

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

PART A

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

Deputy Mayor and Executive Member for Resources: Councillor David Budd

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

Date: 3 August 2011

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.

SUMMARY OF RECOMMENDATIONS

2. To recommend the selection of a 'preferred bidder', with a view to instructing Legal Services to proceed with the sale to that bidder subject to there being no formal challenge arising during the statutory standstill period required in compliance with the Public Contracts Regulations

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

3. It is over the financial threshold (£150,000)
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, Longridge, Coulby Newham (as shown on plan P2A09), comprises approximately 3.1 hectares and is owned by the Council and allocated as a housing site in the Local Development Framework. Sale of the site was delayed because an application was made in January 2007 to designate the site as a village green. A public inquiry was held in December 2007 and the Inspector's report recommended that the Council's Licensing Committee reject the application. Site 44 is the last significant allocated housing site at Coulby Newham.
6. Prior to the village green application, the site had been offered for sale on the open market by tender for residential development. However, in the time taken to determine the village green application, residential land values had fallen substantially and the preferred developer stated that they were unable to maintain anywhere near the level of their original bid due to the economic recession. Because of the uncertainty in the residential housing market, their revised offer for the site 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.
7. At the Corporate Management Team meeting on 12 March 2009, it was resolved to reject the revised offer from the preferred developer and remarket the site. It was considered that a remarketing exercise may produce a better offer than the revised bid from the preferred developer.
8. A further tender procedure was undertaken in 2010. Although this exercise did produce a preferred bidder, this bidder later decided not to proceed with the purchase.
9. Another tender procedure has therefore been undertaken. This was primarily conducted by making direct contact with all the national and regional residential development companies. A development brief and tender documentation was supplied to these interested parties, to enable them to make their bids.

APPRAISAL OF OFFERS

10. The tender procedure was conducted on the basis that it would be for the Council to determine which bid it wished to proceed with. However, the Council did determine that it would look at a combination of the financial and planning aspects in deciding on the preferred bidder.
11. The closing date for receipt of tenders was Thursday, 21st April 2011. As a result of the tendering exercise, five bids were received.
12. The best bid, taking into account both the financial and planning aspects, is considered to be the one from bidder E. It is therefore considered that bidder E should be identified as preferred bidder.

IMPACT ASSESSMENT (IA)

13. As part of the development of the recommendations, an Impact Assessment was completed. The assessment found that there would be no adverse impact on a group or groups because they held a diversity characteristic. The completed IA is appended to this report at Appendix B.

OPTION APPRAISAL/RISK ASSESSMENT

14. The options open to the Council are:-

Option 1 – dispose of the site to the party that the Council identifies as preferred bidder

Or option 2 – do not sell but this decision would have to be justified in the context of non delivery of the Council's 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.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial

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

Ward Implications

16. The start of development of Site 44 will complete the development of housing sites within Coulby Newham, and provide additional quality family housing for sale.
17. 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

18. A substantial part of the site is covered by trees and shrubbery. The developer will be responsible for the felling of the trees. The current felling licence expires in July. It is however understood that, if planning permission is granted, there would then be deemed consent to fell the trees.
19. 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.
20. 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

21. It is recommended that the Executive approves that:
 - a. Site 44 is sold to Bidder E, on the terms that they have offered.

- b. If awarded, the scheme be tracked to see if there is any subsequent overage receipts.

REASONS

22. 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

23. 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.
CMT Report: Development of site for Housing site 44, 20 November 2006.

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