

CABINET 19 SEPTEMBER 2019

TIVERTON REGENERATION PROJECT- TENDER OUTCOME

Cabinet Member(s): Cllr Simon Clist, Cabinet Member for Housing and Property Services

Responsible Officer: Andrew Busby Group Manager Corporate Property & Commercial Assets.

Reason for Report: For Cabinet to review the results of the Tiverton Town Regeneration tender and to award the JCT Design & Build 2016 Contract with Amendments.

RECOMMENDATION:

- 1) To award the JCT Design & Build 2016 Contract with Amendments to Supplier D.
- 2) That the revised cost of this project of £1.469m to be met from the 2019/20 Capital budget as detailed in para 8.1.

Relationship to Corporate Plan: The regeneration of Tiverton Town Centre supports the Corporate Plan Priority: Economy - Improving and regenerating our town centres.

Financial Implications: The procurement and cost of commissioning this regeneration scheme follows a master planning process that identified this project as a key regeneration project for the heart of Tiverton Town Centre. The Council owns the land and property assets within the area of this scheme. This regeneration scheme will have financial implications for the Council and have been considered in detail as outlined within this report.

Legal Implications: Legal implications which may arise from this redevelopment opportunity include lease renegotiation and party wall notices, as well as the terms of the contract. If external advice is required, this will be an additional financial cost to the project, if required a sum of circa £5k would be met from the project contingency budget.

Risk Assessment: This is an opportunity to utilise Council assets to support a regeneration of Tiverton Town Centre failure to do so could lead to deterioration in commercial activity and a less vibrant centre. The risk arising from a historic funding agreement with the South West Regional Development Agency relating to the Market has now been resolved.

Equality Impact Assessment: An Equality Impact Assessment has previously been completed and no issues have been identified.

Impact on Climate Change: The Contractor will be required to be committed to managing and minimising the environmental impact. This project will be planned in a manner which takes account of the environmental impact, seeking to reduce such effects as much as possible. This will include travelling to site and effective planning to reduce the number of deliveries. This will introduce and promote environmental

monitoring as a key element of management of the project. The impact of these works will result in an increase in our reported Carbon Footprint under scope 2 which will be reported in 2020/21 figures and the Council will look at measures to offset the additional carbon used on this project, e.g. energy efficiency lighting.

1.0 Introduction

- 1.1 At the meeting on the 8 March 2018 Cabinet approved the draft consultation material to scope out the content of the Tiverton Town Centre Masterplan Supplementary Planning Document (SPD) and resolved that public consultation should take place based on the draft material. Accordingly, a Stage 1 public consultation exercise was undertaken between 30 April and 10 June 2018.
- 1.2 This regeneration project will encourage footfall through to the Pannier Market and Market Walk and then onto Bampton Street to create the circular shopping route that will assist all traders on its path. This will be backed up by additional signage that will be funded partly from s106 monies secured from future Tiverton Town developments.
- 1.3 Officers were asked to explore whether regeneration projects associated with the sites in the Council's control be brought forward. This would align with the emerging masterplan and associated feedback obtained at stage 1 public consultation and could deliver a series of 'quick wins' for town centre regeneration and enhancement by utilising the Council's assets.
- 1.4 Clifton Emery Design was appointed at the beginning of 2018 to undertake an urban design feasibility study to consider how the Pannier Market could play a more positive role in the town. The Market itself is an attractive asset to the town which could contribute to the vibrancy and uniqueness of the town if it was more assessable to the visitor.
- 1.5 This study focused on two key areas which connect the Pannier Market to the wider town that includes the entrance from Fore Street to the Pannier Market area.
- 1.6 The study was presented informally to Members of the Cabinet, including the vision for the Pannier Market. Feedback from this presentation fed into subsequent work which explored deliverables. The study was also presented at an All Member Briefing on the 17 December 2018. Subsequent work explored deliverables from the feasibility work focusing on projects in and around the existing entrance to the Pannier Market off Fore Street. This would form an initial phase of works which could be built upon over time as funding allowed for the regeneration of Tiverton.
- 1.7 It was resolved at the Cabinet meeting dated 7 February 2019 to proceed to tender the regeneration project. This included commissioning detailed design work that included structural and mechanical and electrical work.

2.0 Regeneration project details:

- 2.1 The development site consists of approximately 0.17 hectares situated off 34 Fore Street and adjacent to the Pannier Market.
- 2.2 The site itself consists of a retail premises (34 Fore Street) with a pedestrian walkway running adjacent to this providing access to the Pannier Market from Fore Street as shown on Part 1 Annex A. The existing boundary wall to the walkway that bounds 36-38 Fore Street (Card Factory and Crusty Cob). The rear service yard to 36 Fore Street also forms part of this development along with some parking spaces directly northwards which form part of a larger open area immediately adjacent to the Pannier Market.
- 2.3 The various aspects to the development site have been identified as important drivers to improve the relationship between the pedestrianised retail area of Fore Street and the Pannier Market. This will not only provide an improved access but also visual improvements and additional retail offerings to entice visitors to move between the two areas of town.
- 2.4 Retail properties bound the site to the west, east and south of the site with the Pannier Market located directly north. Residential flats are typically located above these retail premises with town houses flanking both sides of the Pannier Market to the north and the proposed development will therefore fit in with surrounding properties.
- 2.5 The Pannier Market forms an important part of the town centre in terms of its heritage and varied retail offering compared to the more usual high street shops found on Fore Street and Gold Street. However, to the passing visitor, the Pannier Market may well be elusive aside from a restricted passageway with subtle signage adjacent to 34 Fore Street. Providing an improved gateway to the market from Fore Street is important to create an enhanced connection.

3.0 Financial analysis

- 3.1 Property Services instructed an independent cost consultant to obtain the potential cost of this regeneration project that was circa £1.2 million.
- 3.2 Property services have been working with Employer's Agents Faithful and Gould and internal Procurement to undertake a full tender process. The results of that tender are attached to this report as Part 2 Annex 1.
- 3.3 The cost to borrow the monies (if required) for this project will be an annual repayment and interest amount of £71,250 over a 25 year period. This will either be borrowed from the Public Works Loan Board or another suitable source which would be confirmed by the Group Manager for Finance.
- 3.4 This regeneration scheme would also result in an income for the authority from three two bed duplex apartments and three retail units on the ground floor for start-up businesses. The Group Manager for Corporate Property and Commercial Assets obtained potential rental values from a local estate agent

for the apartments and the retail units. The anticipated income for the scheme is circa £40-£45k per annum.

- 3.5 The property at number 34 Fore Street has been vacated and is therefore available to progress works. The Group Manager for Corporate Property and Commercial Assets liaised with the previous tenant who has relocated their business to Gold Street. The loss of rent on this property is £20k per annum.
- 3.6 This regeneration project includes the ground floor demolition of number 34 Fore Street which currently has an asset book value of £160k (excluding the land and the flat above) which will be effectively written off once the demolition works commence.
- 3.7 Flat 34a directly above 34 Fore Street is now vacant in preparation for the project. It is forecast that this flat could be re-let for £550 per month.
- 3.8 The flat directly above number 32 Fore Street (Johnsons Cleaners) has recently come back to the authority to manage; this follows the surrender on the lease from Johnson Cleaners. The Council has not let this flat until after the redevelopment project is completed. It is forecast that this flat could be let for £550 per month.
- 3.9 It is the intention that the existing/newly constructed flats will be retained by the Council for encouraging those who rent a commercial asset, can also rent accommodation. This will be achieved by granting a Letting Agent (3 Rivers Development Services Limited or others) a head lease to ensure that the Landlord and Tenant conditions are not met, this will ensure that no secure tenancy is created.
- 3.10 Project management to date has been supported by Employer's Agents Faithful & Gould who has ensured that the tender exercise captures all associated work and that contractual arrangements are in place upon contract award to protect the Council's interests. The Group Manager for Corporate Property and Commercial Assets will continue to meet the Client obligations and will ensure all associated Health and Safety controls are in place throughout the project.
- 3.11 The Part 2 financial analysis of the project details any associated losses and includes potential values resulting from lease renegotiations to enable the project to be delivered.
- 3.12 This project is required to unlock a regeneration objective that the Council has been looking to facilitate for a number of years. Additional revenue streams are business rates, Council tax charges and potentially new homes bonus.

4.0 Project proposals

4.1 This regeneration project will consist of the following aspects:

- Demolition of the ground floor retail shop at 34 Fore Street to create a widened pedestrian access to the Pannier Market.

- Display windows to the blank wall of 36-38 Fore Street. (These will now not be completely knocked through to the retail space)
- New cladding, canopy and signage to 34 Fore Street.
- Part demolition of the rear boundary wall to 36-38 Fore Street to create a new mixed use building comprising three ground floor retail units and three two bedroom apartments above.
- Quality footpath paving for the entrance from Fore Street and through the alleyway will also be important to enhance the scheme.
- Upgrade of the surrounding street furniture.

4.2 The layout and design of the proposal demonstrates that the site can accommodate the amount of retail and residential development proposed as well as provide ancillary accommodation such as bin and cycle storage. It also reflects adjacent building uses which also consist of ground floor retail with residential apartments above, evident along Fore Street and beyond.

4.3 The layout of the proposal builds on the existing pedestrian access adjacent to 34 Fore Street. The widening of this entrance will improve pedestrian access and visibility of the Pannier Market from Fore Street, making it a more welcoming approach.

4.4 Whilst the entrance from Fore Street is proposed to be widened, this will remain pedestrian only with vehicular access being provided via the Pannier Market as present. This will serve the new proposed building at the rear of 36-38 Fore Street as well as existing shops and the Half Moon public house.

4.5 Scale and massing have been considered from the outset to ensure that this development proposal does not dominate the character of the Pannier Market, utilising building forms that reflect the character of the surrounding buildings.

4.6 The Group Manager for Corporate Property and Commercial Assets has been liaising with the owner of the land to the rear of 40-42 Fore Street and should the Council purchase the land it could be used for providing car parking or garden space for the proposed apartments. It should be understood that this report is not seeking authority for that purchase. A decision would be made separately.

5.0 The Procurement Process

5.1 The tender was released through the e-tendering portal 'Supplying the South West' on 3 July 2019. The tender submissions were received on 21 August 2019 from a total of four suppliers. The tender was out for 50 days to ensure that contractors had enough time to price accurately, the minimum is 31 days.

6.0 Summary of Tender Valuation

6.1 Evaluation Criteria and Weightings

- The tender submissions have been evaluated on the most economically advantageous tender. The evaluation criteria contained a mix of quality and commercial questions to which a percentage weighting was assigned.

- The evaluation criteria and weightings used for this procurement process are 60% on ten quality questions and 40% on price.

6.2 The scoring methodology used to evaluate the quality and commercial criteria is shown below.

Score 0	No response	No response	
Score 1	Extremely Weak	Very poor proposal/ response; does not cover the associated requirements, major deficiencies in thinking or detail, significant detail missing, unrealistic or impossible to implement and manage	Weak
Score 2	Very Weak	Poor proposals/ response; only partially covers the requirements, deficiencies in thinking or detail apparent, difficult to implement and manage	
Score 3	Weak	Mediocre proposal/ response, moderate coverage of the requirements, minor deficiencies in either thinking or detail, problematic to implement and manage	
Score 4	Fair- Below Average	Proposal/ response partially satisfies the requirements, with small deficiencies apparent, needs some work to fully understand it	Fair - Good
Score 5	Fair – Average	Satisfactory proposal/ response, would work to deliver all of the Authority’s requirements to the minimum level	
Score 6	Fair – Above Average	Satisfactory proposal/ response, would work to deliver all of the Authority’s requirements to the minimum level with some evidence of where the Applicant could exceed the minimum requirements	
Score 7	Good	Good proposal/ responses that convinces the Authority of its suitability, response slightly exceeds the minimum requirements with a reasonable level of detail	
Score 8	Strong	Robust proposal/ response, exceeds minimum requirements, including a level of detail or evidence of original thinking which adds value to the bid and provides a great deal of detail	Strong – Excellent
Score 9	Very Strong	Proposal/ response well in excess of expectations, with a comprehensive level of detail given including a full description of techniques and measurements employed	
Score 10	Outstanding/ Excellent	Fully thought through proposal/ response, which is innovative and provides the reader with confidence of the suitability of the approach to be adopted due to the complete	Strong - Excellent

		level of detail provided	
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6.3 A summary of the tender submissions has been set out in Part 2 of this report as Part 2 Annex 2.

7.0 Evaluation process

7.1 Tender evaluation was conducted independently by Faithful and Gould and supervised by internal Procurement. The tender was released from “Supplying the South West” electronically by Internal Audit, that was done for transparency reasons.

7.2 The scoring methodology used in the report and associated ranking – further details will be shown in Part 2 Annex 2.

NAME: Supplier A

Deliverables	Weighting	Weighted Score
Total Price	40%	30.8%
Total Quality	60%	36%
Grand Total	100%	66.8%
Rank		3

NAME: Supplier B

Deliverables	Weighting	Weighted Score
Total Price	40%	25.60%
Total Quality	60%	40%
Grand Total	100%	65.6%
Rank		4

NAME: Supplier C

Deliverables	Weighting	Weighted Score
Total Price	40%	34.33%
Total Quality	60%	49%
Grand Total	100%	83.33%
Rank		2

NAME: Supplier D

Deliverables	Weighting	Weighted Score
Total Price	40%	40%
Total Quality	60%	44%
Grand Total	100%	84%
Rank		1

8.0 Budget

8.1 The original budget available to fund this project within the current 2019/20 financial year is £1.2 Million. After the conclusion of the recent tendering exercise, we now have a precise project cost of £1.469m (which includes initial enabling costs, Client Contingency and Employers Agents fees). The remaining budget of £269k to complete this project would be vired from the Capital for the district wide redevelopment project.

8.2 Based on all of the associated costs now received and taking into account the lost income from the retail units (£24k) that need to be remodelled and the associated income that will be derived from the additional residential and starter units (-£43k) and the annual borrowing costs (£71k), it is estimated that the project would require an annual subsidy of £52k.

8.3 This project was subject to an external funding bid to the Future High Streets Fund, unfortunately it was recently announced that the bid was unsuccessful. Therefore in order to take this project forward the Council will need to fully fund the project as initially envisaged.

9.0 Quality Control

9.1 The contract will be let by a JCT Design & Build 2016 Contract with Amendments. The terms of the contract will be managed by the Employer's Agent and the Client (Property Services).

10.0 Next Steps

- 10.1 Upon Cabinet approval, complete on lease amendments for the Card Factory and the Crusty Cob retail units.
- 10.2 To award the contract as recommended to the supplier with detailed specifications to ensure scheme quality and value for money.
- 10.3 To comply with any additional planning conditions of condition 2 of Planning 18/02080/FULL to allow substitute plans.
- 10.4 It has been made clear following potential contractors that it would be cost effective to prepare works between the contract award and the year end and to commence on site early in the New Year. This would also reduce inconvenience for the public and local traders during the 2019 Christmas trading period.

11.0 Conclusion

- 11.1 This regeneration scheme resulting in the proposed widened entrance to 34 Fore Street will provide improved physical and visual access to the Pannier Market. This will be reinforced by incorporating cladding panels above the entrance as well as an entrance canopy and signage to act as a visual gateway to the Market. This is a well adopted approach used by shopping arcades and centres to attract additional visitors to the Town. The use of cladding will add warmth to the new proposed entrance, compliment neighbouring brick buildings and reflect the metal structure of the Pannier Market itself.
- 11.2 The mixed use building to the rear of 36-38 Fore Street is intended to appear contemporary in details but be constructed of traditional materials such as facing brick facades which will sit on a glazed ground floor to reflect its use for retail units. These retail units will be used to assist with businesses who are looking to grow (incubator space) for example where a trader requires more space than the stalls at the Pannier Market can offer but where the trader is not quite established enough to take on the financial burden of a shop within the town. The size of the retail units would offer this opportunity and will be designed to be flexible so as to attract a wide range of local businesses.
- 11.3 Considering all the items within this report, it is recommended that the Cabinet should proceed and award the contract to supplier D for this exciting regeneration project to ensure value for money.

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Circulation of the Report: Councillor Simon Clist Cabinet Member Housing & Property Services, Leadership Team and Group Managers.

List of Background Papers: Cabinet Report 7th February 2019.