

**Meeting:** EXECUTIVE

**Agenda Item:**

**10**

**Portfolio Areas:** Environment & Regeneration and Resources



**Date:** 14 MARCH 2017

## **TOWN CENTRE REGENERATION – DELIVERING THE FIRST PHASE (SG1)**

### **KEY DECISION**

|                   |               |              |
|-------------------|---------------|--------------|
| Author –          | Kevin Langley | Ext.No. 2272 |
| Lead Officer –    | Noel O'Neill  | Ext.No. 2871 |
| Contact Officer - | Noel O'Neill  | Ext.No. 2871 |

### **1. PURPOSE**

- 1.1 This report shows the progress on the town centre regeneration that has taken place since the report to Executive in October 2016. Stevenage Borough Council (SBC) has a first scheme, known as SG1. This represents the key first phase culminating in a major £250m - £300m gross development value investment into the town and acting as a catalyst for further development. It will deliver substantial benefits to the town including high quality public realm improvements including to the Town Square, 7,000m<sup>2</sup> of retail in that area, around 600 residential units, 3,000m<sup>2</sup> of food and drink as well as a new public sector hub across a 5.75 hectare site. Since carrying out two very positive rounds of soft market testing we are now ready to start the process to procure a development partner. This report provides a summary or the procurement route for SG1 using competitive dialogue which will commence following Executive decision and take between 9 - 12 months to complete.
- 1.2 SBC has already secured £12m funding from the Hertfordshire Local Enterprise Partnership (LEP) through Growth Deal 1 and working with local partners, has been successful in being allocated a further £19m of funding from Growth Deal 3. This report will also address the impact of this funding. In addition the report seeks to gain a resolution from Executive to use Compulsory Purchase Order powers on land within the SG1 boundary should it be required in order to enable the regeneration of SG1.

### **2. RECOMMENDATIONS**

- 2.1 That the issue of a Contract Notice be approved to start the procurement process to seek a development partner for the development opportunity area in Stevenage Town Centre referred to as SG1.
- 2.2 That authority is delegated to the Strategic Director (TP) to select the shortlist of developers to be taken through from the selection questionnaire stage to enter the competitive dialogue process. A recommendation to close the

competitive dialogue stage and seek final tenders is expected to be made to the October Executive.

- 2.3 That authority is delegated to the Strategic Director (TP) to finalise the selection stage and award stage evaluation criteria in the procurement documents in a manner consistent with the Objectives set out in Appendix C to this report.
- 2.4 That the procurement strategy for the SG1 development opportunity is approved, using and OJEU compliant Competitive Dialogue process with the preference to appoint a developer on the basis of a contractual partnership with a developer that will be governed by a Development Agreement (DA).
- 2.5 That the Executive confirms it is willing in principle to exercise its use of CPO powers to facilitate the SG1 development opportunity area if necessary.
- 2.6 That the transfer of £300,000 from allocated reserves (ring fenced from 2017/18 business rate gains) to fund the procurement process and associated professional services to support town centre regeneration in 2017/18 be approved.
- 2.7 That Members note the progress of the Growth Deal 3 applications for funding and the intention of the Council to work with key local partners to progress further town centre regeneration schemes in line with the Stevenage Central Framework regeneration plan.

### **3. BACKGROUND**

#### **3.1 Future Town Future Council (FTFC)**

- 3.1.1 The regeneration of the Town Centre is a top priority for Stevenage Borough Council; this is highlighted through its recognition as a key project within the FTFC Programme. SG1 will be the first phase of development that will act as a catalyst to deliver major place shaping changes to the town centre. Outstanding public realm, modern retail, new leisure and living will characterise these changes.

#### **3.2 Regeneration Framework**

- 3.2.1 The Council approved the Stevenage Central Framework in June 2015. This was compiled by David Lock Associates and set out a clear plan for the regeneration of the Town Centre and builds on lessons learned from many other new towns and major conurbations. The Stevenage Central Framework has been signed off by key partners, the Highways Authority and the LEP, via the Stevenage First Board and underpins many of the policies which have been developed as part of the emerging Local Plan which is currently being examined by an inspector.
- 3.2.2 The Framework sets out how the town centre can attract new investment for high quality building and public realm to reinvigorate the centre of Stevenage

as a destination and 21<sup>st</sup> century town centre. 6 Major Opportunity Areas (MOA) across the town were identified and the type of development that could be delivered in those areas. This is a flexible framework enabling different regeneration areas to come forward at different times and taking account of market conditions. Mixed development is the key to a successful 21st century town centre. The key outcomes will combine new high quality residential with new commercial, office, leisure and retail offer and bring attractive and high quality 'greener' public realm.

- 3.2.3 The wider Framework incorporates proposed infrastructure improvements to create a high quality destination town. The vision is to reposition Stevenage as a growth location and destination for Hertfordshire, building on its current 20 minute connectivity from Kings Cross. Part of this the strategy includes a greatly improved east – west link across the town, from the Gunnels Wood employment area, through the town centre and to the residential areas. In addition, the Framework envisaged improvements to the station concourse and area, and steps the softening of part of the A602 Lytton Way to enabled movement across the centre of the town.
- 3.2.4 The town centre was originally built for a population of 60,000 people and now, with the town home to over 85,000 residents, a new approach to how these residents are catered for is needed. The framework was centred on opening up Stevenage Town Centre through improved east – west connections between the town centre and the leisure park. This would allow the town centre to grow and compete with other regional town centres by encouraging a greater range of uses into the wider core of the town. The framework sets out concepts of how the town centre works coherently and with key links from the High Street, to the town centre, Leisure Park, residential areas and the relationship with the Roaring Meg facility.
- 3.2.5 The first phase of development (SG1) discussed later in paragraph 4.1, has been developed with the support of commercial agents. It includes all of the Southgate MOA and its outcomes and part of the Central Core around Town Square, Swingate House and the Council Offices. The Council's intention is to then developer further phases of regeneration in other parts of the town centre, to achieve the overall results for the town.

### **3.3 October 2016 Executive Report**

- 3.3.1 A report was presented to Members of Executive in October 2016 detailing the steps Stevenage First and Stevenage Borough Council have taken in order to progress the regeneration of Stevenage Town Centre since the creation of the Stevenage Central Framework. The report contained information on the many background reports that have been compiled to inform the SG1 scheme, including transport modelling, parking studies, soft market testing exercises and viability assessments.
- 3.3.2 The report highlighted that SG1 is the largest town centre regeneration scheme in Hertfordshire and will act as a catalyst for the wider town. It will show other developers and potential investors of the potential within

Stevenage while also providing uplift in land values making future schemes more attractive to the market place.

- 3.3.3 The report gained approval for the procurement of a developer partner to deliver the SG1 town centre development through an appropriate OJEU process. In the report it was agreed that final approval of the full procurement strategy would be sought following announcements of the Growth Deal 3 funding that were due imminently from the Department for Business, Energy & Industrial Strategy (BEIS).
- 3.3.4 Following October Executive, the Regeneration Team held a series of roadshows across the Town that showed the wider regeneration plans for the Town Centre as well as specifically SG1. These events sparked a great deal of interest from the community and real feedback was captured about what people wanted to see within the redeveloped town centre and their views on how the place should work. Generally people were positive and took the chance to have their say. A summary is shown in Appendix D.

### **3.4 Town Centre Development**

- 3.4.1 Since October, exciting plans to redevelop the Park Place area have been granted planning permission. This development will improve the shopping and visitor experience in this area, while providing new residential units in line with the Framework aspiration of creating a new community in Stevenage town centre.
- 3.4.2 The success of residential conversions in and around the town centre is evident, with properties in the Skyline development selling out before the building works were completed. These developments demonstrate that Stevenage continues to be seen as a desirable location and indicates the strength of the residential market in Stevenage.

### **3.5 Stevenage First**

- 3.5.1 The Stevenage First Board was established in early 2015. Chaired by Andrew Percival of the Hertfordshire Local Enterprise Partnership (LEP), the Board comprises representatives from Stevenage Borough Council, Hertfordshire County Council, Hertfordshire Chamber of Commerce, Network Rail, Homes and Community Agency and Legal and General. Stevenage First was set up as an informal partnership governed by a Memorandum of Understanding agreed by the Council, Hertfordshire County Council and Hertfordshire LEP. This Board has focussed on working together to move on the regeneration of Central Stevenage in line with the adopted framework, and the LEP allocated £16m through the first round of Growth Fund to the Board to enable the regeneration process. This has had a specific focus on the development of a Framework, plans, studies and preparation to support regeneration rather than holding land or acting directly as a developer, with the expectation that new delivery arrangements would come forward to deliver individual schemes.

## **4. REASONS FOR RECOMMENDATIONS COURSE OF ACTION AND OTHER OPTIONS**

### **4.1 SG1**

- 4.1.1 The Council has been leading on bringing forward the development opportunity area in Stevenage town centre referred to as SG1. This area is outlined in Appendix A and covers an area around Southgate and Town Square which is predominantly in Council ownership. SG1 represents the first phase of development in the town's wider redevelopment programme set out in the Stevenage Central Framework. SG1 will take the first step towards achieving the Council's ambitious vision for the town, with the delivery of new retail, 600 new homes, new leisure uses including food and drink, major investment in the public realm, and a new civic hub, which aims to include a new library, health facilities and council offices.
- 4.1.2 The new civic hub will be located in the heart of the town, providing a one-stop shop for residents in an accessible, purpose-built facility. It aims to include 21<sup>st</sup> century health facilities, a new library and civic offices. This 'destination' building will also drive footfall to the area and make it a hub of life and activity. The civic hub will also co-locate a number of services currently operating out of sites in Southgate, releasing these sites owned by our public sector partners for redevelopment. Stevenage Borough Council will work with partners to produce a specification for the hub that meets all partner requirements and delivers this vision for a modern, accessible, customer-focused civic centre.
- 4.1.3 The sites released on Southgate are expected to be redeveloped for residential purposes. This area will also see significant improvements to the existing landscape, with the development of a high quality green corridor. This green corridor will support recreation for residents creating a linear park, while also forming part of wider plans to encourage cycling and walking in Stevenage Central. The Towers will remain and residents benefit from the improved public realm and environment. It will also be a requirement for developments, as part of SG1 and beyond, to identify how cycling within the central Stevenage area will be improved and the links to the wider Stevenage cycle network enhanced. An option for a site for a new primary school has been identified within the Local Plan, proposed to be inside the SG1 scheme to meet the potential needs created by the new residential.
- 4.1.4 In addition to improving the flow of pedestrian and cyclists around the town, SG1 will pave the way for improvements to the Stevenage bus network. Longer-term it is proposed that the bus station in Town Square would be relocated to a site closer to the rail station. This will enable improved public realm in the heart of the town, and the creation of a transport hub in the vicinity of the station.
- 4.1.5 This is a major redevelopment, which will not only deliver immediate, tangible benefits, but be a catalyst for future development, laying the groundwork for the wholesale transformation of Stevenage Central. The centre of gravity of the town is shifting west; SG1 will begin the process of recalibrating the town

to ensure the town centre can grow and become better connected to the station, and leisure park area. SG1 will start this work by ensuring that provision for East-West pedestrian routes linking the town centre with these important Stevenage locations are reflected in the plans. This ensures that the scheme is futureproofed against later phases and that benefits can be maximised across the whole scheme.

- 4.1.6 Finally, the Council is seeking a developer partner who will share our vision for a renewed town centre that looks to the future, while complementing Stevenage's rich New Town heritage. The Council will provide clear guidance to developers to ensure that what is delivered will build on Stevenage's history and enhance the town's original features, including the Grade II listed Clock Tower and Joyride statue, and the decorative primary-coloured glass panels.
- 4.1.7 Viability testing from Cushman Wakefield (the Council's appointed commercial advisers) indicates that the SG1 scheme would return a positive value to the Council as landowner and be attractive to developers. Two rounds of soft market testing have been carried out which have had very positive responses. It was indicated that the significant scale of the development would be of strong interest to major developers.
- 4.1.8 The challenge is to find the right one to partner with to move forward such a key area of the town centre and achieve the Council's aims

## 4.2 Procurement

- 4.2.1 The competitive dialogue process was set out in the October 2016 Executive Report. It is still maintained that this is the most effective approach to the procurement.  
Should the recommendations in this report be approved officers will begin the competitive dialogue procurement route by issuing a Contract Notice before the end of March. The Contract Notice will formally begin the procurement process. The first stage will be inviting developers to complete a Selection Questionnaire (formerly known as PQQ). At this stage bidders must provide essential information about the company in order to evidence its ability to deliver the project. Information required will include details of economic and financial standing, and technical and professional ability (the bidder's track record on other projects).
- 4.2.2 The project team will evaluate the responses in accordance with its exclusion and selection criteria to create a shortlist of developers to take forwards to the dialogue stage. It is proposed to shortlist 3 or 4, depending on the quality of the responses, providing 3 of sufficient quality are submitted.
- 4.2.3 Approval is being sought for authority to be delegated to the Strategic Director (TP) to shortlist the developers to take forward to the dialogue stage.
- 4.2.4 Bidders will then prepare submissions based on the objectives set out in the procurement documents. The objectives will form the key part of this with these giving the developers the scoring weightings for each of the areas that

SBC are wanting to achieve. A summary of the objectives and draft scoring criteria are set out in Appendix C.

- 4.2.5 A dialogue process is then undertaken with each of the short listed bidder to refine the schemes based upon the objectives set out within the procurement documentation. This dialogue process will take between 4 and 6 months with meetings and structured and documented exchanges with each of the bidders throughout. Should any of the bidders be too far away from meeting our objectives when measured against objective criteria that will be made known to the bidders at the outset, then we will stop working with that party to concentrate on the developers that can meet our objectives; this will ensure that the process is run in an efficient and timely way.
- 4.2.6 Executive approval will be sought in October to close the dialogue stage and to invite Final Tenders. This will ensure that Members have further input into the emerging proposals for SG1 ahead of final selection. After the dialogue stage has closed bidders will prepare and submit their final tenders, which will include a detailed masterplan, phasing plan and financial proposal which would be evaluated by the Project Team against the objectives.
- 4.2.7 The October report will also seek delegated authority to the Strategic Director (TP) to approve proceeding with the bidder as developer selected as a result of the evaluation criteria against the bidders' final tenders.
- 4.2.8 Members are extremely interested that the proposals coming forward are right for Stevenage. The selection criteria set therefore includes a high ratio (70%) weighted on quality criteria to ensure that the proposals that we receive meet the Council's aspirations. This scheme will need to set a basis for the future developments which are to follow which is why ensuring that a high quality scheme is delivered is essential. The Council's has set out 10 clear objectives which tenders will be evaluated against; these are set out in Appendix C. In summary, the council is seeking:
- creation of a master plan that supports the Council's vision for the town centre, the principles of the Stevenage Central Framework and meets the aspirations of the people of the town;
  - provision of high quality residential to grow the town centre population;
  - provision of commercial uses that contribute towards the local economy and vibrancy of the town centre;
  - commitment to high quality design that contributes to the character of the town,
  - provision of a public sector hub;
  - enabling of sustainable local employment and training opportunities through the development and construction process;
  - establishment of long term management and maintenance at minimum cost and risk to the public sector;
  - a timely development programme that minimises the impact of development;
  - efficient assembling of land within red line area;
  - a commercially viable solution.

4.2.9 Once a development partner has been selected officers will work with them to finalise the formal legal agreement. This process will start through the dialogue stage with the Heads of Terms being amended as discussions take place to ensure the agreement can be signed as quickly as possible after the successful developer is selected. The Council expects to have selected the successful developer by the end of the year.

4.2.10 The detail of the design of the scheme will be developed as officers work through the procurement process through to construction, with more detail being delivered at each stage. The table below highlights the activities that have already been completed in pre-procurement and those that will be done, and timescale, as we progress through the process.

| Stage                       | Activities   | Timescale     | Status                          |
|-----------------------------|--|---------------|---------------------------------|
| Stevenage Central Framework | <ul style="list-style-type: none"> <li>Commissioned DLA to deliver an overarching regeneration strategy for the development of the centre of Stevenage. The framework gives a clear vision to ensure that Stevenage Central plays a full role in the lives of Stevenage residents into the future.</li> </ul>  | 12 months     | Completed                       |
| Pre-procurement             | <ul style="list-style-type: none"> <li>Background reports – Viability, Transport modelling, Parking, Environmental, Archaeology, Property and title, Topographical, &amp; Utilities, Soft market testing</li> <li>Procurement documentation – Including setting the objectives which the developers will be assessed against</li> </ul>  | 12 months     | Completed                       |
| Procurement                 | <ul style="list-style-type: none"> <li>Respond to clarifications and evaluate stage 1 (selection questionnaire) responses</li> <li>Work through dialogue stage with developers refining bids against objectives. This will be where further detail is developed and the tenderers will be challenged to develop the designs of key features such as retail concepts, East – West links and the Linear Park.</li> </ul> | 9 – 12 months | Starting post Executive meeting |
| Planning                    | <ul style="list-style-type: none"> <li>Wider stakeholder consultation on scheme assessing the proposal against local policies</li> </ul>   | 6 – 9 months  | Starting 2018                   |
| Development                 | <ul style="list-style-type: none"> <li>Final detail of scheme is developed and construction takes place</li> </ul>   | 3 – 5 years   | Starting 2019                   |

### 4.3 Delivery mechanisms



- 4.3.1 There are a variety of different mechanisms open to the Council to manage how development in SG1 takes place. A number of organisations made it clear during the soft market testing exercise that they wanted the Council to be clear with regard to the preferred delivery mechanism and not leave this aspect open during the procurement.
- 4.3.2 During the second soft marketing testing exercise there was a clear preference from developers towards using a contractual partnership in the form of a Development Agreement (DA), to manage developments of this size. Developers indicated that the complexity of setting up JV's, particularly with councils that had not done these before, could worry potential bidders.
- 4.3.3 Cushman and Wakefield produced a procurement strategy on behalf of Stevenage Borough Council. Options are summarised in Appendix B. It is recommended that the Council's delivery objectives are likely to be best met through the contractual partnership route. This represents the most straightforward route, as this approach has been tried and tested in a local authority context. Flexibility over the red line will be allowed in the development agreement (in the control of the Council) and will be clearly signposted within the procurement documentation to allow further sites within the Stevenage Central area to be added subject to the Council being satisfied with the development partner and the additional regeneration benefits.

#### **4.4 Timescales**

- 4.4.1 As set out above, the process for selecting a development partner will be completed by the end of the year. One of the aims relating to the selection process will be to ensure that a planning application is made within a reasonably short period after the development partner is selected. The preparation, submission and determination of a planning application of this scale are envisaged to take 9-12 months.

#### **4.5 Compulsory Purchase Orders**

- 4.5.1 Every effort will be made without development partner to acquire all land interests within SG1; however the Council may need to use its statutory powers to facilitate development on the sites within the town centre. Should the Council not be able to reach agreements with the remaining private interests within SG1 we will seek a resolution to use Compulsory Purchase Order powers to acquire these sites.
- 4.5.2 In the event that it is considered that the Council will have to make a Compulsory Purchase Order in respect of land, planning permission will have to be in place or a scheme sufficiently advanced to justify the Compulsory Purchase Order. The Compulsory Purchase Order process from making the Order to the Secretary of State confirming the Order could take in the region of 12 to 24 months.

4.5.3 The making of a Compulsory Purchase Order is a function which the Executive may exercise. It will have to consider the justification when a specific property interest is identified.

## **5. GROWTH DEAL 3**

5.1 Stevenage Borough Council, the LEP and other partners have been successful in securing £19 million of new funding through the Hertfordshire LEP's Growth Deal 3 fund. The funding will be used to deliver tangible benefits for business, residents and visitors to Stevenage including a greatly enhanced Town Square; new homes in Town Centre and generating a more vibrant town; an enhanced retail offer; a stronger sense of place and 'destination' in key parts of Stevenage.

5.2 This funding package has been supported in principle by Hertfordshire LEP and is intended to unlock and accelerate the delivery of key Major Opportunity Areas highlighted within the Stevenage Central Framework including Southgate, Central Core and Park Place & Town Centre Gardens, covering site acquisition, land assembly and funding to bring this forward. The funding is also intended cover the delivery on a new bus interchange in the town, and for changes to car parking to enable development. Technical Advice, studies to facilitate the works and public realm improvements are also involved as part of the allocation.

5.3 Stevenage Borough Council will work with DCLG, Hertfordshire LEP, and other local partners and businesses as required on new governance for the next phase of regeneration of the town.

## **6. CONTINUING WORK**

6.1 Stevenage Borough Council will be carrying out public realm works to two of the squares in the town centre in the coming months to improve public spaces within the town centre. This will demonstrate that the Council is confident in its Town Centre and give visible signs to residents that the regeneration of the central area is happening. These will provide a more immediate improvement to the town centre than the large-scale regeneration projects, which this project complements.

6.2 Work to develop the specifications for the Public Sector Hub will continue to be progressed with working groups to develop the Stevenage Borough Council and partner requirements. Further work on the financial options appraisal and around the implementation of modern working practices will also progress so that we are fully prepared for when a developer is selected.

6.3 The regeneration team will also continue to progress the other key projects needed for this scheme and wider central framework including the delivery of decking on the Rail Station North Car Park, public realm improvements to other areas of the town centre including the Town Square and the delivery of a new bus station.

## 7. IMPLICATIONS

### 7.1 Financial Implications

- 7.1.1 Developing the SG1 area, as with any development, will have some impact on the business rates collected by the Council (2016/17 £909,000) and its income generated from council owned property (2016/17 £919,000). During the build cycle, buildings will be demolished and rates and income streams lost. New buildings will emerge and rates will then become payable and new income streams generated depending on ownership of the new assets. The exact impact will only be known when the preferred bidder is selected and the phasing determined. However, it is inevitable that the Council will lose some business rate income during the process and provision will be necessary in future financial plans.
- 7.1.2 Some of the assets included such as the Plaza and 2 & 4 Town Square have been acquired for regeneration purposes, but do generate income streams for the council. The value of these assets will need to be considered in determining the eventual selection of developer.
- 7.1.3 The Council will need to assess the impact of the phasing and determine whether reserves need to be built up to withstand any temporary loss of revenue. In addition officers will need to consider any future resources that may need to be made available to facilitate the regeneration. The phasing of delivery will only be known upon final selection of developer but the impact of loss of income and business rates will not impact until 2020/21.
- 7.1.4 LEP loan funding of £1.15m was used to acquire 2 and 4 Town Square (former Barclays Bank and Cash Converters). This was interest free but has a repayment date of 31 March 2022. If the development is not completed by that date, the Council will need to either pay back the loan or renegotiate a later payment.
- 7.1.5 This project will be supported by existing Regeneration staff. However, additional funding will be required in 2017/18 to secure the selection of a development partner and move forward other aspects of Town Centre Regeneration. Through the Growth Deal 3 process it has been made clear that future LEP funding will only be allocated to specific capital projects and only costs associated with those projects will be funded. Therefore there are additional costs (as detailed in the table below) which the Council will need to fund. At the January Executive Members approved the transfer of £303,000 relating to 2017/18 business rate gains to an allocated reserve. The monies were to meet the cost of future appeals or help meet the Council's regeneration ambitions.

|                   | 2017/18       |
|-------------------|---------------|
|                   | <u>£000's</u> |
| Legal Support     | 100           |
| Commercial Advice | 50            |
| Planning Support  | 30            |
| Technical Studies | 20            |

|                                     |            |
|-------------------------------------|------------|
| Media and Marketing                 | 25         |
| Project Management                  | 75         |
| <b>Call on Regeneration Reserve</b> | <b>300</b> |
|                                     |            |
|                                     |            |

7.1.6 A full evaluation can only take place when the prospective developers submit their proposals. It is a key element of the selection criteria. 30% of the selection marks are attributable to the financial offer to the Council as shown in Appendix C. This will be considered alongside the overall scheme masterplan, deliverability and regeneration benefits in the final analysis.

## **7.2 Legal Implications**

7.2.1 Appropriate legal and property expertise has been procured to help guide the Council through the process of securing a developer for SG1 and are fully engaged in the project process. We will be following a fully compliant European Public Procurement process.

7.2.2 The Council has the power to do anything necessary, (subject to any restriction or condition contained in any other enactment) to promote and secure the comprehensive development of Stevenage town centre in accordance with Section 1 of the Localism Act 2011 (the General Power of Competence), the Town and Country Planning Act 1990, the Local Government Act 1972 and a variety of ancillary and subordinate legislation relating to the functions of the Council. In any disposal of its land interests the Council will have to consider its statutory obligations to obtain best consideration under S.123 Local Government Act 1972 and to comply with the State Aid rules.

## **7.3 Human Rights and Equalities**

7.3.1 A comprehensive procurement process will be undertaken to secure the delivery of the development together with compliance with the appropriate statutory land acquisition and planning powers and duties. The process will be subject to compliance with the Equalities Act 2010 both in terms of accessibility to the procurement processes themselves and of the implementation and delivery of the Stevenage Central Framework. Proposals will be thoroughly impact assessed at each stage of the development and compliance built into the obligations required of any development partner selected to deliver the proposals.

7.3.2 Article 1 of the First Protocol of the European Convention on Human Rights protects the peaceful enjoyment of possessions (including land). The Convention states that no one shall be deprived of their possessions except in the public interest and otherwise as provided for by law. The Compulsory Purchase process enshrined in UK legislation has been found to be Human Rights Act - and Convention - compliant where the powers are exercised reasonably and where necessary to secure the control and use of property in the public interest. It is considered necessary to secure the comprehensive

redevelopment of Stevenage town centre in order to secure social, environmental and economic benefits for the wider community that would not otherwise be possible by piecemeal acquisition and development.

#### **7.4 Planning Implications**

The procurement documentation for SG1 has been compiled in conjunction with Head of Planning and Engineering. Any SG1 proposal from prospective bidders must submit plans in line with the Stevenage Central Framework and emerging local plan, which they must satisfy to have the resulting planning application approved.

#### **7.5 Environmental Implications**

Part of the requirement of the SG1 development is significant investment in public realm. It will include the open space around the new residential development in Southgate and significant investment around Town Square and the new hub. Any development will also be required to identify how cycling within the Town will be enhanced and the links to the wider Stevenage cycle network enhanced.

#### **7.6 Service Delivery Implications**

There will be no direct service delivery implications at this stage other than the Project Team having enough resources to deal with the questions raised by potential bidders. The Regeneration Team supplemented by the current professional advisers should be able to meet this demand.

#### **7.7 Other Corporate Implications**

The Council has set Town Centre Regeneration as a major priority. Commencing the procurement of a developer partner will make a positive statement to the development and investment world. It will demonstrate that Stevenage Borough Council is serious about growth and prepared to use its assets to achieve its objectives. This intent will attract other investors who will want to work with such a pro-active authority.

### **BACKGROUND DOCUMENTS**

BD1 - Stevenage Procurement Strategy (2017) – Cushman & Wakefield

### **APPENDICES**

**Appendix A - Site area for SG1**

**Appendix B - Delivery Mechanisms**

**Appendix C - Objectives & Scoring Criteria**

**Appendix D - Summary of Roadshow Feedback**

**Appendix E - Council owned Assets included in SG1**



## Delivery Mechanisms

## Appendix B

| Delivery route              | Description  | Pros  | Cons  |
|-----------------------------|--|---|---|
| Disposal following planning | Public sector parties dispose of their land following securing appropriate planning permission(s), therefore leaving delivery to subsequent purchasers to bring forward proposals within the framework set by the planning consent.      | <ul style="list-style-type: none"> <li>• Relatively cheap implementation costs</li> <li>• Sale &amp; capital receipt could be achieved quickly</li> </ul>   | <ul style="list-style-type: none"> <li>• Disposal at present may not maximise value (e.g. title not clean)</li> <li>• Landowners would need to bear cost of planning</li> <li>• Risk that landowners may not achieve planning consent that maximises market appeal</li> <li>• Risk of non-delivery and lack of control over performance and quality – in the absence of a procurement process, it will be challenging to include enforceable obligations, whilst the public sector facilities will need to be procured separately.</li> </ul> |
| Development manager         | SBC/public sector partners fund the development which is delivered on their behalf by a development manager and contractor. SBC could retain freehold of the land and take ownership of completed properties which could then be leased. | <ul style="list-style-type: none"> <li>• High level of control for SBC</li> <li>• Development profit (but also risk) would sit with SBC</li> <li>• Assets could be retained by SBC (potential benefit from revenue streams and capital growth)</li> <li>• SBC has access to cheap borrowing through PWLB (or potential other sources such as LEP funding)</li> <li>• Development management fee rather than developer profit</li> </ul> | <ul style="list-style-type: none"> <li>• Requirement to forward-fund scheme</li> <li>• SBC exposed to commercial risk rather than passing on to a developer</li> <li>• Risk that development manager does not maximise value/regeneration benefits</li> <li>• Requirement to run procurement process for DM &amp; subsequently for different streams of works &amp; services (contractor, design team, etc.)</li> </ul>   |
| Contractual partnership     | SBC procures a development partner with delivery arrangements governed by a development agreement (DA) between the parties. This contractual mechanism would be the method by  | <ul style="list-style-type: none"> <li>• Tried and tested approach, well understood by the market</li> <li>• Contractual structure is familiar to</li> </ul>  | <ul style="list-style-type: none"> <li>• Potential lack of flexibility and ability to manage change requiring careful drafting to ensure durability through changing market conditions.</li> <li>• Lack of a distinct/separate identity, which can dilute</li> </ul>  |



| Delivery route            | Description   | Pros  | Cons  |
|---------------------------|---|---|---|
|                           | <p>which the project objectives are pursued, with no separate entity being created. The legal agreement would set out the project objectives and set out the roles, rights and obligations of the parties including responsibilities for carrying out development, land transfer, achieving appropriate planning consents, funding, financial arrangements, delivery programme and so on.</p> <p>DAs can either be structured as a set of formal obligations; or on a partnering basis whereby decisions are taken through a project board comprised of both parties.</p>   | <p>local authorities</p> <ul style="list-style-type: none"> <li>• No separate entity created</li> <li>• Straightforward approach where the structure of the delivery arrangement is set by the terms in the contract negotiated by the parties</li> <li>• Clear delineation of objectives, roles, risks and responsibilities.</li> <li>• Development risk primarily with the developer</li> </ul>                     | <p>focus should appropriate governance and resourcing structures not be designed.</p> <ul style="list-style-type: none"> <li>• Typically, contractual arrangements do not naturally promote commonality of interests and parties rely more on the contract to govern joint working, potentially leading to disputes which will require resolution mechanisms to be included.</li> <li>• A contractual partnership such as this does not itself create an entity that can hold assets/enter into contracts - one of the parties must do this</li> </ul>  |
| Joint venture partnership | <p>SBC &amp; a private sector partner establish a common enterprise (JVCo) in which they participate together and share the same approach &amp; aims. JVs therefore embed partnership working and genuine risk sharing. There are many structures that can be adopted for joint ventures each with distinct advantages and disadvantages which require careful consideration (covering issues such as tax considerations and any need to limit liability, for example). Operation of the JVCo would be governed by a Memorandum and Articles of Association which would be written to allow all activity required to achieve the project objectives</p> | <ul style="list-style-type: none"> <li>• Establishment of distinct entity encourages focus on shared business plan and objectives</li> <li>• Easier branding and marketing</li> <li>• JV Co can enter into contracts in own right if required</li> <li>• Flexibility and durability to address changing market circumstances</li> <li>• Could cover investor partner as well as developer partner scenario</li> </ul> | <ul style="list-style-type: none"> <li>• Relatively complex and costly to establish for relatively smaller schemes such as SG1</li> <li>• Potentially exposes SBC to different types and levels of (commercial) risk</li> <li>• Complexity of aligning shared objectives and agreeing respective risks and returns</li> <li>• Potential concern of insufficient accountability to parent organisations</li> <li>• Potential to impact market appetite, particularly where the local authority cannot demonstrate successful track record of participating in JVCo structures. A requirement for this type of structure could also limit market competition as there are relatively fewer operators with genuine experience of such vehicles.</li> </ul> |



**Scheme Design (55%)****1. Masterplan**

To create a masterplan that supports the Council's vision for the town centre and the principles of the Stevenage Central Framework through comprehensive redevelopment of the site.

A positive, flexible approach to access and car parking reflecting the town centre location and opportunities for sustainable transport and modal shift.

To enhance linkages, pedestrian flows and access within the site and to the rest of Stevenage Town Centre through provision of a high quality network of active streets and spaces. To specifically include contributing to an East – West pedestrian link between Town Square and the proposed new train station; pedestrian links southwards towards North Hertfordshire College; northwards to Town Square via Queensgate; and East - West adjacent to Six Hills Way.

**2. Residential**

Provision of a substantial number of high quality residential units that will grow the population within SG1. To provide a balanced range of unit sizes and tenures to contribute to the regeneration, vibrancy and activity in the town centre.

**3. Commercial Uses**

To provide commercial uses (A1, A2, A3 and A4 restaurants, bars, cafes and offices) that will contribute towards the local economy, revitalisation and the life and vibrancy of this part of the Town Centre. Activation of frontages to the main Town Square and along key linkages.

**4. Design**

To provide an overall high quality of design which reflects the significance of the location, contributes to the character of the town, sets a new standard and is integrated into its physical environment whilst respecting the principles set out in the Stevenage Central Framework. Design will need to respect and enhance the established Town Square Conservation Area particularly where new buildings adjoin the Square, including the setting of the listed structures.

To respond positively to the important south facing aspect of the site onto the Stevenage Town centre ring road with an outward facing design. Creation of a 'greener', safer environment in all public areas to enhance the experience for all town centre users.

**5. Stevenage Hub**

The provision of a new facility that provides accommodation for front facing public services, including health, library and the Council's customer services along

with the Council's back office and democratic space as provided for in the [Employer's Requirement?] document whilst also contributing to the revitalisation of the Town Centre through its location and design

**6. Community & Economy**

To create and enable sustainable and genuine local employment and training opportunities through the development & construction process and beyond through the lifetime of the development. This should include providing opportunities to local businesses and supply chains.

**7. Management & Maintenance**

Establishment of a long term management and maintenance structure at minimum cost and risk to the public sector

**Deliverability (15%)****8. Delivery and Timing**

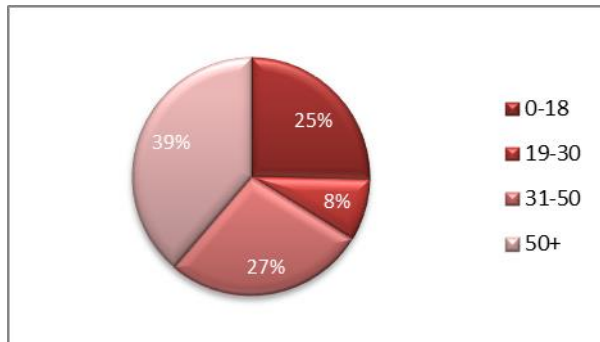
To provide a timely, co-ordinated, efficient and feasible development programme and phasing plan that minimises impact on the function of the Town Centre during the development stage with a target development commencement date of [\_\_\_\_\_].

**9. Site Delivery / Assembly**

To efficiently assemble the land necessary for the timely execution of the development comprising the land within the red-line boundary along with any other land that enables or facilitates the comprehensive development of the overall site.

**Commerciality (30%)****10. Financial Return and Viability**

The provision of a solution that is commercially viable, fundable, sustainable and satisfies the Council's duty to obtain the best value / best consideration reasonably obtainable for the disposal of an interest in land and providing an appropriate level of return. The provision of the Stevenage Hub in a manner that provides value for money across the lifecycle of the facility.

**Participants by Age****Key Themes and comments**

**Retail** - people want better quality shops. For some, this means the return of M&S, while others want to see more independent shops take the place of chain stores. Disney and Apple shops were popular with young people.

**Public realm** – people feel the town centre is ‘tired’ or ‘depressing.’ They want a greener and more attractive place that ‘looks the part.’ The public sector hub was popular; people feel it’s important to maintain and improve public and community services.

**Entertainment and leisure** – there was strong demand for more restaurants, bars and a better nightlife; as well as family entertainment, and more activities for young people. Plans for new leisure facilities were also popular. The Gordon Craig is seen as vital for the town.

**Transport** – the new rail station created excitement. Any fears that the rail station would be closed during development could be dispelled. People also wanted to see improved infrastructure for pedestrians and cyclists, and more bus routes, including greener buses.

**Housing** – people want to see a mix of housing, including affordable housing. Some want to see more affordable housing in the neighbourhoods, rather than expensive town centre flats. Though, in general, they listened to arguments that increased footfall would create a more vibrant town centre.

| <b>Building</b>  | <b>Ownership</b>   |
|--|--|
| The Plaza<br><ul style="list-style-type: none"> <li>- Unit 1 Standard Bearer PH</li> <li>- Unit 2 Old Post Office PH</li> <li>- Unit 3 &amp; 4 R.C.C.G City of David Church</li> <li>- Unit 5 Salt &amp; Good</li> <li>- Unit 6 Flava Bar</li> <li>- Unit 7 Fit4less</li> <li>- Unit 8 Subway</li> </ul> | Freehold - SBC<br>Leasehold<br>Leasehold<br>Contracted-out lease<br>Contracted-out lease<br>Contracted-out lease<br>Leasehold<br>Leasehold |
| Daneshill House<br><ul style="list-style-type: none"> <li>- HSBC (ground floor)</li> </ul>   | Freehold – SBC<br>Leasehold  |
| 2 Town Square (currently vacant)   | SBC  |
| 4 Town Square – Cash Generator   | SBC freehold, long-term lease  |
| Swingate House   | Entire freehold – SBC<br>All occupiers are on contracted-out leases  |
| Southgate car park & Swingate East car park  | SBC  |