

Report of the Director of City Strategy

## **Council Headquarters – Update Report**

### **Summary**

1. This is an update report on the outcome of stage two of the four-stage procurement process, for the delivery of the council's new headquarters. It sets out detail of the procurement process particularly in relation to the evaluation of the bids, the key activities for the next two stages and the associated timeline for the overall completion of the project.
2. It also sets out the consultation process to inform the development of the bidders detailed solutions, which is required to be submitted for a further round of evaluation in July 2009.

### **Background**

3. The case for a new council headquarters, which is one of the council's corporate imperatives, remains as compelling as ever and the project is still on track to achieve a wide range of benefits. The overall requirements for the project remain unchanged from those set out in the design brief and include the following:
4. **For the customer**, in providing a purpose built York Customer Centre which will be fully accessible and compliant with the Disability Discrimination Act (DDA) and provide the single most important focal point for the new headquarters building. The new customer facility will enable quick, simple and easy access to services in one place, in a modern customer environment that supports the overall customer access strategy. Customers will no longer have to visit over six different reception points in and around the city centre to access individual services.
5. **For the environment**, the aim is to have a new headquarters building that is designed to deliver benefits to the environment in its redesign/construction and subsequent operation, achieving low greenhouse gas emissions and a minimum target of 20 per cent renewable energy to reduce the future running costs of the building. The new headquarters will be sustainable in terms of its economic, social and environmental impact by being centrally located to support the vitality of the city centre, as well as supporting the existing

infrastructure and transport links for customers, visitors and the large volume of staff walking or cycling to work.

6. **For the business** in providing a modern working environment to support an effective and efficient business operation. Rationalising 16 administrative offices down to four to achieve significant long-term savings and fund the cost of the new headquarters building, at no additional cost to the residents of York. The new headquarters will provide the potential to share space with partner organisations to support and improve partnership working and support more collaborative working between services resulting in a more joined up and efficient delivery to customers.
7. **For the City** by providing the opportunity for inward investment to the City by releasing a number of important historic buildings such as St Leonard's Place and Blake Street, which can be sensitively restored and put to more appropriate use.
8. At the Executive meeting on 21<sup>st</sup> October 2008 Members approved the commencement of a four stage OJEU competitive dialogue procurement process to support the development of potential solutions for the design and construction of a new headquarters building. A notice for expressions of interest (stage one of the process) was issued on 10<sup>th</sup> November 2008 with a closing date for return of 15<sup>th</sup> December 2008. Twelve expressions of interest were received and evaluated against an agreed set of criteria. Five bidders were shortlisted to be taken forward onto stage two and this was the subject of an update report to the Executive on 3<sup>rd</sup> February 2009. All five bidders were then invited to participate in the competitive dialogue process and submit their outline proposals by 16<sup>th</sup> February 2009.

## **Procurement**

9. The requirements for the developers outline submissions included; the actual locations being proposed, site plans and legal boundaries, evidence of title and land registry, site history and context, building massing, site investigations and a development programme to include land assembly, design, consultation, approvals, construction, commissioning and transition.
10. Five developers accepted the invitation to submit outline solutions and commenced a further a period of dialogue with the council. Subsequently one developer withdrew from the competition and four outline proposals were submitted. Each submission has been subject to a rigorous evaluation process using a formally agreed and published set of financial and qualitative criteria. (See Annex 1). This is a requirement of the EU procurement process to ensure that throughout the process each bid is evaluated on a consistent basis, to a high professional standard. Bidders will invest a significant amount of time, effort and resources in preparing their bids therefore, to secure their continued participation they need to have confidence that the process will be fair and that the results of the competition will be determined on

the basis of a proper and professional analysis of the submissions in accordance with the clearly laid out criteria referred to above.

11. A carefully constructed evaluation team made up of representatives from the project board, the project team and specialists from planning, sustainable development and customer services evaluated and scored each of the bids in accordance with the published criteria. The whole complex process has been supported throughout by legal and procurement specialists to ensure that the council's mandatory EU procurement obligations are met.
12. In accordance with procurement guidance and to maintain a level of competition between bidders the team sought to shortlist two bidders to be taken forward to stage three. In exceptional circumstances, and where there are very small margins between the scores, three bidders may be considered. However, this approach can often have a negative effect on the top two bidders who may withdraw from the competition as they consider a one in three chance of being successful as too high a risk, particularly given the significant amount of work and resources needed to meet the requirements of the next stage.
13. The stage two evaluation is now complete. The outcome of the process identified two high scoring bids each receiving more than 50% of the available scores. The shortlisted developers and sites are:
  - Norwich Union - a redevelopment and revitalisation of Yorkshire House, Rougier Street.
  - Tarras Park Properties Ltd – a redevelopment and revitalisation of West Offices Station Rise.
14. These bidders have now been invited to participate in stage three of the procurement process and submit their detailed proposals by the end of July 2009. These proposals will be evaluated using the approved criteria and if successful each developer will be invited to take part in the final stage of the procurement process (stage four) and submit a tender for their developed scheme. Each tender will then be evaluated and a recommendation for the award of the contract will be made to the Executive in December 2009.
15. The overall project is still set to be delivered within the previously agreed timescales of mid to late 2012 despite the fact that the procurement programme has been extended by approximately two months to support a wider public consultation process and a request by one bidder for extra time owing to the complexity of their proposals and the work needed to be done. This is possible because a significant part of the necessary design process will be included in the procurement process. A timeline and the key stages of the procurement process are set out at Annex 2.

## **Consultation**

16. As each bidder develops their detailed proposals they are required to take part in a process of public and staff consultation to gather important information, views and comments to inform the preparation of their bids.
17. In May an eight-page publication will be sent to every household and the business community. This document will contain several pages of information, from the council explaining the reasons why we need to move to a new HQ and the benefits the project will bring to; the customer, the environment, the council business and the wider community of York. A number of pages will provide information from each of the developers setting out key elements of their schemes to include the design, look and concept layout of the customer centre. There will be a questionnaire based upon the content of the developer's scheme and there will be space for other more general comments.
18. The document will follow the same successful format as used in the recent budget / cycling survey. This consultation will also be supported through the council website and a three day exhibition in the Mansion House between 26<sup>th</sup> and 28<sup>t</sup> May when members of the public and staff can meet the developers and find out more about their proposals.
19. Returned questionnaires will be processed by an independent research agency with results forwarded to each of the developers to inform their detailed proposals. The outcomes will also be published on the councils website and through the media in early July.
20. In order to secure wide public participation, information with regard to 'How you can have your say' will be available on the council's website, through the media, at customer reception points, in libraries and community centres, prior to the publication being delivered. A detailed programme for the above consultation is included at annex 3.
21. There will be a further round of public consultation following the award of a contract during and prior to the submission of a planning application. The council also intends to implement an earlier commitment to establish a reference panel to include representation from a wide spectrum of interests that can focus on and provide support and engagement for issues including and beyond the built form.

## **Timescales**

22. The indicative timetable for the overall completion of the headquarters is as follows:

• HQ Contract Award	December	<b>2009</b>
• Planning Application	Summer	<b>2010</b>
• Planning Approval	Later Summer	<b>2010</b>
• Commence Construction/refurbishment	Late	<b>2010</b>
• HQ Completion	Mid – Late	<b>2012</b>

## **Communications**

23. At the end of stage two Information about the developers and the proposed sites went out in the form of a press release on 24<sup>th</sup> March. A global e-mail was sent to all staff prior to this being published and the council web and intranet sites have been updated to include further details in relation to the procurement process, the overall benefits of the project and frequently asked questions. We have also written to a number of professional bodies and key stakeholders within the wider York community to provide a more personalised update.

## **Implications**

### **Financial**

24. The budget for the accommodation project is £43.8 million as reported to Executive in June 2008. This includes the construction budget of £32 million and incorporates all the expenditure that has been incurred to date.
25. The expenditure incurred to date is currently being reviewed as required by statutory regulation for the Statement of Accounts 08/09. The review will identify those costs which remain relevant to the administrative accommodation project going forwards and those costs which cannot be incorporated in to the revised building solution and therefore need to be reported within the 2008/09 Final Accounts
26. It is difficult to predict at this stage the cost that have been incurred which do not remain relevant to further development but it is suggested that some project management costs, some design and construction fees at £1.08m may not be transferable however, it should be noted that these costs have been included within the approved project budget of 43.8m. Therefore the new arrangements to acquire a council headquarters building presents no additional burden to the council taxpayer .
27. The Pre-Audit Statement of Accounts are approved by Audit & Governance Committee on 29 June 2009, following which the Audit Commission will review the Statement including the treatment of costs relating to the Office Accommodation Project and report their findings back to the Audit & Governance Committee by 30<sup>th</sup> September 2009.

28. Financial analysis has been carried out which takes account of all costs associated with the office accommodation project. Moving to a new headquarters building as opposed to remaining in the current accommodation is viable and will over a period of 30 years represent a saving at today's prices of £5.84m.

### **Legal**

29. It is vital that the project follows good procurement practice and legal requirements, which underlie that practice, and to make decisions in a way which reflects key EU principles (equal treatment, transparency, proportionality) to avoid risks of challenge and to achieve best outcome. Commercial confidentiality must also be observed.

### **Corporate Priorities**

30. The provision of new accommodation and the consequential improvement in services to our customers will contribute to all of the council's priorities.

### **Risks**

31. The project risk register has been re-profiled to take account of the current changes and the revised procurement strategy for the project and regular monthly reports are presented to the Accommodation Project Board.

### **Recommendations**

32. This is a progress update report and Members are asked to:
- Note the content of this report with particular regard to the procurement of the new headquarters and the forthcoming process of consultation.
  - A further update report will be presented to the Executive at the end of stage three of the procurement process in September 2009.

## Contact Details

**Author:**  
**Maria Wood**  
**Project Director-Accommodation**  
Tel No.553354

**Chief Officer Responsible for the report:**  
**Bill Woolley**  
**Director of City Strategy**

Report  
Approved



Date 30/03/09

## Specialist Implications Officer(s)

Financial

Name: Louise Branford-White  
Title: Technical Finance Manager  
Tel No. 551187

**Wards Affected:** Acomb, Clifton, Fishergate, Guildhall, Heworth, Heworth  
Without, Micklegate

**For further information please contact the author of the report**

## Background Papers:

Executive Report 21<sup>st</sup> October - Site Options Appraisal

Executive Report 3<sup>rd</sup> February - Council Headquarters Update

## Annexes

Annex 1 – Procurement Criteria

Annex 2 - Timeline and Key Stages of the Competitive Dialogue Procurement  
Process

Annex 3 – Programme for consultation

## Procurement Criteria

The council will consider applications on the basis of the Most Economically Advantageous Tender criteria being: -

- Financial – 40%
- Quality – 60%

Financial Criteria
Whole life cost
Capital cost
Financial ability to deliver

Quality Criteria	Description
<b>Site assembly</b>	The extent to which the bidder has control of an appropriate site sufficient to meet the council's needs.
<b>Timescales</b>	The extent to what the bidder can complete all work to enable the City of York Council to occupy the new premises by the end of 2012 or earlier.
<b>Planning</b>	The extent to which the bidder's development proposal is likely to achieve all necessary consents.
<b>Buildability</b>	The extent to which the building proposal is feasible in terms of cost and design.
<b>Risk to delivery</b>	The extent to which the bidder's proposals pose risks to the project, e.g. Archaeology, listed buildings, contamination.
<b>Building efficiency</b>	The extent to which the bidder's proposals meet council needs efficiently.
<b>Customer facilities</b>	The extent to which the customer facilities meet the brief and enable the council to, deliver its services and promote the customer first ethos exemplified by the <a href="#">easy@york</a> programme and customer service strategy.
<b>Accommodation</b>	The extent to which the business and staff accommodation will meet the brief and effectively balance the needs of people, process and place.
<b>Enhancement of built environment and public realm</b>	The extent to which the bidder's proposal will deliver an outstanding example of office, urban and civic design.
<b>Carbon saving</b>	The extent to which the building will be carbon neutral. If not, the extent to which it can achieve the best possible reduction in carbon emissions.
<b>Sustainability</b>	The extents to which the design and construction of the building demonstrate sustainability, including sustainability in use To what extent will it support council targets and approach.



## Invitation to Submit Outline Solutions Evaluation Matrix

<b>DEVELOPER / PROPOSED SITE:</b>	
<b>EVALUATORS NAME &amp; POSITION:</b>	

<b>Scoring</b>	<b>Marking Guidelines - Single score (out of 10) to be awarded against each of the identified criteria</b>
<b>Score 0</b>	Question is either unanswered or the response does not address the criteria.
<b>Score 2</b>	Addresses the criteria, but has significant evidence lacking.
<b>Score 4</b>	Addresses the criteria, but basic evidence only has been provided.
<b>Score 6</b>	Addresses the criteria, reasonable evidence is provided which indicates that the criteria will be met satisfactorily.
<b>Score 8</b>	Addresses the criteria and provides comprehensive evidence that indicates some innovation and the potential to deliver a high quality result.
<b>Score 10</b>	Comprehensive and value-adding response that is innovative, includes full evidence of techniques and measurements employed, capable of exceeding expectations.

### Financial Criteria

<b>1. Whole Life Cost</b>		
<b>Qualitative Evidence</b>		<b>Evaluation Basis</b>
ITPD Section 3.3 bullet 2	Developer to provide statement on overall approach to whole life costing and delivery of best value through the investment over time	Assessment of whether approach to whole life costing and delivery of best value is duly considered

<b>2. Capital Cost</b>		
<b>Qualitative Evidence</b>		<b>Evaluation Basis</b>
ITPD Section 3.4 Paragraph 3	Statement confirming that proposals can/cannot be delivered within the constraints of the Councils budget	Can scheme be delivered for less than £32,000,000
ITPD Section 3.3 bullet 1	Developer to provide outline of what they expect their detailed proposals to contain in relation to capital costs	Assessment of whether developers capital cost proposals reasonable and in line with requirements

<b>3. Financial Ability to Deliver</b>		
<b>Qualitative Evidence</b>		<b>Evaluation Basis</b>
ITPD Section 3.3 bullet 3	Provide previous examples and benchmark cost reports of similar schemes undertaken	Assessment of developers capability to deliver scheme within budget based on previous experience
ITPD Section 3.3 bullet 4	Developer to detail approach to funding the proposal	Assessment as to whether funding proposals are robust and offer best value

## Quality Criteria

1. Site Assembly		
The extent to which the bidder has control of an appropriate site sufficient to meet the Council's needs.		
Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
1	Site Plan, legal boundaries	Does site plan detail and provide clarity on legal boundaries
2	Evidence of title, securing agreements, Land Registry.	Have they demonstrated bidders legal title to the site including - site legal boundaries (deliverable 1), site plan, restrictions, easements and covenants, third party interests or other matters affecting the same
4	Heads of Terms	Is confirmation provided on proposed Head of Terms or details of proposed amendments?
5	Location Plan	Does Location plan detail - site location, site boundaries, access thereto and context in relation to locality within the city?
6	Site Plan	Does Site plan detail proposed CYC building orientation and site logistics e.g. public and staff approaches, access routes?
8	Site history & context	Adequacy of details on the site's history including any available information, e.g. archaeology, local relationships, flooding, ground conditions, contamination and existing statutory services.

Qualitative Evidence		
1	Site ownership	What level of site ownership is demonstrated - Do they own the site or have a robust process for attaining the site? What will the ownership structure of site be following project completion - is CYC freehold proposed?
2	Heads of Terms	Have they accepted proposed terms or are proposed amendments acceptable?
3	Does the site proposal meet the requirements of CYC?	Does the developer demonstrate that the location and size of the accommodation proposed will meet CYC requirements?
4	Site infrastructure/servicing	Are adequate details provided on the extent, location and capacity of services presently serving the site?
5	Enabling Works	Developer requested to identify any enabling works required to support the development proposals.

## 2. Timescales

**The extent to what the bidder can complete all work to enable the City of York Council to occupy the new premises by the end of 2012 or earlier.**

Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
12	Development programme including, Land Assembly, Design, Consultation, Approvals, Information Required, Construction, Commissioning, Transition.	Does programme detail all elements required - Land Assembly, Planning, Design, Consultation, Approvals, Information Required, Construction, Commissioning, Transition?
Qualitative Evidence		
1	Does programme meet CYC timeframe?	Is programme robust and does it enable handover to CYC by August 2012?
2	Support/Inputs required from Council	Has bidder clearly set out their requirements for inputs from the Council to deliver the programme?

### 3. Planning

The extent to which the bidder's development proposal is likely to achieve all necessary consents.		
Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
5	Location Plan	Does Location plan detail principle planning location requirements - e.g. local plan, use types, site boundaries, adjacent owners
6	Site Plan	Has developer provided initial development plans detailing site proposals/principle planning information - e.g. proposed CYC building location, transport logistics, approachability, access routes etc
8	Site history & context	Adequacy of details on the site's planning history, its potential, local buildings and relationships, archaeology, transport and accessibility, flooding,.
9	Building massing diagrams	Has bidder provided building massing diagrams which show the shape, form and orientation on the proposals relative to themselves and their local environment?
Qualitative Evidence		
1	Is the scheme likely to get planning permission?	Has developer adequately detailed a masterplan/development framework for the overall development identifying how they propose to progress scheme through planning?
2	Are CYC Planners comfortable with the proposed massing diagrams?	Does the outline massing/site proposal represent a potentially acceptable solution?

<b>4. Buildability</b>		
<b>The extent to which the building proposal is feasible in terms of cost and design.</b>		
<b>Deliverables (no. as per ITPD Schedule of Requirements)</b>		<b>Evaluation Basis</b>
5	Location Plan	Does Location plan detail e.g. site location, site boundaries and access thereto
6	Site Plan	Does Site plan detail proposed CYC building location and site logistics e.g. access routes
25	Development of a 'Roadmap to Sustainability'	Has developer included proposals for developing a sustainability roadmap/strategy?
<b>Qualitative Evidence</b>		
1	How practical is the location?	How well have the logistical implications and constraints of the plan been dealt with? How well does the plan deal with construction traffic etc?
2	Deliverability	Have they demonstrated a feasible approach to providing building in terms of cost and design? What level of commitment is shown to deliver against the estimated budget?
3	Outline design proposals	Have they demonstrated outline design proposals are achievable and can meet CYC scope?

<b>5. Risk to delivery</b>		
<b>The extent to which the bidder's proposals pose risks to the project, e.g. Archaeology, listed buildings, contamination etc.</b>		
<b>Deliverables (no. as per ITPD Schedule of Requirements)</b>		<b>Evaluation Basis</b>
12	Development programme including, Land Assembly, Design, Consultation, Approvals, Information Required, Construction, Commissioning, Transition.	Does programme detail all elements required - e.g. Land Assembly, Planning, Design, Consultation, Approvals, Information Required, Construction, Commissioning, Transition?
2	Evidence of title, securing agreements, Land Registry.	Have they demonstrated bidders legal title to the site including - site legal boundaries (deliverable 1), site plan, restrictions, easements and covenants, third party interests or other matters affecting the same?
8	Site history & context	Adequacy of details on the site's history including e.g. Planning related matters, information as to ground conditions, contamination (if any) and statutory services already within the site
40	Developer team details and organisation	Details of developers team and organisation structure to be provided, demonstrating depth and breadth of available resource and/or supply chain.
<b>Qualitative Evidence</b>		
1	Risks to delivery	Has developer identified potential risks to delivery and is proposed controls/mitigation reasonable e.g. - Planning, ground conditions, contamination and statutory services?
2	Risk apportionment	Are any risks proposed to be shared/taken on by CYC - is this reasonable?

<b>6. Building Efficiency</b>		
<b>The extent to which the bidder's proposals meet Council needs efficiently.</b>		
<b>Deliverables (no. as per ITPD Schedule of Requirements)</b>		<b>Evaluation Basis</b>
31	Area Schedules	Has developer confirmed/included their proposed area schedules against those included in brief
32	Net to gross ratios for public areas, staff areas and in total.	Are Net to gross ratios for public areas, staff areas and in total detailed?
<b>Qualitative Evidence</b>		
1	Does the size of the building reflect the requirements of the brief	Does the area and configuration proposed meet the principles of the brief?
2	Rate the quality of the net to gross ratios for public areas and staff areas	Is the proposed net to gross area ratio efficient and appropriate? Have they identified net to gross for public areas vs staff/office areas

<b>7. Customer Facilities</b>		
<b>The extent to which the customer facilities meet the brief and enable the Council to, deliver its services and promote the customer first ethos exemplified by the easy@york programme and customer service strategy.</b>		
<b>Deliverables (no. as per ITPD Schedule of Requirements)</b>		<b>Evaluation Basis</b>
None for ISOS stage		
<b>Qualitative Evidence</b>		
1	Clearly demonstrates understanding of brief for customer/public areas	Do indicative floor plans identify customer contact centre zone, is this the right size? Is location/accessibility/entrance reasonably considered for a range of customers?



## 8. Accommodation

The extent to which the business and staff accommodation will meet the brief and effectively balance the needs of people, process and place.

Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
31	Area Schedules	Has developer confirmed/included their proposed area schedules against those included in brief
32	Net to gross ratios for public areas, staff areas and in total.	Are Net to gross ratios for public areas, staff areas and in total detailed, efficient and appropriate?
Qualitative Evidence		
1	Demonstrates understanding of brief for staff/office areas	Do indicative floor plans identify understanding of principles for staff/office areas - do these align with requirements of brief?

## 9. Enhancement of the built environment

The extent to which the bidder's proposal will deliver an outstanding example of office, urban and civic design.

Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
6	Site Plan	Has developer provided initial development plans detailing site proposals - e.g. proposed CYC building location, site logistics, access routes etc
Qualitative Evidence		
1	Developer team details and organisation	Have developers team demonstrated experience in delivering schemes recognised as outstanding examples of office, urban and civic design.
2	Will proposals deliver an outstanding example of office, urban and civic design.	Have developers detailed how their proposals will enhance built environment? What benefit does scheme offer to City of York? Is there potential and promise of an outstanding example of Urban and Civic Design?

## 10. Carbon Saving

**The extent to which the building will be carbon neutral? If not, the extent to which it can achieve the best possible reduction in carbon emissions?**

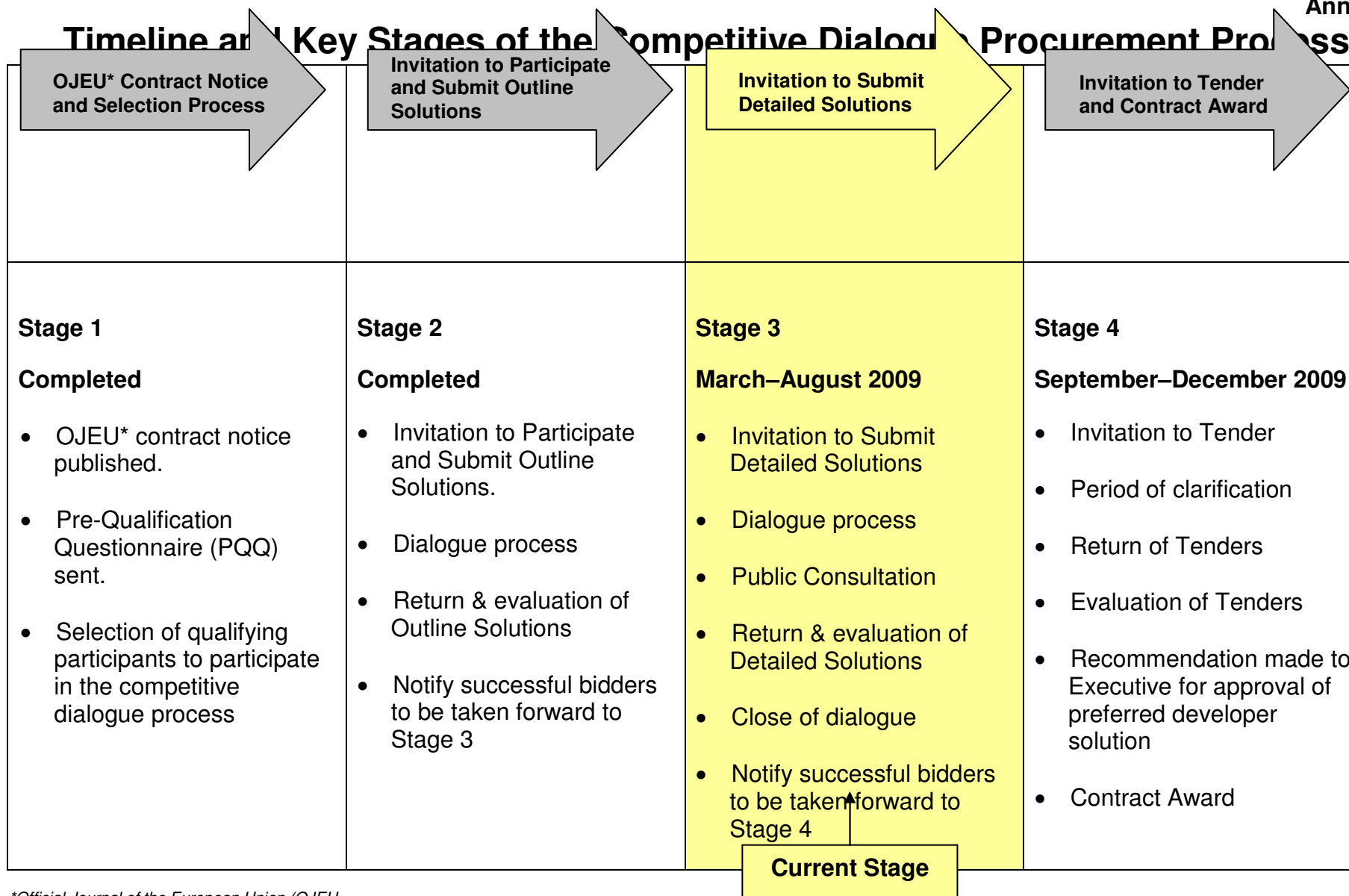
Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
None for ISOS stage		
Qualitative Evidence		
1	Developer team details and organisation	Does developers team's demonstrate required experience, commitment and expertise to deliver a Carbon Saving building in design and operation?
2	Outline Proposals	Has developer outlined proposals for Carbon saving and provided a logical method for calculating and demonstrating this ?

## 11. Sustainability

**The extent to which the design and construction of the building demonstrate sustainability, including sustainability in use. The extent to which it will support Council targets and approach.**

Deliverables (no. as per ITPD Schedule of Requirements)		Evaluation Basis
None for ISOS stage		
Qualitative Evidence		
1	Does location and developer proposals meet CYC's sustainability aspirations and requirements?	How well have the developers picked up the key issues from the Councils sustainability strategy? Have they provided a knowledgeable, innovative and realistic roadmap to sustainability?

# Timeline and Key Stages of the Competitive Dialogue Procurement Process



\*Official Journal of the European Union (OJEU)

