

# Chichester District Council

**THE CABINET**

**2 October 2018**

## **Southern Gateway Regeneration**

### **1. Contacts**

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### **2. Executive Summary**

This report updates the Cabinet on progress with the implementation of the Southern Gateway Regeneration project. It recommends approval of the Development Brief, the revised Project Initiation Document (PID) with updated timescale and the proposed procurement process to select a development partner.

A separate Part 2 report elsewhere on this agenda covers those elements of the project which are commercially sensitive including: a review of the key risks and associated mitigation measures; the Strategic Collaboration Agreement (subject to formal approval via the governance arrangements of Homes England (HE) and WSCC) and commercial transactions associated with the project.

### **3. Recommendation**

- 3.1 To approve Development Brief in appendix 1 to the agenda report.**
- 3.2 To approve the revised PID and timescales contained therein in appendix 2 to the agenda report.**
- 3.3 To approve a procurement process governed by the Public Contracts Regulations 2015 via the Official Journal of the Economic Union (OJEU) to secure a development partner**
- 3.4 Delegate to the Deputy Chief Executive, after consultation with the Leader of the Council, to conduct the procurement, select bidders with suitable financial standing and experience, invite tenders and take all steps up to but not including selection of preferred bidder**
- 3.5 To authorise the Deputy Chief Executive, after consultation with the Leader of the Council and Cabinet Member for Growth and Place, to make any non-material changes to the Development Brief and finalise the OJEU procurement documentation.**

## **4. Background**

- 4.1 The District Council approved the Southern Gateway Masterplan on 21 November 2017 and the PID associated with the implementation of the Masterplan on 7 November 2017. On the 27 March 2018 the District Council signed a Funding Agreement that secured £5m from the LEP to support the implementation of the project.
- 4.2 Council officers along with appointed consultants JLL (property) and Browne Jacobson (legal) and the strategic partners Homes England and WSCC have been undertaking work to implement the project via a project team chaired by Deputy Chief Executive of Chichester District Council.
- 4.3 Key achievements since the initial PID was approved in November 2017:
- Securing £5m of LEP funding by CDC
  - Completion of site specific studies eg archaeology, contamination, utilities etc.
  - Appointment of legal consultants
  - Preparation of consultation material including a dedicated website ([www.chichester.gov.uk/southerngateway](http://www.chichester.gov.uk/southerngateway))
  - A series of presentations to local groups and organisations to raise awareness of the project
  - Soft Market testing
  - Development Appraisal
  - Official confirmation by the Ministry of Justice that the courts will close on the 21 December 2018
  - Agreement to provide alternative 'pop-up' court provision at EPH
  - Acceptance of the project on the Department for International Trade overseas investment mission
  - Identification of relocation sites for Royal Mail and Stagecoach
- 4.4 The project has now reached a stage where key strategic decisions are required in order to progress the implementation in accordance with the objectives contained within the PID (as originally approved and updated herein) (appendix 2). The strategic partners ie WSCC and Homes England are also arranging their own approval via their own governance arrangements.

## **5. Outcomes to be achieved**

- 5.1 As set out in the attached PID (Appendix 2) (Section 4.2).

## **6. Proposal**

- 6.1 *Development Brief* – The draft brief is included in appendix 1, has been informed by a Soft Market Test and developed in conjunction with strategic partners. The brief effectively is a statement to the market that builds upon the adopted Masterplan and provides a degree of direction to prospective developers as to the nature and content that their draft proposals should contain. Developers submissions will amongst other things be tested against the brief. It is important that the brief, whilst expressing the needs of the strategic partners also remains viable and deliverable. The Cabinet is recommended to approve the Development Brief.

- 6.2 *Procurement process (OJEU)* – After considering various alternative routes to market, the project team have concluded that the most viable means of securing a suitable development partner on appropriate terms is via an OJEU compliant procurement process with negotiation governed by the Public Contracts Regulations 2015. This will involve the publication of the development opportunity via the OJEU portal which will generate a long list of interested parties. This long list will be narrowed down to 3 to 6 parties who will then participate in a detailed scheme and associated dialog exercise scored by representatives of each strategic partner. The final selection of the proposed development partner will be brought back to Cabinet for approval after consideration by the Growth Board. The Cabinet are recommended to approve this route to market and delegate to the Deputy Chief Executive authority to finalise the procurement documentation and undertake all tasks associated with this procurement consistent with the development brief and collaboration agreement.
- 6.3 *The PID* – The opportunity has been taken to review the PID originally approved in November 2017 (see appendix 2). Many of the amendments relate to factual matters such as the identity of project team members. The revised timescale is set out in section 10 and the Risk Register has been updated. The delay in the timescale has largely been a result in the uncertainty of the transfer of the Courts site to Home England. The Minister has now confirmed that all court listings will cease with effect from 21 December 2018 and will be accommodated either by other nearby existing courts or by use of the ‘pop up’ court to be provided in East Pallant House on 43 Fridays in the year. The amended PID is recommended for approval and will guide the work of the project team during the next phase of the project.

## **7. Alternatives that have been considered**

- 7.1 These are fully explained within the PID (Appendix 2 Section 8)

## **8. Resource and legal implications**

- 8.1 These are set out in the PID (appendix 2). Further reports will be made via the partners own governance arrangements. It will be a matter for each partner whether they wish to invest (on a commercial basis) in any element of the development. Partners have also agreed to contribute towards the legal costs of the next phase of the project.
- 8.2 The procurement process adopted will be compliant with appropriate EU legislation governed by the Public Contracts Regulations 2015 and the Contract and Financial Standing Orders of CDC as the lead partner.
- 8.3 All partners have committed staff to the next phase and consultancy support is in place.
- 8.4 All partners have property interests (as well as corporate interests to support the economy, deliver housing etc) which will be protected via the legal agreements to be executed.

## **9. Consultation**

- 9.1 Consultation in respect of the project has taken place via the development market via a soft market test (confidential exempt background paper). This has been used to inform the development brief and procurement process.
- 9.2 CDC and WSCC members were engaged in a development brief member workshop held on 3 September. Other key parties eg the University, BID, Visit Chichester and Chichester City Council have also been consulted on the brief and any views received have been taken account of in finalising the draft. The District Council's Overview and Scrutiny Committee also considered the draft at their meeting on 18 September and their views are included in Appendix 1, where appropriate.
- 9.3 The Chichester District Growth Board at their meeting on 7 September considered the development brief, PID and procurement process. Changes proposed by the Board have been incorporated into the documents presented to the Cabinet. The Growth Board recommend the Development Brief, PID and procurement process to Cabinet for approval.
- 9.4 Officers from CDC, WSCC and HE have been permanent members of the project team and are responsible for keeping their own members up to speed on progress with the project.
- 9.5 A series of presentations to inform community and business groups and other organisations of progress continue to be made.
- 9.6 Finally, statutory consultation will take place once the planning applications are submitted.

## **10. Community impact and corporate risks**

- 10.1 The significant social impacts of this project are already well described in the attached PID (appendix 2) (Section 4.2) as they relate to new housing provision, public realm, business space and visitor economy.
- 10.2 However, the development will also be undertaken in accordance with the District Council's approved Developer Charter so as to maximise the social impact in areas such as local employment, training opportunities etc.
- 10.3 Through the One Public Estate Programme, of which this scheme is a part, the opportunity to deliver a community health hub as part of the development is also reserved within the brief. This is subject to confirmation of partner funding and demand and will bring together a wide range of health related programmes in one location.
- 10.4 As the project develops further detailed indicators/outcomes for social value will be developed to quantify the social value impact of the project. Developers will also be invited to make proposals that enhance social value as part of their bids to develop.
- 10.5 The key risks are discussed in the confidential exempt report elsewhere on the agenda.

## 11. Other Implications

Are there any implications for the following?		
	Yes	No
<b>Crime and Disorder</b> the development will be delivered using secure by design standards	x	
<b>Climate Change and Biodiversity</b> The development will be undertaken to BREEAM “very good” standard which will be a positive improvement on the buildings that are currently on site.	X	
<b>Human Rights and Equality Impact</b> in the event that a CPO resolution is required a full EIA will be undertaken as part of the report	X	
<b>Safeguarding and Early Help</b> the development will increase demand for health services, education etc. This will be accommodated by making provision for a potential community health hub and via CIL contributions to support the delivery of aspects of the development.	X	
<b>General Data Protection Regulations (GDPR)</b> Any public CCTV systems installed will comply with and be operated in accordance with GDPR	X	
<b>Other</b> (please specify) eg health and wellbeing		x

## 12. Appendices

12.1 Draft Development Brief

12.2 Revised PID

## 13. Background Papers

13.1 Soft Market Test Summary [**Note** This is confidential exempt material published for online viewing only by members and officers]