

# Gloucester City Council

<b>Meeting:</b>	<b>Overview &amp; Scrutiny Committee</b>	<b>Date:</b>	<b>28<sup>th</sup> of October 2019</b>
	<b>Cabinet</b>	<b>Date:</b>	<b>6<sup>th</sup> November 2019</b>
<b>Subject:</b>	<b>Redevelopment of The Fleece Hotel</b>		
<b>Report Of:</b>	<b>Cabinet Member for Regeneration and Economy</b>		
<b>Wards Affected:</b>	<b>Westgate</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Ian Edwards, Head of Place</b> <b>Email: ian.edwards@gloucester.gov.uk Tel: 396034</b>		
<b>Appendices:</b>	<b>1. Procurement Timeline</b>		

## 1.0 Purpose of Report

1.1 The purpose of this report is to update Cabinet on the current position in respect of the redevelopment of the former Fleece Hotel in Westgate Street and to seek agreement to the next steps.

## 2.0 Recommendations

2.1 The Overview & Scrutiny is asked to consider the report and make any recommendations to Cabinet

2.2 Cabinet is asked to:

- (1) NOTE that Dowdeswell Estates has been identified as the Council's preferred development partner in the redevelopment of the former Fleece Hotel in Westgate Street
- (2) RESOLVE that authority be delegated to the Head of Place, in consultation with the Cabinet Member for Regeneration and Economy, to invite Dowdeswell Estates to develop a Detailed Solution in accordance with the Competitive Dialogue procurement process set out in the Public Contracts Regulations 2015
- (3) RESOLVE that a budget of £100,000 is approved to contribute to the costs of developing a Detailed Solution to be met by the Regeneration Reserve. The use of these resources to be delegated to the Head of Place in consultation with the Cabinet Member for Regeneration

## 3 Background

3.2 The Fleece Hotel site lies in the historic centre of Roman and Medieval Gloucester. Located on the south side of Westgate Street and an Inn for over 500 years, it was used by pilgrims visiting Edward II's tomb. At its core is a Grade I listed building comprising a 15th century timber frame range above late 12th century undercroft.

3.3 Empty since 2002, the hotel was in private ownership until May 2003 when it was acquired by the South West Regional Development Agency and subsequently passed onto the City Council in 2011 upon the Agency's demise.

3.4 Since 2011 the Council has undertaken a significant amount of de-risking work in the form of demolitions of the garage block and 1936 link block, stabilisation of the historic fabric and re-

roofing of the Salt Loft as well as commissioning a package of surveys which illustrate more clearly the building and site potential.

3.5 Following unsuccessful attempts to market the site for disposal, in 2018 the Council took the decision to enter in to an competitive dialogue process pursuant to the Public Contracts Regulations 2015 (the Process) to secure a developer partner. The development opportunity included the adjacent Longsmith Car Park.

3.6 Throughout the Process, the Council was represented in dialogue meetings by a Project Team comprising:

- Cllr Dawn Melvin – Westgate Ward Councillor
- Philip Ardley, Regeneration Consultant, GCC
- Roland Halford, Procurement Advisor, GCC
- Ian Edwards, Head of Place, GCC

3.7 The Process itself is a lengthy one comprising several stages and detailed in Appendix 1.

#### **4 Dowdeswell Estates Outline Solution**

4.2 The Outline Solution proposed by Dowdeswell Estates comprised a mixed use development centred on a boutique hotel offer with associated leisure and retail uses on the site of the former Fleece Hotel. The proposal also incorporated Longsmith Car Park with an option to retain the superstructure of the existing building and redevelop for office space, retail and housing.

4.3 Adjacent sites outside of the City Council's ownership were also identified as having development potential that would complement and add value to the main development and these will be further examined in the Detailed Solution stage.

4.4 It is worth noting that c £200,000 has already been secured for external works to the Westgate Street entrance and fascia via the successful £1.9m High Street Heritage Action Zone award.

#### **5 Next Steps**

5.2 The Project Team will continue to work with Dowdeswell Estates to further develop the Outline Solution which will require further assessment of development costs and value before the developer is in a position to submit a Detailed Solution for consideration.

5.3 As the owner of the property, and a likely partner in its eventual redevelopment, it is appropriate that the City Council contributes towards the costs required to identify the Detailed Solution. Such costs may include architects, quantity surveyors, conservation specialists, consulting engineers, property surveyors and legal fees of external lawyers appointed by the City Council.

5.4 The expectation would be that a Detailed Solution would be submitted within 3 – 6 months and would examine not only the physical redevelopment i.e. uses and appearance, but also an investment model for the Council's consideration.

5.5 A further report will be brought back to Cabinet to approve the final agreed solution.

#### **6 Social Value Considerations**

6.2 There are no social value considerations as a direct result of the recommendations of this report. However, the future redevelopment of the former Fleece Hotel and the surrounding area will support the delivery of a number of social value outcomes including:

- More local people in employment through job creation opportunities in hospitality, leisure, retail and office based businesses
- Improved skills for local people through employment opportunities as well as apprenticeships in heritage skills
- Social value embedded in the supply chain for construction and new businesses

- Creating better places to live and work through the re-use of derelict and underused assets.

## 7 Alternative Options Considered

7.2 Alternative options for redeveloping the site were examined prior to taking the decision to adopt the Competitive Dialogue route.

## 8 Reasons for Recommendations

8.2 To progress the redevelopment of the former Fleece hotel to the Detailed Solution stage.

## 9 Financial Implications

9.2 The current recommendations highlight the requirement to spend £100k to develop a comprehensive solution. There is no budgetary implications as this will be met by the Regeneration reserve and is in line with its purpose.

9.3 Any future proposals will require funding streams to be identified prior to approval.

## 10 Legal Implications

10.2 The procurement procedure followed is set out in the Public Contracts Regulations 2015. It is important that subsequent procurement documentation states that the Council is not obliged to accept the Detailed Solution and enter into legal agreements. It must also be made clear the any solution agreed in principle is subject to cabinet approval and legal contract.

10.3 The Council should ensure that it is given either collateral warranties (where appropriate) or alternative rights to be able to rely on and use the reports produced by the consultants engaged by Dowdeswell Estates. This will ensure that the Council is able to use the reports for its benefit should it be unable to agree a solution with Dowdeswell Estates.

## 11 Risk & Opportunity Management Implications

11.2 The most significant risk arising from this report is that the Council and Dowdeswell Estates fail to reach agreement on the Detailed Solution and as result, do not enter in to a legal agreement to redevelop the site.

11.3 Should this situation arise, the financial risk to the Council is capped at £100,000 although collateral warranties or such other third party rights will be negotiated with any consultant engaged during the Detailed Solution to enable the Council to rely on the reports produced. There is also a reputational risk associated with this position given the significant media exposure the relationship with Dowdeswell has secured.

## 12 People Impact Assessment (PIA)

12.2 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 Other Corporate Implications

### Community Safety

13.2 All design work undertaken will adopt the principles of designing out crime.

### Sustainability

13.3 Despite being an historic building, the development of the Detailed Solution will consider low carbon opportunities in both construction and energy generation.

### Staffing and Trade Union

13.4 None

## Appendix 1 – Procurement Timeline

<b>Step</b>	<b>Stage</b>	<b>Commentary</b>	<b>Date</b>
1	Notice dispatched to OJEU Notice		30 July 2018
2	Closing date receipt of Expressions of Interest	59 Expressions of Interest logged on the procurement portal	28th September 2018
3	Deadline for the Pre-qualification and Selection Questionnaire (SQ) application returns	Three pre-qualification documents received.	25th October 2018
4	Evaluation of Pre-qualification and SQ applications notification to unsuccessful bidders		Commenced 9th November 2018
5	Issue of the “Invitation to Participate in Competitive Dialogue” (ITPD”) to selected bidders and opening of competitive dialogue and notification to unsuccessful SQ applicants.	All three companies were requested to enter dialogue and develop headline proposals	3 <sup>rd</sup> December 2018
6	Initial Dialogue Meeting dates with shortlisted bidders		17th – 19 <sup>th</sup> December 2018
7	Deadline for return of ITPD Responses.	All three bidders returned documentation for further scrutiny by the Project Team	8th February 2019
8	Clarification and evaluation of ITPD Response.	After further discussion with the Project Team one bidder withdrew from the process	Commenced 22nd February 2019
9	Issue of Invitation to Submit an Outline Solution (“ISOS”) to selected bidders and notification to unsuccessful bidders.	Documents issued to both Dowdeswell Estates and F3 Group	11th April 2019

10	<p>Issue of Invitation to Submit a Detailed Solution (“ISDS”) to selected shortlisted bidders and notification to unsuccessful bidders.</p> <p>Period for dialogue meetings and negotiations with final selected bidders</p>	<p><b>Currently at this stage</b>, further developing the scheme in dialogue with shortlisted bidder</p>	16 July 2019
11	Contract Award	<p>GCC enter in to form of contract with preferred bidder.</p> <p>No commitment on GCC’s part to award contract to the preferred bidder if negotiations fail.</p>	Yet to be determined