

REPORT TITLE: CENTRAL WINCHESTER REGENERATION (CWR)
APPOINTMENT OF DEVELOPMENT PARTNER AND NEXT STEPS

6 MARCH 2023

REPORT OF CABINET MEMBER: Cllr Martin Tod, Leader and Cabinet Member for
Asset Management

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WARD(S): ALL WARDS

PURPOSE

Central Winchester Regeneration (CWR) is a once in a lifetime opportunity to transform the centre of our historic city, bringing homes for local families, providing jobs for local people, making a visit to this heritage city one which will be remembered. The council has a unique opportunity to bring forward sensitive development, adapting to the challenges faced by a new generation and critically to be delivered through the lens of responding to climate change.

After extensive work to explore options to develop the area in accordance with CWR Supplementary Planning Document, which included engagement and consultation with the local community and stakeholders, Cabinet approved the Outline Business Case and Procurement approach and documentation, in December 2021. In January 2022, Full Council approved that the procurement process to find a Development Partner, should be implemented.

This report details the outcome of the comprehensive procurement process undertaken to find a Development Partner that shares the council's vision and values to deliver a vibrant, creative mixed-use quarter in the heart of the city in order to support the long term economic and social future of Winchester and the wider district.

RECOMMENDATIONS:

Cabinet is recommended to:

1. Note any issues raised by the Scrutiny Committee at its meeting on 27th February 2023.
2. Note 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 this report.
3. Note the recommended Development Partner's response to the Central Winchester Regeneration Development Brief, which is summarised in section 14 of the report and set out in more detail in Appendix B.
4. Note the Business Case for proceeding with the appointment of the recommended Development Partner, which is summarised in section 16 of the report and set out in more detail in Appendix C and:
 - 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. Note the Development Agreement Summary, referred to in section 15 of the report and set out in more detail in Appendix D and Exempt Appendix Di - recommended Development Partner's commercial position.
6. Note and have regard to the Equalities Impact Assessment set out in Appendix E and the Risk Register in Appendix F.
7. Note the redacted draft Development Agreement in Appendix G and the unredacted draft Development Agreement in Exempt Appendix H.
8. Subject to Cabinet being satisfied about the matters set out in points (1) to (7) above, approve the appointment of Bidder E as the recommended Development Partner for the Central Winchester Regeneration Project, on the basis that they were the highest scoring tenderer following conclusion of the competitive dialogue process and final tender evaluation.
9. Authorise the Strategic Director with responsibility for the Central Winchester Regeneration project, 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.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

Creating places for people and communities to live, work and thrive is of paramount importance to the council. The 2022 Resident Survey indicates that 96 % of participants are happy with their area as a place to live and that in our district, Winchester is the most popular destination for shopping and socialising. Its growth is well documented from the Saxon Age and the regeneration of the central area of the city is a key priority for the council.

To bring forward the best possible development that respects the past and brings opportunity for the future, the council has sought a Development Partner that shares the same vision and ambition to deliver vibrant new mixed-use development that will be creative and innovative.

1.1 Tackling the Climate Emergency and Creating a Greener District

The city council has declared a Climate Emergency and addressing the climate crisis and reaching carbon neutrality is the city council's overarching priority. Our Carbon Neutrality Action Plan ensures all council activity is undertaken with a view to supporting our commitment to achieving net zero carbon emissions. Our recently published Roadmap to Carbon Neutrality will be used to accelerate and scale-up our Carbon Neutrality Action Plan and guide our priority to go greener, faster. We will be working with the recommended Development Partner to ensure that development in the Central Winchester Regeneration (CWR) area is undertaken sustainably and aligned to our vision for a climate resilient district.

1.2 Homes for all

Housing in the Winchester district is expensive and finding suitable accommodation which is affordable is a challenge for our young people and families. This was a key issue identified in the 2022 Resident Survey with 38% saying that availability of affordable housing most needed improving in the local area. As costs rise as a result of the cost-of-living crisis, the council is working hard to provide support to those in greatest need. Development on the site will provide for residential units aimed at meeting the need of the younger generation and local people. This approach contributes to the homes for all objective by filling the existing gap of affordable, smaller units that the market is unlikely to provide. By meeting the needs of the younger generation, resilience is built into the local economy to balance the growing age gap.

1.3 Vibrant Local Economy

Following the pandemic new challenges face our business community. Our businesses need our support as they work to adapt in order to tackle increasing costs, labour shortages, climate change and the changing face of the high street. The council is focusing on sustainable growth through our Green Economic Development Strategy which sets out the opportunity to build a cluster of national significance in creativity, design and related heritage and nature/land based professional services along with the opportunity to deepen a creativity network of scale. This development, together with other emerging proposals across the city, would therefore support the economic development in line with the council's already stated ambitions.

The approach laid out by the recommended Development Partner reflects and incorporates the objectives and guidance set out within the Central Winchester Regeneration Supplementary Planning Document (CWR SPD) and will support a vibrant local economy by working to fill the gap of affordable and flexible commercial space, enhancing the evening economy offer and creating an area aimed at attracting and retaining the young and creative talent in the city.

1.4 Living Well

We want all residents to live healthy and fulfilled lives, to feel safe and secure in their neighbourhood, and enjoy the recreational and cultural opportunities that the district offers. The council is committed to investing in our public spaces and working hard with partners to deliver pride in place for our residents. The provision of improved green space and public realm across the CWR area where people feel safe and secure will encourage residents and visitors to spend and enjoy more time outside and, with the emphasis on pedestrians and cyclists, will also promote active travel and improve air quality. This will have a positive impact on both physical and mental health and will assist the health and wellbeing of those living, working and playing in the area. The recommended Development Partner has outlined how our objectives for Living Well will be incorporated into their proposals, in line with the Development Brief.

1.5 Your Services, Your Voice

The council is committed to ensuring that everyone from everywhere in the district, every background, income or life circumstance has the opportunity to make their voice heard, and that these views are carefully considered and acted upon. Public opinions have been taken into account through the adoption of the Central Winchester Regeneration Supplementary Planning Document (CWR SPD) and the subsequent CWR development proposals and as regeneration of the central Winchester area comes forward. The recommended Development Partner recognises the importance of listening better - involving the public, businesses and stakeholders and considering their views, and has outlined how there will continue to be regular opportunities for the public to engage throughout the process

2 FINANCIAL IMPLICATIONS

- 2.1 If the decision of Cabinet is to proceed with the appointment of a Development Partner, the financial obligations of the council change significantly. Although the council's partner will bring forward resources costed as part of their business plan, the council will have to fund its in-house team as set out in the workforce implications below.
- 2.2 The Development Agreement is a legally binding contract that sets out the conditions and obligations that bind both parties. Circumstances that enable termination of the agreement or trigger a default by either party are specified in the Development Agreement Summary (Appendix D) and the consequences of termination or default are also described. In the case of a council default and depending on the circumstances and/or timing of such action, this could result in considerable payments due in recompense. It is estimated that if the council were to terminate or default, payments could be in the region of £3m to £5m. It should be noted that in the case of a Developer default, the default termination would, depending on circumstances and timing, lead to material adverse financial and other consequences for the Developer.
- 2.3 In addition, in considering whether to proceed, it is essential that Cabinet consider its fiduciary duty to act in the best interests of the district's council taxpayers and as custodians of the council's assets.
- 2.4 It is also important to note that the main driver for the council in progressing with the CWR project is not financial return but more focussed on the wider social and economic benefit that regeneration of the area will bring to the city and wider district and these were highlighted in the Outline Business Case that was approved at Cabinet in December 2021 and Full Council in January 2022.
- 2.5 However, the regeneration of central Winchester must be affordable and financially sustainable for the council. With the challenging economic times we are now in, the council continues to review its financial position and will continue discussions with the recommended Development Partner regarding the need for replacement of the council's lost income streams from existing assets in the CWR area.
- 2.6 If the council chooses not to proceed in line with the recommendations, there is no further financial cost to the council at this stage in relation to the procurement process and bidder's costs but further spend would be required to restart the process to develop the CWR area.
- 2.7 A review has been undertaken to ascertain the likely revenue budget required to progress the next stage of the project. The estimated total cost for consultant support over the next 2 years of the project is £530,000 to cover the indicative roles and responsibilities listed below. Existing budget will cover

£355,000 of these costs. The remaining £175,000 was requested as part of the general fund budget at Council on 23 February 2023.

- 2.8 In addition, a capital budget request of up to £320,000 was made separately at Council on 23 February 2023 to cover estimated Overage fees associated with demolition of the Friarsgate Medical Centre building (CAB3389 refers).

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The legal implications relating to the procurement process for a Development Partner were set out in detail in the Cabinet report (CAB3322). In particular, the report set out that:

- a) Section 1(1) of the Localism Act 2011 provides the “general power of competence” for local authorities, defined as “the power to do anything that individuals generally may do” and which expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area”. The generality of the power conferred by subsection (1) is not limited by the existence of any other power of the authority which (to any extent) overlaps the general power. Therefore, this power may be relied on to carry out the regeneration of central Winchester as recommended in this report.
- b) The council also has powers the Housing Act 1985 to provide housing accommodation including by the disposal of land to a person who intends to provide housing accommodation on it.
- c) The general power of competence referred to is subject to any express prohibitions, restrictions or prohibitions imposed by statute which mean that the council is unable to rely on that general power. No such express limitations prevent the adoption of the recommendations.
- d) The council’s objectives for the regeneration of Central Winchester Regeneration area are described in this report and its main purpose is not investment within the meaning of section 12 of the Local Government Act 2003. The purpose is the advancement of the regeneration of the city, which is a long-term public benefit. As such, the council is not under an obligation to have regard to statutory guidance on the exercise of investment powers under the Local Government Act 2003. Likewise, the council is not pursuing a commercial purpose requiring it to set up a company (pursuant to section 4 of the Localism Act 2011). Accordingly, Cabinet was advised that the adoption of the recommendations in that report were within the powers of the council.
- e) In reaching a decision, Cabinet members were advised they should consider whether resultant expenditure (and other financial consequences) is prudent, having regard to the council’s general fiduciary duties. It must also reach a decision by reference to all

relevant considerations, disregarding irrelevant ones, and be satisfied that the recommended course of action is a rational course of action for the council. The Report detailed the justification for the recommended Development Partner appointment and entering into of the Development Agreement including the financial implications involved.

- 3.2 Cabinet approved the recommendations in report CAB3322 in December 2021 in relation to the Outline Business Case and the procurement process to select a recommended Development Partner. The matter was then referred to Full Council and Full Council authorised the Strategic Director with responsibility for the Central Winchester Regeneration project to initiate and conduct the procurement process for the selection of a recommended Development Partner for the Central Winchester Regeneration project.
- 3.3 The procurement process for the selection of a recommended Development Partner has been carried out in accordance with the competitive dialogue procedure that was approved by Cabinet and Council. Further details about the procurement process are set out in section 12 and 13 of this report. As a contracting authority, the council has adhered to the Public Contracts Regulations 2015 and the council's own Contract Procedure Rules.
- 3.4 The conduct of the procurement has had regard to the relevant risk factors identified in the December 2021 Cabinet report, including adherence to the rules set out in the Public Contracts Regulations 2015 and observance of the general principles enshrined in the Regulations, namely (in dealings with bidders) openness, transparency, non-discrimination, and confidentiality.
- 3.5 It is also confirmed for the purposes of this report that the council's duty to obtain best consideration for the disposal of land in accordance with Section 123 of the Local Government Act 1972 is reflected in the Development Agreement. It would be possible for the council to rely on the Local Government Act 1972 General Disposal Consent (England) 2003 or seek specific consent from the Secretary of State for any disposal at undervalue, subject to further decision-making in the regard.
- 3.6 No "Subsidy Control" factors are involved in entering into the Development Agreement, but the subsidy control position will be kept under review and any further decisions sought where necessary. The recommendations in this report do not involve the provision of any undertaking with an unlawful subsidy.
- 3.7 If Cabinet approves the appointment of the recommended Development Partner, the next step of the process will involve the council entering into a Development Agreement with the recommended Development Partner. The Development Agreement Summary (and which is for information purposes only) appears in Appendix D. This summary has been prepared to explain how the Development Agreement is drafted and will operate. A copy of a redacted draft Development Agreement can be found in Appendix G (and an unredacted version appears at Appendix H).

- 3.8 The recommended Development Partner's final tender position under the Development Agreement, reflecting matters agreed in dialogue, is set out in exempt Appendix Di and Appendix H. The redactions in the Development Agreement at Appendix G have been made, as disclosure of some of the information in the Development Agreement is likely to be prejudicial to the commercial interests of the recommended Development Partner and the council. With regard to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 we have considered the balance of the public interest in either engaging an exemption and redacting or disclosing information. When engaging an exception, we have concluded that the redacted information if disclosed, would prejudice or have an adverse effect to the recommended Development Partner. The council owes a duty of confidentiality to all bidders under the Public Contracts Regulations 2015 in relation to information which has been forwarded to it by a bidder and designated by that bidder as confidential, including, the confidential aspects of tenders.
- 3.9 The Development Agreement also reflects matters that were set out in the SPD. For example, the SPD stated that the council did not envisage that there would be a requirement to use compulsory purchase powers with regard to delivery of the overall SPD, unless the council needed to use the powers in relation to a statutory undertaker who refuses to part with a small strip of land which is integral to the development proposal. This was discussed at Cabinet in December 2021 (CAB3322). The Development Agreement preserves the rights for the council, as local planning authority to make a compulsory purchase order. It does not fetter that right and it is considered that the use of a compulsory purchase order to enable development over an interest of that nature, in a manner correctly intended by Parliament, would not result in a departure from the CWR SPD and would require further decision by the council in accordance with relevant statutory provisions. The Development Agreement does not oblige the council to do so or enable the developer to require it.
- 3.10 In reaching a decision about the appointment of the recommended Development Partner, Cabinet members should consider whether such an appointment is prudent, having regard to the council's general fiduciary duties. Should members not support the appointment of the recommended Development Partner, the procurement process would need to be started again.

4 WORKFORCE IMPLICATIONS

- 4.1 There will be an ongoing council resource requirement through the life of the Development Agreement. The resource requirement will vary depending on the stage of development and as a minimum it is anticipated that there will be two full time members of staff dedicated to this project, with a Director who will prioritise this project and also work across other council Regeneration projects. The Strategic Director will also continue to work on the council's Regeneration programme.

- a) Head of Programme (HoP) for Central Winchester Regeneration, will be a dedicated council resource responsible for the day-to-day management of the Agreement on behalf of the council.
- b) Project Manager (PM) for Central Winchester, will be a dedicated council resource to support the HoP with the day-to-day management of the Agreement on behalf of the council.
- c) Director (Regeneration), a new permanent post to replace the current interim Strategic Director (Regeneration). This person will be working on strategic outputs and outcomes for the CWR project on behalf of the council and will also work on the council's priority regeneration projects.

4.2 To support and bring specialist advice to the resource provided by the HoP and PM, additional internal resource will be required from existing finance, legal, estates and planning teams.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The council is the landowner for the land within the site boundary set out in the Outline Business Case and has invested over recent years to assemble the site with land assembly costs of £15m which includes the acquisition of the Friarsgate Medical Centre, the Bus Station and the Kings Walk/Middle Brook St properties. The council receives an income of circa £720,000 pa from its assets within the site boundary. The driver for bringing forward the CWR site is regeneration of the area, and it is acknowledged that the wider and Economic and Social benefits that the regeneration can bring are the focus for delivery. In addition, the council's position is that the long-term income replacement and retention is a priority and was a key discussion point throughout the dialogue discussions with all 3 shortlisted bidders.
- 5.2 Subject to Cabinet approval, once signed, the Development Agreement will contain the structure and mechanisms governing land and asset transfers to the recommended Development Partner which are set out in Para 15, but in summary:
- a) The council has placed emphasis on retaining income from the site in the long term. The recommended Development Partner has outlined their approach to securing income although the options and details will only be clarified as the Full Business Case emerges.
 - b) With the focus being the desire to bring social and economic benefit to the city and wider district and on long term income retention generation for the council, it is recognised that the council is unlikely to receive a capital receipt to match the land assembly costs to date. This being the case, the council will retain the freehold of the land and the recommended Development Partner receive a 250 year long lease from the council on a phase-by-phase basis, subject to satisfaction of agreed conditions. The council and the recommended Development

Partner will work together as the final scheme progresses to agree opportunities for the council to secure a long-term income stream. Income replacement and generation was added to the Development Brief as a result of discussions at dialogue and in recognition of the agreed position. This will be fully explored at the Full Business Case stage ahead of planning submission.

- c) The Development Agreement outlines the process for the phased draw down of land which, in summary, is that once the necessary conditions have been met and the recommended Development Partner is ready to commence on site, a building lease will be granted to enable development. Upon practical completion, the long lease will be granted. This is further detailed in Para 15.

6 CONSULTATION AND COMMUNICATION

Engagement Pre-Procurement

- 6.1 Following an 18-month public engagement period and a statutory consultation, the Central Winchester Regeneration (CWR) Supplementary Planning Document (SPD) was adopted 20 June 2018 by Cabinet. This SPD sets out the council's expectations for the development.
- 6.2 Based on the adopted CWR SPD, work was undertaken to explore development options for the area. A number of stakeholder engagement events were held, and discussions were fed into the draft CWR Development Proposals. The CWR Development Proposals were approved at Cabinet in March 2021 following a period of consultation from 11 November 2020 to 12 January 2021. Details are set out in CAB3281.
- 6.3 The Strategic Outline Case setting out options for delivery and the preferred way forward was considered and approved at Cabinet in July 2021 (CAB3303).
- 6.4 The Outline Business Case and authorisation to initiate and conduct the procurement process for the selection of the recommended Development Partner were considered at Scrutiny Committee, approved at Cabinet in December 2021 (CAB 3322) with a recommendation to Full Council on 12 January 2022 which was approved.

Engagement post Council in January 2022

- 6.5 Continuing engagement and consultation was important to update the public and stakeholders about the progress of the procurement process that followed the comprehensive consultation about plans for the site. A variety of methods were used to engage with key audiences including media briefings, regular media updates, press releases and social media.
- 6.6 To provide additional focus and opportunity for the public to comment and engage in the development proposals, the Cabinet established a Cabinet

Committee: Regeneration. This decision-making committee was briefed on the 7th February 2023 with an update on the procurement process and next steps, to outline the process and explain the timeline for the decision.

- 6.7 The next stage of communications activity, following any Cabinet decision to proceed, will include joint council and the recommended Development Partner briefings with key individuals from stakeholder groups and organisations as well as an Open Forum. These sessions will include an overview of the outcome of procurement process, key reasons the selected bidder was successful and an update on next steps.
- 6.8 The recommended Development Partner, as part of their final tender submission, has outlined their approach to meaningful engagement throughout the development process so as many people as possible engage with, contribute to, shape and support the next chapter in their city's story. Using their tried and tested approach, they intend to use co-creation to bring community and key stakeholders together to provide a focus for the project and have committed to engaging with stakeholders and the wider community using a variety of methods:
- a) **Active engagement** which will run for the lifetime of the project continuing face-to-face conversations and using social media and other tools to create a campaign for change
 - b) **Passive digital tools** to harvest a broad range of views across Winchester and beyond, getting conversations going and posting up progress at set stages for debate
 - c) **Meanwhile Tactics** such as the creation of temporary incubator spaces and the co-creation of space with young people and pulling local people into the conversation about the future of the city.
- 6.9 They do not contract out engagement, they lead the process and stay involved and, working with partners, have pioneered new ways of engaging with communities and start by actively looking for the positives in a place. Their ethos is built around helping communities thrive and pulling people into the conversation.
- 6.10 The recommended Development Partner is committed to developing a detailed engagement plan at an early stage as part of their Delivery Plan so that while thinking about place and planet, people are not forgotten and are involved and engaged for the lifetime of the project.
- 6.11 In addition to the engagement undertaken by the recommended Development Partner, already established forms of engagement will continue by way of the Independent Archaeology Panel meetings, Open Forum sessions and the CWR Reference Group.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The regeneration of the central Winchester area has the opportunity to showcase sustainable development and help meet the council's priority of a carbon neutral district. The concept of city centre living and the 15-minute city also help shape a sustainable community with consideration of the carbon emission impact of development, transport implications, nitrate mitigation and the sustainability of the scheme is a critical part of the development process. The final CWR development proposals sit within the policy framework set by the CWR SPD, Air Quality SPD, the Council Plan and the council's Carbon Neutrality Action Plan.
- 7.2 Several other policies support the council's commitment to sustainability, notably the Green Economic Development Plan and the commitment to develop sustainable new build housing through the Housing Asset Management Plan. The Council Plan priority of tackling the climate emergency and creating a greener district will be a key influencer as plans for the defined site are developed.
- 7.3 As part of their response to the Invitation To Participate in Dialogue (ITPD), the recommended Development Partner has demonstrated an understanding of and commitment to the council's sustainability policies and commitments. They have outlined their approach to achieving the council's sustainability objectives while seeking to evolve them further to ensure that the climate change and sustainability outcomes are truly best in class. Their approach for CWR focusses on achieving Net Zero Carbon and embedding circular economy. They intend to deliver a biodiversity net gain across the site, which includes exploring opening up the culverted waterways to provide riverside walks which will enhance local ecology, manage surface water and create 'a new combined water and nature corridor' linking to green spaces within the site and beyond. A summary of the recommended Development Partners response can be seen at Appendix B.
- 7.4 Any relevant environmental targets set by the Secretary of State in the exercise of their powers under the Environment Act 2021 will be properly taken into account, as and when they are implemented, and the council will comply with its obligations under the Local Air Quality Management Framework introduced under the Act.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 The outcome of the procurement process is the identification of the recommended Development Partner and, as a result and subject to Cabinet approval, the council will proceed to appoint on that basis. The recommended Development Partner will have due regard to the council's obligations as the project progresses.
- 8.2 The council has a statutory duty under section 149 of the Equalities Act 2010 that requires all public bodies to consider the needs of all individuals in their day-to-day work – in shaping policy; in delivering services; and in relation to

their own employees. The Public Sector Equality Duty (PSED) is a duty on public bodies and others carrying out public functions.

- 8.3 The completed redevelopment should - being well designed and delivered provide a positive benefit to all protected groups through improved design of buildings and public realm to increase legibility, accessibility and improve secured by design performance. By seeking to meet the council's planning policy on affordable housing and criteria within the CWR SPD, then the needs of protected groups should be better met and hence equality of opportunity advanced through the delivery of new, highly accessible, good quality housing, public realm and accessible links into the city centre.
- 8.4 In particular, the recommendations and proposed mitigations are aimed at ensuring that:
 - a) Housing strategy should seek to meet the council's planning policy on affordable housing so as to benefit protected groups.
 - b) Good design teams will be procured and there will be a focus on quality during delivery so that new facilities are better than existing, and the future public realm is high quality.
- 8.5 Consultation and engagement to date on the wider concepts for the development have not given rise to representations that there will be adverse effects from the proposed development on protected groups.
- 8.6 Due regard has been given to the council's duties as set out in the PSED and an Equality Impact Assessment (EIA) has been undertaken in respect of the procurement of a Development Partner.
- 8.7 As part of their response to the ITPD, the recommended Development Partner articulated their approach to ensuring that best practice in regard to how diversity and inclusion is embedded in their approach to partnering and procurement. A detailed summary of the recommended Development Partners response can be seen at Appendix B.
- 8.8 It is considered that further action is not necessary at this stage, however the EIA highlights a number of factors that will have the potential to affect individuals or communities on the basis of a protected characteristic such as race, sex, disability, sexual orientation, age, religious belief, gender reassignment, marriage and civil partnership and pregnancy and maternity. The recommended Development Partner will need to consider these factors, ensuring due regard is given to equality, diversity and inclusion (EDI) throughout the delivery of the whole development site. This includes but is not limited to:
 - a) Engagement with stakeholders and the local community
 - (i) Some individuals or groups may find it harder to respond on the basis of race due to potential language barriers making people

less likely to access 'official' spaces where engagement events are carried out/advertised

- (ii) Sensory, learning and physical disabilities could impact on a person's ability to engage. There is also a need to hear the views of disabled people in order to ensure events etc. are not shaped in ways that are detrimental to them
- (iii) Age may prevent some people from participating in engagement events / accessing information. For example, younger people may be less likely to attend 'official' spaces where engagement events are sometimes carried out. Older people are less likely to have internet access so could be disadvantaged if information is shared solely online

b) Recruitment of staff and procurement of sub-consultants

- (i) The media choice of how information about an opportunity is shared has the potential for a negative impact on individuals or groups on the basis of race because an assumption is made about the level of competence in written and spoken English
- (ii) The choice of media for sharing information about an opportunity has the potential to negatively impact disabled people with a visual impairment. Commonly held perceptions about disabled people, such as going to find doing the job difficult, and the legal requirement to carry out adjustments in the workplace may also be a barrier
- (iii) An individual's perception about how age influences performance has the potential for a negative impact on younger and older applicants, resulting in unfair treatment, unlawful discrimination. Examples include the view that a younger applicant would be insufficiently experienced or an older person is not worth the investment in time and training

8.9 The EIA can be seen at Appendix E. Any potential impacts identified will need to be assessed and then addressed appropriately. The council will ensure where appropriate and it is able to, support is provided to the recommended Development Partner to facilitate. The council's officers will closely monitor this to ensure due process is followed.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 Due regard has been given to the council's obligations under the Data Protection Act 2018 and General Data Protection Regulation (GDPR) 2018, it is considered that a Data Processing Impact Assessment (DPIA) is not required for this report.

9.2 Any data collected as a result of the procurement process has been held in accordance with the Data Protection Act 2018 and General Data Protection Regulations 2018.

9.3 This will be applied to any data collected as a result of any future events, consultations and engagements.

10 RISK ASSESSMENT

10.1 As required by council procedures, a project risk register has been maintained and subject to review. Should the decision of Cabinet be to proceed with the appointment of a partner, the risk profile to the council will change, due to the shared responsibilities for the development, or in places, the transfer of risk.

10.2 The council's Risk Management Strategy sets out a risk appetite of moderate, but acting in a partnership to bring forward the CWR development, presents a greater risk to the council, not only in terms of delivery, but financial and reputational risk. It is acknowledged that the risk profile of the CWR project is higher than moderate, at Hungry, but by proceeding with the project, the wider Economic and Social benefits identified in the Development Partner Business Case will be positive for the city and wider district.

10.3 In considering whether to proceed with the decision and in addition to the overall risk profile of the CWR project, Cabinet must consider the risks associated with the development, which are set out in the Risk Register at Appendix F.

10.4 Key risks to note are:

a) Risk: The proposed scheme is not financially viable

Mitigation: Undertake high level testing of viability, engaging specialist consultants where required
Ensure the recommended Development Partner has demonstrated realistic and considered approach to viability
Ensure the recommended Development Partner provides ambitious yet realistic proposals for addressing any financial gaps
Interrogate viability and explore funding options through production of the Full Business Case.

b) Risk: The proposed scheme is not affordable to the council

Mitigation: Undertake extensive financial modelling, engaging specialist consultants where required
Continuing engagement with council members and other key stakeholders
Interrogate viability and explore funding options through production of the Full Business Case.
Ensure the recommended Development Partner is able to provide ambitious yet realistic proposals for addressing any financial gaps

- c) Risk: Construction cost increases and supply chain disruptions

Mitigation: Regular close monitoring of construction market supply and demand.

SUPPORTING INFORMATION:

11 BACKGROUND

- 11.1 Winchester has a rich and varied history, the ancient capital of England and where English language originated, that has prospered for over 2,000 years through determination and innovation. The same strengths will enable us to meet the challenges faced today and tomorrow and there is a united desire across Winchester and the wider district for a revitalised city centre with a mix of uses, spaces and connections that will enable a timeless city to meet the challenges and opportunities of the 21st century and beyond. Winchester is a proud city committed to its stewardship and, after several decades, that is now ready for a new partnership that will shape its future. Following a yearlong procurement process to seek out the right partner that shares the aspirations for the city, the council has identified the recommended Development Partner to work to deliver the next chapter in the story.
- 11.2 Regeneration of the area in line with the CWR SPD guidance, together with findings from the Competitive Positioning Report, will support a vibrant local economy by working to fill the gap of affordable and flexible commercial space, enhancing the evening economy offer for the district and creating an area aimed at attracting and retaining the young and creative talent and respecting the heritage of the city. It is vital the council invests now to ensure the city continues to attract people to live, shop, visit and work.
- 11.3 To support this approach and to reflect the desire to bring regeneration to the heart of the city, the Central Winchester Regeneration (CWR) Supplementary Planning Document (SPD) was adopted in June 2018 following an eighteen-month period of public engagement and consultation, reference CAB3034. Subsequently, in 2019, a study was carried out looking at the competitive positioning of Winchester and the report, which can be seen on the CWR website pages, shows the challenges we face as a city. These include the lack of affordable living opportunities, workspace and employment opportunities which are a barrier to younger generations staying or settling in Winchester. A limited night-time economy provides little reason for younger age groups to visit the city centre and has led to a lack of over-night tourism. This must change to support a sustainable community in the future.
- 11.4 Using the guidance contained in the CWR SPD and the findings of the Competitive Positioning report, work was carried out to explore development scenarios for the CWR area based on the CWR SPD guidance. The scenario work tested different emphasis on mixes of land use allowed in the CWR SPD ranges whilst considering the opportunities highlighted to fill gaps in the local

economy. The CWR Development Proposals were developed following a period of engagement and then public consultation and were approved at Cabinet in on 10th March 2021, ref CAB3281.

- 11.5 Approval was also given to work on and complete the Strategic Outline Case. The Strategic Outline Case outlined the strategic aims for the project together with the options for delivery and the preferred way forward and was completed and presented to Cabinet on 21st July 2021, reference CAB3303. The Strategic Outline Case concluded that delivery of the CWR Development Proposals with the preferred development approach would meet the strategic objectives set out and this included adherence to the CWR SPD, a key policy document and material consideration in the planning process. The Strategic Outline Case was approved at that Cabinet session in July and approval was given to proceed to progress the Outline Business Case.
- 11.6 The Outline Business Case built on the conclusions of the Strategic Outline Case and further assessed the preferred delivery option and way forward in the context of the expected economic benefits, viability and affordability to the council to undertake a procurement process, and to put in place the necessary funding and management arrangements for successful scheme delivery. The Outline Business Case detailed the proposed delivery strategy for the project, including:
- a) Analysis of the Benefit Cost Ratio,
 - b) The approach for procurement and key commercial principles
 - c) Work on the financial case to further detail phasing, viability and affordability
- 11.7 The Outline Business Case was completed and presented to Cabinet on 22nd December 2021, reference CAB3322 and concluded that the case to proceed was confirmed but flagged that the loss of income associated with repurposing the existing estate would require further consideration as the project progressed and approval was also given to proceed to finalise the procurement documents as set out in the Outline Business Case. The Full Business Case, which will be presented to Cabinet ahead of any planning application submission, will consider the questions around income retention.
- 11.8 Cabinet also referred to Full Council that authorisation should be given for the council to initiate and conduct the procurement process. Full Council in January 2022 approved that the procurement process should be conducted.

12 DEVELOPMENT PARTNER PROCUREMENT PROCESS

- 12.1 The Outline Business Case outlined the route to appoint a Development Partner that will work with the council and the community to deliver against the objectives set out in the Development Brief with a focus on delivering a best in class sustainable, creative and exemplar scheme for Winchester.

Bidders were not asked to provide designs for a scheme but to provide a submission that detailed their approach to how they would meet these requirements. The CWR Development Brief can be seen at Appendix A.

- 12.2 Following the approval to conduct the procurement given in January 2022, a period of market engagement was undertaken to inform potential interested developers that the opportunity to be partner in the regeneration of the centre of Winchester was about to come to market.
- 12.3 The Public Contract Regulations 2015 (PCR2015) require no distortion of competition and observance of core procurement principles, namely treating economic operators equally and without discrimination, acting in a transparent and proportionate manner. All bidders had access to the same information and the procurement process ensured that all bidders were treated and evaluated in a fair and transparent manner. A full description of the procurement process can be seen in section 4, Commercial Case, of the Development Partner Business Case at Appendix C.
- 12.4 The formal procurement process began in accordance with PCR2015 and the council's Contract Procedure Rules with the publication of the Contract Notice and relevant documents on 17th March 2022. Details of the procurement process and timeline can be seen in section 4.2 of the Development Partner Business Case at Appendix C. The procurement process used was the Competitive Dialogue Process and was conducted using the council's e-procurement system.
- 12.5 Interested potential bidders were given the opportunity to attend a briefing day on site in Winchester to learn more about the opportunity and see the site firsthand and those wishing to express an interest were required to submit a completed Selection Questionnaire (SQ) ahead of the submission deadline of 12:00 21st April 2022.
- 12.6 As part of the Stage 1 SQ submission, potential bidders were required to put forward relevant case studies to illustrate their Technical and Professional Ability together with evidence their Economic and Financial Standing.
- 12.7 Thirteen potential bidders, ranging from national, regional and local developers from residential, commercial and mixed-use developers, expressed interest following the Contract Notice and submitted a completed SQ with supporting information.
- 12.8 The evaluation team carried out the evaluation based on the published criteria and method set out in the SQ in order to shortlist bidders. Details can be seen in section 3.5, Evaluation of Tenders, in the Development Partner Business Case at Appendix C.
- 12.9 Based upon the evaluation, the 3 top scoring shortlisted bidders were identified and issued with the Stage 2 Invitation To Participate in Dialogue (ITPD), on the 16th May 2022. The evaluation criteria set out in the ITPD was

designed to ensure that appropriate weighting was given to financial and quality factors (and then to key investment objectives, by reference to the SPD and CWR Development Brief). At this point, the potential bidders that had been unsuccessful in being shortlisted were notified in writing as required by PCR2015.

- 12.10 A number of Competitive Dialogue meetings were facilitated which enabled the council to conduct a staged process allowing bidders to refine and improve their proposals before making their Final Tender submissions. Both the council and bidders were able to outline their position and approach, discuss key areas such as archaeology, sustainability, the bus solution and wider transport considerations and the mix of uses across the site, review the emerging bid submissions over time and to discuss the financial and legal position.
- 12.11 Alongside and in addition to the dialogue sessions, site visits were arranged for some key officers, Members and members of the CWR Reference Group. The site visits were not attended by the bidder teams or their representatives and were conducted in order that the participants could see how the bidders had approached developments that had some characteristics relevant to Winchester. They were for information purposes only and did not form part of the formal evaluation process, but they enabled bidders to evidence how they might approach the delivery of CWR.
- 12.12 In October, each bidder was invited to present to Cabinet and then to the CWR Reference Group to outline their approach. All bidders were allocated the same amount of time and asked to present on the same themes. Once again, the purpose of the presentations was for information only to give both parties the opportunity to review and discuss the emerging thinking and they did not form part of the evaluation process or scoring.
- 12.13 The dialogue period closed in early November and the call for Final Tenders was issued on 28th November 2022. The submission deadline for final tender submissions was 12:00 9th December 2022.
- 12.14 Due diligence was carried out on the submissions by the procurement team and then evaluation of the 3 final Tenders was carried out by the Evaluation Team, supported by relevant archaeology, quality and planning, property, legal and financial council advisors, in accordance with the ITPD Evaluation criteria.

13 EVALUATION OUTCOME

- 13.1 The outcome of the evaluation at Final Tender stage of the shortlisted bidders against the evaluation criteria can be seen in the table below and it can be seen that Bidder E scored the highest overall score and is therefore identified as the recommended Development Partner.

Shortlisted Bidder	Quality (70%)	Commercial (30%)	Total
Bidder E	62%	20.29%	82.29%
Bidder I	44%	13.62%	57.62%
Bidder L	53%	21.20%	74.20%

13.2 An overview of responses received and themes which emerged from the Final Tenders can be seen in the Evaluation of Final Tenders section, section 3.6, of the Development Partner Business Case at Appendix C.

14 RECOMMENDED DEVELOPMENT PARTNER FINAL TENDER SUBMISSION

14.1 The council's requirements were set out in the Development Brief (Appendix A), and details of the recommended Development Partner's approach to realising the objectives set out in the Development Brief can be seen in the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief (Appendix B).

14.2 The document at Appendix B summarises the approach set out by the recommended Development Partner at Final Tender stage and provides detail around how the recommended Development Partner:

- a) **Will meet the council's requirement that development be carried out to deliver the vision and objectives set out in the CWR SPD.** Key points from the recommended Development Partner's final tender submission can be seen below with full details in section 1.2 of the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief at Appendix B.

The recommended Development Partner's approach is focused on delivery through ensuring flexibility and a long-term interest with a vibrant mix of uses that is in alignment with the CWR SPD.

Winchesterness is at the heart of the recommended Development Partner's approach with the intention to generate early social and economic value, deliver long term value and impact in the city centre and optimise delivery of the vision, aims and objectives of the SPD.

There is a focus on delivery of high-quality public realm across the site by pursuing excellence in design and materiality. The approach envisages the public realm to be a series of smaller moments which link up to form a dynamic and harmonious whole with a range of spaces that work for all. The intention is to open up culverted waterways to create river walks.

The vibrant mix of uses and approach to delivering exceptional public realm envisaged will create a new quarter for Winchester, a new destination adding something new and different to the City's extensive existing strengths.

There a focus on creating a network of high-quality walking and cycling connections, within the site and around the perimeter to provide much needed, safe, traffic-free access across the city centre.

The site will be delivered incrementally. The intention is for a range of meanwhile use interventions to be used to activate the site ahead of development coming forward and to seed future occupation of spaces. Once development commences, it is envisaged that each phase is a sequence of 'staged placemaking' with each phase offering a new place with an active public realm, creating social value and demonstrating the character of the whole.

The approach set out is focussed on delivery through embedding flexibility into all aspects of the scheme to ensure the ability for residents to rent or buy the "right size" homes at all stages of life, including workspace within the home, or available nearby.

There is a clear focus on engagement with the community and key stakeholders through the development process. The approach includes community and stakeholder engagement through the design and delivery process and through a range of active and passive engagement techniques to ensure that all voices are heard.

There is a strong track record and understanding of the council's sustainability policies and commitments and intends to engage on these early on to see if these can be evolved further to ensure that the climate change and sustainability outcomes are truly best in class.

- b) **Will meet the Investment Objectives of Work, Live, Play, Student Experience, Overnight Tourism and Sustainable Development.** Key points from the recommended Development Partner's final tender submission can be seen below with full details in section 1.3 of the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief (Appendix B).

The recommended Development Partner intends to deliver a creative quarter for Winchester through a variety of different types of workplaces that differ in size, finish and function. The creative quarter is described as 'a place to live, work, experiment, create, make, showcase, and visit providing a range of workspaces for existing and emerging talent, within a collaborative and nurturing environment

The intention is to provide a variety of new homes in terms of tenure and typology which will be aimed at creating 'a mixed, intergenerational

community including younger people (who prioritise affordability / getting on the ladder), people with young families (or about to have one), and older people (to downsize into something modern and energy efficient, with a house-type to allow people to “age in place”).

The recommended Development Partner’s approach is to deliver high quality public realm, which is accessible to all, alongside active ground floor uses (connecting the inside with the outside) which will draw people into the site and increase dwell time. This sits alongside a range of public spaces which can be used for high (e.g., performance space) or low energy (e.g., reading and picnics) activities and will provide variety to the existing Winchester offer.

The recommended Development Partner intends to design contemporary spaces and places that are attractive to young people and existing audiences within Winchester. The approach will be focused on providing housing and workspace options that are attractive to young people to retain them in the city which, together with the approach to delivering a vibrant mix of uses and activation of the public realm, is intended to attract students and young people as well as wider audiences.

The vibrant mix of uses envisaged will create a new quarter and destination for Winchester, adding something new and different to the City’s extensive existing strengths. The recommended Development Partner has set out their approach to funding and delivering a boutique apart-hotel to encourage overnight visitors to the city and increase length of stay.

The recommended Development Partner has demonstrated a strong understanding of the council’s sustainability policies and commitments and intends to engage on these early on to see if these can be evolved further to ensure that the climate change and sustainability outcomes are truly best in class. The recommended Development Partner has a strong track record of delivering sustainable outcomes through development with the approach for CWR focused on achieving Net Zero, embedding circular economy and achieving a biodiversity net gain.

- c) **Demonstrated an understanding of and commitment to the council’s sustainability policies and social value objectives.** Key points from the recommended Development Partner’s final tender submission can be seen below with full details in section 1.4 of the Summary of recommended Development Partner’s response to the Central Winchester Regeneration Development Brief (Appendix B).

The recommended Development Partner has demonstrated a clear understanding of and commitment to the council's sustainability policies and commitments and has devised four key deliverables that frame their approach to sustainability:

- Healthy and active places
- Affordable and secure energy
- Future proofed places
- Reduction in global warming

To achieve the council's objectives, while seeking to evolve them further to ensure that the climate change and sustainability outcomes are truly best in class.

The recommended Development Partner intends to deliver Net Zero Carbon by adopting a range of methodologies and intends to achieve industry leading standards such as BREEAM Excellent/Outstanding and LETI and Passivehaus. The intention is to embed a circular economy principle in the construction process and end use and there is the intention to deliver biodiversity net gain across the site, including opening up waterways.

With respect to social value, the recommended Development Partner is a 'purpose driven' organisation with a company constitution and articles of association which require the organisation to balance profit with social and environmental purpose. They envisage long term social value will be generated by the creation of a 'mixed economy, with a diversity of spaces and tenures to support arts, culture, leisure, SMEs, entrepreneurship and micro-businesses. Spaces will be flexible and adaptable for businesses of different scales.' A variety of homes at multiple price points and degrees of affordability. Common parts of the estate will be managed by the recommended Development Partner for the long term to ensure the stewardship of the community.

- d) **Demonstrated a clear understanding of the Winchester Movement Strategy and the envisaged on-street bus solution and outlined how they would approach engagement with transport stakeholders.** Key points from the recommended Development Partner's final tender submission can be seen below with full details in section 1.5 of the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief (Appendix B)

The recommended Development Partner's approach will be focused on creating a network of high-quality walking and cycling connections, within the site and around the perimeter to provide much needed, safe, traffic-free access across the city centre. There is a clear understanding of the Winchester Movement Strategy and the intention to deliver the interim on street bus solution alongside high quality public realm and to improve areas such as wayfinding and signage. station.

There is an intention to create and chair a regular transport steering group to discuss progress and performance against key objectives.

- e) **Set out how they intend to ensure exemplary design quality is embedded throughout in relation to design and placemaking.** Key points from the recommended Development Partner's final tender submission can be seen below with full details in section 1.6 of the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief (Appendix B).

The recommended Development Partner has set out how they intend to ensure exemplary design quality is embedded throughout the development. They state that their 'culture is focused on creating beneficial social and environmental outcomes, paid for by a viable scheme that delivers the necessary returns to pay for and sustain those outcomes'. Their approach to achieving exemplary design quality across the sites uses, phases and public realm is to 'respect and respond to the historic street patterns, revealing the base layer and container for designing in "Winchesterness" to reconnect the site to the city, and vice versa.'

Their approach includes opening up culverted waterways to provide riverside walks which will create 'a new combined water and nature corridor' linking to green spaces within the site and beyond. Their approach sets out how, through design, they will respect, physically and visually, key buildings such as the Guildhall and the Cathedral 'as well as the assemblage of secular buildings and spaces between them'. The intention is to reveal and enhance key buildings, coupled with the provision of 'intimate new public spaces, as envisioned in the SPD, which are the glue that characterises the places where people work, live and meet in public life'.

- f) **Demonstrated a strong understanding of the required approach to archaeology and recognises the local and wider public interest in the archaeology across the CWR site.** Key points from the recommended Development Partner's final tender submission can be seen below with full details in section 1.7 of the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief (Appendix B).

The recommended Development Partner's approach sets out the intention to 'celebrate the local and wider public interest through public engagement in the process as part of the public realm strategy' acknowledging that the 'archaeological work will help inform and develop Winchester residents' and visitors' understanding of the history of their city'. The intention is to create an identity for the site which is rooted in its vibrant history. To enable archaeology and other site investigations, they will appoint a specialist Archaeology Consultant to guide the process and allocate sufficient time to pre- and post-planning

programmes and will agree all proposed works with the council and with advice from the independent Archaeological Advisory Panel. They will work through the process of archaeological evaluation to inform the design proposals and ensure these meet the Council's pre-application requirements and the staged approach toward mitigation'.

- g) **Outlined their approach to meaningful engagement stakeholder engagement and set out their capability to do so through using their own in-house expertise supported by specialist consultants.** Key points from the recommended Development Partner's final tender submission can be seen below with full details in section 1.8 of the Summary of recommended Development Partner's response to the Central Winchester Regeneration Development Brief (Appendix B).

The recommended Development Partner has outlined their approach to meaningful engagement with stakeholders and set out their capability to do so through using their own in-house expertise supported by specialist consultants. They have undertaken comprehensive stakeholder mapping which will be built upon post appointment to create a stakeholder engagement plan. They intend to use their co-creation process to bring key stakeholders together in a series of workshops early in the project's duration to deliver clear, agreed action plans which will be reviewed and updated as the project progresses.

15 DEVELOPMENT PARTNER BUSINESS CASE

- 15.1 The council has aligned its approval process with the guidelines provided by HM Treasury Green Book. In line with these guidelines, the Strategic Outline Case was approved by the Cabinet on 21st July 2021 and the Outline Business Case was approved by the Cabinet on 22nd December 2021 and Full Council on 12th January 2022. The Outline Business Case identified the preferred delivery route to be the procurement of a Development Partner by way of a Development Agreement.
- 15.2 Typically, the final stage of the Green Book process is the Full Business Case where an investment decision is approved. At this point in time, the council will review the financial position, alongside other key elements of the business case, and give consent ahead of the planning application being submitted. The council and the recommended Development Partner will work up a detailed scheme that meets the viability needs of the recommended Development Partner and the affordability needs of the council and this can only be done at the Full Business Case stage. If it has not been possible to reach a scheme that delivers on the objectives, there is an option to terminate the Development Agreement, the consequences of which are set out in the Development Agreement Summary (Appendix D).
- 15.3 In order to secure the recommended Development Partner, an interim stage has been incorporated to support the case to approve the appointment of a developer and enter into a Development Agreement. The Development

Partner Business Case can be seen at Appendix C and the purpose of the document is to support the case to approve the appointment of the recommended Development Partner in line with the objectives outlined in the Development Brief and associated procurement documentation and provides an update to the Outline Business Case.

15.4 The Development Partner Business Case provides an update to the Outline Business Case using the recommended Development Partner's Final Tender Submission and explains the procurement process undertaken to identify a recommended Development Partner. The conclusions for each element of the Green Book approach are as follows:

- a) **Strategic Case**
Re-confirms the strategic objectives and the case for change set out in the Outline Business Case remain fit for purpose and relevant and highlights the addition of one objective which has been added to the Development Brief. This additional objective is in relation to the replacement or enhancement of the income received from the site by the council.
- b) **Economic Case**
Re-confirmed the delivery model and critical success factors that were recommended within the Outline Business Case remain fit for purpose. Sets out the long list and short list evaluation and identifies a recommended Development Partner. The Benefit Cost Ratio analysis set out at Outline Business Case stage has been revisited and confirms that despite a worsening economic climate that a favourable return is still achievable.
- c) **Commercial Case**
Sets out the conduct of the procurement and the commercial arrangements to be entered into with the recommended Development Partner and confirms that the procurement adhered to the rules set out in the 2015 Regulations e.g., rules surrounding openness, transparency, non-discrimination, and confidentiality. It also confirms that the evaluation of the final tenders was carried out in accordance with the published evaluation criteria.
- d) **Financial Case**
Sets out the financial affordability of the CWR project upon entering the Development Agreement and also sets out the provisions and mechanisms contained within the Development Agreement that allow the council to review, check and influence the final scheme for CWR from an affordability perspective.
- e) **Management Case**
Sets out the project management and governance arrangements to facilitate successful delivery. The Development Agreement includes the governance arrangements for the project and the on-going

engagement and authorised approvals between the council and the recommended Development Partner and the ongoing resource requirements for the council were assessed.

- 15.5 In conclusion and in recommending that the council progresses with the project, the Development Partner Business Case confirms that the justification for the redevelopment of CWR remains fit for purpose and the procurement exercise undertaken has successfully identified a recommended Development Partner to deliver the vision for the site.

16 CONTRACTUAL ARRANGEMENTS – DEVELOPMENT AGREEMENT SUMMARY

- 16.1 The council intends to enter into a Development Agreement with the recommended Development Partner to bring forward the redevelopment of the site. A draft Development Agreement, setting out the council's starting position, was issued with the Contract Notice in March 2022 and this was drafted in accordance with the Commercial Principles that were approved at Cabinet in December 2021 and at Full Council in January 2022 (see Background Papers).
- 16.2 Throughout the dialogue period, bidders were required to review, discuss, accept and/or mark-up the draft Development Agreement. The mark-ups were supported by detailed commentary tables to explain and justify proposed amends and at the close of the dialogue sessions, an agreed, negotiated position had been reached.
- 16.3 Subject to Cabinet approval, the draft Development Agreement will be finalised. There is still some work to do to incorporate the recommended Development Partner's tender submission into a final Development Agreement. The commercially confidential position of the recommended Development Partner has been carefully considered and is acceptable but to protect the commercial position of both the council and the recommended Development Partner these will be kept confidential. The Development Agreement Summary can be seen at Appendix D and the recommended Development Partner's commercial position can be seen in Exempt Appendix Di. A draft redacted Development Agreement can be seen at Appendix G.
- 16.4 Some of the key points that the draft Development Agreement covers are listed below and full details can be seen in the Development Agreement Summary (Appendix D):
- a) What is to be included in the Final Development Delivery Plan
 - b) When and how the financial position will be agreed and approved
 - c) Conditions for the drawdown of land and what the process will be

- d) Longstop dates¹ and Delay events
- e) Consultation and engagement expectations
- f) Governance of the project over the lifetime of the Development
- g) Agreement, together with council approvals and consents
- h) Exit and termination of the Development Agreement and consequences of such action

17 NEXT STEPS

- 17.1 Subject to Cabinet approval to appoint the recommended Development Partner, written notifications will be issued to all three bidders and in accordance with PCR2015 the council will observe a 10-day standstill. This allows the unsuccessful bidders to review the outcome of the Evaluation process and request further information if required. Once this period has elapsed, subject to there being no requests or challenges to the outcome, the recommended Development Partner named.
- 17.2 Following the formal standstill period, it is intended there will be a period of joint engagement with the council and newly appointed Development Partner so that stakeholders and members of the public can learn about who they are and what their vision for the CWR area is.
- 17.3 Following the appointment of the recommended Development Partner, as a priority, the Development Agreement will be finalised and entered into. It is expected that this will take a matter of weeks. During this time, drawn from the Final Tender Submission, the initial Development Delivery Plan will be scheduled into the Development Agreement and other schedules completed
- 17.4 Key tasks that will be addressed within the first 6 months of appointment will be:
- a) The recommended Development Partner will discuss and refine the Development Delivery Plan for council approval under the terms of the Development Agreement.
 - a) the Governance arrangements set out at the Cabinet Committee; Regeneration on the 7th March 2023 and approved for inclusion in the Development Agreement will be set up and implemented. These are the working arrangements to ensure that the council and the recommended Development Partner are collaborating to deliver the project in accordance with the Development Agreement and against

¹ A longstop date is the last date by which a contractual condition or set of conditions has to be performed.

the approved Development Delivery Plan. As part of these Governance arrangements, a regular quarterly update to the Cabinet Committee; Regeneration will be expected.

- b) The communications and engagement strategy that will be the framework for engagement throughout the lifetime of the project will be agreed and implemented. Building on the recommended Development Partner's final tender proposals and the requirements of the Development Agreement, this strategy will be approved through the joint Project Board set up as part of the Governance arrangements.

- 17.5 In addition to the above points, work will be ongoing with regard to implementing meanwhile uses and discussions with transport stakeholders will be held, with particular focus in the early stages on the bus solution and potential impacts of the emerging Winchester Movement Strategy.

The first 6 months is a key milestone and once the agreed tasks have been completed, a clear timeline will have emerged and work to progress to the next milestone of submission of the planning application will commence.

18 OTHER OPTIONS CONSIDERED AND REJECTED

- 18.1 The options for delivery of the long anticipated Central Winchester Regeneration project were explored through preparation and completion of the Strategic Outline Business case. These options ranged from the council developing and delivering the scheme directly to the council acting as master developer right through to selling the site for a third party to bring forward in line with the CWR SPD.
- 18.2 The Outline Business Case identified the preferred option as being to find a Development Partner to deliver a scheme to regenerate the council owned land and approval was given at Cabinet and Full Council to commence the procurement process and progress the business case process.
- 18.3 The procurement process has identified a recommended Development Partner and the Development Partner Business Case has provided further evidence that proceeding with this approach is justified.
- 18.4 If the council does not proceed as outlined in this report, a review of the project would be required causing further considerable cost and delay.
- 18.5 Public engagement and consultation has taken place through the adoption of the CWR SPD and the subsequent CWR Development Proposals and there is a clear need and desire to progress with the CWR project. If the council decided to either revisit the justification for the project and potentially start again or continue with current arrangements, regeneration of the area would be delayed which would jeopardise the future resilience and prosperity of the city. The objectives of the CWR SPD and Council Plan would not be met or achieving these objectives would be significantly delayed, expenditure on the

project to date would be wasted and the opportunity to address the gaps identified in the Competitive Positioning report would be missed.

18.6 The option not to proceed has therefore been rejected

APPENDICES:

- A. Central Winchester Regeneration Development Brief
- B. Summary of Recommended Development Partner's response to the Central Winchester Regeneration Development Brief
- C. Development Partner Business Case
 - i. Appendix Ci – Selection Questionnaire Evaluation Questions and Scoring Criteria
 - ii. Appendix Cii – Final Tender Evaluation Questions and Scoring Criteria
 - iii. Appendix Ciii – Moderated Scoring from Selection Questionnaire (Exempt and Restricted circulation)
 - iv. Appendix Civ – Moderate Scoring and Feedback from Final Tender (Exempt and Restricted circulation)
- D. Development Agreement Summary
 - i. Appendix D(i) Recommended Development Partner's commercial position (Exempt and Restricted circulation)
- E. Equality Impact Assessment
- F. Risk Register
- G. Redacted Draft Development Agreement
- H. Unredacted Draft Development Agreement (Exempt and Restricted circulation)

BACKGROUND DOCUMENTS

- 1. Previous Committee Reports:
 - a. CAB3034 Central Winchester – Adoption of SPD - June 2018
 - b. DD17 Cabinet Member for Housing and Asset Management Decision Day CWR Project Update – 12 October 2020
 - c. CAB3271 CWR Development Proposals - November 2020

- d. CAB3281 CWR Development Proposals and Delivery Strategy – March 2021
 - e. CAB3303 CWR Strategic Outline Business Case – July 2021
 - f. CAB3322 CWR Outline Business Case – December 2021
 - g. CAB3395R Governance of the CWR project – February 2023
2. Other background documents:
- a. Central Winchester Regeneration Supplementary Planning Document
 - b. City Wide Competitive Position Report
 - c. CWR Bus Provision - Working Draft
 - d. CWR Development Proposals