

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Prosperous Communities Committee held in the Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA on 14 July 2016 commencing at 6.30 pm.

Present: Councillor Sheila Bibb (Chairman)
Councillor Gillian Bardsley (Vice-Chairman) and Councillor Steve England (Vice-Chairman)

Councillor Owen Bierley
Councillor Michael Devine
Councillor Paul Howitt-Cowan
Councillor Mrs Jessie Milne
Councillor Mrs Diana Rodgers
Councillor Thomas Smith

In Attendance:
Manjeet Gill Chief Executive
Ian Knowles Director of Resources and S151 Officer
Penny Sharp Commercial Director
Eve Fawcett-Moralee SL - Economic Development and Neighbourhoods
Katie Coughlan Governance and Civic Officer
Dinah Lilley Governance and Civic Officer

Apologies: No formal apologies were submitted

Membership: No substitutes were appointed

Also in Attendance
Colin Murray Commercial and Procurement solicitor DWF

21 DECLARATIONS OF INTEREST

There were no declarations of interest made.

22 PROCUREMENT OF A DEVELOPMENT PARTNER FOR WLDC

Members were asked to give consideration to a report which sought approval to the procurement of a development partner to assist the Council with the implementation of its Regeneration Delivery Plan for Gainsborough and appropriate aspects of the Land Property agenda in the Commercial Plan 2015-20. The financial implications of

such were detailed in an exempt appendix.

Initially, this would include the development of the Council's assets in Gainsborough town centre and potentially deliver the Starter Home agenda (if the bid dated 13 May 2016 was successful) with the Homes and Communities Agency.

The procurement process would be conducted in accordance with the competitive dialogue procedure for complex projects (pursuant to Regulation 30 of the Public Contracts Regulations 2015) which allowed development and financial solutions to be fully considered and refined with a shortlist of pre-qualified developers. A key benefit of this procedure was the ability to commence the dialogue with a long list of sites/projects and test the cohesiveness and viability of "the preferred solution".

The procurement of a development partner was considered integral to the delivery of the Council's corporate regeneration and commercial agendas (approved by the Council in March 2016). Specifically, it would ensure that the Council's objectives to achieve economic and housing growth were realised, maximising the use of the Council's asset base and enabling funds to create an appropriate financial return to the Council.

The Council was wanting to procure a development partner that: -

- (a) was looking to invest and work in partnership with the Council over a mid-term period (e.g. for an initial term of five years, with the option to extend to ten years) to promote economic and housing growth and the creation of a self-sustainable Gainsborough;
- (b) would allow the Council to deliver various phases of housing and town centre regeneration projects over this period following an agreement on viability, uses and market demand.

The current outline scope for the Procurement of a partner was shared with Members and set out in Section 1.2 of the report.

To support the information contained within the report and to further expand on the rationale for the proposals, the Strategic Lead for Economic Development and Neighbourhoods and Mr Colin Murray of DWF law gave a detailed presentation to the Committee.

The presentation commenced with the Vision for Gainsborough. The scale of growth required was very ambitious but was supported by an economic evidence base and a sustainable spatial plan. Master plan analysis had been updated in the last 6 months through a variety of mediums, shared with Members in Section 3.2 of the report

There were a number of challenges which made Gainsborough's success in attracting development difficult and supported the need to procure a partner. These were shared with the Committee and included

- Challenging Viability - the market alone had been unable to develop the strategic brownfield sites

- The private sector still required the continued support of the public sector to balance development risk
- The market appeal of Gainsborough was limited in the short term to a regeneration return
- Town centre sites were complex
- There was a need to deliver a high quality offer to reverse market stigma and create a new housing market in Gainsborough

The Council had taken significant steps to address these issues to prepare for procurement and the Strategic Lead for Economic Development and Neighbourhoods outlined some of the ways in which this was being achieved, including: -

- The Gainsborough regeneration delivery plan had created an “enabling funding” regime and a raft of public sector inventions and projects = circa £12 million of Council reserves for development.
- Housing zone and the Council’s Starter Home bid to provide 25% gap funding to deliver circa 300 new homes = £9 million initial investment fund.
- The scale and pace of development required to fulfil Housing Zone, Starter Homes and local plan targets was significant and unprecedented
- The town centre sites in ownership of the Council (Bridge Street car park, Elswitha Quarter and Baltic Mill) had the potential to create a Western Anchor for the town centre and would be deliverable via our enabling approach.

The next stage was to attract private sector investment and the ways in which this was being approached was shared with Members and included

- Market proposition work supported by detailed feasibility work (HCA & Lambert Smith Hampton)
- Re-positioned Gainsborough/Place Marketing
- Market testing with PLC housing builders, regional, national commercial and regeneration developers
- Bench marking with places with similar constraints (Rochdale, Derby, Conwy, Sheffield Housing company and Craven)

Through evidence base it could be demonstrated that, short to medium term, a “regeneration return” of 15% was achievable via the Council’s public sector interventions.

The successful development partner would: -

- Continue the Council’s feasibility work for viable development proposals for the Gainsborough town centre to include land assembly;
- Commence town centre development at the earliest opportunity;
- Appraise the role of the Guildhall/Council’s accommodation requirements and related OPE agenda on town centre viability and commercial objectives;
- Partner the Council on Starter Home delivery – acquisitions with HCA, housing typologies, phasing;
- Attract further regeneration funds and create commercial confidence;
- Develop our commercial capacity and acumen;

- Kick start the commercial land and property agenda and market test the “housing company” commercial position; and
- Deliver business growth and investment

Mr Colin Murray, then addressed Committee and outlined to Members the process by which a development partner, if agreed, would be procured.

It was noted that the Council was a contracting authority for the purposes of the Public Contracts Regulations 2016 (the Regulations). The value of the works which would be carried out by the development partner would exceed the current threshold of £4,104,394. The Council was required to formally procure in accordance with the Regulations and intended to adopt the competitive dialogue procedure as:

- the needs of the Council could not be met without the adaption of readily available solutions and
- the contract could not be awarded without prior negotiation because of specific circumstances related to the nature, complexity or the legal and financial make up or because of the risks attached to them.

It was envisaged the procurement process would take approximately 11 months in total and was split into 8 key stages these being: -

- Pre OJEU Notice
- Issue OJEU Notice
- PPQ / Selection of Participants
- Competitive Dialogue
- Final Tender process
- Post Tender Clarification
- Stand still
- Award Contract

The purpose of each stage was outlined in detail to Members and it was noted that Elected Members would be involved at key gateways, these being after stage 1, and at stages 3 , 5 and 8. Section 2.3 of the report referred.

Stages 0 – 1 – Soft Market Testing – This was covered by regulation 40 of legislation and the Council had already started to understand its offer to the market. The Council would publish its Prior Information Notice (PIN) in August. It would hold a Developer Day in September, which would consist of a presentation from the Council, followed by confidential follow up calls with the market to inform the scope. The Feedback from the market would be reported to elected Members and be used to inform the OJEU and contract documents. It was stressed that the Council during this process, was competing against other development opportunities and communications needed to be “on message” and sleek.

Stages 2 – 3 - OJEU Notice through to the selection of shortlisted developers – The purpose of this stage was to select a minimum of 3 developers with the legal and financial capacities and technical and professional abilities to perform the contract. Mandatory and discretionary requirements would also be tested at this stage. Assessment of developer PQQ returns would be completed by Council officers and reported to Corporate Policy and Resources Committee/Prosperous Committee.

Unsuccessful candidates would be de-selected at this stage. It was stressed that this evaluation stage was not about looking at the solution but more about the capability of the potential provider.

Stage 3 – 7 – Selection of Shortlisted developers to the award of the contract – The purpose of this stage in the procurement process was to enter into dialogue with the shortlisted developers to allow the Council to identify a solution, or solutions which were capable of meeting its needs. Dialogue was a two way process. Developers would make a presentation to elected Members. Assessment of developer final tenders would be completed by Council officers and reported to Corporate Policy and Resources Committee/Prosperous Committee. Unsuccessful candidates would be de-selected at this stage and the contract awarded to the successor.

The Principles of the procurement, these being equal treatment, non discrimination and transparency were stressed to Members. Assurance was offered that elected Members would be involved in key decision stages with regular feedback to both Committees. Reference was made to Regulation 21 which related to confidentiality, and in relation into this procurement exercise all Members involved in the process would be asked to sign a confidentiality agreement. The Solicitor advised that this was standard practice with commercially sensitive procurement issues and no Members of the Committee raised any concerns regarding this requirement.

At the conclusion of the Presentation, the Chief Executive for clarity outlined the two differing roles the Committees had, Prosperous Communities committee, to agree the “Policy” whilst Corporate Policy and Resources, the procurement time line, financial implications and use of Council resources. It was noted that all three statutory officers had been involved in the development of the report and Members were asked to take away the confidentiality agreements and return these in due course.

Debate ensued and in response to a scenario posed by the Leader, Officers confirmed that it would not be feasible to procure two development partners. A consortium of developers may wish to tender, but only one developer could be selected. The Council would still be at liberty to undertake such projects outside of this development partnership and engage with other partners in these activities on a case by case basis. It was stressed that this approach and the creation of any development partnership in the future would not preclude other developers from developing within the town.

This was viewed as an exciting prospect by some Members of the Committee and they welcomed elected Member involvement at key gate ways. Members considered the project would consolidate Gainsborough as the first-most town in the District. The success of the District as whole was dependent on Gainsborough being a prosperous and vibrant place with a diverse offer.

Referring to the risk assessment, a visiting Member indicated that he believed, a key risk was not itemised, the risk that the heritage and fabric of the town could be lost. The focus could not simply be delivering housing, badly designed developments could cause long term damage to a town. The vision needed to be maintained with quality, design signature and uniqueness needing to be a common theme throughout. Assurance was offered that the scope would be tailored to ensure such, Members

would be consulted at this stage and Officers shared the aspirations of Members in this regard.

In responding to further questions, Officers advised that there had been approximately 60 external guests at the launch event held the previous day, including both national and local developers. The vision would be communicated through the evaluation criteria and scoping documents and would be in tune with the aspirations of the Heritage MasterPlan, of which Prosperous Communities Committee had been involved. The developer day would be an inclusive rather than exclusive invitation list.

It was re-iterated that ensuring the evaluation criteria was fit for purpose would be key and Members would be engaged in this process.

A Member indicated that the report suggested that in the future some of the land currently used for car parking, may be developed. Assurance was given that in such an event, alternative parking solutions would have been sourced and implemented prior.

A visiting Member indicated that she had questions relating to the exempt appendix. Officers advised that the Committee would need to move into closed session to discuss its content. As this part of the report related to the financing of the proposals, Members agreed to pose such questions in the immediately proceeding meeting of the Corporate Policy and Resources Committee.

On that basis it was

RESOLVED that:

- (a) the procurement of a development partner to assist the Council to deliver:
 - its regeneration delivery plan for Gainsborough; and
 - appropriate aspects of the land property agenda in the Commercial Plan (the outline scope of which is as set out in 1.2 of the report) be approved;
- (b) it be **RECOMMENDED** to the Corporate Policy and Resources Committee that a budget of up to £0.1m for the cost of the procurement process be approved, and this be funded from the Investment for Growth Fund;
- (c) it be **RECOMMENDED** to the Corporate Policy and Resources Committee that the resource implications detailed in Appendix 1 be approved; and
- (d) further reports be submitted to the Prosperous Committee over the next 12 months to seek approval at the key stages of the procurement process, which shall include:
 - prior approval of the OJEU notice, the PQQ and the development prospectus;

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Subject to Call-in. Call-in will expire at 5pm on

- prior approval of the Invitation to Submit Outline Proposals ("ISOP") and Invitation to Submit Detailed Solutions ("ISDS") documents to be released to the shortlisted bidders; and
- prior to selection of the preferred bidder as detailed in section 2.3 of the report

The meeting concluded at 7.20 pm.

Chairman