

# BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

<b>Report to:</b>	<b>Cabinet</b>
<b>Report of:</b>	<b>Director of Property</b>
<b>Date of Decision:</b>	<b>18 October 2016</b>
<b>SUBJECT:</b>	<b>COUNCIL HOUSE COMPLEX – OPTIONS APPRAISAL</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 002333/2016</b>
<b>If not in the Forward Plan: (please "tick" box)</b>	<b>Chief Executive approved</b> <input type="checkbox"/> <b>O&amp;S Chairman approved</b> <input type="checkbox"/>
<b>Type of decision:</b>	<b>Executive</b>
<b>Relevant Cabinet Member:</b>	<b>Leader</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Councillor Mohammed Aikhlaq – Corporate Resources and Governance O&amp;S Committee</b>
<b>Wards affected:</b>	<b>ALL</b>

<b>1. Purpose of report:</b>
<p>1.1 This report seeks to advise Cabinet of the 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>1.2 To seek approval of the Options Appraisal (Appendix 1) for the proposed works to the Council House complex at a currently estimated capital cost of £21m - £24m, and to release development funding of £0.5m to inform and progress the implementation of these proposals to Full Business Case stage.</p> <p>1.3 The next stage of work will be to commission specialist construction advisors to carry out a detailed proposal of how the phases of work should be carried out and develop contract documentation so that a tender can be put to the market for the works once approval has been obtained in a subsequent report..</p>

<b>2. Decision(s) recommended:</b>
<p>That Cabinet:</p> <p>2.1 Approve the Options Appraisal (Appendix 1) for the proposed works to the Council House complex at an estimated capital cost of £21 - £24m.</p> <p>2.2 Release funding of £0.5m to inform and progress the implementation of these proposals to Full Business Case stage.</p> <p>2.3 Authorise the City Solicitor to complete all necessary legal documentation to give effect to the above decisions.</p>

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### 3. Consultation

#### 3.1 Internal

The Leader and Deputy Leader have been consulted and support the proposals included in the report. Fuller consultation with members will form part of the next feasibility stage. Birmingham Property Services, City Finance, Human Resources, Procurement and Legal Services have been involved in the preparation of this report.

#### 3.2 External

The Birmingham Museums Trust has been consulted in the preparation of this report and support the content and recommendations.

### 4. Compliance Issues:

#### 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The recommendations support and comply with the Council Business Plan and Budget 2016+ key strategic outcomes: A strong economy, safety and opportunity for all children, a great future for young people, thriving local communities, a healthy, happy population and a modern council.

The proposals support the Council's strategic approach to managing assets ensuring that assets are fit for purpose in terms of suitability, sufficiency, condition, cost, environmental impact and affordability.

Birmingham Business Charter for Social Responsibility – The requirements to comply with the Charter in accordance with the thresholds will be included in the tender documentation for any procurement exercise carried out for the engagement of the consultants.

#### 4.2 Financial Implications

The estimated capital costs of the proposed works, inclusive of a contingency sum, are summarised as follows:

<b>Total Capital Cost</b>	<b>£m</b>
Council House	8.1
Council House Extension	11.4
Fees	1.6
<b>Overall Total of Works to Complex</b>	<b>21.1</b>

The above figures are provisional early estimates. More accurate costings including the spend profile of the £21m - £24m solution (dependent upon phasing) will be developed during the next phase of this project. The cost is likely to be reduced if one or both of the buildings in the complex can be vacated during the works and if the works are carried out in a single phase.

A capital funding solution for the above costs will need to be developed as part of the next feasibility phase of the project. Potential sources of external finance will be actively explored, including in the context of the continuing Museums use of the complex. As part of this funding package consideration will also need to be given to VAT implications of any contribution that the city Council may receive from other occupiers for the accommodation.

Funding of £0.5m is required to inform and progress these proposals further. This requirement will be funded from Corporate Capital resources.

It is anticipated that there will be savings in the revenue running costs of this accommodation. This includes both repairs and maintenance and energy costs. There will also be costs associated with the necessary decanting of the building, the funding for these will be addressed as part of the development of these proposals and will depend on the solutions put forward to undertake the works.

#### 4.3 Legal Implication

The primary functions of the City Council are contained in various statutes and Local Government Act 1972. The appropriate powers relevant in this matter are the Section 132 Local Government Act 1972 and section 1 of the Localism Act 2011.

#### 4.4 Pre-Procurement Duty under the Public Service (Social Value) Act 2012

The question as to whether a consultation exercise should be undertaken was discussed during the pre-feasibility stage and it was agreed that this would not be required for the preparation of the detailed feasibility. However, any future phase of works will include for tenderers to show how the procurement exercise might improve the social and economic well-being of the city.

#### 4.4 Public Sector Equality Duty

A copy of the Equality Act 2010 – Public Sector Duty Statement and a Stage 1 Equality Assessment is included (Ref: EA001399) as Appendix 2.

### **5. Relevant background/chronology of key events:**

- 5.1 The Council House complex (Grade 2\* Listed) 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. The Extension contains offices for Council staff; the Birmingham Museum and Art Gallery (BMAG) stretches across both buildings.
- 5.2 The Council House complex consists of the Council House and Council House Extension which are linked together via a bridge link across Edmund Street. The Council House accommodates the Council's Civic and Democratic functions, parts of Birmingham Museum and Art Gallery (BMAG) and ancillary offices. 61% of the overall Council House Extension area is occupied by BMAG with the remaining space occupied by BCC staff offices. The whole complex is statutorily Grade 2\* listed.
- 5.3 The Council House is at the core of the civic and democratic functions of the city; the Council House Extension less so which may have potential for other commercial uses in parts of the building. As part of the next phase of the project the initial options appraisal will be explored further for the potential release of surplus space which could contribute to future reduced running costs.
- 5.4 The retention of the Council House complex will require a programme of investment in the medium term. The programme would see the continuation of repairs to the fabric of the building together with further work on the services and full redecoration and the introduction of energy saving measures (LED lights etc.) providing a better overall working environment and providing opportunities to support agile working. Based on previous survey/condition reports undertaken by specialist consultants,

Hoare Lea & Partners and Acivico, it is likely that works will be required to start within the next 3 years or so in order to ensure that the Council House remains compliant with electrical regulations.

- 5.5 As well as works to the electrical installation, improvements are also required within the same timescales for associated mechanical installations in the building (i.e. heating installations, lifts etc.), together with other works upgrades. This is a complex major project, and further reports will be brought to Cabinet for decision at appropriate stages. The initial stage of the project to date has been the development of a high level feasibility study. This resulted in initial costings provided by Acivico, which indicate that depending on the phasing of the works and the way they are carried out that the estimated costs of works could range from circa £21m up to £24m. These costs reflect the extent of works required and the complexity of working on a Grade 2\* Listed building. Due to the intrusive nature of the works, a full decant of both buildings is likely to be required.
- 5.6 The next stage of project development includes the engagement of specialist professional services to undertake a detailed development proposal. This will advise on how the phasing of the works will be undertaken to provide optimum value, and will develop the financial implications and funding. The detailed development proposal will also consider the procurement delivery options available for the professional services required to be undertaken and will be used to enable the commencement and preparation of tender documentation for market testing as part of the next phase.
- 5.7 The Birmingham Museums Trust (BMT) has commissioned the development of a Masterplan for a proposed refurbishment of BMAG. However, any such work would need to be managed in full co-ordination with the M&E and refurbishment works project to ensure works are carried out cost effectively, and the Council House complex project team will work closely with BMAG and the BMT.
- 5.8 In order to progress the detailed proposal a project team will need to be formed and appointed that includes the range of skills required to take forward a project of this nature. As well as the architect, a construction project manager will be required, preferably with experience of working on listed buildings and a specialist in conservation issues may also be required to work closely with Historic England. As the project is likely to require a decant of the Council House, alternative temporary facilities for the civic and democratic functions would need to be identified i.e. Council Chamber, Lord Mayor's parlour, committee rooms and Members and political offices etc. The expected decant plans, options and costs will be developed during the next stage of the project, to ensure the continued efficient operation of the Council's civic and democratic functions during the project work.
- 5.9 Procurement Strategy - At this stage, it is not possible to define the procurement route for each individual professional discipline required to assist with the delivery of the detailed proposal. The professional services will be procured via one of the following three routes:
1. Calling off in line with the protocol of a collaborative framework agreement or full procurement process advertised in OJEU (above £164,176).
  2. [www.finditinbirmingham.com](http://www.finditinbirmingham.com) and Contracts Finder in accordance with Procurement Governance Arrangements.
  3. Acivico Ltd. – The project has been developed to this stage working with

Acivico. Consultation is ongoing regarding support for the next phase.

- 5.10 A detailed project plan will be developed at the FBC stage. In the interim an indicative timescale is included in the attached option appraisal which proposes indicative milestones leading to completion of the next phase in approximately 18 months.

## **6. Evaluation of alternative option(s):**

- 6.1 The options considered in coming to the recommendations for this report are set out in Appendix 1.

## **7. Reasons for Decision(s):**

- 7.1 To seek approval to progress a detailed proposal to examine the options for a programme of investment which will enable the Grade 2\* Listed Council House Complex to continue to function as the most important civic building in the city for the long term.

### **Signatures:**

Councillor John Clancy  
Leader of the Council .....Date.....

Peter Jones  
Director of Property .....Date.....

### **List of Background Documents used to compile this Report:**

- Survey/condition reports by Hoare Lea & Partners and Acivico

### **List of Appendices accompanying this Report (if any):**

Appendix 1 – Council House Works – Options Appraisal 010916 v1.0  
Appendix 2 – EA001399 Smarter Working – Council House Complex