

# Birmingham City Council

## Report to Cabinet

13 October 2020



**Subject:** Council House Complex - Electrical Upgrade and Refurbishment Works

**Report of:** Director for Digital & Customer Services

**Relevant Cabinet Member:** The Leader of the Council, Councillor Ian Ward  
Councillor Tristian Chatfield, Cabinet Member for Finance and Resources

**Relevant O &S Chair(s):** Councillor Sir Albert Bore (Resources)

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name of ward: Ladywood		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007677/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

### 1 Executive Summary

- 1.1 To seek approval to the Outline Business Case (Appendix 1) to progress the electrical upgrade of the Council House Complex (Council House and Extension) to comply with Health and Safety requirements specifically the 18<sup>th</sup> Edition IEE Wiring Regulations (BS7671), to also incorporate a decorative refurbishment to primary civic spaces that are used for ceremonies, receptions and private events.

- 1.2 To note the preferred option in this report to upgrade the electrical infrastructure, excludes any works to the mechanical infrastructure e.g. the heating, ventilation, drainage and plumbing systems within the complex.
- 1.3 To seek approval to the procurement strategy and to proceed to develop a Full Business Case

## **2 Recommendations**

- 2.1 Approves the Outline Business Case (Appendix 1) for the proposal to upgrade the electrical installation of the Council House Complex at an estimated capital cost of £25.825m, to be funded through corporate capital resources (£25.150m) and revenue policy contingency (£0.675m).
- 2.2 Notes that the development expenditure of £0.675m is funded from the policy contingency allocation of £2.000m approved by the report to Cabinet dated 11th December 2018 "Council House Complex Works Phase 3a".
- 2.3 Approves the strategy and commencement of the procurement activities by Acivico Ltd for the electrical installations using Constructing West Midlands 2 (CWM2) Framework Agreement, noting that the award of the contract will be reported in the Full Business Case to be presented to Cabinet in May 2021. In the event that the award of CWM2 cannot be completed within the anticipated timescale, delegates authority for the alternative procurement strategy to be commenced using the OJEU restricted procedure
- 2.4 Authorises the Acting Director Inclusive Growth to instruct Acivico Ltd to progress the proposal to the end of RIBA Plan of Work Stage 4 to support a Full Business Case at a cost not to exceed £0.600m.
- 2.5 Authorises the City Solicitor (or delegate) to negotiate, execute and complete all necessary legal documentation to give effect to the above recommendations.

## **3 Background**

- 3.1 In December 2018 Cabinet took the decision to pause a comprehensive refurbishment of the Council House complex until after 2022 and instigated a testing and monitoring regime with a budget of £2.000m from Policy Contingency set aside to cover any essential works.
- 3.2 An interim electrical test was carried out in January 2019. This re-tested the areas that had been highlighted as the highest risk for deterioration within a full electrical test carried out in 2016. At this point any circuits falling below the required insulation values were repaired or locally re-wired as a temporary measure. Continued monitoring has been undertaken by Acivico and their contractors to advise on the ongoing condition of the system.

### Current Position

- 3.3 From ongoing monitoring of the electrical systems, it has become clear that the installation is at the point where it is not possible to continue maintaining it whilst keeping the associated risks within reasonable parameters.
- 3.4 Property Services took a paper to Capital Board in April 2020 which resulted in a decision to bring forward the replacement of electrical installations on health and safety grounds and develop an Outline Business Case (OBC). There is a rationale for including certain other ageing installations that are either linked to or share distribution routes with the electrical circuits e.g. fire alarms. As such, a programme of work has been identified to upgrade the electrical and linked alarm installations, which is detailed below.
- 3.5 The work to be undertaken includes
- New incoming electrical supply to rationalise the current multiple incoming services. Multiple supplies serving the same building are no longer permitted.
  - New substations within the Council House and Council House Extension.
  - New mains distribution for the Council House and Council House Extension.
  - New submain distribution cabling.
  - New local power and lighting distribution boards.
  - New local circuit wiring.
  - New light fitting installation throughout (except in key heritage areas where the current luminaires will be refurbished with LED fittings and retained).
  - New lighting controls throughout all areas to ensure energy efficiency and savings.
  - New power outlets and terminals accessories where required which will be generally replaced on a like for like basis in terms of quantities unless there is obvious under provision.
  - New fire alarm system throughout all areas to provide L1 coverage, gallery areas where there is already aspirated detection will be retained and interfaced with the new installation.
  - Installation of new intruder alarm and access control
  - New external lighting to courtyard.
- 3.5.1 This programme of works represents essential futureproofing works for the Council House complex and are necessary to ensure the continued safety for all those who work or visit these historic buildings, together with the valuable and important artefacts stored and displayed within them. As well as being Birmingham's centre of democracy, the complex also serves as a venue for many civic and private events and represents an important part of Birmingham's heritage and cultural offer.

- 3.5.2 In addition, the opportunity will be taken to refurbish those areas such as the Banqueting Suite, used to host a range of civic and private functions (the latter of which generate income for the Council) such as those that will be linked to the Commonwealth Games in 2022. This is expected to comprise mainly redecoration, re-carpeting and furnishings.
- 3.5.3 Although, this OBC only considers the electrical work to the Council House complex, the future role and purpose of the complex will be re-visited as part of the Council's new delivery plan for 2020-22. This review will bring together residents, businesses and other stakeholders to understand the role and purpose the Council House Complex plays in the civic life of the City, as well as its role as an administrative centre for the City Council.
- 3.5.4 The 2018 Cabinet report considered whether a part disposal of Margaret Street offices could be realised. This proposition will be re-visited again prior to submission of the Final Business Case (FBC).

Birmingham Museums Trust (BMT) – Impact on Birmingham Museum and Art Gallery (BMAG)

- 3.6 A phasing plan has been discussed and agreed in principle with BMT that would see the Council House building re-wired as a first phase followed by the Extension. This will allow BMAG areas within the Council House (1885 wing) to be completed along with the Council's primary civic spaces by March 2022 in time for the start of the CWG cultural programme.
- 3.7 The impact upon BMT of this phasing strategy will mean that both the Council House and Council House Extension areas need to be decanted incurring costs which have been factored into the OBC. It will also mean a loss of revenues from the Edwardian Tea Room and hosting of events in the 1885 wing while the Phase 1 works are carried out and discussions are ongoing with BMT regarding this aspect; this will be quantified in the FBC.
- 3.8 It will be necessary for areas to be vacated on a phased basis and for museum items on display to be either moved temporarily or protected during the works. BMT have confirmed that a decant strategy can be developed within the confines of the complex for the first phase without the need to take personnel and the collection off site and an allowance is included within the OBC. The second phase requires further assessment and may require off site storage and accommodation for both display and potentially archived items; this will be quantified in the FBC once the project is fully developed.
- 3.9 The high-level programme is based upon the following milestones:

Outline Business Case approval	October 2020
Appoint contractor under new CWM framework (Stage 1 pre-construction services agreement)	December 2020
Listed Building consent	February 2021
Contractor's proposals and contract price	April 2021
Full Business Case approval	May 2021
Contract award (Stage 2 – NEC Option A contract)	June 2021
Commence Phase 1 works (Council House building)	June 2021
Complete Phase 1a works (Civic spaces & BMAG '1885')	March 2022
Complete Phase 1b works (Remainder Council House building)	August 2022
Commence Phase 2 works (Council House Extension)	September 2022
Complete Phase 2 works (Council House Extension)	December 2023
Date of post implementation review	TBC

#### 4 Options Considered and Recommended Proposal

- 4.1 An options appraisal is included within Appendix 1; however, in summary the options are:
- 4.2 **Option 1 - Do Nothing (Business as Usual):** This is not a feasible option as the existing electrical infrastructure is outdated, unreliable and a health and safety issue. Further failings could lead to the closure of the Council House Complex.
- 4.3 **Option 2 - Reduced Cost Option:** This would omit associated installations e.g. fire alarms and would not address replacing the electrical infrastructure throughout the Council House Complex. This option would be a false economy as it is not possible to guarantee the life expectancy of the existing infrastructure that would remain, and all the risks associated with retaining it. This could result in a further phase of work and disruption to the operations of the building
- 4.4 **Option 3 - Comprehensive Refurbishment:** This would bring some economies in implementation but the timing of securing external funding to address the museum is incompatible with the urgent need to address health and safety issues and the future use and occupation of the Council House Complex is under review so this could prove to be an unnecessary expense.
- 4.5 **Option 4 - Replacement of Electrical Installations and Associated Works:** This is the preferred option. This provides a fit for purpose, affordable solution and addresses the health and safety risk of the current electrical infrastructure.

#### 5 Consultation

- 5.1 The Ward Councillors are to be consulted and the details of this process are shown in Appendix 3.

- 5.2 BMT are actively being consulted throughout the development of the proposal and being kept informed of the programme and the impact on their service delivery.
- 5.3 Historic England and other statutory consultees will be consulted through planning process.

## **6 Risk Management**

- 6.1 A risk register has been appended to the Outline Business Case in Appendix 1
- 6.2 The key risks are;
  - 6.2.1 Failure to achieve listed building consent for the works which will be mitigated through appointment of a qualified and experienced conservation architect and consultation with the Conservation Planning Officer and Historic England as a statutory consultee.
  - 6.2.2 Failure to complete the new Construction West Midlands framework scheduled for late October 2020. Should this occur the intention is to instead undertake a tender process using the OJEU restricted procedure.
  - 6.2.3 Programme slippage impacting upon hosting of civic ceremonies, receptions and private events will be mitigated by phasing the works in such a way as to deliver up priority areas by March 2022 and building in suitable float within the delivery programme
  - 6.2.4 Cost overruns which will be mitigated through the procurement strategy and choice of building contract to maximise cost certainty for the Council
  - 6.2.5 Covid is assessed as having minimal impact on the project over the next six months as activity is essentially design, tendering and site inspection. By the FBC stage there will be a clearer view on what residual risks may still be attached to Covid. These same applies to any risks related to Brexit.

## **7 Compliance Issues:**

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**
  - 7.1.1 The proposal supports the Birmingham City Council Plan 2018-2022 (updated 2019) specifically supporting the 5 key strategic outcomes of Birmingham as an entrepreneurial city to, learn, work and invest in; as an aspirational city to grow up in; a fulfilling city to age well in; as a great city to live in and residents gaining the maximum benefit from hosting the Commonwealth Games. The proposed new fittings will be far more energy efficient than the existing provision and reduce carbon omissions.
  - 7.1.2 It also supports the Property Strategy 2018/19 – 2023/24 by proposing works to improve and protect a Grade II\* listed asset supporting the provision of an operationally efficient and fit for purpose property portfolio.

7.1.3 Birmingham Business Charter for Social Responsibility – The BBC4SR is a mandatory requirement that will form part of the conditions of the construction contract with the successful contractor appointed via the CWM2 framework agreement. The contractor will submit an action plan that will be actioned and monitored during the contract period; this will be reported in the Full Business Case to Cabinet in early 2020.

## **7.2 Legal Implications**

7.2.1 The primary function of the Council is contained in various statutes and the Local Government Act 1972. The appropriate relevant powers in this are:

- Section 132 of the Local Government Act 1972 which gives power to the Council to acquire or provide and furnish halls, offices and other buildings whether within or without the area of the authority for use for public meetings and assemblies.
- Section 1 of the Localism Act 2011 which give a local authority a general power to do anything that individuals generally may do.

## **7.3 Financial Implications**

### **Capital**

7.3.1 The estimated capital cost of the preferred option is £25.825m, provided by Acivico Ltd and their subject matter experts to include contingency element based on the specification set out in 3.5, to be funded through corporate capital resources (£25.150m) and revenue policy contingency (£0.675m).

7.3.2 The cost of progressing the design to support the FBC is £0.675m (including cost incurred to date of £0.075m), funded through the existing revenue allocation of £2.000m from policy contingency approved in the December 2018 Cabinet report “Council House Complex Works Phase 3a” to take forward Health & Safety and others works to the Council House Complex ahead of a larger transformational refurbishment of the Complex. Please refer to 7.3.3 below.

### **Revenue**

7.3.3 Expenditure to the end of March 2020 of £0.119m has been incurred in respect of ongoing fixed electrical testing and remedial work arising; this has been funded from the existing £2.000m revenue policy contingency allocation referenced in 7.3.2.

7.3.4 Works to refurbish those areas intended to host special events and functions such as the Banqueting Suite, Committee Rooms etc have been initially estimated at £1.200m. The costs and identification of a suitable funding source will be confirmed for submission of the FBC.

7.3.5 The preferred option, once implemented, is expected to yield revenue savings in the region of £0.081m per annum upon completion from the installation of more energy efficient fittings and reduction in repairs to the

electrical systems and future testing, resulting in a reduction on current levels of expenditure.

- 7.3.6 The revenue implications associated with prudentially borrowing for the corporate capital funding of £25.150m are estimated at a cost of £1.053m a year (full year effect). Funding costs will be further developed for FBC submission and the final costs will be factored in as part of the Council's ongoing capital programme and funding within the Council Financial Plan.
- 7.3.7 In order to carry out the works it will be necessary to vacate spaces. The intention is that decant operations take place within the complex if this is feasible. Should it become evident that there is a need for off-site storage the costs of transportation and storage will need to be factored in. Similarly, temporarily re-locating BCC and BMT staff is assumed to take place within the complex or other BCC property assets. Any additional costs of off-site accommodation, if required, will also need to be factored in. These areas will be noted as risks and any costs will be identified and a suitable funding source confirmed for submission of the FBC
- 7.3.8 Discussions are taking place between BCC and BMT about the financial issues associated with the loss of trading due to the proposed re-wiring works. This is part of a wider discussion about the impact of Covid-19 and re-opening of BMAG. The implications of any change to BMT's trading position directly attributable to the proposed re-wiring works are currently excluded from the costs within this OBC pending further discussions.

## **7.4 Procurement Implications**

- 7.4.1 The following external resource has been engaged to support the project:
- Acivico Ltd has been engaged via the Council's Design Construction Facilities Management contract
  - Hoare Lea LLP, as a sub-contractor to Acivico Ltd, to deliver the design services and support the procurement process for the award of the electrical installation contract
  - A conservation architect, as a sub-contractor to Acivico Ltd, is in the process of being appointed to provide advisory services for working on a Listed Building.
- 7.4.2 The proposed route is to use Acivico Ltd's CWM2 Framework Agreement that is due to be awarded in late October 2020. The Council is entitled to access this Framework Agreement. The Council, in collaboration with Acivico Ltd, will be involved in selecting the most appropriate contractor for the project based on a price, quality and social value matrix as provided for in the Framework Agreement. The Council will be able to amend clauses or add clauses to the call off contract specific to the project. Alternative frameworks agreements were considered. However, they tend to be single contractor led which does not provide the competitiveness required to evidence best value.



7.4.3 The social value outcomes for this project to be included in the tender documentation will include local employment, training and apprenticeships and support to the local community, in particular to the Ladywood, in which the Council House is situated, and Bordesley and Highgate wards. There will also be a requirement for green and sustainable issues to be addressed by tenderers in their proposed solution.

7.4.4 In the event that the award of CWM2 cannot be completed within the anticipated timescale, the alternative procurement strategy is to commence a tender process using the OJEU restricted procedure; this will result in a slight elongation of the project timeline.

## **7.5 Human Resources Implications (if required)**

7.5.1 Property Services have identified a Project Manager to deliver this proposal on behalf of the client within existing Inclusive Growth staffing resources. They will work in partnership with Acivico Ltd who will be responsible for administering the construction contract.

## **7.6 Public Sector Equality Duty**

7.6.1 The initial equality assessment screening is appended – Appendix 2 (ref EQUA545). A full assessment is not required.

## **8 List of appendices accompanying this report:**

8.1 Appendix 1 - Outline Business Case

8.2 Appendix 2 - Equality Assessment

8.3 Appendix 3 - Consultation Template

## **9 Background Documents**

9.1 Report to Cabinet dated 11th December 2018 – “Council House Complex Works Phase 3a”