

Appendix 3 Issue 1	Description / Dispute	BEIS / MHCLG Concerns	CPCA Response
End date for the Devolution Deal target of the £100m Affordable Housing Programme [AHP] delivering at least 2000 affordable dwellings	Whether the target requires starts on site by the end of March 2021 [BEIS] or March 2022 [CPCA]	BEIS refer to a grant confirmation letter of 23/3/17 as confirmation that the end date for funding the AHP is March 2021	<p>The CPCA agrees the funding end date is March 2021. The spend profile is a matter of agreement between the parties. The spend profile of the AHP is later than the funding date as agreed in the MHCLG Finance Committee Business Case January 2017. This states that payments would come annually before delivery, the payments being 'front loaded'.</p> <p>CPCA and BEIS had a mutual understanding of the March 2022 AHP end date until September 2019. All previous programme performance reviews stated that the programme ran for 5 years from 1 April 2017.</p>
Comments			
<p>The CPCA was established in March 2017. CPCA and BEIS have assumed at each AHP review that a 5 year programme would end 31st March 2022. The Devolution Deal says that the AHP is a Mayoral function and the Mayor was only elected on 8th May 2017. A calculation of an end date in March 2021 allows only 4 yr programme, with both funding and delivery to occur within that 4 year period.</p> <p>The business case between MHCLG (Finance Committee) and the CPCA Board dated 31st January 2017 that went to DCLG in order to secure the front loaded funding of £20m in the 2016/17 year clearly indicated that the payment profile for the programme was to be 'front loaded', with the last payment being in 2020/21. The term front loading indicating that the monies would be being received ahead of the anticipated delivery. There are however several versions of the business case negotiated and it is unclear as there appears to be no signed version of the Business Case.</p>			

Supporting letters have been provided from Cambridge City Council and Peterborough City Council which clearly articulate the understanding of those involved in negotiating the AHP deal at the time. No-one was in any doubt that the 5 year programme period commenced in March 2017, when the first round of funding was provided.

Issue 2	Description / Dispute	BEIS / MHCLG Concerns	CPCA Response
Whether 243 affordable homes from the Northstowe flood remediation infrastructure scheme should count towards the CPCA's target of at least 2000 affordable homes	Whether the affordable homes would have been built without the CPCA paying for the flood remediation works at Mare Fen	BEIS believe that the CPCA should not count the full 243 affordable homes towards its target 2,000 number	<p>It was a condition of the planning consent that the flood remediation works were undertaken to bring forward the development at Northstowe.</p> <p>The CPCA was the only organisation in a position to fund the remediation works. In accordance with the Business Case, the CPCA can count any infrastructure grant towards the delivery of affordable housing numbers. The funding was therefore in compliance with the parameters of funding.</p> <p>The CPCA funding enabled 1,750 affordable homes at Northstowe. Homes England agreed that the CPCA should count 540 (approximately 30%) of those homes towards its affordable housing target. That agreement is captured in the signed grant agreement with Homes England.</p>
Comments	<p>In negotiations that took place between Nov 2017 and March 2018, Homes England wished the CPCA to fund the flood remediation works.</p> <p>There was a clause within the Section 106 Agreement which prevented any dwellings being occupied on Northstowe Phase 2 until the Mare Fen bank was raised as a flood mitigation measure. The Environment Agency were unable to fund the works and the HCA (Homes England) were also unable to fund the works due to the significant S106 contribution to</p>		

	<p>Phase 2. There was no obligation on anyone to fund the works within the S.106 Agreement. South Cambs DC were also not in a position to fund the works.</p> <p>Therefore unless funding could be found, there was a high probability that phase 2 would stall and any affordable housing would not be delivered. The funding was agreed to enable the scheme to proceed and to deliver the affordable housing within it. These are being built in sub phases, of which we have currently counted 243 as started on site. The grant agreement with Homes England is documented.</p>		
Issue 3	Description / Dispute	BEIS / MHCLG Concerns	CPCA Response
Projected Programme Delivery & Release of Monies	Whether sufficient progress is being made for further funds to be released.	BEIS satisfaction that sufficient progress is being made for a positive recommendation to ministers to release the funding that was previously scheduled to CPCA.	CPCA projected in Sept 2019 what the programme deliverables looked like until the end of the programme. CPCA is delivering what it projected it would do. This reflects considerable work the CPCA team has done to recover confidence from the market despite the lost pipeline from the 7 month delay when the AHP was paused while the Regulations were amended to enable the AHP to proceed. The majority of projects in the then project pipeline were lost.
Comments	1,796 units are now approved and over 1,000 units will be started on site by end March 2021		