

Birmingham City Council

Report to Cabinet

18 May 2021



Subject: Council House Complex - Electrical Upgrade and Refurbishment Works – Full Business Case

Report of: Acting Director for Inclusive Growth

Relevant Cabinet Member: The Leader of the Council, Councillor Ian Ward
Councillor Tristan 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: 008488/2021		
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 Full Business Case (Appendix 1) to implement a programme of works for the electrical upgrade of the Council House Complex (Council House and Extension), ensuring compliance with Health and Safety requirements specifically the 18th edition Institution of Engineering and Technology (IET) Wiring Regulations (BS7671) and also incorporating a decorative refurbishment to primary civic spaces that are used for ceremonies, receptions and private events.

2 Recommendations

- 2.1 Approves the Full Business Case (Appendix 1) at a total net cost of £32.450m comprising capital costs of £30.819m funded through Prudential Borrowing of £29.458m and revenue policy contingency of £1.361m and net revenue costs of £1.631m for the redecoration of the civic areas to the Council House funded through £0.078m of Policy Contingency and £1.553m provisionally from the earmarked reserve detailed in recommendation 2.2.
- 2.2 Approves in principle to earmark £1.553m from the 2020/21 outturn to create a reserve to fund the works, subject to final consideration of the Provisional Outturn report in June 2021.
- 2.3 Notes where possible additional savings from the existing Central Administrative Building estate will be sought to reduce this requirement.
- 2.4 Approves the award of contract to ISG Ltd for the electrical refurbishment of the Council House complex and associated decorative programme.
- 2.5 Authorises the Acting Director Inclusive Growth to instruct Acivico Ltd to place orders not to exceed £27.389m to progress the programme of electrical refurbishment and redecoration works.
- 2.6 Delegates authority to the Assistant Director Property Services to negotiate and finalise terms to enter into a lease for a warehouse unit at a rental of no more than £0.125m a year to act as decant storage for the Museum collection.
- 2.7 Authorises the Acting Director Inclusive Growth to make payment of costs not exceeding £4.589m to Birmingham Museum Trust Limited for costs incurred in the decanting, storage and reinstalling of the Museum collection and associated compensation payments.
- 2.8 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. 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.

3.3 On 13th October 2020 Cabinet approved the Outline Business Case (OBC) to develop to RIBA Stage 4 a programme of refurbishment works. 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.

3.4 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 in 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. In addition, the opportunity will be taken to refurbish 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. The work programme, informed by the appointed conservation architect (Rodney Melville & Partners), includes general redecoration, re-carpeting, refurbishment of identified toilet areas, upgrading of the "Kings lift", re-upholstering damaged seating, works to the windows, cleaning and repairing existing drapes and blinds, cleaning the protruding stonework to the exterior of the Council House on three elevations and repairing the failing plaster and roof covering to the ceiling/roof to the Portico over the main entrance. During the course of the project the remainder of the external stonework will be assessed and, if necessary, a further work package for external cleaning procured.

- 3.6 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.
- 3.7 The recent New Ways of Working report agreed by Cabinet in April 2021 set out the intention to vacate the City Council office accommodation within the Council House Extension. The work programme and associated costings presented in this report detail the electrical refurbishment of the entire Complex, but flexibility exists within the project to reduce the scope of works in the Council House Extension should alternative uses be identified as a result of the review outlined in section 3.6.
- 3.8 A phasing plan has been discussed and agreed with Birmingham Museum Trust (BMT) that would see the Council House building re-wired as a first phase followed by the Extension. This will allow Birmingham Museum and Art Gallery (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 Commonwealth Games cultural programme. The contract completion date has been advanced significantly from the timeline presented in the OBC; the contract will now end in May 2023 compared with the originally stated December 2023 permitting the resumption of civic and cultural services at a much earlier date.
- 3.9 Following further development of the technical solution and engagement with the selected contractor, it has become clear that in order to preserve the collection it is necessary to decant the vast majority of artefacts out of the Complex. It will be necessary for areas to be vacated on a phased basis and museum items on display will be either moved temporarily offsite (the likely solution for the majority of artefacts) or remain in situ and be protected during the works. BMT, through their service agreement to manage the City Council's collection, have developed a decant strategy that sees the majority of items impacted by Phase One remaining within the Complex. However, the second phase will require off-site storage solutions, the costs of which are detailed in the FBC. Negotiations for the leasing of an appropriate warehouse unit are close to being concluded.
- 3.10 The closure of the Complex will also be used as an opportunity to take forward additional works outside of the defined programme if additional funding can be secured. An application to the Department for Digital, Culture, Media and Sport (DCMS)'s MEND fund to obtain funding to progress repairs to a number of areas of BMAG (most particularly in the Council Extension) including works to the windows, rainwater goods and heating/water systems is presently being pursued.

3.11 The updated programme is now based upon the following milestones:

Outline Business Case approval	October 2020
Contract awarded using CWM2 framework under a Stage 1 pre-construction services agreement	April 2021
Contractor's proposals and contract price finalised and agreed	April 2021
Listed Building consent	May 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)	June 2022
Commence Phase 2 works (Council House Extension)	June 2022
Complete Phase 2 works (Council House Extension)	May 2023
Date of post implementation review	August 2023

4 Options Considered and Recommended Proposal

- 4.1 A range of options were considered in the OBC with the selected option to proceed with the replacement of the electrical installations and associated works. At FBC the options are:
- 4.2 **Option 1 – Don't Proceed** 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 3 – Proceed (with limited decorative works)** Whilst this addresses the health and safety risk of the current electrical infrastructure it doesn't take advantage of the full opportunity to undertake much needed decorative works to the civic space within the Council House during the closure
- 4.3 **Option 2 – Proceed (with proposed decorative 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 whilst providing the opportunity to undertake a programme of much needed decorative works to the civic space within the Council House during the closure.

5 Consultation

- 5.1 The ward councillors are to be consulted and the details of this process will be shown in Appendix 2.
- 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 are being consulted through the planning process.

6 Risk Management

- 6.1 A risk register has been appended to the Full Business Case in Appendix 1. The key risks are;
- 6.1.1 Failure to achieve listed building consent for the works has been mitigated through appointment of a qualified and experienced conservation architect and regular consultation with the Conservation Planning Officer and Historic England as a statutory consultee.
 - 6.1.2 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.
 - 6.1.3 Covid is assessed as having minimal impact on the project based on the current infection rate.
 - 6.1.4 Brexit is assessed as having minimal impact on the project with a secure and established supply chain.
 - 6.1.5 Continual risk of asbestos being discovered throughout the construction programme. Mitigated by additional asbestos surveys and early identification.
 - 6.1.6 Decant programme slippage causing delay to the construction programme. Mitigated by detailed planning and regular communication with BMAG, BCC and the Contractor.
 - 6.1.7 Scope creep of the CWG refurbishment works. Mitigation by robust contract management to works are in accordance with the tender specification and categorising works into 'essential' and 'desirable' and effective change control procedure

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 (BBC4SR) – ISG is a certified signatory to the BBC4SR and has submitted an action plan that will be actioned and monitored during the contract period. A summary of the commitments includes:

- Support to the local community, in particular to the Ladywood Ward, in which the Council House is situated, and Bordesley and Highgate Ward.
- Action plans for addressing green and sustainability issues within the selected solution.
- Agreement to employ 6 local people to work on project during the construction phase for a period of over one year and 5 people from long term unemployment and has committed to providing various apprenticeships to support young people.
- Use of local sub-contractors and honouring buy local commitments.
- Provision of 144 hours of staff hours to work within the community, this will include engaging with schools to off face-to-face and virtual work experience placements.
- Proactive support of a green and sustainable environment, including committing to 21 tons of Carbon Dioxide reduction.

7.2 Legal Implications

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

- Section 144(1)(b) of the Local Government Act 1972 which gives power to the Council to provide or improve facilities to hold conferences and exhibitions in their area
- Section 120 of the Local Government Act 1972 which gives the Council power to take a lease of land for the purposes of any of their functions under that Act
- Section 111 of the Local Government Act 1972 which gives the Council power to do anything which is calculated to facilitate, or is conducive or incidental to, any of their functions
- Section 1 of the Localism Act 2011 which give a local authority a general power to do anything that individuals generally may do

7.2.2 The Council has duties of care to protect the safety of visitors and others at their premises under the Occupiers Liability Acts 1957 and 1984.

7.3 Financial Implications

Capital

- 7.3.1 The total capital cost of the programme of electrical works is £29.904m (to include a contingency element based on the specification set out in section 3.5) together with capitalizable fixtures and fittings of £0.915m within the redecoration programme, to be funded through Prudential Borrowing (£29.458m) and policy contingency (£1.361m).
- 7.3.2 The works to upgrade the electrical supply, distribution and fittings as set out have been tendered at £24.322m, including Acivico fees and a suitable level of contingency based on identified areas of risk.
- 7.3.3 In order to carry out the works it is necessary to vacate both the office accommodation and BMAG museum display and storage areas, and to remove artefacts out of the Complex and store them in an appropriate environment. Heads of Terms for a short-term lease of a warehouse unit are close to agreement. Allied to this there are extensive costs in cataloguing, packing, moving and then reinstalling the collection as well as costs of similar activity in relation to the City Council items, together with the hire of alternative meeting accommodation. These result in a cost totalling £4.322m for this area of activity.
- 7.3.4 BMT have identified financial concerns arising from the loss of trading due to the proposed re-wiring works which forms part of a wider discussion about the impact of Covid-19 and re-opening of BMAG. This element (£1.260m) has been included within the capital project costs in line with compensation provisions in the BMT service contract for the suspension of activity required to obtain vacant possession of BMAG to undertake the necessary works and will be subject to further discussion and due diligence when the actual impact on BMT's trading position is quantified.
- 7.3.5 The OBC approved expenditure of £0.675m to develop the project to FBC. In addition, a further £0.499m of accelerated works (e.g. asbestos removal, further surveys) are being undertaken in April and May 2021, approved via a Cabinet Member decision dated 19th April 2021. Expenditure to the end of April 2021 of £0.187m has also been incurred in respect of the preparation of the collection for decant. This total expenditure of £1.361m will be funded from Policy Contingency allocation of £2.000m approved in the December 2018 Cabinet report "Council House Complex Works Phase 3a".

Revenue

- 7.3.6 The revenue implications associated with prudentially borrowing for the corporate capital funding of £29.458m are estimated at a cost of £1.139m a year (full year effect) and will be funded corporately.

- 7.3.7 Revenue costs associated with refurbishment of those areas intended to host special events and functions such as the Banqueting Suite, Committee Rooms etc together with the cleaning of elements of the external elevations have been identified and costed at £2.152m. Development costs of £0.078m have already been funded through Policy Contingency, leaving a balance of £2.074m funded from revenue savings of £0.521m associated with the closure of the Complex during the duration of the works programme and the remaining £1.553m funded provisionally from an earmarked reserve to be created from the 2020/21 outturn, subject to final consideration of the Provisional Outturn report in June. Where possible additional savings from the existing CAB estate will be sought to reduce this requirement.
- 7.3.8 The completed scheme is expected to yield revenue savings in the region of £0.081m per annum from the installation of more energy efficient fittings and a reduction in repairs to the electrical systems and future testing.

7.4 Procurement Implications

- 7.4.1 In accordance with the strategy approved in the OBC, a further competition exercise was undertaken using the Constructing West Midlands 2 (CWM2) Framework Agreement – Lot 2 following a two-stage process. The evaluation was carried out by representatives from Acivico Ltd, BMT and Property Services, moderated by Corporate Procurement following the protocol of CWM2. ISG Ltd was awarded the first stage under a Pre-Construction Services Agreement (PCSA) approved under Acivico Ltd's governance protocol.
- 7.4.2 During the second stage Acivico Ltd has worked closely with ISG Ltd to arrive at an agreed Contract Sum in line with the parameters set out in the CWM2 framework. ISG Ltd, under a PCSA, undertook works prior to the commencement of the main works, such as asbestos removal and intrusive electrical surveys and structural and heritage surveys to de-risk the project.
- 7.4.3 ISG produced the initial subcontractor shortlist using their supply chain and 'DocHosting' system (pre-qualification; verifies competency, financial stability etc). The list was reviewed with the Project Team. All packages were issued to at least three subcontractors to ensure market competitiveness. A number of pre-tender and some mid-tender interviews were held for several of the packages; Acivico and Hoare Lee were present in the electrical mid-tender interview due to its significance and all tender returns were copied into Acivico. ISG assessed all tender returns and presented a recommendation for each package for review by Acivico. Acivico reviewed the quotations to ensure compliance to the specification and the costs are in line with current market conditions. Acivico has provided formal confirmation the recommendations represent value for money for the project.

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 are working in partnership with Acivico Ltd who are responsible for administering the construction contract.

7.6 Public Sector Equality Duty

- 7.6.1 The initial equality assessment screening is appended – Appendix 3 (ref EQUA545). A full assessment is not required.

8 List of appendices accompanying this report

Appendix 1 – Full Business Case

Appendix 2 - Consultation Template

Appendix 3 - Equality Assessment

9 Background Documents

- 9.1 Report to Cabinet dated 11th December 2018 – “Council House Complex Works Phase 3a”
- 9.2 Report to Cabinet dated 13th October 2020 – “Council House Complex Electrical Upgrade and Refurbishment Works”