

OFFICE ACCOMMODATION MEMBERS' ADVISORY GROUP 31 MAY 2005

OVERVIEW & SCRUTINY PANELS 7 JUNE 2005

CABINET 9 JUNE 2005

**HEADQUARTERS & OTHER ACCOMMODATION – OUTPUT SPECIFICATION
(Report by Director of Operational Services)**

1. INTRODUCTION

1.1 Cabinet at their meeting on 7 April 2005 initiated the procurement process leading to the District Council securing a new headquarters and other accommodation.

1.2 This reports seeks Cabinet's approval for the output specification proposed for the new premises, updates Cabinet on the procurement process and seeks consequential approvals and authority.

2. PROCUREMENT PROCESS

2.1 The District Council Headquarters and Other Accommodation Members' Advisory Group at their meeting on 4 September 2003 adopted criteria for evaluating accommodation options developed during the feasibility stage of the project. These criteria are reproduced at Annex A. Arising from subsequent deliberations of the Cabinet, Overview and Scrutiny Panels and the Members' Advisory Group the business case for the new premises can now be summarised as –

- provision of enhanced service access for customers
- improved public access to decision making
- improved working environment for employees
- accommodation that is adaptable to future change
- premises demonstrating good design and construction
- premises that provide best value for the District Council

2.2 To secure these objectives the District Council is seeking the most economically advantageous tender. Tenders with the following attributes will deliver this –

- proposals satisfying the District Council's output specification for the design and construction of the premises;
- locations of premises relative to each other minimise the future costs of operating the District Council's services;
- location of premises, their design and construction contribute to the District Council's wider policy objectives;
- proposed location of premises likely to enhance opportunities for partnership working and the achievement of the Huntingdonshire Strategic Partnership's objectives;
- proposed sites for premises have the potential to secure early planning permissions;

- low future operating costs for the proposed premises;
 - overall procurement and ongoing costs represent best value; and
 - cost forecasts for land, design, construction and occupation have high degree of certainty.
- 2.3 The Chief Executive, in accordance with the authority delegated to him by Cabinet at their meeting on 7 April 2005, proposes to develop and approve tender evaluation criteria based on the attributes at paragraph 2.2 in the order in which they are listed.
- 2.4 The District Council has embarked on the European Union's (EU) restricted procurement process. This is compatible with the ad hoc select tender list process contained in the District Council's Code of procurement.
- 2.5 In formulating the advertisement that appeared in the Official Journal of the European Union (OJEU) inviting expressions of interest from potential developers the District Council indicated that it would be prepared to make stage payments during the design and construction process. The opportunity may exist to make no payment until the District Council occupies the new premises. If tenderers are invited to propose alternative payment arrangements their financial implications for the District Council can be assessed.
- 2.6 The European Union's regulations do not permit negotiations following receipt of tenders that change the basis on which tenders were submitted. Notwithstanding this the District Council is seeking competition leading to the completion of a complex development agreement the nature of which will vary depending on the proposals contained in the tender finally accepted.
- 2.7 Hewitsons, the District Council's legal advisors (see Section 3 below), have advised that a process that complies with EU regulations can be achieved by –
1. Inviting not less than five, nor more than six, tenders as stated in the contract notices published in the OJEU;
 2. Identifying two, possibly three, most economically advantageous tenders received by the application of criteria of the form outlined in paragraph 2.2 above;
 3. Seeking any clarifications necessary from the tenderers submitting the potentially most economically advantageous tenders to establish which is actually the most economically advantageous;
 4. Awarding the contract to the tenderer so identified will be conditional upon the completion of a development agreement within a specified time period of the award.
- 2.8 The development agreement referred to above will detail the land transactions. Typically within the commercial environment the land transfers would be delayed until the completion of the premises. The alternative is to seek transfer concurrently with the completion of the development agreement. In either event transfer of land direct from the owner (where the owner is not the developer) to the District Council is to be preferred as it minimises stamp duty payable on the transactions.

3. OUTPUT SPECIFICATION

3.1 The developer will be responsible for the detailed design of the premises. To ensure that tenderers price their tenders on a comparable basis the tender document will specify the District Council's requirements. The specification will comprise –

- the Employers' Requirements outlining the District Council's high level objectives;
- a technical specification setting the quality of the building components used in the premises to be provided; and
- the overall space requirements.

3.2 The latest draft of the Employer's Requirements is reproduced at Annex B. This is developed from the business case outlined at paragraph 2.2 above.

3.3 Lambert Smith Hampton who were engaged to complete the feasibility study previously reported to Cabinet have been retained to develop the technical specification. The most recent drafts are available as background papers to this report. Their contents cover –

- General Requirements
- Design & Specification Requirements
- Description, Materials & Workmanship
- Building Structure
- External Services
- Services
- External works
- Commissioning and Handover, Health and Safety Files
- Design and Specification Requirements

3.4 A space forecast is included at Annex C to this report from which it can be noted that the gross internal area of the new headquarters building is now similar to the space currently in Pathfinder House and Castle Hill House notwithstanding that the new offices will be compliant with the latest legislative requirements.

3.5 The space allocated to the Customer Service Centre will provide a comfortable and convenient purpose-built facility that will replace the disparate reception facilities and interview rooms currently available in Pathfinder House.

3.6 The operations centre will include all of the activities of Godmanchester Depot and its various satellites together with the CCV Control Room, printing and reprographics, post room and infrequently accessed storage currently located in Pathfinder House.

4. PROFESSIONAL ADVISORS

4.1 In view of the urgent need for external support to assist with the preparation of the output specification, contract conditions, draft heads of terms for the

development agreement and evaluation model for the selection of tenders the following external advisors have been retained –

- (a) Lambert Smith Hampton have been retained to provide technical advice. Their appointment is an extension of the initial contract for the provision of the feasibility study; and
- (b) Cambridge based solicitors Hewitson have been retained following a single tendering arrangement in accordance with the Code of Procurement.

4.2 Both appointments are limited to advice prior to the receipt of tenders for the new premises. Currently this is programmed for mid-August.

4.3 Two tendering processes have been initiated to secure professional advisors for the period from the receipt of main contract tenders until the completion of the project. Invitations will be sought from suppliers of technical services identified in the Office of Government Commerce's EU compliant framework contracts. Legal services, which are exempt from EU competition rules will be secured by use of the ad hoc tender list process in the Code of Procurement.

5. CONCLUSIONS

5.1 Tender evaluation criteria have to be declared in the tender documents. The Chief Executive has the delegated power to establish the evaluation model but in doing so proposes to have regard to the tender attributes contained at paragraph 2.2.

5.2 The elapsed time between the award of contract and the completion of a development agreement should be kept to a minimum compatible with the detail to be agreed. A period of three months has been suggested as reasonable by our advisors. However, Members should be aware that a failure to conclude the development agreement will require a new competitive process to be undertaken.

5.3 The development agreement will be enforceable against the administrator in the event of the developer going into liquidation before the premises are completed. An early transfer of the land, however, will provide the District Council with the security of having control of the sites at the outset but would inevitably necessitate a significant payment at the completion of the development agreement. This is a risk management issue that can best be determined as part of the negotiation of the development agreement.

5.4 The development of the components of the output specification are well advanced but will continue to be refined prior to the issue of tender documents. Space forecasts will be subject to further downward revision as they are refined in advance of the issue of tenders.

5.5 Arrangements have been put in place to secure the necessary professional advice required to ensure that the procurement process delivers best value and is fully compliant with procurement regulations.

6. FINANCIAL IMPLICATIONS

- 6.1 A single contractual payment deferred until occupation will save the District Council potential loss of interest. However, if the developer receives stage payments he may reduce his costs and reflect this in his tender price. A net present value calculation on the alternative arrangements will be required to demonstrate the most economically advantageous.
- 6.2 Professional advice received after the receipt of tenders is a capital cost. Accordingly the appropriate release of funds pro forma is attached at Annex D.

7. RECOMMENDATIONS

- 7.1 Cabinet are recommended to –
- (a) note that the Chief Executive proposes to develop tender evaluation criteria based on the attributes, and their order, detailed at paragraph 2.2;
 - (b) approve the Employer's Requirements reproduced at Annex B;
 - (c) approve the invitation of tenders that provide opportunities for tenderers to propose payment arrangements including a single payment at the completion of all premises;
 - (d) approve the imposition of a three month period subsequent to the award of contract to conclude a development agreement;
 - (e) authorise the Chief Executive, after consultation with the Leader of the Council, to determine the timing of land transfers within the development agreement;
 - (f) authorise the Chief Executive, after consultation with the Leader of the Council, to determine the final space requirement; and
 - (g) approve the release of £200k from MTP 300 Pathfinder House Improvements and One Stop Shop.

Background papers

OJEU Contract Notice 73216 published 19 April 2005

Draft Output Specification for buildings

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ANNEX A: OFFICE ACCOMMODATION – OUTCOMES/CRITERIA FOR MATRIX EVALUATION

1. Public acceptance of solution – focus on customer service
2. Acceptable and lowest cost for lifetime outcome, based on theme criteria (balance of cost and quality)
3. Ease of access for face-to-face service delivery (including compliance with DDA)
4. Appropriate quality office environment for Officers/Members and the public in terms of maximising productivity and sustainability
5. Economic impact (detriment/support) on location
6. Optimum consumption of energy
7. Use of cost effective construction techniques and materials having regard to sustainable principle
8. Flexibility of space provided to enable local government to change operationally in the future
9. Reduced reliance and provision for use of private cars

ANNEX B: DRAFT EMPLOYER'S REQUIREMENTS

1 Employer's Purpose

- 1.1 The Employer is a District Council providing community leadership and services to local residents, businesses and visitors to Huntingdonshire. The district has a population of some 160,000 people in an area of 350 square miles. Key services provided by the Employer include –
- local planning policy and development control
 - housing services, excluding the landlord function
 - the collection of Council Tax and Business Rates and the administration of benefits
 - environmental services including waste collection, street cleaning and grounds maintenance
 - community safety including CCTV
 - leisure services including leisure centres, arts, tourism and parks
- 1.2 As one of the leading partners in the Huntingdonshire Strategic Partnership the Employer is committed to working in partnership with other agencies to ensure efficient and effective delivery of high quality services. The shared vision of the Employer and its partners is contained in the Huntingdonshire Community Strategy, a copy of which is included with the tender documents.
- 1.3 Overall, the Employer has some 1,000 full-time equivalent (fte) employees with close to 450 fte based at its existing principal offices.
- 1.4 The Employer is seeking new premises that will enhance accessibility for its customers, contribute to improving service delivery, be adaptable to any future changes in the structure of local government and provide a realisable asset for itself or any successor.

2 Organisational Values

- 2.1 In 2004 the Employer received an 'excellent' rating in its Comprehensive Performance Assessment (CPA). This reflects the strategic vision of the Councillors, the motivation and competency of the Employer's employees, the quality of the management and decision-making and the way in which the Employer uses its resources.
- 2.2 The Employer is committed to improving access to public services, to securing open and accountable decision-making and providing leadership to the resident population and businesses within the district.
- 2.3 Investment in the welfare and development of employees has been recognised by the award of Investors in People.
- 2.4 The Employer is seeking new premises that will assist engagement with the community it serves, provide a pleasant working environment and which will demonstrate good practice and efficient, effective and economic use of resources in their design, construction and operation.

3 Location

- 3.1 The Employer's principal offices have been located in the centre of Huntingdon since 1977. The current Pathfinder House and Castle Hill House complex houses all back-office activities (i.e. those delivered by management, professional, technical and administrative employees), public meeting rooms and also the principal public interface for many of the services provided by the Employer.
- 3.2 Although there are satellite depots in all of the district's towns, the bulk of operational activity is conducted from the Godmanchester Depot. Several operational activities are moving to a 24/7 basis and require convenient access for employees, many of whom live within Huntingdon or Godmanchester
- 3.3 The Employer wishes to retain its headquarters comprising principal offices and public meeting rooms in Huntingdon, to continue to have a town centre presence for its face-to-face service interactions with the public and to consolidate its operational activity into a new operations centre within either Huntingdon or Godmanchester.
- 3.4 Suppliers will be required to demonstrate that locations proposed for the premises fulfil, as a minimum, the following criteria –
- that the selection of sites for premises meets the requirements of Planning Policy Statement 6 with regard to the application of a sequential test;
 - that the location of the operations centre provides convenient and safe access to the A1 and/or A14 trunk roads;
 - that face-to-face contact with customers is delivered through a customer service centre inside Huntingdon's inner ring road and within easy walking distance of the town's bus station;
 - that the locations are either brown field sites or already have planning consents appropriate to the proposed uses or have the potential to secure early planning permissions being wholly compliant with planning guidance/policy.
- 3.5 The Employer is prepared to consider the redevelopment of its existing Pathfinder House site but will require Suppliers to demonstrate how the Employer's business will be maintained during the construction period and include the cost of decanting in their tender. The Employer will consider any increased operational costs arising from proposals for decanting employees to alternative temporary accommodation in its evaluation of the tender.

4 Building Quality

- 4.1 Detailed output specifications are provided elsewhere in these documents. However, the Employer wishes to ensure that all buildings are of an overall appearance and quality of design and construction appropriate to their purpose and location.
- 4.2 For its headquarters the Employer requires a modern building providing a good quality, comfortable and adaptable working environment. The associated public meeting rooms are to be of contemporary design and provide a pleasant and welcoming environment.

- 4.3 The customer service centre also should provide a contemporary, pleasant and welcoming environment. If integrated with the headquarters the building should be of a distinctive and attractive civic style complementing the Employer's efficient and effective delivery of high quality, affordable public services.
- 4.4 The operations centre will contain a mix of uses and the Employer anticipates that system-built industrial buildings will be integrated with more traditional construction if this is appropriate to the setting and function.

5 Layout

- 5.1 The Employer wishes to separate publicly accessible spaces from its back-office activity. However, the Employer takes the view that the co-location of the customer service centre, public meeting rooms and back-office on the same site, or in close proximity, potentially offers benefits to customers, its own employees and the cost of service delivery. This does not mean that the Employer will discount proposals that separate these building elements, but will apply a best value test in every case.
- 5.2 Where premises are proposed that combine the customer service centre with the headquarters building, the Employer will require the layout to restrict access from the customer service centre and public meeting rooms to the back-office spaces. However, a solution that enables a single reception area to serve both uses is preferred, with access to the back office for visitors controlled by reception staff.
- 5.3 The Employer requires customer service spaces and public meeting rooms to be located on the ground floor, with access for the public that does not require the use of stairs or lifts.
- 5.4 The back office spaces will be a mix of open plan and cellular offices providing the overall space requirement contained in the Specification. The Employer, through the development and approval of the preliminary design, will wish to influence the internal layout, having regard to the proposed floor plates and the organisational requirements of the business.
- 5.5 Layout of the operations centre should separate, insofar as is possible both in terms of location and access, managerial and administrative activity from other traditional depot activities associated with service delivery vehicles and plant parking/storage, loading and maintenance. Within this segregation the Employer requires activities relocated from its existing principal offices i.e. CCTV Control Room, printing and reprographics, training and post room, to be associated with the operation centre's management and administration provision.

6 Flexible Assets

- 6.1 The structure and role of local government may change significantly during the life of the premises that the Employer is commissioning. In the event of these changes reducing the accommodation needs of the Employer, or its successor, the need may arise for the disposal or sub-letting of the premises that the Employer occupies.

- 6.2 The Employer is aware that there is unlikely to be any demand locally for an office building of the size proposed for its headquarters. In the circumstances the Employer would prefer a solution that enabled the building to be subdivided into two or more discrete units capable of being accessed and serviced independently at a future date. This approach will also assist business continuity planning in the event of disruption through fire, service failure, etc. in any one unit.

7. Land Acquisition and Disposal

- 7.1 The Employer owns the freehold for its existing principal offices and depot. Its preference would be to acquire the freehold for the sites of any new premises. Consideration will, however, be given to very long leasehold where other aspects of the proposed premises make their selection attractive.
- 7.2 It is acknowledged by the Employer that the delivery of the customer service centre in the town centre other than on a leasehold basis may be difficult. Proposals based on a lease of not less than 15 years will be considered.
- 7.3 If the site of its existing principal offices is not required for its new premises, the Employer wishes to secure the maximum value for the site from its development – potentially residential or mixed use.

8 Sustainability

- 8.1 As a local authority charged with promoting sustainability to its local community and businesses, the Employer wishes to demonstrate good practice through the construction and operation of its premises. For this reason the headquarters building is required to achieve a BREEAM excellent rating.
- 8.2 To contribute to sustainability the Employer requires buildings which –
- are flexible and adaptable
 - are able to accommodate multiple uses
 - protect health and safety, including by providing good air quality and natural lighting
 - protect biodiversity
- 8.3 The Employer requires the headquarters building, and where co-located the customer service centre, to have an environmental impacts during and after construction compatible with achieving a BREEAM excellent rating and to contribute to this by –
- the use of non-toxic materials with minimum embodied energy
 - reducing water consumption and using rainwater capture
 - using efficient heating, lighting and control systems to conserve energy
 - minimising waste and pollution
- 8.4 The Employer will have adopted and implemented a travel plan which seeks to promote alternatives to the private car before occupation of the new premises. The Employer will favour proposals for the headquarters building

that maximise opportunities for access by transport modes other than the private car.

9 Life Cycle Analysis

- 9.1 Selection of materials, plant and building management systems together should allow reliable forecasts of occupancy, maintenance and repair costs to be made. The Employer will require forecasts to be provided for each of the premises to be delivered and will consider these as part of its assessment of best value.

10 Best Value

- 10.1 The Employer expects to achieve best value from the procurement, delivery and occupation of its new premises. Best value will be achieved where the required quality and functionality is achieved at the most economic cost within the context of the overall project.

11 Project Management

- 11.1 The Employer is committed to the delivery of its new premises on time and to budget and acknowledges that robust project management and clear responsibility for decision-making is central to this. An in-house project management process is in place and will be used throughout the project.
- 11.2 As a local authority, decision-making outside of a meeting of the full Council will be exercised by the executive (the Cabinet) or by way of instruments of delegation. The Employer will ensure that appropriate instruments of delegations are available and has put in place a Project Board and a Project Team to ensure that issues for decision are evaluated and determined within an appropriate time frame.
- 11.3 The Employer will retain the services of an independent adviser with relevant experience to assist with –
- project management
 - quality control
 - cost control
 - risk management
- 11.4 Through these arrangements the Employer will seek to establish an open working relationship with the Supplier where project risk is properly managed and best value achieved for both parties.

12 Programme

- 12.1 The timing of key stages following the award of the contract will be subject to the proposals contained in the accepted tender. However, the Employer's expectation is that the project substantially will conform to the following –

August 2005 Tenders returned.

September 2005 Stage I tender evaluation completed – tenderers taken forward to Stage II identified.

December 2005	Stage II tender evaluation completed – contract award subject to concluding development agreement.
January 2006	Contract award/development agreement signed
March 2006	Development agreement completed and detailed design brief sign-off
January 2007	Construction start
June 2008	Operations Centre completed
July 2008	Headquarters/Customer Service Centre completed

ANNEX C: SPACE FORECAST

ALLOCATION OF ACTIVITY FROM PATHFINDER HOUSE & CASTLE HILL HOUSE

MODEL 2 (V2): BREAKOUT AREAS DELETED

	Gross Internal Areas (sm)			GIA by Proposed Location			Total
	Current	Proposed	Change	Headquarters	Customer Service Centre	Operations Centre	
Back Office							
1 Cellular and open plan offices	3,591	3,857	266	3,650		207	3,857
2 Breakout areas	0	0	0	0			0
3 General storage	329	297	-32	291		6	297
4 Specialist storage	165	219	54	145		74	219
5 Internal meeting rooms	56	134	78	134			134
7 Shared open plan areas	82	148	66	148			148
8 Recycling and shredding	0	18	18	18			18
9 FM and utility	1,394	1,565	171	1,565			1,565
10 Specialist areas - CCTV etc.	218	284	66	85		199	284
11 Chairman, Leader and councillors	42	58	17	58			58
12 Training	124	136	12	12		124	136
	6,001	6,717	716	6,106	0	610	6,716
Front Office							
20 Public meeting rooms	233	376	144	376			376
21 Confidential/secure interview	28	259	231	124	135		259
22 Reception	284	375	91		375		375
23 Public toilets	4	69	65	69			69
24 CSS staff areas	0	83	83		83		83
25 Catering	72	9	-63		9		9
	620	1,172	551	569	602	0	1,171
	6,622	7,888	1,267	6,675	602	610	7,887

NOTES

- 2 All divisional breakout areas deleted
- 7 Corporate breakout and telephone perch areas removed

ANNEX D: RELEASE OF FUNDS

MTP 300 Pathfinder House Improvements and One Stop Shop.

Richard Preston, Head of Environment & Transport

Financial Impact

	Net Revenue Impact						Net Capital							
	2004/ 2005 £000	2005/ 2006 £000	2006/ 2007 £000	2007/ 2008 £000	2008/ 2009 £000	2009/ 2010 £000	2010/ 2011 £000	2004/ 2005 £000	2005/ 2006 £000	2006/ 2007 £000	2007/ 2008 £000	2008/ 2009 £000	2009/ 2010 £000	2010/ 2011 £000
Approved Budget Already released		8	173	417	504	504	504		303	6,304	3,467			
Amount for which release now requested		6	11	11	11	11	11		200					

Justification for Release

Cabinet at their meeting on 7 April 2005 initiated the procurement process leading to the District Council securing a new headquarters and other accommodation. This is a major procurement exercise involving the purchase and disposal of land and the construction of new premises.

To fully test the availability of sites within Huntingdon an approach has been adopted that will require the execution of a complex development agreement with the successful bidder.

A design and build approach also is being pursued with cost/value management being achieved through an open book approach.

The approach requires specialist legal and technical input that is not available in-house. It is therefore necessary to secure external legal and technical advisors to support the project from the receipt of tenders for the main contract through to project completion.

It is not possible to provide an initial pre-estimate of the cost of these professional services although this should be clearer following the completion of the tendering processes for these services. In the circumstances the release of £200k is requested in respect of fees payable to professional advisors in 2005/06.