

**MINUTES OF A MEETING OF THE
SPECIAL COUNCIL EXECUTIVE COMMITTEE
HELD ON THURSDAY 20 MAY 2010**

DURING THE ADJOURNMENT OF THE ANNUAL COUNCIL MEETING

*Present:- Prue Bray, Dianne King, David Lee, Anthony Pollock, Rob Stanton
and Bob Wyatt*

1. ELECTION OF CHAIRMAN FOR THE 2010/2011 MUNICIPAL YEAR

RESOLVED: That Dianne King be elected Chairman of the Committee for the 2010/2011 municipal year.

2. APPOINTMENT OF VICE-CHAIRMAN FOR THE 2010/2011 MUNICIPAL YEAR

RESOLVED: That Bob Wyatt be appointed Vice-Chairman of the Committee for the 2010/2011 municipal year.

3. APOLOGIES

There were no apologies for absence.

4. DECLARATION OF INTEREST

There were no declarations of interest.

These are the Minutes of a Meeting of the Special Council Executive Committee

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TITLE	Wokingham Town Centre Regeneration
FOR CONSIDERATION BY	The Executive on 21 October 2010 Special Council Executive Committee on 21 October 2010
WARD	Emmbrook, Norreys, Westcott
GENERAL MANAGER	Heather Thwaites, General Manager Policy and Partnerships
LEAD MEMBER	Matthew Deegan, Executive Member for Community Regeneration

OUTCOME

To ask the Special Council Executive Committee to conclude the Competitive Dialogue process by appointing a development partner for the Wokingham Town Centre Regeneration works, and to agree to the up front funding of project costs relating to the Council monitoring role of the works prior to these being reimbursed from the project.

RECOMMENDATION

That the Special Council Executive Committee:

- 1) appoint the developer named within the Part II section of this report as the Regeneration partner based upon their position as the highest scoring developer against the Council Project Brief and evaluation criteria. This will enable final negotiations and 'fine-tuning' of the bid to enable signing of the Legal Agreement, hopefully by February 2011. Commitment is being made to appoint the partner at this stage, whilst final commitment to the scheme will occur at the point of signing of the Legal Agreement;
- 2) approve up-front funding of c£200K pa for two years to pay for direct monitoring and management of the implementation by the Council; (NB – figure to be reimbursed from project revenue once sufficient monies available)
- 3) note the 'Corporate Implications for proceeding with the Scheme' as contained within the Part II section of the report;
- 4) note the Risk Assessment, as contained within the Part II section of the report.

SUMMARY OF REPORT

To set out the process followed under Competitive Dialogue to date and to present the findings of the Wokingham Town Centre Regeneration Project Evaluation team and Project Board.

The Special Council Executive Committee will be informed at the meeting of comments made on this report at the Executive meeting held that evening.

Background

Reason for Council Led Regeneration

Extensive research undertaken by the council through areas such as the development of the core strategy demonstrates the need for growth in areas such as retail, facilities and housing within the town to support both historical and planned residential growth. In order to ensure this growth happens in a sustainable manner rather than through inappropriate infill developments the Council undertook the development of a Wokingham Town Centre Masterplan Supplementary Planning Document (SPD) to provide guidance on the ways in which the town can evolve and grow in the future. .

The Wokingham Council Town Centre Regeneration project arose in part due to general local dissatisfaction with two historical town centre schemes. These projects were the Council's 'Key to the Gateway' that looked at developing the Elms Field site, and the Rock Investments scheme to redevelop Peach Place. Some of the Key to the Gateway schemes proved unpopular due to an overdevelopment of open space, and the Rock scheme has not been undertaken due to viability issues leaving unattractive open shops and wasted space in the town centre. With these projects unable to deliver the desired outcomes it was for the Council to come forward and lead the regeneration project themselves.

After consultation with the public, the recommendation was made to increase the scope of the Council's regeneration project to look at the wider town centre. Through the use of key sites at Peach Place, Elms Field, the Paddocks Car Park and Shute End, schemes could be developed that would improve facilities and increase footfall throughout the entire centre, as well as acting as a catalyst for further regeneration.

This also informed the Council's consultation on the Town Centre Master Plan, which helped to create the policy framework needed to ensure the right level of regeneration happens in the town, both sympathetic to the existing nature and sustainable in the long term.

Benefits of a Council Led Regeneration

The Regeneration project also allows the Council to become a long term investor in the town through the eventual retention of some of the assets created. This will enable the Council to maintain control over the way in which the town centre regenerates and grows in the long term as well as generating a commercial revenue stream to potentially support local services and development.

As a Council led scheme this also allows for a significant reinvestment of capital generated through the scheme back into the town at a level well above that which could be provided by any private investor through the provision of things such as –

- Regeneration of Town – by creating a 'better Wokingham' with improved facilities and access we will retain a greater share of the local market and helping both existing and future local businesses as well as offering people more choice and a better experience.
- Increase footfall down Denmark street - By creating two distinct areas that work together rather than compete we will be able to improve footfall throughout the

whole town and specifically down Peach Street / Denmark Street to help support smaller units and independent retailers

- New Town Park – There will be significant investment in improving the open space and creating enhanced areas for activities such as play, leisure and relaxation as well as a purpose built area suitable for hosting a greater variety of events within the town throughout the year
- The New Elms Field Road – the project will allow the creation of a new road linking Wellington Road and Shute End to work as part of an overall plan for highways improvements and specifically to help reduce town centre congestion pressure on key points such as Station Road and Denmark Street.
- Peach Place Improvements – The project will enable the Council to improve the existing unattractive and restrictive Peach Place development by replacing it with a new public square and buildings which complement the heritage of existing architecture.
- Rose Street Improvements – The project will allow for the creation of an improved streetscape at the Peach Place end of town and create a more attractive environment for residents and visitors as well as improving pedestrian links between Waitrose and the rest of the town centre.
- Public Realm Improvements – The project will help support improvements to the public realm and work towards a more town wide approach to public open space
- Car Parking Improvements – The current surface parking in areas such as the Paddocks, Rose Street and Council offices forms an eye sore and is a waste of space within the town centre. The regeneration will enable the replacement of this with improved parking facilities and frees up additional space for regeneration

Competitive Dialogue Process

A decision was made to appoint a partner through the Competitive Dialogue route recommended by the Government for such tenders. Unlike a standard tender route where a brief would be set and the emphasis placed upon developers to come back with a scheme they believe would work the Competitive Dialogue route enabled the Council to discuss possible schemes with developers and have greater control over the final product.

In addition to discussing the scheme, detailed legal agreements and financial appraisals are negotiated at the same time meaning that both parties are contractually obliged to move forward on the appointed scheme with no material changes post appointment. Given the level of commitment from both parties under Competitive Dialogue and the fact that the Council will only appoint on a viable scheme the process provides additional reassurance to all parties that the selected scheme can be seen through to successful completion within reasonable timescales.

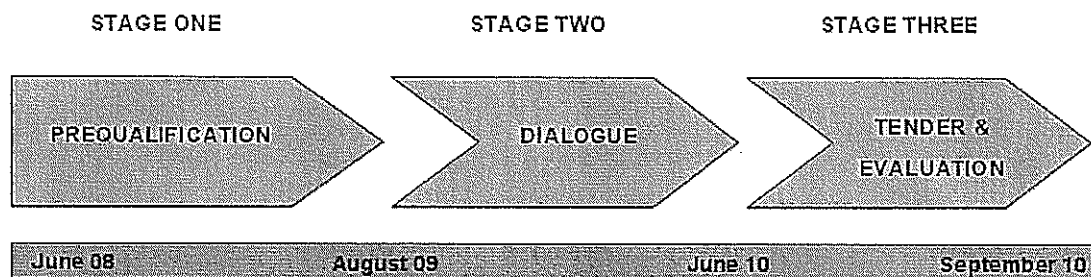
The Competitive Dialogue process does create some constraints for Council's due to the level of confidentiality required throughout the process of dialogue. Due to the fact that the council is in negotiations with several different parties and the commercial sensitivity of each parties ideas the Council is unable to consult outside of those involved in the dialogue process. This has led to a necessary period of silence whilst designs are developed where the council has been unable to discuss anything more than the fact that the project is progressing and when key stages have been met.

In addition under UK and EU contract law the Council is required to undergo a Standstill

period of at least 10 days to allow for any parties who expressed an interest in the works to challenge the process and raise any queries. Where necessary this period will be extended to allow issues to be resolved before the Council may go public with the selected partner name.

In order to complete the project successfully and minimise potential challenges in the future the Council appointed DTZ to guide them through the complex Competitive Dialogue procurement route and Sharpe Pritchard to carry out compliant legal negotiations with the shortlisted developers.

The Council followed the three stages of Competitive Dialogue from pre-qualification through to outline and detailed dialogue session and finally evaluation of returned tenders to select a partner for regeneration.



Under stage one a large number of pre-qualification questionnaires were returned and after careful assessment against the pre-qualification criteria six developers were taken forward in October 2008 for further discussions with the council. These were AXA Real Estate, Berkeley Homes, Development Securities, Gladedale, Simons Development Ltd, and Wilson Bowden.

Initial conversations were had with the developers whilst the Council developed a comprehensive project brief setting out their aspirations for regenerating the town along with the relevant existing and developing policies that would need to be supported.

The Project Brief went through several stages of internal officer, specialist consultant, Member and public consultation with groups such as the new Town Centre Forum and Steering Group. Further details on consultation can be found in Appendix 1 - Consultation dates document. Consultation on the brief identified the following areas as being key to regeneration –

- Improving the Economic Vitality and Viability of the Town
- Improving the Social Vitality and Viability of the Town
- Improving and Enhancing Open Spaces and active use of Public Realm
- Enhancing the Architectural Quality of the Town Centre and Public Realm
- Improving Pedestrian Accessibility in the Town Centre and Access to the Town
- Improving Civic Facilities

Further details of the above criteria can be found in Appendix 2 - Project Briefing document. The Council required the developers to comply with the Brief based around three elements: scheme, financial viability and legal partnership.

Outline Solution Dialogue

In May 2009 the remaining developers were issued with the Project Brief and the Invitation to Submit an Outline Solution document which asked them to submit their initial responses to the above points.

At the point of issuing these documents Simons Development Ltd and Berkeley Homes had voluntarily deselected themselves from the process reflecting the change in current market conditions and consolidation of their existing commitments.

In June 2009 the council received three Outline Solution returns from the following developers –

- Development Securities
- Gladedale Special Projects
- Wilson Bowden

Verbal confirmation of withdrawal from the competition was received from Axa Real Estate and as an ISOS submission was not submitted by Axa Real Estate within the submission deadline the Council subsequently disqualified this Bidder from the competition.

Due to the strength of each parties understanding of the town and the quality of their initial ideas a decision was made to invite all three developers to enter detailed dialogue with the Council. As such the developers were issued with an Invitation to Continue Dialogue (ICD) in August 09. The ICD set out how the next stage of detailed dialogue discussions would be managed along with a draft programme for completion of Competitive Dialogue.

Detailed Solution Dialogue

From August 2009 Council officers worked closely with the shortlisted developers to build up their initial ideas into more detailed schemes through regular dialogue meetings.

In order to ensure that the final schemes match the Council's vision for the Town Centre, officers continued to provide Developers with detailed steer and guidance on the corporate/community priorities, in addition to establishing a clear planning policy framework for evaluating the schemes effectively. Additional support was provided throughout dialogue by DTZ and Sharpe Pritchard.

In June 2010 the Council were satisfied that the proposals met the Council's requirements and a decision was made in agreement with the developers to move forward onto the next stage of the project to appoint a long term regeneration partner.

Developers were issued with formal notice that Competitive Dialogue had closed and that the Council would no longer be able to enter into any discussion over the developers proposals. On the same day the Council also issued developers with the Invitation to Tender which set out what each developer was expected to return after the four week tender period as well as reinforcing the Competitive Dialogue regulations to be adhered to.

Recent Developments

In addition to discussions on specific areas during Competitive Dialogue sessions additional key developments have shaped the way in which the Council has dealt with emerging schemes -

Peach Place Holdings – The identified regeneration red line includes the Peach Place site in the town centre which the Council committed to compulsory purchase should it be required. In February 2010 Rock decided to sell their Peach Place holdings which make up the majority proportion of the identified red line. As such the Council made a decision to move ahead with the purchase of Rocks holdings via Wokingham Enterprises Limited (WEL) and took ownership of the site in June 2010. This move allows the Council to bring forward the programme, reduce the cost of CPO and remove some of the uncertainty as to site assembly.

Joint Venture Vehicle (JVV) – After initial discussions with developers looking at the different methods for long term partnership such as traditional Development Agreements and joint venture vehicles a decision was made to pursue a form of partnership which recognised the value of assets which the Council was putting into the scheme and enabled the Council to maintain a higher level of ownership and control over the final assets

Wokingham Enterprises Limited – In order to allow the Council to maintain long term ownership and carry out effective professional management of the assets a new trading company Wokingham Enterprise Limited (WEL) was set up to hold the assets on their completion, including the Rock Peach Place holdings purchased in June 2010. This company also allows the Council the flexibility to bring in longer term investment partners in the future or to retain sole ownership of the assets. It should be noted that the contract with the developer must be directly with Wokingham Borough council and not WEL

Civic Offices – In order to give the Council time to complete and implement the Transformation agenda a decision was made to remove the Shute End offices as well as a small area of surrounding land from the current project.

Tender and Evaluation

In July 2010 all three shortlisted developers submitted compliant tender returns including detailed scheme proposals, legal partnership agreement and financial appraisals of the tendered scheme. Each developer was asked to provide answers to the following sections and to reflect the weightings as set out below –

Scheme Proposals, Quality and Delivery Programme	
Key Element	Weighting
Improving the Economic Vitality and Viability of the Town <ul style="list-style-type: none">• Retail• Commercial Business• Hotel and Tourism	15%

Improving the Social Vitality and Viability of the Town <ul style="list-style-type: none"> • Leisure and Recreation • Residential 	10%
Improving and Enhancing Public Open Spaces and Public Realm <ul style="list-style-type: none"> • Public Realm and Passive Open Spaces • Urban Park and Active Open Spaces • SPA Mitigation Land 	10%
Enhancing the Architectural Quality of the Town Centre <ul style="list-style-type: none"> • Design • Management and Maintenance 	5%
Improving Pedestrian Accessibility in the Town Centre and Access to the Town <ul style="list-style-type: none"> • Pedestrian Flows • Highways and Public Transport • Parking 	5%
Improving Civic Facilities <ul style="list-style-type: none"> • New Civic Facilities 	0%
Delivery Programme <ul style="list-style-type: none"> • Delivery Timing • Site Assembly Car Parking (during works period)	10%
Viability and Financial Return	
Viability, Commerciality & Financial Return <ul style="list-style-type: none"> • Viability and Financial Return 	20%
Development Partnership Arrangements	
Development Partnership Arrangements <ul style="list-style-type: none"> • Development Partnership Arrangements 	20%

As the Civic offices have been removed for the purposes of evaluation to allow for transformation to take place, the 5% originally allocated to civic facilities has been removed from evaluation and other scheme sections will be adjusted to make the full score of 60%.

These tender returns were submitted to a comprehensive analysis and evaluation by a panel of internal officers made up of representatives from the following groups –

- Programme/Project Management
- Procurement
- Finance
- Legal
- Property and Asset Management
- Masterplanning
- Planning
- Highways

On completion of the final evaluation and scoring a report on findings was put forward to the Project Board for assessment before submitting the recommendation to appoint a named development partner to the Executive for their approval.

Findings and Recommendation of the Evaluation Team

Due to the commercial sensitivity of the individual developer schemes at this point of the procurement process the findings of the Evaluation team and the name of the recommended developer will be presented in a Part II addendum to this report.

Next Steps and requirement for on-going Council Monitoring

Once the recommended developer and all other parties who expressed an interest in the works have been notified and the standstill period completed successfully the Council will enter a period of fine tuning of the legal agreements before both parties sign and ratify these.

After the agreements are signed work will begin upon finalising the proposals and carrying out any necessary assessments ready for the planning application and public consultation on the scheme. Once planning approval has been received works will begin on the regeneration of the Town Centre.

Due to the size of the scheme and its importance within the town centre as well as the Councils intent to retain the asset in the longer term it will be necessary for the Council to maintain a high level of involvement in the development and implementation of the scheme to ensure that best value, both financial and in terms of regeneration, is achieved. As such it will be necessary for the Council to provide up-front funding of this project management work until such monies are available within the project to reimburse the Council for this cost.

Analysis of Issues

Due to the confidential nature of the process not all issues can be considered under part I of this report. An additional analysis can be found in the Part II addendum of this report.

- **Corporate Strategy and Service Provision** – The removal of Shute End from the procurement process enables sufficient time to complete the Transformation programme and potentially consolidate staff locations. This will create additional space in the existing offices which can be used to co-locate partners and potentially lease out to the private sector.
- **Financial** – Due to the confidential nature of the process please refer to the Part II addendum of the report for an assessment of financial implications
- **Risk Management** – Due to the confidential nature of the process please refer to the Part II addendum of the report for an assessment of risks
- **Equalities** – Any regeneration of the town centre is likely to have a beneficial impact upon equality as it will open the town up to a wider range of people as well as modernising facilities
- **Sustainability** – Any regeneration of the town centre will have an impact on sustainability due to the nature of construction, however the replacement of older less efficient properties with newer resources will produce some improvements for the town centre.
- **Sustainability** – By improving the town centre retail offer more people will choose to shop locally, increasing the element that will walk or cycle into the town and reducing

the number of car trips made within the borough to other centres.

The reason the Executive is being asked to make this decision is to allow the Council to appoint a partner and move forward with regeneration construction within the town centre

The following alternative options were considered in regards to regeneration –

Do nothing – research into the town as part of the Core Strategy as the Town Centre Masterplan SPD shows that ‘doing nothing’ is not an option for the town. Wokingham falls well below the provision required both for its position in the retail hierarchy as well as the demands of the local catchment area. The town needs regeneration to strengthen its position and diversify the town centres offer, providing leisure, housing, retail and employment opportunities locally

Procurement Route – Although the Competitive Dialogue route is required for projects of this scheme under the OJEU regulations consideration was given to reducing the scope of the project and following a more traditional route for the procurement of a developer; however this would not provide the council with the opportunity to be involved in the development of the final scheme design and outcomes other than through the planning process

Reasons for considering the report in Part 2

Due to the confidential nature of the Competitive Dialogue Process and the need to instigate a confidential standstill period after award of the contract before the council releases the preferred partners name the report on the ‘Findings and Recommendations of the Evaluation Team’ need to be discussed in Part II.
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List of Background Papers

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| <ul style="list-style-type: none">• Appendix 1 – Consultation Dates• Appendix 2 – Project Briefing Document |
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Date 12 October 2010	Version No. 2

**Executive Briefing Report Wokingham Town Centre Regeneration 211010
Consultation Dates**

1. **Saturday 19th May 07 Wokingham Workshop** – Public workshop looking at the future of the town
2. **June / August 07 Public Exhibition and Consultation on Key to the Gateway Schemes** – A public exhibition allowing people to comment on the developer schemes
3. **Saturday 19th January 08 Elms Field Development Stakeholder Workshops** – Public Workshop to discuss Elms Field and regeneration
4. **Tuesday 10th February 09 Steering Group** – Initial meeting held to discuss role of Steering Group and why the project was going ahead
5. **Monday 9th March 09 Select Member Workshop** – Meeting held with Key members (David Lee, Matt Deegan, Simon Weeks, David Chopping) and lead officers to discuss the process and carry out initial discussion on the project brief and objectives.
6. **Tuesday 6th April 09 Combined Steering Group and Forum** – Combined meeting held to discuss Key Objectives of the Project Brief. This was held in advance of the Steering Group meeting in order to get Forum comments on the high level objectives and to give the Steering Group time to digest the headings before they saw the actual brief itself later that month.
7. **Thursday 16th April 09 Conservative Group** – Presentation and discussion on Key Objectives and content of the Project Brief
8. **Monday 20th April 09 Steering Group** – Detailed consultation on the Project Brief prior to it being issued to developers. Discussion held on Evaluation priorities and agreement made that the steering group could take home the Draft brief to read before the meeting on the 23rd. Copies were watermarked with 'Steering Group' and a record kept of whom was given a copy.
9. **Wednesday 22nd April 09 Full Member (inc Liberal Democrats) Meeting** – Presentation and discussion on Key Objectives and content of the Project Brief. Copies were watermarked with names and a record kept of who was given a copy.
10. **Thursday 23rd April 09 Steering Group** – Continuation on the meeting held on the 20th April going through everyone's comments.
11. **Wednesday 8th July 09 Steering Group** – To provide an update on key points coming out of early discussions with the 3 developers and get their ideas on how some of these worked e.g. creating a Southern Anchor.
12. **Wednesday 26th August 09 Combined Steering Group and Forum** – A high level update was given on progress on the Competitive Dialogue but no confidential details could be shared due to the confidential nature of the process. Meeting primarily held to consult on how to manage the Masterplanning workshop to be held in September and to explain how the two projects link together – Landowner VS Planning Authority
13. **Saturday 12th September 09 Masterplanning Exercise at the Cornerstone** – Half day workshop looking at the Masterplan for the Town centre
14. **Monday 16th November Special Executive** – A meeting to provide and update on the Masterplan and the regeneration project
15. **Thursday 10th December 09 Conservative Group** – Meeting to provide and update on the Regeneration and Masterplan projects and to discuss key issues arising

16. **Tuesday 15th December 09 Combined Steering Group and Forum** – To update those involved on the draft Masterplan before it is issued for informal public consultation
17. **January / February 10 Informal Consultation on Masterplan** – An informal consultation period for people to see and comment on the proposed town centre masterplan
18. **Tuesday 23rd March 10 Combined Steering Group and Forum** - To update those involved on the draft Masterplan before it is issued for Statutory public consultation
19. **April / May 10 Statutory Consultation on Masterplan** – A statutory consultation period for people to see and comment on the revised town centre masterplan