

9. The timing of strategic sites and subsequent potential demand for public investment suggests a need to explore ways of forming longer term partnerships, taking a stake in schemes beyond the traditional and sometimes artificial bounds of funding regimes, which can lead to additional costs for phased bidding and reduce the opportunity for new procurement initiatives and better supply chain management.
10. The proportion of affordable housing that could be sought, in policy terms, is around 40% on the larger sites in and around Cambridge and at Northstowe. It is therefore expected that affordable housing providers will have a major role to play not only in getting units built on the ground but in helping to deliver a sustainable community in the longer term.
11. The selection of lead development partners/consortia for the delivery of affordable housing on major strategic sites coming forward in the Cambridge Sub-region within the next 5 years is, therefore, critical not only to the timely delivery of affordable housing but also to development of community development and public realm management models/mechanisms.
12. Local authority partners and the Housing Corporation (HC) are all signed up to finding ways of creating truly sustainable communities and adding value to the development of strategic sites as they are released. The HC therefore proposed a pilot approach to funding in the Cambridge Sub-region that might help the longer term planning for delivery of significant strategic sites – the ‘Cambridge Challenge’.
13. The HC’s East of England Investment Region along with agency / local authority partners is proposing to run a commissioning/competitive process to select a single lead development partner / consortium for the delivery of specific strategic sites in the Cambridge Sub Region. Three large strategic sites have been identified, all of which would be funding priorities for future HC programmes and all of which are critical to the delivery of the housing targets for the growth area.
14. The project objectives were:
 - To design and implement a process that will select a sole strategic development partner
 - To create an assessment framework that will deliver value for money as well as wider contributions to the creation to sustainable communities
 - To create a robust framework for evaluating the various outcomes of the Cambridge Challenge proposals
 - To catalyse real innovation in the provision of affordable housing that will assist in the creation of mixed and balanced communities
15. The proposed selection process would be different to the traditional National Affordable Housing Programme approach (NAHP) in that it would identify and confirm the lead partner in advance of site details being agreed and a competitive site/phase bidding process taking place through an NAHP round for funding in specific allocation years.
16. The selected partner / consortium will be given an assurance that (for a specified term – around 5 years) they would be the sole partner for delivery of affordable housing and the sites would not be subject to subsequent competitive processes against other bidders.
17. In exchange the partner would be expected to commit to high standards, procurement gains, delivery volumes, and value for grant all assessed through the competitive selection process. As a long term stakeholder they will also contribute more than

capital infrastructure and would typically have a role in community development and the development of sustainable management organisations.

18. As an identified partner the selected organisation would form part of the delivery board for the strategic site and work closely with the agencies involved to negotiate planning, community infrastructure and the establishment of new innovative approaches to the delivery of sustainable communities.
19. The selection and commitment will not equate to a top-slice of resources, as the sites selected for any such approach would have to be so strategically significant that they would be sub regional investment priorities in future bidding rounds. Hence this approach is not seen as a threat to other sub-regions / areas within the region. The level of investment for each development would be confirmed through subsequent bidding rounds but outside of a formal bidding / competitive process.
20. The three strategic sites under consideration are estimated to deliver some 15,000 new homes over the next 10 years in the Cambridge sub-region. Whilst at an early stage, programme modelling for affordable housing shows these sites could deliver 2860 homes over next 5 years. The sites in question are Northstowe, Cambridge Southern Fringe (CSF) and North West Cambridge (NWC).
21. The Cambridge Challenge would involve the issue of a prospectus to potential partners seeking expressions of interest and information on how partners could fulfil the objectives and provide a development resource as part of a wider partnership in the sub-region.
22. The selection process would reflect the partnership approach adopted within the sub-region, and the selection panel would comprise the key agencies with a housing link including South Cambridgeshire District and Cambridge City Council.
23. The potential benefits of this approach to the Local Authority partners are:
 - active engagement in the selection process
 - more certainty around the availability of funding should lead to better products on the ground
 - commitment to long term management of communities will be a significant element of the selection process
 - much earlier involvement of lead development partner in planning and community development for the new settlements
 - one selection process rather than three
24. In November 2006 Cabinet agreed to the following recommendations:
 - i) That the approach to RSL selection as proposed through the Cambridge Challenge be supported in principle and,
 - ii) That the selection criteria and proposed weightings be endorsed on behalf of the Council by the Housing Portfolio Holder in consultation with the Leader and Planning Portfolio Holders and,
 - iii) That a further report on the outcome of the Cambridge Challenge be brought to Cabinet for consideration upon conclusion of the project.

NB: In respect of para 24 iii) above, it was subsequently agreed by Senior Management Team that this report did not require further consideration by Cabinet and could be ratified by the Housing & Environmental Services Portfolio Holder.

Considerations

25. The project management structure agreed for the Cambridge Challenge was as set out below:

Project Board

Membership: Housing Corporation, Communities and Local Government (CLG) and EERA (representing local authorities).

Role: scrutiny and overall decision-making group

Stakeholder Group

Membership: Senior officers from the Housing Corporation, English Partnerships, local authorities (South Cambs and Cambridge City), Cambridgeshire Horizons

Role: represents various stakeholder interests, including political perspective and make recommendations to the project board

Developer Forum

Membership: landowners, developers and/or their appointed agents with interest in the strategic sites included in the Cambridge Challenge

Role: consultative body in respect of landowner and developer interests and provides comments on process and outcome to inform stakeholder group recommendations and project board decisions

Project Team

Membership: officers from the Housing Corporation, English Partnerships, local authorities (South Cambs and Cambridge City), Cambridgeshire Horizons

Role: produce prospectus, assessment of initial bids, and make recommendations to stakeholder group at end of stage one, organise and report on reference site visits carried out to support stage two of the selection process

26. Between November 2006 and January 2007 the key stakeholders, including the local authority partners worked with the HC to produce a prospectus for the Cambridge Challenge which set out aims and objectives and the key criteria against which expressions of interest would be assessed. The prospectus was issued during February 2007.

27. The following selection criteria and weightings were agreed by all partners and published with the prospectus:

Selection Criteria	Weighting	Lead Reviewer
Governance	2	Housing Corporation - Regulation
Staff Resources	1	Housing Corporation - Regulation
Relationship Management	1	Cambridgeshire Horizons
Design	3	Housing Corporation
Sustainability	2	Housing Corporation
Housing Management	3	South Cambridgeshire District Council
Specialist Housing	1	South Cambridgeshire District Council
Public Realm Stewardship	1	English Partnerships
Developing New Communities	3	Cambridge City Council
Empowerment	2	Cambridge City Council
Development/Procurement Proposals	3	Housing Corporation
What is unique about your proposal?	1	Cambridgeshire Horizons

28. Expressions of interest were then invited from all HC approved development partners including private developers as well as RSLs. The closing date for receipt of bids was during March 2007.

29. Bids were subsequently received from the following individual organisations and partnerships:

Organisation or Partnership	Partners
C3 Plus	Circle Anglia, Cambridge Housing Society, Flagship Housing Society and Hyde Housing Group
Cambridgeshire Partnership	Bedfordshire Pilgrims Housing Association (BPHA), Aldwyck Housing Association, Papworth Trust, King Street Housing Society, Hundred Houses Society, Asset Trust PLC
CAMS Local Partnership	Sanctuary, Metropolitan and Accent Housing Group's with Hereward, Granta and Nene as local subsidiaries.
Compendium	Lovell Limited and Riverside Housing Association
Cambridge Communities Consortium	Genesis Housing Group, The Guinness Trust, Affinity Sutton Housing Group
Dominion	Dominion Housing Group (including Kelsey Housing Association) & Paradigm Housing Group
Notting Hill Housing Group	
Persimmon Ltd	
Places for People	
Home Housing Group & Presentation H HA	

30. Each proposal was scored against the agreed selection criteria and weightings. This was undertaken by individuals from within the various partner organisations with the relevant expertise and/or experience in the field. The project team collectively reviewed the scoring and short-listed proposals to go through to a stage two assessment. The stakeholder group reviewed the shortlist and this was in turn scrutinised by the project board.
31. The bids from the following four organisations/partnerships were taken forward to a stage 2 selection process:
- 1) Notting Hill Housing Group
 - 2) C3 Plus
 - 3) Cambridgeshire Partnerships
 - 4) CAMS Partnership
32. The purpose of the second stage was to finalise the selection of a strategic partner for the Cambridge Challenge through a financial assessment and further exploration and validation of proposals submitted by the short-listed bidders. They were also asked to outline the financial pledges they could make to achieve minimum levels of intervention whilst meeting the quality thresholds outlined as part of their stage one submission.

33. The second stage also included:
 - reference site visits by members of the project team and tenant representatives to verify some of the information provided as part of the original bid and to ensure they were in line with the expectations of the key stakeholders and,
 - a presentation by and interview with the short-listed organisations by a selection panel that included the Stakeholder Group with local authority representation.
34. The Project Board agreed that the bids should be weighted 60:40 in terms of quality and financial offer.
35. Following receipt of the financial offer from each of the 4 short-listed bidder and completion of the reference site visits presentation and interview sessions were held at the end of June 2007. The outcome of this stage was that the stakeholder group were unable to recommend one bid to the project board as further points of clarification were required in respect of two bids in order to determine which should be progressed to a negotiation phase. Having consulted the developer forum the project board agreed to the stakeholder group recommendation to seek the further clarification required from the two bids in question which were from Cambridgeshire Partnerships led by BPHA and CAMS Partnership led by Sanctuary HA.
36. The points of clarification were determined at a joint meeting between stakeholder group representatives and sought were in respect of the following areas of interest:
 - overall structure and governance arrangements of the partnership
 - the business drivers bringing the partners together and what each will contribute to the partnership
 - design and construction management – how quality design will be addressed and which partner will take the lead role and enter into contracts on behalf of the partnership
 - landlord responsibilities and public realm management – how common housing management policies will be achieved and how stock will be dispersed between partners and who will be the accountable body and what role the partnership could fulfil in terms of the public realm
 - problem-solving and conflict resolution
 - financial offer – capacity to deliver, underlying assumptions including contributions to infrastructure and section 106 obligations and impact of delivery models eg free serviced land and/or built units
 - design and quality
 - performance track record – partnership, staffing capacity, design
37. Following receipt of responses from the two partnerships concerned a further question and answer opportunity was arranged this time to a combined stakeholder group and developer forum selection panel held on 30th July.
38. The outcome of the final selection panel interviews was agreement from all the organisations represented that the Cambridgeshire Partnerships bid led by BPHA presented the best offer strategically. They provided the best fit in terms of the selection criteria and were able to demonstrate capacity to take forward the three sites and provide efficiencies and broader benefits from the establishment of a separate legal entity to deliver and manage the affordable housing at Northstowe, Cambridge Southern Fringe and the NIAB site within North West Cambridge.

39. The project board subsequently agreed the recommendation of the selection panel and the outcome of the Cambridge Challenge was publicised by way of a HC news release on 7th August.
40. All partners, including landowners and developers, have been asked to confirm in writing the support of their respective organisations for the outcome in order that we can progress with the next steps.
41. In terms of next steps the negotiation process will need to be worked up in more detail with a timescale, roles and responsibilities of respective partners to be agreed. It is also expected that the 'pledge' will be a partnership agreement that sets out aims and objectives as well as the obligations and contributions of the respective organisations/partners that will be party to it, including the local authorities. It is expected that the local authority partners will be able to 'pledge' actions that can be taken to support the delivery of the affordable housing on the strategic sites through planning policy and maximisation of section 106 contributions.

Options

42. The options available are as follows:
 - (a) To endorse the outcome of the Cambridge Challenge in terms of Cambridgeshire Partnerships being the preferred lead development partner for the 3 major sites included in this pilot approach, subject to the successful outcome of a negotiation phase that will now follow
 - (b) Not to endorse the outcome and continue section 106 negotiations on the sites in question without RSL input and allow individual landowners to negotiate their own arrangements for delivery of the affordable housing with or without grant from the HC. It should be noted that the HC will not commit to funding another affordable housing provider on these sites assuming that the negotiations with Cambridgeshire Partnerships are concluded successfully.
43. The advantages of the pilot approach from a local authority perspective is that it will provide Housing Corporation commitment to the outcome of the process and, therefore, some degree of comfort about the availability of funding for these 3 major developments.
44. It is critical that we have some RSL involvement with the ongoing section 106 negotiations on all 3 growth sites, particularly at CSF, as soon as possible in order to help inform decisions on delivery models and financial viability issues not only for the affordable housing but other topic areas where RSL are able to make valued contributions.
45. To seek alternative affordable housing providers for one or more of the sites would defeat the overall objectives of the Cambridge Challenge as set out in the background section of this report.

Implications

46.	Financial	No direct savings can be attributed but there are indirect cost savings to be derived from one selection process versus three separate competitions. The pilot was also led by the HC who made available resources to manage and deliver the project with input from the two local authorities and other stakeholders.
	Legal	None.

Staffing	The project involved participation by relevant officers on a Stakeholder Group and a Project Team.
Risk Management	As an HC led initiative it has helped secure 'buy-in' to the outcome by all stakeholders including landowners and developers and should maximise resources to deliver affordable housing on 3 major strategic sites including Northstowe.
Equal Opportunities	This competitive selection process has taken account of equality and diversity issues as part of the bidding criteria and selection process.

Consultations

47. The following stakeholders have been involved and/or consulted as part of the Cambridge Challenge process:
- (a) Local Authorities in the Cambridge Sub-Region
 - (b) English Partnerships
 - (c) Developers/landowners for the affected sites
 - (d) RSL and developers with HC preferred partner status
 - (e) Cambridgeshire Horizons
48. In terms of consultations with South Cambridgeshire District Council the Housing Corporation have held meetings with Local Authority partners to discuss this initiative from its inception. Further, briefing sessions have been held to which key Members including the Leader, Planning and Housing Portfolio Holders and relevant scrutiny shadows and opposition spokespeople have been invited in order that Local Authority views can be fully represented.
49. These member briefings were held at the short-listing stage on 3rd April and following the announcement of the outcome of the Cambridge Challenge selection process on 24 August 2007.

Effect on Service Priorities and Corporate Objectives for 2008/09

The impact of the Cambridge Challenge will not be felt until 2008/09 at the earliest so it was felt it would be more appropriate to make references to the new rather than existing corporate objectives/priorities.

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| 50. Work in partnership to manage growth | <p>The selection of a lead development partner/consortium will enable the timely delivery of affordable housing on the 3 major sites in the expectation that there will be a HC funding commitment for at least the next 5 years.</p> <p>This is a partnership approach with local authorities as key stakeholders in the project along with English Partnerships, Cambridgeshire Horizons and the developers and landowners of the Cambridge Challenge sites.</p> <p>The selection of a lead development partner/consortium for delivery of affordable housing at Northstowe, CSF and NWC is essential to inform the section 106 negotiations and delivery/funding mechanisms as well as public realm and community facilities management proposals.</p> |
|--|---|

Deliver high quality, value for money and accessible services	The lead development partner/consortium will be able to contribute to community engagement and particularly the promotion of affordable housing. Housing management and community development experience/expertise have been key selection criteria.
Enhance quality of life and build a sustainable South Cambridgeshire	A lead development partner/consortium will be expected to meet a number of sustainability criteria including achievement of above minimum standards in terms of the Code for Sustainable Homes and compliance with planning policy in relation to sustainability objectives.

Recommendations

51. It is recommended to the Portfolio Holder:
- (a) that the Cambridge Challenge selection process and its outcome is endorsed subject to the satisfactory conclusion of negotiations, to be led by the Housing Corporation, with Cambridgeshire Partnerships, and
 - (b) to agree to enter into a 'pledge' that will secure agreement of all the stakeholders to the objectives of the Cambridge Challenge and detail the respective obligations and contributions of each partner to deliver these objectives.

Background Papers: the following background papers were used in the preparation of this report:

Cambridge Challenge Prospectus

Housing Corporation Feb 2007

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