

REPORT FROM: HOUSING, HEALTH AND ECONOMIC DEVELOPMENT
SERVICES MANAGER/LIBERATA PROPERTY SERVICES

TO: EXECUTIVE

DATE: 15th MARCH, 2018

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ESTABLISHMENT OF A SMALL SITES DEVELOPER REGISTER

PURPOSE OF REPORT

To agree the process and criteria for selecting developers to be on a Developer Register for the disposal and development of smaller Pendle Council owned sites.

RECOMMENDATIONS

The Executive is asked to:

1. Agree the proposed process and criteria for selection of developers to be on the Small Sites Developer Register.
2. Agree a waiver to Contract Procedure Rules in that suitable sites are offered to developers on the Register first before being put on the open market.
3. Agree that a further report be brought to a future meeting proposing sites to be put forward to developers on the Register.

REASONS FOR RECOMMENDATIONS

1. To support smaller local developers.
2. To dispose of sites that can support the Council's growth objectives.

Background

1. At their meeting on 24th August 2017 the Executive agreed to the principle of establishing a Developer Panel to develop smaller Pendle Council owned sites (usually suitable for 10 houses or less). Since then we have been working with Liberata Property Services to establish the best procurement process to establish a panel, the criteria that we would use to select members of the Panel and the process for disposing of sites.
2. Currently when the Council declare sites surplus they are usually put on the open market and the highest bid is accepted. This gives us very little control over who buys the site and how quickly they develop it. The panel is intended to support small developers and to provide the Council with more certainty over development. The intention is that smaller Pendle owned sites that are declared surplus and designated as being suitable for the panel will be offered to the panel before being put on the open market.
3. The aims of the developer panel are to:
 - Bring forward smaller residential sites which are declared surplus and are likely to be suitable for fewer than 10 units
 - Get sites developed in a reasonable timescale
 - Generate capital receipts
 - Support smaller builders / SME's
 - Support local labour / supply chain
 - Promote the provision of education & training opportunities

Procurement

4. Methods of setting up the Panel have been explored. Initial procurement advice from a procurement specialist was that a Dynamic Purchasing System (DPS) could be considered, however this is ordinarily used for goods, works or services. A DPS can be used to procure a developer panel, but case studies and research show that a large amount of resource is required to set up the DPS on the Chest system that we use and to support SME developers into engaging with e-procurement. Of the 51 developers initially identified as being active in the Borough, 11 are registered on the Chest, and these tend to be larger companies.
5. The DPS method has therefore been discounted due to the complexity of the scheme and the large amount of resource required to support the developers in registering on and using the Chest.
6. The alternative that has been considered, and is the preferred option, is to use a model similar to the Council's Self and Custom Build Register, which was established to record information from parties seeking to construct their own home in Pendle. Applicants to the Self and Custom Build register are required to submit an application which details the location, size and amenities required in a self-build home, their ability to finance a build and the reason they have not already built their own home. On release of Council land designated for Self/Custom Build, the marketing details are issued to parties on the Register initially, on the basis of a tender to be returned by a specific closing date. We believe that a **Small Sites Developer**

Register rather than a Developer Panel would still achieve our aims but not be too bureaucratic.

Establishing the Register

7. A Register would be established and the opportunity to be on the Register would be sent to those developers known to be active in the Borough who are developing small sites and also advertised widely in addition. We would also seek to encourage small developers who are currently working in adjoining Boroughs who have not developed in Pendle previously as well as building contractors who wish to move into development.
8. Advertisement would be required on a periodic ongoing basis to ensure that the Developer Register is kept up to date and new developers have the opportunity to be involved; Developers can be added or removed at any time.
9. Registration would be subject to a number of criteria for entry:
 - Evidence of past construction or development experience
 - Confirmation of size of business
 - Confirmation of number & type of employees
 - Commitment to training opportunities
 - Confirmation of local work force & supply chain
 - Aims of business – business plan, growth targets etc.
 - Health & Safety and Equality Policies
10. Entry to the Register would be predicated upon the provision of the information and prospective members of the Register would receive appropriate support to provide this. On entry to the Register a pack would be issued to members containing information relating to the scheme, proposed timescales for the release of Pendle owned land and guidance on the tender process plus scoring criteria to be used for the assessment of bids.
11. We are also looking at additional benefits that could be offered to developers on the Register, such as an element of free pre-application planning advice.

Bringing Forwards Sites for Development

12. On release of sites designated as being suitable for the Developer Register the tender of the site would be progressed via the normal process, but be restricted to the Register rather than released to the open market. Liberata would carry out a valuation of the sites in advance of offering them to the Register so that offers can be assessed against these valuations.
13. The following details would be required by those on the Register who wished to submit a tender:
 - The financial offer for the site
 - Details of sources of funding
 - Confirmation of expected availability of funding in the proposed development timescales
 - A timescale for obtaining planning permission and carrying out the development
 - The number and type of units proposed

14. Received tenders would therefore be considered in the context of the information supplied on entry to the Register, as well as on the basis of the specific information supplied as a part of the tender.
15. It is proposed that tenders are assessed with a weighting of 50% value and 50% supporting information provided on entry to the Register and at tender stage. This is to achieve a balance between capital receipts and getting the site developed in a reasonable timescale. Tenders would be reported back to Members for approval.
16. Sites will be disposed of on the basis of a conditional contract where it will be a requirement that the Developer has planning permission in place and adequate funding to deliver the scheme.
17. Following each tender, good quality feedback would be sought to determine any issues from the developer perspective in order that the process can be continually improved.
18. The Council would not be obliged to accept any of the tenders so if none of the tenders were considered acceptable the Council would still have the option of offering the site on the open market

Next steps

19. Appropriate documentation and the Register are to be developed with the aim of having the Register in place by June.
20. We need to identify suitable sites that could be offered to the Developer Register. Some sites that have already been declared surplus may be suitable and we will work with Liberata Property Services to identify further sites. These will be brought forward to members in a future report.

IMPLICATIONS

Policy: The disposal of surplus land is acceptable policy for the Council. Supporting local developers to grow is in line with our Jobs & Growth Strategy which aims to support local businesses.

Financial: The proposal does not fully comply with the Contract Procedure Rules as sites will not be offered on a fully open basis, therefore it is proposed that a waiver is sought to enable the scheme to progress. This proposal seeks to support small developers in the Borough, as well as their local supply chain, to ensure that smaller residential sites are developed and to ensure that training opportunities are offered.

Legal: Sites will be offered on a conditional contract basis where they won't be disposed of to a Developer on the Register until they have obtained planning permission and evidence of funding to deliver the scheme

Risk Management: None directly arising from this report

Health and Safety: None directly arising from this report

Sustainability: None directly arising from this report

Community Safety: None directly arising from this report

Equality and Diversity: None directly arising from this report

APPENDICES

None

LIST OF BACKGROUND PAPERS

None