

REPORT TITLE: CENTRAL WINCHESTER REGENERATION COITBURY HOUSE
REFURBISHMENT

31 OCTOBER 2018

REPORT OF LEADER AND PORTFOLIO HOLDER: Cllr Caroline Horrill

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WARD(S): TOWN WARDS

PURPOSE

Coitbury House is a prominent building within the Central Winchester Regeneration Area which was used for the NHS Patient Records Service until 2015. The building is currently vacant but has development potential for office use.

The purpose of this report is to update members on the refurbishment of Coitbury House to re let as office accommodation.

RECOMMENDATIONS:

It is recommended that:

1. The Cabinet approves the proposed strategic brief for architectural services as set out in Appendix A.
2. The Head of Programme be authorised to make minor amendments to the strategic brief if required.
3. The Head of Programme in consultation with Portfolio Holder for Central Winchester Regeneration and the Corporate Head of Asset Management be authorised to appoint the Architect as set out in this report and any cost consultants, Structural and M& E Engineers and other professional consultants required for the works set out in this report be appointed in accordance with Contract Procedure Rule 9.2;

4. Cabinet approves that the quotation for architectural services be evaluated on a 40/60 price/quality split as set out in this report which deviates from the Contract Procedure Rules 9.1 (d) and authority be given to the Head of Programme in consultation with the Portfolio Holder to agree the evaluation criteria for the appointment of the architect.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The refurbishment of Coitbury House has the potential to contribute to the Council Strategy 2017-2020 objectives by enhancing the environment of the area and improving the local economy while improving the poor quality of the existing facility.
- 1.2 The works identified in this report demonstrate an entrepreneurial approach to the delivery of public services by taking an active role in securing the future of property in the area. The works support Winchester as premier business location by helping to sustain the CWR area in economic use.

2 FINANCIAL IMPLICATIONS

- 2.1 A revenue budget of £150k has already been approved for Coitbury House (funded by the major investment reserve). The remaining budget of £125k will therefore be used to progress the plans identified in this report.
- 2.2 As highlighted in 11.4 and 11.5 below, it is anticipated that the renovated building of approximately 10,000 sq ft would realise around £25 - £27 per sq ft to support expected build costs of around £2m - £2.5m.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The architect and other consultants will be procured either in accordance with the Council's Contract Procedure Rules or as specified in this report.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The property was built in the 1960's as an office for the Family Practitioners Committee. The building is very substantially built, but in need of modernisation and refurbishment if it is to continue to be used as an office. There is a shortage of office space in the City and rents have risen considerably
- 5.2 The Council has to actively manage its property portfolio in the CWR area to ensure that it can continue to be let and provide a useful contribution to the economy of the City. To achieve this, it is necessary to undertake works to refurbish Coitbury House to ensure the property is of a condition that is lettable and attractive to the current market.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Portfolio Holder for Central Winchester, The Leader, supports the proposal to refurbish Coitbury House and re-let as office accommodation.
- 6.2 The strategic brief is supported by the Coitbury House Advisory Panel. Cabinet (CWR) Committee members were updated on progress to date during a CWR informal working group which took place on 23 October.
- 6.3 The CWR Supplementary Planning Document was adopted by the Council's Cabinet at its meeting on 20 June 2018 following 18 months of comprehensive stakeholder and community engagement and consultation. It sets out a vision and objectives for the area, which architects will need to have regard to in their proposals.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 It is necessary to invest in Coitbury House to avoid the building falling into disrepair; it will decay if it is not occupied and maintained and will not be attractive to potential occupiers. If a view is formed that the Council no longer intends to invest in the management of the CWR area, potential tenants will seek accommodation elsewhere.
- 7.2 The retention and refurbishment of an existing building can have significant environmental benefits. The CO2 emissions associated with the refurbishment of an existing building are potentially significantly less than with the construction of a new building on the same site. For example significant carbon emissions would be generated in the demolition of the existing building and the transfer of waste either for recycling or to tip.
- 7.3 While a new building would be built to higher environmental standards than an existing building, significant carbon emissions would be generated in the construction of the new structure. The environmental performance of the existing building can be significantly improved by the use of LED lighting, insulation, a low energy rated lift and an improved thermal performance from the use of new windows and wall insulation.
- 7.4 Climate change and sustainability are objectives set out in the CWR Supplementary Planning Document which states that any development should be designed to be resilient to the impacts of climate change and to minimise its impact on climate change. It also states that high standards of sustainability should be achieved in accordance with the LPP1 policy CP11, incorporating measures to minimise energy and water use, generate and store renewable energy. The brief to the architects lists this objective as one which must be reflected in any designs that come forward.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p><i>Property</i> <i>There is a risk that if the Council does not refurbish the Coitbury House, its condition will deteriorate, making it difficult to re-let.</i></p>	<p>Continue with plans to refurbish the building to re-let as office accommodation.</p>	
<p><i>Community Support</i> <i>Lack of support to refurbish Coitbury House to re-let as office accommodation.</i></p>	<p>Ensure thorough and inclusive engagement with the Coitbury House advisory panel to ensure their comments are taken into consideration during any decision making.</p>	<p>If Coitbury House is refurbished and re-let successfully this will enhance community support for other developments that follow within the CWR area and possibly other projects the Council is involved with.</p>
<p><i>Timescales</i> <i>There is a risk if the Cabinet does not approve the brief for the architect and the list of architects, there will be a delay to the procurement of the architect and subsequent next steps</i></p>	<p>Clearly demonstrate how the brief is fit for purpose and meets the needs of the market. Clearly demonstrate rationale for the chosen architects.</p>	
<p><i>Financial / VfM</i> <i>There is risk that the design for Coitbury House is not financially viable and cannot be delivered.</i> <i>Funding required to carry out the works is not recovered through rental income.</i></p>	<p>Ensure the design is sufficiently tested and seek consultant input where required. Market the property to potential tenants at an early stage in the refurbishment process and ensure the refurbishment is carried out to a standard that is attractive to the market.</p>	
<p><i>There is risk if the Council</i></p>	<p>Continue with plans to</p>	<p>Re-letting the building for</p>

<i>does not refurbish Coitbury House it will continue to fund the upkeep of the building without receiving any rental income.</i>	refurbish the building to re-let as office accommodation – agreement on architect and designs initially.	office accommodation will bring more businesses to the area and improve the local economy.
<i>Legal consultants and architects are not procured in accordance with Contract Procedure Rules</i>	Ensure the Council's Contract Procedure rules are followed or appropriately varied.	
<i>Reputation There is a risk to the Council's reputation if it does not refurbish Coitbury House.</i>	Continue with plans to refurbish the building to re-let as office accommodation.	Refurbishing Coitbury House and re-letting the building for office accommodation will demonstrate a first step in the regeneration of the Central Winchester area, which will enhance the Council's reputation.
<i>There is a risk to the Council's reputation if the standard of refurbishment does not accord with the SPD aspirations of high quality materials and architectural detail.</i>	Strategic brief to prioritise SPD principles and objectives.	Demonstrating the SPD principles and objectives have been achieved will instil confidence in residents and developers that the Council can deliver.
<i>Other</i>		

11 SUPPORTING INFORMATION:

- 11.1 There is a significant shortage of grade A office space in Winchester and consequently, the Council has been approached by potential tenants interested in taking a lease of Coitbury House. The requirement to refurbish and extend the building to provide high quality grade A specification, modern commercial office accommodation geared toward current market requirements is therefore justified.
- 11.2 Coitbury House is located within the CWR area. The boundaries of the building are shown in the HM Land Registry – Official copy of title plan (appendix B).
- 11.3 Although Coitbury House is not highlighted in the SPD as a retained building, its location, structure and potential have been identified as suitable for refurbishment in order to meet current office demand.

- 11.4 Analysis of the development potential of the building suggests that a comprehensive refurbishment and extension to provide in the region of 10,000 sq ft. could be carried out which might be sufficient to secure a letting of the building at between £25-27 per sq ft provided that the commercial requirements of potential tenants are met.
- 11.5 This level of rental return would support build costs of between £2 - £2.5m.
- 11.6 The redevelopment of the CWR area will result in some sites being developed profitably and others where significant infrastructure investment is needed requiring a subsidy. The opportunity to develop Coitbury House profitably will provide financing for other elements of the proposed development such as the formation of open space, or the opening up of a currently underground water course.
- 11.7 At its meeting on 19 October 2017, the Cabinet (CWR) Committee authorised the Assistant Director (Estates & Regeneration) to produce a feasibility study for the refurbishment and extension of Coitbury House. To date £25,000 has been spent on engaging architects, mechanical & electrical engineers, cost consultants and structural engineers to consider the feasibility of the improvements and whether it was cost effective to undertake works necessary to the building.
- 11.8 The architects produced a review which identified a number of ways in which the building could be extended and that it was cost effective to retain the building for further use. Following the adoption of the CWR SPD it was concluded that the design of the refurbished building should adhere closely to the vision for the area and that Architects should be appointed to develop options for the redevelopment in further detail
- 11.9 At its meeting on 10 July 2018, the Cabinet (CWR) Committee approved the set up of an advisory panel for Coitbury House. The purpose of the panel is to consider and provide comment to aid decisions. Decision making powers remain with the Cabinet (CWR) Committee or with the delegated authority holder.
- 11.10 The strategic brief was shared with the advisory panel for comment at their meeting on 17 October 2018 and was amended following recommendations from the panel. Please see appendix C for notes and actions from this meeting.
- 11.11 Approval of the strategic brief is sought from the Cabinet in order to proceed with the next steps, which will involve contacting architects with office development and refurbishment experience where a high quality product is required to request a submission for the works. Once evaluated, the submissions and evaluations will be presented to the Cabinet (CWR) Committee at its meeting on 27 November 2018 for confirmation of the successful architect.

- 11.12 Due to the expectation of a high quality refurbishment of the building, it is proposed that the price/quality evaluation split is 40/60 which deviates from the Contract Procedure Rules 9.1 (d).
- 11.13 It is proposed that the bidding architects will present their submissions to the Coitbury House Advisory Panel members for information.
- 11.14 The refurbishment of this property presents an opportunity to bring forward commercial space in a central location which accord with the Councils Local Plan policies and as an early investment in the Central Winchester Regeneration project. This not only acts as a catalyst for future development but helps build market confidence and demonstrates the Council's leading role in making development happen. The recent EM3 Property Study 2016 highlighted the intrinsic qualities of Winchester as a prime office location for investment, but a lack of property was constraining growth. This project would contribute to the property supply.
- 11.15 The space would have the potential of accommodate 100 jobs. These jobs in turn would generate economic value to the town through spend on local services and goods. For financial and ITC services it is calculated that the GVA per workforce job in the South East is £79,000 to £86,600.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The option of doing nothing was considered and rejected as being inappropriate as it was viable to retain the building and the Council is committed to ensuring that CWR area continues to form a useful part of the City economy and the aspirations set out in CWR SPD are brought to fruition as soon as possible following the adoption of the document in June 2018.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2969 (CWR) – 17 October 2017 Central Winchester Regeneration Area Short Term 'Meanwhile' Measures and Uses

CAB2995 (CWR) – 6 December 2017 Draft Supplementary Planning Document

CAB3034 (CWR) – 20 June 2018 Adoption of Supplementary Planning Document

CAB3061 (CWR) – 10 July 2018 Central Winchester Regeneration Update

CAB3077 (CWR) – 25 September 2018 Central Winchester Regeneration Update and Establishment of Advisory Panels

Other Background Documents:-

CWR SPD: <http://www.winchester.gov.uk/planning-policy/supplementary-planning-documents-spds/central-winchester-regeneration-spd>

APPENDICES:

Appendix A: Strategic Brief

Appendix B: HM Land Registry – Official copy of title plan

Appendix C: Coitbury House advisory panel notes and minutes – 17 October 2018