

Birmingham City Council

Report to Cabinet

21 April 2020



Subject: Purchase and Refurbishment of the Youth Court
Report of: Acting Director of Neighbourhoods
Relevant Cabinet Member: Councillor Ian Ward, Leader of the Council
Councillor Sharon Thompson Cabinet Member for Homes and Neighbourhoods
Relevant O &S Chair(s): Councillor Sir Albert Bore, Resources Overview and Scrutiny Committee
Report author: Paul Lankester, Interim Assistant Director of Regulation and Enforcement
Tel: 0121 675 2495
Email: Paul.Lankester@birmingham.gov.uk

| | | |
|--|---|--|
| Are specific wards affected? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): Ladywood | | |
| Is this a key decision? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, add Forward Plan Reference: 007153/2019 | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? Yes | | |
| If relevant, provide exempt information paragraph number or reason if confidential : Exempt Appendices1 and 1a Exempt information 12A of the Local Government Act 1972 (as amended) 3. Information relating to the financial or business affairs of any particular person (including the Council) | | |

1 Executive Summary

- 1.1 The purpose of this report is to consider whether to purchase the former Youth Court in which to relocate the Coroners' Service and, subject to availability, staff from the Neighbourhoods Directorate.

2 Recommendations

That Cabinet:

- 2.1 Approves the Full Business Case set out at Exempt Appendix 1a;
- 2.2 Authorises the Assistant Director of Property to negotiate and finalise the Heads of Terms for the purchase of the former Youth Court in Newton Street, Birmingham as shown edged black on the plan included in Appendix 3 in accordance with the terms set out in Exempt Appendix 1;
- 2.3 Authorises the Acting Director of Neighbourhoods to place an order with Acivico Limited not to exceed £1.03m to progress the proposed works to refurbish and convert the former Youth Court Building;
- 2.4 Authorises the City Solicitor to prepare, negotiate, execute and complete all relevant legal documents and associated agreements for the use and operation of the building to give effect to the above recommendations;
- 2.5 Notes the intention to produce a further report detailing the options for the future provision of the Mortuary and Pathology Services in due course.

3 Background

- 3.1 The Coroners' Service operates from a City Council freehold building on Newton Street, Birmingham. It is co-located with the public mortuary, although there is no service requirement to do so. The building has proved increasingly expensive to operate and requires a major refurbishment of both the Coroners' Courts, the office accommodation and the Mortuary to ensure it meets modern standards. Part of the building is leased out on a long term arrangement to the Probation Service.
- 3.2 The Coroners' service is facing extensive additional demands relating to the type and volume of work it undertakes and there are significant pressures on available court facilities. The existing facilities comprise of one 'jury' court, a temporary facility in the Council House Annexe following the loss of alternative facilities and the hire of additional facilities as and when necessary. Office accommodation is also provided on the existing site for the Coroner, her staff and the Birmingham City Council employees (e.g. Investigating Officers, reception staff) who support the Coroners' service and the staff who are employed in the Mortuary Service.
- 3.3 Following concerns raised over the condition and extent of the existing accommodation in February 2019, actions were put in place to review the market and identify potential replacement facilities. It is clear there is no requirement for the mortuary to be on the same site as the Coroners' Court and offices, so to widen the potential market a focus was placed on finding suitable replacement Court facilities. The Senior Coroner further clarified her expectations in a letter dated 10 December 2019- this is reproduced at Appendix 4.

- 3.4 In July 2019 the Council's Property Services completed a review examining potential sites, both new build and purchase and refurbish. This revealed some sites that included the vacant Youth Court next door to the existing Coroners Court. The Youth Court has six courts set over four floors. The Youth Court became available on the market for sale in August 2019. The Council's officers made a bid subject to various caveats including the necessary due diligence and governance decisions. The Council was then invited to make a final and best offer, which was made in accordance with the Ministry of Justice deadlines again subject to the above caveats. This bid was accepted and since that time work has been ongoing to agree draft Heads of Terms, identify all due diligence issues and potential funding sources.
- 3.5 From the work done to date, it is clear there are extensive works required to bring the building up to a reasonable standard (albeit this is reflected in the purchase price) and to future proof the Coronial Service in terms of managing the increasing demand. Refurbishment works required include electrical, plumbing, heating and ICT infrastructure- these are set out in Appendix 2. Redesign of the building to make more space usable for offices will also be required. These works are likely to require Building Regulations approval.
- 3.6 Site plans for the existing and proposed sites are included in Appendix 3.
- 3.7 This acquisition will form part of a longer term strategy. The Portfolio Holder has identified as a priority, to establish a centre of excellence for Mortuary and Pathology Services. The principle has been supported by all local authorities in the Birmingham and Solihull and Black Country Coronial areas and would require a new site for the Mortuary. An initial feasibility study was commissioned in July 2019 and reported in December 2019. This has confirmed mortuary and pathology services would be best delivered on a regional shared basis across the two areas. A separate report and proposal will be presented in due course.
- 3.8 The additional accommodation offered by the Youth Court provides a small solution for additional space if required by the Corporate Landlord. Any such relocation is however dependent on separating secure zones in the building and adopting revised space standards and agile working, where feasible. The option to relocate additional staff to the Youth Court accommodation will therefore need to be further explored. Initially it is proposed to use the space as a training area in a secure zone separate from the Coronial space.
- 3.9 The potential purchase of the Youth Court therefore provides an opportunity to meet the requirements of the Coronial Service into the future as well as training accommodation. It provides the first step towards creating a Mortuary and Pathology Services centre of excellence.

4 Options considered and Recommended Proposal

4.1 The options considered for the provision of additional accommodation for the Coronial Services were as follows:-

4.1.1 Refurbishing existing facilities- this was deemed to be less desirable on logistical and economic grounds, in that it is doubtful three courts could be provided on the site and refurbishment works would still be required at a large cost. Seeking to relocate the Probation Service would also require funding to buy them out of their lease, if indeed they were amenable so to do. There would be additional costs of hiring suitable accommodation relocating the service while refurbishment was ongoing. This option (with the departure of the Probation Service) did have the potential advantage of having the Coronial Service in its own self-contained site centrally in the City.

4.1.2 New build on a vacant site- several sites were examined but very few were available in a central location close to transport facilities. The costs of purchase of a site and subsequent new build, while having the advantage of providing a purpose built facility, made this option prohibitive due to land prices.

4.1.3 Buying an existing building and converting to a Court building- The recommended proposal is to purchase an existing Court building, thus not requiring planning consent for change of use, and refurbish it to provide three courts and office accommodation for use by the Coronial Service. Any additional space could be used for meeting / training facilities for staff within Neighbourhoods Directorate. This is considered to be the most economic option, although temporarily increasing service costs while refurbishment works are being undertaken.

4.1.4 Leasing an existing building and converting it to provide the necessary Court facilities- analysis of this option showed that the nearest available facility was out of city close to a transport terminal. The revenue costs were in excess of the recommended option and planning consent would be required.

5 Consultation

5.1 There has been no formal public consultation, as the proposed purchase of the Youth Court is a confidential contractual issue with the Ministry of Justice.

6 Risk Management

6.1 A risk analysis has been carried out as part of the business case and capital funding bid process. The principal risks, if the proposal is approved, are financial ones associated with the costs of refurbishment and installing ICT infrastructure. While there is a contingency sum included in the estimated cost designed to mitigate that risk, there has been very limited access to the building to allow additional surveys to be undertaken.

- 6.2 In addition as part of the due diligence work, the heating costs of the Youth Court require further investigation and separation from other Court buildings in the vicinity. This may be cost-prohibitive so there is a need to enter into a formal agreement with the Ministry of Justice for the sharing of heating costs.
- 6.3 Detailed analysis of building asbestos surveys undertaken by the Ministry of Justice is necessary as part of the due diligence work.
- 6.4 While undertaking due diligence water leaks were observed in the Youth Court. The Ministry of Justice have confirmed they have undertaken repairs to the plumbing and roof as a result.
- 6.5 A high risk to the timing and cost of this project relates to the Covid 19 pandemic outbreak. This has the potential to delay the property transaction, the start of contract and the undertaking of works, particularly the duration. In addition the impact of Covid 19 across the globe may impact on the availability of building materials, which may adversely impact on their price and the cost of the project.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 This proposal contributes to Outcome 1 Birmingham is an entrepreneurial city to learn, work and invest in due to the investment in the City building (Priority 2).
- 7.1.2 By improving the environmental performance of the building when refurbishing, contribution is also made to Priority 4 of Outcome 4 'Birmingham is a great, clean and green city to live in' and Priority 2 of Outcome 6 'Birmingham is a city that takes a leading role in tackling climate change'.

7.2 Legal Implications

- 7.2.1 Section 24 (1) of the Coroners and Justice Act 2009 requires the relevant authority to "provide, or secure the provision of, accommodation that is appropriate to the needs of the coroner for that area in carrying out their functions". The relevant authority must also "maintain or secure the maintenance of" such accommodation. In deciding how to discharge the above duties, "the relevant authority for a coroner area must take into account the views of the senior coroner for that area" (Section 24 (4) of the said Act).
- 7.2.2 The power to hold, appropriate and acquire of land is contained in Sections 120 - 123 of the Local Government Act 1972.
- 7.2.3 Section 1 of the Localism Act 2011 contains the Council's general power of competence and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions including the disposal and acquisition of property

7.2.4 Exempt information 12A of the Local Government Act 1972 (as amended) 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 1 and 1a are considered to be in the public interest as it contains commercially sensitive information of a financial or business nature, which if disclosed to the public could be prejudicial to a named person, individual or company.

7.3 Financial Implications

7.3.1 The financial analysis of this proposal is set out in Exempt Appendix 1a within the Full Business Case. As part of the work on due diligence, the costs of running the Youth Court were supplied by the Ministry of Justice just before Christmas. This has identified there is an anomaly in the gas supply costs. This will need to be clarified once an agreement has been reached relating to the apportionment of costs in respect of the district heating scheme that operates.

7.3.2 The total capital expenditure of purchase costs and proposed works is requested from the Capital Contingency allocation of the Capital Programme as outlined in the Financial Plan 2020 – 2024.

7.3.3 This and other detailed matters have been raised with the Ministry of Justice and a full explanation and way forward is awaited.

7.3.4 There are additional revenue costs arising in 2020/21 - partly due to the increased size of the property as also due to the service having an additional building while refurbishment works are ongoing. These costs will reduce once the Youth Court is occupied but not fully until the existing Coroners Court is disposed of. The identified additional costs in the intervening period will be met from the Coroner's cost centre and the mortuary cost centre as appropriate.

7.4 Procurement Implications

7.4.1 It is intended the refurbishment required as part of this report would be undertaken by the Council's wholly owned Tekkel company, Acivico.

7.5 Human Resources Implications

7.5.1 The movement of staff to different locations is governed by a specific human resources procedure. This procedure will be followed as and when any movements happen as a result of the purchase of the Youth Court and closure of other buildings.

7.6 Public Sector Equality Duty

An initial Equality Impact Assessment has been undertaken for this report Ref No: EQA467 dated 4 February 2020, attached at Appendix 6 which discloses that the recommendations are unlikely to have an adverse impact on the characteristics and groups protected under the Equality Act 2010 providing the refurbishment of

the building ensure all floors are accessible for the disabled whether staff or public and a full Equality Assessment is not required for the purpose of this report.

8 Background Documents

8.1 None

List of appendices accompanying this report:

Appendix 1 Draft Heads of Terms for the Purchase of the Youth Court- exempt

Appendix 1a Full business case for the purchase of the Youth Court- exempt

Appendix 2 Draft List of Refurbishment Works Required

Appendix 3 Plans of Existing and Youth Court Sites

Appendix 4 Senior Coroner's letter dated 10 December 2019

Appendix 5 Equality Assessment