

CABINET
8 JULY 2025

PROCUREMENT OF DEVELOPMENT PARTNER UPDATE

Responsible Cabinet Member –
Councillor Chris McEwan Deputy Leader and Economic Portfolio
Councillor Mandy Porter, Resources Portfolio

Responsible Director –
Trevor Watson, Executive Director of Economy and Public Protection

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to update Cabinet on the outcome of the procurement exercise to seek a development partner for the redevelopment of key town centre sites and seek Cabinet approval to appoint the preferred bidder as detailed in **Appendix 1** (a Part III document) to this report.

Summary

2. On 11 June 2024 Cabinet gave approval, in principle, to entering into an agreement with a private sector development partner to bring forward development on several town centre sites. Cabinet also requested that the details of the agreement, including the final list of town centre sites to be included, be presented to Cabinet at a future meeting for approval.
3. To select a development partner a robust procurement exercise has been undertaken and has concluded in the selection of a preferred partner. Details of the preferred partner, evaluation matrix and scoring assessment are detailed in Appendix 1 (a Part III document) to this report.
4. Should Cabinet approve the appointment of the development partner, both parties will then enter discussions to determine the detailed terms of a development agreement.
5. Once the discussions are concluded, the completed development agreement will be presented to Cabinet for approval at a future meeting, targeted in November 2025.

Recommendations

6. It is recommended that: -
 - (a) Cabinet agrees the appointment of the preferred development partner to bring forward development on several town centre sites.

- (b) Cabinet agrees to receive the development agreement, including the final list of sites, for approval in November 2025. This is a target date and could be subject to change dependent upon the length of the discussion period.

Reasons

- 7. The recommendations are supported by the following reason:
 - (a) that appointment of the preferred developer will allow the council to proceed to the next stage in bringing forward key town centre sites for redevelopment.

Trevor Watson
Executive Director of Economy and Public Protection

Background Papers

11 June 2024 Cabinet Report entitled Wilkinson's building acquisition and procurement of development partner.

Sarah Wayman: 07500033967

<p>Council Plan</p>	<p>ECONOMY - The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will directly support the economy, attract new jobs and skilled workforce both in construction and end uses.</p> <p>HOMES – The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will provide new homes for current and future residents of a range and mix of tenures and house types.</p> <p>LIVING WELL – The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will provide improved public realm areas.</p> <p>CHILDREN AND YOUNG PEOPLE – The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will provide new homes and opportunities working with the social outputs provided by a development partner.</p> <p>COMMUNITIES – The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will regenerate town centre areas and breathe new life into some obsolete areas.</p> <p>LOCAL ENVIRONMENT – The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will regenerate town centre areas, improve connections and public realm.</p>
<p>Addressing inequalities</p>	<p>The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will provide opportunities for everyone to access good jobs, homes and social connections through sustainable development and inclusive management practices.</p>
<p>Tackling Climate Change</p>	<p>Climate Change and sustainability measures will be provided prior to any development, at a later stage in the process.</p>

Efficient and effective use of resources	Although officer time will be required to negotiate and provide direction, the procurement of a development partner is an efficient method to bring forward town centre development at pace. It will also ensure that the management capacity to deliver the developments is in place.
Health and Wellbeing	The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will provide opportunities to improve health and wellbeing through thoughtful place making and social value outputs.
S17 Crime and Disorder	The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will have a regenerative effect and contribute to mitigation of crime and disorder issues.
Wards Affected	The proposed development sites are situated in Park East Ward and Northgate Ward
Groups Affected	No groups are affected by the contents of this report. The procurement of a development partner is the first stage in bringing forward town centre sites for redevelopment which will include a stakeholder consultation strategy.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework.
Key Decision	No
Urgent Decision	It is not an urgent decision.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Procurement Information and Analysis

8. On 11 June 2024 Cabinet agreed that approval, in principle, be given to entering into an agreement with a private sector development partner to bring forward development on several town centre sites. The details of the agreement and the final list of sites to be included, to be presented to Cabinet at a future meeting for approval.
9. The June 2024 report sets out in detail the rationale for proceeding with the procurement of a development partner and outlined the benefits and risks.
10. The benefits of entering into an agreement are summarised below:

- (a) The appointment of a development partner will allow the council to bring forward the key sites for large scale market facing redevelopment in line with the Town Centre Strategy and the Council Plan
 - (b) Redevelopment of the sites will promote economic growth through job creation and the delivery of broader regenerative benefits
 - (c) The development partner capacity and capability will ensure that the project is fully resourced with the correct expertise, and allow the council can benefit from risk transfer opportunities
 - (d) The appointment will enable the council to leverage the benefits arising from the expansion of the Darlington Economic Campus at Brunswick Street which is acting as a catalyst to stimulate investment and interest from businesses wishing to grow and relocate to Darlington.
11. In June 2024 an initial high level risk analysis was undertaken prior to entering the procurement process. The risks identified are summarised below:
- (a) The development of each site will likely occur in phases which will be dictated by outstanding land assembly and, in some cases, property acquisition. This will dictate the pace of development which will span years.
 - (b) Due to the development variables involved and the potential availability of funding sources the delivery timetable may fluctuate.
 - (c) The viability study carried out by Savills on behalf of the council concluded that total costs would exceed value of the redevelopment of these sites- there is a risk that the gap between cost and value is too great to bridge, and sites cannot be developed.
 - (d) The redevelopment of several car parks will require parking considerations.
12. Should Cabinet give approval to appoint the preferred bidder, during the discussion stage, a comprehensive risk analysis will be completed, together with the necessary mitigating actions, for consideration by Cabinet prior to entering into a development agreement.
13. The sites considered in the procurement process are shown at **Appendix 2**.

14. The procurement was carried out using the Pagabo Developer Led Framework, as this was deemed to be the most appropriate and complaint route to the market. The procurement process and proposed next steps, subject to Cabinet approval, are outlined in the table below:

Expression of Interest	Oct 2024 - Nov 2024
Further Competition	Dec 2024 – Feb 2025
Bid evaluation	June 2025
Preferred developer report to Procurement Board and Cabinet	July 2025
Appoint developer	Summer 2025
Discussions regarding development options and risk analysis	Summer / Autumn 2025
Details of the Development Agreement and the final list of sites to be included report to Cabinet	Autumn 2025 / Winter 2026 (November 2025 target)
DBC and preferred developer enter into Development Agreement (subject to Cabinet approval)	Autumn 2025 / Winter 2026 (November 2025 Target)

15. The outcome of the above procurement exercise and identification of the preferred bidder is detailed in Appendix 1 (a Part III document) to this report.
16. Should Cabinet give approval to the appointment of the preferred bidder, the council and the developer will enter a period of discussion to determine the details of a proposed development agreement. During this period all options will be considered including the necessary contractual break clauses to protect the council’s position at each of the agreed development stages.
17. A key focus for the developer during the discussion period will be securing the necessary private and public sector funding to clearly evidence viability for each stage of development. The necessity to demonstrate development viability sits in the domain of the developer and will be a significant factor in determining if the council enters a development contract.
18. The details of the development agreement will be presented to Cabinet for approval prior to entering a contract.

Financial Implications

19. The financial model and implications will be determined during contract discussions. Due to the potential viability gap, funding will be required from a variety of sources to be sought and determined during the process.
20. Professional fees for the external surveyor and legal team will be required to complete the contract discussions. Fees are estimated at £20,000, which will be funded from existing budgets.

Legal Implications

21. The Council has instructed an external law firm to draft the development agreement.

Estates and Property Advice

22. Comments are embedded in this report.

Procurement Advice

23. A further competition has been carried out via the Pagabo Developer Led Framework.

Carbon Impact and Climate Change

24. Carbon impact and climate change implications and mitigations will be incorporated into any future development.