

Report of the Director of City Strategy

## **Council Headquarters – Update Report**

### **Summary**

1. This is an update report on the outcomes of the pre qualification stage of the procurement process, for the delivery of the council's new headquarters building. It sets out the detail of the procurement process identifying key activities and the associated timeline for completion.
2. It also seeks Members endorsement of a new initiative to develop an office of the future working model to pilot new workplace concepts in advance of the move to the new headquarters building.

### **Background**

3. The case for a new council headquarters, which is one of the councils corporate imperatives, remains as compelling as ever and the project is still on track to achieve a wide range of benefits;
4. **For the customer** in providing a purpose built York Customer Centre which will be 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 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 an 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 1 of the process) was issued on 10<sup>th</sup> November 2008 with a closing date for return on 15<sup>th</sup> December 2008.

## **Procurement**

9. Stage one of the process is now complete. We have received 12 expressions of interest, of which two were non compliant and ten were taken forward for evaluation using the following set of criteria.
  - Supplier Acceptability
  - Economic and Financial Standing
  - Supplier Capacity and Capability
  - Supplier Experience and Track Record
10. We had initially expected to take forward three potential bidders with a maximum of four, however given the level of interest and the quality of respondents, the accommodation project board approved the evaluation teams recommendation to take a select list of five bidders forward onto stage 2 with an invitation to participate in the competitive dialogue procurement process and submit outline proposals.
11. This second stage will focus on the actual locations being proposed and will include site plans and legal boundaries, evidence of title and land registry, site history and context, building massing and site investigations. Other information required at this stage will include a development programme including land assembly, design, consultation, approvals, construction, commissioning and transition. Following a period of dialogue, outline proposals will be returned for evaluation by 16<sup>th</sup> February 2009.
12. These outline proposals will be considered against an agreed set of criteria, (set out in annex 1). The evaluation team will make a recommendation to take two, maximum of three, bidders onto stage 3 when they will be invited to submit detailed proposals, following a process of clarification and further dialogue to more closely define the council's requirements.

## Consultations

13. During Stage 3 of the procurement process the council will expect the bidders to engage in public and staff information and consultation events. Bidders will be required to set out and present their development proposals and subsequently to demonstrate how their design proposals have addressed any concerns or issues that are raised during such consultation. The key stages of the competitive dialogue procurement process and the indicative timescales are attached at annex 2.

## Timescales

14. The timescale to complete the procurement process was originally estimated to take 6 months, this early estimate reported to the 2008 October Executive was based upon the best advice at that time and on the assumption that we would only be taking 3 bidders forward onto the next stage. The fact that we are now taking forward five and have had the opportunity to examine in more detail what is required at each stage has resulted in the procurement process taking longer. However this will not effect the overall completion date as the procurement process will now incorporate an element of development work originally set to be completed after contract award. The indicative timetable for the overall completion of headquarters is as follows

• HQ Contract Award	September <b>2009</b>
• Planning Application	February – March <b>2010</b>
• Planning Approval	June <b>2010</b>
• Commence Construction	July – September <b>2010</b>
• Completion	Mid – Late <b>2012</b>

## Office of the Future

15. The project board has endorsed a new initiative to set up an office of the future as a working model to pilot new workplace concepts in advance of the move to the new headquarters building. This new initiative will showcase and test the principles of occupation in a modern working environment with particular regard to, open plan working, staff to desk ratios, document management, storage and satellite working plus the introduction of flexible working practices.
16. It is intended that the outcomes will be monitored to inform the final internal design for the new headquarters, ensure the efficient use of space, test out and inform new work policies and procedures and provide a tried and tested model and consistent approach to occupying the new headquarters.
17. Work is currently underway to identify an appropriate diverse work group of between 25 and 50 people who already work in an environment which is easily adaptable to an open plan arrangement, are able to work in more than three different work styles and who are keen to be at the forefront of change

and willing to respond and give feedback to other groups around the organisation.

18. The project team will include service representatives and representatives from Human Resources, the [easy@york](#) project, ITT, the information and document management project, Health and Safety, Equalities and the Unions.
19. The February project board is set to agree the detailed scope of the project and where it should be implemented to achieve the best effects.

## **Communications**

20. The competitive nature of the procurement process means that the council is bound by the legalities of confidentiality and we are therefore extremely limited as to what we can say. At the current stage we are only able to provide information as to the number of expressions of interest we have received and how many bidders we are taking forward to the next stage.
21. Information in relation to the actual locations will be announced at the end of stage 2. The successful bidder and the unveiling of the successful scheme will be announced later in the summer following Executive approval.
22. A press release and radio media event took place on 15<sup>th</sup> January to announce the outcome of stage 1. 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 detail 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 personalized update.
23. The project team and the councils corporate marketing & communications team are currently in the process of reviewing the overall communication strategy to provide greater emphasis on marketing the project once there is a clear way forward.

## **Implications**

### **Financial**

24. The budget for the accommodation project is currently £43.8 million as reported to Executive in June 2008. This includes the construction budget of £32 million.
25. 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**

26. 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**

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

### **Risks**

28. The project risk register is currently in the process of being re-profiled to take account of the current changes and the revised strategy. The outcomes of this process will be reported to the project Board in February 2009.

### **Recommendations**

29. This is a progress update report and Member are asked to:
- Note the content of this report with particular regard to the procurement of the new headquarters and the progress that has been made to date.
  - Endorse the new initiative to set up an office of the future as a working model to pilot new workplace concepts in advance of the move to the new headquarters building.

## Contact Details

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

Report  Date  
Approved

## 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

**All**

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

## Background Papers:

Executive Report: Business Case – 22 November 2005

Executive Report: Headquarters Update – 9 September 2008

EC Harris – Option Appraisal Report October 2008

Executive Report: Site Options Appraisal – 21 October 2008

*of the European Union (OJEU)*