

## EU Ruling and Centros Development

Tuesday, 13 January 2009

French leisure centre ruling hits MendipMendip District Council has found itself embroiled in a controversial European ruling which has put the brakes on the Centros multi-million pound redevelopment.

Mendip District Council now has to rethink about how it continues discussions over redeveloping the Princes Road area of Wells. Until now the council has been in talks with regeneration firm Centros, which wants to build a new shopping centre, about how it would like to redevelop the area. When those discussions got underway Mendip District Council, as a partial landowner, made an agreement with Centros and Tesco (also a landowner) that it would not enter into negotiations with another company for 12 months. However that agreement did not bind the council into releasing its land to Centros even if the company had invested time and money into consultations and studies about its ideas. The idea behind the agreement was to ensure the public had an early opportunity to air their views on Centros's ideas in case the council entered into more detailed discussions in the future. But now new rulings coming out of Europe say that councils need to rethink how they appoint developers. The ruling has been sparked by the case of Jean Aurox V Commune de Roanne in France after a local contractor objected to the way a French council had appointed a developer for a new leisure centre. The council was ordered to pull the deal and go to a full tendering process under EU rules on competition for public works. This case means that the redevelopment of Princes Road in Wells has been stalled. The council has now informed Centros that although its agreement in 2007 was legitimate, any redevelopment projects for its land can only progress if other companies are given the opportunity to bid to redevelop the land, known technically as an EU procurement exercise. The council's director for community and regeneration, Malcolm Williams, said: "It is generally accepted by all that if development proposals are to move forward at Princes Road involving the council's land then a transparent and competitive process is needed. The proposal for Wells never progressed as far as a development agreement, so this has not been an issue for Mendip District Council. It now means that the council has to consider the new legal rules from Europe and consider the best way to proceed with any future redevelopment of Princes Road. Mendip is not alone. More than 70 town centre development schemes across the country have found themselves in similar positions, with some councils having to rip up their plans and start from scratch. Mendip District Council's leader Cllr Harvey Siggs, who is also a city and county councillor, said: "Clearly slowing down any redevelopment ideas is not good news for Mendip as redeveloping is all about improving an area and helping to make places more vibrant and prosperous. However, we have to take on board this new ruling and rethink how we now progress. Obviously at the time of our agreement we were perfectly within our rights to set up this agreement but we must now deal with new rules and how we appoint developers. This doesn't mean that redeveloping Princes Road won't happen, but it does mean that it will inevitably be delayed but now allows us to take a fresh look at how we redevelop this site and others in Mendip. Centros confirmed this week that it was awaiting the council's decision on how it expects to proceed with the possible redevelopment of the Princes Road area of Wells before progressing with its ideas. The council is now seeking legal advice from its lawyers about the best way forward following this ruling.