

REPORT TITLE: STATION APPROACH - PROCUREMENT PROCESS UPDATE

THE OVERVIEW & SCRUTINY COMMITTEE

17 October 2016

CABINET

19 OCTOBER 2016

COUNCIL

2 NOVEMBER 2016

PORTFOLIO HOLDER: Cllr Godfrey Leader and Portfolio Holder for Finance and Corporate Policy

REPORT OF STATION APPROACH PROJECT BOARD

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WARD(S): ST PAULS / ST BARTHOLOMEW

PURPOSE

This report provides further detail of the process for the procurement of a design team to bring forward new options for the Station Approach redevelopment following the Cabinet resolution on 7 September 2016 to restart the procurement process (CAB2829).

Cabinet is asked to consider the benefits of commissioning the RIBA Competitions Office to assist in the running of this procurement process based on the proposal and fee bid submitted.

RECOMMENDATIONS:

That Cabinet:-

1. Notes the details of the proposed procurement process outlined in this report.
2. Agrees that a direction under Contract Procedure Rule 2.4a be made and the Assistant Director (Estates and Regeneration) be authorised to negotiate a contract with the RIBA Competitions Office (to assist in the procurement of a design team for the Station Approach redevelopment using the restricted procedure under the Public Contracts Regulations 2015), at a cost as set out in Exempt Appendix 4, to be funded from the Major Projects Station Approach Budget for 2016/17.
3. Delegates authority to the Assistant Director (Estates and Regeneration), in consultation with Leader, to agree the procurement process (with the assistance of the RIBA Competitions Office) for a design team to carry out architectural and design services as set out at paragraph 8.2 of the Report, including the options as detailed in paragraph 2.5, based on the restricted procedure under the Public Contracts Regulations 2015.
4. Delegates authority to the Assistant Director (Estates and Regeneration) in consultation with Leader and with the agreement of the RIBA Competitions Office in accordance with the terms of their appointment to a) agree the criteria and method of assessment of the standard selection questionnaires, b) agree the criteria and methods of assessment of proposals, c) agree the composition of the selection panel, d) to draw up a shortlist of suitable firms to be invited to submit proposals and e) to recommend a design team for appointment.
5. Agrees a payment of £3000 each to all tenderers who complete an interview as per the recommendation of RIBA.
6. That the outcome of the procurement process be reported to a future meeting of Cabinet to authorise the appointment of a design team and the necessary fees.

TO THE OVERVIEW AND SCRUTINY COMMITTEE:

7. That the Committee considers whether there are any matters of significance it wishes to draw to the attention of Cabinet or a portfolio holder or Council.

TO COUNCIL

8. That budget provision of £1.5 million be made for the commissioning of the necessary design work and other professional services to progress work on Station Approach, incorporating the development of the Carfax site and the preparation of a Public Realm Strategy.

IMPLICATIONS:

1 COMMUNITY STRATEGY OUTCOME

- 1.1 The Station Approach Regeneration Scheme is a key action in the Leader's Portfolio Plan 2016/17, and will directly contribute to the Council's aim to support the local economy by protecting and enhancing high value employment opportunities. Income from a developed scheme will also assist the Council in protecting services to the public as Government grant is withdrawn completely over the next three years.

2 FINANCIAL IMPLICATIONS

- 2.1 The fee proposal from the RIBA Competitions Office is set out in the Exempt Appendix 4.
- 2.2 As well as the fee itself, it is proposed that a contribution of £3,000 is paid to each shortlisted team who complete the interview stage.
- 2.3 The costs of running the procurement exercise including the involvement of the RIBA Competitions Office and evaluating tenders can be met predominantly from the existing project revenue budget; additional funding would be required from the Major Investment Reserve for legal fees as set out in the Exempt Appendix 4.
- 2.4 The purpose of the procurement exercise is to appoint a design team and to determine the cost of that appointment for architectural and design services to design and oversee the development, with gateway points at RIBA Stage 2, with a further gateway at Stage 3. Each gateway point would allow the Council to consider progress before proceeding past that point (the RIBA stages are described in Appendix 1). In order to provide some certainty for the preparation of budget forecasts for 2017/18, Cabinet may wish to recommend that the Council makes provision now for a sum which will be sufficient to meet the expected range of cost. The advantage of this would be to identify a significant financial figure in the Council's financial planning for the future. It would also signal a clear intent by the Council for its ambition to see a key scheme be delivered that supports the Community Strategy and the Council's Efficiency Plan approved in September 2016. If Cabinet does wish to proceed with a recommendation for a budget allocation, it is recommended that this should be £1.5m to allow for all of the costs around the project to this stage. Budget provision to this amount will require Full Council approval but subsequent expenditure against the budget if approved will be a matter for Cabinet. Expenditure profiled by financial year is expected along the following lines:

Funding Source		Expenditure (in £1000)	2016/17 (in £1000)	2017/18 (in £1000)
Existing Station Approach Budget	RIBA Competitions Office Fee	See Exempt Appendix		
Existing Station Approach Budget	Legal Fees	50	50	
Major Investment Reserve	Legal Fees	30	30	
Major Investment Reserve	RIBA Client Advisor's Fees	See Exempt Appendix		
Major Investment Reserve	Valuation Fees	50	10	40
Major Investment Reserve	Cost Consultant's Fees	50	10	40
Major Investment Reserve	Financial Consultant's fees	50	10	40
Major Investment Reserve	Fee costs to Planning Permission	1300	100	1200

- 2.5 The appointed design team will be required to enter into a Form of Appointment which will allow for the whole process to be taken to RIBA Stage 2 (preparation of a concept design) with the option for the Council to extend to the submission of a planning application for the Carfax site (Stage 3), and a further option to extend the Carfax appointment to oversee construction. It is estimated that to take the Carfax site to RIBA Stage 2 may cost approximately £300,000 to cover fees and technical investigation work. If the Council decides not to proceed past RIBA Stage 2, these costs would not be recoverable.

- 2.6 The costs for the interim Transport Assessment and fees payable to the County Council to agree the scope of the assessment and provide technical input are approximately £18,000. These have been funded from the existing project revenue budget.
- 2.7 The Council continues to keep the Enterprise M3 Local Enterprise Partnership (LEP) advised of progress on the project. The applications for funding via the Government's Local Growth Fund have not yet been determined (this was an application of grants totalling £7.7m to support the scheme; £2.7m towards the design costs and the archaeological study for the Carfax scheme, as well as funding some of the initial infrastructure works and £5m for public realm improvements in the Station Approach area between the Carfax and Cattlemarket sites).

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 If the Council is to employ the services of the RIBA Competitions Office, a direction under Contract Procedure Rule 2.4a will be required, to authorise negotiating a contract with a single supplier. This allows for a contract to be negotiated without inviting tenders in accordance with the Contracts Procedure Rules 9, 10, 11 and 12. The justification for this approach is to procure specialist services provided by the RIBA Competitions Office that are not available through another service (i.e. the provision of services by the RIBA).
- 3.2 The involvement of RIBA Competitions Office will increase the profile of the procurement in the architectural market and encourage interest by architectural practices with experience in this type of mixed use development. It also takes account of the strong steer given by Members and public speakers at Cabinet on 7 September 2016. The Council would also have access to specialist technical advice from a RIBA Architect Adviser on the evaluation and appraisal of the Standard Selection Questionnaire and tender submissions. External legal advice may be needed to support this exercise as the RIBA is unable to provide any such advice (including with regard to the Form of Appointment itself) and £80,000 has been earmarked for this, which can be funded from the existing Station Approach budget and the Major Investment Reserve.

4 WORKFORCE IMPLICATIONS

- 4.1 The Major Project Team will provide an officer to work with the RIBA Competitions Office to run the procurement under the authority of the existing Project Board.
- 4.2 The proposed procurement process will require both external and internal legal advice. The Head of Legal and Democratic Services will be responsible for procuring and managing the external legal advice, as well as preparing and approving the necessary documentation required, which will have an impact on other legal work unless additional resources can be provided.

- 4.3 Resources from other teams such as Estates and Regeneration, Finance and Communications will also be required.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The companies interested in investing in Winchester need to be able to see progress being made toward the implementation of a development, as does the M3 LEP. If it is not clear to the prospective tenants that the development of the site will be capable of proceeding within the timeframe that they are considering for their business relocation, they will have to consider their options and begin to look elsewhere.

6 CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 6.1 This matter has been the subject of much comment and debate at Council meetings. Key stakeholders such as the City of Winchester Trust support such an approach.

7 RISK MANAGEMENT

- 7.1 There is a risk to the procurement process that architectural practices and design teams are less willing to be involved following the termination of the previous procurement. The commitment of funding for the project, together with the involvement of the RIBA Competitions Office, will assist in this regard. The appointment process will select a team based on their experience and approach to the brief, not on a specific design concept, and this is a less onerous process for practices to go through.
- 7.2 The principal risk arising from the project itself is that the Council eventually contracts with a design team and pays for the necessary design work but then does not proceed with development. There are a number of reasons why this might occur, arising from economic, planning or political circumstances. This would mean that fees incurred could not be recovered from the financial return on the development. This is a standard commercial risk for projects of this nature which will need to be taken into account.
- 7.3 The contract offered will be structured to commence with the development of a concept design to RIBA Stage 2, with an option to extend the contract up to the submission of a full planning application (RIBA Stage 3), and a further option to provide services during the construction phase. This would allow the full commitment to be subject to future Cabinet decisions, although if it is decided not to proceed to RIBA Stage 3, the Council would not be able to recover the money spent on getting to that stage and there would be no development proceeds to offset these costs.
- 7.4 There is a potential risk of a challenge to the procurement process, if there is an allegation that the relevant Regulations have not been complied with. This will be mitigated against by the use of the RIBA Competitions Office, and external/internal legal advice.

- 7.5 The City Council assembled the Carfax site by purchasing the County Council's land interest at market value. While the site is currently let for temporary uses, failure to redevelop the land in a timely way will result in the loss of economic opportunity for residents, increased costs, loss of income as a result of the failure to utilise the site to its economic capacity, loss of rates income, and the potential loss of spending in the local economy if local firms leave the city as a result of the lack of suitable accommodation.
- 7.6 A further significant risk is the loss of potential LEP grants. Progressing the new procurement will help to demonstrate that the Council remains committed to the redevelopment of the Station Approach area.

8 SUPPORTING INFORMATION:

- 8.1 At its meeting on 7 September July 2016, Cabinet resolved:-
- a) That the strategic objective that the Station Approach area (including the Carfax and Cattlemarket sites) should be redeveloped to promote sustainable economic growth and improve the public realm in the area be confirmed, and
 - b) That Option 2 be selected as the basis of taking the project forward (as outlined in Section 5 of the Report) and the principle of redeveloping the Station Approach Area based on the existing Design Brief be supported, to be informed by further work of the traffic assessment as it emerged.
 - c) That the Assistant Director (Estates and Regeneration) in consultation with the Leader, be authorised to determine the appropriate procurement route to implement Option 2 (including selection of a framework agreement if appropriate), selection and evaluation criteria, any necessary evaluation matrix, contract 'gateway' points, and any minor changes to the Design Brief.
- 8.2 The services which were required, as set out in the Report, are:-
- proposals for a disposition of uses across the sites in the Council's ownership (Carfax and Cattlemarket) and an outline of the treatment of the public realm connecting them. These proposals would be drawn up by the selected architect, including a process of public and stakeholder engagement;
 - the design of a development of the Carfax Site (initially to RIBA Stage 2, and then (at the Council's option) on to submission of a planning application (RIBA Stage 3), with a further option to oversee the buildout of the development if the Council decided to proceed with it;

- the production of a Public Realm Strategy for the public realm areas between the two sites and (at the Council's option and subject to funding) its implementation.

8.3 The procurement process agreed at that Cabinet meeting (Option 2) was to secure a suitable team based on their experience and expertise but not on the basis of any proposed design. The design team would then work 'from the bottom up' using the brief as their template to try to achieve a viable and broadly supported set of proposals. Discussions at that Cabinet meeting gave a clear indication of the desire of members and public speakers to involve the RIBA Competitions Office in the new procurement process.

Advice from the RIBA Competitions Office (RIBA Competitions)

8.4 The Council has sought the advice of the RIBA Competitions Office on a new procurement process. RIBA Competitions Office is willing to assist the Council through a procurement process which selects a design team, rather than a design solution. Once a design team has been procured, then the client (the Council) and the winning bidder work together to develop and evolve the design. There is no guarantee that this will lead to a completed project, since many elements will remain contested. It does however have some flexibility to enable options to be considered and evaluated before final decisions are made.

8.5 The process proposed allows any eligible practice or team to apply on the basis of their previous work and relevant experience, as well as an initial response to the brief. This procurement therefore process judges the architectural team, not a design. Bidders from the earlier procurement process will be able to take part.

8.6 The Restricted Procedure (under the Public Contracts Regulations) involves two stages. The first (Selection) phase requires a public notice inviting expressions of interest, and firms who are interested must complete and submit a standard selection questionnaire. These are then assessed by a panel which may be chaired by the RIBA, and a shortlist of suitably qualified and experienced firms drawn up. The next phase (Evaluation) involves the shortlisted firms being invited to put themselves forward for detailed consideration and evaluation by an evaluation panel based on experience, previous work and contextual understanding (amongst other things) and to submit proposals for the appointment.

8.7 The recommendations propose that delegated authority is given to the Assistant Director (Estates and Regeneration), in consultation with the Leader, to determine the details of the Selection and Evaluation Phase, including relevant criteria and which Members/officers should be involved in each Phase. These will also be discussed and agreed with the RIBA. Similar delegated authority is also sought to determine the shortlisted firms and invite them to submit.

- 8.8 A report with a recommended preferred appointment will be considered by Cabinet which will decide whether to award the contract.
- 8.9 The composition of the evaluation panel can play a key role in encouraging design professionals to enter, giving them confidence in the ability of the client/interviewing panel to exercise sound judgement. RIBA guidance is that the panel will need to reflect the subject of the procurement and the design disciplines sought, and professionals should be drawn from the client body and wider stakeholder groups together with other recognised industry specialists. As noted above, delegated authority is sought to determine the persons appointed to the panel, but it is suggested that it could comprise as follows: the RIBA Adviser assigned by RIBA Competitions, one member nominated by the Winchester BID, one nominated by the City of Winchester Trust, one councillor (to be nominated by Cabinet) and one senior officer.
- 8.10 Once the preferred design team is appointed and begins work, it is possible that the members of the panel could continue to play an active role in advising the Council on progress with the design.
- 8.11 The RIBA Competitions Office estimated fee to manage the procurement is set out in Exempt Appendix 4. This fee includes access to a dedicated RIBA Competitions Manager to manage the competition process and liaise with tenderers. The Council would also be assigned a RIBA Architect Adviser to provide technical support throughout the process including the appraisal of submissions and advise on the brief to make sure the Council's aspirations for the project are clearly articulated.
- 8.12 RIBA Competitions Office has experience in running this type of procurement. They would assist with communications and the Council would be able to make use of publicising the procurement opportunity to RIBA members, giving the competition greater prominence to RIBA members and the wider architectural market.
- 8.13 For these reasons it is suggested that Cabinet approve the new procurement route advised by RIBA Competitions Office to select an architectural practice or design team. Membership of the appointment panel and the criteria for selection to be used by the panel will need to be agreed with the RIBA. The RIBA will provide an independent and experienced architect to lead the process. It is suggested that the Assistant Director (Estates and Regeneration) in consultation with the Leader be delegated authority to agree the final details with the RIBA.
- 8.14 The procurement process will identify the design team which is considered most suitable to take the project forward and the fee required. This will be the subject of a further Cabinet paper early in 2017 which will seek authority for the appointment.

Transport Assessment Update

- 8.15 In August 2016, the Council commissioned an interim transport assessment for the Carfax and Cattlemarket sites in order to try to better understand the impact on the road network including the key junctions in the area. The consultant has been asked to design a method which can be used to model different design solutions which come forward for the sites, as and when an architect is appointed. Current work, therefore, involves data collection, agreeing the methodology with the County Council as Highway and Transport Authority and setting up a suitable process/ model which can be used to assess the impacts of development scenarios on both the Carfax and Cattlemarket sites. This will also identify the potential for mitigation and enhancements which could be undertaken. It is intended to retain the transport consultant throughout this process.
- 8.16 The wider Transport and Movement study for Winchester, being led by the County Council, and supported by the City Council, will be wide-ranging and will involve data collection and modelling of options together with consideration of; the interim transport assessment for the Station Approach sites; the Central Winchester Regeneration area and other projects such as the replacement leisure centre. The scope, project plan and terms of reference for this study will be agreed shortly by a joint Project Board.

Station Approach Design Brief - Update

- 8.17 At its meeting of 7 September 2016, Cabinet resolved to retain the existing Design Brief and allow the Assistant Director (Estates and Regeneration) in consultation with the Leader to make any necessary minor changes to the Design Brief.
- 8.18 The existing Design Brief was adopted following an extensive public and stakeholder consultation exercise. It reflects the importance of allowing creativity in the design solutions for the area and is only prescriptive to the extent that indicating the Council's requirements is essential if a design response is to be prepared.
- 8.19 Subject to Cabinet's approval, the Council will work with the RIBA Adviser on articulating the brief for the procurement, taking into consideration outcomes from the earlier Design Competition which gave much greater insight into how the elements of the Brief, the site and the location interact and how they may be approached by designers and the emerging findings of the Transport Assessment and Car Parking Strategy update. The Brief will be a start point from which the Council and the successful tenderer will then develop the design, during which the design brief may change.

Financial Provision For Design Team Appointment

- 8.20 Although the Council does not yet know the specific fee requirement for the design phase and will not do so until the procurement exercise is complete, Cabinet may wish to consider making a budget allocation for a provisional

amount in the Council's Major Investment Reserve. This could be helpful for budget planning as the sum is likely to be significant and it is important that it be identified as part of the 2017/18 budget process.

- 8.21 The budget provision of £1.5 million should be considerably in excess of any fee proposal received and would provide an envelope which can be adjusted to a specific amount in due course. Approval from Full Council would be required for this amount and would assist in timely decision making by Cabinet.

9 OTHER OPTIONS CONSIDERED AND REJECTED

- 9.1 The use of a procurement framework was considered. These are EU compliant agreements where some of the procurement processes have already been done. Services within a framework can be called off by running a mini competition. This relies on a suitable mix of practices being available within the framework selected. Alternatively, the new procurement could be run in-house by the City Council, taking advice from a RIBA Client Adviser, as used in the previous procurement process.
- 9.2 However, comments made at Cabinet by Members and public speakers were clear that they considered the Council should involve RIBA Competitions in any new procurement. Full justification for this approach is set out in section 8 of this report.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2702 – Station Approach, Winchester – 8 July 2015

CAB2716 – Station Approach Design Brief – 17 September 2015

CAB2759 – Station Approach Project Update – 13 January 2016

CAB2802 – Station Approach Report on Design Competition – 8 June 2016

CAB2823 – Station Approach Economic and Financial Appraisal – 15 July 2016

CAB2824 – Station Approach Designer Appointment – 15 July 2016

CAB2829 – Station Approach The Way Forward – 7 September 2016

Other Background Documents:-

<http://www.winchester.gov.uk/planning/major-sites/station-approach/>

<https://www.architecture.com/RIBA/Competitions/Informationforclients.aspx>

APPENDICES:

Appendix 1 RIBA Plan of Work

Appendix 2 Risk Register

Appendix 3 Indicative Timescales

Process	Indicative timescales
Procurement of RIBA Competitions Office	October 2016
RIBA Competitions Use of Restricted Procedure	October 2016 - March 2017
Cabinet Decision and Appointment of Preferred Tenderer	March 2017
Development of Concept Design (to RIBA Stage 2)	April 2017 – June 2017
Development of Detailed design to planning application stage (RIBA Stage 3)	July 2017 – October 2017
Planning Application Process	November 2017

Exempt Appendix 4 – Financial Information