



Title	Minster Quarter Central – Selection of Developer
Purpose of the report	To make a decision.
Report status	Partly open to the public and part exempt – see reasons below
Report author	Emma Gee – Deputy Director Infrastructure, Economy and Capital Projects
Lead Councillor	Cllr Jason Brock
Corporate priority	Inclusive Economy
Recommendations	<p>Policy Committee are recommended to:</p> <ol style="list-style-type: none"> 1. Note that the Competitive Procedure with Negotiation procurement process was conducted in accordance with the Public Contracts Regulations 2015. 2. Note the outcome of the comprehensive assessment of Best and Final Offers from bidders set out in the Recommendation Report at restricted Appendix A and summarised in section 4 of this report. 3. Note the key benefits and outcomes of the highest scoring bidder’s scheme, which is summarised in Exempt Appendix A. 4. Note the Development Agreement Summary, referred to in section 7 of the report and set out in more detail in Exempt Appendix F. 5. Note consultation with Civic Board at key gateways through the procurement process. 6. Note the governance arrangements in place to guide the delivery of the programme moving forward, as set out in Appendix 4. 7. Note that the existing open spaces on the site are to be replaced by an enhanced public realm with an offering of arts and culture and that appropriation and disposal will be required. 8. Declare the former Civic Centre and Civic Car Parks A and B as surplus to requirements. 9. Appoint Bidder B for the Minster Quarter Regeneration on the basis that they can best deliver against the Council’s required key outcomes and that their bid represents best consideration within S123 of the Local Government Act 1972.

	<p>10. Bidder A be recommended as reserve bidder, should the Council be unable to complete the Development Agreement within reasonable timescales with Bidder B. In which circumstance a paper will be brought back to Policy Committee to confirm appointment.</p> <p>11. Delegate authority to the Executive Director for Economic Growth and Neighbourhood Services (DEGNS), in consultation with the Assistant Director of Procurement and Contracts, Assistant Director of Asset and Property Management, Assistant Director of Planning Transport and Public Protection Services, Assistant Director of Culture, Director of Finance, Assistant Director of Legal and Democratic Services, the Leader of the Council and the Deputy Leader to:</p> <ul style="list-style-type: none"> (a) Make required arrangements and complete necessary documentation to notify the award of the contract to Bidder B (b) Designate Bidder A as recommended reserve; (c) Take any steps to finalise and enter into the Development Agreement, the leases, any ancillary documents, and any required agreements with Bidder B, including but not limited to, negotiation and finalisation of all legal documentation and terms for proceeding; or, required to give effect to the above; (d) Subject to satisfactory conclusion of the Development Agreement and the relevant conditions being satisfied, dispose of land in accordance with Section 123 of the Local Government Act 1972; (e) Make stopping up orders as necessary to support delivery of the Minster Quarter Central programme; (f) Take necessary steps and carry out the required statutory advertisements for appropriation and disposal of the open spaces on the site and consider any objections received on the understanding that a further report will be brought back to Policy Committee for decision; and (g) Apply for and accept any third-party funding to help support the delivery of Minster Quarter Central subject to the funding conditions being acceptable.
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This report contains exempt information in Appendices A, A1-3 and B to F within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

Paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) and it is considered pursuant to paragraph

10 that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing it.

It is considered that while there may be public interest in disclosing information namely, bidders' details, offers, financial information and land values amongst other information, it is felt that, on balance, this is outweighed by other factors in favour of maintaining the exemption. The procurement of a developer, disposal and ultimate development of the site is subject to confidential legal, financial and other negotiations and to reveal details of these would adversely affect the Council's ability to manage its commercial, financial and business affairs and could also be detrimental to the Council's ability to achieve best value for money in relation to this and future land-related negotiations.

1 Executive Summary

- 1.1 Minster Quarter is a key and historic part of the town centre and represents a long-standing and major strategic regeneration ambition for the Council.
- 1.2 This report details the procurement process the Council has followed, sets out the outcome of the procurement exercise and extensive programme of work to select a developer to drive forward and deliver Minster Quarter Central; and makes a recommendation to proceed with the highest scoring bidder.
- 1.3 In July 2022, Policy Committee agreed a strategic vision for Minster Quarter Central, supported by a set of minimum requirements and development principles against which bidders could be assessed and which form the parameters within which a suitably experienced bidder could work to deliver a mixed-use scheme achieving a step change in the regeneration of Reading town centre.
- 1.4 The main body of the report details the results of final negotiations over summer 2023, which have enabled shortlisted bidders to bring forward their Best and Final Offers. These offers and the associated development schemes have been subject to detailed evaluation and scoring. An overview of schemes and their respective evaluations are set out in the Part 2 Policy Committee Report and Recommendation Report prepared by the Council's Commercial Adviser, Eddisons at Exempt Appendix A.
- 1.5 For commercial reasons, the name of the highest scoring bidder and other bidders cannot be disclosed until the Committee has confirmed its decision to award and the relevant challenge periods have passed under public contract regulations. The intention would then be to make the name of the highest scoring bidder known publicly to partners and local business, following publication of the regulated notices.
- 1.6 In addition, the recommendation proposes the formal designation of a nominated 'reserve' bidder, who could provide a ready substitute with a strong, credible scheme should the Development Agreement and Lease not be concluded and signed with the highest scoring bidder within six months of the Committee's decision.
- 1.7 The report also sets out issues the Council will need to address in the coming months to secure and facilitate the development pathway, once contracts are exchanged.

2 Background and Policy Context

- 2.1 Reading Borough Council are seeking a bidder to deliver a best in class, residential-led, legacy development at Minster Quarter Central; a site formerly occupied by the Civic Centre offices which forms part of the wider Minster Quarter Regeneration Area, located in the heart of Reading. The Council has sought to find a developer who understands

and shares the Council's vision for the site, with a strong commitment to social value and experience of working successfully in partnership to achieve outstanding development quality and place making.

- 2.2 The site is located adjacent to the Hexagon Theatre and is the former site of the Civic Centre offices. The opportunity comprises Council owned land totalling 5.2 acres (2.1 hectares). The site represents an unprecedented opportunity to deliver one of the best located mixed use development opportunities in the UK with the potential to create a landmark destination with a unique character and sense of place, enhanced by high quality public realm, that creates an inviting new gateway to and from Russell Street/Castle Hill Conservation Area and the residential areas of West Reading.
- 2.3 Minster Quarter Central is a key component of the West Side Opportunity Area allocated in the Reading Borough Local Plan (2019) at Policy CR12e Hosier Street. The Minster Quarter Area Outline Development Framework was produced and adopted as a Supplementary Planning Document (SPD) by the Council in December 2018. This sets out the vision and principles that underpin the future regeneration of the wider area including Minster Quarter Central.
- 2.4 Minster Quarter Central is a key part of the wider Minster Quarter development area with the potential to create a comprehensive new mixed-use neighbourhood at the heart of the town, delivering upwards of 1200 homes. Neighbouring landowners have plans to bring forward schemes over the next 10 years, including the redevelopment of the Thames Valley Police Station, Broad Street Mall, Ministry of Justice investment in the Magistrates Court and the Council's exciting plans to create a cultural campus with Hexagon Theatre and new studio theatre extension, made possible through Levelling Up Fund funding.

Vision and Objectives for Minster Quarter Central

- 2.5 In June 2021, Policy Committee approved the appointment of a professional team to support and lead the process of developing proposals for the site and bringing forward the Project. The Council retained Eddisons, acting as the Council's commercial and procurement consultants and Freeths LLP, as legal advisers.
- 2.6 The June 2021 report also set out the key objectives of the Council for the Project:
 - Affordable Housing
 - High quality public realm (including seeking to address the impact of the Inner Distribution Ring Road (IDR) in the context of the Minster Quarter SPD)
 - Zero carbon development
 - Divesting long term liability from the Council
 - Masterplan solution across the wider Minster Quarter area Enhanced arts and cultural offer
- 2.7 These objectives were refined by Policy Committee in July 2022 based on a "hierarchy of need" approach with the aim of securing the overarching Project Vision. The Vision is to regenerate the Minster Quarter area into '*a high quality, sustainable and inclusive location that has Reading people, businesses and arts, culture, and community at its heart. The regeneration will offer new opportunities for urban living and create a new urban quarter which offers a mix of tenures alongside a commercial, arts and cultural offer that will re-invigorate the public realm and breathe new life into this quarter of town.*'
- 2.8 The following **Strategic Objectives** or Minimum Requirements were agreed in order of priority:
 - The provision of 30% planning policy compliant levels of **affordable housing** across a mix of tenures.

- Delivery of **high-quality public realm** in the context of the Minster Quarter Area Outline Development Framework (2018).
- Delivering a **net zero carbon development** in accordance with the Council's Climate Emergency commitments and net zero carbon policies.

2.9 The above vision and objectives were underpinned by several **Key Development Principles** to:

- Enhance the setting of the Hexagon Theatre, improve its accessibility, visibility and visual impact, re-imagining the entrance and allowing for the creation of an outside performance space within the public realm;
- Transfer the long-term asset management responsibility for the site from the Council to the appointed bidder;
- Improve linkages and connectivity across the Minster Quarter Area and into the wider town centre, with a particular focus to the south and west, to Queens Walk and St Mary's Butts respectively. Safeguarding of a landing zone for a pedestrian and cycle access across the Inner Distribution Road (IDR) and seeking to address the wider environmental impact of the IDR on the site in terms of use, aesthetics, noise, and air quality into the scheme;
- Deliver a comprehensive masterplan, aligned to the Minster Quarter Area Outline Development Framework, which allows for co-operation with adjoining landowners to facilitate the physical delivery of the strategic vision for the town centre; and
- Provide a long-term arts and culture offer in support of the Hexagon Theatre in step with the Council's aspiration to improve the arts and cultural offer across the town.

3 Procurement of a Developer

3.1 In June 2021, Policy Committee approved the marketing of the Minster Quarter Central site and the search for a development partner to take forward the regeneration of this strategically important site for Reading. In return for securing around £250m landmark investment and the transformation of Minster Quarter Central, the Council is agreeing to contribute its land ownership to secure long-term value in economic, environmental and community wellbeing benefits for the Borough. The mechanism chosen was a land disposal supported by a development agreement which allows the Council to achieve more certain delivery against its aims on behalf of the community. For the last two years the Council has led work to seek the right developer to advance and deliver the transformation of Minster Quarter Central securing the Council's key aims of affordable housing, quality public realm and net zero development.

3.2 The procurement has followed the Competitive Procedure with Negotiation (CPN) process under the Public Contracts Regulations 2015. The stages of the process in this procurement are:

- **Publication of a Prior Information Notice** – A formal notice of the Council's intention to procure this agreement was published in August 2022 on Find a Tender indicating our intention go to the market to maximise interest and future competitive engagement from prospective developers.
- **Publication of a Formal Contract Notice** - The procurement process was launched on 14th September 2022 with the publication of a Find a Tender Contract Notice. A formal launch took place at Hexagon Theatre in September 2022.
- **Selection Questionnaire (SQ)** – The SQ was issued in tandem with the contract notice and was the first stage of the Competitive Process with Negotiation, examining prospective bidder's existing track record, their technical capacity, professional ability and economic and financial standing.

- **Invitation to Tender (ITT)** - The ITT was issued to the bidders in November 2022 with all bidders submitting a return on the 10 March 2023. ITT submissions were evaluated, and feedback was provided to the bidders.
- **Negotiation** - The ITT evaluations did not identify a tender of sufficient advantage to proceed to award. The Council decided to invoke the negotiation stage of the procurement to help the remaining bidders refine their proposals and achieve positive enhancements in the way they sought to meet the Council's objectives. Negotiation sessions were held through the summer of 2023 and in particular covered bidders' submissions regarding:
 - Design and planning
 - Meeting minimum requirements in respect of affordable housing, net zero and public realm
 - Deliverability
 - Commercials/Financials
 - Legals
- **Best and Final Offers (BAFO)** - were received from bidders in October 2023 covering:
 - Outline design proposals for the scheme
 - Financial model demonstrating viability and cost neutrality for the Council, save for the utilisation of previously secured grant funding through the Brownfield Land Release Fund
 - Social Value Proposals
 - Marked up draft Development Agreement
- **Appointment of Highest Scoring Bidder** - This is the purpose of this report.
- **Contract Award**

4 Bidder Selection and Evaluation Process

- 4.1 Bidders submitted detailed schemes in Spring 2023 which were evaluated, scored and subject to detailed bidder feedback. Bidders then engaged in an extensive competitive negotiation dialogue with the aim of securing positive enhancements to each bid, drawing on the aims set out in Section 3. Bidders responded positively to this process, refining their submissions at the Best and Final Offer (BAFO) stage.
- 4.2 The BAFO documentation required bidders to submit a detailed final scheme, together with comprehensive responses and commentaries against a series of key evaluation criteria. The scoring criteria ranged across design, quality, commercial, delivery, valuation, financial and the contract documentation (draft development agreement and Lease) and risk-based assessment. The criteria and weightings are included at Appendix 1.
- 4.3 During October 2023, Best and Final Offers were evaluated by a cross-cutting team of Council Officers, commercial advisors Eddisons and legal advisor Freeths. Where possible, evaluation was undertaken by at least two evaluators with expertise and/or experience in the area; they evaluated under categories and against set criteria. Independent technical advice was sought to inform evaluators where required. The evaluations were then moderated to agree consensus final scores for each bidder. All bids received were deemed compliant.

5 Draft Development Agreement and Draft Lease

- 5.1 Approval is sought to appoint the highest scoring bidder based on a well-designed scheme that can be further enhanced through collaboration, community engagement and pre-planning application advice and moved forward to planning. The selection is also based on a commercial offer and land value, which includes an assessment for achieving a viable scheme that can secure commercial funding on the open market.
- 5.2 In agreeing to proceed to award of contract with the highest scoring bidder, subject to satisfactory conclusion of the Development Agreement, the Council is agreeing to work with them to take their scheme on a journey through and to meet, a series of conditions covering planning, viability, funding and delivery (with associated build and cost certainty).
- 5.3 This relationship and sequencing of events and milestones between the Council and the highest scoring bidder is set out in the draft Development Agreement (“DA”). The main terms of the DA are summarised in Exempt Appendix F which is drafted in accordance with the Strategic Objectives and Development principles approved at [Policy Committee in July 2022](#).
- 5.4 Subject to Policy Committee approval of the highest scoring bidder and their formal appointment, the draft DA will be finalised with the highest scoring bidder. There be a period following such approval, estimated at six months, to agree the final forms of the DA and Lease prior to exchange. The purpose of the DA is to ensure that the Council’s and the highest scoring bidder’s interests and obligations are clear.
- 5.5 The DA seeks to secure pace and momentum from the highest scoring bidder by placing clear obligations on them to progress their scheme through to formal planning consent and start on site, following exchange of contract. Failure to meet these key milestones without a clear and supportable reason could result in the Council taking formal steps to safeguard its position. Of particular note, the Development Agreement contains provisions for the relationship to be reviewed or terminated as set out in Exempt Appendix F, Development Agreement Summary.
- 5.6 Some of the key points that the draft Development Agreement and Lease cover are set out below:

Development Agreement

- a) What is to be included in the final scheme and delivery plan for the development
- b) When and how the financial position will be agreed and approved
- c) Conditions for the drawdown of land and what the process will be
- d) Longstop dates and delay events
- e) Consultation and engagement expectations, including adjoining landowners
- f) Governance of the project over the lifetime of the development
- g) Agreement, together with council approvals and consents
- h) Exit and termination of the DA and consequences of such action

Leases

- a) The Council will grant a lease of 250 years, to the highest scoring bidder, of the site which comprises the assets, open areas and roads set out at Section 7 of this report. The Council’s lease of Civic Car Park B will also be assigned to the highest scoring bidder.
- b) The provision of affordable housing will be protected.
- c) The Public Realm will be maintained and managed with an offering of arts and culture.

6 Implementation – Next Steps

- 6.1 Subject to the Policy Committee’s decision, work towards implementation of the bidder’s scheme will commence. The Exempt Report summarises an indicative timetable, informed by the highest scoring bidder’s own programme.
- 6.2 Subject to Policy Committee approval to appoint the highest scoring Bidder, written notifications will be issued to all bidders in accordance with PCR2015 and the Council will observe a 10-day standstill. This allows the unsuccessful bidders to review the outcome of the Evaluation process and request further information if required.
- 6.3 Once this period has elapsed, subject to there being no requests or challenges to the outcome, the highest scoring bidder will be named.
- 6.5 Following the standstill, the Council will establish formal working arrangements with the highest scoring bidder.

7 Land and Title Matters

- 7.1 The development site, Minster Quarter Central, RG1 is shown edged red on the plan attached at Appendix 5 (the “Development Site”) and is held by the Council for civic and commercial purposes under its General Fund. The site includes the following assets, land and roads:

a) The Civic Car Parks

Civic Car Park A (Vacant): This is at sub-podium level and adjoins the Magistrates Court. It has circa 40 spaces belonging to the Council.

Civic Car Park B: The car park is a surface car park of circa 170 spaces held by the Council under a lease from with Magistrates Court with approximately 981 years of the term left to run. Brighter Futures for Children use spaces in this car park. Council Officers will make arrangements for reprovision of dedicated parking spaces.

The Car Parks are held by the Council for parking purposes. Following reprovision of car parking spaces for Brighter Futures for Children both car parks will be surplus to requirements.

b) Hosier Street Market/Blue Collar

Blue Collar occupy part of the Development Site under a lease that ends in March 2024 and they manage the Hosier Street Market on a Licence that is coterminous with the Lease. Blue Collar are to remain on the site on a temporary basis until the land is required for development and options for relocation are also being explored.

c) The Former Civic Centre site (vacant)

This was the site of the Council’s Civic Offices and was held as Council Offices prior the relocation to Bridge Street. The former Civic Centre has been demolished and the site is being held as an asset surplus to requirements. The site was leased to Thames Valley Police for use as a community garden and was occupied by Food for Families for this purpose. Food for Families have now vacated and accepted the offer of two alternative locations at Appleford Road and Holy Brook Nook, Berkley Road.

d) Open Areas

There are open areas on the development site which are used by the public and which will be incorporated into the development. As part of the Minster Quarter Central development, an enhanced public realm is to be provided on this site with

an offer of arts and culture as set out in this report and as part of the Council's key objectives and requirements.

e) Private Road and Highways

The site comprises unadopted and adopted roads. It is intended that some of these roads within the Site will be transferred to the Developer. It is considered that some of the roads may need to be stopped up, as necessary, prior to the implementation of development. The Development Agreement requires that the developer ensures continued access is provided where required. This will ensure e.g. that access for the Hexagon shall continue to operate during construction of the development with commitments from the highest scoring Bidder to minimise disruption as far as possible. Any required stopping up, will be picked up as part of the planning process.

Rights Easements Restrictions Open Spaces and Appropriation

- 7.2 There are potentially restrictions, easements and rights on the Development Site. The land and title will be investigated by the developer, once appointed, as part of their pre-contract due diligence (including any site investigations and surveys).
- 7.3 The highest scoring bidder, once appointed, will engage with the Council on any issues to be resolved either by the Council, the Developer or jointly. The resolution of such matters is likely to include appropriation for planning purposes to facilitate the carrying out of the regeneration and redevelopment of Minster Quarter Central. Open space areas will be included within the proposed appropriation of the land for the same reasons.

Appropriation

- 7.4 The Council acquires and holds property for various statutory purposes in order to perform its functions. The process of changing that purpose without changing the ownership is described as appropriation.
- 7.5 The Council currently holds the Development Site for Civic and Commercial purposes under the General Fund. As noted above, there are potentially restrictions and rights on the Development Site and as it is to be redeveloped, it is considered that appropriation of the land for planning purposes to facilitate the regeneration may be the necessary approach.
- 7.6 On appropriation to the Council's planning powers, the Council will hold the Development Site for planning purposes. By doing so, the Council can exercise its powers under the Town and Country Planning Act 1990 to carry out development of the Development Site notwithstanding the existence of any rights and restrictions on the land.
- 7.7 If a local authority decides that it needs to transfer land from one purpose or function to another for redevelopment then it may appropriate the land under s.122 of the Local Government Act 1972 (LGA). S. 122 (1) (LGA) empowers the Council to appropriate land for any purpose for which it is authorised to acquire land by agreement, so long as the land is no longer required for the purpose for which it was held immediately before the appropriation. Section 122 (2A) LGA gives the same power to the authority over land comprising or forming part of an open space, but, in the latter case the appropriation must first be subject to public consultation on the proposals.
- 7.8 As part of the Development Site forms open space, the consultation requirements of section 122 (2A) LGA apply. It takes the form of advertisements for two consecutive weeks in newspapers circulating in the area in which the open space is situated and the Council must consider any objections received in response to the advertisements before making a decision.

- 7.9 Once land has been appropriated, s.203 of the Housing and Planning act 2016 provides that, subject to the rights of statutory undertakers and operators of the electronic communications code network, the erection, construction or maintenance of any building or work on land which is acquired or appropriated by a local authority for planning purposes, if done or carried out in accordance with planning permission, shall override restrictions as to use of the land and any easement, liberty, privilege, right or advantage annexed to other land adversely affecting that land. Compensation would be payable under the statutory framework to anyone whose right is injuriously affected by the erection, construction, or maintenance in question however this would prevent them from taking injunctive action. S.241 of the Town and Country Planning Act 1990 provides that land appropriated by a local authority for planning purposes may be used in any manner in accordance with planning permission notwithstanding its status as open space.

Estates Matters

- 7.10 The Council has an existing operational waste management depot within the land being sold and this depot is to be re-provided as part of the proposed development scheme by the highest scoring bidder, on terms to be agreed. The Council also has other storage areas in rooms under the Podium which are currently used by Trading Standards and election services. These storage facilities are proposed to be relocated within the Civic Centre.
- 7.11 The Hexagon Theatre also uses storage facilities and currently has 5 parking spaces under the podium. It is anticipated that these uses will be re-provided as part of the proposed development.
- 7.12 It should be noted that there is a decommissioned generator within the undercroft storage and this will be removed to provide vacant possession of the Development Site to the developer.

8 Contribution to Strategic Aims

- 8.1 The Council's Corporate Plan has established three themes for the years 2022/25. These themes, and an explanation of how the proposals contained within this report align with them are below and outlined in more detail in the body of the report:
- Healthy Environment: the proposals aim to achieve net zero development and design standards, enable sustainable access, deliver a net gain in biodiversity and improvements in the public realm.
 - Thriving Communities: the proposals seek to create a new community with a mix of uses such that residents can meet their needs with reduced need to travel, whilst also meeting the housing and other needs of existing residents.
 - Inclusive Economy: the proposals seek to regenerate the town centre, providing direct and indirect employment opportunities, and delivering significant social value in the process.

9 Environmental and Climate Implications

- 9.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 9.2 A major development of this nature will inevitably have significant environmental and climate impacts, particularly during the construction phase, although the ambition is for these to be minimised in the short-term by sustainable construction practises and outweighed in the long-term by energy-efficient operation and designing in sustainable access which minimises the need to travel. The decision to appoint Bidder B (the highest scoring bidder), with Bidder A (next highest scoring bidder) in reserve does not in and of itself have any climate impact, so a climate impact assessment has not been completed

for this report but the report sets out (in section 4 of the Exempt Report, Appendix 1a and exempt Appendix A) in detail how the bids were evaluated for their performance against the Council's objectives in regard to both net zero and wider environmental consideration.

- 9.3 Specific climate considerations in relation to the highest scoring bid are outlined in Part 2 report.
- 9.4 Further assessment of climate and environmental impact of specific proposals will be undertaken as they are developed and either brought forward for future Committee decisions, or through the normal mechanisms of the planning and development management process.

10 Community Engagement

- 10.1 Pre procurement, the Council consulted through the planning process on the development and subsequent adoption of the Minster Quarter Development Framework Supplementary Planning Document. As part of any planning application the highest scoring bidder will engage with a pre-application process, with the Council expecting them to carry out consultation on the draft application proposals. Targeted consultations should include local residents' groups, traders, business association and civic and heritage societies, as well as local landowners, both individual and institutional. Such consultation will be carried out in accordance with the Council's adopted Statement of Community Involvement.
- 10.2 The Council's Civic Board, a fully constituted group with cross-party, political representation were engaged at Selection Questionnaire Stage for the shortlisting of bidders to move forward to the Invitation to Tender stage and following the completion of BAFO evaluation to keep them apprised of the process and its outcomes.
- 10.3 The highest scoring bidder, as part of their final tender submission, has outlined their approach to meaningful engagement throughout the development process so as many people as possible engage with, contribute to, shape and support the creation of Minster Quarter Central.

11 Equality Implications

- 11.1 Previous reports to Members, including assessments for the Local Plan have indicated that there would be no significant adverse impacts on specific groups due to race, gender, disability, sexual orientation, age or religious beliefs. Given the site is an under used brownfield site with no active uses or homes, an Equality Impact Assessment (EIA) has not been completed at this time. Equality considerations have informed bidder's proposals and an EIA will be completed as the scheme progresses through Planning.
- 11.2 A key equality consideration at this point is the potential for impact on local housing opportunities and choice. In achieving the development, no current housing will be redeveloped and therefore the Committee can be satisfied that the proposed scheme does not directly disadvantage or create the need to relocate or re-house those with a home on Minster Quarter. On completion, the scheme will add substantially to the stock of rental accommodation within Reading town centre.
- 11.3 The scheme does not result in the closure of any local businesses nor the loss of any employment. Indeed, the scheme has the potential to achieve a significant increase in local jobs and workplace opportunities (apprenticeships and training). The development at Minster Quarter Central, combined with the potential of adjacent sites, provides the opportunity to achieve a planned and focussed local labour intervention which will benefit local people, especially those entering or re-entering the workforce.
- 11.4 The Charter Market is a colourful, vibrant and much-loved feature within the Minster Quarter. It provides a ready source of affordable fresh produce and is well used by the diverse communities that live in and enjoy Reading town centre. The intention is for the

market to be retained and returned to a long-term home within the completed development. It will need to be relocated at key points to facilitate the construction period and close working will take place with the market operator (Blue Collar) and traders to safeguard their continued operations.

- 11.5 Significant investment in high quality public realm will deliver new, improved public and private spaces throughout the scheme for the benefit of residents and visitors to the wider area. Inclusivity and health and well-being are central to the design principles. Public spaces will cater for all users, considering neurodiversity, age, and ability.

12 Other Relevant Considerations

Risk

- 12.1 Minster Quarter Central is a complicated brownfield site, in the centre of a busy town centre with active adjoining uses. Its successful delivery will depend on close partnership working and close monitoring of market and other conditions to mitigate any potential delay to, or non-delivery of, the project.

Notable risks which will be actively managed include;

- a) **RISK: Scheme is not financially viable.** MITIGATION: Bidders have submitted detailed development appraisals with benchmark cost data against schemes which are well developed. The Development Agreement includes the requirement for a site wide viability assessment post planning to give confidence the scheme is deliverable ahead of any drawdown of land. In the event the scheme is not viable, the Development Agreement makes provision for a 6-month period for the highest scoring bidder and Council to seek to address any viability gap. The Council may also undertake to seek further third-party funding should this be required.
- b) **RISK: Failure to exchange contracts with highest scoring Bidder.** MITIGATION: The procurement process has facilitated strong competition and has resulted in a compliant and strong reserve bidder which has also put forward a high quality and deliverable scheme. In the event agreement cannot be reached with the highest scoring bidder, recourse to the reserve bidder is secured.
- c) **RISK: Failure to secure planning consent.** MITIGATION: Bidders were provided with a Council prepared concept scheme, and bidders were scored against their planning programme and accordance with planning policy. Additional design workshops were held during negotiation to debate planning issues such as height, massing and public realm to help bidders refine their proposals. Highest scoring bidder will engage with the Local Planning Authority through a pre application process.
- d) **RISK: Lack of cooperation with or by adjoining landowners.** MITIGATION: The Minster Quarter Central Governance arrangements will include establishing a Joint Landowners Forum (JLF) which will bring key stakeholders together in a site wide agreement to manage and mitigate a number of site wide risks and issues ranging from planning, utilities capacity, coordination of construction activity, health and safety and long-term asset management. The obligation to be party to this Forum is enshrined within the Development Agreement.

Programme Governance and Delivery Capacity

- 12.2 Subject to Policy Committee's decision to implement the outcome of the procurement process and proceed with the highest scoring bidder, the Minster Quarter Central programme will move to implementation phase in 2024. The initial emphasis will be on securing the Development Agreement and Lease and making progress on a major planning application. The Council will retain a significant leadership role in convening and

driving the programme, making full use of the evolving programme Governance and workstream structure set out in Appendix 4. The project will continue to be led by the Project Director, Deputy Director Infrastructure and Capital Projects and an ongoing, dedicated Project Manager role will liaise with the developer and other interested parties on a day-to-day basis and discharge contract management responsibilities with support from other Council departments. The scale and importance of the scheme necessitates this important role.

- 12.3 In addition to programme leadership and co-ordination, strong focus will be required on Estates issues, responding to the developer as Planning Authority and collaboration on the design and delivery of energy network/District Heating solutions. Additional external legal and commercial advice may be required at key points in the programme including at post planning viability stage and in the execution of lease agreements to facilitate land transfer.
- 12.4 Minster Quarter as a development area will also experience significant change through Council and third-party development projects, all of which requires careful and proactive coordination and management. Further consideration will be given to any other specific delivery capacity requirements in the next phase of detailed programming and with a more precise understanding of the contribution that the appointed developer can provide in terms of organisation, programming and technical capacity. Early programme discussions will therefore help refine further the Minster Quarter programme resource requirements for 2024-2029 across the Council team.
- 12.5 Resourcing for the project will be funded through the existing capital budget. The resource profile will be kept under close review by the Minster Quarter Central Programme Board.

13 Financial Implications

- 13.1 The procurement evaluation covers many value for money considerations not limited to financial benefit to the Council.
- 13.2 The Council retained Eddisons to undertake an independent valuation of the site. A copy of which is commercially sensitive and attached at Exempt Appendix C. Other commercially sensitive financial implications are set out in Exempt Report.
- 13.3 Resourcing up to contract exchange and the first two years of implementation will be funded through the Minster Quarter Central capital allocation. Once that budget is exhausted any further funding will be the subject of a future year's budget bid.

14 Legal Implications

Procurement

- 14.1 The value of the project is such that the provisions of the Public Contracts Regulation 2015 (PCR 2015) apply. The Council has conducted the procurement process using the Competitive Procedure with Negotiation (CPN) and has complied with the provision of the Public Contracts Regulations 2015 (PCR 2015) throughout the process.
- 14.2 This report seeks approval to delegate authority to Director Economic Growth and Neighbourhood Services, in consultation with others, to conclude the post tender due diligence and appointment of the highest scoring Bidder in relation to a procurement of the project through CPN. The Council must therefore comply with the requirements of the regulations when awarding this contract.
- 14.3 Following the decision of Policy Committee to award the contract, the Council will implement a 10-day standstill period prior to contract award to enable unsuccessful bidders to receive feedback and request disclosure on why their bids were unsuccessful as per the requirements of Regulation 87.

Disposal and Appropriation

- 14.4 Under section 336(1) of the Town and Country Planning Act 1990 (TCPA) 'open space' is defined as "any land laid out as a public garden, or used for the purposes of public recreation..." This would include almost any public open space owned by the Council and enjoyed and or used by the public for the purposes of recreation and would include the open areas on the Development Site.
- 14.5 In the event that the contract award is made, it is noted that later phases will be subject to property transactions by granting leases to Bidder B and assigning the Council's interest in the Civic Car Park B to enable them carry out the development.
- 14.6 The Council has the power to dispose of its land as it deems fit under s.123 of the Local Government Act 1972 (LGA) for a consideration reasonably obtainable. Where disposal is to be at an undervalue, Secretary of State consent is required.
- 14.7 Where disposing of open spaces, s123(2A) of LGA requires that the land be advertised for two consecutive weeks and any objections received are considered.
- 14.8 Under s246, 226(1)(a) and (1A) of TCPA, the Council is authorised to appropriate land for planning purposes if the Council thinks that the appropriation of the land will facilitate the development, redevelopment or improvement of the land; the land is required for a purpose which is necessary to achieve in the interests of the proper planning of the area in which the land is situate; where it is likely to contribute to the economic, social or environmental wellbeing of the area. The report sets out above how the requirements of s226 (1) (a) and (1A) have been satisfied and the redevelopment of the Minster Quarter will contribute to or is necessary under the requirements of the stated legislation.
- 14.9 S.233 TCPA provides that where land has been appropriated for planning purposes and is for the time being held for the purposes for which it was so appropriated, the Council may dispose of the land to any party, in such manner and subject to conditions which the Council deems expedient in order to secure the best use of that or other land and any buildings or works which have been or are to be erected, constructed, or carried out on it (whether by the Council or others); or erection, construction or carrying out on it of any buildings or works appearing to the Council to be needed for the proper planning of the area of the Council.
- 14.10 There are analogous advertisement requirements of 2 weeks in the local area here open space is to be appropriated under s.122 LGA and subsequently disposed of under S.233 TCPA.
- 14.11 There is no specified period for objections and this is at the Council's discretion, however, a reasonable period should be provided.
- 14.12 Following appropriation, the Council will hold the Development Site for planning purposes. The appropriated is then held by the Council under the statutory provisions under Part 9 of the TCPA 1990, within the General Fund Account.

Highways and Roads

Permanent Road Closures

- 14.13 Section 247 of the Town and Country Planning Act 1990 (TCPA) enables the Secretary of State to make an order to stop a highway where he is satisfied that is necessary to do so to enable development, for which there is a valid planning permission, to be carried out.

14.14 Under Section 116 of the Highways Act 1980 the Council as highway authority can apply to a magistrates' court to stop up a highway that it is unnecessary or where a proposed diversion makes the new route nearer or more commodious to the public. When an order is made, this terminates the highway rights and enables it to be enclosed or developed, subject to planning permission.

Temporary Road Closures

14.15 Where the Council, as traffic authority is satisfied that traffic on a road should be temporarily restricted or prohibited to allow development works, the Council as highways authority can make an order under Section 14 of the Road Traffic Regulation Act 1984.

15 Background Papers

15.1 There are none.

Public Appendices

Appendix 1 – Evaluation Criteria applied to Minster Quarter Best and Final Offers

Appendix 1a – Quality and Commercial Questionnaire

Appendix 1b – Pricing Evaluation Summary

Appendix 2 – High Level Risk Register

Appendix 3 – Broader Minster Quarter – Key sites

Appendix 4 – Minster Quarter Board and Governance Framework

Appendix 5 – Development Site Plan

Exempt Appendices

Exempt Appendix A – Minster Quarter Central Recommendation Report from Eddisons

Exempt Appendix A1 – Strategic Objectives and Development Principles

Exempt Appendix A2 – Evaluation Score Card

Exempt Appendix A3 – Moderation Evaluation Schedule

Exempt Appendix B – Tender Evaluation Report

Exempt Appendix C – Minster Quarter Section 123 Report

Exempt Appendix D – Land and Title Matters at Minster Quarter

Exempt Appendix E – Land and Title Plan – Unregistered Land

Exempt Appendix F – Development Agreement and Lease – Summary