

OPTIONS APPRAISAL DOCUMENT		APPENDIX 1	
1. General Information			
Directorate	Corporate Resources	Portfolio/Committee	Cabinet
Project Title	Council House Complex	Project Code	To follow
Project Description	<p>There is a requirement to invest in the long term future of the Council House complex to ensure that it will continue to function at the heart of civic governance for the city.</p> <p>The whole complex is Grade II* Listed and comprises the Council House itself – constructed in 1879 and the Council House Extension – constructed in 1911. The Council House is primarily used for civic purposes with some ancillary offices and the Extension contains offices for Council staff - c.650 staff are based at the complex. The Birmingham Museum and Art Gallery (BMAG) stretches across both buildings and is managed by Birmingham Museums Trust (BMT).</p> <p>In order to continue to function in the long term as the most important civic building in the city the Council House will require a significant programme of investment. The programme would see the continuation of refurbishing the fabric of the building together with upgrading the services to meet legislative standards and redecoration.</p> <p>The retention of the Council House complex will require significant investment in the short to medium term. In accordance with the Electricity at Work Act 1989 five yearly testing is currently being undertaken (to be completed early autumn 2016) and although the building can be operated safely over the short term, it is likely (based on previous detailed reports) that extensive works to the electrical installation will be required if the complex is to remain fully operational beyond the next three years.</p> <p>As well as the electrical installation major improvements are also required within the same timescale to the mechanical installations within the Council House Complex, together with other required building works, linked to the mechanical and electrical works and to maintain the integrity of the building (structural works, renovation of windows, redecoration, asbestos removal etc.) Depending on the phasing of the works and the method in which they are carried out the estimated costs for these proposed works range from circa £21m to £24m.</p> <p>Due to its condition, the works to the electrical installation would appear to be unavoidable; however by undertaking the improvements, there is an opportunity to include sustainability (energy saving) measures that will help to reduce future operating costs.</p> <p>The next stage of work will be to commission a project team to carry out a detailed proposal on how the phases of work should</p>		

be carried out and procured. The estimated cost for this stage is c. £500k. This project team will include a number of specialists including a Construction project manager, Quantity Surveyor, M & E Engineer, Architect, Heritage Consultant, Logistics Planner etc. These specialists will either be procured from Acivico, existing approved frameworks or through FIIB.

BMAG have developed a master plan for work on their occupied areas. The development proposal will also inform how the works which BMAG will need to carry out will be co-ordinated with the Council House works.

Early indications are that the cost of replacement to these services will be in a range of £21m to £24m dependent upon the phasing of the works. However part disposal of the CHE could reduce these costs dependant on how much space is available for release from Council use.

All released space where identified would be marketed to deliver a capital receipt and lower running costs for the Council.

Legal Services have confirmed that there are no restrictive covenants in place on the title and the Council House complex.

The current occupation between the BCC occupied areas and those leased to the Birmingham Museum's Trust are set out below.

<b>Council House</b>	<b>Occupied Areas M<sup>2</sup> / (%)</b>
BCC Occupied Areas	10,687 – (77%)
Birmingham Museum's Trust	3,128 – (23%)
<b>Total</b>	<b>13,815 M<sup>2</sup></b>

<b>Council House Extension</b>	<b>Allocated Areas M<sup>2</sup>/ (%)</b>
BCC Occupied Areas	7,460 - (39%)
Birmingham Museum's Trust	11,911 - (61%)
<b>Total</b>	<b>19,371 M<sup>2</sup></b>

### **Finance**

The cost of these works which are required to secure the operational future of the Council House complex, inclusive of the £500,000 development proposal can be capitalised in accordance with local authority accounting regulations

### **Procurement**

This phase of works will also include the development of a procurement strategy so that the agreed works solution can be market tested.

Links to Corporate and Service Outcomes	<ul style="list-style-type: none"><li>• Supports the Council Business Plan and Budget 2016+ key strategic outcomes: a strong economy, a great future for young people, thriving local communities, a healthy and a modern council.</li><li>• The proposal supports the Council’s strategic approach to managing assets, ensuring they are fit for purpose in terms of suitability, sufficiency, condition, cost, environmental impact and affordability.</li></ul>	
Project Benefits	<ul style="list-style-type: none"><li>• Detailed proposal which will examine the options for a programme of investment which will enable the Council House to continue to function as the most important civic building in the city for the long term.</li><li>• Revenue savings from reduced fuel consumption, reduced repairs and maintenance</li><li>• Better use of space</li><li>• Sustainable systems e.g. lighting, heating, improved energy rating etc.</li><li>• Retention of Grade II* historic building</li><li>• Increase operational life of the building</li><li>• Meet current legislation standards</li></ul>	
Project Deliverables	<p><u>Detailed development proposal</u></p> <ul style="list-style-type: none"><li>• M&amp;E Survey</li><li>• Technical Specifications</li><li>• Procurement Pack</li><li>• Masterplan</li></ul> <p>Proposed Works</p> <ul style="list-style-type: none"><li>• Replacement of electrical and mechanical systems, associated building works (structural works, renovation of windows, redecoration etc. in the Council House Complex Buildings)</li></ul>	
Key Project Milestones		Planned Delivery Dates
Options Appraisal		2016
Seek Cabinet approval to Options Appraisal		20 September 2016
Appoint Project Team		March 2017
Develop Masterplan / Procurement Proposal		December 2017
Agree/Sign-off Masterplan		2018
Relocation of Functions		2019
Space Rationalisation		2019
Cabinet report and Full Business Case approval		2019-20
M&E Works (single phase)		2020-21
Relocate Functions		2022
Market vacant space		2021-22
Development Opportunity / Release/Disposal of vacant space		2023

<b>Dependencies on other projects or activities</b>	<ul style="list-style-type: none"> <li>• Listed planning approval</li> <li>• Decanting building users and functions</li> <li>• Progression of this scheme will be dependent on the outcome of the proposed surveys and target cost.</li> <li>• Finalisation of funding package</li> <li>• Appointment of contractors</li> <li>• Outcome of consultation</li> <li>• Alternative accommodation identified for decanting staff/members/activities</li> </ul>
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<b>Achievability</b>	<p>Birmingham Property Services (Corporate Landlord) have extensive experience and knowledge of delivering large complex projects e.g. 10 Woodcock Street, Grand Central.</p> <p>A project team will be setup and will include staff with specialist skills in order to maintain the integrity of the Grade II* Listed historic building.</p>
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<b>Interim Project Manager</b>	David Fletcher, Head of Corporate Landlord. 0121 303 2007. david.fletcher@birmingham.gov.uk.		
<b>Project Accountant</b>	Nigel Greenwood, Head of City Finance. 0121 303 2256 nigel.greenwood@birmingham.gov.uk		
<b>Project Sponsor</b>	Peter Jones, Director of Birmingham Property Services. 0121 303 3844. peter.jones@birmingham.gov.uk.		
<b>Proposed Project Board Members</b>	David Fletcher - BPS Specialist Project team – to be appointed Finance – Nigel Greenwood Legal – Alison Barker		
<b>Head of City Finance (HoCF)</b>	Alison Jarrett	<b>Date of HoCF Approval</b>	
<i>Other Mandatory Information</i>			
<ul style="list-style-type: none"> <li>• <b>Has project budget been set up on Voyager?</b></li> </ul>			following cabinet approval of the budget
<ul style="list-style-type: none"> <li>• <b>Issues and Risks</b></li> </ul>			Yes

## 2. Options Appraisal Records

The following sections are evidence of the different options that have been considered in arriving at the Project Definition. All options should be documented individually.

<b>Option 1</b>	Do nothing
<b>Information Considered</b>	<p>The condition of the existing building that the services are delivered from.</p> <p>The cost of delivering the service from these buildings including running costs.</p> <p>Historic status – Grade II* Listed</p>

	Location and infrastructure including links to public transport Capital funding.
<b>Pros and Cons of Option</b>	<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• The building will continue to operate as it does currently for the foreseeable future until the buildings becomes unusable due to the level of repair/refurbishment required.</li> <li>• No capital funding will be required</li> <li>• No disruption to existing services and activities i.e. 'business as normal'</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• Continued deterioration on condition of building</li> <li>• H&amp;S issues</li> <li>• Council does not address their statutory responsibilities</li> <li>• A Grade II* building is put at risk.</li> <li>• Increase in operational running costs R &amp; M costs- liability will remain</li> </ul>
<b>People Consulted</b>	Project Board consulted with representation from Birmingham Property Services, Birmingham Museum & Arts Gallery, HR, Finance and Legal. Strategic Director- Major Projects & Programmes
<b>Recommendation</b>	Abandon
<b>Principal Reason for Decision</b>	Complex will remain unfit for purpose and site eventually closed down impacting on BCC and BMAG functions.

<b>Option 2</b>	Retain both buildings & carry out M&E repairs c £21m to £24m
<b>Information Considered</b>	<p>The condition of the existing building that the services are delivered from.</p> <p>The cost of delivering the service from these buildings including running costs.</p> <p>Historic status – Grade II* Listed</p> <p>Location and infrastructure including links to public transport</p> <p>Capital funding.</p>
<b>Pros and Cons of Option</b>	<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• M&amp;E installation will be bought up to current legislative standards</li> <li>• Civic and democratic function will continue to operate from site after project is completed</li> <li>• BMAG will continue to function</li> <li>• Sustainable (energy efficient) systems introduced.</li> <li>• Grade II* listed building life is extended.</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• c. £2.4m ongoing revenue costs</li> <li>• c. £21m / £24m capital required to complete the works to the standard required to make the building fit for purpose.</li> <li>• Disruption of day to day functions whilst works are carried out due to decanting staff and activities to temporary locations.</li> <li>• Cost of decanting (to be established at proposal</li> </ul>

	development stage)
<b>People Consulted</b>	Project Board consulted with representation from Birmingham Property Services, Birmingham Museum & Arts Gallery, HR, Finance and Legal. Strategic Director- Major Projects & Programmes
<b>Recommendation</b>	Abandon
<b>Principal Reason for Decision</b>	This option will not generate any potential capital receipt

<b>Option 3</b>	Move out of the Council House and Council House Extension and dispose of both assets
<b>Information Considered</b>	The condition of the existing building that the services are delivered from. The cost of delivering the service from these buildings including running costs. Historic status – Grade II* Listed Location and infrastructure including links to public transport Capital funding.
<b>Pros and Cons of Option</b>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Financial gain – capital receipt on sale/lease generated</li> <li>Revenue savings assuming new alternative premises will be cheaper to operate</li> <li>Liability of a Grade II* listed building passes to a third party</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Loss of a major City historical landmark</li> <li>Relocation of Museum to a new purpose built site (c. £210m) and potential grant funding claw back (c.£9m) is unaffordable</li> <li>Costs associated with finding alternative accommodation for civic and democratic services and back office functions / staff would be significantly high</li> </ul>
<b>People Consulted</b>	Project Board consulted with representation from Birmingham Property Services, Birmingham Museum & Arts Gallery, HR, Finance and Legal. Strategic Director- Major Projects & Programmes
<b>Recommendation</b>	Abandon
<b>Principal Reason for Decision</b>	High Risk of reputational damage due to loss of major City historical landmark

<b>Option 4</b>	Move out of Council House and keep Council House Extension
<b>Information Considered</b>	The condition of the existing building that the services are delivered from. The cost of delivering the service from these buildings including running costs. Historic status – Grade II* Listed Location and infrastructure including links to public transport Capital funding.
<b>Pros and Cons of Option</b>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Financial gain – Capital receipt on sale / lease generated</li> </ul>



	<ul style="list-style-type: none"> <li>• Revenue Savings identified</li> <li>• Reduction in investment required for M&amp;E works on the site (c. £21m)</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Loss of a major City historic landmark</li> <li>• Costs associated with finding alternative accommodation for civic and democratic services and back office functions / staff</li> <li>• Insufficient space in Council House Extension to relocate BMAG collection.</li> <li>• Loss of purpose built gallery space and potential grant funding claw back implications</li> <li>• The Council House forms the main entrance to BMAG and there are likely to be significant costs associated with moving the entrance.</li> </ul>
<b>People Consulted</b>	Project Board consulted with representation from Birmingham Property Services, Birmingham Museum & Arts Gallery, HR, Finance and Legal. Strategic Director- Major Projects & Programmes
<b>Recommendation</b>	Abandon
<b>Principal Reason for Decision</b>	High Risk of reputational damage due to loss of major City historic landmark

<b>Option 5</b>	Retain the Council House and move out of the Council House Extension (BMAG move all operations into Council House) and dispose of Council House Extension
<b>Information Considered</b>	<p>The condition of the existing building that the services are delivered from.</p> <p>The cost of delivering the service from these buildings including running costs.</p> <p>Historic status – Grade II* Listed</p> <p>Location and infrastructure including links to public transport</p> <p>Capital funding.</p>
<b>Pros and Cons of Option</b>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Financial gain – Capital receipt on sale / lease of Council House Extension</li> <li>• Maintain the integrity of an iconic Grade II* listed building – Council House.</li> <li>• Civic and democratic operations will continue to take place in the Council House</li> <li>• Opportunity to improve existing facilities and introduce energy saving measures to reduce running costs.</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Circa £10m fund required for M&amp;E works on the remaining site</li> <li>• Additional cost to display BMAG collection in a controlled, secure environment</li> <li>• Relocation of Museum and potential grant funding claw back (c.£9m) leading to reputational damage</li> <li>• Insufficient space in the Council House to display BMAG</li> </ul>

	collection <ul style="list-style-type: none"> <li>Limited capacity to accommodate all current users accommodated within the Council House Extension</li> </ul>
<b>People Consulted</b>	Project Board consulted with representation from Birmingham Property Services, Birmingham Museum & Arts Gallery, HR, Finance and Legal. Strategic Director- Major Projects & Programmes
<b>Recommendation</b>	Abandon
<b>Principal Reason for Decision</b>	Limited capacity in the Council House to display the complete BMAG collection / high risk of grant funding claw-back and significant reputational damage

<b>Option 6</b>	Retain the Council House and move out of the Council House Extension - BMAG move all operations off site and dispose CHE
<b>Information Considered</b>	The condition of the existing building that the services are delivered from. The cost of delivering the service from these buildings including running costs. Historic status – Grade II* Listed Location and infrastructure including links to public transport Capital funding.
<b>Pros and Cons of Option</b>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Financial gain – Capital receipt on sale / lease of Council House Extension</li> <li>Maintain the integrity of an iconic Grade II* listed building – Council House.</li> <li>Civic and democratic operations will continue to take place in the Council House</li> <li>Opportunity to improve existing facilities and introduce energy saving measures to reduce running costs</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Circa £10mfund required for M&amp;E works on the site</li> <li>Reputational damage due to loss of City Centre Museum &amp; Art Gallery</li> <li>Significant investment required to relocate BMAG off-site (C. £210m)</li> <li>Loss of purpose built Museum &amp; Art Gallery and potential grant funding claw back implications ( c. £9m) for BMT</li> </ul>
<b>People Consulted</b>	Project Board consulted with representation from Birmingham Property Services, Birmingham Museum & Arts Gallery, HR, Finance and Legal. Strategic Director- Major Projects & Programmes
<b>Recommendation</b>	Abandon
<b>Principal Reason for Decision</b>	High Risk of reputational damage due to loss of major City Centre Museum & Art Gallery

<b>Option 7</b>	Keep the Council House and rationalise Council House Extension space and utilise surplus space generated in the CHE buildings
<b>Information Considered</b>	The condition of the existing building that the services are delivered from.



	<p>The cost of delivering the service from these buildings including staff and running costs.</p> <p>Historic status – Grade II* Listed</p> <p>Location and infrastructure including links to public transport</p> <p>Capital funding.</p>
<b>Pros and Cons of Option</b>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Financial gain – potential revenue from parts of the Council House Extension</li> <li>• Maintain the integrity of an iconic Grade II* listed building – Council House.</li> <li>• Civic and democratic operations will continue to take place in the Council House</li> <li>• Opportunity to improve existing facilities and introduce energy saving measures to reduce running costs</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Circa £21m – £24m fund required for M&amp;E works on the site. Possibly lower depending on how much of the CHE buildings are exited.</li> <li>• Significant planning required to reduce BMAG space in CHE</li> <li>• Potential clawback of grant funding, but not expected to be significant</li> <li>• Shared access for courtyard for deliveries may hinder shared uses</li> </ul>
<b>People Consulted</b>	<p>Project Board consulted with representation from Birmingham Property Services, Birmingham Museum &amp; Arts Gallery, HR, Finance and Legal.</p> <p>Strategic Director- Major Projects &amp; Programmes</p>
<b>Recommendation</b>	Proceed with this option.
<b>Principal Reason for Decision</b>	This option will maximise the use of rationalised space in CHE and reduced running costs of the site.

3. Summary of Options Appraisal – Price/Quality Matrix															
	Options							Weighting	Weighted Score						
Criteria	1	2	3	4	5	6	7		1	2	3	4	5	6	7
Total Capital Cost	9	3	9	5	5	5	1	10	0.9	0.3	0.9	0.5	0.5	0.5	0.1
Full Year Revenue Consequences	1	5	9	5	5	5	5	10	0.1	0.5	0.9	0.5	0.5	0.5	0.5
Quality Evaluation Criteria															
1)Health & Safety	1	9	1	5	5	5	9	20	0.2	1.8	0.2	1	1	1	1.8
2) Statutory Obligation	1	9	1	5	5	5	9	20	0.2	1.8	0.2	1	1	1	1.8
3) Council Plan 2016+	1	5	1	5	5	5	7	20	0.2	0.1	0.2	1	1	1	1.4
4) Impact on services	1	5	1	5	5	5	7	20	0.2	0.1	0.2	1	1	1	1.4
Total	14	36	22	30	30	30	38	100	1.8	4.6	2.6	5	5	5	7

<b>4. Option Recommended</b>	<p>Option 7 is the recommended Option - Keep the Council House and rationalise Council House Extension space.</p> <p>It is likely that the next stage of work will identify and cost further specific options associated with this solution, which would be brought to Cabinet for consideration.</p>
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<b>5. Budget information</b>					
	<b>Voyager Code</b>	<b>Financial Yr 16/17</b>	<b>Financial Yr 17/18</b>	<b>Later Years</b>	<b>Totals</b>
<b>Capital Costs &amp; Funding</b>					
<b>Expenditure:</b> Development Proposal - estimated		<b>£250k</b>	<b>£250k</b>		<b>£500k</b>
Construction / IT network cabling / Fees / Contingency - estimated				<b>£21m/£24m</b>	<b>£21m/£24m</b>
<b>Totals</b>		<b>£250k</b>	<b>£250k</b>	<b>£21m/£24m</b>	<b>£21.5m/£24.5m</b>
<b>Funding</b> Development costs funded by : Corporate Resources		<b>£250k</b>	<b>£250k</b>	Main project funding to be identified in the next stage of work	
<b>Totals</b>					
<b>Revenue Consequences</b> Expenditure  Income  Savings	Revenue costs and funding, including the costs of decant during the project, will be identified as part of the next stage of work.				
<b>Totals</b>					

<b>6. Project Development Requirements/Information</b>	
<b>Products required to produce Full Business Case</b>	<ul style="list-style-type: none"> <li>• Detailed Masterplan</li> <li>• Target cost for construction</li> <li>• Decanting / Relocation costs</li> <li>• Consultation</li> <li>• Risk register</li> <li>• Stakeholder analysis</li> <li>• Resource implications</li> <li>• Surveys</li> <li>• Technical Specification</li> <li>• Heritage assessment</li> <li>• Listed Planning Application</li> <li>• Programme</li> </ul>
<b>Estimated time to complete project development</b>	18-24 months
<b>Estimated cost to complete project development</b>	£500k - Development Proposal

<b>Funding of development costs</b>	Corporate capital resources
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<b>Planned FBC Date</b>	December 2018	<b>Planned Date for Technical Completion</b>	2022
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## Risk Register - draft

Description of risk	Impact	Probability	Existing controls	Action Required	Lead responsibility
Programme of work is delayed	High	Low	A draft programme will be compiled in line with the schedule of activities	Work activity schedules will be revisited and amended as is appropriate.	D Fletcher
Unforeseen additional works are identified that are outside the programme	Medium	Low	Intrusive surveys and extensive consultation is being carried out as part of the detailed development proposal to identify all risks where possible. Known risks will be costed and included as contingency sums as part of the overall target cost.	The project will be designed to ensure value for money is achieved and kept within the available budget Appropriate contingencies will be included to mitigate unknowns where appropriate. If necessary value re-engineering exercises will be undertaken to ensure costs remain within budget.	D Fletcher
Grade II* Listed status may present limitations to proposed works	High	Low	Ensure all works comply with Grade II* limitations and seek advice from Conservation specialist	Ensure contractors are aware of limitations and closely monitor works	D Fletcher
BMAG plans do not align to the Council's	Medium	Low	Project Board in place with representation from BMAG key stakeholders to ensure partnership working	Ongoing liaison with BMAG. Review Council & BMAG key milestones to ensure these align	D Fletcher/Ellen McAdam
User expectations are insufficiently managed.	Low	Low	Consultation has commenced with BMAG to ensure expectations are realistic.	Regular progress updates will be held and shared with stakeholders.	D Fletcher
Listed planning consent denied	High	Low	Engage with Planning Officer and commission Conservation specialist to ensure plans are in line with regulations and subsequently approved	Maintain on-going dialogue with Historic England on the proposal	D Fletcher
Insufficient Funding	High	Medium	Continue to liaise with Finance to	Funding options to progress the	N

Description of risk	Impact	Probability	Existing controls	Action Required	Lead responsibility
			identify funding streams	scheme are being considered with Finance	Greenwood/D Fletcher