

13 June 2012	ITEM 16 01104110
Cabinet	
PURFLEET CENTRE REGENERATION PROJECT	
Report of: Cllr A Smith. Portfolio Holder for Regeneration, Highways and Transportation	
Wards and communities affected: West Thurrock and South Stifford	Key Decision: Key
Accountable Head of Service: Simon de Vere, Strategic Lead, CEDU	
Accountable Director: Steve Cox, Assistant Chief Executive	
This report is not exempt. However, there is an element of the Report which is considered exempt due to the information relating to the financial or business affairs of the Council. This element of the Report is provided for Members only at Appendix 3	
Purpose of Report: To re-affirm the commitment of the Council toward delivering the Purfleet Centre Regeneration Project and update Members on recent progress and how the Council will lead the scheme moving forward.	

EXECUTIVE SUMMARY

This report seeks to update and inform Cabinet of the future role of the Council in leading the Purfleet Centre Regeneration project, which will be led by the Chief Executives Delivery Unit (CEDU). The Council has assumed the rights, assets and liabilities of this scheme and has now taken over as the lead delivery organisation.

Prior to its dissolution, TTGDC, in consultation with the Council, ended the procurement process to identify a development partner. The Council must now determine how best to proceed with the scheme. Officers have identified a new OJEU procurement process as the most appropriate mechanism to identify and secure the most appropriate development partner. As part of the re-procurement it is proposed that the option for developers to consider regenerating the Garrison Estate and adjacent land as part of a Purfleet-wide development and regeneration programme is included.

Formal recommendations of further actions deemed necessary by Officers require agreement by Members to ensure the successful procurement of a suitable private sector partner.

Approval is sought to establish an appropriate Member Governance structure, supported by an Officer Programme Board, to support the onward procurement process.

Members are reminded of the extent of the funding gap which the public sector needs to fill to deliver this project and are asked to agree that appropriate delegated authority is granted to officers to enable asset and property disposals be permitted (if necessary) to enable the necessary funding contributions toward the project to be made.

The Report below sets out the rationale for the recommendations.

1. RECOMMENDATIONS:

That Cabinet

- 1.1 Reaffirm the Council's commitment to delivering the Purfleet Centre Regeneration programme be reaffirmed.**
- 1.2 Delegate authority to the Assistant Chief Executive in consultation with the Portfolio Holder for Housing and Regeneration be granted to:**
 - (a) Commence and diligently pursue a new OJEU Competitive Dialogue process to identify the most economically advantageous partner for the delivery of the Purfleet Centre Project and to conclude all necessary negotiations on behalf of the Council to reach a stage whereby a conditional exchange of Contracts with the preferred partner can be secured.**
 - (b) To return to Cabinet following the completion of the OJEU Competitive Dialogue process with a recommendation to Members as to the preferred partner for the Council. For the avoidance of doubt no award of Contracts shall take place prior to further Cabinet approval.**
 - (c) Approve the Officer Programme Board recommendations during interim stages of the procurement process.**
 - (d) Make a recommendation to cabinet for the approval of a development partner at the conclusion of the procurement process.**
- 1.3 Delegates authority to the Assistant Chief Executive and Director of Finance in consultation with the Portfolio Holder for Housing and Regeneration to approve land/asset disposals to support the required public sector funding requirement to deliver the Project.**
- 1.4 Delegates authority to the Assistant Chief Executive and Director of Finance in consultation with the Portfolio Holder for Housing and Regeneration to authorise appropriate and necessary land acquisitions to support the delivery of the Project using the finances transferred from the Development Corporation for this purpose along with any other third party contributions that can be secured.**

- 1.5 **Agrees that the Portfolio Holder for Regeneration, Highways and Transportation to report progress on all aspects of the project to Cabinet at appropriate intervals (or at an anticipated minimum of once every 6 months)**

2. INTRODUCTION AND BACKGROUND:

- 2.1 On 1 April 2012 the council were transferred by DCLG the property, rights and liabilities of Thurrock TGDC and in doing so took control of the Purfleet Centre project. The delivery of the Project from hereon will be led through the Chief Executives Delivery Unit (CEDU) and this paper seeks authorisation to continue to deliver this priority scheme.

- 2.2 Members are aware the council has been a supporter of the project for a number of years and last year three cabinet meetings produced resolutions supporting key project decisions which are summarised below:

13 April 2011

- 2.3 Cabinet agreed that the project fitted council corporate and planning policy; required flexibility on affordable housing provision; supported The Development Corporation procurement and Compulsory Purchase Order (CPO) work; and committed up to £3m of funding to meet the shortfall between the combined sunk costs of the Development Corporation and funding to be provided by the disposal of Corporation surplus land/property assets with the agreed DCLG public sector funding contribution toward the project. (Further details of the funding gap and how this is proposed to be met is set out in Section 3 (iii) and (iv) below).

9 November 2011

- 2.4 Cabinet made a resolution that in principle it would use its CPO Powers to facilitate the project recognising it would be the acquiring authority post 1 April 2012.

7 December 2011

- 2.5 Cabinet resolved to make necessary funding available within its Medium Term Funding Strategy for the construction of a new 3-form entry primary school in Purfleet as part of the Purfleet centre project. This was later endorsed as part of the budget process by Full Council on 29th February 2012.

Position Update

- 2.6 A number of events took place in the last months of the Corporation's lifetime and Cabinet is asked to note the following, all of which impact the project and its future direction;

Regeneration and Planning Policy

- 2.7 The Community Strategy identifies 'Purfleet Pride' as a key regeneration project. The Thurrock Economic Development Strategy defines Purfleet as an economic hub where regeneration activity will be focussed, the

Implementation Plan for the strategy identifies the Purfleet Centre as one of 12 key interventions that would provide the impetus for economic growth in Thurrock. The Community Regeneration Strategy (2012) also identifies Purfleet as a growth hub and defines the Purfleet Centre as a key project which, “ aims to create a new town centre based around the Purfleet rail station comprising a site of 58.1 Hectares for up to 3000 new homes, retail and similar uses such as restaurants etc, commercial floorspace, and community uses. These include new primary school, health centre and community spaces, rail station building, energy centres, refurbished jetty, and public realm improvements”.

- 2.8 The LDF Core Strategy, adopted by the council in December 2011, provided planning policy support for a new town centre, additional housing, and associated commercial development at Purfleet. The LDF Site Specific Allocations and Policies DPD Issues and Options Consultation (March 2012) identifies sites for the delivery of the Purfleet Centre Regeneration Project.

New Council Assets

- 2.9 The TTGDC Transfer Order has provided the council with
- Freehold ownership of all the TTGDC land assets and their liabilities within the scheme. This is approximately 29 Ha (71 acres) of brownfield land, totalling 50% of the land required to deliver the scheme.
 - TTGDC land assets outside the scheme but designated by TTGDC for disposal to provide funding the Purfleet Centre scheme.
 - Applicant status on the Purfleet Centre Outline Planning Application (11-50401-TTGOUT) which is covered separately in this paper.
- 2.10 Before 31st March 2012, the Development Corporation, in consultation with the council, took the decision to end the procurement process it had started in November 2009. This was due to the time lapsed since the competition started, resulting in a loss of competitive tension.
- 2.11 The Corporation’s Planning Committee considered the Outline Planning Application on 26th March 2012 and resolved to defer the application pending further invertebrate survey work. The surveys have been commissioned and it is expected the application can be considered by the council planning committee towards the end of 2012.

3. ISSUES AND/OR OPTIONS:

- 3.1 Officers have been conducting a review of the project and the opportunities for making progress and integrating the project into existing council activities.
- 3.2 Procurement of a Development Partner is the key to unlocking the scheme enabling it to be developed counter-cyclically to the property market. This scheme remains the best delivery vehicle for ensuring a town centre is brought forward as opposed to extremely limited further piecemeal housing development which would not achieve the transformational change and a step change in prevailing values.

3.2 Officers propose that authority to start a new procurement competition (in the form of the OJEU Competitive Dialogue procedure) is delegated to the Portfolio Holder and Assistant Chief Executive to instigate when the procurement process has the optimum chance of maximising the potential economic, social and environmental benefits of the project.

(i) Garrison Estate

3.3 Members will be aware that the council aspires to see the regeneration and/or renewal of the Garrison Estate. The need to re-start the procurement process for Purfleet Centre offers an opportunity to explore linking any proposals for the Garrison with the Purfleet Centre scheme and thereby expand the regeneration benefits for Purfleet.

3.4 Feasibility work on the Garrison was jointly commissioned by the council and TTGDC in November 2009. However, this report concluded the scheme was unviable. The Cabinet (17 March 2010) and the Planning, Transport and Regeneration Overview Committee (15 November 2011) have considered the report. Members will note that it was acknowledged at the 15 November 2011 meeting that progress is presently on hold until property market conditions improve.

3.5 The Garrison could be of interest to potential Purfleet Centre partners. Any value created by the introduction of a town centre and improved social and green infrastructure at Purfleet should increase house prices across Purfleet, as it becomes a more desirable place to live. Having provided the investment and taken the risk on regenerating Purfleet, developers may wish to capture that value by undertaking further profitable development opportunities they have helped to create. Any council profit share (e.g. from overage mechanisms) from a successful Purfleet Centre could be recycled into other schemes. Similarly, any increase in house values would reduce the viability gap on the present scheme for the Garrison. Therefore, links between the two projects need to be considered in developing the business case.

3.6 Significant unanswered questions remain on the Garrison's feasibility as a stand-alone project and officers estimate it would take 12-18 months to undertake the technical, design and community consultation work to bring the scheme to a point where it could be procured as a stand-alone opportunity; notwithstanding the existing concerns on viability and value for money.

3.7 Following discussions with the Director of Housing the preferred approach is to include an option on the Garrison Estate within the Purfleet Centre procurement. This would allow officers to explore the advantages and disadvantages of linking the schemes with the private sector, without delaying or jeopardising the attractiveness of Purfleet Centre. Purfleet Centre would not be delayed and the town centre would remain the priority for Purfleet.

3.8 It is proposed that The Garrison option could be structured such that when the council has established an acceptable and viable scheme which meets the needs of the Housing Strategy and has the support of residents on the estates it would be able to (should it wish to) seek to procure its regeneration and re-development via a pre-determined mechanism with the selected development partner for Purfleet Centre. Due to the lack of clarity at this stage

it is not proposed that bidders be required to submit detailed proposals in respect of the Garrison land as part of this procurement process.

(ii) Project Governance

- 3.9 Due to the pace at which Competitive Dialogue moves it is critical that stream lined governance arrangements are in place. Officers have set up a Programme Board which will address the day-to-day issues of project delivery and will ensure the workstreams concerning procurement; CPO and Planning are appropriately managed.
- 3.10 It is also proposed that the Portfolio Holder for Housing and Regeneration, together with the Assistant Chief Executive, be granted joint delegated authority to conduct negotiations within Dialogue and to be able to agree the following key milestones:
- Selection of Bidders following Pre-Qualification Questionnaire (PQQ) submissions
 - Down select of Bidders following Invitation to Submit Outline Solutions (ISOS) stage(s)
 - Selection of Bidders invited to submit final tenders
 - Nomination of Preferred Bidder
- 3.11 Members are assured that no legally binding contracts will be awarded or entered into without prior approval from the Cabinet.
- 3.12 This will ensure Officers have appropriate authority to negotiate on behalf of the council to seek to secure the most appropriate solution and facilitate a successful outcome.
- 3.13 It is proposed that the Portfolio Holder and Assistant Chief Executive be asked to provide Cabinet with update reports at regular intervals in order to keep Members updated with progress.

(iii) Public Sector Funding Contribution

- 3.14 3.14 The delivery of the outputs, outcomes and overall objectives for the Purfleet Centre is dependant upon a requirement for the public sector to make significant funding contributions toward land, remediation and infrastructure costs. The public sector funding contribution equates to the quantum of land already acquired and to be made available within the project area and the amount of additional public money required to subsidise the scheme to allow the private sector to invest and deliver the vision whilst securing a competitive rate of return.
- 3.15 3.15 The council is committed to delivering a high quality sustainable scheme and the creation of new homes, jobs and community facilities and is confident it has the resources to reach a strong commercial deal with an appropriately experienced partner. The current funding commitments comprise the Land acquired within the Purfleet Centre boundary (c.71 acres) and now within the ownership of the council. In addition Members will

recall previous funding commitments of up to £3m along with the financing of up to £9.2m for the construction of a 3 form entry primary school to be built within the initial phases of the scheme. Competitive Dialogue will allow the council to consider and negotiate additional funding with the Private Sector. Potential partners will be required to demonstrate they can deliver an acceptable scheme in terms of outputs and outcomes and they will need to provide fully costed proposals for officers to interrogate. The council will consider the appropriate level of any additional public sector funding having regard to the quality and outputs proposed, the risks to the council and those transferred to the partner, and value for money benchmarks. Competitive tension will be used to drive value for money.

- 3.16 The Council presently owns 50% of the Purfleet Centre scheme. The remainder is in fragmented ownership and as reported to Cabinet on 9th November 2011 a Compulsory Purchase Order could be required to secure possession. An acquiring authority should be in a position to demonstrate at any CPO Inquiry that it has used reasonable endeavours to acquire these interests before relying on compulsory purchase. A process of acquisition through negotiation has been underway for a number of years and continues. Those negotiations to acquire land will continue in parallel with the CPO process should it be necessary for the Council to make a CPO. If a landowner(s) makes an approach the Council wishing to sell land which is affected by the project, the Council should, having regard to all material circumstances, give reasonable and proper consideration to such an approach. A failure to do so could result in an objection by that landowner to any subsequent CPO. Therefore, the Council should be aware of, and make provision for, identifying appropriate funds to meet the public sector funding commitment toward the scheme and authorise acquisitions required for the project if it is considered appropriate to do so. It is proposed that appropriated delegated authority be granted to the Chief Executive in consultation with the Portfolio Holder for Housing and Regeneration, Assistant CEO and Director of Finance in this regard.

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

(i) Community Consultation

- 4.1 Two public consultation exercises were undertaken in 2007 and 2009 to inform the Purfleet Centre Development Framework. Following this, further regular briefings have been carried out. Prior to the submission of the outline planning application in October 2011, all residents of Purfleet received a community newsletter informing them of the planning application proposals.
- 4.2 The Corporation, in fulfilling its obligations at the time as Local Planning Authority, undertook the necessary consultation and advertisement as is required under the relevant Regulations. It will be for the Planning Committee of the council to consider any submissions made as a consequence of the consultation when it is in a position to determine the application.
- 4.3 Officers propose to prepare and implement an engagement and communications plan for the proposals at Purfleet in order to ensure continued community engagement. Engagement work on the Garrison Estate

will commence over the autumn.

(ii) Stakeholder Consultation

4.4 Significant engagement work has been undertaken with all stakeholders throughout the development of these proposals. This includes CLG, HM Treasury, Network Rail, Highways Agency, Port of London Authority, Environment Agency, Natural England, Buglife, RSPB, C2C Ltd, High Speed 1, and local businesses and their advisers.

(iii) Council wide Consultation

4.5 Members will recall the council's planning committee recently granted Conservation Area Consent for the demolition of Harlow Cottage in support of the development proposals.

4.6 The portfolio holder for regeneration and the ward councillors were briefed by Corporation officers prior to the submission of the outline planning application.

4.7 A wide number of council officers have been involved in planning matters including highways, environmental health, emergency planning, education, housing and planning officers.

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

5.1 The project will deliver the regeneration required by the Community Strategy, the Thurrock Economic Development Strategy and the Community Regeneration Strategy and set out in the LDF Core Strategy for Purfleet. The council's strategies support the development of approximately 3,000 new homes and employment, retail and community facilities.

6. IMPLICATIONS

6.1 Financial

Implications verified by: **Martin Hone**
 Telephone and email: **01375 652142 mhone@thurrock.gov.uk**

Budget allocation to cover professional fees for 2012/13 has been provided by DCLG for the Purfleet Centre Project.

In terms of the financial approval for land acquisition, the Council agreed on 29 February 2012 as part of the budgetary framework that "any unbudgeted contributions from third parties in the way of grants or Developers' Contributions be deemed as part of the capital programme". As part of the financial settlement between the Council and CLG, the Council is expecting to receive £4.3m for this purpose and officers are currently investigating other funding streams to support this project.

6.2 Legal

Implications verified by: **Daniel Toohey**
Telephone and email: **01375 652049 dtoohey@Thurrock.gov.uk**

The procurement process must comply with the requirements of EU procurement regulations and the Council's Contract Procedure Rules, as set out in the Constitution. Competitive Dialogue is the form of procurement that is proposed; this is a complex form of procurement used where it is necessary to consider various proposals re delivery solutions from bidders; this is governed by the EU regulations as set out in the Public Contracts Acts 2006. External solicitors and the Council's internal Legal Services team will provide advice and assistance in complying with the regulatory requirements. Under the Council's Constitutional requirements this report seeks approval to commence the tendering process. Under the proposed project governance arrangements set out in this report the project officers propose to come back to Cabinet with update reports and a further report to seek approval to award the contract once the tendering exercise has been carried out; this complies with the Constitutional requirements for the award of contracts. It is also noted that the Council will not be committing to the formal making of a CPO to deliver the Purfleet Centre, without further Cabinet approval.

It should be noted that under the Constitution (Chapter 3, Part 4) functions which the Leader has allocated to the Cabinet, Cabinet Committees or individual Cabinet Members include "Approving the acquisition or disposal of land or property up to the value of £500,000, on advice from the Monitoring Officer and the Section 151 Officer, and in consultation with the Corporate Property Officer (who for this purpose is the Director of Finance and Corporate Governance), the Director of Sustainable Communities and ward members. Any decision relating to the acquisition or disposal of land or property above £500,000 be taken by the Cabinet".

The recommendation at para 1.4 will extend the delegated authority, to authorise appropriate and necessary land acquisitions to support the delivery of the project, to the Assistant Chief Executive and Director of Finance in consultation with the Portfolio Holder.

There are no other legal implications.

6.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
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There are no direct equality or human rights issues to note at this stage. There may be issues which need to be considered as these proposals are progressed and these will be addressed as part of the proposed project activities.

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

None

7. CONCLUSION

7.1 This Report sets out a clear strategy for the delivery of the Purfleet Centre and to securing the economic, social and environmental benefits the scheme is to deliver. Officers have sought to establish robust and prudent governance arrangements such that the processes can operate in a structured and organised manner whilst ensuring Members are kept informed at appropriate stages in the process. Furthermore, by endorsing the proposed Recommendations Members will enable the inclusion of the Garrison Estate within the procurement process; thereby providing a means by which to pursue an appropriate mechanism to facilitate its regeneration.

7.2 Officers therefore seek formal approval by Cabinet to the Recommendations.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- 13th April 2011 Cabinet Report and relevant Minute
 - § <http://democracy.thurrock.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=1965>
- 9th November 2011 Cabinet Report and Relevant Minute
 - § <http://democracy.thurrock.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=2103>
- 7th December 2011 Cabinet Report and Relevant Minute
 - § <http://democracy.thurrock.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=2104>
- 29th February 2012 Full Council Paper and Relevant Minute
 - § <http://democracy.thurrock.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=2115>
- 17th March 2010 Cabinet Report and relevant Minute
 - § <http://democracy.thurrock.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=1786>
- 15th November 2011 Planning, Transport and Regeneration Overview Committee and relevant Minute
 - § <http://democracy.thurrock.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=2131>

APPENDICES TO THIS REPORT:

None

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