

Meeting: EXECUTIVE

Agenda Item:

4

Portfolio Areas: Environment & Regeneration and Resources



Date: 7 November 2017

TOWN CENTRE REGENERATION – SG1 CLOSE OF COMPETITIVE DIALOGUE

KEY DECISION

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1. PURPOSE

- 1.1 At its meeting on 14 March 2017, the Executive agreed to the creation of a first scheme for the regeneration of the town centre, known as SG1, and for the use of a Competitive Dialogue (OJEU) procurement process to select a development partner. This procurement process is now drawing to a conclusion and the Council is in dialogue with four developers who are forming proposals for the SG1 scheme.
- 1.2 This report seeks to delegate the approval to formally close the SG1 competitive dialogue process, to Strategic Director (TP). Subject to this agreement, competitive dialogue is anticipated to be completed before the end of 2017, with each bidder then invited to submit and final tenders for the SG1 scheme.
- 1.3 The procurement process has progressed over the last six months. Twelve developers expressed interest in the scheme and four were selected to enter into the dialogue phase. Positive development proposals are now emerging and bidders are close to being able to submit final proposals that will deliver positive results for Stevenage. Approval is now sought to delegate authority to close the dialogue process and seek final tender submissions from the bidders.
- 1.4 Those submissions will be then be evaluated against the criteria set out to Executive at its meeting on 14 March, and which are at Appendix B to this report for ease of reference.
- 1.5 The report seeks approval for a further report to be brought to Executive in January 2018 recommending the approval of the selected preferred bidder.

2. RECOMMENDATIONS

- 2.1 That authority be delegated to Strategic Director (TP) following consultation with the Portfolio Holder for Environment & Regeneration, to close the competitive dialogue process and request final tender submissions for SG1.
- 2.2 That an Executive Report on the evaluation of the final submissions and recommendation to approve the preferred development partner be taken to Executive in January 2018.

3. BACKGROUND

3.1 Future Town Future Council (FTFC)

- 3.1.1 The regeneration of the Town Centre is a top priority for Stevenage Borough Council. This is highlighted through its recognition as a key project within the FTFC Programme. The SG1 regeneration scheme is the first major phase of development, acting as a catalyst to deliver major place shaping changes to the town centre. Outstanding public realm, modern retail, new leisure and living will characterise these changes. The competitive dialogue process has shown that there is real interest from the development market to deliver in Stevenage.

3.2 Competitive Dialogue Process

- 3.2.1 At its meeting on 14 March 2017, the Executive agreed to the creation of a first scheme for the regeneration of the town centre, known as SG1. The area affected is shown by the red line on the map in Appendix A. Successful development will deliver substantial benefits to the town including high quality public realm, improvements to the Town Square, aiming for 7,000m² of retail in that area, around 1,000 residential units, 3,000m² of food and drink (restaurants, cafes and bars) as well as a new public sector hub across a 5.75 hectare site. It also approved seeking a development partner for SG1 via a competitive dialogue process.
- 3.2.2 The competitive dialogue commenced at the end of March 2017. Twelve Selection Questionnaires were received and four bidders were selected to move into the competitive dialogue process which formally started in June. 6 dialogue sessions have now been completed with each developer. Development proposals are emerging that meet the ambitions of the Council and are deliverable.
- 3.2.3 The next stage of the process is for the bidders to submit final tenders that can be appraised and evaluated. The criteria against which the Project Team will appraise were approved by Executive in March but are set out again in Appendix B to assist Members. The dialogue process must be formally closed and bidders invited to submit final proposals and this report seeks authority to do that.
- 3.2.4 It is anticipated that final submissions will be received by the Council by the end of November 2017. The Project Team will review all of the documents submitted and appraise against the agreed criteria, and make

recommendations to the Executive regarding a preferred bidder. The Project Team includes the Council's regeneration team, finance team, procurement team, and planning team. This core team has been supplemented by external commercial and property advisers from Cushman & Wakefield, David Lock Associates, Burges Salmon lawyers and CABE / Design Council. This approach has been in place to give clear leadership and capacity to manage a complex procurement, and make the most of the competitive dialogue process to reinforce the importance of a regeneration scheme which will invigorate the town centre.

3.2.5 The indicative timetable to development is outlined below.

Stage	Activities	Timescale
Procurement	<ul style="list-style-type: none"> Competitive Dialogue closed Final bids submitted Preferred Developer selected Development Agreement agreed 	October 2017 24 th November 2017 23 rd January 2018 31 st May 2018
Planning	<ul style="list-style-type: none"> Consultation on developing scheme with local stakeholders Submit planning application 	February to December December 2018
Development	<ul style="list-style-type: none"> Work starts on site 	November 2019

3.2.6 Outline heads of terms for a development agreement have been constructed during the dialogue process. More detailed work will be undertaken in early 2018 to create the contractual arrangements for the development. A report will come to Executive in January 2018 outlining the final submission and recommendation to approve the preferred development partner

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 SG1 is the first part of the regeneration of Stevenage Town Centre. The competitive dialogue process has re-confirmed that the development market is ready to embark upon this ambitious first phase of work. During this process the Council has demonstrated its ability to be positive, proactive and responsive to developers' information requirements and act in a commercial manner. Bringing the formal dialogue process to a close now maintains the momentum that has been brought to the process. More importantly it will allow for a detailed planning application to come forward in 2018 and work to commence in 2019.

4.2 Other routes to bring forward development were considered previously by Executive. The OJEU Competitive Dialogue route was determined the best route for Stevenage and approved at previous Executive in March 2017. This is the next stage of the process.

5. IMPLICATIONS

5.1 Financial Implications

- 5.1.1 A summary of the financial implications of progressing SG1 concerning assets, business rates and rental income were outlined in the previous Executive paper. More detailed analysis will be provided to Members in the next paper in January 2018 when authority will be sought to appoint the preferred development partner.
- 5.1.2 Members approved as part of the 2017/18 budget setting process, (January 2017 Executive) that any 2017/18 business rates gains estimated at £303,443 could be used to contribute towards the Council's regeneration ambitions. Current projections estimate that these balances will be used in 2017/18-2018/19 to facilitate the SG1 development. It is anticipated that further monies will be required which will be included in the 2018/19 budget setting process. This is in addition to any funding from the LEP.

5.2 Legal Implications

Appropriate legal and property expertise has been procured to help guide the Council through the process of securing a developer for SG1 and these advisers are fully engaged in the project process. This is the next stage of a fully compliant European Public Procurement process. Once the evaluation has been completed the findings will be documented in the final report to Executive in January 2018.

5.3 Human Rights and Equalities

A comprehensive procurement process will be undertaken to secure the delivery of the development together with compliance with the appropriate statutory land acquisition and planning powers and duties. The process will be subject to compliance with the Equality Act 2010 both in terms of accessibility to the procurement processes themselves and of the implementation and delivery of the Stevenage Central Framework. Proposals will be thoroughly impact assessed at each stage of the development and compliance built into the obligations required of any development partner selected to deliver the proposals.

5.4 Planning Implications

The Assistant Director for Planning and Engineering has been involved in the dialogue process. Discussions during the dialogue process have ensured that any emerging SG1 proposals from prospective bidders are in line with the Stevenage Central Framework and local plan. At this stage no decision is required as a formal planning process will be undertaken by the preferred bidder in 2018.

5.5 Environmental Implications

Part of the requirement of the SG1 development is significant investment in public realm. It will include the open space around the new residential development in Southgate and significant investment around Town Square and the new hub. Any development will also be required to identify how cycling within the Town will be enhanced and the links to the wider Stevenage cycle network enhanced.

5.6 Service Delivery Implications

There will be no direct service delivery implications at this stage other than the Project Team having enough resources to deal with the questions raised by potential bidders. The Regeneration Team supplemented by the current professional advisers should be able to meet this demand.

5.7 Other Corporate Implications

The Council has set Town Centre Regeneration as a major priority. The procurement of a developer partner will make a positive statement to the development and investment world. It will demonstrate that Stevenage Borough Council is serious about growth and prepared to use its assets to achieve its objectives. This intent will attract other investors who will want to work with such a pro-active authority.

BACKGROUND DOCUMENTS

Stevenage Central Framework -
<http://www.stevenage.gov.uk/content/15953/17966/18223/Stevenage-Central-Town-Centre-Framework.pdf>

APPENDECIES

Appendix A – Red line map of SG1 site area
Appendix B – SG1 scheme objectives

Objectives

Scheme Design (55%)

1. Masterplan

To create a masterplan that supports the Council's vision for the town centre and the principles of the Stevenage Central Framework through comprehensive redevelopment of the site.

A positive, flexible approach to access and car parking reflecting the town centre location and opportunities for sustainable transport and modal shift.

To enhance linkages, pedestrian flows and access within the site and to the rest of Stevenage Town Centre through provision of a high quality network of active streets and spaces. To specifically include contributing to an East – West pedestrian link between Town Square and the proposed new train station; pedestrian links southwards towards North Hertfordshire College; northwards to Town Square via Queensgate; and East - West adjacent to Six Hills Way.

2. Residential

Provision of a substantial number of high quality residential units that will grow the population within SG1. To provide a balanced range of unit sizes and tenures to contribute to the regeneration, vibrancy and activity in the town centre.

3. Commercial Uses

To provide commercial uses (A1, A2, A3 and A4 restaurants, bars, cafes and offices) that will contribute towards the local economy, revitalisation and the life and vibrancy of this part of the Town Centre. Activation of frontages to the main Town Square and along key linkages.

4. Design

To provide an overall high quality of design which reflects the significance of the location, contributes to the character of the town, sets a new standard and is integrated into its physical environment whilst respecting the principles set out in the Stevenage Central Framework. Design will need to respect and enhance the established Town Square Conservation Area particularly where new buildings adjoin the Square, including the setting of the listed structures.

To respond positively to the important south facing aspect of the site onto the Stevenage Town centre ring road with an outward facing design. Creation of a 'greener', safer environment in all public areas to enhance the experience for all town centre users.

5. Stevenage Hub

The provision of a new facility that provides accommodation for front facing public services, including health, library and the Council's customer services along with the Council's back office and democratic space as

Appendix B

provided for in the [Employer's Requirement?] document whilst also contributing to the revitalisation of the Town Centre through its location and design

6. Community & Economy

To create and enable sustainable and genuine local employment and training opportunities through the development & construction process and beyond through the lifetime of the development. This should include providing opportunities to local businesses and supply chains.

7. Management & Maintenance

Establishment of a long term management and maintenance structure at minimum cost and risk to the public sector

Deliverability (15%)

8. Delivery and Timing

To provide a timely, co-ordinated, efficient and feasible development programme and phasing plan that minimises impact on the function of the Town Centre during the development stage with a target development commencement date of 2019.

9. Site Delivery / Assembly

To efficiently assemble the land necessary for the timely execution of the development comprising the land within the red-line boundary along with any other land that enables or facilitates the comprehensive development of the overall site.

Commerciality (30%)

10. Financial Return and Viability

The provision of a solution that is commercially viable, fundable, sustainable and satisfies the Council's duty to obtain the best value / best consideration reasonably obtainable for the disposal of an interest in land and providing an appropriate level of return. The provision of the Stevenage Hub in a manner that provides value for money across the lifecycle of the facility.