



## AGENDA ITEM: 17

### SUMMARY

Report for:	Cabinet
Date of meeting:	17 <sup>th</sup> September 2013
PART:	I
If Part II, reason:	

Title of report:	<b>Gade Zone Regeneration and Public Service Quarter Procurement update</b>
Contact:	Councillor Andrew Williams Leader and Portfolio Holder for Planning and Regeneration Councillor Nick Tiley Portfolio Holder Finance and Resources Responsible Officer: Mark Gaynor Corporate Director Housing and Regeneration Authors: Mark Gaynor
Purpose of report:	The report details progress on the procurement of a Development Partner for the Gade Zone Regeneration project (including the Public Service Quarter. The report should be read in conjunction with the Part 2 report elsewhere on this agenda.
Recommendations	1. That the revised timetable for procurement be agreed. 2. That the Risk Assessment and control measures be agreed.
Corporate objectives:	<b>Dacorum Delivers: Maximising the value of Council Assets and providing Value for Money.</b> The PSQ will be a more cost efficient building to operate than the Civic Centre.  <b>Regeneration.</b> The Gade Zone Regeneration project is aimed primarily to deliver significant regeneration in the town centre. It facilitates the creation of a modern college campus, a new large food store adding greater choice for local people and in a town centre location, a new community focused building housing public sector and voluntary sector partners, a new commercial leisure facility developing more family friendly and evening attractions into the town centre and much needed new homes. The overall private sector investment should top £100M.  <b>Affordable Housing.</b> Any new housing created will include

	<p>affordable housing.</p> <p><b>Safe and Clean Environment.</b> The PSQ will be built to ‘BREEAM excellent’ standard and the design of all new town centre development will be guided by the Town Centre Masterplan which sets out high sustainability requirements.</p>
Implications:	<p><u>Financial</u> The only update on the financial side is the clarification that the indicative target cost for the PSQ, taking into account fees, clarification on requirements and additional client needs – this is detailed in Part 2 of this report.</p> <p><u>Value for Money</u> Provision has been made in the budget for 2013/14 of £500,000 for professional, legal, procurement and consultancy support for the procurement exercise and overall project management.</p>
Risk Implications	These are set out in Appendix 1
Equalities Implications	<p>The procurement and regeneration is set within the objectives of the Hemel Hempstead Town Centre Masterplan which included an equality impact assessment.</p> <p>The Employers Requirement for the PSQ seeks to ensure compliance with the Equalities Act 2010, and has incorporated consultation with a range of community and interest groups.</p> <p>The Employer’s Requirement included two requirements relating to community access. Bidders were asked to suggest ways to use the PSQ to promote good relations between Dacorum’s communities and to seek opportunities to promote, as well as provide, equal access for able-bodied and disabled users of the building. This latter requirement followed good practice seen in the voluntary sector, such as the provision of flexible workspace that can be configured to the needs of any employee as the norm. Residents were consulted via the Disability Partnership and Communities Together networks, and have been invited to remain involved throughout the design process.</p>
Health And Safety Implications	The Pre-Qualification Questionnaire (PQQ) issued at Stage 1 of the procurement process considered the management arrangements for Health and Safety within each of the bidders’ organisations.
Monitoring Officer/S.151 Officer Comments	<p><b>Deputy Monitoring Officer:</b></p> <p>The report provides an update to members on the Gade Zone regeneration project and procurement process. The legal implications of the project have been considered in previous reports and no further issues arise from this report.</p> <p><b>Deputy S.151 Officer</b></p>

	No further comments to add to this report.
Consultees:	Corporate Management Team Ben Hosier, Group Manager, Commissioning, Procurement and Compliance Mark Brookes, Group Manager, Legal Governance
Background papers:	Part 1 and 2 Cabinet reports dated 24 April 2012, 24 July 2012 and 22 January 2012
Glossary of acronyms and any other abbreviations used in this report:	PSQ: Public Service Quarter PQQ: Pre-qualification Questionnaire HPMT: The Hertfordshire Partnership NHS Foundation Trust EDRMS: Electronic Document and Record Management System BREEAM: Building Research Establishment Environmental Assessment Method ITPD: Invitation to participate in dialogue ITCD: Invitation to continue dialogue ITT: Invitation to Tender

## 1 BACKGROUND

- 1.1 The regeneration of Hemel Town Centre, and specifically of the Gade Zone and associated development of the Public Service Quarter, is one of the Council's top priorities. Cabinet agreed in November 2011 the principle of developing the Civic Centre site, together with the Magistrates Court, Health Centre, Police and Library sites, for a large supermarket as the enabling development to kick start town centre regeneration and the creation of a new Public Service Quarter.
- 1.2 In April 2012 Cabinet agreed the adaption of these plans to work together with West Herts College and Wm Morrison (Morrison's) to deliver a wider regeneration scheme which created a new College campus as an additional benefit. The recommended procurement process was agreed by Cabinet in July 2012 along with the delivery and Member oversight arrangements for this part of the development.
- 1.3 Cabinet received an update on progress in January 2013, which also included further details in the sale of the Civic Centre site, the Heads of Terms with Hertfordshire County Council and the development sites to be included. Cabinet also received details on the Employers Requirements for the PSQ including indicative floorplans and an illustrative design for the PSQ to feed into the procurement process.
- 1.4 Proceeding alongside the Hemel Hempstead Town Centre Masterplan, Supplementary Planning Guidance was approved for consultation by Cabinet in July 2012, approval and recommendation for adoption by Council was then forthcoming in November 2012 and final approval was given by Council in January 2013. Agreement to move forward the relocation of the bus station in order to allow the development of Market Square was agreed by Cabinet in April 2013.
- 1.5 This report brings provides an update on progress to date on the procurement of a development partner for the Council and specifically the outcome of the

first stage of the procurement process, and the approach to the competitive dialogue stage.

## **2 CENTRAL GADE ZONE REGENERATION AND PROCUREMENT OF THE PUBLIC SERVICE QUARTER**

### **Interdependent projects**

2.1 Delivery of the PSQ has a number of projects and activities that its delivery is dependent on:

- Morrisons and College
- Market Square
- Dacorum Anywhere
- Partner landholdings

### **Morrisons and College**

2.2 The submission of the Morrisons planning application was delayed by the requirement to conduct a bat survey (which could only take place in May 2013) and the need to reach agreement with the Environment Agency over re-routing the River Gade. Morrisons used the pre-application process to expedite the overall planning process, and submitted their application at the end of June 2013. Work is being finalised to ensure that a satisfactory solution is concluded on the Water Framework Directive and the application should go to Development Control Committee in October 2013. If planning approval is given, the process of the sale of the Civic Centre site will commence as per the agreed contract, and this will require the Council's decant being achieved by June/July 2014.

2.3 Morrisons have undertaken considerable public consultation on the development of the food store and College Campus and report overwhelming public support for the scheme.

### **Market Square**

2.4 Market Square has been included within the Gade Zone Regeneration procurement (as agreed by Cabinet in July 2012) with a preference for this to be developed as a commercial leisure facility helping to bring family based entertainment into the town centre. This may take the shape of a digital cinema and restaurants, or other combination that developer partners may come up with.

2.5 In order to make the site available it will be necessary to relocate the bus station and Cabinet agreed the funding and approach for this in March 2013, with a view to having the site available in 2015. The project is now underway.

### **Dacorum Anywhere**

2.6 Working arrangements in the PSQ, and in the temporary offices in 39/41 Marlowes and the Court, require significant progress to have been made by the time of decant on key aspects of Dacorum Anywhere. Specifically these are:

- 2.7 Document imaging (EDRMS) in order to move to a digital based operation (i.e. paper free) to drastically reduce storage requirements, but also to allow progress on moving services on a web basis wherever practical. The project is underway, and additional resources for scanning agreed, but will be a challenging task to deliver on time.
- 2.8 IT and telephony. Agreed action, with respect to PSQ and decant, is underway though there are competing pressures on IT to accommodate.
- 2.9 Rolling out of flexible and remote working which is on track for all services in advance of decant.
- 2.10 It is critical that all of the above are completed in time for decant and the internal working group are monitoring and chasing progress to ensure all is ready on time

### **Partner negotiations**

- 2.11 As agreed by Cabinet in January 2013, Heads of Terms have been agreed with Hertfordshire County Council over both their occupation of the PSQ and the transfer of their land and interests within the Gade Zone Central site to Dacorum Borough Council.
- 2.12 The Police and Crime Commissioner for Hertfordshire (the Police) has agreed in principle to take space in the PSQ for their Safer Neighbourhoods Team and a potential Inquiry Point, though no formal agreement is in place at this point. They have also agreed in principle to include the current Police Station site in the 'red line' of the regeneration and procurement process but have not, as yet, formally committed to moving out or to a particular timetable. Contact with the Chief Constable and the Police and Crime Commissioner will seek to add clarity to the situation over the next few weeks.
- 2.13 The Hertfordshire Partnership NHS Foundation Trust (HPFT) has indicated that they will be moving to alternative town centre accommodation in the near future but the exact details are not yet confirmed.
- 2.14 Four voluntary sector partners – CAB, Relate, Mediation, and Dacorum Community Trust – have agreed to relocate to the PSQ.
- 2.15 It is clear that the intentions of the Police and the HPFT require swift resolution in order to maximise the regeneration opportunity to bidders. Clarity and certainty is being sought by the Council before the dialogue with bidders moves into a greater level of detail.

### **Procurement**

#### **Progress to date: agreed procurement process**

- 2.16 The procurement process uses the competitive dialogue procedure under the Public Contracts Regulations 2006 (as amended). Under this pre-qualified bidders enter into a bidding process which will enable proposals to be put forward and negotiated in competition before selection of a preferred partner. This avoids excessive and disproportionate costs for all parties. The Council has appointed DTZ and Eversheds as external advisors on this project.

2.17 It is anticipated that the selected Development Partner will:

- Provide a new PSQ facility to accommodate the space and operational needs of the Council along with Hertfordshire County Council's Library and Registration services, Voluntary Sector bodies, Police and Crime Commissioner for Hertfordshire Safer Neighbourhood Team and other users and visitors to the facility.
- Design the PSQ to be a landmark building and must make the maximum possible regeneration of the area, and ready for occupation by the end of 2016
- Deliver the PSQ to a high standard of design, meeting the BREEAM excellent sustainability standard
- Create a comprehensive masterplan for the regeneration opportunities and subsequently create detailed designs
- Achieve planning consent for the regeneration opportunities
- Design and deliver schemes that are viable, fundable, commercially deliverable and fit with the Council's overall strategy for the regeneration of the town centre
- Work with the Council to implementing the strategy for the assembly of land interests necessary for the delivery of the regeneration opportunities
- Secure the necessary funding for the regeneration opportunities over and above the PSQ
- Create a comprehensive project team to meet the objectives of the regeneration opportunities and to integrate with the Council's project team
- Undertake all necessary and appropriate stakeholder communication and consultation, in accordance with a communications plan agreed with the Council
- Commission, undertake and manage the works and complete the regeneration opportunities

2.18 The intention is for the Council to enter into a conditional development agreement with the Preferred Bidder (the Development Partner) which will govern the parties' responsibilities for the delivery of the PSQ and the development of the remainder of the sites under the Gade Zone Regeneration project. The Council will require a high level of control over the delivery of the project, particularly the PSQ.

2.19 The procurement process has five stages:

1. **Pre-Qualification** – commences with the issue of the contract notice in the Official Journal to the European Union. Bidders responding receive the Descriptive Document and the Pre-Qualification questionnaire. Completed PQQs will be evaluated and potentially short-listed for the second stage (completed).
2. **Dialogue: Outline solution** – Prequalified bidders will be issued with an invitation to participate in dialogue (ITPD). This includes the requirements for this outline stage, including Heads of Terms, the Council's detailed objectives for the sites and evaluation criteria for the award of contract. There will follow a period of discussion to evolve each bidder's proposals for the sites. The primary intention of stage two is to identify solutions that address, at a high level, the Council's

objectives. A reduced number of bidders – probably two or three – to the next stage (now underway).

3. **Dialogue: Detailed solution** – this will commence with the issue of an invitation to continue dialogue (ITCD). This stage will provide bidders with a final opportunity to tailor their proposals. Once one or more acceptable solutions have been identified the Council will close dialogue and invite the remaining bidders to the tender stage.
4. **Tender** – will commence with the issue of the Invitation to Tender (ITT). Tenders will be assessed on the basis of the evaluation criteria as published in the ITPD following which a preferred bidder will be recommended.
5. **Preferred bidder stage and contract award** - this stage will involve fine tuning and clarification of the preferred bidder's proposals and settling the development agreement in accordance with the agreed detailed heads of terms. Following approval of the proposed contract by the Council the parties will enter into the development agreement.

#### **Pre-qualification, evaluation and shortlist**

2.20 See part II report.

#### **Commencement of Dialogue Phase - Stage Two: Outline Solutions**

- 2.21 Stage Two of the procurement process commenced with the issue of the Invitation to Participate in Dialogue (ITPD) on 16 August 2013.
- 2.22 A Bidder Launch Event was held on 18 July 2013 prior to the issue of the ITPD. It is currently proposed that at least three further Bidder meeting sessions will be held prior to the return of the Bidder's response. These will:
  - Clarify issues;
  - Provide constructive feedback to any proposals or ideas proposed by the Bidder;
  - Test assumptions and rationale;
  - Identify and discuss any issues that require further resolution; and
  - Resolve any significant issues that require dialogue / negotiation prior to close of dialogue.
- 2.23 Bidders will be required to structure their Outline Solutions around the questions/requests for information as detailed within the document. The solutions will be the subject of evolution by the Bidders during the Outline Solution stage up to formal submission, through the Council's procurement portal.
- 2.24 In the first instance Bidders are required to complete and return two mandatory forms:
  - Certificate of Non-Collusion and Non-Canvassing; and
  - Confidentiality Agreement.

- 2.25 Following submission of Outline Solutions, all Bidders who submitted a compliant outline solution will be invited to present their proposals to the project team and respond to any clarification questions from the Council. These presentation meetings will not be scored by themselves but any clarifications may be considered by the evaluation team as part of the evaluation process. Confirmation of timing and available dates will be provided closer to the date.
- 2.26 Based on the evaluation of Outline Proposals and further clarifications if required, the Council will short list Bidders at this stage. The Project Team currently envisages short-listing the highest scoring three Bidders for the Detailed Solution Stage.

### **Risk management**

- 2.27 The Project Risk Register is reviewed on a regular basis and is included as Appendix 1. The Register will need complete updating once the procurement phase is complete, but covers the key risks until that point. Control measures have been established to minimise or mitigate the identified risks.

### **Timetable**

- 2.28 The following provides an overview of the timetable appertaining to the procurement procedure. Some dates may be liable to change during the course of the process.

<b>Date</b>	<b>Item / Event</b>
18 July 2013	Bidder Launch Event – pre-dialogue
16 August 2013	Issue Invitation to Participate in Dialogue (ITPD)
Commencing 28 August 2013	Dialogue commencement sessions with Bidders
September / October	Outline Solution period, including further Bidder meetings
17 October 2013	Outline Solution submission date
October//November 2013	Outline Solution evaluation period including presentations, clarification & short-listing
November / December 2013	Detailed Solution period, including Bidder meetings
December 2013	Dialogue close date
December 2013 / January 2014	Tender period
January / February 2014	Tender evaluation period including presentations, clarification & recommendation of preferred bidder
February / March 2014	Preferred Bidder stage
March 2014	Contract award



