

4 March 2014		ITEM: 6
Planning, Transport and Regeneration Overview and Scrutiny Committee		
Purfleet Regeneration Programme – Selection of Preferred Developer		
Report of: Matthew Essex, Head of Regeneration		
Wards and communities affected: West Thurrock and South Stifford	Key Decision: Key	
Accountable Head of Service: Matthew Essex, Head of Regeneration, CEDU		
Accountable Director: Steve Cox, Assistant Chief Executive		
This report is Public		
Purpose of Report: To update the Committee on the Purfleet Centre project and outline the procurement process used to select a development partner in advance of a recommendation to formally appoint a preferred developer being made to Cabinet in March 2014.		

EXECUTIVE SUMMARY

The Purfleet Centre project is a critical component of the Council's Economic Development and Regeneration Strategies, delivering a significant number of new homes and jobs together with local services and facilities. The Council's intervention in this project is intended to ensure that development delivers wider benefits in a way which the recent private sector developments in the area have failed to.

Using the OJEU Competitive Dialogue process, the Council has sought to procure a development partner to deliver a comprehensive scheme providing up to 3,000 new homes and up to 1,500 new jobs together with a primary school, health centre and local shops and facilities within a high quality public realm.

The Dialogue process commenced in June 2012 with calls for expressions of interest from potential development partners and concluded in February 2014 with the submission of a detailed proposal from the remaining development consortium. At the time of writing, this submission is being reviewed and assessed. This report outlines the process followed and, together with a verbal update to be provided at the meeting, the outcome of the assessment process together with a recommendation to be made to the March 2014 meeting of the Cabinet.

Recognising their assurance function, the members of the Planning, Transport and Regeneration Overview and Scrutiny Committee are invited to review the process

followed and comment on the outcome and the recommendation to be made to Cabinet.

1. RECOMMENDATIONS:

1.1 That the Committee consider the procurement process used to select a development partner and assure Cabinet that it is appropriate to follow any recommendation which follows to appoint a preferred developer to secure the delivery of the Purfleet Centre project.

2. INTRODUCTION AND BACKGROUND:

2.1 The Purfleet Centre proposal is the largest regeneration programme which the Council is responsible for directly delivering. At a local level the proposals seek to create a new heart for Purfleet which delivers new and better quality housing, new job opportunities, enhanced social infrastructure, high quality public realm/open space and improved public transport infrastructure. At a strategic level, this £800m scheme is a key part of the Council's Regeneration Strategy and supports the wider economic growth objectives of the Council with the creation of around 1,500 new jobs and up to 3,000 new homes around a high quality town centre featuring a new school, health centre, shops and services.

2.2 The project was instigated by Thurrock Development Corporation and transferred – together with the associated landholdings – over to the Council on the closure of the Development Corporation in March 2012. In June 2012 Cabinet reaffirmed the Council's commitment to delivering the Purfleet Centre Project and gave authority to commence an OJEU Competitive Dialogue process to identify a delivery partner and to pursue a land disposal and acquisition strategy. The June 2012 report committed to providing progress updates to Cabinet at appropriate intervals and then a further report with a recommendation for the approval of a development partner at the conclusion of the procurement process.

2.3 Cabinet has received progress reports in January 2013 and July 2013. The reports have outlined progress against three work streams:

- Promotion of an Outline Planning Application for the scheme. The July 2013 update report confirmed that Outline Consent had been given with the Decision Notice published on 23rd May 2013.
- Procurement of a private sector development partner – the process is now complete and the outcome of the procurement process forms the bulk of this report.
- Land acquisition. The scheme covers approximately 58Ha (140 acres) of brownfield land, approximately 55% of which is in Council ownership. In June 2012 Cabinet delegated authority to officers to continue acquiring sites in support of the project.

2.4 The primary focus over the last eight months has been on concluding the OJEU Competitive Dialogue process and selecting a preferred development partner. The Dialogue process was closed on 10th February 2014 signalling that the Council was content that there was a development proposal which met its

requirements. At the time of writing, the Council's assessment panel were due to review the submitted material at a meeting on the 24th February 2014. A verbal update on the outcome of the panel meeting will be given to Committee Members alongside this paper.

- 2.5 This report outlines the process used to select a development partner, the outcome of the appraisal process, outlines the key elements of the submitted proposal and details the next steps should Cabinet be minded to agree the recommendations. Members of the Planning, Transport and Regeneration Overview and Scrutiny are asked to consider the process followed and assure the Cabinet that the appropriate steps have been taken to select a preferred development partner.

3. PROCUREMENT OF A DEVELOPMENT PARTNER

- 3.1 OJEU Competitive Dialogue is a procurement process which is designed to enable public bodies (and others) to engage in a discussion with potential providers of services where they want to secure a particular outcome but either do not know how to do so or do not have a firm preference for how it should be done. It is often used to secure development partners for public sector regeneration schemes because it enables procuring bodies to benefit from the skills and experience of the development sector whilst controlling the costs to participating firms by limiting the work they have to undertake until they are down to a 'reasonable' number of potential providers. In the Purfleet Centre project, the Council instigated Competitive Dialogue based upon a three stage model which is outlined below.
- 3.2 On 26th June 2012 the Council published an advertisement in the Official Journal of the European Union (OJEU) calling for a private sector partner to deliver the Purfleet Centre project. Five Expressions of Interest were received from credible parties. These were assessed against a series of pre-set criteria designed to test the capacity, experience and financial standing of interested firms and determine their potential suitability to deliver the project. Three firms were shortlisted to proceed to the next stage.
- 3.3 In August 2012 the three shortlisted firms were invited to submit high level proposals for the regeneration of Purfleet through the 'Invitation to Participate in Dialogue' process. Among other things, the firms were specifically invited to submit details of their vision for Purfleet, their strategy and programme for delivering the vision, details of their approach to local employment, sustainability and partnership and the anticipated commercial/financial arrangements with the Council. All three firms responded and two consortia ('Black' and 'Yellow') were invited to proceed to full Competitive Dialogue in October 2012.

- 3.4 The Council has been in negotiation with these consortia under the Competitive Dialogue process since October 2012 to develop and agree an acceptable scheme for the regeneration of Purfleet. This negotiation has been wide ranging, covering all areas of the scoring criteria set out by the Council (included at Appendix A) to ensure that the Council fully understands the proposals being made and is content that they are acceptable.
- 3.5 In November 2013 the Black consortium advised the Council that it would be seeking to change the makeup of its consortium by bringing in a new funding partner following wider changes in the regulatory framework governing UK fund managers. This proposal was considered in detail and, whilst Black's proposal aligned well with the Council's own aspirations for Purfleet, ultimately the change in consortium structure was considered to present too great a risk of challenge in the event that the Council sought to enter into a contract with the Black consortium. In January 2014 the Council informed the Black consortium that their proposed change of structure was unacceptable and that the Council would not be continuing Dialogue with them.
- 3.6 Discussions with the Yellow consortium continued throughout this period to the point that it became clear that they were able to provide a proposal which would meet the Council's requirements. To test this, the Council invited the submission of a draft response to the Council's Invitation to Tender in late January 2014. This submission was made and reviewed by the Council's professional team for acceptability against the stated assessment criteria. Despite there being a number of items which required further discussion, the submission broadly confirmed that the Yellow consortium's proposal was indeed able to meet the Council's requirements. Having negotiated the remaining points, the Council confirmed that it had closed the Dialogue process and issued the Invitation to Tender (ITT) on the 10th February 2014 and requested Yellow's submission in response to the ITT be made on the 14th February 2014.
- 3.7 The submission was in the form of a selection of documents and drawings which collectively serve to record what the consortium undertakes to provide and the relationship between the consortium and the Council. The primary documentation included a written response to the ITT questions, an agreed form of Development Agreement, financial modelling and risk analysis for the proposed scheme.
- 3.8 At the time of writing, Yellow's submission was due to be considered by the Council's Assessment Panel at a meeting on the 24th February 2014. The panel is made up of:
- Steve Cox, Assistant Chief Executive (Chair)
 - Barbara Brownlee, Director of Housing
 - Matthew Essex, Head of Regeneration
 - Mike Hursthouse, Deputy Head of Corporate Finance
 - Ian Rydings, Head of Assets
- 3.9 With only one submission to consider, the panel's role is to assess whether the proposal adequately meets the Council's stated requirements and whether the

commercial arrangements are acceptable. A verbal update following the panel meeting will be given to members of the Committee.

4. YELLOW CONSORTIUM PROPOSAL

4.1 The Yellow Consortium is made up of Regeneration Investments, Keltbray, Bouyges and Sir Tim Lawrence. Their vision for Purfleet, articulated within the masterplan and drawings attached at Appendix B, is for the area to be transformed through the delivery of a high aspiration, high quality scheme featuring:

- More than 2,300 residential units (more than 60% of which are houses);
- A new primary school;
- A redeveloped station;
- Local facilities including a supermarket, community hall, health centre and retail units and spaces for cafés/bars; and
- A c.500,000sqft film and television studio complex.

4.2 Whilst the scale of development is impressive, it is the approach to the public realm and general level of quality within the vision which is particularly distinctive. The connection of the development to the riverside, the removal of the level crossing, the breadth of the housing offer and the integration of the various uses with a clearly identified centre all serve to deliver a vision which, if realised, will see Purfleet become a model for a modern sustainable community.

4.3 The film and television studio complex is a large and exciting part of the scheme which represents the Yellow consortium's proposals for local job creation. Efforts have been made to assess the studio proposal and the capacity and capability of the consortium behind it. Whilst the proposal is headed by an impressive array of industry figures and has garnered significant support from the sector at large the delivery route is via a new entity with no track record of establishing or operating similar facilities elsewhere. This is clearly a risk, however, the Council can take some reassurance from scheme financial modelling which shows that the wider project remains viable without the studios albeit that alternative proposals would need to be made in respect of employment uses.

4.4 As well as the physical offer, the Yellow Consortium's offer is also backed up with clear commitments in terms of local employment, environmental sustainability and community engagement as well as a clear desire to link in to High House Production Park and local projects to maximise the benefit of existing infrastructure.

4.5 As noted above, officers will give the Committee an update on the assessment process on the night together with a commentary on any issues which have been identified.

5. NEXT STEPS

5.1 Cabinet will be receiving a report in March detailing the outcome of the Competitive Dialogue process and making a recommendation on whether or not

the Council should seek to appoint the Yellow consortium as its preferred development partner. Assuming that the recommendation is positive and Cabinet be minded to agree the recommendation, the Yellow Consortium would be appointed as the Council's development partner for the Purfleet Centre project through the completion of the project Development Agreement. The terms of this agreement have been settled through the Competitive Dialogue process, however some time would be required to pull together and agree the form of the various documents. It is likely that both parties would be in a position to enter into the Development Agreement in June 2014.

- 5.2 With the formal agreements completed work would then commence on developing the project. Whilst much has been agreed already, the Purfleet Centre project is a massive undertaking likely to take around 10-15 years to implement. The two immediate workstreams to progress would be efforts to secure planning consent for the Yellow Consortium's proposals and commence the Compulsory Purchase process to acquire the remaining land interests not yet within the Council's ownership.

6. REASONS FOR RECOMMENDATION:

- 6.1 The potential decision to select the Yellow consortium as the Council's preferred development partner for the Purfleet Centre project would see the Council entering into a long term commercial relationship with the appointed firm. In their assurance role, members of the Planning, Transport and Regeneration Overview and Scrutiny Committee should satisfy themselves that an appropriate process has been followed to select a development partner and that, should the recommendation be positive, sufficient efforts have been made to secure best value for the Council.

7. CONSULTATION (including Overview and Scrutiny, if applicable)

- 7.1 As well as consideration by the Planning, Transport and Regeneration Overview and Scrutiny Committee this proposal has been presented to members through two briefing sessions.

8. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 8.1 Securing the delivery of the Purfleet Centre project is a key priority within the Council's Economic Development and Regeneration Strategies together with the Local Development Framework. It is anticipated that, as well as local housing and employment, the nature of the development will serve to greatly increase the profile of the Borough and raise aspirations among developers and communities in terms of the benefits that new development can bring.

9. IMPLICATIONS

- 9.1 **Financial**

Implications verified by: **Mike Hursthouse**
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Officers have existing Cabinet approval for further site acquisitions to the value of £7.4M should this be required and this sum is in the capital program, albeit that there are presently no acquisitions under discussion. Beyond this, site acquisitions to complete the land assembly programme are the responsibility of the development partner. There will be revenue budget ramifications in terms of professional fees after the exhaustion of the existing DCLG funds in 2014-15 but the extent of these fees (c £50K pa) will be fully covered within the Regeneration budget allocations.

9.2 **Legal**

Implications verified by: **Daniel Toohey, Principal Corporate Solicitor**
Telephone and email: **01375 652 049**
Daniel.toohey@bdtlegal.org.uk

Legal issues are detailed within this report. External legal advice has been sought in relation to the Competitive Dialogue procurement exercise to ensure that it remains compliant with the requirements of the Public Contracts Regulations 2006.

9.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
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The Purfleet Centre project has the potential to deliver an unprecedented level of change within Purfleet, introducing new housing alongside high quality employment opportunities together with the local services which are currently lacking in the area. The commitments made by the development partner to provide these local services should be secured early to support community engagement and cohesion together with the longer term priorities (local employment, supply chain and sustainability measures) which will maximise local benefit.

9.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

N/A

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- N/A

APPENDICES TO THIS REPORT:

- Appendix A – Assessment Criteria
- Appendix B – Scheme drawings.

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