

**Title of meeting:** Cabinet Meeting

**Date of meeting:** 5<sup>th</sup> February 2019

**Subject:** Procurement of a Contractor for City Centre Regeneration

**Report by:** Director of Regeneration

**Wards affected:** Charles Dickens

**Key decision:** Yes/~~No~~

**Full Council decision:** ~~Yes~~/No

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## **1 Purpose of report**

- 1.1 This report seeks approval to progress and conclude the appointment of a Design & Build Partner Contractor to be used to deliver the new road and highways infrastructure required to deliver the wider redevelopment of the City Centre.
- 1.2 The recommendations in this report should be considered as the first step in the Council plans to facilitate the Cultural Regeneration of the City Centre. This report is aligned with other key work streams such as the refreshing of the City Centre masterplan and Supplementary Planning Document (SPD), the delivery of key infrastructure to support growth in the City and the revitalisation of Commercial Road. All need to come together to deliver regeneration and growth for the City Centre and Portsmouth as a whole.
- 1.3 Officers are conscious that sites in the City Centre have not progressed for some time due to market factors. Officers are confident that once developed, the increased activity will bring people back to Commercial Road and this will be the catalyst required to bring forward development to the surrounding areas however this does need a development of scale to go first.
- 1.4 Officers are clear that any proposal must deliver outcomes in line with the Council Plan and the council's Cultural Regeneration aspirations, whilst being a viable commercial prospect.
- 1.5 The Council is in the final stages of an OJEU advertised Public Contracts Regulations (2015) compliant procurement process to secure a contractor to work alongside the Council in developing this area.

- 1.6 Subject to approval by the Council's Procurement Gateway Board, approval by Cabinet and completion of the statutory standstill period without challenge from unsuccessful bidders the successful Contractor should be secured in mid-February 2019.
- 1.7 The Contractor will be secured on the basis of a nil value framework agreement which will allow the Council to draw down works and services on an incremental phased basis.
- 1.8 Establishment of the framework agreement will place no obligation on the Council to enter into draw down contracts.
- 1.9 The framework agreement has no defined end date other than expiry at completion of the project and may be terminated unilaterally by the Council at any point.
- 1.10 The framework agreement may be used to commission a broad scope of activities which include but are not limited to:
- Early contractor involvement activities
  - Assisting the Employer in identifying and securing grant funding and other sources of finance
  - Design co-ordination and progression
  - Engagement with Portsmouth City Council Highways PFI Maintenance Contractor
  - Surveys
  - Capacity modelling
  - Planning application activities
  - Enabling works
  - Stakeholder management
  - Communications
  - Programming & phasing
  - Cost development and control
  - Sub-contract / supply chain engagement and involvement
  - Obtaining required statutory approvals
  - Construction
  - Traffic management
  - Defects management on design & build basis
  - Further maintenance activities as required and agreed
- 1.11 Activities may be sourced via separate contracts using the appropriate NEC4 form of contract or may be grouped together at the Council's option to ensure that the right balance is made in respect of commerciality and risk exposure.

- 1.12 Approval is also sought for delegated authority to enable the commencement of initial activities.

## **2 Recommendations**

The report is looking for Cabinet to:

- 2.1 Agree to the progression and conclusion of the procurement to secure the framework Contractor as outlined above.
- 2.2 To delegate authority to the Director of Regeneration to allow contracts to be let up to the value of £1m within this framework with the successful contractor. In addition to this Delegated Authority is sought for contracts to be entered into between £1m and £5m to the Director of Regeneration following with the approval of Project Board, chaired by the Leader of the Council, and s. 151 Finance Officer. Anything above this will necessitate further Cabinet approval.

## **3 Background**

### **Context**

- 3.1 Portsmouth is a bustling island city on the south coast, with a population of approximately 215,000 living within an area of 15.5 square miles (40.15 sq. km). The city boomed in the 19th and 20th centuries although its importance as a port and strong associations with the Royal Navy predate this. Indeed, the presence of the Royal Navy and the dockyard has long shaped the city's economy and image, acting as a catalyst to create a network of defence and related industries, as well as a naval heritage based tourist industry. Portsmouth is one of the world's great port cities.
- 3.2 Today, Portsmouth is multi-faceted, with huge strengths, assets and opportunities, and big ambitions.

### **Portsmouth City Council's Priorities**

- 3.3 Recently the council has set out new priorities so stakeholders can see our aims and aspirations for the city and understand the areas we will be focusing on in the coming months.
- 3.4 This is significant because, as we continue to work in extremely challenging times, it is more important than ever that we all understand what we are working together to achieve, and what we all – every single person who works here or volunteers for the council – contributes to making our aspirations a reality for the people of this city.

## Vision

- 3.5 The Council's vision is that Portsmouth will become a great waterfront city with a globally competitive knowledge economy and in order to do this the Council is developing a strategy which is based around two key themes:
- To support economic growth, innovation and enterprise
  - To enhance the competitiveness of our city
- 3.6 Our vision for Portsmouth draws on its renowned naval and industrial heritage to create an exciting future, and one that is no longer founded upon large public sector employers or low-skilled jobs. Instead, we believe that Portsmouth should focus on realising the opportunities presented by the knowledge economy to build a globally competitive environment for business and enterprise, within the context of a prosperous south Hampshire, and to attract investment and visitors.
- 3.7 To do this, we must continue to regenerate priority areas, improve skills, increase aspirations and support the development of sustainable communities. The City Centre is one such priority area.
- 3.8 The key components to supporting this vision are supporting economic growth, innovation and enterprise, and enhancing the competitiveness of our city. The project was initiated in September 2015 when Savills were appointed to deliver a vision and masterplan for this area of the city centre, with the road as a necessary part of the infrastructure to deliver the vision. Following an announcement by the LEP that funding was available to bid for, the emphasis moved from the masterplan to a planning application for the whole road scheme.

## Vision for the City Centre

- 3.9 The regeneration of Portsmouth's City Centre is essential for the city's success and to this end the Council has a number of comprehensive work streams ongoing, the list includes (but is not limited to) the following:-
- The redevelopment of the City Centre North.
  - The provision of much needed road infrastructure.
  - The detailed master planning of the area.
  - Working with partners to bring renewed retail and leisure offers to Commercial Road and the Cascades shopping centre.
  - Investing in high quality public realm around Portsmouth & Southsea train station.
  - Expanding the range and quality of stalls at the City Centre Market.
  - Introducing new street food options to the area.

3.10 The vision for all of these work streams is for a vibrant and economically success business led high street is aligned with the wider Vision and Portsmouth's Corporate Plan.

3.11 For these work streams to be successful they need to aligned to council's vision and in the regeneration of the City Centre success would need to:

- Improve the image of the city and promote the opportunities and potential it offers.
- Support business and long-term economic growth in the city centre by encouraging key sector growth that supports the resurgence of the existing City Centre & Commercial Road.
- Support the develop of the visitor economy
- Strengthen the retail opportunities available for residents and visitors by embracing changes to the traditional high streets model to create an environment that is fit for future purposes.
- Build more high quality private and affordable homes, bringing forward much needed homes for the city, including a range of affordable housing products to support growth in the City.
- To create new jobs both during the construction period but also dedicating some space in the designs to employment zones. The Council is looking to improve educational attainment and skills whilst raising aspirations.
- A new City Centre Road to improve accessibility to the area. The Council will encourage a range of sustainable travel infrastructure such as bus stops, cycle parking and cycle share schemes.
- Address the concerns around air quality and ensure that any changes to the highway network and wider development are geared towards improving air quality.
- To provide a city centre that is focussed on sustainable transport and active travel to promote improved health and reduce the reliance on cars.

3.12 There is a unique opportunity now to initiate a culturally led regeneration of Portsmouth to make it a major contributor to a vibrant, expanding city region. If successfully implemented, this strategy will help deliver a thriving city of sub-regional significance.

#### **4. Reasons for Recommendations**

4.1 A planning application was submitted in December 2017. This has not been determined and a decision has been taken to review the scope of the scheme, in conjunction with the emerging plans of private landowners. The refining of the scope will allow current and emerging policy to be considered, as well as more specific issues which now need to be included.

4.2 To enable this and specifically the delivery of the highway infrastructure it is necessary to appoint a partner contractor on an Early Contractor Involvement (ECI), followed by two stage design and build (D&B) contract.

- 4.3 Use of an overarching nil value framework agreement will allow Council to enter into specific, individual agreements with the Contractor to enable targeted support to the development and delivery of the scheme. If agreed, they can then be commissioned to undertake detailed design and construction of the new highway as separate work packages.
- 4.4 Four tenders have been received from pre-qualified major highways engineering contractors. Following detailed evaluation the 2 highest scoring bidders have been invited to a presentation interview on the 15<sup>th</sup> and 16<sup>th</sup> January 2019 respectively.
- 4.5 Subject to completion of the above activities an award recommendation will be taken to the Council's Procurement Gateway Board for approval on 4<sup>th</sup> February 2019.
- 4.6 Subject to approval by the Gateway Board and approval by Cabinet on 5<sup>th</sup> February 2019 the bidders will be notified of the Council's award decision triggering a statutory 10 calendar day 'standstill' period.
- 4.7 On the condition that no substantial challenge is brought by the unsuccessful bidders - i.e. injunction to suspend the procurement process - the Council will be able to proceed with the award of the nil value framework agreement to the successful Contractor in mid-February 2019.
- 4.8 Various funding bids have been submitted, with the scheme successfully getting through to the next stage of the Solent Prosperity Fund bid process. Should the Council be successful in achieving the grant from the LEP, then this funding needs to be spent by 31 March 2021.
- 4.9 By appointing a Contractor at this stage, the project will benefit from having an experienced Contractor as part of the development team to facilitate early survey and enabling works. This should also strengthen the funding bid in terms of deliverability.

## **5. Equality impact assessment**

- 5.1 Following discussion with the City Council's Access and Equality Advisor, it is confirmed that an EIA is not required at this stage as the recommendations in this report is only seeking authority to enter into a framework contract to allow the infrastructure redevelopment to be put in place in the future, this will not have a detrimental impact on any of the protected characteristics. If agreed, the council will commission to undertake detailed design and construction of the new highway and Individual EIAs will be completed at the appropriate time when there is specific design or on site delivery.

## **6. Legal Implications**

- 6.1 The procurement process as described in the main body of this report has been carried out in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules, and will be further subject to the Gateway Board approval. Therefore, a risk of successful legal challenge to the award of the framework contract to a chosen tenderer is considered low.

- 6.2 The Public Contracts Regulations 2015 allow for a single supplier framework to be established. Proposed framework agreement terms were published as part of the procurement process whereby the Council set out its non-negotiable commercial terms that a successful contractor will be required to accept. The framework terms have been drafted to protect the Council's financial position and ensure flexibility through releasing separate packages of work when the need arises.
- 6.3 The Cabinet has the power to approve the recommendations set out in paragraph 2, which constitute a key decision pursuant Chapter 13, Part 1 ("Decision Making") and Part 3 ("Executive Procedure Rules") of the Council's Constitution.

**7. Director of Finance's comments**

- 7.1 The Council has made provision for a significant contribution to the City Centre Road scheme which is part of the overall City Centre Regeneration project.
- 7.2 Any costs arising from the appointment of a contractor under the delegated authorities sought for in this report for the ECI, enabling works and design of the scheme can be funded from this approved funding allocation.

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Signed by: Tristan Samuels, Director of Regeneration

**Appendices:**

None

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: Cllr Gerald Vernon-Jackson, Leader of the Council on behalf of the Cabinet