



ACCOMMODATION STRATEGY

SUMMARY

- 1.1 This report gives details of the bids received for Council accommodation from the three shortlisted bidders, Derby Riverlights, Wilson Bowden (Full Street) and Aviva (Heritage Gate). Since the bids were invited reductions in staff numbers arising from the DECATS exercise has resulted in a reduced floor space requirement and provided an opportunity to look again at refurbishing and extending the Council House to meet all of the office and civic accommodation needs. A feasibility study has been carried out which shows that this is achievable and the most economic and affordable option to meet the Council's requirements.

RECOMMENDATION

- 2.1 To proceed with a scheme at the Council House to meet the Council's central office accommodation needs and to terminate the competitive dialogue process with the three bidders who recently submitted proposals.
- 2.2 Use the OGC "Project Management & Full Design Team Service Framework" to run a mini competition to obtain the services of a multi-disciplinary team of consultants to design and manage the refurbishment and extension of the Council House.
- 2.3 To acquire the necessary office space for decant accommodation to suit the timing of the programme.

REASONS FOR RECOMMENDATION

- 3.1 Refurbishing the Council House is affordable and represents the most cost effective option of meeting the Council's accommodation needs and will realise the following benefits:
- further improve customer service
 - use space more effectively and, together with Derby Workstyle, significantly reduce the amount of office space occupied with consequent working and cost efficiencies
 - improve the staff and member working environment
 - contribute towards the Council's commitment to tackling climate change
 - remove the maintenance backlog for administrative buildings
 - use accommodation more effectively and efficiently.
 - release St Mary's Gate to allow the regeneration of St George's quarter in line with Cityscape's proposals.

- 3.2 Consultants for the original project were appointed following competition under the Nottinghamshire County Council Framework Agreement and they have satisfactorily performed to date. However, as the value of the work has now increased by a significant amount our procurement team advises that a mini-competition should be held between consultants on the OGC “Project Management & Full Design Team Services” framework Agreement to obtain a competitive fee for the design and management of the refurbished and extended Council House.
- 3.3 To facilitate the refurbishment of the Council House. Given the extent of the work proposed, it will not be possible to occupy the premises whilst it is carried out.

SUPPORTING INFORMATION

4.1 The three shortlisted bidders submitted their outline proposals and costs on 28 August. Each bidder submitted proposals for building Option 1, to accommodate all of the Council’s administrative (1970) employees, elected members and civic functions and Option 2, to accommodate back office functions (1000 staff) on the basis that the Council House would be retained and refurbished. Bids were invited on a ratio of 7 workstations to 10 staff in line with the new ways of working proposals. Each bid also included for a new Local Studies Library of 750m².

4.2 Bids received and total costs are included at Appendix 2 (confidential part of the Agenda). The values of the bids are close to previously reported internal estimates. A brief description of the bidders proposals follows:

4.3 **Derby Riverlights**

The proposed buildings (Option 1 and 2) fronted the River and represented a good layout and use of space. Its location close to the Bus Station has high visibility from the ring road and has good access for pedestrians via the new development. The building has presence in this location from the River frontage. However, from the city it will be less prominent. Access by vehicle would require further discussion. The ground floor of the building was given over to parking and reprographics areas with the customer services area on the first floor.

Option 1 building is a large building facing the river and making use of the River Gardens as a significant entrance feature.

Option 2 building is half the size of Option 1 and next to the River Gardens. The remainder of the site will be retained by Riverlights for another detached office building that they would let on a commercial basis.

The design is stated to meet BREEAM excellent.

Derby Riverlights did express an interest in submitting a separate tender through a sister company to purchase the Council House for the development of a high quality hotel should their Option 1 be the preferred solution.

4.4 **Wilson Bowden**

Both Option 1 and 2 proposals are based on the old Police Station part of the Full Street site facing Cathedral Green and exclude the old Magistrates Court building which will be redeveloped by Wilson Bowden. The proposal is for a building of two wings running parallel to the River, linked with a glazed atrium with a central service core. The main entrance fronted Cathedral Green.

Option 1 building was considered the best spatial layout with good interpretation of the Council's requirements.

Option 2 building represented half the full building, again fronting Cathedral Green and included two retail outlets. The remainder of the building would remain in the ownership of Wilson Bowden.

The design appears to meet BREEAM excellent and corresponds to an energy performance rating of A

4.5 **Aviva**

Site – Heritage Gate

Option 1 involves the demolition of Celtic House and Saxon House and replacing them with two new detached buildings.

Option 2 (A) involves the demolition of Celtic House and replacing it with a new building. Option 2 (B) is the refurbishment of the whole of Norman House.

The designs revealed limited space allowance, layouts with relatively poor spatial relationships in some areas and an unsatisfactory customer area (Option 1). Although lowest cost overall, the costs per m2 are higher than the other two bids.

The design appears to meet BREEAM good/very good and corresponds to an energy performance rating of B

4.6 **Council House**

Since the bids were invited reductions in staff numbers arising from the DECATS exercise has resulted in a reduced floor space requirement and provided an opportunity to look again at refurbishing and extending the Council House to meet all of the office and civic accommodation needs on that site. Staff numbers to be accommodated will reduce from 1970 to an estimated 1635 equating to 1145 workstations under the 70:100 ratio of Derby Workstyle.

- 4.7 A feasibility study has been carried out. The proposal is based on demolishing the link block and single storey block adjacent to the canteen in the inner courtyard and constructing a new four-storey extension within the inner courtyard. The initial proposal, which will be subject to further consultation and development, shows:
- creation of flexible open plan offices with break-out spaces and separate meeting rooms
 - the extension will have little impact on the building's external appearance
 - the public and ceremonial entrances are maintained with a proposal to significantly remodel the public entrance
 - a new entrance for staff and deliveries in the position of the current arch to the inner courtyard. This will restrict the space available in the car park
 - customer services located in the existing 'Rates Hall' area
 - new lifts fully accessible for people with disabilities
 - the civic area maintained in its current position with provision made for completely remodelling the Council Chamber removing all of the structural tiered seating and creating a large multi-purpose room
 - a café situated in the basement but with light wells fronting Corporation Street
 - there is an option to include the Local Studies Library included but with a reduced storage provision for archive materials using the approach of off site storage for those records with a low demand. There will have to be further discussions on this issue
 - Work to date shows an energy performance certificate rating of a high 'B' and BREEAM very good, but the target is to achieve a rating of 'A' and BREEAM excellent as the design proceeds.

Should members wish to see the initial sketch plans, they are available by contacting Gethyn Davies, Project Manager, tel. 01332 258408
e mail: gethyn.davies@derby.gov.uk.

- 4.8 The cost of the project is estimated at £40 million. Further cost information on bids received and comparisons is included in Appendix 2 (confidential part of the Agenda).
- 4.9 Refurbishing and extending the Council House has a number of advantages:
- provides the most cost effective option
 - the property is in the Council's ownership and saves site acquisition costs
 - retains the Council House, a landmark public building, as the centre for civic and administrative functions
 - removes the potential for another vacant prominent city centre site awaiting redevelopment
 - re-use of an existing building, given comparable energy performance on refurbishment, is more sustainable than a new build solution.
- 4.10 It is expected that design and procurement would take around 12 months and the construction two years. Given the extent of the work, the staff and civic functions will require decanting for the construction period. Availability of decant space and the relationship with restructuring proposals and timescales is currently being considered

- 4.11 Consolidating services on a single site will allow the disposal of St Mary's Gate, facilitating the redevelopment of the St George's Quarter in line with Derby Cityscape's proposals, Roman House, some satellite offices where not required for neighbourhood delivery. It will also enable the leases of a number of properties to be surrendered.

Proposal

- 4.11 It is proposed that the project for the refurbishment and extension of the Council House proceeds and that the competitive dialogue process with the three bidders is suspended.
- 4.12 The proposals are essential to facilitating Derby Workstyle and will:
- improve customer service by concentrating customer-facing services in one location - The Council House - and providing improved reception, contact facilities and facilities for people with disabilities. The opportunity for co-locating other public services with partners will be explored with a possible 'one-stop shop' approach
 - use space more effectively and, together with Derby Workstyle, significantly reduce the amount of office space occupied with consequent cost and operational efficiencies, including savings in lease costs and running costs and reduction in energy use
 - provide for more effective and efficient working practices by co-locating appropriate services and providing the opportunity for more rationalisation / re-engineering of service delivery. It will also facilitate the introduction of the information and communications technology necessary for Derby Workstyle
 - improve the staff and member working environment
 - contribute towards the Council's commitment to tackling climate change by improving insulation, heating and electrical installations including controls, using 'green technologies' and reducing the area of buildings occupied
 - remove the maintenance backlog for administrative buildings.

OTHER OPTIONS CONSIDERED

- 5.1 Do nothing: this is not considered a suitable option because of:
- the significant maintenance work required at the Council House and St Mary's Gate. Many major elements of the buildings are life expired and require renewal
 - layouts of existing accommodation are cellular and do not allow modern ways of working nor efficient use of space
 - the buildings' poor energy performance
 - unsuitability for people with disabilities
 - dated technical infrastructure
 - split location of current offices, leading to customer confusion and staff inefficiencies
 - common complaint by customers and staff
- 5.2 Developments on other land either in or outside the Council's ownership. These have been discounted either on cost or deliverability grounds.

5.3 The three current bids following the European procurement exercise. Although two of these would provide suitable accommodation, they have been discounted for the reasons stated in the report.

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| For more information contact: | Name Chris Edwards 01332 255070 e-mail chris.edwards@derby.gov.uk |
| Background papers: | None |
| List of appendices: | Appendix 1 – Implications Appendix 2 (confidential section) – Accommodation Strategy - Financial details and cost comparisons |

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| IMPLICATIONS |
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Financial

- 1.1 £36.6 million is included in the Capital Programme 2009/10 – 2011/12 for the Accommodation Strategy.
- 1.2 The estimated total costs of the various options, allowing for incidental costs outside the scope of the bids, are shown at Appendix 2 (confidential part of the Agenda). With the exception of the Aviva Option 2b, which is not considered suitable, all options, after allowing for the DECATS facilitated space reductions, are in excess of the available budget. The Council House refurbishment and extension, estimated to cost circa £40 million, is the lowest cost option. Costs shown exclude any dilapidation costs arising from the surrender of leases.
- 1.3 Further funding may be achieved by prudential borrowing against saving on lease charges on vacated properties (eg Heritage Gate) and capital receipts from the sale of vacated property, although it had been assumed that these receipts would support the general corporate capital programme. These would adequately cover the additional cost of the project.

Legal

- 2.1 The procurement process is being carried out in accordance with the European Procurement Directive

Personnel

- 3.1 None

Equalities Impact

- 4.1 The refurbishment and extension of the Council House will be designed meet the needs of people with disabilities. The Derby Workstyle Equalities Group and the Disabled People's Advisory Forum will be consulted at the design stages of the project.

Corporate objectives and priorities for change

- 5.1 The project will contribute to the Council priorities of **creating a 21st century city centre, leading Derby towards a better environment**, though providing an energy efficient building and **giving you excellent service and value for money**.