
**CENTRAL PARK
EXTENSION OF CO-OPERATION AGREEMENT**

**Responsible Cabinet Member – Councillor John Williams, Leader
Responsible Director – Richard Alty, Assistant Chief Executive**

SUMMARY REPORT

Purpose of the Report

1. To seek approval to extend the Co-Operation Agreement between the developer and the Joint Venture Partners (ONE NorthEast, Tees Valley Regeneration, English Partnerships and the Council) for up to an additional 6 months.

Summary

2. Following a rigorous procurement process the Central Park development consortium of Commercial Estates Group, Keepmoat Ltd and Yuill Homes (CKY) was agreed as preferred developer partners.
3. The consortium (CKY) remain committed to the development of Central Park and despite the prevailing economic conditions they remain positive and continue to work with the Joint Venture Partners towards the signing of the Development Agreement.
4. In the context of the delay to signing the Development Agreement the consortium has requested an extension of the Co-Operation Agreement, entered into on 3 October 2007 between the Joint Venture Partners and the consortium. In the current context it is recommended that this is extended for a period of up to 6 months to 2 April 2009.

Recommendation

5. It is recommended that the Co-Operation Agreement between the Council, its Joint Venture Partners and the Development Consortium be extended on the same terms up to a period of an additional 6 months and that the Borough Solicitor be authorised to complete the extension to the Agreement.

Reasons

6. The recommendation is supported by the following reason to progress the Central Park development.

**Richard Alty
Assistant Chief Executive (Regeneration)**

Background Papers

There are no background papers.

John Anderson: Extension 2501

S17 Crime and Disorder	There are no S17 implications
Health and Well Being	This will not have any direct impact on Health & Well Being
Sustainability	This will not have any direct impact on Sustainability
Diversity	This will not have any direct impact on Diversity
Wards Affected	The Wards affected are Bank Top & Lingfield
Groups Affected	Not Applicable
Budget and Policy Framework	The proposals do not represent a change to the Council's Budget or Policy Framework
Key Decision	This is not a key decision
Urgent Decision	Yes. In order to retain the confidence of the Development Consortium in the commitment of the Council to deliver the Central Park development including the timescales required by the University Development.
One Darlington: Perfectly Placed	The development of central park is important in delivering outcomes that meet the themes of Prosperous, Aspiring, Greener and Safer Darlington in the Sustainable Community Strategy.

MAIN REPORT

Information and Analysis

Background

7. On 10 July 2007, Cabinet considered the selection of Commercial Estates Group, Keepmoat and Yuills (the consortium) as the preferred developers for Central Park. The selection of this consortium was noted and endorsed (Min C49 (a) July /07 refers).
8. The July 2007 Cabinet also resolved that the Director of Development and Environment be authorised to progress negotiations for the Central Park Development Agreement, such terms to be reported to a future meeting of Cabinet for consideration.
9. The July 2007 Cabinet approved the terms of a Co-Operation Agreement, outlined in the submitted report, and agreed to the Council entering into an Agreement for one year between the joint venture partners and the consortium. The Agreement was completed on the 3 October 2007 and is therefore due to expire on 2 October 2008.
10. On the 12 February 2008, Cabinet resolved that the proposed Development Agreement be approved and the Director of Corporate Services, jointly with the Assistant Chief Executive (Regeneration), in consultation with the Cabinet Members with the Economy and Resources Portfolios, be authorised to conclude negotiations. It was also resolved that, subject to negotiation being satisfactorily concluded, the Borough Solicitor be authorised to complete the Development Agreement.
11. The Development Agreement has not been concluded largely as a result of legal and financial complexities. Consequently there is a risk that the current Co-operation Agreement might expire before the Development Agreement is completed. Whilst the consortium is working hard to resolve these issues it would like the comfort of knowing that there is a Co-operation Agreement in place should these matters not be resolved by the 2 October 2008. Such an Agreement will provide further confidence to the consortium to work on resolving outstanding issues.
12. Officers are of the view that the consortium (CKY) remains very committed to the Central Park project. Despite the market decline since their original submissions, CKY remain positive and are pro-active in progressing the project.
13. Negotiations on and drafting of the Development Agreement are progressing and it is anticipated that a further report will be presented in October.
14. The consortium recognise that they are being exposed to financial risk by providing 'funding' in advance of signing a Development Agreement, in the form of the new depot design works undertaken to date. Through the Co-operation Agreement, they are seeking partial protection against this risk by placing an obligation on the JV Partners not to market the Central Park site under the Exclusivity provisions for the duration of the Co-operation Agreement. In addition, if the Development Agreement did not proceed, they would at least be able to recoup an element of their costs (funded by ONE NorthEast).

15. The JV Partners and the consortium would prefer not to have to consider an extension to the Co-operation Agreement and merely move directly to concluding the Development Agreement with CKY, but the Development Consortium would wish for the comfort that this agreement is extended should any further difficulties arise in concluding the Development Agreement.
16. In the interim, in order to keep the momentum going for the site, and in particular the University of Teesside development, it is recognised by the JV Partners that an extension to the Co-operation Agreement would facilitate CKY to continue their preparatory work.
17. Terms of the Agreement would remain as previously agreed, save for an extension of time of the agreement for up to a further 6 months.
18. It is therefore recommended that the Cabinet agree to the Council in conjunction with our JV Partners extending the Co-operation Agreement with CKY.