

# ITEM: CAMBRIDGE NORTHERN FRINGE EAST UPDATE AND PROPOSAL TO ESTABLISH A JOINT VENTURE



## Cambridge City Council

To: Leader of the Council

Report by: Fiona Bryant, Strategic Director

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 8 October 2018

Wards affected: East Chesterton

Appendices 3 and 4 attached to this report contain exempt information during which the public is likely to be excluded from the meeting subject to determination by the Scrutiny Committee following consideration of a public interest test. This exclusion would be made under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

## 1.0 Executive Summary

1.1 The Cambridge Northern Fringe East (CNFE) site, 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 A report to this committee in March 2018 received approval to progress the OJEU procurement for the Master Developer and to establish the Heads of Terms for a Joint Venture

1.5 Current activity has been focussed in 4 main areas:

- Progressing the HIF bid
- Procuring a master developer for the core site, subject to final contracting once the Joint Venture is formed and to the HIF outcome
- Initiating the issues and options stage 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

1.6 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 of the HIF bid, the continued engagement with Homes England and wider partners on the development of the business case, and the intention to submit a business case in December 2018, with the expectation of receiving a final outcome decision in early 2019.
- 2.2 Following the OJEU procurement process, to approve the appointment of the preferred bidder, U&I, as the Master Developer for the core site, subject to final contracting as referred in 2.3.
- 2.3 To approve the establishment of a joint venture with Anglian Water, in line with the confidential draft heads of terms appended to this report in Appendix 4
- 2.4 Delegate to the Strategic Director, in consultation with the Exec Cllr and in line with legal and financial advice:
  - Approval of the final Joint Venture Agreement
  - Subsequent approval of the Master Development Agreement with U&I
  - The development and submission of the business case for HIF funding
  - The progression, in line with the MDA requirements, of the development of a business plan covering the core site within six months of the contract being awarded.
- 2.5 Note the timescales related to the HIF funding, and the progression of the associated planning framework with SCDC and the proposed consent route, which require agreement with the local planning authorities and partners as to the appropriate arrangements to meet the timescales involved.
- 2.6 Note that all contractual commitments to the MDA and Joint Venture Agreement at this stage are only approved subject to the HIF outcome.
- 2.7 To provide a further progress report to this Committee following final confirmation of the HIF outcome.

## **3.0 Background and Context**

### **3.1 The Site**

- 3.1.1 Cambridge Northern Fringe East (CNFE) contains one of the last 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 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. (Appendix 5)
- 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 and the Industrial Park between the core site and the Cambridge North station.
- 3.1.4 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).

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

3.1.6 The regeneration of CNFE supports the ambitions of the Cambridgeshire and Peterborough Combined Authority and the Greater Cambridge Partnership for the wider region. The benefits include:

- Development of a much needed regeneration of strategic brownfield site
- Making efficient use of scarce land
- It will provide a significant contribution to Greater Cambridge housing & employment needs
- It will help reinforce global identity of Cambridge in innovative high quality sustainable development
- It significantly enhanced environment and infrastructure: quality, amenity, sustainability
- It will help realise investment in Rail Station & Guided Bus
- It will further public transport improvements to networks serving north of Cambridge to Waterbeach
- Reduced pressure for major development elsewhere in Greater Cambridgeshire
- It will deliver a significant uplift in Council Tax & Business Rates

## **4.0 Current Activity**

4.1 The HIF bid and commitment to spend timescales are very tight, and the Council and Anglian Water have committed to progressing work in key areas, with final contracts to remain subject to a

successful HIF outcome, in order to ensure that the best possible information can inform the HIF Business Case. The areas progressed include the following:

- Housing Infrastructure Fund bid – development of business case
- Completion of the Master Developer tender process, including agreement of the Master Development Agreement (MDA) and submission of letter of intent to preferred bidder
- Development of options appraisal for Joint venture and heads of terms for the preferred option
- Initiation of the issues and options stage for the Area Action plan
- Engagement with stakeholders

## **4.2 The Housing Infrastructure Fund**

4.2.1 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.

4.2.2 Funding is 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.

4.2.3 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.

4.2.4 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

4.2.5 An expression of interest was submitted on 28<sup>th</sup> 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 HIF round, demonstrating the extent of political support, joint working and collaboration of the eight entities making up the Combined Authority (CPCA).

4.2.6 On 20<sup>th</sup> March 2018, the Director General Decentralisation and Growth, Ministry of Housing, Communities and Local Government, wrote to confirm that the project was shortlisted for the funding.

4.2.7 Homes England is leading the HIF bid process and the project team have held a number of meetings with them over the summer to help inform the business case development. The team are collating further evidence to support the business case. It is intended to submit the business case in December 2018

4.2.8 The final outcome of the HIF bid will be determined in early 2019. 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 of the Water Recycling Centre.

4.2.9 If we are unsuccessful in the bid for the HIF funding, the Cambridge Water Recycling Centre will remain in situ, blocking development of its site but also much of the area around it due to the odour. It will restrict the opportunity to maximise:

- The strategic ambitions for the area and challenges to growth
- The ability to create a high quality innovative quarter
- It will create piecemeal development
- It will restrict increases in business rates
- It will promote development of more low quality/industrial rather than value uplift B1 space

### **4.3 Appointment of Master Developers for the Core Site**

4.3.1 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 2015.

4.3.3 The process was overseen by Cambridge City Council's Procurement Manager.

The panel overseeing the Master Developer tender exercise included:

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

4.3.2 The tender was issued via Due North on 18<sup>th</sup> December 2017. Ninety seven expressions of interest were received with 9 final submissions made at the initial SSQ (Standard Selection Questionnaire) stage. This stage included a pass/ fail review of the Standard Selection questionnaires and the evaluation of two case studies against a provided list of headings with weighting. All the SSQs received were compliant with regards to the financial regulations, sufficient standing to appropriately manage the requirements and resources for this contract and the inclusion of appropriate experience.

4.3.3 The case studies were scored by all of the evaluators and then the scores were moderated at a meeting, where the evaluation panel discussed any variances in score and an agreed a moderated score that was then recorded with the agreed comments from the panel. The top five suppliers were then shortlisted to participate in the first stage of the Invitation to participate in a competitive negotiated procedure.

4.3.5 Tenders were evaluated against Quality 60%; Commercial 40%.

4.3.6 Two final compliant tenders were received and assessed by all of the evaluators and then moderated at a meeting, where the evaluation panel discussed any variances in score and an agreed a moderated score that was then recorded with the agreed comments from the panel. Legal, Finance and Development adviser meetings were also held.

4.3.7 In line with the procurement requirements, the process included negotiation of the Master Development Agreement, Heads of Terms for which are included in confidential Appendix 3.



4.3.6 Standstill letters were issued on 11<sup>th</sup> June and the unsuccessful bidder was offered feedback. A meeting with the unsuccessful bidder was held to provide feedback on 20<sup>th</sup> June.

4.3.7 Following the standstill period, the successful bidder was notified.

4.3.8 A letter of intent was issued to the preferred bidder U&I, to allow their involvement in the required progress on the Area Action Planning and the HIF bid, prior to formal approval being sought from the Exec Cllr to establish a joint venture with Anglian Water, following which The Joint Venture will formally contract with the Master Developer.

4.3.9 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

4.3.10 At this early stage, 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.

4.3.11 Further details of the procurement process are included in Appendix 1

#### **4.4 The Joint Venture Agreement**

4.4.1 The Council and Anglian Water are working closely on the project and are proposing to form a joint venture in order to lead the proposed development following the proposed relocation of the Water Recycling Centre.

4.4.2 The project team and advisers considered a number of options for such a venture to ensure that partner interests around finance and governance were robustly considered. The options considered included a Contractual Joint Venture, the establishment of a Limited Liability Partnership, and the establishment of a company.

4.4.3 Following the options appraisal, the recommendation is to establish a Limited Liability Partnership. Heads of Terms have been drawn up, further details of which are covered in Confidential Appendix 4

#### **4.5 The Planning Framework**

4.5.1 The report approved by Executive Cllr following the S and R Scrutiny Committee in March 2018 provided information around the proposed planning framework for the area. The new Local Plans both include a policy allocating an area of land on the northern fringe of Cambridge to enable the creation of a revitalised, employment focussed area centred on the new transport interchange created by Cambridge North Station. The policies say that “the amount of development, site capacity, viability, timescales and phasing of development will be established through the

preparation of an Area Action Plan (AAP) for the site. The AAP will be developed jointly between South Cambridgeshire District Council and Cambridge City Council, and will involve close collaborative working with Cambridgeshire County Council, Anglian Water and other stakeholders in the area. The final boundaries of land that the joint AAP will consider will be determined by the AAP”.

4.5.2 Further information on the AAP is provided in the Greater Cambridge Local Development Scheme report to be submitted to the Cambridge City and South Cambs relevant Planning Scrutiny Committees in October 2018. It is proposed that the Area Action Plan will be extended to include both the Cambridge Northern Fringe East area and the Cambridge and St Johns’ Science Parks. (Appendix 5)

4.5.3 Cambridgeshire County Council and Peterborough City Council have begun to review their joint Minerals and Waste Development Plan. The current Core Strategy Development Plan Document (DPD) was adopted in 2011 and the Site Specific Proposals DPD was adopted in 2012. These two plans are being reviewed and merged together to form a single joint Minerals and Waste Local Plan (MWLP) covering the two Council areas. The Councils consulted on the Preliminary Draft Local Plan, the first of three rounds of consultation in May to early June 2018. This stage of the Plan put forward various issues and options regarding mineral and waste management development up to 2036. The plans include proposals for site assessment criteria for proposed waste management sites

4.5.4 The development consent process for the relocation has been considered in the light of timescales required for the HIF funding. Anglian Water cannot use its normal statutory powers to relocate the Cambridge Water Recycling Centre because there is no operational need to move it. A number of routes are being considered including a conventional planning application route, and an option to seek a “Development Consent Order (DCO) for the proposals through the identification of the project as a Nationally Significant Infrastructure Project (NSIP). This consent process, for projects such as energy, transport, water and waste development follows a tightly managed programme including a

strong commitment to pre- submission consultation and engagement but with a clear timeline for decision making. Officers from the Partner Authorities are currently working with Anglian Water to review the feasibility and deliverability of the options.

## **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 was reported to this Committee in March 2018. It is developed under the Managing Successful Programmes framework. A draft high level governance diagram and group members and key responsibilities for the main boards are included at Appendix 2.

5.2 As indicated in the Governance chart at Appendix 2, 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 programme board is to be initiated informally during the business case stage for the HIF funding. Other groups and the final structure will be formally established at the final outcome stage, should we be successful

## **6.0 Other Activity**

Key member and Partner engagement has been maintained during the HIF bid process, including the following:

- Regular meetings with Homes England, MHCLG and their advisers to progress the HIF bid in line with the information and timescales provided in this report.
- Briefings been provided for CCC Executive Councillors and subsequently all CCC members
- A briefing for SCDC Executive and Ward Councillors
- A joint workshop for Executive Councillors from City and South

Cambs was held in August 2018. The workshop included discussion on the plans and timescales for the Area Action Plan and Planning framework, Project development and the strategic objectives for the project.

- Briefings for two North Area Committee meetings
- In addition a number of further meetings with Government and other public and private sectors partners have been held and further meetings planned.
- A presentation was sent to an Innovation Symposium in Melbourne, Australia, occurring in late March. This was the first in a series of events and was aimed to 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. Further symposiums are planned in the future

## **6.1 Timescales**

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

HIF requires the Water Recycling Centre relocation contract to be in place by March 2021.

In order to do that, we need to deliver the following:

- OJEU backed appointment of Master Developer 2018 – completed, subject to JV establishment and MDA contract
- HIF Business Case Dec 2018 and Outcome est Feb 2019
- Planning determination for relocation by February 2021
- The Joint Area Action Plan to be submitted August 2021
- Relocation of the Water Recycling Centre by March 2024
- Housing development from 2024 onwards

## **7.0 Risks**

7.1 Risk management is an effective tool that encourages all parties to consider the full range of possibilities that may occur and to seek ways of managing and minimising them. Our risk management systems are built around the following structured framework:

- Identification of risk
- Classification of risks
- Assessment (impact) of risks
- Response to risks

#### Risk Assessment Criteria & Red/ Amber/ Green (RAG) Status

As demonstrated in the following table, risks will be assessed according to:

- a) Their probability of their occurring;
- b) Their impact across 7 aspects including programme, financial, reputational & safety;
- c) Their proximity (time before risk event occurs)

7.2 U&I in consultation with clients, have appointed Faithful+Gould who will act as Risk Manager for the development project and will facilitate regular risk workshops for the project team to collaborate and identify project risks, allocate risk ownership, identify risk mitigations and allocate risk owners. The risk register tool will be used to update the project risks as required, in accordance with established and proven Risk Management processes.

7.3 At this early stage, the majority of the current risks are associated with the pre-planning period. A short summary of the key risks for this period is included below.

<b>Issue No.</b>	<b>1.00</b>				
<b>Cambridge Northern Fringe East</b>					<b>Date</b> <b>25/09/2018</b>
<b>R e f</b>	<b>A c t i v i t y</b>	<b>R i s k D e s c r i p t i o n</b>	<b>A c t i o n P l a n</b>	<b>O w n e r</b>	<b>D e c i s i o n</b>

1.0	Funding - Failure to achieve positive HIF outcome	HIF application is unsuccessful	Robust evidence base for business case and bid	3	5	15
2.0	Funding and alignment with financial requirements	Insufficient funding to support development	Robust financial modelling and alignment with section 123 and Anglian Water's requirements			
2.0	Planning - Statutory Consents	Consent application unsuccessful	AW and relocation team are taking legal advice and engaging with stakeholders	3	5	15
3.0	Planning - Area Action plan submission	AAP coverage or timescale does not meet HIF requirements	Maintain the proposed AAP programme in alignment with wider project	3	5	15
4.0	Governance	Governance insufficient to manage project in line with best practice requirements	Ensure transparent and robust governance structures to oversee and management project	3	3	12
8.0	Transport	Lack of coordination of project with AAP and wider transport strategy and capacity	Early Engagement with partners and DFT ref transport priorities and planning	3	4	12
9.0	Customer and Stakeholder	Insufficient engagement with key stakeholders on	Establish clear vision and plan early and consistent stakeholder engagement	3	4	12



	Engagement		with robust strategy and communications framework			
10.0	Supply chain capacity & expertise	Challenges around capacity and expertise availability in the supply chain to deliver the masterplan	Early market engagement and use of proven technologies	3	4	1 2
11.0	Failure to implement relocation of Water Recycling Centre in a timely fashion	Delays in relocation and decommissioning of the CWRC impact subsequent delivery of the masterplan	Achieving statutory consents Development of robust implementation plan underpinning agreed project plan	3	4	1 2
12.0	Market demand	Market changes impact masterplan viability	Professional teams support in underpinning robust business plan and reviews to ensure masterplan evolves to reflect market demands	4	2	8

## 8.0 Implications

### (a) Financial Implications

A budget bid of £475k in 2018/19 and £324k for 2019/20 was secured through the BSR process last year. The proposed budget covers the costs of the development of the Area Action Plan and the project management and legal costs for the HIF programme bid. The early funding was required to meet the HIF programme as the tight timescales require commitment of resources at this stage. Should the HIF bid not be successful, there are fees associated with additional consultancy work and MOU fees required to progress the expression of

interest stages also provided for within the funding. The Area Action plan is likely to go forward even if the HIF funding is not achieved, but within different parameters. SCDC is co-funding the production of the AAP.

Further business case evidence costs are being applied for through Homes England as part of the co-production process.

Partners are funding additional consultancy costs.

There is a draft budget request within the current budget bid process for £120k support for the programme progression for 2020/21 to cover project management, and legal costs. These costs are, however, expected to be capitalised within the project if the HIF bid is successful.

The master planning process will include business plan development with longer term comprehensive financial projections and cash flow requirements although initial work is being progressed for the business case submission. Infrastructure funding plans are under development. The plan is to mitigate the Council's exposure through robust assurance plans on cost risk. The proposal is that the majority of development finance will be initially met by the Master Developer and or development finance, with costs recovered through sales receipts.

## **(b) Staffing Implications**

The SRO for the programme is the City Council's Strategic Director. The full team also includes resources provided by Anglian Water and, under the letter of intent, by the preferred bidder for the Master Developer role.

## **(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, and sustainable development objectives.

## **(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 2015. Project team procurement is in line with the Master Development Agreement

**(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

**(g) Consultation and communication considerations**

Early briefings have been done and a communications strategy will be developed as part of the programme business plan

**(h) Background papers**

**(i) Appendices**

Appendix 1 Summary OJEU Procurement Report

Appendix 2 Proposed Governance structure

Appendix 3 CONFIDENTIAL - MDA principles

Appendix 4 CONFIDENTIAL – Draft Heads of Terms – Joint Venture

## Appendix 5 Core site and Proposed Area Action Plan Area

### **(j) 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](mailto:Fiona.bryant@cambridge.gov.uk)

## APPENDIX 1



Procurement Tender Report

(PCR2015 Reg. 84)

Contract Title

CAMBRIDGE NORTHERN FRINGE EAST

Date

11/06/18

Prepared by

Heidi Parker & Rebecca Trueman



## Summary

This report is a summary of the formal award recommendation that details the various stages covered, the decision-making processes applied and any risks identified and resolved. The commercial and confidential information has been redacted in line with guidance.

1. Name and Address of Contracting Authority	<b>Cambridge City Council</b>
2. Contract Name	<b>Cambridge North Fringe East</b>
3. Contract Description (subject Matter) (84 -1a)	<b>Development Partner for the Cambridge Northern Fringe East Project</b>
4. Contract Planned-Award Date:	<b>4<sup>th</sup> April 2018</b>
5. Contract Start Date:	<b>22<sup>nd</sup> June 2018</b>
6. Contract Value :	<b>A percentage fee</b>
7. Contract Owner:	<b>Heidi Parker</b>

8. Contract Users:	<b>Single use contract</b>
9. Contract Duration:	<b>25 years</b>
10. Process Applied:	<b>Above EU – Competitive Negotiated Procedure (3 ITN stages)</b>
11. Contract Award Criteria:	<b>Questionnaire SSQ - shortlisting Price 40%: Quality 60%</b>
12. Does Living Wage Apply	<b>NO</b>

### **Recommendation**

Following a comprehensive review it is recommended to award the contract to

1. Supplier Name	<b>U &amp; I</b>
2. Reason	<b>Their tender was ranked first for price and first for Quality.</b>
3. Value	<b>10.5% Fee</b>
4. Social Value Offer	<b>The essence of the contact is to create new community that is a great place to live and work. Job creation, apprenticeships and local supply</b>



	<b>chain are also likely results.</b>
5. Other comments	<b>The offer creates innovation and collaborative working that suggests a transformational change for CFNE.</b>

## Process activities and Compliances

### Procurement Process

PROCUREMENT ACTIONS	Responses: ✓ or ✗	
1. Reason for this procurement	The council, in partnership with Anglian Water, is seeking to redevelop a significant area within the boundaries of Cambridge City. The intention is to create a new community including 5,200 homes and various commercial and community buildings over the next 25 years	
2. Advertised	Due North	✓
	Contracts Finder	✓
	OJEU	✓
3. Process	competition with negotiation process (84 1e)	✓

4. Document issued electronically	<b>YES</b>
5. Portal Advert web-address	<a href="https://procontract.duenorth.com/Advert?advertId=af75e0a7-0fe4-e711-80e7-005056b64545&amp;fromAdvertEvent=True">https://procontract.duenorth.com/Advert?advertId=af75e0a7-0fe4-e711-80e7-005056b64545&amp;fromAdvertEvent=True</a>
6. Portal Reference Number	<b>DN314339</b>
7. Number of Expressions of Interest received:	<b>97</b>
8. Q&A Process – Number of Messages received and answered through the Portal functionality.	<b>157</b>
9. No. of SSQ received	<b>9</b>
10. No. of tenders invited	<b>5</b>
11. Number of Tenders Received	<b>2</b>
12. Number of Compliant Tenders accepted –	<b>2</b>

## Project team

1. Project Sponsor:	Fiona Bryant (CCC) / John Cormie (AWG)
2. Technical Consultants:	Savills (Commercial advisor)
3. Procurement:	Heidi Parker
4. Legal:	Eversheds-Sutherlands
Comments – this project will be delivered by a Joint Venture made up of CCC and AWG and supported by various consultants and in accordance with the HIF bid requirements.	

## Tender Documents

1. Standard Selection Questionnaire	Standard document with quality questions (case studies) included to facilitate shortlisting
2. Invitation to Tender (versions)	1. ITPN stage 1 2. ITPN stage 2 3. ITPN Final
3. Contract (versions)	Heads of Terms at SSQ stage Draft MDA at ITPN 1 Draft MDA v2 at ITPN 2 Final MDA at ITPN Final
4. Form of Tender	Form of Tender

5. Project Specific Information	Cambridge 4 brochure
6. Evaluation Criteria - Quality & Price	Included within SSQ and ITPNs
7. Documents amended/ issued during the Q&A Process	The ITPN was updated for each negotiation stage The HoT were updated from SSQ to ITPN1 The MDA was updated from ITPN 2 to Final

### **Tender Evaluation summary (84- 1b & c)**

The Council has received SSQs for evaluation from 9 suppliers

These were reviewed in accordance with the following Processes

### **Stage 1 – Standard Selection Questionnaire - Compliance Check & Case Studies**

Compliance with SSQ Reviewed – Procurement

Case Studies scored by a panel

Name	Organization	Job Title	Role
Fiona Bryant	Cambridge City Council	Strategic Director	Client/ evaluator
Dave Prinsep	Cambridge City Council	Head of Property Services	Technical input/ evaluator

Heidi Parker	Cambridge City Council	Procurement Manager	Procurement advice and Moderator
John Cormie	Anglian Water Group	Group Property Director	Client/ evaluator
Ian Cutts	Savills	Director	Technical Advisor/ Evaluator
Patrick Moseley	Savills	Director	Technical Advisor/ Evaluator
Alex McKinlay	Savills	Director	Technical Advisor/ Evaluator
Rebecca Trueman	Savills	Senior Surveyor	Technical Advisor/ Evaluator
Matthew Storer	Eversheds-Sutherland	Partner	Legal Advisor/ Legal review
John Adams	Eversheds-Sutherland	Principle Associate	Legal Advisor/ Legal Review

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This stage included a pass/ fail review of the Standard Selection questionnaires and the evaluation of two case studies against a provided list of headings with weighting. All the SSQs received were compliant with regards to the financial Regulations, sufficient standing to appropriately manage the requirements and resources for this contract and the inclusion of appropriate experience.

The case studies were scored by all of the evaluators and then the scores were moderated, at a meeting, where the evaluation panel discussed any variances in score and an agreed a moderated score that was then recorded with the agreed comments from the panel.

The top five suppliers were then shortlisted to participate in the first stage of the Invitation to participate in a competitive negotiated procedure.

De-selection process (84 - 1b)
In accordance with the documents provided to bidders, only the top five suppliers were invited to participate in the next stage. The short listing process was based on the quality, similarity of project and information provided within

the details of the two cases listed compared to the requirements of this project. This was managed in accordance with regulation 66.

### Conflict of Interest

There were no conflicts of Interests identified.

### **Stage 2 – Invitation to participate in negotiations stage 1**

Suppliers were invited to attend a 2 hour initial meeting before submitting their first tender; this meeting enabled them to ask any questions that they had regarding the tender information provided, the contractual requirements detailed in the Heads of Terms, and the project as a whole.

The tenders received were deemed compliant.

Following the evaluators listed above having read and scored the submissions in accordance with the Invitation to Tender, a moderation meeting was held to discuss and agree a moderated set of scores against the 0-5 rating provided to suppliers and where there was not a consensus, the scores were discussed until one was achieved. Feedback relating to those scores was also collated as part of this moderation process which would later be provided to each supplier accordingly at the subsequent negotiation meetings.

Consideration as to comments made regarding the Heads of Terms provide where addressed and where reasonable (and they did not deviate from the minimum requirements or the economic value of that advertised) where incorporated into the Draft MDA to be submitted with the ITN2.

## **Stage 2 - Invitation to participate in negotiations stage 2**

Following advising the suppliers of their participation in the next stage, the amended tender documents and the draft MDA were issued to both Suppliers via the portal and they were invited to attend a second negotiation meeting at which suppliers were asked to present on their proposal as per their initial submission and then from that to ask questions and discuss any points that the client team had identified through the evaluation process and provided as feedback.

Following the meeting, both companies were then invited to submit revised responses by the stated deadlines.

Once the submissions were received, these were evaluated following the same criteria as detailed in the tender documents.

The evaluation process followed the same individual and then moderation process to establish the scores;

## **Stage 3– Invitation to participate in negotiations FINAL**

The comments/ mark-ups of the MDA were reviewed by the client team and a revised MDA was issued as part of initiating the final stage of the processes. Following the issue of these documents, both suppliers were again invited to attend a negotiation meeting to discuss the quality and pricing submitted at ITN 2 and then a separate legal discussions meeting to review the MDA issued and to discuss any questions that suppliers had.

The final MDA was issued following both meetings and a deadline for submitting their final tenders was confirmed. Suppliers were asked to both submit their final, compliant offer and a signed form of tender.

Both suppliers submitted a signed form of tender

## **Supplier Quality Feedback**



On completion of the evaluation process, standstill letters were issued to suppliers whereby they were notified of the outcome. The unsuccessful bidder was invited to attend a debrief meeting during the standstill period to ensure the process was transparent and fair.

#### **Stage 4 – checks & balances**

1. Benchmarking	The accepted pricing is comparable to current market prices
2. Comparison with current contract	This is a unique contract
3. Abnormally Low or Unsustainable prices	There are no pricing concerns
4. Compliance with specification & T&Cs	No submissions were dismissed for being non-compliant.
5. Credit Checks	Credit checks were run on suppliers before the standstill letters were issued. Companies scored well.
6. Other comments/ checks	The process has identified a supplier which the client team is comfortable have the financial and technical ability to deliver both the practical requirements of the scheme and the aspirations for an innovative solution that will create a great place to live.

#### **Stage 5 – PROPOSED SUPPLIER (84 - 1d) (OR JUSTIFICATION FOR NON-AWARD (84 -1G)**

1. The Council Proposes to award the contract	U & I
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to: (84-1d)	
2. The Council is NOT awarding this Contract because (84-1g):	The Client Team is awarding the contract.
3. The reason for this being	The Best price/ quality score combined
4. The Contract includes/ allows for Sub-contracting, in part/ full (84 – 1d)	Yes, in Part
5. Conflict of Interest (84-1i)_	No conflicts were identified

### Stage 6 - Notification

1. Notification Process	standstill letters were issued 11 <sup>th</sup> June 2018 Below EU Award letter
2. Unsuccessful Suppliers:	Were notified at the same time and offered feedback
3. The Successful Supplier:	The standstill letter was issued on the 11 <sup>th</sup> June; the final award letter to be issued once the JV's legal entity is established.

### Process review

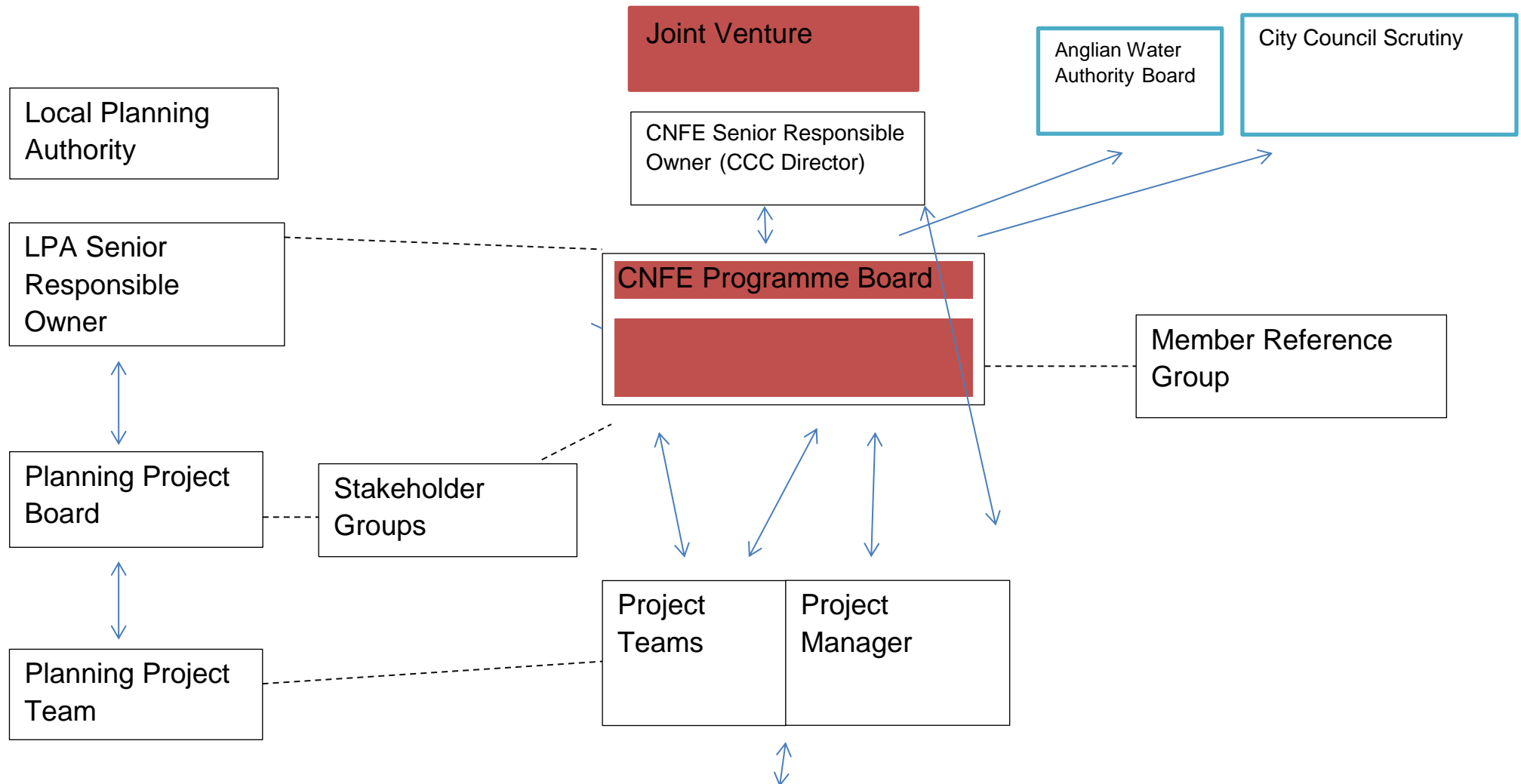
Overall the Process went as planned, with minimal complications

1. Problems encountered:	The procurement process was managed over a tight (but compliant) timer period, this may have contributed to the number of EOI and the number of ITN1 responses received. The JV not being established before the process was started has delayed and made the process slightly more complicated than it might have been.
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2. Resolutions:	No resolution is required as the process produced a suitable outcome.
3. Lessons Learnt:	In future cases, it would be preferable to allow a longer period to complete a process like this.
4. Positive Reviews	The outcome has identified a committed, innovative and financially desirable supplier

## APPENDIX 2

### CAMBRIDGE NORTHERN FRINGE EAST PROPOSED DRAFT GOVERNANCE STRUCTURE





Workstreams

Workstreams

### Proposed Group High Level Roles and Responsibilities

Group	Member organisations	Key Responsibilities
Joint Venture	Anglian Water Authority Cambridge City Council  Contracting with the master developer through Master Development Agreement	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 Greater Cambridge Partnership Homes England Master Developer  Attending: Local Planning Authority Adviser	<ul style="list-style-type: none"><li>• Ensures programme delivery within agreed parameters</li><li>• Agrees finance model with SPV</li><li>• Defines acceptable risk profile and thresholds</li><li>• Resolves strategic and directional issues</li><li>• Ensures integrity of benefits</li><li>• Provides assurance for operational stability</li><li>• Supplies resources for delivery</li></ul>

		<ul style="list-style-type: none"> <li>Engagement and Communications</li> </ul>
Member Reference Group (Member)	<p>Cambridge City Council (Leader and CEO)  South Cambs District Council (TBC)  CPCA  Cambridge County Council  Greater Cambridge Partnership</p> <p>Attendees: Joint Venture Representatives</p>	<ul style="list-style-type: none"> <li>Championing the programme</li> <li>Providing continued commitment and endorsement in support of programme objectives at executive and communications events</li> <li>Advising and supporting the SRO</li> <li>Confirming public sector funding for the programme</li> <li>Confirming public sector strategic direction against which the programme is to deliver public sector outcomes</li> </ul>
Stakeholder Groups	<p>There will be a number of groups, representing (not exclusively), for example:</p> <p>City and County Ward Councillors in East Chesterton and Kings Hedges and SCDC adjacent Ward members</p>	<p>The programme will be engaging and working with these groups</p>

	Wider CNFE Landowners/Developers Business Community and University Local Residents Community Groups Related Projects e.g. A10	
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## APPENDIX 5 PROPOSED AREA ACTION PLAN AREA AND CORE SITE





