

CABINET 19TH DECEMBER 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.

RECOMMENDATION:

1. That the Cabinet postpones the specific scheme that came forward in advance of the forthcoming Tiverton Town Centre Masterplan, and allows the second stage of the process to be properly completed before seeking to prioritise strategic investment opportunities.
2. That the Cabinet Members for Planning & Economic Regeneration and Property Services:
 - a. consider how a Tiverton Town Centre Regeneration Fund might be established to facilitate match-funding opportunities and encourage external investment into the town, with proposals to be brought back to the Cabinet.
 - b. work with Tiverton Town Council, market traders, the Town Centre Partnership and others businesses in the town to identify a programme of works that will make a significant improvement to the Town Centre in the short term.

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 Stage one master planning process that identified this project as a key regeneration project for the heart of Tiverton Town Centre. As this scheme is recommended not to go forward, the scheme cost of circa £87k will become “sunk costs” and will be recharged to the General Fund revenue budget as identified in paragraphs 3.13 and 3.14.

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 would 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 would have been 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: Any contractor would be required to be committed to managing and minimising the environmental impact. The project would be planned in a manner which took account of the environmental impact, seeking to reduce such effects as much as possible.

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 would encourage footfall through to the Pannier Market and Market Walk and then onto Bampton Street to create the circular shopping route that would assist all traders on its path. This would be backed up by additional signage that would 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.
- 1.8 This scheme has been presented to the Planning Committee at Tiverton Town Council who did not support the project during the planning application process. Two meetings have taken place with representatives from Cabinet and the Deputy Chief Executive (S151), the first of those meetings took place on 7th October 2019 and the second on the 18th November 2019.
- 1.9 Feedback from the two meetings made it clear that the Planning Committee from Town Council did not support the scheme in its current format.

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 would 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 would 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 To borrow 1.5 million over a 25 year period at a rate of 3.08%, the repayments would be circa £84k per annum. This would 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 included 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 would be effectively written off once the demolition works commence.
- 3.7 Flat 34a directly above 34 Fore Street is still 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 a decision is made. 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 would be retained by the Council for encouraging those who rent a commercial asset, can also rent accommodation. This would be achieved by granting a Letting Agent a head lease to ensure that the Landlord and Tenant conditions are not met, this would 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.
- 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 was 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.
- 3.13 The expenditure on enabling a detailed tender exercise that was necessary to protect the Council liability ahead of entering a £1.5 million project, including design appraisal work is £87,471. This figure excludes rental losses on two flats and a shop unit as well as officer time.
- 3.14 The expenditure for this project to date has been coded to the Council's Capital budget. In the event that this project does not proceed the costs would need to be transferred to the Council's Revenue budget that has not been budgeted for in the 2019/20 financial year.

4.0 Project proposals

- 4.1 This regeneration project had consisted 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 would 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 would also be important to enhance the scheme.
 - Upgrade of the surrounding street furniture.
- 4.2 The layout and design of the proposal demonstrated that the site could accommodate the amount of retail and residential development proposed as well as provide ancillary accommodation such as bin and cycle storage. It also reflected adjacent building uses which also consisted of ground floor retail with residential apartments above, evident along Fore Street and beyond.
- 4.3 The layout of the proposal would build on the existing pedestrian access adjacent to 34 Fore Street. The widening of this entrance would 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 was proposed to be widened, this would remain pedestrian only with vehicular access being provided via the Pannier Market as present. This would 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 had been considered from the outset to ensure that this development proposal did 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 if the Council purchase the land it could be used for providing car parking or garden space for the proposed apartments.

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 level of detail provided	Strong - Excellent

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 budget available to fund this project within the current 2019/20 financial year was £1.2 Million. The remaining budget to complete this project would be vired from the Capital for the districts wide redevelopment project. Please refer to para 3.14 regarding the financial impact of not proceeding with the project.

9.0 Quality Control

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

10.0 Conclusion

- 10.1 This regeneration scheme resulting in the proposed widened entrance to 34 Fore Street would provide improved physical and visual access to the Pannier Market. This would 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 would add warmth to the new proposed entrance, compliment neighbouring brick buildings and reflect the metal structure of the Pannier Market itself, however it is clear that the feedback from the Planning Committee at Tiverton Town Council did not support this view.
- 10.2 The mixed use building to the rear of 36-38 Fore Street was intended to appear contemporary in details but be constructed of traditional materials such as facing brick facades which would sit on a glazed ground floor to reflect its use for retail units. These retail units would 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 would be designed to be flexible so as to attract a wide range of local businesses.
- 10.3 Considering all the items within this report, it is recommended that the Cabinet should.
- Postpone the specific scheme that came forward in advance of the forthcoming Tiverton Town Centre Masterplan, and allows the second stage of the process to be properly completed before seeking to prioritise strategic investment opportunities.
 - Work with Tiverton Town Council, market traders, the Town Centre Partnership and others businesses in the town to identify a programme of works that would make a significant improvement to the Town Centre in the short term.

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Circulation of the Report: Cabinet, Leadership Team and Group Managers.

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