

HEADQUARTERS AND OTHER ACCOMMODATION PROCUREMENT (Report by Head of Environment & Transport)

1. INTRODUCTION

- 1.1 Cabinet at their meeting on 17 March 2005 authorised further investigation to refine the options for the District Council's replacement headquarters and depot and the provision of a new customer service centre to be based in Huntingdon.
- 1.2 Cabinet also required that further consideration be given to an edge-of-town-centre or edge of town option and that the cost of preferred options be tested competitively.
- 1.3 This report proposes an approach to competition which will satisfy European Union procurement regulations and enable the range of options to be considered and then reduced, based on tenders received. This will allow the meeting of Council on 28 September 2005 to determine if procurement is to proceed and, subject to the decision of Council, negotiations to be completed and a tender accepted before the end of 2005.

2. PROPOSED PROCUREMENT ARRANGEMENTS

- 2.1 The European Union restricted procedure will be used with an initial 'contract notice' being placed in the Official Journal of the European Communities on 14 April 2005. This will invite expressions of interest from prospective developers who are interested in tendering for the project. Concurrently an advert will be placed in the Estates Gazette to satisfy the District Council's Code of Procurement. The text of the proposed advert is reproduced at Annex A.
- 2.2 Following receipt of the expressions of interest the Chief Executive, following consultation with the Leader of the Council will select the prospective tenderers based on their financial, legal and technical capacity and their recent performance in delivering similar projects for other clients.
- 2.3 The level of interest will depend on developers' ability to identify potential sites and to secure agreement with land owners. It will be helped by the availability of the existing Pathfinder House site. To comply with the District Council's Code of Procurement a minimum of three potential bidders are required. However, if there is strong interest from suitably qualified developers it is proposed that not more than six tenderers be selected.
- 2.4 It is anticipated that the District Council will be in a position to issue the invitation to selected tenderers by 15 June 2005. The District Council's consultants are further developing the performance specifications for the new buildings/premises and these will form the basis of the tender documentation. Cabinet will be requested to give their final approval of the specifications prior to their issue as part of the tender documents.

- 2.5 Tenders will be invited on a design and build basis and will be evaluated against criteria to be developed in respect of the following –
1. Overall cost to the District Council;
 2. Confidence in final outturn cost at the time of contract award;
 3. Compliance with District Council's buildings/premises specifications;
 4. Compliance with planning policy guidance with regard to site selection;
 5. Impact on the location of new buildings and premises on the cost of operating District Council services; and
 6. Ongoing operating cost of the new premises.
 7. Huntingdon location for Offices and Customer Service Centre.
- 2.6 Tenderers will be invited to propose arrangements for minimising cost uncertainty as part of their tender. Preference will be given to proposals that provide transparent arrangements for the costing and sharing of risks, underpinned by an agreed base price.
- 2.7 Where a tenderer's proposal results in the Pathfinder House/Castle Hill House site being redundant it is proposed that they may either –
- a) opt to develop the site for residential use and then market the properties; or
 - b) demolish Pathfinder House and leave the District Council to market the cleared site and Castle Hill House.
- 2.8 Tenderers opting to undertake residential development of the Pathfinder House site will be required to declare a minimum realisable value at the time of tender and propose arrangements for profit sharing in the event that the minimum value is exceeded when the development is completed.
- 2.9 To allow the overall cost of the project to be evaluated it is proposed that the District Council independently market the Pathfinder House/Castle Hill House and Godmanchester Depot sites in advance of the receipt of tenders. A final decision on disposal will be taken concurrently with the decision on the award of the contract later in 2005.
- 2.10 The receipt of tenders will be programmed for August 2005. This will allow an initial evaluation to be completed and reported to the September meeting of the Council. Following a decision by Council to proceed with the project, based on the indicative overall costs from the initial tender evaluation, it is proposed to enter into post-tender negotiations with the two or three tenderers appearing to offer the most advantageous proposals having regard to the criteria.

- 2.11 The post-tender negotiations will seek to clarify any potential areas of ambiguity in the tenderers' proposals and provide confidence in their deliverability. Following these negotiations the tenderers may be invited to submit a 'best and final offer'.
- 2.12 Final contract award provisionally is programmed for November 2005.

3. CONCLUSIONS

- 3.1 The proposed approach to procurement will enable the owners of all sites within the existing built envelope of Huntingdon to have the opportunity to come forward with proposals for a new headquarters building and depot. This will achieve the competitive testing of the cost of options required by the resolution of the meeting of Cabinet on 17 March 2005 and also will test the availability of any potential sites within Huntingdon.
- 3.2 The approach will not exclude any option previously supported by Cabinet. Developers will be able to come forward with proposals constrained only by limitations on site selection described in the text of the advertisement reproduced at Annex A. The customer service centre, for example, could be located in a town centre retail unit. If such a proposal came forward a view would need to be taken in the tender evaluation process of its ongoing operational and cost implications.
- 3.3 The process outlined in the report establishes the framework and timetable for the procurement and more detailed work is required to ensure complete compliance with EU procurement rules. This work will be supported as necessary by specialist external advice which will be funded from the £74,000 released by Cabinet at their meeting on 17 March 2005.
- 3.4 The process will allow the meeting of Council on 28 September 2005 to make a commitment to the project informed by indicative costs from the initial tender evaluation. This is a complex procurement, however, and it is unlikely that a contract will be concluded without further negotiations with the tenderers following a decision by the Council to proceed.


4. RECOMMENDATIONS

- 4.1 It is recommended that Cabinet –
- a) authorise the publication of a contract notice in the Official Journal of the European Communities and an advert in the Estates Gazette seeking expressions of interest from suitably qualified developers;
 - b) authorise the Chief Executive, after consultation with the Leader of the Council to determine a list of not more than six tenderers from the responses to the initial contract notice;
 - c) note that Cabinet will be required to approve the output specifications for the new buildings/premises before tenders are issued in June 2005;

- d) authorise the Chief Executive, after consultation with the Leader of the Council to develop and approve detailed tender evaluation criteria having regard to the issues listed at paragraph 2.5 of this report;
- e) authorise the Chief Executive to market the Pathfinder House/Castle Hill House site and Godmanchester Depot site such that realisable values can be used in the tender evaluation exercise;
- f) authorise the Chief Executive, after consultation with the Leader of the Council to complete an initial evaluation of tenders received and to report thereon to the meeting of Council on 28 September 2005;
- g) note that the September meeting of Council will be requested to take a decision on the project based on an initial evaluation of tenders received;
- h) authorise the Chief Executive to enter post-tender negotiations with two or more tenderers leading to the submission of best and final offers.

Background Papers

Corporate Property Strategy for Huntingdonshire District Council	January 2005	Lambert Smith Hampton
Draft Contract Notice intended for publication in the Official Journal of the European Communities	March 2005	Head of Environment & Transport

Contact Officer: Mr R Preston, Head of Environment and Transport
 **01480 38834**

ANNEX A: PROPOSED ADVERT

Huntingdonshire

d i s t r i c t c o u n c i l

Huntingdonshire District Council is seeking a comprehensive design and build solution for new

HEADQUARTERS, CUSTOMER SERVICE CENTRE AND DEPOT

Expressions of interest are requested from developers able to deliver the District Council's requirements which include –

- new principal offices of approximately 7,000 square metres gross internal floor area, either on the site of the District Council's existing town centre offices or on a site within the existing built envelope of Huntingdon;
- a customer service centre of approximately 600 square metres gross internal floor area within the ring road and easy walking distance of Huntingdon bus station; and
- a new depot with a gross site area of approximately 10,000 square metres for the District Council's waste, cleansing and grounds maintenance services together with associated parking and office accommodation – the depot to have easy access to the A1/A14 trunk roads and be within, or adjacent to, the existing built envelope of Huntingdon.

The opportunity will exist for the appointed developer to manage the development and/or disposal of the sites occupied by the District Council's existing town centre offices and Godmanchester depot insofar as these sites are not required for the new premises.

Further details of the requirement can be found by referring to the OJEU notice published on 14 April 2005 reference number 999999999.

Further details and pre-qualification questionnaire may be obtained from:

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All expressions of interest must be received **by noon on 25 May 2005** and must be accompanied by the completed pre-qualification questionnaire.