

Gloucester City Council

Meeting:	Cabinet	Date:	14 October 2020
Subject:	Kings Square Update		
Report Of:	Leader of the Council and Cabinet Member for Environment		
Wards Affected:	Westgate		
Key Decision:	Yes	Budget/Policy Framework:	Yes
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Appendices:	Appendix A – Exempt Report		
	Appendix B – Artist’s Impressions		
	Appendix C – Construction Phasing Plan for Kings Quarter		

EXEMPTIONS

The public are likely to be excluded from the meeting during consideration of Appendix A as it contains exempt information as defined in paragraph (3) of schedule 12A to the Local Government Act 1972 (as amended).

1.0 Purpose of Report

- 1.1 To secure approval from Cabinet to implement the Kings Square redevelopment scheme thereby enabling the appointment of a Principal Contractor and a start on site in October 2020.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the Head of Place in consultation with the Leader of the Council and Cabinet Member for Environment, the Head of Policy and Resources and the Council Solicitor is authorised to enter into a construction contract with a Principal Contractor to implement the Kings Square Redevelopment Scheme within the existing capital programme approved by Council in February 2020
- (2) authority be delegated to the Head of Place in consultation with the Council Solicitor to take all necessary steps and undertake necessary procedures, including entering into any legal arrangements or other documentation as may be required to implement or facilitate the Kings Square Redevelopment Scheme
- (3) progress be noted on the regeneration and refurbishment of Kings Square and the updated procurement strategy which led to the recommended choice of Principal Contractor.

3.0 Background and Key Issues

- 3.1 This report seeks approval to enable the first stage in the delivery of the Kings Quarter development to proceed immediately and directly relates to the approval by Council in February 2019 for the redevelopment of Kings Square.
- 3.2 Since the last Cabinet update, there has been substantial progress in line with the original Kings Quarter Business Plan approved in 2017. The key objectives of this ambitious Business Plan were:
 - To be Gloucester's ambitious new district for the city.
 - To become a new destination with a dynamic mix of uses that complements other places in the city.
 - To raise the profile of Gloucester in the region and promote the city as a place to live, work and invest.
- 3.3 The first phase being the transformation of Kings Square.
- 3.4 The final design of the Square, see artists impressions at Appendix B, has been the subject of an extensive stakeholder engagement process undertaken as part of the hybrid planning application for the whole of Kings Quarter in 2018.
- 3.5 A critical element of that engagement was the formation of an Art Panel created for the Square. Supported by the Cabinet Member for Culture and Leisure, the panel comprised local stakeholders/users of the Square along with representatives of the cultural and artistic sectors within Gloucester. The Panel selected two designers Michael Grubb Studios (MGS) and George King Architects (GKA) to add a unique placemaking element to the design of the Square. MGS provided a striking new lighting design and GKA created an innovative and unique approach to the granite structural edges within the Square.
- 3.6 The innovative designs alongside new fountains and high quality public realm, were worked up into an amended planning application pack and submitted for consideration in October 2019. To achieve as early a start on site as possible it was agreed that a Principal Contractor would be procured at the same time as the planning consent was determined. The specialist designs were therefore included in an OJEU tender pack which was advertised at the same time.
- 3.7 Following the procurement process, Contractor A was appointed to enter into a Pre-Construction Stage Agreement (PCSA) to finalise the design of the square and conclude a detailed costing exercise. Contractor A subsequently appointed a design team to finalise the specifications for the Square in December 2019.
- 3.8 In March 2020 planning consent for the detailed design of the Square was granted. The programme agreed for the PCSA was to complete the fixed design of the Square by the end of March 2020 to enable a start on site in April 2020 with the original aim of completing in time for the Christmas shopping period in 2020.
- 3.9 As we neared the end of the PCSA, the impact of Covid-19 began to take effect with a significant number of the Contractors staff furloughed. As a result, the completion of the final design and agreement on the final contract cost was not possible. It was also clear at that point that the Council and Contractor A were unlikely to come to an agreement on costs despite the engagement of specialist consultants to peer review several design elements and the supply chain costs.

- 3.10 An options analysis was undertaken by the Council which concluded that we should terminate the agreement with Contractor A and proceed to appoint our own design team, undertake additional below ground investigations, complete the design pack and cost plan before re-tendering the works in a series of packages to achieve overall cost savings.
- 3.11 It was felt that whilst Covid-19 had clearly had a negative impact on the overall project programme there was a distinct possibility that market conditions, including many private sector clients pausing or cancelling capital works, could result in cost savings.
- 3.12 Following the termination of the contract with Contractor A, the Council appointed its own design team to complete the final design pack. This design was then competitively tendered in a series of work packages for which tenders were received on the 28th September 2020.
- 3.13 These returns have been assessed by the Project Team resulting in the final budget figure being reported to Cabinet. The final cost includes all work completed to date, professional fees, ancillary highways costs and two years budget for the management company set up who will maintain and enliven the new Kings Square. Approval will permit a contractor appointment on site before the end of October 2020. It is currently expected that the redevelopment works will last for up to 12 months.
- 3.14 Kings Square redevelopment represents the next phase in the redevelopment of Kings Quarter. See Appendix C for a detailed phasing plan. Working alongside the Reef Group, future work includes:

a. Kings Walk Shopping Centre

Reef Group have appointed Bridgeport 360 to undertake the refurbishment of the former BHS store for a major national retailer and this work is well advanced. It is on target for completion early Spring next year for handover to the new occupiers to allow an opening later next year. Work has also begun on the creation of a new 'Changing Places' toilet and other toilet facilities on the ground floor of the main Shopping Centre. This is due to be completed by Christmas 2020.

b. Plot 1 Kings Quarter (Spread Eagle Road/Northgate Street)

Council officers are currently working with an agent to market this site for 26 new affordable homes.

c. Plot 2 Kings Quarter

The recently launched Forum development provides the major aspects of Plot 2 with 125,000 sq ft of new office space, new car park, hotel and leisure facilities centred on a cyber/digital rich business community

d. Plot 3b Kings Quarter

A procurement process utilising the County Council Procurement Framework is underway to seek a contractor to build 19 residential apartments and a ground floor retail unit. A start on site in January 2021 is currently being forecast.

4.0 Social Value Considerations

- 4.1 The social value of the Council's plans for Kings Quarter and indeed the Square will be considerable, and the Project Manager has been working with the Council's Economic Development Team to maximise its impact.
- 4.2 The procurement process to select the contractor for Kings Square included detailed requirements informed by the Council's Social Value Policy. The successful contractor will be required to commit to creating local apprenticeship opportunities and for their full-time social engagement manager to complete an Enterprise and Skills Plan for the project. There are also plans for school visits/ opportunities for community 'laying' of the paving and artistic use of the site hoardings.
- 4.3 Furthermore, the social value aspects of the tenders were weighted at 10% of the overall score and 16.67% of the quality score in the invitation to tender document.
- 4.4 All the framework contractors who tendered for this work are local to Gloucestershire and appreciate the importance of maximising the spend within the City and on its home-grown skilled population.
- 4.5 The plans for Kings Square and indeed the Forum build upon and are intrinsically linked to the work already being undertaken by the Culture Trust in developing the Creative Industries Incubator in Kings House. Work has been ongoing with the LEP, local colleges and Universities to investigate how Kings Square and the Forum can contribute to the Industrial Strategy and Covid Response Plan whilst potentially offering training opportunities for graduates and students alike.
- 4.6 Kings Square will be embedded into the new proposals of the Forum as a vital component to the success of the new 'place'. Ensuring that the Square and its surrounding public realm provides all year and 24-hour opportunities for public engagement, organised cultural activity and spontaneous artistic events will be critical to making Kings Quarter be the place that prospective occupiers want to base themselves.
- 4.7 There are plans as to how to ensure that the square is managed to achieve this type of environment, however it will come at a cost. Until the Square can generate its own income an allowance has been made to cover its initial two years of high quality management. This has been incorporated into the approval request.

5.0 Environmental Implications

- 5.1 The design of Kings Square has incorporated SUDS drainage systems along with an increase in the number of trees. The successful contractor will have to put agreed systems in place to minimise wastage both throughout the construction process and to incorporate sustainable methods of construction. It is intended to utilise the arisings from Bruton Way Car Park into the build-up of the new Square.
- 5.2 The use of the Square for flexible events of all sizes has also been incorporated into the design and fully integrated power and water connection points will be provided to reduce the carbon footprint. The new square will have new cycle racks provided and all lighting will be the latest LED technology to minimise the electric load.

6.0 Alternative Options Considered

6.1 The Council Officer Team have reviewed alternative options to mitigate the impacts of Covid on the creation of the Square. The options included:

- **Option A – Continue with Contractor A**

The PCSA agreement with Contractor A would be restarted and the process concluded. It was agreed that as all staff were furloughed and an impasse had been reached on agreeing the cost plan this was not the best option.

- **Option B – Extension of previous D&B OJEU Tender**

The option of revisiting the original OJEU tender and approaching the unsuccessful tenderers was raised with the legal and procurement advisors. As this option was not advertised as part of the original tender process, this was not a viable option.

- **Option C – Construction Management Approach**

Construction Management is a procurement route in which the main contracts would be appointed directly to GCC as opposed to Management Contracting where they are all under the umbrella of the Management Contractor. A lead contractor would be appointed to manage the site works, co-ordinate and act as Principal Contractor for the purposes of CDM albeit there would be direct contracts with GCC with separate payments, and administration etc. This option was rejected due to additional resources required and potential financial risk.

- **Option D – Traditional Tender**

In this option GCC would procure its own design team to complete the tender documentation in detail including drawings, work schedules and bills of quantities. Contractors are then invited to submit tenders for the construction of the project, usually on a single-stage, competitive basis. The contractor would not be responsible for the design, other than temporary works. This was the agreed option to take forward.

7.0 Reasons for Recommendations

7.1 The recommended option delivers the high quality redevelopment of Kings Square envisioned in the original Kings Quarter Business Case.

8.0 Future Work and Conclusions

8.1 Consideration will need to be given to how the Square is curated to ensure that not only is it alive with activity but that it is able to generate income to meet ongoing management and maintenance costs beyond the 2 year period reference within this report.

9.0 Financial Implications

9.1 The financial request will be met from current approved capital programme in 2020/21. The capital programme will be updated as part of the budget setting process in February 2021. Further details are contained within Appendix A.

(Financial Services have been consulted in the preparation of this report.)

10.0 Legal Implications

- 10.1 The procurement process has been approved by the Council's Procurement Officer who has overseen the process throughout.
- 10.2 One Legal will assist with completion of the contracts with the preferred contractor following expiry of the standstill period and collateral warranties from their sub-contractors.
(One Legal have been consulted in the preparation of this report).

11.0 Risk & Opportunity Management Implications

- 11.1 The main risks associated with this proposal are financial, programme and reputational.
- 11.2 Every effort has been taken to minimise the budget being requested through several value engineering exercises and the re-tender. Ground and archaeology investigations have also been undertaken to fully inform the tender specification and to minimise ground conditions and archaeology risks. However, contractual risks remain, and the project team will work closely with the Principal Contractor to ensure that any issues are flagged early in the programme with financial claims minimised.
- 11.3 The programme risk relates events such as a further national or local lockdown that delay the scheme beyond the contracted construction period. Risk mitigation procedures will be put in place to minimise the impact of any such delays. A challenge to the procurement process would put the scheme at risk of delay. A voluntary standstill period is currently being observed to reduce the period of a claim for ineffectiveness (cancellation) of the contract.
- 11.4 The reputational risk will be managed through a clear communications plan developed in partnership with the Reef Group in their capacity as owner of the Kings Walk Shopping Centre and the Principal Contractor.
- 11.5 The project will be overseen by the newly developed Major Projects Board.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impacts as a result of this recommendation. Therefore, a full PIA was not required.

13.0 Community Safety Implications

- 13.1 There are believed to be limited community safety implications at this stage. Any agreement to proceed with this proposal will involve construction taking place within a busy part of the city centre. During construction periods the contractors will be legally obliged to ensure the health and safety of not just their staff but also the local community.
- 13.2 The design of the Square has been agreed via the normal planning mechanisms and this has provided an opportunity for scrutiny by key stakeholders such as disability groups, police counter terrorism teams and the Fire Service.

14.0 Staffing & Trade Union Implications

- 14.1 There are no staffing and trade union implications.

Background Documents: None