

REPORT TITLE: STATION APPROACH PROJECT – STRATEGIC OUTLINE CASE

18 JULY 2023

REPORT OF LEADER OF THE COUNCIL AND CABINET MEMBER FOR ASSET
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WARD(S): ST PAUL, ST BARTHOLOMEW

PURPOSE

The area around Winchester Railway Station, known as Station Approach, is an important gateway to the city and has been identified in the Local Plan as a site worthy of regeneration (Local Plan WIN5-7, emerging Local Plan W8).

In July 2022, Cabinet agreed a new approach to be undertaken to determine whether a viable project could be brought forward at Station Approach. This involved a number of work streams including working with adjacent landowners, embarking on a comprehensive and active engagement with the community and undertaking a capacity study.

In March 2023, Cabinet Regeneration Committee received report (CAB3399R) setting out the results of the initial engagement and consultation with local residents and key stakeholders.

In June 2023, Cabinet Regeneration Committee received report (CAB3407R) setting out the results of the capacity study that was undertaken between October 2022 and March 2023.

This report sets out the Strategic Outline Case for Station Approach and how the project may be taken forward, through developing a concept masterplan for the whole area followed by an Outline Business Case for Phase 1 of the masterplan.

RECOMMENDATIONS:That Cabinet:

1. Note any feedback provided by the Scrutiny Committee at its meeting on 3rd July 2023.
2. Consider the Strategic Outline Case for Station Approach and agree the recommended approach to progress the project as outlined in Option 3 of section 13.3 in this report.
3. Delegate authority to the Strategic Director with responsibility for the Station Approach project, in consultation with the Leader and Cabinet Member for Asset Management to finalise the brief to procure the concept masterplan as outlined in points 4 and 5 below.
4. Agree to the procurement and subsequent award and entering into a contract of a multi-disciplinary team to produce a concept masterplan for Station Approach as outlined in sections 3.2 and 14 below.
5. Agree an evaluation model of 70% Quality / 30% Cost for the procurement of a multi-disciplinary team to produce a concept masterplan for Station Approach as stated in section 3.2 below.
6. Approve the release of £295,000 from the Regeneration Reserve to fund stage 2 of this project, as set out in section 12.5.3.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

1.1 Tackling the climate emergency and creating a greener district

This project provides the opportunity to realise a connected sustainable development that contributes to one of the council's key ambitions to be carbon neutral. This project will look to ensure any development proposals uphold and strengthen our commitment to tackling the climate emergency and sustainable transport. The re-use of this brownfield site and its role as a transport interchange / public transport hub provides economic, social and community benefit and further supports this aim.

The railway station provides an important hub for trains, local bus services, Park & Ride, taxis, pedestrians and cyclists and we will further improve facilities and integration working in conjunction with the county council and train operators. This project will integrate the offer of different and connected transport nodes supplemented with enhanced facilities making it a truly green travel hub for existing and new/potential users.

All proposed development will be required to achieve Biodiversity Net Gain in accordance with relevant legislation and planning policy.

1.2 Homes for all

Housing in our district is expensive and young people and families are moving further afield because they are unable to find suitable accommodation they can afford. Supported by the Local Plan to ensure the right mix of homes is built for all sectors of our society, including young people, this project will consider the market and evaluate the possibility of residential uses across the sites. If residential use is appropriate, we will ensure that any development provides energy efficient, affordable housing and homes at fair market value.

1.3 Vibrant local economy

Work patterns, commuter habits and the way people use city centres are changing. This project will make a vital contribution to Winchester's future economy – helping to deliver the council's objective for a vibrant green economy and ensuring that Winchester's centre continues to thrive.

The city of Winchester is an important source of district employment and we need to ensure that we have the right places for businesses to relocate/expand and start-up that will provide employment opportunities. We will be guided by market analysis and grow the economy by building, where appropriate, attractive commercial buildings that will realise economic, environmental and social benefits for our residents and compliment the work being progressed by the Central Winchester Regeneration project.

1.4 Living well

The council is committed to enabling and promoting improved cycling and walking in line with the Winchester Movement Strategy (WMS) and Local Walking and Cycling Infrastructure Plan (LCWIP). This project will promote greater use of sustainable transport in line with the WMS. But it will not just be a 'good place to move through': the project's focus on high quality design and positive place-making will ensure that it is a 'good place to be' with regeneration of this area providing opportunities for significant improvement to the public realm.

1.5 Your services, your voice

The Station Approach project will provide the public with genuine opportunities to participate in shaping the future development of the area. The opportunity for active, positive public consultation has been included by outlining the process of consultation and all the points along the journey where public views will be captured. Feedback will be given and where views are used to shape the development of any scheme that comes forward as a result of our activities, this will be fully identified.

- 1.6 The project has undertaken an initial round of consultation and engagement from August to October 2022 to understand stakeholder views on the development principles of the project as well as current uses and future aspirations for the area. The consultation received over 1000 responses across the completed surveys and interactive map comments. The feedback received has been incorporated into the options explored as part of the capacity study and will continue to inform any future master planning exercise. The project is committed to continued engagement throughout any future stages to allow our stakeholders to remain a vital part of the process.

2 FINANCIAL IMPLICATIONS

- 2.1 The council is facing a significant budget deficit of £3m annually by 2027, so it is critical that all investment opportunities are considered within this context and that only those that are affordable and financially sustainable are approved. So, as well as being commercially viable, any Station Approach scheme and the ongoing consequences of it (e.g., lost revenue from the site), must be affordable for the council.
- 2.2 A £1m budget for additional project delivery resources to support regeneration work in the district was approved by Cabinet in October 2021 (CAB3318). £254,000 of this budget has been used to fund initial works on Station Approach, including market appraisal, consultation and engagement, capacity study, cost and commercial consultancy, project management as well as legal advice.
- 2.3 In order to progress to stage 2 of the project, a budget of £295,000 (including contingency) is required to undertake a concept masterplan. A £300,000 Regeneration Reserve was set aside in the 2023/24 budget to support both Central Winchester Regeneration and the Station Approach project, so is available to fund the concept masterplan.

- 2.4 The Outline Business Case (OBC), the stage following the completion of the concept masterplan, explores the affordability and funding requirements of scheme options alongside the potential economic benefits; commercial viability; strategic fit and deliverability. The OBC will assess both the financial implications of losing existing income streams on the council owned parts of the site (i.e., car parking revenue from the Gladstone Street and adjacent leased car parks, Cattle Market; property rents received from the former Registry Office etc) – as well as other potential costs of and/or income from future options for the site.
- 2.5 In order to be considered affordable in the current financial context, a project must either have a positive or neutral annual net impact on the revenue budget; if this is not the case, the council must be in a position to identify savings elsewhere in its budgets to offset the additional costs / lost income. Whilst a number of options have a positive residual land value (RLV), none is sufficient to generate a capital receipt that would fully offset the lost income. It is likely therefore that significant savings would need to be made elsewhere should the development ultimately go ahead.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 All procurement required for this stage of the project will be conducted in accordance with the Public Contract Regulations 2015 and the council's Contract Procedure Rules (CPRs) and adhere to the council's Procurement and Contract Management Strategy (2020-2025) in consultation with the Procurement and Legal Teams. Any changes to procurement law during the life of the project will be taken into full account as they materialise.
- 3.2 Due to the specialist nature of the work to be undertaken, the council will require a highly skilled and experienced design consultancy supported by the relevant technical expertise to carry out the concept masterplan. It is therefore recommended to change the weighting of evaluation for the procurement of a multi-disciplinary team to produce a concept masterplan from the council's standard of 60% Cost to 40% Quality in favour of 70% Quality to 30% Cost.
- 3.3 Legal implications will include assistance in defining and mitigating the third-party rights that exist over parts of the Cattle Market site as well as setting up consultant contracts.

4 WORKFORCE IMPLICATIONS

- 4.1 The following external resources would be required to undertake the concept masterplan:
- Programme Management
 - Multi-disciplinary team consisting of the following skills:
 - Master planning
 - Transport planning
 - Public realm and landscape design
 - Urban design

- Architecture
- Town planning
- Energy and utilities infrastructure planning
- Community/stakeholder engagement and consultation
- Environmental sustainability
- Heritage / Archaeology
- Cost Consultants
- Commercial advisors
- Legal advice
- Public Affairs/Communications support

These would be procured, as set out in paragraph 3.1 above.

- 4.2 Internally, support will also be required from across the council and will have to be allocated as require by the council's project methodology:
- Regeneration
 - Finance
 - Legal
 - Procurement
 - Estates
 - Planning
 - Communications

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The council is a significant landowner in the Station Approach area. These landholdings consist of Gladstone Street car park and leased parking adjacent, together with the former registry office, Cattle Market and Worthy Lane car parks. Whilst there are no implications at this stage of the project there will be issues to consider as the project progresses and options are identified such as how many and when parking spaces could be released to enable development and whether the council chooses to dispose of assets for development, enters into a joint venture partnership or self develops. The preparation of an Outline Business Case, which will be undertaken following the completion of the concept masterplan, will explore these options. Paragraph 11.11 identifies the project area and land ownership.

6 CONSULTATION AND COMMUNICATION

- 6.1 An external public affairs agency Meeting Place Communications (MPC) was appointed in April 2022 to support the council in developing a communications and engagement strategy for the project. At the heart of this strategy is the desire for meaningful community engagement. This has involved listening to the community and discussing development principles prior to commencing any work on development options. The strategy was approved by Cabinet in July 2022 ref CAB3349.
- 6.2 MPC supported Winchester City Council to engage residents and stakeholders in a consultation period from 01 August to 23 October 2022

leading to over 1,000 individual responses across the completed survey forms and website contributions. This has provided a helpful insight into what local stakeholders want from this important area of the city and has informed the options explored in the capacity study work.

6.3 The results of this consultation were presented to Cabinet Committee: Regeneration on 09 March 2023, ref CAB3399(R). A full description of the methodology, initiatives used and detailed results from each part of the survey and interactive map comments can be found in Appendix A of CAB3399(R).

6.4 In July 2022, Cabinet ref CAB3349 agreed that a cross party Reference Group be established to provide early and regular engagement as the project develops. The Reference Group has been established and acts as a sounding board, drawing on external experts as necessary and required to provide specialist advice and guidance to the project team. The group have been helpful in commenting on the capacity study work and in preparing the brief for a masterplan at stage 2. If the project progresses, the reference group will continue to provide specialist advice and guidance to the project team.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 The regeneration of Station Approach will contribute towards the council's policy commitment to be carbon neutral and deliver an exemplar connected sustainable development that provides environmental as well as social and economic benefits. All proposed development will be required to achieve Biodiversity Net Gain in accordance with relevant legislation and planning policy.

7.2 Development proposals in this vital transport hub will promote sustainable transport to, from and around the city. Walking, cycling, public transport and other environmentally friendly urban mobility methods will be encouraged.

7.3 The business case will address sustainability principles outlined in relevant policies including the National Planning Policy Framework, Local Plan, City of Winchester Movement Strategy, Parking and Access Strategy, Winchester Green Economic Development Strategy and Vision for Winchester.

7.4 In developing the proposals for Station Approach advice has been and will continue to be taken from the council's sustainability officers, and other specialist consultants as required. A cross-party reference group has been established for the project that will include environmental expertise.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 An equalities impact assessment on the public consultation and engagement strategy has been undertaken to ensure that our approach engages as many residents and stakeholders as possible. This has been incorporated into the communications and engagement strategy.

- 8.2 An equalities impact assessment has been undertaken for Stage 2, should Cabinet agree to progress the project and is included in Appendix B. This will be incorporated into the engagement strategy for any future masterplan.
- 8.3 An equalities impact assessment will be developed for any future stages, if the project progresses.

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 All data collected as a result of procurement and consultation and engagement for the project is held in accordance with the Data Protection Act 2018 and the General Data Protection Regulation (GDPR) 2018.
- 9.3 The council's Public Affairs Consultants, MPC, have provided their policy regarding Data Protection and it conforms to the Data Protection Act 2018 and the GDPR 2018. MPC will adhere to their policy in all matters relating to the protection of data gathered from engagement and communications activities. This has been set out in the contract specification.

10 RISK MANAGEMENT

- 10.1 The council's current overall risk appetite is defined as 'moderate' - '*Tending towards exposure to only moderate levels of risk in order to achieve acceptable outcomes*'.
- 10.2 However, the council recognises that there are inherently greater risks associated with regeneration projects and is open to innovative ways of working to pursue options that offer potentially substantial rewards, despite also having greater levels of risk. It is acknowledged that should the project progress beyond Outline Business Case, the risk profile will increase. We will mitigate risk through following best practice project management methodology and using H M Treasury green book appraisal for evaluating viability, affordability and value for money.
- 10.3 The project has a separate risk register which is managed by the Project Manager and maintained in line with the council's current risk rating. This report considers risks associated with progressing the project through the development of a concept masterplan.
- 10.4 Key risks include:
- a) Lack of support and engagement from Stakeholders. To treat and manage this risk, the council has procured a Public Affairs consultancy to ensure that public and stakeholder views are actively sought and inform the development proposals. They have prepared a

comprehensive communications and engagement strategy for this purpose and conducted a very successful first round of engagement with the public. Thorough engagement and consultation will be undertaken as part of a masterplan process to ensure that stakeholder's views are actively sought and incorporated wherever possible subject to site constraints.

- b) Global, national and local economic climate and social hardship. The consequences of the pandemic, war in Ukraine and cost of living crisis have brought significant challenge to our local communities and to the council. Costs of construction materials and energy have also increased. There is genuine concern that a scheme that is deemed acceptable and appropriate is not financially affordable at this time and the project may need to be paused until the economic climate improves. The council will continue to use evidence-based decision making and have the courage to stop the project if it is deemed unable to be successfully delivered at this time. We will ensure the council is transparent to the public and stakeholders about the reasons for not pursuing the project if that turns out to be the case.
- c) This project was re-started after London & Continental Railway Property (LCR) approached the council with a proposal to explore Network Rail (NRIL) and the council's collective landholdings to establish if a viable regeneration opportunity existed. There is a risk that the council will need to re-address their strategy for development and how to proceed as NRIL have decided not to develop their landholdings at this time.

10.5 Other risks are:

Risk	Mitigation	Opportunities
Financial Exposure – If the project is progressed to stage 2, there is a risk that further funding has been expended but we find that we are unable to present a viable and affordable scheme due to continuing economic pressures. For example, high build costs and borrowing rates.	Use of programme and project management methodology and the approval of each stage at the gateway point will ensure resources are only released one stage at a time and limit unnecessary spending.	There is an opportunity to create a vision and a cohesive masterplan for the area to which developers will need to adhere. Further interaction to understand the aspirations of stakeholders in determining how to revitalise this important gateway to the city could result in better outcomes at later stages.
Financial – risk that we do not have sufficient funds for next stage of project.	Set aside sufficient funds in earmarked reserves to undertake a concept	Consider how we might be able to share costs

Risk that, ultimately or at this time, regeneration of this area is unaffordable.	<p>masterplan. Build in gateway stop points in order to manage potential affordability challenges.</p> <p>Keep affordability assessment under regular review, ensuring that figures are robustly evidenced.</p>	with other landowners in the area
Exposure to challenge - from getting the process wrong (at this stage of the project this risk is considered to be minimal)	Work with legal, planning and procurement colleagues to ensure we adhere to the correct process.	Opportunity to present a thorough and well-planned consultation strategy for the whole potential lifecycle of the project – learning from other projects
Innovation	Seek and engage the right project and design team.	The interactive map on the project website continues to offer helpful insights into the strength of feeling regarding various suggestions for uses around the site and opportunities for improvements that could be made regardless of the project outcome.
Reputation – The council builds expectation and is then unable to deliver	Ensuring that residents and stakeholders are brought along the journey as the project progresses and provided with information and feedback in a timely manner.	Opportunity to introduce new ways of working and managing regeneration projects that will enhance the Council's reputation.
Risk that the project could fail	Work with a multi-skilled team with sufficient expertise to determine the best options for the area in a controlled iterative process in order to develop a scheme that is viable, deliverable with public support and is planning compliant.	To provide a process that has sufficient gateways to control release of funding and provides enough information to make sound, evidence-based decisions

Risk on whether the future uses proposed (e.g., commercial) remain relevant/whether there is a demand post-pandemic	Undertake market analysis to ensure that future uses proposed have demand from the market. Ensure that key studies are updated as we cannot rely on pre-covid assumptions.	Opportunities to liaise with other developments and organisations within the city to provide solutions that bring city wide benefits
Achievement of outcome – risk that benefits will not be achieved	The creation and implementation of a benefits management strategy will form part of the output of future stages if the project is taken forward.	The council has the opportunity to explore all the available options that incorporate public aspiration, improvement of existing infrastructure and the development of a viable scheme within the constraints of the sites.
Property Risks	None at this stage	
Community Support – risk that the approach does not fully engage with the public and other interested parties in developing options for the site resulting in lack of support for the project	A communications and engagement strategy has been developed with our public affairs consultants. We have consulted and engaged with residents and stakeholders to inform the capacity study options explored and will continue to do so if the project undertakes a concept masterplan.	A full and comprehensive communications and engagement strategy will allow for wider public consultation and greater understanding of public aspiration for the site. A thorough consultation and engagement process will continue throughout the masterplan period should Cabinet agree to proceed to Stage 2.
Timescales – risk of delay to project	A project plan has been developed and will be monitored by the project Board.	Ensure that the programme considers the impact of other developments within the city.
Project capacity	External advisors for stage 1 have been appointed. External expertise for Stage 2 will be procured to support the council.	Opportunity for knowledge transfer into the Council.

- 11.1 In 2021, Winchester City Council were approached by London & Continental Railway Property (LCR), who are working in conjunction with Network Rail (NRIL), to look at sites in the vicinity of railway stations that could benefit from regeneration. LCR are regeneration experts with notable successes in areas such as King's Cross in London.
- 11.2 The council agreed to explore opportunities to understand if a viable scheme can be progressed for the Station Approach area, allowing for the best possible use of the land as it interacts with its surroundings on our respective adjacent landholdings. The council has entered into a Memorandum of Understanding (MOU) with Network Rail and LCR to facilitate this.
- 11.3 The council is not obliged to work with LCR and Network Rail and therefore if the council decides that it would be more advantageous to develop our landholdings alone then we can do so. Our view is that a joined-up plan for the area will produce greater regeneration benefits and therefore we are currently pursuing that route by recommending a masterplan for the whole site.
- 11.4 After exploring whether commercially viable options can be brought forward on our joint landholdings, Network Rail have decided that a viable scheme cannot be brought forward on its land at this time and therefore will not be developing its sites in the short-term. However, they remain supportive and committed to working closely with the council. Close collaboration with NRIL will be integral to the development of the masterplan that ensures a cohesive design for the whole area and improves this important transport interchange.
- 11.5 The council has held early discussions with partners, including Hampshire County Council, to improve understanding of the various strategies and policies which may help shape any proposed development and how the site's regeneration can help support these objectives – for example, the Winchester Movement Strategy, The Vision for Winchester, Parking and Access Strategy and Air Quality Management Area.
- 11.6 The council has procured specialist communications consultants, MPC, to help us engage better with the public and our stakeholders. A Communications and engagement strategy was drafted and approved by Cabinet in July 2022. See CAB3349 in background documents.
- 11.7 Market Research
 - 11.7.1 The council commissioned its strategic advisors Jones Lang LaSalle (JLL) to undertake market research to understand how the demand may have changed due to the pandemic. They provided a highest value and best use analysis of the sites held by the council.
 - 11.7.2 This has provided an important insight into the current demand for commercial and other uses and any gaps in the city centre market that the regeneration of Station Approach could address. It is considered important to highlight

opportunities that are not necessarily based upon purely the most financially rewarding for the council but support the council's wider priorities and desire to deliver a high-quality development, with a strong sense of place, which benefits the community as well as the city's economy.

11.7.3 This analysis has been used to inform the consultation with the wider public and stakeholders and has been fed into the Capacity Study to inform the options that could be explored.

11.8 Public engagement and consultation

11.8.1 The council appointed Meeting Place Communications (MPC) as our communications / public affairs consultancy to deliver a comprehensive strategy for engagement and consultation during the early stages of this project.

11.8.2 At the heart of this strategy is the desire for meaningful community engagement. This has involved listening to the community and discussing development principles prior to commencing any work on development options. The comments received have been fed into the Capacity Study to inform the options that could be explored.

11.8.3 MPC supported Winchester City Council to engage residents and stakeholders in a consultation period from 01 August to 23 October 2022 leading to over 1,000 individual responses across the completed survey forms and website contributions. This has provided a helpful insight into what local stakeholders want from this important area of the city. The comments received have been fed into the Capacity Study to inform the options that could be explored.

11.8.4 A full description of the methodology, initiatives used and detailed results from each part of the survey and interactive map comments can be found in the background document section at the end of this report - CAB3399(R).

11.9 Parking Usage and Forecasting Study

11.9.1 Key to any development proposals at Station Approach will be a parking plan that takes into account the provision of a new Park & Ride facility to the north of the city; the Winchester Movement Strategy; and the Parking and Access Strategy.

11.9.10 City Science were commissioned jointly by Winchester City Council and Hampshire County Council. This work has updated the previous parking studies that were undertaken before the pandemic and considers parking and rail use behaviours post covid, including those associated with return to work, and how this will likely shape levels of future demand for parking spaces. This work will assist in determining what parking can be released for development and when.

- 11.9.11 The future state test results of the report concluded that the removal of Gladstone Street car park could be implemented now, subject to Cabinet approval, as there is sufficient capacity in other existing city centre car parks to accommodate a redistribution of displaced parking. However, it does not go as far as commenting on the likely parking behaviour changes and the secondary impact this would have on the council's income from the changes in behaviour. Subject to being affordable to the council, it is likely that Gladstone Street car park would form the first phase of the project.
- 11.9.12 With regards to reallocating parking at Cattle Market and Worthy Lane car parks, this requires more detailed consideration particularly in terms of the redistribution and the role of a new strategic northern park and ride. Forecasts indicate that prior to the removal of all parking on Cattle Market it is likely that a northern Park & Ride and Kings Barton Park & Ride will need to be in place. However, if the Winchester Movement Strategy were to implement traffic reduction measures supported by associated traffic modelling that indicated further options might be available, the council could re-consider earlier development of this site.

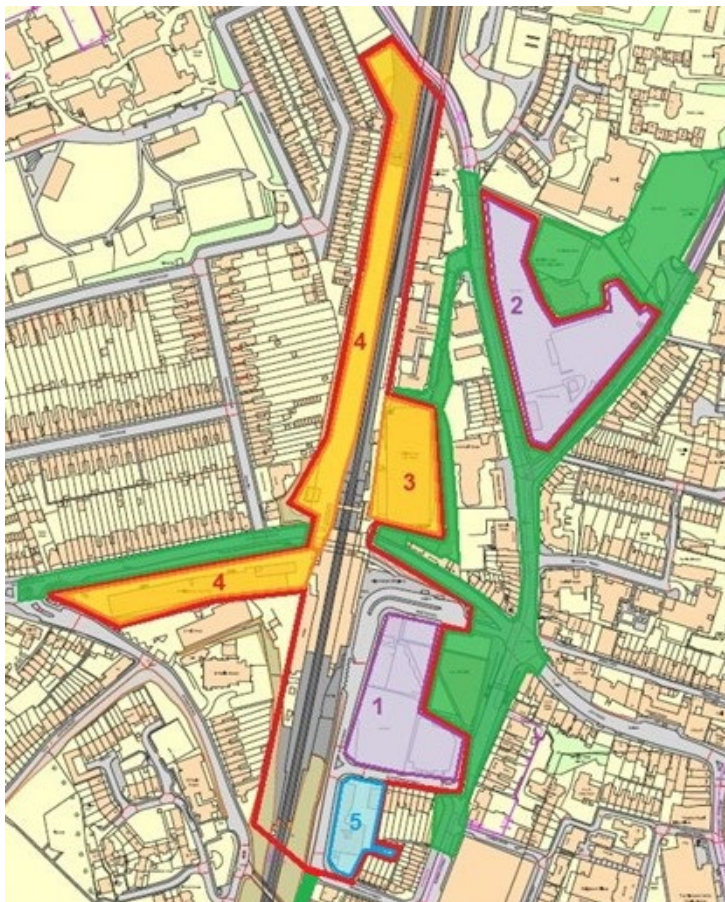
11.10 Capacity Study

- 11.10.1 A capacity study of the sites within the Station Approach area has been undertaken to inform whether a viable scheme can be developed which meets the aspirations of stakeholders and the local community.
- 11.10.2 A multi-disciplinary team led by architects Howarth Tomkins was procured to undertake the capacity study from October 2022 to February 2023. Supporting consultancy was provided by transport consultants, Systra, heritage consultants, Heritage Architecture, and cost /commercial consultants, IKON and Cast.
- 11.10.3 The study focussed on four key sites around Winchester Station:
- Carfax
 - Cattle Market
 - Station East
 - Station West
- 11.10.4 The capacity study explores the 'art of the possible' and is intended to help define the constraints and opportunities of the four sites and provide high level testing of the development capacity and commercial viability of each, as part of the groundwork for future development briefs.
- 11.10.5 It must be noted that the capacity study results do not constitute designs for future development. Rather, the study considers the evidence - the market conditions, costs, market demand, stakeholder aspirations, council priorities and planning parameters to show the types of development that could be pursued.

- 11.10.6 Development appraisals have confirmed that the current economic environment is challenging for development due to high build costs that are now on average 25% higher than two years ago.
- 11.10.7 The findings of the capacity study together with the stakeholder consultation suggest that even in these challenging economic times a potentially viable scheme could be brought forward on both the Carfax and Cattle Market sites for a mix of uses. If the economic climate were more favourable the schemes would produce even greater Residual Land Values that could support increased benefits such as public realm improvements.

The full report, providing details of methodology and assumptions can be found in the background document section at the end of this report - CAB3407(R).

11.11 The area in scope for the project consists of:



Map key:

Within Scope:

1. The **Carfax Site** – Gladstone Street car park, the leased parking adjacent and the former register office and to the south of Hampshire County Council's Records Office (owned by WCC).
2. The **Cattle Market and Worthy Lane car parks** (owned by WCC).
3. The **decked car park to the East** of the Station (owned by NR, operated by South Western Railway - SWR)
4. **Car parking along the western** side of the railway line and the decked car park to the West of the station (owned by NR, operated by SWR)
5. Other potential sites in the vicinity which could include working with other partners/landholdings, if they are supportive, which will assist in bringing forward a potentially broader comprehensive scheme for the whole area.

Areas shaded in green:

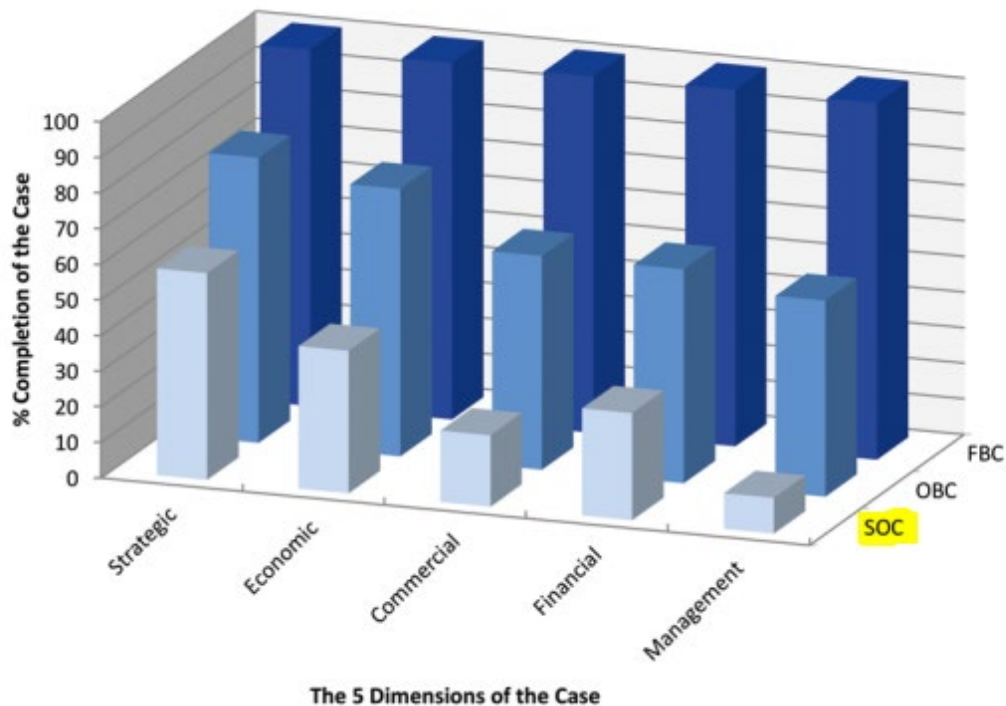
This indicates that the project will consider how these areas can integrate and connect better with public realm improvements within the redline as well as considering how connectivity between these areas can be enhanced. Some of these areas are being considered for improvement separately through the Winchester Movement Strategy. In co-operation with the WMS we would consider interventions in these areas that would enhance the whole, but they are not part of the project redline or for largescale development by the project. The Coach Parking area is included here as it is currently underutilised and holds capacity to absorb some displaced parking from Cattle Market with potential to be developed as a Park & Walk site into the city centre.

12.0 STRATEGIC OUTLINE CASE

- 12.1 High profile, complex projects need a robust business case to ensure they provide a solid foundation to support evidence-based decision-making. They should include evidence to support the 5 cases as outlined in the Treasury Green Book - the Strategic, Economic, Commercial, Financial and Management Cases. These are completed in an iterative process whereby the business case is built over several months (or years) as the evidence is gathered and decisions made at key stages.

The stages for these iterations are:

- **Strategic Outline Case (SOC)**
- **Outline Business Case (OBC)**
- **Full Business Case (FBC)**



12.1.1 As the illustration demonstrates, at SOC stage the evidence base is not yet comprehensive enough to determine the viability of the entire project. The main purpose of this SOC is to establish the case for change for the Station Approach project, provide high level assurance that there is a potential viable project that is worthy of further exploration and the resulting investment in resources that would be required to move forward to the next stage.

12.1.2 The SOC uses the Five Case Model (HM Treasury Green Book) to identify the best value for spending public sector money taking into account the direct and indirect benefits of the proposals. The five cases considered within the SOC preparation are:

- Strategic
- Economic
- Commercial
- Financial
- Management

12.1.3 The SOC demonstrates how the project supports the council's priorities, strategies and aims as well as other governmental policy priorities. It provides an overview of key constraints, dependencies and risks that could be addressed in more detail in an Outline Business Case (OBC), should the council decide to undertake this following the concept masterplan.

12.1.4 This SOC provides direction to the council for a recommended approach to the regeneration of Station Approach and what the next steps could be. It

does not, at this stage, provide sufficient evidence to warrant an unequivocal determination of the preferred route, but highlights the evidence with which the council can reach a decision on whether or not to progress to the development of a masterplan for the area, further public consultation and more detailed work to support future decision making.

12.2 Strategic case

12.2.1 This demonstrates that there is a compelling case for change and how the regeneration of Station Approach furthers the Council's aims and objectives. The conclusion of the strategic case is that there is evidenced justification for the project to proceed in terms of current and anticipated market demand, stakeholder aspirations and that implementing the project will support the delivery of both the Council's own, and wider strategies set out in more detail within Section 2, the Strategic Case, Appendix A.

12.2.2 This SOC strongly demonstrates the potential of the Station Approach project to support all of the priorities identified in the Council Plan 2020-2025 (some more directly than others) as well as aligning to a large number of strategies, action plans and policies identified locally, regionally and nationally.

12.3 Economic case

12.3.1 The purpose of the economic case is to assess which options provide the best fit for delivering the aims of the project as well as adding value to society, including wider social and environmental effects.

12.3.2 The long-listed options set out below have drawn upon a range of research and reports. These include the previous LDS scheme, Carfax and Cattle Market Sites Highest and Best Use Market Assessment (JLL, July 2022), Capacity Study (Howarth Tompkins, March 2023), Consultation Report Station Approach (Meeting Place, February 2023), Winchester Car Parking Usage and Forecasting Study Final Report (City Science, 2023), Winchester Station Approach Public Realm (LDS, August 2019), and Winchester Mobility Hub Feasibility Study (Steer, February 2022).

Option	Uses	Affordable Housing
Do nothing	Station Approach remains 'as is' Sub-optimal use of sites	N/A
Carfax Site		
Option 1a	Workspace with small food and beverage provision – LDS scheme reduced	N/A
Option 3b v4	Workspace with small food and beverage provision – diagonal layout with route	N/A

Option 3b v3	Workspace (increased optimal rent) with small food and beverage provision and residential – diagonal layout and route	25%
Cattle Market Site		
Option 2a	Workspace and commercial car park	N/A
Option 2a v2	Workspace, commercial car park and residential	25%
Option 2a v2 (commercial)	Workspace and residential	25%
Option 2a v2 (Student)	Workspace, commercial car park and student accommodation	N/A
Option 2a v3	Workspace and student accommodation	N/A
Station West Site		
Option 1b	Workshops (North) and Workspace (South)	N/A
Option 2	Student accommodation (North) and Residential (South)	25%
Option 3	Residential (North and South)	25%
Station East Site		
Option 1 v2	Student accommodation	N/A
Option 2b v2	Workspace	N/A
Option 4	Residential	25%

12.3.3 The long list of options were evaluated against the following Critical Success Factors:

Critical Success Factor	Description
Strategic Fit	Alignment to national, regional and local priorities as set out in the Strategic Case.
Support from stakeholders	Proposals reflect comments received during stakeholder engagement and consultation participation
Benefits Optimisation	The extent to which the option contributes towards social, economic and environmental targets including homes, employment space, jobs and other targets.
Potential Affordability	As the council is required to produce a balanced budget, any scheme must have either a neutral or positive impact on the council's revenue budgets, or if negative the council must be in a position to realise offsetting savings elsewhere. As such, the option must be sustainably affordable in cash flow and absolute terms to the council. At the SOC stage, options which provide either a positive RLV or the sensitivity analysis demonstrates a positive RLV with a 5% change in inputs have been considered to be potentially affordable and could be investigated further at OBC stage.
Deliverability	Security of landownership/control and certainty of outcomes considering risk such as securing planning permission

12.3.4 The long list of options have been short listed by undertaking a strengths, weaknesses, opportunities and threats (SWOT) analysis. The SWOT analysis considers the fit of each option with the Critical Success Factors as outlined above. This results in an overall assessment of each option, which determines whether the option is either discounted or shortlisted.

It should be noted that the options shortlisted do not constitute designs for future development. Rather, they show the types of development that could be pursued. These would be explored further through the concept masterplan and in more detail at OBC stage.

The following options have been shortlisted:

- Do Nothing
- Carfax – 1a – LDA Redux – Commercial scheme
- Carfax – 3bv3 – Commercial and residential scheme with diagonal route
- Cattle Market – 2av2 – Multi storey carpark, commercial and residential scheme
- Cattle Market – 2av2i – Commercial and residential scheme
- Cattle Market - 2av2ii – Multi storey carpark, commercial and student scheme
- Cattle Market – 2a v3 – Commercial and student scheme

12.3.5 It should be noted that the options outlined above have potential individually however when they are reviewed collectively with consideration of the needs of the city centre as a whole, what is taken forward within the concept masterplan could change e.g., it would be unlikely that the multi-storey carpark option would emerge.

12.4 Commercial case

12.4.1 The Commercial case documents the proposed deal in relation to the preferred option(s) outlined in the Economic case and therefore the detailed consideration takes place at OBC stage. At Strategic Outline Case this is limited to the services required to take the project forward.

12.4.2 A multi-disciplinary team will be required to undertake the master planning at the next stage of the project, details of which are included at section 14 'Next steps' below. In addition, the following external advice will be required:

- Commercial advice
- Legal advice
- Financial advice
- Programme management
- Public Affairs/Communications support

Internally support will also be required from the following WCC departments:

- Regeneration

- Finance
- Legal
- Procurement
- Estates
- Planning
- Communications

12.4.3 Procurement strategy and implementation timescales -

All procurement undertaken will be in accordance with the Public Contract Regulations 2015 and the council's CPRs and will adhere to the council's Procurement and Contract Management Strategy (2020-2025). Any changes to procurement law during the life of the project will be taken into full account as they materialise. Procurement is included in the indicative timeline for stage 2 at section 14 below.

12.5 Financial case

12.5.1 The financial case outlines the costs and funding arrangements for the project. It considers the capital and revenue budget implications for the council and whether the incremental impact to the council's budgets of each of the options are affordable to the council. More detailed affordability assessments are made as part of the outline business case and at the strategic outline case stage consideration is given to the council's financial situation, resources available for the project, and any revenue and capital constraints.

12.5.2 The council is currently facing multiple competing challenges and, should no action be taken, is projecting a £3m deficit by 2027. The development site currently generates around £0.54m of net income per year from parking and income not replaced would require the council to consider significant offsetting savings elsewhere. The council's capital receipt reserves are largely committed and therefore if the council were to develop the site itself it would need to rely on prudential borrowing. Combined with the current high construction costs, high interest rates for borrowing are making many capital projects across the local government sector unaffordable at present.

12.5.3 Revenue investment will be required to take the project forward to the next stage. A budget of £295,000 is required to undertake the concept masterplan. The budget breakdown has been estimated as shown in the following table but some flexibility in the exact breakdown may be required once final cost estimates are received.

Option 3 – Concept Masterplan	Cost
Concept Master Planning	£135,000
Project Lead	£94,350
Comms Support	£10,000

Reference group	£6,400
Legal support/counsel	£2,500
Planning Performance Agreement	£20,000
Sub-total	£268,250
Contingency at 10%	£26,750
Total	£295,000

12.6 Management case

12.6.1 The Management Case demonstrates that there are appropriate arrangements for the delivery, monitoring and evaluation of the scheme and these are achievable.

12.6.2 Project Management Arrangements

The project is being managed in accordance with the Council's major projects and programme management requirements and also in accordance with PRINCE2 methodology and the Treasury Green Book 5 case model.

13 OPTIONS TO CONSIDER

13.1 **Option 1:** Do Nothing

Pros: No further expenditure required to be committed at this time. The council will retain the circa £540,000 of net income per year from parking.

Cons: This would result in the status quo and the regeneration of this area would stall. The council has had a number of failed attempts to bring forward a project in this area and another false start when there is a strong indication that a scheme could be brought forward would make future attempts more difficult.

This option does not align to the emerging local plan which allocates this area for regeneration and requires a concept masterplan to be undertaken for the whole area prior to any development of the site as a whole or any part thereof.

This option is not recommended.

13.2 **Option 2:** Proceed with developing a Concept Masterplan and OBC for delivery of phase 1 of the masterplan (Carfax Site)

Pros: Producing a concept masterplan builds on the work undertaken in stage 1 of the project and is in line with the emerging local plan.

Undertaking the OBC at the same time as the masterplan will produce economies of scale in terms of project management and also resources available from within the technical team to support the OBC.

Cons: Costs associated with undertaking the OBC need to be committed and should there be a delay in developing sites following the completion of the OBC this work would need to be updated if re-visited in the future.

This option is not recommended.

- 13.3 **Option 3:** Proceed with developing a Concept Masterplan followed by OBC at a later date.

Pros: Once the concept masterplan is completed and endorsed by Cabinet a decision on whether to proceed to OBC for the first phase of development could be taken.

This option would mean the cost of producing the OBC would not be required until at least April 2025 depending on procurement route.

The timeline of stage 2 of the project will be extended and this may allow time for the economic climate to improve.

Cons: extending the timeline will result in further project management costs.

This option is recommended.

14 NEXT STEPS

14.1 Concept Masterplan

On 21 June 2023 Cabinet approved an approach to concept master planning that will be used to support the delivery of all significant development sites in the district unless a Supplementary Planning Document (SPD) is in place, CAB3408 refers.

A **Masterplan** is a process by which organisations undertake analysis and prepare strategies, together with the proposals that are needed to plan for major change in a defined physical area. A masterplan sets out proposals for buildings, spaces, movement and land use in two and three dimensions and matches these proposals to a delivery strategy.

A well-designed concept masterplan should include a clearly expressed 'story' or vision for the design concept and how it has evolved into a concept proposal. This will be unique to the Station Approach area and provide clarity on spatial parameters [or frameworks] for the elements of development outlined in the section below.

14.2 Concept Masterplan Brief

If Cabinet decides to progress the Station Approach project to stage 2, building upon the work undertaken to date, the council will develop a *Concept Masterplan*. This is a high-level site-specific masterplan approach and will be

submitted to Cabinet for endorsement in line with the newly adopted approach.

The concept masterplan will be accompanied by our vision for Station Approach setting out the priorities for the area and defining the transport hub and public realm strategy. It will set out parameters for how we make a city that is loved even better. It will explain the sites' constraints, opportunities and development capacity and contain the following elements:

- movement and access
- land uses and the quantum of residential development
- strategic urban principles
- nodes and landmarks
- green and blue infrastructure
- key contextual interfaces
- high-level viability
- phasing plan and anticipated delivery schedule

The masterplan will be managed through the 8 key stages in line with guidance from the local planning authority:

1. Establish vision and aspirations
2. Identify responsibilities
3. Identify baseline information & issues
4. Creating and testing masterplan scenarios
5. Consultation
6. Refining the work
7. Implementation and management
8. Output & endorsement

14.3 The indicative timeline for stage 2 of the project below provides an overview of proposed activities that will result in the production of the concept masterplan and a Cabinet decision on whether to progress to the next stage where an Outline Business Case (OBC) will be developed.

Milestone	Start Date	Comments
Finalise brief and procure Masterplan team	Q2 2023/4	
Begin masterplan process	Q3 2023/4	
Complete Masterplan	Q3 2024/5	Prepare Cabinet papers
Cabinet Decision	Q3/4 2024/5	Cabinet to consider and endorse concept masterplan. Cabinet to decide whether to proceed to undertake an OBC which outlines phase 1 development options based on masterplan recommendations.

15.0 BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3349 – Agenda item 9, page 23 – 47 [Cabinet Public Documents Pack](#)

CAB3399(R) – Agenda item 7, pages 13-84 [Cabinet Committee Public Documents Pack](#)

CAB3407(R) – Agenda item 7, pages 13 – 244 [Cabinet Committee Public Documents Pack](#)

Other Background Documents:-

CAB3408 – Agenda item 8, pages 15 – 30 [Cabinet Public Documents Pack](#)

APPENDICES:

Appendix A – Strategic Outline Case

Appendix B – Equalities Impact Assessment

Appendix C – Exempt report – LSH Development Appraisals