

United Kingdom-Sale: Real estate services
OJ S 215/2021 05/11/2021
Contract award notice
Services

Legal Basis:

Directive 2014/24/EU

Section I: Contracting authority

I.1. Name and addresses

Official name: STAR Procurement

Postal address: 4th Floor, Waterside House, Waterside Plaza

Town: Sale

NUTS code: UKD35 Greater Manchester South East

Postal code: M33 7ZF

Country: United Kingdom

E-mail: matt.robinson@planprocuremanage.com

Internet address(es):

Main address: <http://www.stockport.gov.uk/>

Address of the buyer profile: <http://procontract.due-north.com/register>

I.1. Name and addresses

Official name: Greater Manchester Combined Authority

Postal address: Churchgate House, 56 Oxford Street

Town: Manchester

NUTS code: UKD3 Greater Manchester

Postal code: M1 6EU

Country: United Kingdom

Contact person: Andrew McIntosh

E-mail: Andrew.McIntosh@greatermanchester-ca.gov.uk

Internet address(es):

Main address: <https://www.greatermanchester-ca.gov.uk>

Address of the buyer profile: <http://procontract.due-north.com/register>

I.1. Name and addresses

Official name: Stockport Metropolitan Borough Council

Postal address: Stopford House

Town: Stockport

NUTS code: UKD35 Greater Manchester South East

Postal code: SK1 3XE

Country: United Kingdom

Contact person: Paul Richards

E-mail: paul.richards@stockport.gov.uk

Internet address(es):

Main address: <http://www.stockport.gov.uk/>

Address of the buyer profile: <http://procontract.due-north.com/register>

I.2. Information about joint procurement

The contract involves joint procurement

I.4. Type of the contracting authority

Regional or local authority

I.5. Main activity

General public services

Section II: Object

II.1. Scope of the procurement

II.1.1. Title

Development Partner for Residential Mixed Use Development within Stockport Town Centre (part of Transport Interchange Facility and associated Green Space Park)

Reference number: DN414334

II.1.2. Main CPV code

70000000 Real estate services

II.1.3. Type of contract

Services

II.1.4. Short description

Stockport Metropolitan Borough Council (SMBC), in conjunction with Greater Manchester Combined Authority (GMCA) as co-promoters (with Transport for Greater Manchester (TfGM) leading from a delivery perspective) sought to identify a prospective development partner relating to the residential development element of the Stockport Interchange Mixed Use scheme. The scheme comprises redevelopment of the existing bus station within Stockport town centre, to create a mixed-use development that drives both financial and regeneration benefits from the site. The development partner is required to source equity investment and secure development funding, assist with design development, and implement residential property and asset management (incl lettings and tenants) relating to the residential development element. Following identification, the development partner and equity investor (if applicable) is now to enter into a Special Purpose Vehicle (SPV) with SMBC and GMCA (incorporated as an LLP).

II.1.6. Information about lots

This contract is divided into lots: no

II.1.7. Total value of the procurement

Value excluding VAT: 40 000 000,00 GBP

II.2. Description

II.2.3. Place of performance

NUTS code: UKD3 Greater Manchester

II.2.4. Description of the procurement

— Stockport Metropolitan Borough Council (SMBC) and the Greater Manchester Combined Authority (GMCA) as co-promoters sought via this procurement to appoint a development partner for a residential development (adopting a private rented sector commercial model and comprising circa 196 units in a mixture of 2 bed and 1 bed units finished to a high standard)

with provision for car parking spaces and commercial/amenity space beneath (the 'Residential development'). The three main requirements were as follows and in the descriptive document made available electronically:

1) Source equity investment in to a Special Purpose Vehicle (SPV) and secure development funding sufficient to deliver the Residential Development (it was the assumption at the time of the procurement that the development partner would invest equity directly but the structure of the development partner's bid resulted in requiring an equity investor to provide the equity);
2) Adopt a collaborative working partnership with SMBC, GMCA and TfGM to progress design development and delivery of the Residential Development. To include identification and delivery of value engineering opportunities, maximizing gross development value and financial returns to stakeholders; and

3) Implement residential property and asset management via the SPV over a minimum term, including management of lettings and tenants. The LLP will appoint the Development Partner as a management services provider and, in due course the management services provider will appoint a letting agent:

- the Residential Development is part of a Mixed Use scheme that also includes the development of a new state of the art transport Interchange, a raised podium creating high quality 'green' public space, enhanced connectivity to the town's rail station and River Mersey frontage, together with a range of additional ancillary infrastructure (the 'Scheme'),
- SMBC and GMCA will invest 'patient equity' into the SPV collectively up to 10 000 000 GBP in order to ensure the viability of the residential development in order to ensure the viability of the residential development. The SPV will retain and operate the residential development for a term that is sufficient to allow for the capital appreciation of the asset and repayment with return of the patient equity invested by SMBC and GMCA over and above development partner returns prior to any disposal,
- Transport for Greater Manchester (TfGM) are leading the delivery of the whole mixed use scheme and are responsible for funding the redevelopment of the Interchange and the other infrastructure enhancements, including the 'green' public space and improved connectivity proposals, SMBC and GMCA sought to secure the funding and ongoing management and operation of the residential development element of the scheme, through appointment of a development partner,
- the strategy for the delivery of the the mixed use scheme comprises comprises the appointment by TfGM of a single works contractor (the 'DB Contractor') to undertake the design and build of the entire mixed use scheme.

The procurement process for the DB Contractor was undertaken separately but in parallel to this procurement process. The development partner was expected to input into the design process with the DB Contractor as outlined below. This strategy was developed to address the key challenges faced and earliest buildability input and a single point of accountability for interfaces between multiple scheme elements were considered to be key,

- the DB Contractor is appointed via a 2 stage procurement process. The first stage being the further development of the design ('the preconstruction stage'). For the second stage, detailed 'design and construction stage', the DB Contractor will be appointed by TfGM under 2 separate contracts; for the interchange/park; and the residential development to reflect the potential requirements of the prospective development debt funder.

II.2.5. Award criteria

Quality criterion - Name: Price was not the only award criterion and all criteria were stated only in the procurement documents / Weighting: 40

Price - Weighting: 60

II.2.11. Information about options

Options: no

II.2.13. Information about European Union funds

The procurement is related to a project and/or programme financed by European Union funds:
no

II.2.14. Additional information

— further to II.1.7) and II.2.4, for the purposes of deriving a rate of return to be used in the developed business plan/financial model, the estimated scheme construction cost (which therefore excluded the costs for providing residential asset management services and the financing costs) was between 35 000 000 GBP and 40 000 000 GBP, and assumed patient equity requirement up 10 000 000 GBP.

Section IV: Procedure

IV.1. Description

IV.1.1. Type of procedure

Competitive dialogue

IV.1.3. Information about a framework agreement or a dynamic purchasing system

IV.1.8. Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: yes

IV.2. Administrative information

IV.2.1. Previous publication concerning this procedure

Notice number in the OJ S: [2019/S 110-268774](#)

IV.2.8. Information about termination of dynamic purchasing system

IV.2.9. Information about termination of call for competition in the form of a prior information notice

Section V: Award of contract

A contract/lot is awarded: yes

V.2. Award of contract

V.2.1. Date of conclusion of the contract

29/10/2021

V.2.2. Information about tenders

Number of tenders received: 2

The contract has been awarded to a group of economic operators: no

V.2.3. Name and address of the contractor

Official name: CityRise Interchange Homes LLP

Postal address: 1A The Mailbox, 1 Exchange Street

Town: Stockport

NUTS code: UKD3 Greater Manchester

Postal code: SK3 0GA

Country: United Kingdom
The contractor is an SME: no

V.2.4. Information on value of the contract/lot

Total value of the contract/lot: 40 000 000,00 GBP

V.2.5. Information about subcontracting

Section VI: Complementary information

VI.3. Additional information

— further to V.2.4 the value stated relates to the estimated scheme construction cost at the time of the procurement (which therefore excluded the costs for providing residential asset management services and the financing costs — see below) and was between 35 000 000 GBP and 40 000 000 GBP. After completing a significant element of the preconstruction phase it has been identified that total costs have increased, although these construction costs are not yet finalised. This scheme cost is to be funded by a mixture of equity and debt funding sourced via the Development Partner to the SPV (with the operational costs expected to be met from revenue). In addition, SMBC and GMCA will provide patient equity to the SPV, which as a consequence of the increase in construction costs is now also anticipated to increase. Grant funding is also available to complete the funding package,

— the development partner will be remunerated for their equity investment in the SPV via a preferential return based upon their proposed hurdle IRR included within their tendered solution.

- the duration of the contract was included for 15 years, which was the current assumption based on an estimated 3 year design and construction period for the residential development, followed by a further estimated period of 12 years as there will be a requirement for the development partner to commit to a hold period in respect of the asset in order to allow for repayment. The contract hold period is now confirmed at 12 years from Practical Completion.

VI.4. Procedures for review

VI.4.1. Review body

Official name: High Court of Justice
Postal address: The Strand
Town: London
Postal code: WC2A 2LL
Country: United Kingdom

VI.4.3. Review procedure

Precise information on deadline(s) for review procedures:

Part 3 of the Public Contracts Regulations 2015 address the remedies available to economic operators. SMBC and GMCA will incorporate a minimum 10 (ten) calendar day standstill period in accordance with Regulation 87 of the Public Contracts Regulation 2015 prior to concluding the award of any contract pursuant to this notice.

VI.5. Date of dispatch of this notice

01/11/2021