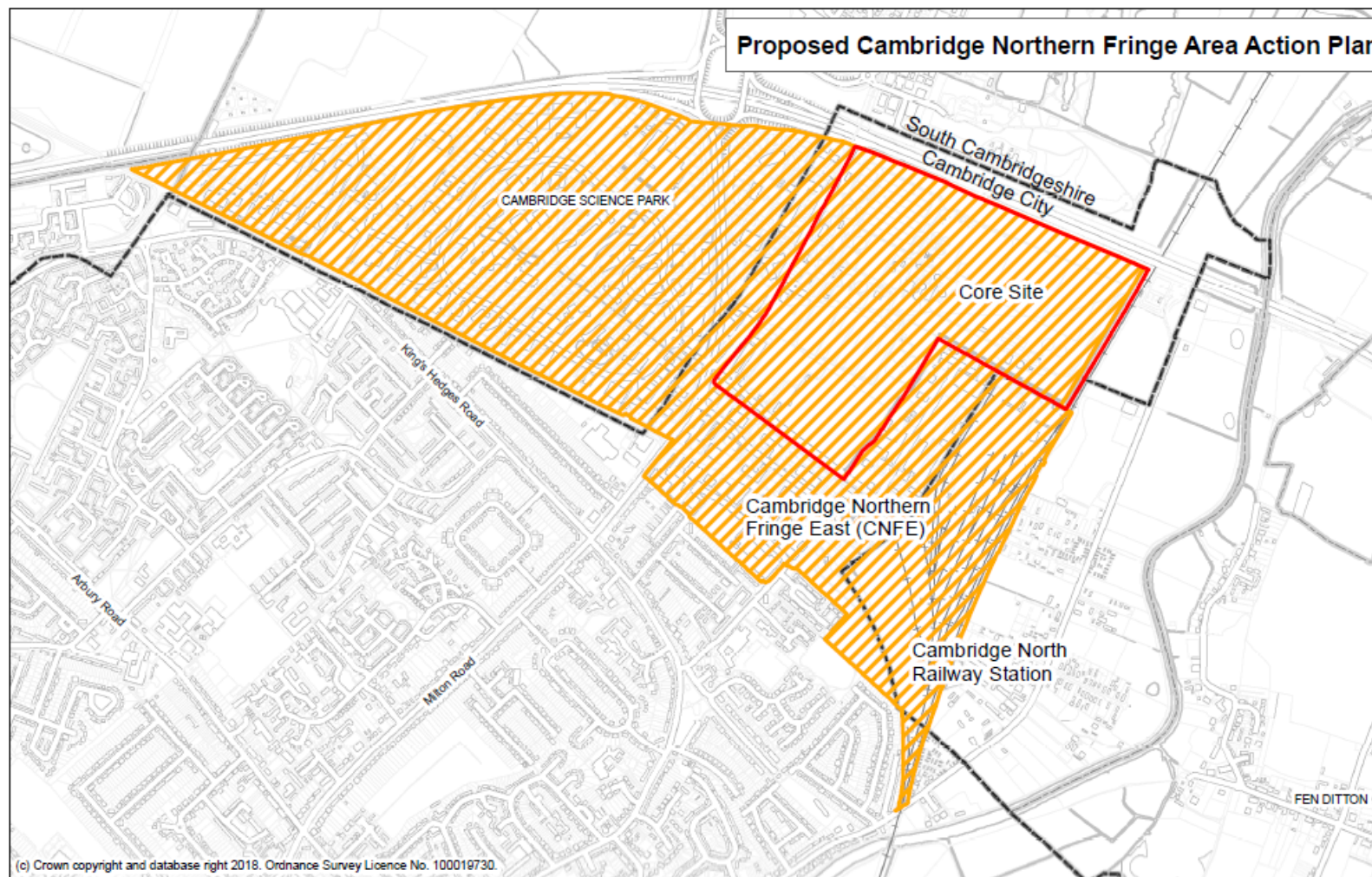
Quality Sub-Criteria (Method Statements)	Weighting
Delivery Strategy and Implementation	40%
Design	20%
Infrastructure Delivery Plan	10%
Governance and Partnering	10%
Cost Control	10%
Risk Management	5%
Project and Professional Team	5%
Quality Total	100%

These Method Statements will be included within the final Contract as contractual requirements.

Appendix 2 Plan of the Core Site within the whole CNFE area



APPENDIX 2A PROPOSED CAMBRIDGE NORTHERN FRINGE AREA
ACTION PLAN



APPENDIX 3

CAMBRIDGE NORTHERN FRINGE EAST PROPOSED GOVERNANCE STRUCTURE

