



SHEFFIELD CITY COUNCIL

Cabinet Report

Report of: Executive Director (Place)

Report to: Cabinet

Date: 19 March 2014

Subject: Disposal of Manor Site 8

Author of Report: Christine Rose (27 34373)

Summary:

This report recommends the disposal of land at Fretson Road and Queen Mary Road, known as Manor 8, for private housing development.

To ensure that any development is of good quality and completed within acceptable timescales, it is recommended that the Council imposes some landowner requirements on the purchaser. This disposal strategy has been developed in partnership with the Homes & Communities Agency (HCA), which has an option on the site.

The imposition of landowner's requirements makes these public works that require the procurement of a developer to be compliant with the Public Contract Regulations 2006 (PCR). It is recommended that, to identify a suitable developer in a timely manner, the developer is procured via the Homes & Communities Agency's (HCA) Developer Partner Panel, which is a PCR compliant route and would reduce the time taken for a start on site.

Reasons for Recommendations:

Disposal through the HCA's Developer Partner Panel would create the best opportunity for the timely delivery of a good quality development that

would complement Sheffield Housing Company's planned regeneration of the area.

Disposal through this method, agreed with the HCA, would allow the Council to retain a capital receipt generated by the sale.

Recommendations:

- R1 That the decision of Cabinet on 22 November 2006 to sell the land shown at Appendix A, known as Manor 8, to Lovell Partnerships Ltd be rescinded.
- R2 That a developer be procured for Manor 8 using the Homes and Communities Agency's Developer Partner Panel utilising a competitive tender process led by Commercial Services in accordance with Standing Orders.
- R3 That the procurement be subject to the landowner's requirements identified in Section 6 of this report.
- R4 That the Director of Commercial Services or his nominated deputy be granted delegated authority to award a contract for this project.
- R5 That the Director of Capital and Major Projects be authorised to vary any boundaries as required and to instruct the Director of Legal Services to complete the necessary legal documentation to transfer the site to the successful tenderer on the terms set out in this report.

Background Papers:

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES Cleared by: David Hollis
Equality of Opportunity Implications
NO Cleared by: Ian Oldershaw
Tackling Health Inequalities Implications
NO
Human rights Implications
NO
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
YES
Area(s) affected
Manor Castle
Relevant Cabinet Portfolio Leader
Cllr Harry Harpham
Relevant Scrutiny Committee if decision called in
Safer and Stronger Communities
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Report to Cabinet

Disposal of Manor Site 8

1.0 SUMMARY

- 1.1 This report recommends the disposal of land at Fretson Road and Queen Mary Road, known as Manor 8, for private housing development.
- 1.2 To ensure that any development is of good quality and completed within acceptable timescales, it is recommended that the Council imposes some landowner requirements on the purchaser. This disposal strategy has been developed in partnership with the Homes & Communities Agency (HCA), which has an option on the site.
- 1.3 The imposition of landowner's requirements makes these public works that require the procurement of a developer to be compliant with the Public Contract Regulations 2006 (PCR). It is recommended that, to identify a suitable developer in a timely manner, the developer is procured via the Homes & Communities Agency's (HCA) Developer Partner Panel, which is a PCR compliant route and would reduce the time taken for a start on site.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The Council's Corporate Plan, "Standing Up for Sheffield", identifies the strategic outcome of making Sheffield a Great Place to Live. Within that, the Council aims to create Desirable Homes and Neighbourhoods. The development of a site that has been vacant for over a decade would, alongside the planned development by the Sheffield Housing Company, contribute towards the regeneration of the Manor (see Appendix B).

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 Alongside the planned development by the Sheffield Housing Company, the development of Manor 8 for private housing would improve housing choice within the neighbourhood, helping to attract and retain a wider mix of economically active households that would support the local economy.

4.0 MANOR 8: RECENT HISTORY

- 4.1 In 2006, Cabinet approved the disposal Manor 8 to Lovell Partnerships Ltd. Lovell were procured via the Council's Large Developer Panel, which was set up to help deliver Housing Market Renewal.
- 4.2 Planning permission was secured for a high-quality scheme of 124 homes. Unfortunately, the onset of the recession and fall in the housing market meant that the developer were unable to progress with their scheme.

4.3 A number of attempts have been made, working with the developer, to resurrect the scheme. Various solutions have been considered, but they have not identified a viable solution that would allow them to proceed.

5.0 FUNDING AGREEMENT WITH THE HCA

5.1 The site was part of the wider Manor Funding Agreement with Yorkshire Forward (now subsumed within the HCA), which paid for infrastructure works in the area. Under the terms of the agreement, the Council was entitled to a base value (aligned to estimated market value) when the site is sold, with the HCA entitled to any additional receipt.

5.2 The Funding Agreement also gave the HCA an option to purchase the site from the Council, for £1, if the site was not sold by October 2011.

5.3 The HCA shares the Council's aspirations for the site. Whilst it now has the right to exercise its option it is minded not to and instead the HCA and the Council would negotiate a variation to the original agreement that would be based on the Council ensuring the development of the site to a good standard within an acceptable timescale.

6.0 DISPOSAL STRATEGY

6.1 Council officers have worked with the HCA to devise a suitable disposal strategy for the Manor 8 site, which includes the imposition of some landowner's requirements.

6.2 Given the previous delays in the redevelopment of Manor 8, it is proposed to require a start on site within 9 months of procurement.

6.3 The site neighbours a number of other cleared sites, which form part of the intended development programme of the Sheffield Housing Company. The Company is building properties to a very high standard and it is important for the successful regeneration of the area that other significant local developments are complementary and built to a good standard. Therefore, it is proposed that:

- a) Properties should meet Lifetime Homes
- b) Properties should meet National Housing Federation "Standards and Quality in Development"
- c) Level 3 of the Code for Sustainable Homes should be achieved using a 'fabric first' approach
- d) The Council, as client, would approve any proposed scheme before submission to the local planning authority.

6.4 Imposing these landowner's requirements would mean that the procurement would need to be done via OJEU, which ordinarily would increase the procurement timescale significantly. However, the HCA has already procured its Developer Partner Panel (DPP) through OJEU. This is available for the Council to use and would reduce the timescales since

there would be no need for a PQQ stage.

- 6.6 The terms of the DPP require significant proportions of the scoring to be based on design quality and project management. It is proposed to base 65% of the procurement on the financial offer, 15% on design and 20% on project management (i.e. 65% price, 35% quality). This is reflected in the approved procurement strategy.
- 6.7 If the Council follows this strategy, the HCA would not exercise its option to purchase the site and the Council would be entitled to a capital receipt from its sale.

7.0 FINANCIAL IMPLICATIONS

- 7.1 Under the terms of the Funding Agreement with the HCA, the Council is entitled to a base value based on an estimate of market value (the site is currently being revalued). Any additional receipt would be due to the HCA.
- 7.2 Based on previous experience, requiring standards above the minimum and imposing development timescales would adversely affect the capital receipt. However, the HCA requires that the Council enables good quality development in an acceptable timescale otherwise the HCA would exercise their option to buy the site for £1. Therefore, disposal with landowner's requirements represents the best opportunity for the Council to realise a capital receipt from the site.

8.0 LEGAL IMPLICATIONS

- 8.1 The procurement of a contractor to develop a scheme of this scale, in line with the Council's requirements, constitutes a Public Works contract and requires procurement compliant with the PCR. The use of the HCA's Developer Partner Panel fulfils this criterion.
- 8.2 Section 32 of the Housing Act 1985 provides that any land held for housing purposes may only be disposed of with the consent of the Secretary of State. The Secretary of State has, by virtue of the General Housing Consents 2013, given a general consent to certain categories of disposal that would otherwise be subject to a specific application for consent. These provide for consent for the disposal of vacant land as long as the disposal is at a consideration equal to the market value of the land. The competitive process that will be followed by the use of the HCA's Developer Partner Panel will enable the Council to establish that it has achieved a market value for the land and therefore, the General Consent will apply to the disposal.

9.0 EQUALITY IMPLICATIONS

- 9.1 Fundamentally this proposal is equality neutral, affecting all local people the same regardless of age, sex, race, faith, disability, sexuality, etc. No

negative equality impacts have been identified.

10.0 ALTERNATIVE OPTIONS CONSIDERED

- 10.1 Disposal of the site without any landowner requirements would potentially realise a greater capital receipt. However, the HCA would not support this course of action by the Council. If the Council were not prepared to impose the proposed landowner requirements, the HCA would exercise its option to purchase the site for £1.

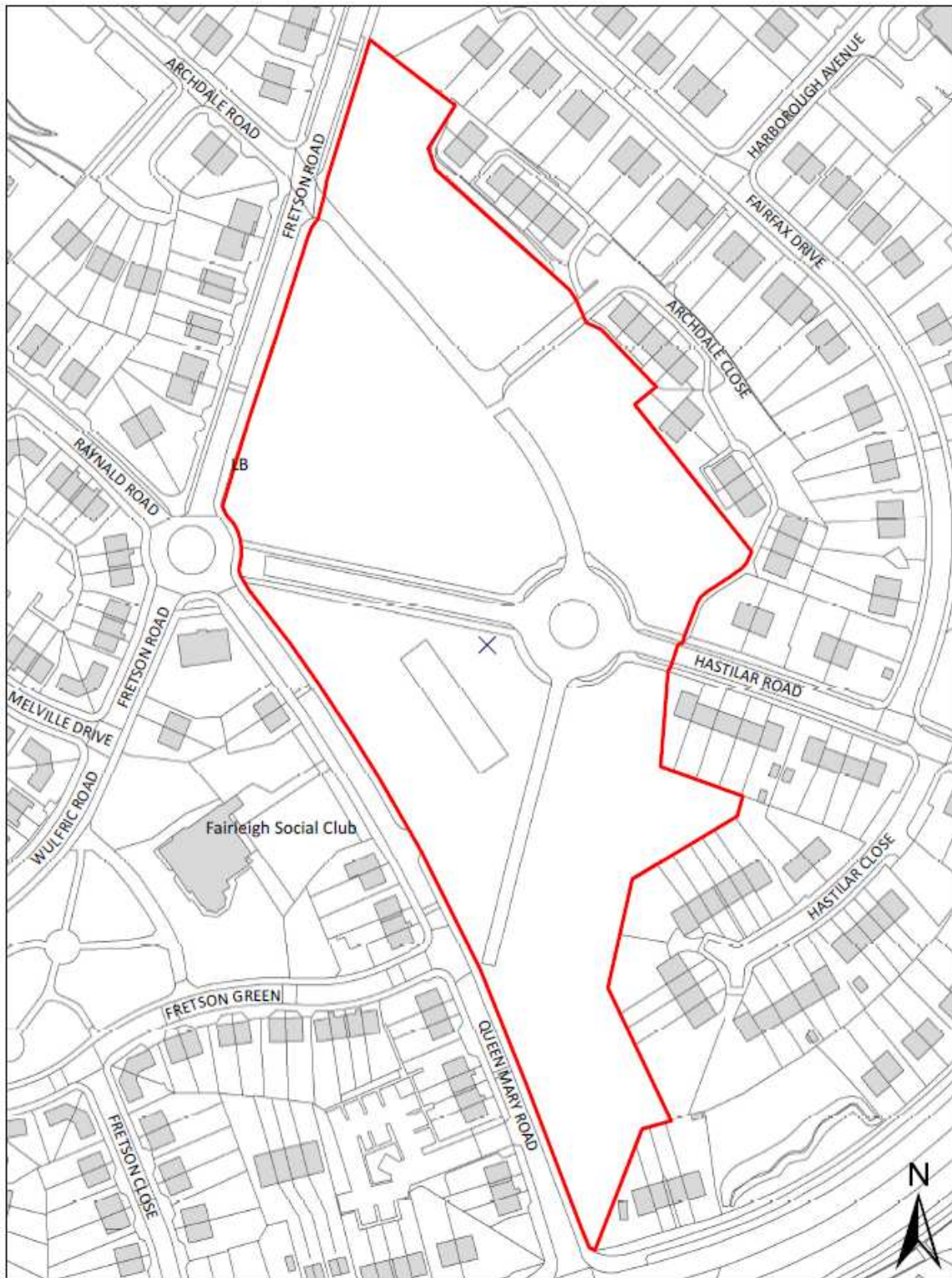
11.0 REASONS FOR RECOMMENDATIONS

- 11.1 Disposal through the HCA's Developer Partner Panel would create the best opportunity for the timely delivery of a good quality development that would complement Sheffield Housing Company's planned regeneration of the area.
- 11.2 Disposal through this method, agreed with the HCA, would allow the Council to retain a capital receipt generated by the sale.

12.0 RECOMMENDATIONS

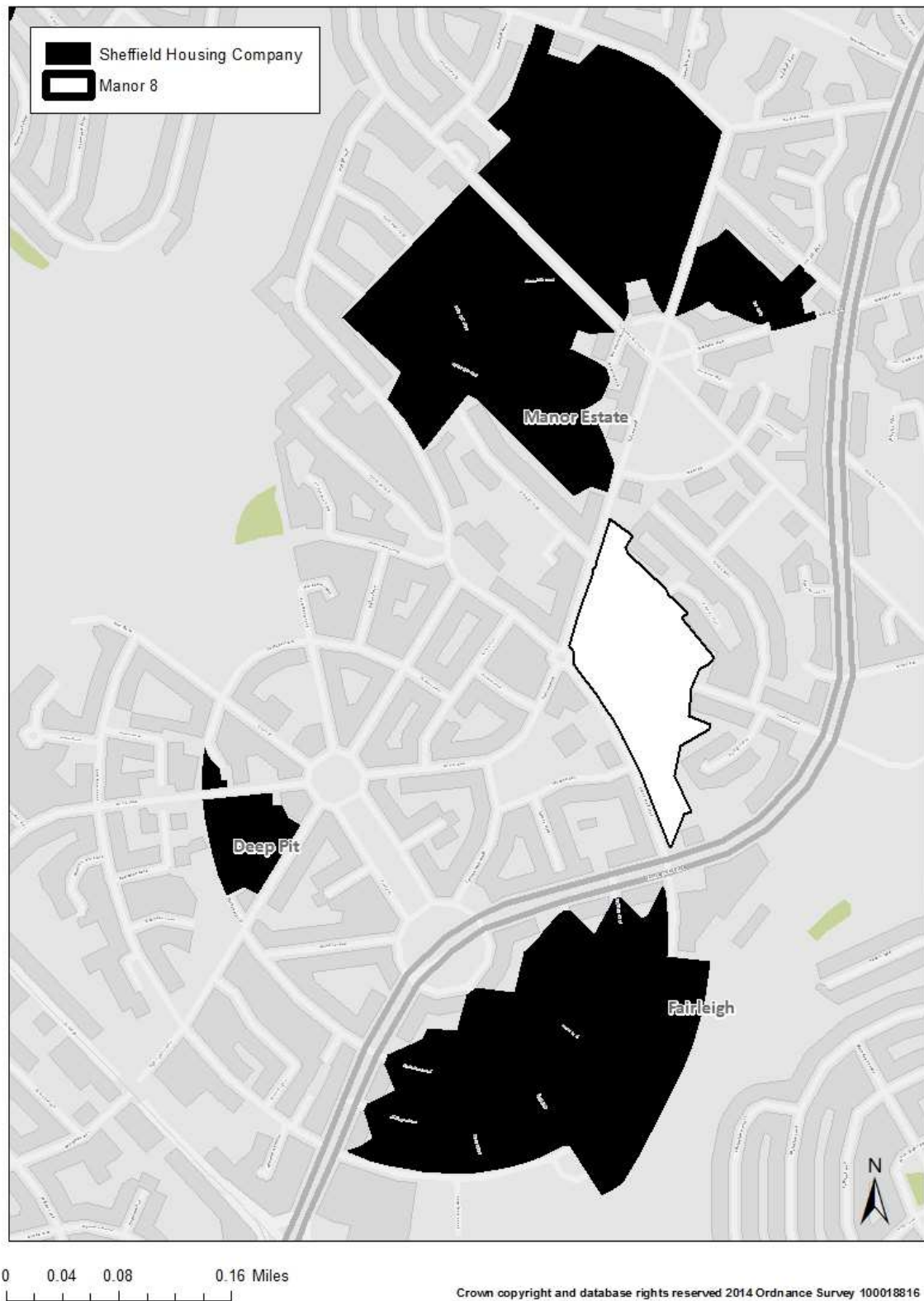
- R1 That the decision of Cabinet on 22 November 2006 to sell the land shown at Appendix A, known as Manor 8, to Lovell Partnerships Ltd be rescinded.
- R2 That a developer be procured for Manor 8 using the Homes and Communities Agency's Developer Partner Panel utilising a competitive tender process led by Commercial Services in accordance with Standing Orders.
- R3 That the procurement be subject to the landowner's requirements identified in Section 6 of this report.
- R4 That the Director of Commercial Services or his nominated deputy be granted delegated authority to award a contract for this project.
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Appendix A: Manor 8



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Appendix B: Manor 8 and Sheffield Housing Company Sites



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