

CABINET

Monday, 6 March 2023

Attendance:

Councillors
Tod (Chairperson)

Ferguson

Learney

Becker

Power

Gordon-Smith

Thompson

Apologies for Absence:

Councillor Porter

Members in attendance who spoke at the meeting

Councillors Horrill and Read

[Video recording of this meeting](#)

1. **APOLOGIES**

Apologies were received as noted above.

2. **MEMBERSHIP OF CABINET BODIES ETC. -**

At the invitation of the Leader, Councillor Read addressed Cabinet as summarised briefly below.

Councillor Read sought clarification of the membership of West of Waterlooville forum and raised that no planning meeting had been held despite development continuing.

The Leader responded that the governance arrangements and terms of reference for all three of the development forum had been reviewed previously by Cabinet and did not include any such membership restrictions. However, he suggested that the terms of reference be re-examined as part of the upcoming constitution review. In addition, the membership of the forum would be considered at the May Cabinet as part of the annual appointments report.

RESOLVED:

That the following changes to Cabinet appointed bodies be agreed for the remainder of the 2022/23 municipal year:

- a) **Members' Equality, Diversity and Inclusion Forum** – Councillor Brook to replace Councillor Cook

- b) Winchester Sport & Leisure Park Advisory Board – Councillor Kurn to replace Councillor Cook
- c) North Whiteley Development Forum – Councillor Kurn to replace Councillor McLean
- d) West of Waterlooville Forum – Councillor Achwal to replace Councillor Clear and Councillor Cutler to be appointed chairperson.
- e) Cabinet Committee: Housing – Councillor Kurn to replace Councillor Scott and Councillor Cutler to replace Councillor Clear as non-voting invited councillors

3. **DISCLOSURE OF INTERESTS**

Councillor Tod declared personal (but not prejudicial) interests in respect of report CAB3371 due to his role as a County Councillor.

4. **PUBLIC PARTICIPATION**

Ian Tait spoke regarding report CAB3371 and his comments are summarised under the relevant minute below.

5. **MINUTES OF THE PREVIOUS MEETING HELD ON 9 FEBRUARY 2023**

RESOLVED

That the minutes of the previous meeting held on 9 February 2023 be agreed as a correct record.

6. **LEADER AND CABINET MEMBERS' ANNOUNCEMENTS**

Councillor Thompson announced the success of the Jobs and Opportunities Fair which was held 24 February 2023 at Winchester Sport and Leisure Park for local businesses and job seekers. The event had been very well attended by prospective employers and employees and it was hoped that future events could be held.

Councillor Power announced that the Council's 2021/22 accounts had been signed off by the external auditors with an unqualified opinion. The Council was the first local authority in Hampshire to have their 2021/22 accounts signed off.

Councillor Power also announced that the council had received over £1 million in government funding to support residents with fuel bill prices and work was underway to distribute funding as required.

Councillor Ferguson announced six new Passivhaus homes were to be built by the council in Micheldever.

Councillor Becker announced that the council was supporting a fundraising fayre for Not for Profit organisations on 17 March 2023

Councillor Learney announced that new covered bike stands had been installed at Middle Brook Street car park, Winchester with the aim for additional stands to be provided elsewhere in the town centre and in the district's market towns.

7. **CENTRAL WINCHESTER REGENERATION (CWR) APPOINTMENT OF DEVELOPMENT PARTNER AND NEXT STEPS**
(CAB3371)

Councillor Tod introduced the report which proposed the appointment of a development partner following careful consideration of various matters contained in the report and appendices (as set out in recommendations 1 to 7). In addition, the report had been considered at the Scrutiny Committee on 27 February 2023 and points raised there would be responded to at this meeting.

In addition to officers from the council's management and project team, Councillor Tod welcomed the following external advisors to the meeting – Jennifer Newsham (JLL), Stephen Matthew (Browne Jacobson) and Nick Walford (31 Ten).

The Head of Programme gave a presentation outlining the following areas CWR vision, the journey so far and project milestones, the procurement process and bidder scores, quality evaluation and the development agreement. The presentation is available on the council's website [here](#).

Ian Tait spoke during public participation as summarised briefly below.

Mr Tait expressed frustration about the delays in regenerating the central Winchester area and asked for firm commitments about when development would commence. He believed although a great deal of useful detail was contained in the presentation, it did not contain any new information.

At the invitation of the Leader, Councillor Horrill addressed Cabinet as summarised briefly below.

Councillor Horrill welcomed the opportunity given at Scrutiny Committee on 27 February 2023 for thorough consideration of the report. She also commended the process undertaken by the council in selecting a development partner. She advocated the principle of developing the area without unnecessary delay, highlighting the significant land acquisitions that had taken place to enable this. However, she remained concerned that the council had not learned lessons from previous development projects. In particular, she had significant concerns regarding the deal structure being proposed in the development agreement, the proposed finance model and the financial risk to the council.

In response to comments made during public participation, the Head of Programme provided further details regarding anticipated timings, emphasising that a delivery plan would have to be agreed within six months of appointment of the development partner which would include a future timetable of key dates. This included a requirement that a planning application was submitted within 24 months of the delivery plan agreement.

Nick Walford responded to comments relating to the process for calculating land values. He explained the use of the residual land value methodology and how, for CWR, this would reflect the aspirations set out in the supplementary planning document (SPD) and therefore land values achieved would reflect the mix of uses and the quality of design and public realm. Jennifer Newsham provided further details regarding the recommended development partner's proposals regarding retaining a long term interest in the site, through business partnering; resulted in the preferred bidder's income generation ideas being the strongest. The Head of Programme confirmed that it would not be possible to secure both maximum capital receipt for the council's assets and an ongoing revenue stream; that a mixture of the two was likely. The Corporate Head of Finance confirmed that the Section 151 officer's role would be to ensure the scheme is affordable and financed for the council.

In response to Members' questions, the Corporate Head of Finance confirmed that council had previously acquired £15m of assets specifically purchased for the purpose of site assembly. The site boundary did include other council owned assets acquired prior to this date.

Cabinet then moved to discuss each section of the report and appendices in detail with relevant council officers and external consultants responding to questions thereon. The matters raised and clarified included:

- (i) Leasing Arrangements: The use of a 250 year long lease was within usual industry practice with other regeneration projects sometimes utilising longer leases.
- (ii) Commitment to engagement: The strengths of the preferred bidder in relation to consultation methodology and meanwhile uses for the site.
- (iii) Consideration of risk: The measures proposed to mitigate the risks identified in Appendix F of the report, including the impact of the choice of development partner. It was confirmed that the structure proposed in the development agreement did mitigate the risk to the council by transferring risk to the development partner. This was a standard approach, and the preferred developer was happy with this approach. It was agreed that the project's risk register be updated following the appointment of the development partner and reported to the Cabinet Committee: Regeneration.
- (iv) The recommended development partner's stated intention to provide a variety of new homes aimed at creating a mixed, intergenerational community, including younger people.
- (v) The benefits of opening the culverts in terms biodiversity and monitoring water flow and levels. However, the flow of the water would not support hydro-generation.
- (vi) With regard to the future management of the public realm, the principle that this would involve different stakeholders including local residents and businesses to ensure continuing free and open access to all.
- (vii) The recommended development partner had indicated they wanted to work closely with both the city and county council to address transport issues, including those relating to the wider city area.
- (viii) The inclusion of the treatment of archaeology within the development brief and the preferred development partner approach.

The Chief Executive referred Cabinet to the comments made by Scrutiny Committee at its meeting of 27 February 2023 which she reported verbally to the meeting and were considered in turn. It was noted that the points raised relating to clarification of profit share, final reconciliation dates and overage would be dealt with in exempt session.

Cabinet then moved into exempt session to consider the exempt appendix to the report before returning to open session to agree the recommendations as set out below.

The Leader summarised the discussions held in the exempt session which had included the following matters:

- (i) A detailed review of the final three bids, including a review of the final scores awarded and how the different financial approaches were reflected in the scoring.
- (ii) The recommended development partner's commercial position, including the nature of the consortium and how any future changes to the consortium make up would be limited by the development agreement.
- (iii) Discussion of the draft development agreement, including phasing and notice periods and how this would fit alongside the council's own governance arrangements.

The Chief Executive drew Cabinet's attention to the four specific points raised by Scrutiny Committee as follows:

- (i) That if a key focus of the project was housing for young people, then this should be clearly stated.
- (ii) That Cabinet should consider if a further discussion was needed to clarify the councils' requirements as concern was raised that the preferred developer may want to take a different approach.
- (iii) That officers advise whether other examples of a similar, 250-year lease, approach had been taken within the council.
- (iv) That the next stages of governance and engagement be mapped out to ensure ongoing understanding and agreement, and that differences to the delivery plan and development agreement were reviewed.

Cabinet agreed that the first two points had been fully considered and addressed during the discussion above. With regard to point (iii), the Strategic Director advised that the council currently had more than 60 long term leases of various types and lengths (the longest currently being 150 years) but these were for specific land use. Cabinet had received advice earlier in the meeting that leases of 250 years or longer were usual industry practice for a mixed-use regeneration project.

With regard to point (iv), the Leader stated that a forward plan of forthcoming decisions would be prepared for future meetings of the Cabinet Committee: Regeneration, which would include decision making stages relating to CWR.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

1. That issues raised by the Scrutiny Committee at its meeting on 27 February 2023 be noted.
2. That it be noted that the procurement process was conducted in accordance with the Public Contracts Regulations 2015, leading to the recommended selection of a Development Partner, as set out in section 12 and 13 of report CAB3371.
3. That the recommended Development Partner's response to the Central Winchester Regeneration Development Brief, which is summarised in section 14 of report CAB3371 and set out in more detail in Appendix B of the report be noted.
4. That the Business Case for proceeding with the appointment of the recommended Development Partner, which is summarised in section 15 of the report CAB3371 and set out in more detail in Appendix C of the report be noted, in addition to the following:
 - (i) Appendix Ci - Selection Questionnaire Evaluation Questions and Scoring Criteria
 - (ii) Appendix Cii - Final Tender Evaluation Questions and Scoring Criteria
 - (iii) Exempt Appendix Ciii - Moderated Scoring from Selection Questionnaire
 - (iv) Exempt Appendix Civ - Moderated Scoring from Final Tender
5. That the Development Agreement Summary, referred to in section 16 of report CAB3371 and set out in more detail in Appendix D and Exempt Appendix Di - recommended Development Partner's commercial position, be noted.
6. That the Equalities Impact Assessment set out in Appendix E and the Risk Register in Appendix F of the report be both noted and had regard to.
7. That the redacted draft Development Agreement in Appendix G and the unredacted draft Development Agreement in Exempt Appendix H of the report be noted.
8. That being satisfied about the matters set out in points (1) to (7) above, the appointment of Bidder E as the recommended Development Partner for the Central Winchester Regeneration Project be approved, on the basis that they were the highest scoring tenderer following conclusion of the competitive dialogue process and final tender evaluation.
9. That the Strategic Director with responsibility for the Central Winchester Regeneration project be authorised, in consultation with the Leader and Cabinet Member for Asset Management and the Service Lead – Legal, to incorporate the recommended Development Partner's tender submission into the Development Agreement, finalise the content of the Development Agreement and any necessary ancillary documents, and

arrange for the Development Agreement and any necessary ancillary documents to be entered into on behalf of the council in accordance with Part 2, Article 14, of the council's constitution.

8. **EXEMPT BUSINESS:**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100 and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
10	CWR Appointment of development partner and next steps (exempt appendices)) Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)

9. **CENTRAL WINCHESTER REGENERATION (CWR) APPOINTMENT OF DEVELOPMENT PARTNER AND NEXT STEPS (EXEMPT APPENDICES)**

The Council's external advisors listed above remained in the room during the exempt session in order to respond to members' questions. In addition, at the invitation of the Leader, Councillor Horrill remained in the room throughout.

Cabinet considered the above exempt appendices which contained the moderate scoring and feedback from final tender, the recommended development partner's commercial position and the unredacted draft development agreement.

The meeting commenced at 9.30 am and concluded at 3.30 pm

Chairperson