



South Cambridgeshire District Council

Council Meeting
Thursday, 21 March 2024

Agenda and Reports

South Cambridgeshire Hall
Cambourne Business Park
Cambourne, Cambridge
CB23 6EA

Exclusion Of Press And Public

The law allows Councils to consider a limited range of issues in private session without members of the Press and public being present. Typically, such issues relate to personal details, financial and business affairs, legal privilege and so on. In every case, the public interest in excluding the Press and Public from the meeting room must outweigh the public interest in having the information disclosed to them. The following statement will be proposed, seconded and voted upon.

"I propose that the Press and public be excluded from the meeting during the consideration of the following item number(s) in accordance with Section 100(A) (4) of the Local Government Act 1972 on the grounds that, if present, there would be disclosure to them of exempt information as defined in paragraph(s) of Part 1 of Schedule 12A of the Act (as amended)."

If exempt (confidential) information has been provided as part of the agenda, the Press and public will not be able to view it. There will be an explanation on the website however as to why the information is exempt.

South Cambridgeshire District Council

TO: The Chair and Members of the
South Cambridgeshire District Council

Notice Is Hereby Given that the next meeting of the **Council** will be held in the **Council Chamber - South Cambs Hall** at **7.00 P.M.** on

Thursday, 21 March 2024

and I therefore summon you to attend accordingly for the transaction of the business specified below.

Dated 13 March 2024

Liz Watts
Chief Executive

Agenda

1. **Apologies**
To receive Apologies for Absence from Members.

2. **Declaration of Interest**

Exclusion of Press and Public

The following two reports contain exempt information and for this reason the press and public are likely to be excluded from the meeting during consideration of these items of business in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972 (exempt information as defined in paragraph 3 of Schedule 12A (as amended) of the Act)

Paragraph 3 refers to information relating to the financial or business of any particular person (including the authority holding that information).

3. **South Cambridgeshire Investment Partnership Investment at Cambourne**
(Pages 5 - 340)
4. **Affordable Housing Acquisition - 102 no, New Homes, Cambourne**
(Pages 341 - 350)

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If you wish to ask a question or make a statement at a meeting, please refer to the Public Speaking Scheme at the below link. [Link to the Public Speaking Scheme](#)

**Further information for Councillors
[Declarations of Interest – Link to Declarations of Interest - Information for Councillors](#)**

Councillors are reminded that Democratic Services must be advised of substitutions in advance of meetings. It is not possible to accept a substitute once the meeting has started.

Agenda Item 3



**South
Cambridgeshire**
District Council

Report to:	Council	21 March 2024
Lead Cabinet Member:	Cllr John Williams	
Lead Officer:	Liz Watts	

South Cambridgeshire Investment Partnership Investment at Cambourne

Executive Summary

South Cambridgeshire Investment Partnership LLP (SCIP) is a 50/50 joint venture between South Cambridgeshire District Council (the council) and Hill Investment Partnerships (Hill).

Recommendations

It is recommended that Council:

1. Approves an investment decision in the housing development site to the northwest of Cambourne as set out in detail in the approved SCIP LLP Project Plan (Exempt Appendix 1); the development of the site is through SCIP LLP.
2. Provides a mandate to the Council's SCIP LLP Board Members for decisions facilitating the development of the site and delivery of the Council's Investment as set out in the approved SCIP LLP Project Plan (Exempt Appendix 1) which is adopted by the SCIP Board. The Project Plan will change at milestones during the delivery phase of the scheme in accordance with SCIP LLP Board governance. The mandate is subject to SCIP implementing a planning consent which is unfettered by legal challenge.
3. Approves the Chief Finance Officer's Report set out in Exempt Appendix 2 with the planned commitments associated with the Council's borrowing (internal and/or external). The Investment Plan will be refined and updated

in line with amendments to the SCIP Project Plan approved by the SCIP Board during the delivery phase. The Council's funding will be built into the Capital Programme.

4. Notes the decision made in May 2021 relating to the HRA purchase of c 120 units. This decision is now the subject of a separate report on this agenda.
5. Notes a licence will be granted by CBPL to SCIP for works to be undertaken on the land parcels which are in CBPL ownership, and which are included within the SCIP planning redline. A plan and details of the proposed works are set out in Exempt Appendix 3.
6. Authorises officers to undertake, at the appropriate time, a procurement exercise to identify a tenant for the café.

Update table with Glossary/Definition of Initialisations

Abbreviation/Term	Definition
SCIP LLP	South Cambridgeshire Investment Partnership LLP
LLP	Limited Liability Partnership
SDB	SCIP Strategic Development Brief
CBPL	Cambourne Business Park Ltd
PWLB	Public Works Loan Board
HRA	Housing Revenue Account
NZC	Net Zero Carbon
BNG	Biodiversity Net Gain
ERs	Employers' Requirements
Maximum cash lock out	Maximum financial exposure that SCDC will have in SCIP during the delivery phase (excluding the loan for the site acquisition)
Regulation 3 Planning Application	An application for planning permission by an interested planning authority to develop any land of that authority, or for development of any land by an interested planning authority or by an interested planning authority jointly

	with any other person, shall be determined by the authority concerned.
Coupon	Loan note interest

1. Background and Context – SCIP Investment Partnership

History and link to the Investment Strategy

- 2.1 The Council’s Investment Strategy, approved in March 2023; and the General Fund Capital Programme approved at Full Council on 27th February 2024, identifies the sum of up to £44 million between 1 April 2023 and 31 March 2028 for Service and Commercial Regeneration Investments. Investment Partnerships are included in the Commercial Regeneration Category which covers investments that can generate regeneration or economic development benefits as well as positive financial returns for the Council. Further information is provided in section 2.9 and appendix 3 of the Investment [Strategy](#).
- 2.2 The Council has two Investment Partnerships: one with Hill Group and one with Balfour Beatty. The LLPs were formed in July 2020. The objectives of both partnerships relate to the delivery of new homes and regeneration opportunities.
- 2.3 South Cambridgeshire Investment Partnership LLP (SCIP) is a 50/50 joint venture between South Cambridgeshire District Council (the council) and Hill Investment Partnerships (Hill). The key objectives of the LLP are to deliver growth and regeneration through development, predominantly residential, in South Cambridgeshire and the Cambridge and Peterborough Independent Economic Review Area. The LLP is focussed on the delivery of high-quality housing, including meeting the Council’s target for 40% Affordable Housing in developments which contribute to the Council’s Business Plan priorities: “Green to our Core” and “Homes that are Affordable to live in”. Further details of the LLP including its’ governance structure are provided in Appendix 4 and also set out in the appendices to the Report to Full Council dated 14th July 2020 which is included as Exempt Appendix 7 to this Report.
- 2.4 At a meeting of the Full Council held on 4th May 2021, approval was given for the Council to provide a secured loan to SCIP of £12,962,369 (including purchaser’s costs), for the acquisition of a development site (the site) from Cambourne Business Park Trust (CBPT). SCIP completed the land acquisition on 26th May 2021. The loan is secured by a loan note and a Deed dated 25th May 2021, under which the rate of interest payable to the council by SCIP is set out. The Report is included at Exempt Appendix 6.
- 2.5 At the meeting on 4th May 2021, the Council approved a further loan to SCIP. The purpose of this loan was to provide debt funding to SCIP as cashflow for the delivery of a scheme with planning consent. The sum approved was based on the indicative Masterplan provided at completion of legal acquisition of the site. The approval contained a provision for additional funding to be advanced, as required to support the cashflow for the consented scheme and with the agreement of both parties. This debt funding represents 60% of the scheme

development costs based on a maximum cash lock out identified in the project cashflow and the approved SCIP Project Plan (Exempt Appendix 1). The terms of a loan arrangement between SCIP and the council is a commercial matter between the Council and SCIP. The Chief Finance Officer will negotiate this rate as set out in Exempt Appendix 2.

- 2.6 As set out in paragraph 29 of the Report to Full Council dated 4th May 2021 (Exempt Appendix 6, at the time of signing the loan agreements, both loans required the Council to borrow funds. However, to date no borrowing has been necessary. Exempt Appendix 2 sets out the Report from the Chief Finance Officer and indicates when borrowing will become necessary.

Planning Permission

- 2.7 The Strategic Development Brief (SDB) for the site was approved by SCIP Board in January 2022. The partners' aspirations for the scheme are that the development will demonstrate design excellence and stand up to scrutiny as an exemplary development when assessed against the baseline criteria for the scheme and other comparable local developments; and will be aligned with the Council's Corporate Strategic Objectives and Business Plan.
- 2.8 Following a detailed design and development process which included neighbourly and stakeholder engagement as part of the pre-application process, a Regulation 3 planning application was approved at Planning Committee on 17th January 2024. Full details of the consented scheme costs and schedule of accommodation are set out in the SCIP Project Plan (Exempt Appendix 1).

Financing

2.9 SCIP Lending (Debt Funding)

- 2.9.1 Based on the SCIP cashflow, the cash advances are proposed to be made between September 2024 and July 2026 reaching a peak in April 2025. It is likely that some borrowing by the Council for the cash to be lent on will be needed, the exact amount will be dependent on cash resources available at the time the cash is required by SCIP.
- 2.9.2 Any borrowing is likely to be from the Public Works Loan Board (PWLB); however, PWLB will only lend for terms of a year or more and it is possible the Council may only need some of the cash for a short time. The Council has a number of other borrowing options available. Borrowing in tranches also makes sense as the Council can take advantage of falling interest rates. Based on financial market predictions and current SCIP cashflow modelling, this is likely to be the case when cash is required.
- 2.9.3 The scheme is expected to produce a positive financial return for the council, by way of a capital receipt at the completion of the project. More detail on this is provided in the SCIP Project Plan in Exempt Appendix 1.

2.9.4 As with any investment of this type the actual return could be higher or lower than that projected in the financial appraisal.

2.9.5 More financial detail on the investment is given in Chief Finance Officer's Report, Exempt Appendix 2.

2.10 HRA Funding

2.10.1 The cost to the Council of purchasing the Affordable Housing from SCIP and the additional cost uplift for the enhanced sustainability specification for the affordable rented units (100% carbon reduction against the Building Regulations 2021 baseline) is set out in Exempt Appendix 2 and has been benchmarked against recent comparable developments. The cost to the HRA for SCIP to deliver the affordable dwellings will be a ringfenced sum and will not fluctuate with any variances to construction costs.

2.10.2 The payment profile for the affordable income modelled in the SCIP cashflow is based on the offer from the HRA, with an initial payment of 20% at start on site, and monthly valuations thereafter aligned with the construction phasing for delivery of the affordable dwellings.

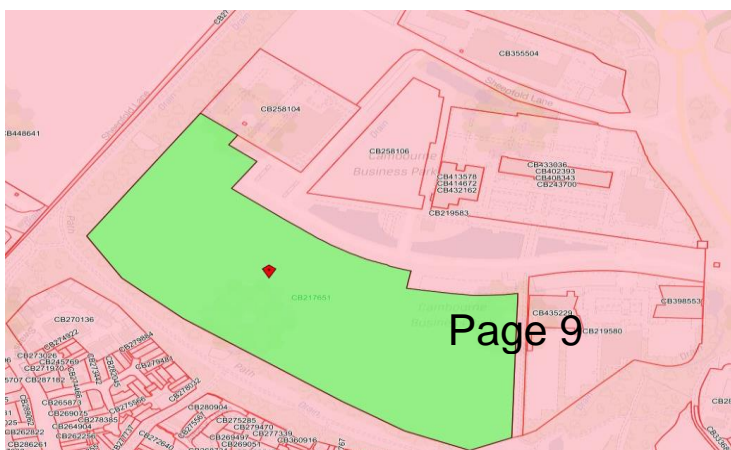
2.11 The cashflow, financial appraisal and Project Plan were signed off by SCIP Board on 23rd February 2024. The projected maximum cash lock out identified in the Plan and modelled in Exempt Appendix 2 may change over the course of the development and is subject to potential impacts, risks and mitigations relating to the SCIP delivery programme. Exempt Appendix 5 sets out the Risk Register for the Council. The Risk Register for SCIP is appended to the SCIP Project Plan, Exempt Appendix 1.

The SCIP Site

2.12 The site measures 9.64 hectares and is located to the northwest of Cambourne, bound by the Cambourne Business Park to the north and east, Lower Cambourne to the south and the Cambourne West development to the west.

2.13 The site is accessed via the Cambourne Business Park Road which is a private unadopted road in the ownership of CBPL. SCIP and the other freeholders on the Business Park pay a service charge to CBPL to cover maintenance of the Business Park assets which includes the road.

2.14 A full description of the site is presented in the SCIP Project Plan, a site layout plan is shown below.



The SCIP Development Proposals

- 2.15 Details of SCIP's development proposal are set out in the SCIP Project Plan at Exempt Appendix 1. A summary is provided below.

The scheme proposals include 256 new dwellings, change of use to the existing marketing suite to a café with associated landscaping, car parking, substations, bins, and bike stores. Specifically, the site will deliver:

- 256 new homes, ranging from five-bedroom houses to one-bedroom apartments.
- 40% Affordable Homes, of which 72 will be affordable rented and 30 will be shared ownership dwellings.
- 100% of council rented dwellings will be designed and constructed to an enhanced level of sustainability based on Passivhaus principles homes.
- 1.18 ha of high quality public open space including a new square, orchard, the park, tree space and foraging route
- Sustainable urban drainage features
- Extensive new cycle/foot path routes throughout the site and a new bus link to Cambourne West. The masterplan focuses on reducing car dominance and promoting sustainable travel opportunities.
- New bus link to Cambourne West
- 808 cycle spaces including 715 secure spaces for new houses and 93 visitor spaces.
- 492 total car park spaces, allocated to homes.
- 20 visitor car parking spaces.

The Housing Revenue Account (HRA) Properties

- 2.16 In May 2021, Council approved the utilisation of £26,780,316 from the Council's HRA to purchase circa 120 units of affordable housing on the development, subject to conditions which will be developed in a Heads of Terms prior to the Council entering into a legal agreement with SCIP.
- 2.17 The Council's final offer setting out the number of dwellings and tenure mix of the affordable housing is set out in the SCIP Project Plan (Exempt Appendix 1). The offer is based on the final mix agreed through the statutory planning process and will be secured through a legal agreement in the form of a Developer's Agreement between HRA and SCIP. The offer from HRA will be a ringfenced sum and will be protected from any cost increases during the course of delivery.
- 2.18 The 72 affordable rented homes are being constructed to an enhanced level of sustainability which is designed to achieve 101% carbon reduction over Part L of current Building Regulations, delivering very high performance and low-carbon development. This will be funded by the Council and is intended to demonstrate the sort of housing the Council wishes to see delivered across the district.

Cambourne Business Park Limited Land

2.19 Cambourne Business Park Ltd (CBPL) is a corporate entity which is wholly owned by the Council. It was acquired in May 2021 when a joint share and asset acquisition of land forming part of the Business Park was completed. The assets acquired in CBPL are set out below:

- The infrastructure land which is contained in the title number CB219583 and is coloured green on the diagram below. The infrastructure land is registered in the name of CBPL.
- The Marketing Suite is situated on the infrastructure land and is in the ownership of CBPL, marked on the map with a red diamond.



2.20 In June 2022 it was agreed that several small land parcels in the ownership of CBPL could be included in the planning redline for the SCIP development, subject to the appropriate legal and financial due diligence. The inclusion of the land facilitated the design of an improved Masterplan for SCIP, optimising the commercial viability of the scheme and delivering the LLP’s Strategic Development Brief and the LLP partners’ wider objectives.

2.21 Completion of the CBPL diligence confirmed that the appropriate route for progressing a legal agreement between CBPL and SCIP, will be for CBPL to grant a Licence to SCIP. A licence will be granted when SCIP reaches the milestone of implementing a challenge free planning consent.

2.22 Details of the works to be covered by the Licence are set out in Exempt Appendix 3 and include the conversion of the marketing suite to a cafe.

2. Reasons for Recommendations

Through the commercial vehicle of SCIP LLP in which the Council is a 50% partner the investment will deliver the following:

- 1) An investment for the Council as set out in Exempt Appendix 2, which delivers a financial return at the same time as creating an exemplary housing development in accordance with the Council's Investment Strategy.
- 2) 72 Affordable Rented homes and 30 Shared Ownership homes built to an enhanced sustainability profile and energy performance level, delivering on the business plan objectives of Green to Our Core and Homes which are truly affordable to live in.
- 3) Development of the CBPL Marketing Suite as a Café for the community which will remain in the ownership of CBPL and providing a valuable community resource.
- 4) Providing a Masterplan layout and connections into and out of the development which offers a hierarchy of travel options; focussed on reducing car dominance, promoting sustainable travel opportunities through strategic pedestrian and cycle routes through the site and providing connections to Cambourne West.

Options

1. The Council could approve this investment decision as set out in the SCIP Project Plan (Exempt Appendix 1); to deliver the ROI set out in The Chief Finance Officer's Report (Exempt Appendix 2)
2. The Council could decide not to proceed with this investment, thereby invoking the deadlock clause in the Members' Agreement. Exempt Appendix 8 sets out the impact of such a decision, which is not the preferred option.

Implications

In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered: -

Financial

Exempt Appendix 2 sets out the financial considerations for the Council.

Legal

Exempt Appendix 7 sets out the legal implications if the Council decides not to proceed.

If the Council decides to proceed, the decision to determine a licence between CBPL and SCIP rests with CBPL and SCIP to agree, not the Council.

Risks/Opportunities

The Risk Register for SCIP is appended to the SCIP Project Plan (Exempt Appendix 1). The Council risks are set out at Appendix 5.

Climate Change

The enhanced sustainability specification for the affordable rented houses on the scheme is detailed below:

- Triple glazed windows;
- Passive Purple membrane on fabric of building for air tightness;
- Mechanical Ventilation Heat Recovery (MVHR) units to each property;
- Nilan Compact P which is a combined ventilation and heating system;
- Photovoltaics panels to roof areas;
- Up-rated cavity insulation thickness to external walls to provide greater u-values.

In line with SCDC's commitment to tackling the climate emergency, SCDC New Build have specified that the Affordable Rent properties should represent a significant improvement on the baseline standard. SCDC therefore specified that the Affordable Rent properties should achieve a 100% reduction against the Building Regulations Part L 2021 baseline.

Consultation

Extensive consultation was carried out as part of the planning process.

Alignment with Council Priority Areas

Growing local businesses and economies

The proposed café for the community will be an opportunity for a local business to operate out of this much needed community facility.

Housing that is truly affordable for everyone to live in

72 affordable homes and 30 shared ownership homes will make a significant contribution to this objective.

Being green to our core

SCDC SCIP Members ensured that the SCIP Cambourne Strategic Brief reflected the Council's principles of being green to our core, for example in a higher than

minimum regulations site-wide for carbon reduction, off-gas whole site development and higher standards for minimising designed water usage in all properties.

Background Papers

[Investment Strategy March 2023](#)

Appendices

Exempt Appendix 1: SCIP Project Plan March 2024

Exempt Appendix 2: Chief Finance Officer's Report

Exempt Appendix 3: CBPL Land Ownership Plan

Appendix 4: SCIP LLP/Governance document

Exempt Appendix 5: Council Risk Register

Exempt Appendix 6: Cambourne Business Park: Exempt Report to Full Council 4th May 2021

Exempt Appendix 7: Investment Partnerships: Legal Agreements: Report to Full Council 14th July 2020

Exempt Appendix 8: Freeths Legal Advice Note

Report Author:

Cath Conlon – Project Lead
Telephone: 07813 082073

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South Cambridgeshire Investment Partnership LLP (SCIP)

On 14th February 2019 South Cambridgeshire District Council published an Invitation to Tender (ITT) for Investment Partnership Framework Contracts; incorporating proposed Heads of Terms that would form the basis of a Members' Agreement for a Limited Liability Partnership (LLP).

The Members' Agreement sets out the partnership and governance arrangements for the Council in entering into an Investment Partnership.

Two tenders were received, one of which was from Hill Investment Partnerships. At a meeting of the Cabinet on 1st July 2020 approval of the proposal submitted by Hill Investment Partnerships was given together with approval for officers' negotiations to continue to enable the drafting of a Members' Agreement. External legal advice was procured from Freeths.

At a meeting of the Full Council held on 14th July 2020, approval was given for the execution of the Members' Agreement between the Council and Hill Investment Partnerships and the formation at Companies House of an LLP. Approval was given for the name of the Investment Partnership to be South Cambridgeshire Investment Partnership LLP. The governance model for the LLP, and for the Council as an LLP Member, were included in the appendices to the Full Council Report.

The Partnership is an equal, 50:50 Limited Liability Partnership. The Investment Partnership model provides the opportunity for the Council to benefit from the expertise and resources that a development partner can contribute. The model is based on each partner sharing the outputs (financial and social) in the proportion to the value of its input, allowing the partners to share the development risk and development uplift arising from a scheme. A higher percentage of development uplift would be paid to the developer under a single developer procurement model.

The agreed objectives of SCIP as set out in the Members' Agreement are to deliver growth and regeneration through development, predominantly residential in South Cambridgeshire, but also in the Cambridge/Peterborough Independent Economic Review Area; in particular by the provision of:

- Private Sector housing
- Key Worker Housing
- Affordable Housing
- Mixed Work House Development
- Market Housing for Sale
- Estate Generation
- Senior Living Extra Care

A further objective relates to the LLP achieving a commercial rate of return to improve the financial return from the Council's assets in the Cambridgeshire area.

The business of SCIP is conducted in accordance with the governance processes and procedures set out in the Members' Agreement. The Council is represented on the Investment Partnership Board by a senior elected member representative and a senior officer representative. Hill Investment Partnerships is represented by two Directors.

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Agenda Item 4

Report to:	Council
Lead Cabinet Member:	Cllr John Batchelor – Lead Cabinet Member for Housing
Lead Officer:	Kirstin Donaldson – Service Manager - Acquisitions
Key Decision:	No

Affordable Housing Acquisition – 102 no. New Homes, Cambourne

Executive Summary

1. In March 2019 South Cambridgeshire let a tender seeking an Investment Partner to enter a joint venture to deliver new homes.
2. In addition to financial investment requirements, the vision of the Joint Venture has been that,
“the principal outcomes sought by the Council through Investment Partnerships are: Delivery of Affordable Housing (HRA Affordable Homes)”
3. South Cambridgeshire Investment Partnership LLP was formed in 2020. It is an individual legal entity comprised of 50/50 Joint Venture between Hill Investment Partnerships Limited and South Cambridgeshire District Council.
4. In November 2019 South Cambridgeshire District Council declared a climate emergency.
5. Since the pre-application planning stage, SCDC New Build Team have been working with South Cambridgeshire Investment Partnership LLP (SCIP), to specify the technical and finishing details of the affordable homes on their proposed development site on Cambourne Business Park.
6. The SCIP development site will deliver 102 Affordable Homes – 72 for Affordable Rent and 30 for Shared Ownership.
7. In line with SCDC’s Business Plan priorities to be “Green to our Core” and to deliver “Homes that are Affordable to live in”, SCDC New Build Team have specified design changes which significantly improve the carbon performance of the Affordable Rent properties.
8. The SCIP scheme achieved planning consent in January 2024.

9. SCDC New Build have submitted an offer to SCIP for the acquisition of the 102 Affordable Homes. This offer comprises a benchmarked figure comparable to successful acquisitions with other partners, and an “Additional Carbon Reduction Payment” sum, which reflects the cost of the specification changes made by SCDC New Build to significantly improve sustainability and performance above Building Regs Part L (2021).

Recommendations

10. It is recommended that Council approves this acquisition, authorising the Service Manager – Acquisitions and Development to proceed to contract with the developer (SCIP).

11. It is recommended the Council approves the onward sale of the relevant Shared Ownership homes (30).

Details

12. This acquisition is for a total of 102 no. new build affordable homes. The schedule of accommodation is as follows:

TYPE	NO.	TENURE	STOCK CATEGORY
1 bed flat	21	Affordable Rent	Flat
2bed flat	21	Affordable Rent	Flat
2bed flat M4(3)	3	Affordable Rent	Flat
2bed house	9	Affordable Rent	House
3bed house	13	Affordable Rent	House
3bed house M4(3)	1	Affordable Rent	House
4 bed house	4	Affordable Rent	House
2bed house SO	15	Shared Ownership	House
3bed house SO	15	Shared Ownership	House

13. The above schedule has been approved via the s106 planning process.

14. Properties labelled M4(3) are specifically designed for wheelchair users.

15. The Shared Ownership (30) (and private) properties on the site will be delivered to a minimum of Building Regulations Part L 2021. This regulated and recognised standard has been used to benchmark the SCDC New Build (HRA) offer.

16. In line with SCDC’s commitment to tackling the climate emergency, SCDC New Build have specified that the Affordable Rent properties should represent a significant improvement on the baseline standard. SCDC therefore specified that the Affordable Rent properties should achieve a 100% reduction against the Building Regulations Part L 2021 baseline.

17. The additions to the baseline specified by SCDC New Build are:

- Triple glazed windows;

- Passive Purple membrane on fabric of building for air tightness;
- Mechanical Ventilation Heat Recovery (MVHR) units to each property;
- Nilan Compact P which is a combined ventilation and heating system;
- Photovoltaics panels to roof areas;
- Up-rated cavity insulation thickness to external walls to provide greater u-values.

18. At the time of planning approval (January 2024) the Standard Assessment Procedure (SAP) calculation undertaken on the development proposals suggests that the Shared Ownership properties will achieve a 70% carbon reduction against the baseline, and the Affordable Rent properties will achieve a 101% carbon reduction against the baseline.
19. The baseline figure negotiated with SCIP for 102 properties delivered to Building Regs Part L 2021 can be found in Appendix A Table 1 column A.
20. SCDC have negotiated with SCIP an additional payment to achieve our carbon reduction targets on the Affordable Rent properties. This figure can be found in Appendix A Table 1 column B.
21. The total figure that will be paid by SCDC HRA to SCIP, comprising the baseline figure plus the Additional Carbon Reduction Sum, can be found in Appendix A Table 1 column C.
22. The full cost of the acquisition to the HRA is comprised of the total negotiated sum (column C) plus all legal and professional costs, HRA overheads, loan repayment costs, and a sum allocated to contingency. This full appraisal cost can be found in Appendix A Table 1 column D.
23. This expenditure would be comprised of Right to Buy Receipts, shared-ownership receipts, cash reserves and borrowing. The application of Right to Buy Receipts and Shared Ownership Receipts is laid out in Appendix A Table 2. The use of cash reserves and borrowing will be dependent upon the delivery programme, and the availability of internal borrowing at key payment dates.
24. This acquisition will be paid off in a maximum of 44 years, in line with the policy laid out in the New Build Council Housing Strategy (revised 2023).
25. The New Build Council Housing Strategy (revised 2023) set the target for the delivery of new council homes for 2023-24 and 2024-25 at 75 per year. The New Build Team currently deliver new homes via a process of S106 Acquisition, and 'Direct Delivery' on land currently owned by the Council.
26. Given the nature of the land held within the HRA, the process of direct delivery is slower and lacks the potential to deliver affordable homes at the scale required to meet the need and demand demonstrated by the Housing Register.
27. To meet local demand S106 Acquisition is currently the primary means by which the New Build Team are delivering affordable homes.

28. S106 Acquisitions are affordable homes that have been permissioned by the Local Planning Authority, the tenure mix having been agreed in consultation with the Housing Strategy Team.
29. This is primarily a “pipeline” acquisition with the effect that the majority of the affordable homes on this site will begin to be completed in 2025-26 and continue over a period of 3 years.
30. Regarding the acquisition of S106 properties, SCDC have been advised by Freeths that the developer (in this instance South Cambridgeshire Investment Partnership) have the extent of ‘Exclusive Rights’ sufficient to mean that SCDC may contract with them under the ‘negotiated procedure without prior publication’ without a competitive process under regulation 32 (b) iii of the Public Contracts Regulations 2015.
31. SCDC Procurement Manager advises: *“The developer has exclusive rights and so Section 32 (b) iii of the regulations would apply. This means that you are able to enter to into a contract with the party that has exclusive rights.”*
32. Public Contracts Regulations state:
“Where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons:
(i) the aim of the procurement is the creation of acquisition of a unique work of art or artistic performance;
(ii) competition is absent for technical reasons;
(iii) the protection of exclusive rights, including intellectual property rights”

Reasons for Recommendations

33. SCDC’s Business Plan set the ambitious target to double the number of New Build Affordable Homes built annually.
34. Prior to the submission of bids for this site a full financial appraisal of this was undertaken which has been approved by Finance. Modelling determines that the scheme is financially viable for the HRA.
35. The scheme can be considered value for money in that it pays off in 44 years – within the limit of 45 set in the New Build Council Housing Strategy (revised 2023).

Options

1. Cabinet could approve this acquisition and authorise the Service Manager to proceed into contract and authorise the onward sale of shared ownership properties.
2. Cabinet could reject this acquisition.

Implications

36. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

Financial and Fraud Risk

37. Since the approved Capital Programme was published in February 2023, SCDC has accepted additional funding from the LAHF (Local Authority Housing Fund) of £6,540,000 for 36 more homes. £14,862,000 has been allocated for the acquisition of these homes. In addition, new build schemes in Barrington, Cottenham, Longstanton and Fulbourn have received approval. The current unallocated budget for New Build is £36,195,000 (thirty-six million, one hundred and ninety-five thousand pounds) over the next five years. This equates to £7,239,000 per year. This acquisition is therefore within our capital programme budget.

38. As stated in paragraph 10 above, 30% of this acquisition is to be funded by Right to Buy receipts. Failing to acquire new affordable housing risks failing to spend these receipts, which would be required to be returned to the Treasury with interest.

Legal

39. Please see paragraph 19 above. Regarding S106 Housing Acquisitions, Freeths have advised that in such instances as these the developer have the extent of 'Exclusive Rights' sufficient to mean that SCDC may contract with them under the 'negotiated procedure without prior publication' without a competitive process under regulation 32 (b) iii of the Public Contracts Regulations 2015.

Risks/Opportunities

40. All commercially based investments and/or developments involve risk, and at each stage of the process the commitments made will be at risk as there can be no guarantee that the investment will be secured, or a fully successful development will be achieved. Moreover, the timing of the exercise can also be a critical factor in achieving optimum success, particularly in terms of market conditions, the state of the national economy and levels of investment confidence within the development industry.

41. There is a low-level risk in the current economic climate that development and construction companies could enter administration owing to rising costs. This risk is far greater for small firms, and unlikely in this instance. SCDC will undertake financial checks on development partners prior to contracting.

42. Owing to supply chain issues facing the construction sector there is a small risk that the longest date for delivery could be exceeded. SCDC mitigate against this

possibility in the contract which allows us to charge for any losses (rental income) incurred by such a delay.

43. Generally speaking, investment in property in this area is sound, particularly where there is no intention for onward sale (affordable rent).
44. Owing to the high value of market properties in South Cambridgeshire we have generally found that Shared Ownership properties which provide an affordable route to home ownership perform well in this area. To ensure quick sale of these properties and return of Capital Receipts, the New Build Team have procured and instructed a sales partner to sell these properties “off plot” where possible. In the unlikely event that we are unable to sell a shared ownership property, we could apply to the LPA for a Deed of Variation to switch its tenure to Affordable Rent, allowing us to recover a rental income.

Climate Change

45. This acquisition positively supports South Cambridgeshire District Council’s ambition to significantly reduce the carbon emissions associated with its housing stock. The specific contributions to this reduction are laid out in paragraphs 16 to 18. The design changes made to improve the carbon performance of the affordable rent properties will also remove any future requirement to retrofit these properties as regulations change into the future.

Consultation responses

46. The Lead Member for Housing has been consulted and is supportive of this proposed acquisition.
47. The Local Ward Members have also been consulted. Ward Councillors Drew and Leeming have responded that they “recognise the increased provision of affordable housing in Cambourne”.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

48. This acquisition will actively contribute to the Council’s Business Plan commitment to deliver more affordable homes. It is important to us that we deliver new homes where people want to live, and this means delivering in our existing communities as well as at our strategic sites.
49. The design improvements above the baseline Building Regulations requirements specified by the HRA on this site will significantly improve the performance of the affordable rent properties. In achieving Passivhaus standards, these properties will experience little heat-loss, meaning the properties are more fuel efficient and affordable to live in.

Being green to our core

50. The additional carbon reduction design changes made on this scheme demonstrate the Council's commitment to designing and delivering new Council housing with a low carbon footprint.

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