

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

PART A

Report Title: Site 44 (Longridge), Turnberry Way, Coulby Newham, Middlesbrough

Executive Member for Resources: Councillor Nicky Walker

Director of Resources: Paul Slocombe and Director of Regeneration: Kevin Parkes

Date: 12 July 2010

PURPOSE OF THE REPORT

1. To report on the offers received following the marketing for sale by tender of the residential development site known as Site 44 (Longridge) at Coulby Newham. This Council owned site (as shown on plan P2A09 see appendix A) extends to approximately 3.1 hectares and is the last significant allocated housing site in Coulby Newham.

SUMMARY OF RECOMMENDATIONS

2. To recommend the selection of a 'preferred bidder', with a view to instructing Legal Services to proceed with the sale of the site.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£75,000)
It has a significant impact on 2 or more wards
Non Key

DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

If urgent please give full reasons

BACKGROUND AND EXTERNAL CONSULTATION

5. Site 44 is allocated as a housing site in the statutorily adopted Local Development Framework. It had previously been allocated for housing in preceding plans for the area. A development brief for the site was approved in December 2005. It was offered for sale on the open market by tender for residential development in November 2006. A preferred bidder was identified as a result of the tendering procedure.
6. In January 2007, an application was made by local residents to designate the site as a village green and the sale of the site was therefore delayed. A public inquiry into the village green application was held in December 2007. The Inspector's report, received in March 2008, recommended that the Council's Licensing Committee reject the application.
7. During the time taken to determine the village green application, residential land values had fallen substantially due to the economic recession. The preferred developer stated that they were therefore unable to maintain the level of their original bid. To allow for the uncertainty in the residential housing market, their revised offer envisaged two alternative methods by which the Council would receive a payment every time a house was sold by the developers. One of these options had a longstop date of five years, whilst the other was open-ended.
8. Following the ruling in the case of "Auroux v Roanne" (a judgement of the European Court of Justice), the Council's Head of Legal Services advised that it was necessary to follow the European Procurement rules in carrying out the tender procedure. It was considered that this procedure was appropriate for dealing with complex offers such as the ones likely to be received for Site 44, would reduce the risk to the Council, and would not impose a significant additional amount of work compared to the normal tendering procedure. In the light of this and the revised offer it was considered necessary to reject both revised offers from the preferred developer and remarket the site.

PROCUREMENT METHODOLOGY

9. A further tender procedure has now been undertaken, utilising European Procurement rules. The first stage in the procurement procedure was the pre qualification questionnaire (PQQ). The site was advertised for sale in August 2009, and expressions of interest invited from suitably qualified and experienced firms. The PQQ return date was 30th September 2009.
10. Seven expressions of interest were received as a result of the PQQ. Of these, six of the companies were considered suitable to go forward to the tender stage.
11. Tender documentation was then drawn up, and the development brief was updated. A system was set up to evaluate the bids, using a points system, with a maximum of 1,000 points available. This provided for 800 of the points to be awarded for the financial aspects of the bid, and 200 for the planning issues. The bidders were required to make a mandatory bid that envisaged an upfront payment, and had the option of making a variant bid that considered staged payments for the site. In addition, a scheme plan and details of the proposed development had to be provided. Any bids that did not meet the requirements of the approved

development brief, or suggested a layout that would not be feasible in planning terms, would be rejected.

12. Tender documentation was sent to the six selected parties on 25th March 2010, with the closing date for receipt of tenders being Friday, 7th May 2010. As a result, five bids were received, with the sixth party stating that they would not be pursuing the matter further. Of these five bids, one had to be rejected because they had not complied with the requirements of the bid procedure.

ASSESSMENT OF SCHEMES AND BIDS

13. The four remaining bids were analysed against the scoring framework. The total scores for each bidder are as follows: -

Bidder	Type of Offer	Total Score
Bidder A:	Mandatory offer only made	511
Bidder B:	Mandatory upfront offer	337
	Variant staged offer	499
Bidder C:	Mandatory offer only made	541
Bidder D:	Mandatory upfront offer	833
	Variant staged offer	751

14. From the above, it can be seen that the highest scoring bid is the mandatory bid from bidder D.
15. Use of the site for residential development will be subject to the relevant planning application being approved.

EQUALITY IMPACT ASSESSMENT

16. As part of the development of the recommendations, an Equality Impact Assessment was completed to assess the likely impact. The EIA found that there would be no adverse impact on a group or groups because they held a particular diversity characteristic. The completed EIA is appended to this report at appendix B.

OPTION APPRAISAL/RISK ASSESSMENT

17. There are two options open to the Council, as follows: -

Option 1 – dispose of the site based on the highest scores whilst also ensuring best consideration in sale, commensurate with delivering the Council's two objectives from the sale: an active house building programme and generating a capital receipt.

Option 2 – do not sell but this decision would have to be justified in the context of non delivery of the councils regeneration aims in relation to Housing and should only be considered if the bid does not give best consideration in terms of value and planning quality.

18. It is considered that the mandatory offer made by Bidder D meets the Council's requirements from the sale of the site. Option 1 should be followed in respect of the mandatory bid from Bidder D.
19. Given that the money is received on completion of the sale, it is considered that there is a very low risk connected with accepting the mandatory offer of Bidder D with a view to completing the sale.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial

20. The sale of the site will produce a capital receipt to the Council.

Ward Implications

21. The development of Site 44 will complete the development of housing sites within Coulby Newham, and provide additional quality family housing for sale.
22. The development of the site will be subject to extensive local consultation with the community by the developers as part of the planning process.

Legal Implications

23. Compliance with the Public Contracts Regulations requires that a statutory standstill period of 15 days be held following the notification of the intended award being sent to all bidders. This is to enable unsuccessful bidders the opportunity to seek clarification and if they wish to make a formal challenge with regard to the outcome of the tender process.
24. On completion of the standstill period and when all issues raised by unsuccessful bidders have been resolved, the contract exchange can be concluded following the normal legal conveyancing procedures.

RECOMMENDATIONS

26. It is recommended that the Executive Members approve that:
 - a. Site 44 is sold to Bidder D, on the terms that they have offered as part of their mandatory (upfront payment) option;
 - b. if awarded, the scheme be tracked to see if there is any subsequent overage receipts.

REASONS

27. In order to secure a capital receipt from the sale of the surplus land which will be reinvested back into the Council's capital programme.

BACKGROUND PAPERS

28. The following background papers were used in the preparation of this report:

Development Brief MP376 Site 44 Longridge Coulby Newham.

Middlesbrough Local Plan adopted August 1999.

Middlesbrough Regeneration Development Plan Document (Adopted February 2009)

CMT Report: Development of Housing Site 44, 20 November 2006.

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Appendix A: Plan

