

Cabinet

Date 04 November 2013

Office Accommodation Strategy – Your New Town Hall

All Wards

Cabinet Portfolio:

Cabinet Member for Finance and Resources: Councillor Paul McGlone (OAS/YNTH Lead Member)
Deputy Leader of the Council: Councillor Jackie Meldrum
Cabinet Member for Housing and Regeneration: Councillor Pete Robbins
Cabinet Member for Environment and Sustainability: Councillor Imogen Walker

Report authorised by:

Strategic Director Delivery: Sue Foster

Executive summary

The Office Accommodation Strategy will create Your New Town Hall (formerly SW2 Enterprise Centre) and will deliver new homes, new jobs as well as new, fit for purpose offices. The project will see Lambeth's existing office infrastructure reduce from 14 to just 2 main sites and in doing so will save at least £4.5million per year.

This report updates members on progress and seeks approval to take forward the delivery of the Office Accommodation Strategy. It follows on from the project's previous report to Cabinet in March 2012, when approval was given to progress the project through an EU 'competitive tendering' public procurement process to appoint a preferred developer. The report explains the work undertaken during the procurement process and recommends the appointment of a preferred developer. The preferred developer will enter into a conditional development agreement, work up detailed proposals and obtain necessary planning consents to progress to an unconditional development agreement in due course. A further report will be brought to Cabinet details of the unconditional development agreement.

As a result of government funding cuts our staff numbers are reducing and by working more flexibly we can reduce by over 50% our current office space. By allowing partners, businesses and mutual enterprises to collocate with council services, we will also reduce council accommodation costs by more than 50% or by a minimum of £4.5 million per year from 2017 onwards. These cash savings will help us protect frontline services and enable us to invest in things that matter to residents like schools and roads. The estimated capital cost is self-financing achieved by selling off and developing surplus office sites, which means it will not cost Lambeth taxpayers anything more.

This is not just about redevelopment of the town hall but the development of a 2.5 acre site in the heart of Brixton. It will create jobs, social housing, offices and a wide variety of spaces for the whole community to access and use as well as stimulate the local economy.

Summary of Requirements

From the outset this project has worked towards delivering fit-for-purpose office accommodation; maximal, sustained revenue savings; and cost neutrality. It will generate inward investment, stimulate the local economy, create jobs and significantly improve connectivity between the community and council. For example, ONE Brixton, a trial enterprise space in the Town Hall, has been developed to enable new local business get off the ground and the idea came out of this project's very first community coproduction event. This delivers and will continue to deliver on our intention to provide a wide variety of spaces for the whole community to access and use, giving reality to this being Your New Town Hall.

Summary of financial implications

This report analyses how the project allows the Council to realise substantial savings in the overall annual revenue expenditure on the core office building portfolio and release capital funds to achieve capital cost neutrality of the Your New Town Hall programme.

The accompanying Part 2 exempt from disclosure report contains the detailed analysis of the Final Tender.

In summary the proposals from the recommended preferred developer are expected to deliver a scheme that is capital cost neutral, self financing and generates revenue savings of at least 59% or £4.5m per year.

Reason for Exemption from Disclosure

The accompanying Part 2 report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972.

- 7) Information relating to the financial or business affairs of any particular person (other than the authority).
- 9) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.
- 10) The identity of the authority (as well as of any other person, by virtue of paragraph 7 above) as the person offering any particular tender for a contract for the supply of goods or services.

Recommendations

That Cabinet agrees

- (1) To approve the continued delivery of the Office Accommodation Strategy/Your New Town Hall (OAS/YNTH), being the reduction in core offices and the delivery of fit-for-purpose accommodation scheme around Lambeth Town Hall in Brixton.
- (2) To approve the selection of Bidder X as preferred developer to enter into a conditional development agreement and progress, via conditionality and planning, towards an unconditional development agreement, on the basis set out in section 2.5 (Results of Evaluation) of this report.
- (3) To approve that officers work with the preferred developer to ensure that the scheme is developed and detailed fully and appropriately to support the Cooperative Council approach and the agreed strategic objectives of the programme.
- (4) To approve that the OAS/YNTH project team continue to work towards the unconditional stage, and to oversee the work of the development partner and to fulfil the Council's obligations.
- (5) To approve that all Council clusters work to conclude working arrangements to enable optimum office designs to be completed based on a ratio of 10 staff to 6 desks, and other arrangements necessary for the efficient delivery of the Council's Community Plan outcomes.
- (6) To instruct officers to pursue ways of achieving a greater level of affordable housing through the scheme up to 40%, in developing detailed plans with the preferred bidder, prior to returning to Cabinet with details of the unconditional development agreement.
- (7) To delegate decisions on the detailed progression of the scheme to the Strategic Director of Delivery and the Strategic Director of Enabling in consultation with the relevant Cabinet member(s).

That Cabinet notes:

- (1) A further report will be brought to Cabinet in relation to the unconditional development agreement when further details have been resolved and appropriate planning consents obtained;
- (2) That the future development, disposal or otherwise of International House has been removed from the work of the development partner to enable the opportunities to be optimised under the Future Brixton programme. The Office Accommodation Strategy continues to be based on delivering savings through vacating the building.
- (3) That the programme involves a reduction of offices as set out in paragraph 2.4 OAS/YNTH Office Sites
- (4) That certain risks will be retained by the council, particularly until an unconditional development agreement is signed, as set out in section 6.1 Risk management and more fully in Part 2 of this report.

Consultation

Name of consultee	Department or Organisation	Date sent	Date response received	Comments appear in report para:
Internal				
Sue Foster	Strategic Director Delivery	23.10.13	24.10.13	Throughout
Councillor Paul McGlone	Cabinet Member for Finance & Resources	07.10.13	10.10.13	Throughout
Guy Ware	Strategic Director Enabling	23.10.13	24.10.13	Throughout
Mike Pocock	Delivery Director Business Growth & Regeneration	various	various	Throughout
Greg Carson	Governance and Democracy	07.10.13	13.10.13	4.1 to 4.8
Christina Thompson	Director of Finance Business Partnering	23.10.13	24.10.13	Throughout
Nana Amoa-Buahin	Divisional Director HR & Organisational Development	23.10.13		
Kyron Peters-Bean	Head of Resilience	24.09.13/ 02.10.13	21.10.13	7.5
Tim Stephens	Democratic Services	08/10/2013	09/10/2013	Throughout
Anne Corbett	Assistant Director Community Safety	24.09.13	21.10.13	6.3
Daniel Omisore	Major Projects Capital & Taxation	various	various	Throughout
Rachel Willsher	Head of Procurement Delivery	various	various	Throughout
Dan Murray	Programme Manager EE&CP	various	various	Throughout
Ed Garcez	Div Director ICT	23.10.13	23.10.13	-

Report history

Decision type:	Key decision :reason

Key decision First entered in the Forward Plan June 2013		Will amend Community Plan Outcomes Framework Or Budget and Policy Framework Expenditure income or savings in excess of £500,000 <input checked="" type="checkbox"/> Meets community impact test <input checked="" type="checkbox"/>	
Authorised by Cabinet member:	Date report drafted:	Date report sent:	Report deadline
See above	Oct 2013	XX.10.13	14.10.13
Report no.:	Report author and contact for queries:		
/10-11	Thelma Brooker Smith, Programme Manager, Office Accommodation Strategy 020 7926 9965 tbrookersmith@lambeth.gov.uk		

Background documents

- Office Accommodation Strategy: Cabinet Report March 2012
<http://www.lambeth.gov.uk/moderngov/documents/s40672/04a%20Office%20Accommodation%20Strategy%20main%20report.pdf>
- Future Brixton SPD
<http://www.lambeth.gov.uk/moderngov/documents/s57054/05a%20300513%20Brixton%20SPD%20June%20Cabinet%20report.pdf>

Appendices

- Appendix I - OAS/YNTH Procurement Process
- Appendix II - OAS/NYTH Evaluation Criteria
- Appendix III - OAS/YNTH Office Sites
- Appendix IV - OAS/YNTH Coproduction Outputs & Date
- Appendix V - OAS/YNTH Equalities Impact Assessment

Office Accommodation Strategy – Your New Town Hall

1. Context

Background and contextual detail is contained in the March 2012 Cabinet Paper for this project

The original team of external advisers (Lambert Smith Hampton - Property; Eversheds LLP – Legal; Grant Thornton UK LLP – Financial; EC Harris – Technical, Design and Cost) which supported the March 2012 Cabinet report has continued to work alongside the OAS/YNTH internal project team through the public procurement process. The external adviser teams have played a key role in supporting and advising the internal team through the competitive dialogue sessions and have had key input into the procurement documentation, evaluation methodologies, evaluations and moderations.

1.1 OAS/YNTH Project Objectives

The original objectives set out in the March 2012 Cabinet report for the programme have been constantly referenced and reviewed through the progression of the project. These objectives are refined and restated below for additional clarity

Corporate

- To support the transition to ‘new ways of working’.
- To enhance the Council’s image with its staff and the community.
- To support the aspirations of the Cooperative Council.

Financial

- To provide annual revenue savings on council office running costs.
- To provide capital receipts from the disposal of freehold or leasehold assets that enables the project to be self-financing.

Operational

- To improve efficient use of offices following the reduction in staff numbers
- To ensure office accommodation is fit for purpose

Environmental

- To maximise the sustainability agenda throughout the delivery of the project.

The highly symbolic outcome of the Co-operative Council “*giving the Town Hall back to the people*” also remains a key driver and outcome for the project and has been the focus of all the co-production activity around the project to date (see sections 5.1 Community Coproduction and 5.2 Enterprise Space).

2. Proposals and reasons

The March 2012 Cabinet accepted the previous OAS/YNTH report recommendations to procure a development partner through an EU 'competitive tendering' public procurement process. The process followed is detailed below.

2.1 Procurement strategy, approach and process

Following approval in March 2012 the Council published a Prior Information Notice (PIN) via the Official Journal of the European Union (OJEU) on 16 July 2012. This was prior notice to alert the market that the Council intended to advertise the opportunity. This notice began the procurement process and the full detail of this process is contained in **Appendix I** Procurement Process). The table below shows the procurement timetable as achieved to date.

Procurement stage	Date issued	Number issued	Date received	Number received
Pre-Qualifying Questionnaire (PQQ)	03/08/2012	n/a	03/09/2012	12
Bidders Day	13/08/2012	55 attendees		
Invitation to Submit Outline Solutions (ISOS)	03/10/2012	6	16/11/2012	4
Invitation to Submit Detailed Solutions (ISDS)	19/12/2012	3	21/06/2013	3
Invitation to Submit Final Tenders (ISFT)	30/08/2013	3	13/09/2013	3

2.2 OAS/YNTH Requirements

From the outset this project has worked towards delivering fit-for-purpose office accommodation; maximal, sustained revenue savings; and cost neutrality. It will generate inward investment, stimulate the local economy, create jobs and significantly improve connectivity between the community and council. For example, ONE Brixton, a trial enterprise space in the Town Hall, has been developed to enable new

local business get off the ground and the idea came out of this project's very first community coproduction event. This delivers and will continue to deliver on our intention to provide a wide variety of spaces for the whole community to access and use, giving reality to this being Your New Town Hall.

2.2.1 Key requirements

The Council's key requirements for the delivery of the OAS/YNTH project were clearly set out to developers at the ISOS stage and then re-iterated and updated through the ISDS and ISFT stages.

The key financial objectives were:

- Delivery of a cost neutral solution
- Maximisation of on-going revenue cost savings to Lambeth

In order to secure the following:

- Introduction of private sector finance and delivery expertise where required
- Passing of risk to the successful Bidder
- Delivery of new fit for purpose Council accommodation that is cost neutral
- Best consideration for the value of any assets
- Provision of quality residential and business environments
- Contribution to broad objectives of improving the quality of Brixton's built environment as a key element of attractiveness for inward investment
- Provision of added value in terms of support for local jobs, apprenticeships, training and working with local supply chains.

During dialogue developers were encouraged to propose innovative responses to the Council's overall position to enable them to offer the most attractive proposal.

2.3 Evaluation Criteria

At the ISOS stage the prospective developers were advised of the key criteria that would be used in evaluating their proposals and the weighting that would be applied to each element. These criteria were reiterated at each following stage and fine-tuned for the Final Tender stage. The detail of the evaluation criteria is contained in **Appendix II** Evaluation Criteria.

As well as financial, commercial, risk and design/technical quality the evaluation criteria included the response to the cooperative council agenda, with the vision and partnership elements scored by the local community.

2.4 OAS/YNTH Office Sites

As part of the OAS/YNTH the Council will continue to reduce its office sites from fourteen separate and disparate sites across the borough to two main sites in Brixton. The full detail of the included sites, progress to date and expected progress prior to the YNTH development is contained in **Appendix III** OAS/YNTH Office Sites.

2.4.1 Reduction in Office Sites

No	Building names	Building status
1	Town Hall Parade	Vacated in 2012/13. To be redeveloped as council accommodation
2	Wynne Road	Vacated in 2013/14. To be redeveloped as 100% affordable housing
3	Hopton House	Lease to be terminated in Dec 2013
4	205 Stockwell Road	Lease to be terminated in 2013/14
5	Floor 7 Blue Star House	Lease to be terminated in 2013/14
6	Floors 1-5 Blue Star House	Lease to be terminated
7	Town Hall	To be refurbished as council accommodation
8	Ivor House	To be redeveloped as residential & commercial
9	The Press	To be redeveloped as possible council accommodation
10	Hambrook House	To be redeveloped as residential & commercial
11	Olive Morris House	To be redeveloped as residential & commercial
12	International House*	To be vacated
13	Wanless Road	To be redeveloped as residential
14	Phoenix House	To be sold

**Note that International House no longer forms part of the OAS/YNTH development agreement - see specific note in Appendix III.*

2.4.2 Wynne Road

The building was included at the ISOS stage of the OAS/YNTH competitive dialogue stage following the Interim Moves Plan report, where the building was identified as under-utilised. It was vacated in April 2013 and is currently subject of a planning submission for 100% affordable housing and awaiting formal sale to Pocket Living Ltd (a developer specialising in sustainable affordable housing).

2.5 Results of Evaluation

The evaluation is based on a scoring of the proposals from the three developers in response to the Evaluation Criteria (as detailed in **Appendix II**). Each workstream scored and moderated their area individually before an overall final moderation was carried out.

The following points expand on the evaluation of each section and explain the strengths of the bid from Bidder X, which had the best overall score by a significant margin, representing the best value for money to the Council. Part 2 of

this report (confidential and exempt from disclosure) gives further detail and explains the evaluation results for all developers.

2.5.1 Section 1 Cooperative Council

The Cooperative Council workstream focussed on assessing the strength of the bids in terms of the developers' ability to support the Council across vision, innovation, jobs, regeneration and partnership. The elements of vision and partnership were opened up to the community to score and comment on (details contained in **Appendix IV**).

Bidder X bid scored well across all elements and demonstrated a clear strength in its proven abilities and track records in both Innovation and Jobs, with a good understanding of the Regeneration potential of this project. Bidder X also did well in the community scored elements of Vision and Partnership, gaining good scores for clarity of presentation and actioning feedback.

2.5.2 Section 2 Quality and Deliverability

The Quality and Deliverability workstream (comprising both ECHarris and internal evaluators) focussed on assessing the strength of the bids in terms of the developers' ability to provide and deliver Council accommodation and supporting developments.

Bidder X demonstrated a clear strength in its proven abilities and track records in both Sustainability and Project and Quality Management, with a very good understanding and application of One Planet Living and BREEAM excellent standards requirements, more than ably supported by their chosen architectural professionals. The evaluation team were particularly impressed with their programme, which will allow the Council to make the earliest revenue savings.

Bidder X scored well in the design section, with their remodelling and refurbishment of the Town Hall, with their technical response being of an acceptable standard in regard to the level of the design at this stage.

2.5.3 Section 3 Financial Robustness

The Financial Robustness workstream (led by Grant Thornton, with input from all advisers and internal Finance evaluators) focussed on assessing the strength of the bids in terms of the developers' ability to provide the Council with the best financial submission.

Bidder X overall scored favourably from a financial perspective with a good cross-subsidy from the surplus sites.

2.5.4 Section 4 Commercial

The Commercial workstream (led by Eversheds, with input from all advisers and internal procurement and legal evaluators) focussed on assessing the strength of

the bids in terms of the developers' ability to provide the Council with the most acceptable Development Agreement with the least risk.

3. Finance Comments

This report analyses how the project allows the Council to realise substantial savings in the overall annual revenue expenditure on the core office building portfolio and release capital funds to support the council's development programme.

The accompanying Part 2 exempt from disclosure report contains the detailed analysis of the Final Tender.

Assessment of the financial implications of the three proposals underpin the detailed evaluation assessments set out in Part 2. In summary the proposals from the recommended preferred developer are expected to deliver the Council's core financial objectives of achieving revenue budget savings of at least £4.5m p.a. through a scheme that is capital cost neutral and self financing, as the refurbishment of the Town Hall and construction of new Council offices are funded from the value realised from the release of surplus sites.

In anticipation of the new office accommodation, the Council is already freeing up and vacating properties within the scheme wherever possible. As a result, we expect to achieve savings of £1.2m p.a. by the end of this financial year. Under the proposals of the preferred developer, the full savings would be achieved by 2018/19. This is earlier than the other bidders, but is later than the Council had originally planned. The implications for the Council's overall financial position of the early realisation of partial savings, and delayed realisation of full savings, are incorporated in the revised medium-term financial position set out in the November Finance Review elsewhere on this Cabinet agenda.

4. Comments from Director of Governance and Democracy

In March 2012 Cabinet approved the delivery of the Office Accommodation Strategy, by utilising a developer approach.

The Council has complied with the provisions of the Public Contracts Regulations 2006 and has conducted the tender under the competitive dialogue procedure and has reached the final stages and now need to appoint the bidder providing the most economically advantageous offer to the Council as the preferred bidder. In selecting the most economically advantageous offer the Council must use criteria linked to the subject matter of the contract including quality, price,

technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, and period of completion.

Once the contract has been awarded, a contract award notice will need to be published and the successful and unsuccessful bidders must be notified. The Council must allow at least a 10 day standstill period between the issue of the contract award notice and the date on which the Council proposes to enter into the contract.

The Council is obliged by the provisions of the Local Government Act 1988 to provide a written explanation to any person who has been excluded from a list of persons entitled to tender for work to the Council or has not been awarded work for which they tendered within 15 days of a written request so to do.

Section 3 of the Public Services (Social Value) Act 2012 requires the council before entering into the contract to consider to the extent it is proportionate in the circumstances—

- (a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- (b) How, in conducting the process of procurement, it might act with a view to securing that improvement.

Section 3 of the Local Authorities (Land) Act 1963, enables the Council to carry out development it believes is in the interests of the area in respect of the surplus properties. Section 2(1) provides that a local authority may, for the benefit or improvement of their area, to erect any building and construct or carry out works on land.

The Council would also need to ensure that any arrangement it makes to dispose of land or to appoint a contractor is compliant with State Aid rules. For the purposes of State Aid the EC have issued specific guidance in terms of valuation of land sold by public bodies with a presumption of aid if the consideration paid is not at, or above the market price as established by either of the two procedures set out in the Sale of Land Guidelines to prevent the existence of state aid. The first procedure a sale of land or buildings by a public authority is preceded by an open and unconditional bidding procedure. The second procedure is that if no unconditional sales procedure is instigated, an independent evaluation should be carried out by one or more licensed surveyors prior to the negotiations to establish the proper market value.

Members need to ensure that they act reasonably in making any decision. This would require them to take account of all relevant considerations, disregard irrelevant matters, observe procedural requirements, not act in bad faith, act for

proper purposes and not make a decision that is so unreasonable that no reasonable local authority would make it. Members' obligations in this respect would include complying with their fiduciary duty to its Council Tax payers and other funders.

5. Results of consultation

The OAS/NYTH project has consulted throughout the procurement process with its lead Cabinet Member (Councillor Paul McGlone, Cabinet Member for Finance and Resources).

The OAS/YNTH project has consulted with Councillor Jackie Meldrum (Deputy Leader & Cabinet Member for Employment & Enterprise) on the Enterprise Space, including site visits and research into similar spaces and schemes.

All the Cabinet Members with relevant portfolios, being Cllr McGlone, Cllr Meldrum, Cllr Pete Robbins (Regeneration, Planning and Strategic Transport), Cllr Imogen Walker (Sustainability) and the Council Leader, have been party to developer presentations at both ISDS (Trial Tender) and Final Tender. Cabinet Member comments from the ISDS presentation was fed back to developers for amendments to final tenders and comments from the Final Tender presentations have supported evaluations.

5.1 Community Coproduction

The OAS/YNTH project has held four community coproduction events to date. These have included an ideas and ambitions for YNTH workshop, the coproduction of a community brief for developers (issued as part of the ISDS), a community workshop to review trial tenders and a community event and online survey of the final tenders. Full details of these events and outputs are attached in **Appendix III** OAS/NYTH Coproduction.

The OAS/YNTH project will establish a community focused workstream to work closely with the preferred developer from appointment. This group would work in tandem with the Enterprise Space focussed work stream.

It should be noted that there is a separate ICT/FM project underway to make Council meeting spaces more accessible by community groups and other potential users. The 'Bookings System' project is currently with Capita Project Management, the first phase being scheduled to go live for the Registrars Service in December 2013.

5.2 Enterprise Space

The output from the project's first community coproduction event indicated that there was a clear need for office space to support and nurture small start-up businesses in Lambeth. This was supported by a commissioned feasibility study and has resulted in a trialling of space available for enterprise in the Town Hall. This space – ONE Brixton - will inform the design and provision of enterprise space in the Your New Town Hall development.

The OAS/YNTH project will establish an enterprise focussed workstream to work closely with the preferred developer from appointment. This group would work in tandem with the Community focussed workstream.

6. Organisational implications

6.1 Risk management

The OAS/YNTH project maintains a full risk register of project-specific risks as a live document. The main project-specific threat sample below is also the main project-specific opportunity.

Threat	Change in the housing market	High impact/medium probability	Value of LBL properties decreases and the programme is no longer commercially viable
Opportunity	Change in the housing market	High impact/high probability	Value of LBL properties increases and the project has additional resource

The preferred developer specific risks are outlined in section 2.5.4.1 of this report and the Part 2 paper.

6.2 Equalities impact assessment:

An Equalities Impact Assessment has been undertaken for the OAS/YNTH project and is attached in **Appendix V** OAS/YNTH Equalities Impact Assessment.

6.3 Community safety implications:

Section 17 of the Crime and Disorder Act 1998: The Act imposes a general duty on local authorities as follows: "Without prejudice to any other obligations imposed upon it, it shall be the duty of each authority to exercise its various functions with due regard to the likely effect of the exercise of those functions, on and the need to do all it reasonably can to prevent crime, disorder and substance misuse in its area". Compliance with the requirements of s17 may therefore include a two fold consideration i.e. having due regard to the likely effect of a decision on crime and disorder and doing all it "reasonably" can to prevent crime and disorder. Successive surveys have shown that the level of crime in the Borough is the number one concern of residents. It is essential therefore that opportunities for crime and anti social behaviour are prevented through the adoption of secured by design principals and that the public realm environment promotes safety and security and deters criminal and anti-social behaviour opportunities. The Scheme content will therefore be appraised for any crime and disorder implications and any mitigating actions necessary and reasonable employed to ensure we secure beneficial consequences for crime and disorder in the borough

6.4 Environmental implications:

Supporting the environment through maximising the sustainability agenda throughout the delivery of the project is an OAS/YNTH objective and is a fundamental element in the evaluation. The OAS/YNTH brief to developers

contained key response requirements for achievement of One Planet Living and BREEAM Excellent standards within the development.

Appropriate commentary is captured in **2.5 Results of Evaluation**.

6.5 Staffing and accommodation implications:

By its nature, this project rationalises Lambeth's accommodation provision as made necessary by reduced and reducing staffing levels, as dictated by a 50% reduction in revenue funding from government.

7.6 Flexible Working

The OAS/YNTH project continues to promote and implement a flexible working ratio of 10 staff to 7 desk position (10:7) as part of any office moves. It also is actively promoting the trialling of reduced ratios to define the optimum flexible working model for the Council to implement in the new development.

More detailed analysis of similar schemes during the bid stage has led to conclusion that a 10:6 average ratio will be appropriate for the council offices and recommendation 5 seeks to make this the standard..

6.7 Any other implications:

The requirements of all frontline services impacted by the Council's move to reduction locations will be captured during the next detailed design stage, with the impacted service being required to coproduce its new space with the OAS/YNTH project team.

7. Timetable for implementation

7.1 Indicative timetable

Stage	Date
Council Approval	November 2013 (Cabinet)
Standstill	November 2013
OAS/YNTH Team – Fine tuning	November/December 2013
Conditional Development Agreement signed	January 2014
Detailed design (inc coproduction)	January – June 2014
Planning Submission	June 2014
Planning period (inc consultation)	June 2014 – April 2015
Unconditional Development Agreement	April 2015
Commence on site	May 2015
Complete on site	Summer 2017
Office Accommodation complete move in	Late 2017

Appendix I

Procurement Process

1. Pre-Qualifying Questionnaire.

The formal notification of the opportunity was the publication of the Pre-Qualifying Questionnaire (PQQ) on 3 August 2012.

The PQQ documentation required that respondees submitted their details, including company experience of similar development opportunities and local government projects, company structure and company accounts.

The Council hosted a 'Bidders Day' on 13 August 2012 which attracted 55 attendees.

Twelve completed PQQ responses being received by the deadline (3rd September 2012).

The PQQ responses were fully evaluated by both the adviser and internal teams. The OAS/YNTH Board approved the PQQ evaluation report recommendation that a short-list of six developers be progressed to the next procurement stage on 28th September 2012.

2. Invitation to Submit Outline Solutions

The short-list of six developers were invited to progress to the next stage of competitive dialogue –the Invitation to Submit Outline Solutions (ISDS) on 3rd October 2012.

The ISOS documentation required that developers submitted outline responses to all sections. This included how they proposed to support the Council objectives in the following sections:

Section 1 How they proposed to support the Cooperative Council.

Section 2 How they would support the Council's employers requirements with outline building design proposals (including feasibility massing).

Section 3 How they would support the Council's cost neutral ambition.

Section 4. How they would address the Council's heads of terms (a summary of key terms, notably the development obligations, treatment of the surplus sites, key financial terms and areas for more detailed discussion).

All developers attended pre-scheduled rounds of dialogue meetings with some opting to take up the Council offer of additional meetings.

Four full submissions were received by the deadline – 16th November 2012. The two developers who declined to submit a response were given the opportunity for a two-way feedback meeting.

The ISOS responses were fully evaluated by both the adviser and internal teams. A series of clarifications were issued to the developers and their

responses were used in the evaluation process. The OAS/YNTH Board approved the ISOS evaluation report recommendation that a short-list of three developers be progressed to the next procurement stage on the 14th December 2012.

3. Invitation to Submit Detailed Solutions (Trial Tender)

The short-list of three developers were invited to progress to the next stage of competitive dialogue – Invitation to Submit Detailed Solutions (ISDS) on 19 December 2012. The ISDS competitive Dialogue commenced on 3 January 2013..

An average of fourteen Section 2 Quality & Deliverability (Design focus), seven Section 3 Financial Robustness (Financial and Commercial focus), and five Section 4 Commercial (Legal focus) meetings; were held with the three developers. The OAS/YNTH dialogue team, OAS/YNTH Board members and Cabinet Members undertook site visits with developers.

The three developers' full ISDS (Trial Tender) submissions were received on 21 June 2013.

The ISDS (Trial Tender) responses were assessed by both the adviser and internal teams. A series of clarifications were issued, indicating to developers possible amendments or improvements to their bids and their responses were used in the assessment process

The Strategic Director – Delivery approved the ISDS Trial Tender assessment report recommendation on 30 August 2013.that the Council was in a position to formally close dialogue as one developer had at least one Development Agreement capable of being accepted The report recommended issuing the invitation to submit final tenders to all three developers, as anticipated in the procurement programme, as it was expected that the other two bidders would submit acceptable bids.

4. Invitation to Submit Final Tenders

The invitation to Submit Final Tenders (ISFT) documentation required that developers submit their Final Tenders on 13 September 2013.

The ISFT documentation required that developers submitted their final responses to all sections. This included the detail of their final position on the Cooperative Council objectives (including number of jobs created) in **Section 1**, their final building design proposals in **Section 2**, their completed detailed financial model in **Section 3** and their completed and acceptable development agreement in **Section 4**.

The three developers' undertook a detailed submission presentation to Cabinet members OAS/YNTH board members, internal and external evaluators on 26th September 2013.

A final meeting was held with all three developers on 4th October 2013 to enable both the Council and the developers to fully understand and explain any remaining areas of clarification.

A series of sectional evaluator and moderation meetings were held between 16th September through to 15th October; with the final moderation meeting on 18th October.

Appendix II

Evaluation Criteria

1. Evaluation Criteria table

Overall Criteria	Criteria	Weighting %	Sub-Criteria	ISFT weighting %
Quality: 45%	Co-operative Council	10	Vision	1
			Innovation	3
			Jobs	2*
			Regeneration	2
			Partnership	2*
	Quality Deliverability &	35	Design	15*
			Technical	10*
			Sustainability	5*
			Project & quality management	5*
Value: 55%	Financial Robustness	45	Financial Deliverability	10*
			Financial viability & credibility	10*
			Financial offer & value	25*
	Commercial	10	Approach to legal position	Pass/fail
			Risk allocation and mitigation	10*
Totals		100		100

(* a minimum threshold of 40% of the available score applied)

2. Section 1 Cooperative Council

This section scored developers on their proposals and ability to support the Co-operative Council through:-

- Vision – how the developers understood and interpreted the Cooperative Council ethos.
- Innovation – how the developers intended to bring creative and ground-breaking ideas to the project.
- Regeneration - how the developers' schemes would interpret and support the Future Brixton SPD
- Jobs – how the developers intended to create and bring viable jobs, apprenticeships and business opportunities with the project to Brixton
- Partnership – how the developer would engage with the council to co-produce their scheme both internally and externally in support of the Cooperative Council.

3. Section 2 Quality & Deliverability

This section scored developers on their proposals to provide Council accommodation and supporting developments through:-

- Design – how the developers intended to use the available sites to deliver appropriately functional, civic, flexible, accessible and flexible office accommodation and supporting developments.
- Technical – how developers intended to provide mechanical, electrical and ICT elements with the office accommodation
- Sustainability - how the developers intended to support the Council's One Planet Living (OPL) and Building Research Establishment Environmental Assessment Method (BREEAM) requirements.
- Project and Quality Management - how the developers intended to ensure that the project would be delivered with quality, support local businesses, on programme and with proper regard to H&S and risk.

4. Section 3 Financial Robustness

This section scored developers on their financial proposals through:-

- Financial deliverability – how developers intended to deliver the project financially, indicating their funding strategy, their guarantees & support and taxation position.
- Financial viability & credibility – how developers had valued the development opportunity and how the council would benefit from any surplus and overage
- Financial offer & value – how developers presented a financial model to deliver a minimal cost solution with minimal financial risk.

5. Section 4 Commercial

This section scored developers on their commercial proposals through:

- Approach to legal position – how developers responded to the council's required legal position with an acceptable development agreement.
- Risk allocation & mitigation – how the council rated the risk associated with the developer's proposed development agreement.

APPENDIX III

OAS/YNTH Office Sites

1. OAS/YNTH Office Sites (works to date)

As part of the OAS/YNTH the Council will reduce its office sites from fourteen separate and disparate sites across the borough to two main sites in Brixton. It should be noted that three sites Acre House, 2 Herne Hill Road and 390-394 Brixton Hill were released by the Council in 2011/12. The OAS/YNTH project team has continued and will continue to work to vacate offices where appropriate to facilitate the earliest revenue savings which will be disclosed in the Budget report.

2 OAS/YNTH Office Sites (expected works)

Hopton House will be vacated by 31 December 2013. It is planned that both 205 Stockwell Rd and 7th Blue Star House will be vacated by Spring 2014. Moving forward the OAS/YNTH will support clustering, headcount reductions and flexible working models with a view to vacating other offices as appropriate.

3 OAS/NYTH Office Sites

The Council office sites (and their expected future status) originally included within the scope of the OAS/YNTH project are detailed in the March 2012 Cabinet report. Where the expected status on a specific site has changed this is detailed below.

4 Ivor House

It was confirmed at ISDS submissions that Ivor House released better value for money as a surplus site with the office capacity being more suitably accommodated in a new building. It is expected that Ivor House will be vacated and transfer to the preferred developer as a surplus site.

5 Hambrook House

The outcome of further analysis showed that the potential dilapidation costs (at lease end 2016) and the possibility of site 'marriage' value with 24 Porden Rd outweighed the cost of a buyout of the lease creating additional development value for the project. A purchase option agreement with the landlord will now allow the building to be vacated and transferred to the preferred developer as a surplus site.

6 Olive Morris House (OMH)

Competitive dialogue discussions developers raised concerns over the viability of economically refurbishing this leasehold office to a suitable standard, and indicated that the most cost-effective solution was likely to be to develop it as a surplus site and concentrate the council accommodation around the Town Hall. This revised position gives the OAS/YNTH project the benefit of increased revenue savings and achieves the Cooperative Council's

corporate and operational objectives to co-locate. The OAS/YNTH project is currently in negotiation with the landlord to purchase the lease and it is expected that OMH will be vacated and transfer to the preferred developer as a surplus site.

7 International House

Assessments of the three developer submissions at ISDS (trial tender) highlighted varying values being attributed to the vacated site as a development opportunity. It was also felt that the best value was more likely to be obtained if it was developed with other regeneration proposals for Brixton. This caused serious concern that the Council would not be receiving best consideration or value for money by transferring the site to a developer as a surplus site. It was therefore agreed that this site would be removed from the OAS/YNTH surplus sites and transferred to the Future Brixton project at the point of the building decant. It is expected that International House will achieve both a better capital return and support the Council's overall objectives for central Brixton by being included in the Future Brixton redevelopment plans. The OAS/YNTH will still retain responsibility for provisioning space for and the decant of the building's occupants and also retain the capture of revenue savings.

8 Wanless Road

The site (comprising offices, dog pound, stores and leased-out office space) is categorised as a depot. The March 2012 Cabinet report assumed this site was to be retained. The Interim Moves Plan report highlighted the under-utilisation of the office space. This site is currently part of a feasibility study of all depots to review possible consolidation into Shakespeare Rd site. It is expected that Wanless Rd will be able to be vacated and will transfer to the preferred developer as a surplus site.

9 Wynne Road

The building was included at the ISOS stage of the OAS/YNTH competitive dialogue stage following the Interim Moves Plan report, where the building was identified as under-utilised. It was vacated in April 2014 and is currently subject of a planning submission for 100% affordable housing and awaiting formal sale to Pocket Living Ltd.

10 Phoenix House

The Council's position on this site remains that it retains control over the timing and manner of its disposal. The OAS/YNTH project has progressed a soft market test on potential interest from selected, special interest parties which has had an active and positive response (in regard to timing and value) and the March 2012 Cabinet report valuation has been improved.

Appendix IV

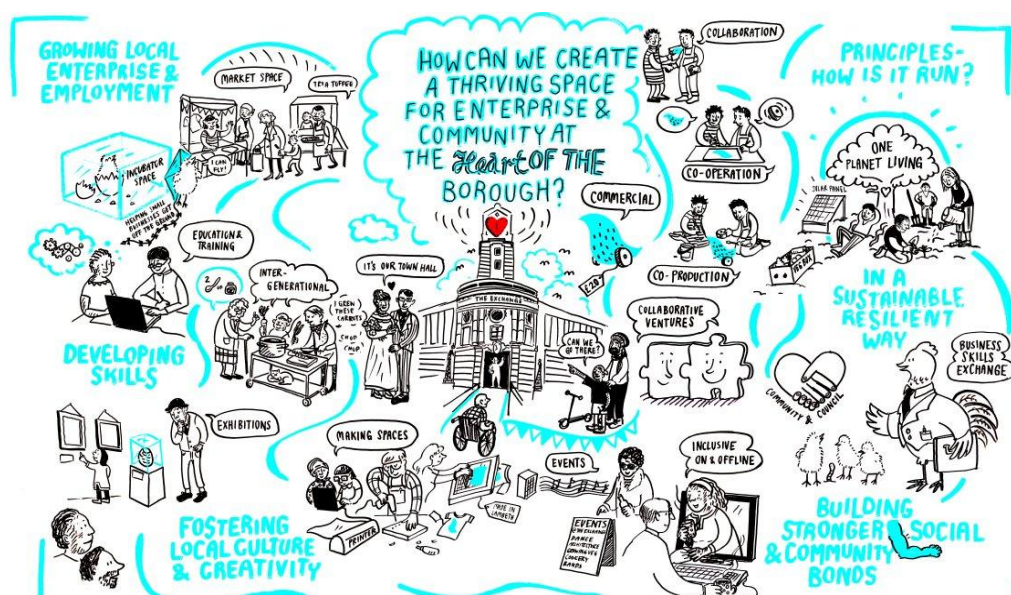
OAS/YNTH Coproduction

1. Coproduction Event 1

The first OAS/YNTH coproduction community event was held in the Town Hall in December 2012 with over forty local people and businesses defining ideas and ambitions for Your New Town Hall. The parameters were that it had to be commercially self-sustaining, positively co-exist locally, co-produced with the community, and ultimately economically viable..

2. Coproduction Event 2

The second event in December 2012 took the output from the first event and with the help of community groups, residents and local businesses formed it into a community brief for the project and was issued as such to the three developers in January 2013.



The coproduction event output formed the community brief for the project and was issued as such to the 3 developers in January 2013.

3. Coproduction Event 3

In July 2013 a third small closed (due to commercial confidentiality) project coproduction event was held to review submission of trial tenders for an invited group of 13 community members. The attendees were encouraged to complete feedback forms both on the developers' proposals and engagement. The output from this event is contained in **Appendix IVa**.

4. Coproduction Event 4

A fourth public event was held on 1st October 2013 in the Ritzy Cinema. Over 30 people attended and each developer presented their final proposals and the community was invited to comment, ask questions and complete feedback forms. These forms encouraged attendees to score the developers proposals for inclusion in the final tender evaluations. The output from this event is contained in **Appendix IVa**.

5. Coproduction Online Survey

This event was backed up by the publication of the developers' presentations and snap survey online (through the Future Brixton website) from 30 September -17 October 2013. The website received 3,401 (average 189 per day) visits during the period 30 September to 17 October and 128 online surveys were completed. The event and presentations had the most discussion activity recorded on the Future Brixton blog. The output from this event is contained in **Appendix IVa** (as collated with Coproduction Event 4).

Appendix IVa

OAS/YNTH Coproduction report

OAS – Your New Town Hall

Co-Production and Survey Results

OAS – Your New Town Hall -Co-production & Survey Results

Introduction

This is the coproduction report for the Office Accommodation Strategy/Your New Town Hall project.

This project will deliver new homes, new jobs as well as new, fit for purpose offices. The project will see Lambeth's existing office infrastructure reduce from 14 to just 2 sites and in doing so will save at least £4.5million per year.

To date the project has endeavoured to co-produce the community and enterprise brief to the developers, the assessment of the trial tender submissions and the evaluation of the final tenders within the parameters of the commercially confidential competitive dialogue process.

The project expects to more fully engage in coproduction from the appointment of the preferred developer to work up the detailed designs of both the Your New Town Hall and surplus sites for planning submission prior to the statutory consultation process.

December 2012 EVENTS



In December 2012 **two** events were held which invited firstly local businesses, community groups and interested parties to work up a design brief that could then be presented to a wider audience.

This following extract is taken from the internal briefing for staff who were supporting the event:

1. Purpose of Making Day - 6 December 9am: 5.30pm - The Electric Social, 40 Acre Lane

This is a closed event. The focus of the day will be on bringing to life a series of ideas and opportunities rooted in tangible local needs, and looking at how the Town Hall space can be opened up for use to support enterprises and the community. The 'makers' in the room will be space planners, architects, marketing and communications people etc and they will busy themselves turning the many ideas and needs identified by our business and wider community into a visual and creative brief for developers in the final round of procurement (January - June 2012).

2. Purpose of the Drop-in Event: 7 December 5pm - 7.30pm - Room 8, Town Hall

This purpose of this day is to share the ideas 'made' on the 6th with our residents and to enable them to test, feedback and provide more ideas. There is a strong focus on opening up the space for enterprise, as future use must be self-sustaining. This is the first opportunity to discuss their ideas, and **we are not making any firm commitments**. We will be (and have been) clear about:

Parameters that operate for the development ie:

- We're in OJEU procurement that must deliver £4.5m savings pa from 2014
- The development must be delivered at zero capital cost to the council
- English Heritage listings apply to the Town Hall
- The final decision on what the site will provide will be made by the Cabinet.
- Criteria for usage of space is that they must be commercially self sustaining, that this development must not pose a threat to existing business in the area

3. Outcomes

The Town Hall cannot and should not provide for every need, and there is a focus on enterprise. However, in the spirit of co-production, this is an inclusive event. While we have businesses attending, we also have community groups who have an interest in how accessible the building is, for example. The outcomes of the next day will ensure we have:

- An exciting visual and creative co-produced brief for developers to support the final stage of the OJEU selection process for the developer (January - June 2013)
- An on-line solution to continue to gather ideas and test and prove demand
- To use this brief to start a process to ensure that needs are identified, **proven and prioritised** widely with the business and the community, and to establish mechanisms developed to enable community oversight and contribution to the decision-making process, while understanding that the decision rests with Cabinet.
- An opportunity to look at the needs described by our community, and to examine where else they can be provided if **demand is proven and commercial realities allow**. Indeed, this is an opportunity to point people to existing provision.

4. Next Steps from January 2013

We will be supplying the community brief to developers and will be back in touch later in the New Year with suggestions for how we take forward together a process to prove the feasibility of and prioritise ideas with developers.

July 27th open day

The open day was held on a Saturday because it was perceived that more people would be able to attend on the weekend although there was vocal feedback from several interested parties who were busy.

The people who attended were primarily neighbours and residents associations although there were also community and faith groups represented. The group was diverse and very able to express opinions.

A group of 13 individuals attended the workshop..

The overall range of scores were as follows – this is from the very detailed feedback that was provided.

Scores	A	average	max possible	B		max possible	C		max possible
Feedback1	41	6.83	60.00	17	2.83	60.00	5	0.83	60.00
Feedback2	45	7.50	60.00	33	5.50	60.00	31	5.17	60.00
Feedback3	38	6.33	60.00	0	0.00	60.00	0	0.00	60.00
Feedback4	48	8.00	60.00	23	3.83	60.00	11	1.83	60.00
TOTALS	172	7.17	240.00	73	3.04	240.00	47	1.96	240.00
			72%			30%			20%

Although there were not many feedback forms returned it was understood that some responses captured a wider number of responses in a moderated form. It is accepted that the results did not potentially give a fully diverse view of the presentations.

The developers were encouraged to take on board any feedback received during the event and action as they decided appropriate for their submission.

October 1st Open Day at the Ritzy:

The open day at the Ritzy was held on the 1st of October and was attended by at least thirty (signed in) people from the community.

At the same time we launched an online survey which displayed the presentations that the bidders had used at the Ritzy.

The online survey asked the following questions and allowed respondents to make additional comments:

The bidders were asked to provide a sustainable and viable Town Hall for the community. Do you think their response to this was....?

The bidders were asked to improve the built environment for Lambeth Council customers, visitors, staff and the community. Do you think their response to this was.....?

The bidders were asked to ensure that their proposals have a positive impact on the town centre. Do you think their response to this was?

The bidders were asked to ensure that their proposals were clearly understandable and well presented. How clear do you think their proposals were?

The responses from the community survey were fed into the evaluation scoring criteria for Vision (Q1, Q2 & Q3) and for Partnership (Q4).

Community evaluation scores and comments will be made available on request.