



Procurement of Joint Venture Partner for
Cambridge Road Estate Regeneration

Memorandum of Information (“Mol”)

1. Introduction

The Cambridge Road Estate is an 8.6 hectare estate located on Cambridge Road, 0.7 miles from Kingston Town Centre, 10 minutes from Norbiton train station and is well served by other local transport links. The Council owns the freehold for the majority of the estate comprising 832 homes, of which 179 are leasehold or freehold.

The Council is seeking a developer partner to jointly deliver the regeneration of Cambridge Road. On 16th March 2017 the Council's Growth Committee approved the procurement of a development partner to enter into a Joint Venture with the Council to undertake the masterplanning and delivery of the Cambridge Road Estate.

This MoI has been prepared to provide potential development partners with further information about the estate and the competition process. It is being made available on publication of an OJEU contract notice along with the Selection Questionnaire, Strategic Development Brief, draft Heads of Terms, and Marketing Brochure.

An updated MoI will be issued following the SQ stage to all shortlisted bidders with full and updated details of the award criteria and timetable.

2. Project vision and objectives

In summary, the Council's vision is to:

1. Put the community at the heart of the regeneration
2. Provide a new model of family living
3. Deliver a public realm led, high quality living environment
4. Promote sustainable forms of travel and healthy living
5. Transform the neighbourhood with high quality architecture and urban design

The Strategic Development Brief sets out these five vision statements, and linked to each of these vision statements, a number of objectives.

3. Key principles

The Council is seeking a Partner who is able to jointly meet the requirements of the project in terms of land assembly, design, planning, construction and sales over a long period. The Council has also made a number of commitments to residents and stakeholders on what the redevelopment will consist of. To this end, the key principles for the development are as follows:

- All development proposals need to be able to absorb the on-site re-housing and decanting requirements.
- All development proposals will need to cover the costs of leasehold buy-backs. Proposals should also cover the cost of onsite re-housing options to be made available to resident leaseholders and freeholders.

- As a minimum, any development proposals must provide a minimum of 653 homes for secure tenants, and 100 homes for leaseholders and freeholders, should they wish to remain on the estate. The affordable housing is to be retained by the Council.
- Subject to viability, the development proposals should seek to increase the amount of on-site affordable housing, over and above the replacement homes, through a range of affordable tenures.
- The Council to retain the freehold of the estate.

4. Estate boundary

A red line plan of the estate boundary showing the Council's interests in the land is included in the Strategic Development Brief.

5. Land acquisition

There are 179 residential properties on the Estate that are no longer in Council ownership and will need to be acquired to enable the scheme to be carried out. In addition there are a number of commercial properties either within the Estate or around the boundary that could provide additional land for development and enable the formulation of the best possible scheme. The third party interests are spread throughout the Estate and are not concentrated in any one area.

In progressing early negotiations and acquisitions the aim will be to secure vacant possession of sufficient parcels of land to enable the first phases of development to be progressed at the earliest possible stage, by enabling decants so that subsequent phases of development can be released and allowing a rolling decant programme. This will mean that early acquisitions will be prioritised where they can free up land to allow development to be carried out which will provide accommodation for decant purposes and enable the 'one move' aspiration.

The phasing of the development will be influenced by a range of factors including:

- The number of third party interests to be acquired in each phase
- The number of secure tenants to be decanted
- Ability to deliver sufficient affordable homes to meet grant funding targets and sufficient private market housing to ensure viability of the project
- Construction considerations regarding logistics, sufficient scale and sequencing of each phase to deliver economies and continuity of resources.

There are several commercial interests, either on the Estate or on its boundary, that have been identified for acquisition. These have been identified because either they are potential sites for decant and/or the re-provision of existing facilities such as housing and community facilities, or they can enhance the overall scheme in terms of the overall comprehensive design and its delivery. These sites include:

- Hawks Road Clinic
- Ely Court

- Commercial properties on Cambridge Road
- The Bull and Bush
- Cascadia House

The Council has commenced discussions with the landowners of these properties, and hopes to be able to reach an agreement on the acquisition. Whilst it is the aim to seek to acquire all third party interests by agreement, it is unlikely that they can all be secured within a reasonable timeframe and it is therefore likely that the Council will need to use its compulsory purchase (CPO) powers to acquire remaining land interests.

On 27th June 2017, the Council's Growth Committee resolved in principle to the use of its CPO powers within the boundary of the proposed development site. The Council is now actively proceeding, using its own financial resources and GLA Housing Zone funding, with acquisitions to support a first. Negotiations with a number of parties are underway with some close to completion.

5. Re-housing

The Council is committed to meeting residents' housing need in the first instance and will also take account of wishes, meeting them where this is reasonable and achievable in the context of wholesale estate regeneration.

The Council has produced two separate decant policies, one for secure Council tenants and one applicable to Leaseholders and Freeholders, and is currently formally consulting on these policies ahead of their finalisation and planned adoption in September 2017.

In preparation for the re-housing programme, a Housing Needs Survey is underway and scheduled for completion in October 2017. All residents will also be offered a home visit, which will provide the Council with information needed to plan for the phasing of development and panning for the re-housing needs of residents.

6. Resident engagement

Since August 2015 when Council Committee approval was given to go ahead to develop proposals for a Housing Regeneration programme, the following consultation/engagement has been carried out:

- Informal monthly drop-in sessions from September 2015 to August 2016
- Consultation on three short-listed options between 3 September- 19 October 2016
- Survey was circulated to all stakeholders and supported by a door knocking exercise
- Fifteen consultation events took place including targeted events
- Two survey results feedback sessions in December 2016
- Public meeting on the estate with the Leader of the Council took place at the end of November 2016 and was well attended.

Since August 2016, a dedicated Cambridge Road Regeneration webpage and an email address has been 'live' and four newsletters have been circulated to CRE residents and stakeholders. The fifth edition is to be circulated shortly.

More recently the Council has held three workshops with residents to inform the production of the Development Brief. The Estate Regeneration Engagement Manager also held a parallel engagement session using similar points of discussion with children on the Estate whose comments have also been considered and referenced in part.

Working with residents on the redevelopment proposals for the Cambridge Road Estate throughout the design and construction process is very important to the Council. There are existing resident organisations and a positive community spirit on the estate, and the Council wants to retain these within the new development by ensuring close stakeholder engagement throughout the project.

Resident involvement in all stages of the development process will be central to the success of the new development. Building on previous engagement, the Council will continue to support resident involvement through:

- The appointment of an Independent Homeowner Advisor to work with residents to ensure they have access to information and advice
- Continued support for the resident steering group established during the options appraisal stage
- Resident engagement as part of the JV partner procurement process
- A Housing Needs survey, which is underway to assess the housing needs of the community

7. Council Project Team and Stakeholder Engagement

The Council has assembled an internal and external team to take the project forward. This is a comprehensive team that incorporates all key Council inputs across regeneration, housing, planning, finance and legal. This is supplemented by comprehensive external support on viability, procurement, design, planning, and land assembly.

Over the past six months a number of other key stakeholders have been involved in agreeing the project strategy and key documents such as the Development Brief.

Two key reports, in March to agree the procurement strategy and in June to agree the land acquisition strategy, have been unanimously approved by the Council's Growth Committee.

The Development Brief has been subject to consultation with not only residents, but the planning authority and members across political parties.

8. Affordable Housing

The Council has made a commitment to re-provide the existing homes with a *minimum* of 653 homes for social rent, and a further 100 homes for shared equity and shared ownership to offer to returning resident leaseholders and freeholders. It is the Council's intention to own and manage all of the replacement affordable housing.

9. Housing Zone

The Cambridge Road Estate has GLA Housing Zone status with an indicative funding allocation of £46.2m. The Council are working closely with the GLA to secure initial funding of £25 million that will enable early land acquisition to progress with the aim of securing early vacant possession to kick-start the regeneration.

10. Site Investigations

The Council has instructed the following surveys and investigations, and will make these available at ISOS stage.

- Topographical Survey
- Arboricultural Survey
- Phase 1 desktop geotechnical investigation
- CCTV drainage survey
- Desktop utilities assessment
- Transport Study
- Housing Needs Survey

11. Development Brief

The Council has commissioned a Strategic Development Brief which contains further information on the vision and objectives of the Council, the context of the existing site, the key issues that need to be addressed, the consultation carried out to date, and the Council's planning and design guidance which will inform bidders' proposals.

The Strategic Development Brief has been issued with the OJEU Notice and SQ documentation and can be found on the tender portal. A Detailed Development Brief, which will further develop the parameters set out in the Strategic Development Brief, will be issued to bidders at the start of the ISOS stage.

These briefs will set out Council's vision, objectives and guidance to help shape bidder proposals. They are however being offered as guidance and are necessarily evolving. The Council will welcome comments, at any stage of the process, on the brief. These will be fully considered and if appropriate the briefs will be amended accordingly.

12. Commercial Structure

To deliver the regeneration of the Cambridge Road Estate, the Council wishes to partner with an organisation (or consortium of organisations) that can jointly plan, design, fund, and deliver a comprehensive regeneration over a 10 year + plus period.

The final JV structure will be developed through the dialogue process. The Council wishes to play an active role in delivering the regeneration including funding the project at risk. It also wishes to have transparency in the delivery of the project to ensure that the best outcomes are achieved for the local community and the public purse. With this in mind, the current expectation is that a corporate joint venture, established as an LLP, will provide the Council with a delivery structure to achieve those objectives. A set of initial Heads of Terms reflecting is available along with this Mol and other documentation. The Heads of Terms currently provide for a structure as follows:

- 50:50 partnership, set up as an LLP
- Operational board will oversee the activities of the JV, according to an agreed business plan, with board members appointed by the Council and the selected JV partner
- The LLP will control and coordinate all contracts required to deliver the development with an anticipation that the JV partner will provide core development management, construction and property disposal services, subject to an agreed procurement policy
- Decision making will be 50/50 deadlocked, meaning neither party can force through a decision without the consent of the other party

Bidders will have the opportunity to discuss the JV structure at the dialogue meetings. The Council is open to working through solutions that meet the Council's objectives as part of the dialogue process.

13. Procurement stages and bidder requirements

The Council is using the Competitive Dialogue procedure which will be conducted over two stages; the Invitation to Submit Outline Solution (ISOS) stage and the Invitation to Submit Full Tender (ISFT) stage. Dialogue with bidders will take place at each stage.

At the **ISOS stage** the Council will be seeking to test:

- Proposed team, including the lead design team (masterplanning/urban design/landscape) proposed to work up a design proposal at ISFT stage
- Quality elements including outline proposals for joint venture management, stakeholder engagement, social value, and design approach (response to the Detailed Development Brief)
- Commercial terms - tested through a financial submission based on a reference scheme provided by the Council, and commentary on the Heads of Terms

At this stage the Council want to test the proposals of the bidders for entering into a long term joint venture, working in partnership with the Council and the residents and the corresponding commercial terms.

Bidders will not be expected to produce any specific design proposals at ISOS stage. Bidders and their lead design team will be required to submit proposals outlining their design approach and method statement to the vision and objectives as set out in the Strategic Development Brief.

Redevelopment of Cambridge Road Estate is a large, complex, multi-phase project delivering several hundred new homes over a 10 -15 year period. The Council considers it appropriate that the design team will include a master planning team responsible for the overall master plan with further architectural teams responsible for the design of buildings within individual phases. Whilst there will be a presumption to appoint and therefore retain the master planning team of the winning bidder, ultimately it will be for the JV partners to make all key appointments including the masterplanning and architecture teams.

At the **ISFT stage**, the Council will be seeking to test:

- Design proposals (to be defined but likely to be equivalent to RIBA Stage 2)
- Financial business plan, updated from ISOS stage, based on the bidder's design proposals.
- Outline pre –construction, construction and phasing programme.
- Updated and refined responses to ISOS stage submissions

A summary of what the Council will be seeking at each stage is set out, in draft, below.

Stage	Information issued	Elements to be tested / information required
Selection Questionnaire (SQ)	<ul style="list-style-type: none"> ▪ SQ template including Technical Questions document ▪ Memorandum of Information ▪ Strategic Development Brief ▪ Draft Heads of Terms 	<p>Standard SQ plus technical questions relating to experience in:</p> <ul style="list-style-type: none"> ▪ Design & Planning ▪ Construction ▪ Sales & Marketing ▪ Joint Venture/Partnering ▪ Funding/Treasury Management ▪ Social Value <p>Feedback on the Strategic Development Brief (not scored) to inform development of the Detailed Development Brief.</p>
Shortlist 4-6 Bidders		
Invitation to Submit Outline Solutions (ISOS)	<ul style="list-style-type: none"> ▪ Invitation to Participate in Dialogue (ITPD) ▪ ISOS Evaluation Criteria ▪ Detailed Development Brief ▪ Site investigation reports ▪ Reference scheme proposal 	<p>Bidder proposals for:</p> <ul style="list-style-type: none"> ▪ Joint Venture Partnering ▪ Team & Resourcing ▪ Stakeholder Engagement ▪ Social Value ▪ Design Approach (response to the Detailed Development Brief)

		<ul style="list-style-type: none"> Commercial terms including business plan parameters and a mark-up of Heads of Terms <p>All of the above will be explored through dialogue ahead of ISOS submission. The Council is keen to use dialogue to explore how bidders' approach to the above will support the JV relationship.</p>
Shortlist 3 Bidders		
Invitation to Submit Final Tenders (ISFT)	<ul style="list-style-type: none"> Invitation to Continue Dialogue (ITCD) ISFT Evaluation Criteria 	<p>Bidder proposals for:</p> <ul style="list-style-type: none"> Design Proposals Outline pre –construction, construction and phasing programme. <p>Updated/refined submissions on:</p> <ul style="list-style-type: none"> Joint Venture Partnering Team & Resourcing Stakeholder Engagement Social Value Commercial terms including a Financial Business Plan (based on design proposals) and a further mark-up of Heads of Terms <p>All of the above will be explored through dialogue ahead of ISFT submission.</p> <p>ISFT assessment will be based on split of 30% commercial terms, and 70% approach to qualitative aspects.</p>

14. Procurement timetable

An indicative timetable for the procurement is set out below.

Phase	Details	Target Dates (w/c)
Stage 1 Selection Questionnaire (SQ)	Issue SQ	24 July 2017
	Return date for SQ	25 Sept 2017
	Evaluation of SQ Shortlisting of 4-6 bidders	25 Sept – 23 Oct 2017
Stage 2 Invitation to Submit Outline Solutions (ISOS)	Issue of the Invitation to Participate in a Dialogue (ITPD), and issue of any procurement documents not issued with the SQ	23 Oct 2017
	Dialogue meetings	30 Oct – 27 Nov 2017
	Close of Dialogue & Invitation to Submit Outline Solutions (ISOS)	27 Nov 2017
	Return date for Outline Solutions	8 Jan 2018
	Evaluation of Outline Solutions Shortlisting of 3 bidders	15 Jan – 5 Feb 2018
Stage 3 Invitation to Submit Final Tenders (ISFT)	Issue of Invitation to Continue Dialogue (ITCD)	12 Feb 2018
	Dialogue Meetings	12 Feb – 19 Mar 2018
	Issue Invitation to Submit Final Tenders (ISFT)	19 Mar 2018
	Deadline for Submission of Final Tenders	28 May 2018
	Evaluation of Final Tenders	4 June – 25 June 2018
	Final Stage (with preferred Bidder) Confirming financial commitments and finalising the Development Agreement (and any ancillary agreements)	TBC
	Preparation of Tender Report Council approval of preferred bidder	TBC
	Mandatory Standstill Period Completion of Development Agreement (and any ancillary agreements)	TBC