

Appendix 1 Specification of Requirements
(issued to the market 29/07/2020 with the Contract Notice)



WATERFRONT DEVELOPMENT PROJECT

HANOVER HOUSE AND BRIDGE STREET CAR PARK STAINES-UPON-THAMES

OUTSTANDING DEVELOPMENT OPPORTUNITY

- ❖ Premium Riverside location
- ❖ Superior Hotel-led mixed use development, with serviced apartments and residential units
- ❖ Landmark building with Banqueting and Conferencing facility
- ❖ Excellent transport links
- ❖ Corporate demand generators

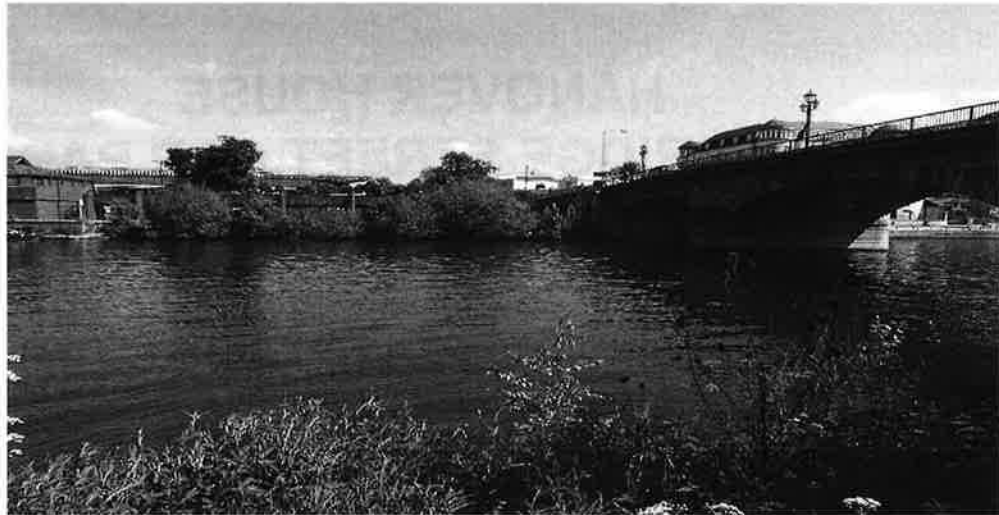
OUTLINE PROJECT BRIEF

1. INTRODUCTION

Spelthorne Borough Council wishes to develop the riverfront site of Hanover House and Bridge Street Car Park in Staines-upon-Thames.

The Council intends to grant a long lease to the successful Developer/Investor/Operator to enable the development of a mixed use hotel-led scheme, with serviced apartments and residential units on the site of the former Bridge Street Car Park and Hanover House. Other ancillary uses may also be appropriate.

The site would suit a strong national or international brand-name, upscale hotel with a mix of rooms and serviced apartments of high quality. It will offer superb banqueting, conferencing and meeting facilities, excellent restaurants, premium bar/lounge and leisure amenities, and in doing so will fully optimise the benefits of this prime riverside location.



This document provides a summary of the opportunity offered by the site's location, and the main ambition and objectives that the Council has for the site. It details the competitive tender process that Council will undertake.

2. THE SITE AND REQUIREMENTS FOR DEVELOPMENT

This section provides further key information about the benefits of this site, and the economic and commercial opportunity that this could

provide. It also expresses the Council's ambition for the site, that is, to provide:

- a landmark, high quality, upscale hotel, with conferencing and leisure facilities as well as serviced apartments;
- a minimum of 75 residential units, in compliance with the Supplementary Planning Document (SPD) requirements; and
- optionally, commercial uses.



Site, Location & Infrastructure

The Borough of Spelthorne offers 12 miles of river frontage and the proposed hotel will occupy a prime riverfront location, with a 90m riverside stretch, in the centre of Staines-upon-Thames. The site is approximately 0.926 Ha (2.30 acres), and access to the site is from Bridge Street.

There is no current planning consent on the site; however, the Bridge Street car park element alone of the site had benefitted from planning consent for a 205-unit residential scheme obtained in December 2015 which expired in March 2019. This larger site, therefore, represents much greater potential.

The site also benefits from excellent visibility and accessibility. This gateway location will offer an excellent opportunity for a landmark development at the western entrance point to the town, enhancing the attractive riverside approach.

The Council expects Developers/Investor/Operators' proposals to fully optimise the site's premium riverside location, including, where appropriate and feasible, high quality proposals for the use of the river itself.



The town benefits from the presence of a number of major multinational corporates including the national offices of Bupa, Samsung Electronics and VMware amongst others. BP, a major local employer, is headquartered within the Borough. The site's close proximity to these demand generators, to Windsor Castle and to famous leisure attractions, such as Thorpe Park and Legoland, offers a unique opportunity for a high quality hotel.

The site has excellent nearby air, rail and road transport connections. London Heathrow Airport is less than 10 minutes' drive away. Staines railway station, only a short walk away, provides direct access to London Waterloo and Reading, and the M25 motorway is less than 2 miles away, and less than a 5 minute drive.

The Council envisages the proposed placeshaping hotel development will be part of a wider regeneration of the local area, comprising both residential and commercial uses.

The Council is committed to investing in the regeneration of the Borough and has a significant development pipeline in its own right. Most notably this includes Thameside House in Staines-upon-Thames town centre, comprising a high quality 15-storey tower providing 140 premium apartments and 22,000 ft² of offices in a prime riverside location. The

Council is committed to building 650 homes, with a realisable ambition of 650-1000 within the next 5 years.

Overall, the site and location present a strong opportunity for an upscale hotel and residential development. The development of the Masterplan for Staines-upon-Thames town centre is underway, and this will inform and contribute to the Borough's Local Plan. This Masterplan will set a clear vision and strategy for the transformation and regeneration of the centre of Staines-upon-Thames by 2035, focusing on deliverable outcomes and policies.

The Council can be considered as a pro-active partner for regeneration of the town, given its ownership of significant strategic assets and its ability to realise opportunities.



Price competitiveness

The identified hotel market of relevance within a 3-mile radius is highly competitive, given that the majority of hotels in Staines-upon-Thames are positioned as limited-service hotels, whilst full-service hotels are largely of poorer quality, and therefore discount rates heavily to attract corporate demand.

There is an aspiration to enhance the town's night-time economy, which has not yet achieved its full potential. Additionally, there is a significant opportunity to attract more affluent clientele through the introduction of high end restaurants and other premium leisure offerings.

It is intended that the completed hotel will therefore include a strong, upscale bar/ lounge, restaurant and leisure offering for the town. The

extensive river frontage of this site would ideally suit the development of a hotel whose terraced bars and restaurants would offer sweeping views over the river.



Accommodation Demand Sources

The demand generated by nearby corporate businesses ensures high levels of midweek occupancy.

The development of a hotel on this site, and its proximity to London Heathrow Airport, for which further expansion is planned, would offer a genuine alternative for businesses and for airport-related uses.

The development of the site would not only create demand for its own high quality leisure attractions; it also offers accommodation for leisure-seekers visiting the many local attractions such as Windsor, Ascot racecourse, Thorpe Park and Legoland, within easy commuting distance from the site.



Staines-upon-Thames is a stable corporate-driven hotel market, with a relatively low share of branded hotel accommodation, and is a growth market opportunity. Demand for hotels locally has registered good growth. The number of rooms sold increased by 5.7% from 2014 to September 2018.

Throughout the year, hotel demand is relatively evenly spread; April typically sees a 70% occupancy and in July this rises to around 80%. The lower levels in December and January indicate the very clear need for premium banqueting and conference facilities which Developers/Investors/Operators shall incorporate into their offer for the hotel.

Business Environment

Staines-upon-Thames has a high number of medium and large enterprises (British Gas, Bupa, Ricoh, Samsung) and the wider Borough of Spelthorne also benefits from BP, Wood Group and dnata. The planned expansion of Shepperton Studios recognises the Borough's commercial opportunity. Overall, these thriving multinational corporations generate strong levels of midweek accommodation trade, reflecting the Borough's determined focus on business growth.

Staines-upon-Thames has 23% more business births than the rest of Surrey, and is an ideal location for new start-ups, where businesses flourish. There is a 95% first year survival rate for businesses. The town is also a popular retail destination, attracting a high number of day visitors during the weekend.



Hotel Characteristics

Developers/Investors/Operators will present a scheme which maximises the prime location of this hotel, reflects its importance as a gateway to the town and activates its river frontage. The Council is therefore expecting that Developers/Investors/Operators will propose a landmark facility offering an upscale guest experience, including high quality accommodation, and a wide range of other facilities such as bars, restaurants and leisure.

The design and quality of the hotel will reflect a high-star rating, as will the variety of services, aimed at consistently meeting the needs and expectations of discerning guests, and attracting business users, airport users, visitors and local residents.

The hotel will provide high quality flexible banqueting, conferencing and meeting facilities.

3. PROCUREMENT PROCESS & TENDER EVALUATION

Tender Process

The Council is inviting tenders through the OJEU Competitive Dialogue procurement process. The Competitive Dialogue process allows greater flexibility when engaging with the market in order to find successful outcomes for complex or unusual procurements. It allows organisations to discuss the requirement with interested parties before inviting the submission of the final tender.

The timetable for the process can be found at Appendix 1. However, the following headline activities should be noted:

03/07/2019	Publication of Contract Notice, Selection Questionnaire and high level briefing note. (This may take up to 3 days to become 'visible' to the market).
04/07/2019 - 05/08/2019	Period for expression of interest from Developers/Investors/Operators. Parties will express their interest in this scheme by submitting a fully-completed Selection Questionnaire by 24/07/2019. The Council will evaluate the Selection Questionnaires. A minimum of 3 (three) and a maximum of 8 (eight) participants will be Invited to Participate in Dialogue.
19/08/2019 – 18/10/2019	The Invitation to Participate in Dialogue (ITPD) will be issued to the (3-8) participating parties. The Invitation will include access to all relevant bid documents via a Data Room.

The Dialogue period will be held throughout August and October. This is subject to some variation, dependent upon the number of bidders and the number of dialogue stages needed.

It is anticipated that there will be one to two stages of dialogue, followed by the Developer/Investor/Operator's submission of an Outline Solution. There will then be a further stage of dialogue, followed by the submission of the Detailed Solution (in response to Invitation to Submit a Final Tender (ISFT)).

Detailed Solutions will be evaluated on the basis of the most economically advantageous tender submitted. The evaluation will be based on a Quality to Price (Commercial Offer) ratio:

- 70% Quality;
- 30% Price.

Quality Requirements

The Quality element of the Detailed Solution will be evaluated on the specific weighted headline requirements outlined in the Invitation to Participate in Dialogue (to be discussed during the dialogue process).

The Council has identified some key Quality outputs that this project must deliver, and the Invitation to Participate in Dialogue will detail these for discussion during the dialogue process. The Quality evaluation will consider a range of elements including, but not limited to, the proposed design, the hotel's facilities, and the benefits offered to the community.

Commercial Model

The Council is looking for a long-term rental stream to flow from the completed development, rather than a capital sum for the site.

This will be fully discussed during the competitive dialogue, but will broadly comprise:

A. Hotel & Serviced Apartments

The Developer/Investor/Operator's best annual rental offer against the long lease for its duration. Note that this will be subject to rent reviews (frequency to be defined during the dialogue process).

B. Residential properties

The Council will seek proposals for the sustained income offer for the Residential element of the site.

C. Commercial or other property (optional)

The Council will seek proposals for the income offer of any commercial element on the site, commensurate with and appropriate for the development.

The overall Commercial Offer will be evaluated on the basis of the best commercial offer for the site, comprising the two – three elements of 1) Hotel & Serviced Apartments, 2) Residential and 3) Other Commercial or other proposal (if applicable). Note that this third element is not essential, and that the best commercial offer may be achieved through the delivery of 1) and 2) alone or 1), 2) and 3).



4. OPERATING ARRANGEMENTS

The Council intends to grant a long lease to the successful Developer/Investor/Operator for the development of a mixed use hotelled and residential scheme on the site. In addition to the hotel and residential units, the Council will consider any other proposed uses for the site.

Appendix 2 – Procurement process timeline

Event	Date
Cabinet approval for the purchase of Hanover House for redevelopment purposes	27 September 2017
Hanover Housing vacate premises	TBC
CBRE appointed by Assets to undertake feasibility study for hotel development	Summer 2018
Tender for hotel consultants issued	28 September 2018
Tender return for consultants	12 October 2018
Collier's appointed as advisors (delegated authority 5.3)	13 November 2018
Concerns re Colliers public sector procurement knowledge questioned	January 2019
Discussions over compliant and best procurement routes	February/March 2019
Working on scoping document and finalisation of procurement route. Further doubts on Collier's ability	April/May 2019
Internal scoping meeting with HG, RM, VS, DCM, TC, NC, IH, MG, HM & HW	13 June 2019
Soft Market supplier engagement event at Colliers offices	17 June 2019
Project brief issued to IH and HW	19 June 2019
Notice to terminate contract served on Colliers	26 June 2019
Sign off from Leader of project scoping document	2 July 2019
Appointment of Cushman & Wakefield as advisors. They requested holding the OJEU notice until 29 July to enable them to do their soft market engagement	3 July 2019
OJEU notice issued	29 July 2019

Qualification Questionnaire return (PQQ stage)	6 September 2019
Issued ITPD	6 November 2019
Qualified Bidders confirm Participation	7 November 2019
End of Dialogue phase and issue Invitation to Submit Final Tender (ISFT)	end February 2020
Deadline for return of Final Tenders	18 March 2020 Extended to 12 noon on the 20 March 2020
SBC evaluation of Final Tenders and Clarification meetings	w/c 23 March 2020
Internal approvals for Preferred Bidder appointment	8 April 2020
Notify Qualified Bidders of contract award decision commencing the 10-day period	14 April 2020
Mandatory standstill period	10 days
Award contract & OJEU contract award notice	May 2020

This matter has been reported to DIG throughout. The procedure has been undertaken in accordance with the requirements of Contract Standing Orders in terms of the procurement process that have been undertaken during this project.

