

Birmingham City Council

Report to Cabinet

25th July 2023



Subject: New Location for CCTV and Traffic Control Centre
Report of: Darren Hockaday, Acting Director of Council Management
Relevant Cabinet Member: Deputy Leader, Councillor Sharon Thompson

Relevant O & S Chair(s): Councillor Jack Deakin, Finance and Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011432/2023		
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential: Exempt information – relates to discretion to exclude public: information falling within the categories outlined in 12A of the Local Government Act 1972 (as amended) Exempt information relating to the financial or business affairs of any particular person (including the Council)		

1 Executive Summary

- 1.1 This report seeks approval for the relocation of the Control Centre from 1 Lancaster Circus to 3 Priestley Wharf and to secure the associated funding required to progress with the move. This project will deliver the safe relocation of a critical service for the Council and will enable the decommissioning of the 1 Lancaster Circus.
- 1.2 The new control centre will be bringing together the Closed-Circuit Television (CCTV) Control Centre, Urban Traffic Management Control (UTMC) operations and the Emergency Planning suite into one location and create one Control Centre fit for the future with potential opportunities for additional similar functions integration. These are essential services that control and operate critical monitoring, surveillance, and alarms systems for the city of Birmingham, that operate 24/7/365 to keep our citizens safe and enables the Council to discharge its obligations under the Traffic Management Act 2004 and the Highways Act 1980.

2 Recommendations

That Cabinet:

- 2.1 Notes the selection of Priestley Wharf as the new location for the Control Centre as detailed in section 3.5.
- 2.2 Approves the allocation of an additional £2.510m capital to deliver the relocation of the Control Centre from Lancaster Circus, to be funded by corporate capital resources from capital contingency budget - as detailed in section 7.3.2.
- 2.3 Approves the amended estimated value for procurement of the works [detailed in the Exempt Appendix 3] using the Agri-Epi Centre (AEC): Neutral Vendor Framework for Multi-Specialism Services as detailed in the Planned Procurement Activities Report (PPAR) to Cabinet dated 14th February 2023 and delegates the award of the contract to the Interim Strategic Director, Council Management in conjunction with the Assistant Director, Procurement (or their delegate) the Director of Finance and Section 151 Officer (or their delegate) and the City Solicitor & Monitoring Officer (or their delegate) subject to the value being within the approved budget.
- 2.4 Approves the allocation of £0.153m from the Policy Contingency Reserve to fund the part-year running costs of the new premises in 2023/24 as detailed in section 7.3.1.
- 2.5 Approves that an additional revenue budget of £0.486m from 2024/25 onwards will be reflected in the 2024/25 Medium Term Financial Plan as detailed in section 7.3.1.
- 2.6 Notes the associated operational and reputational risks related to the relocation of the Control Centre as detailed in section 6.

- 2.7 Authorises the City Solicitor & Monitoring Officer to execute and complete all necessary legal documents to give effect to the above recommendations.

3 Background

- 3.1 In July 2021 Cabinet approved the New Ways of Working Programme (NWOW) which set out the transformation of the delivery of agile working practices and modern working environments. The agreed Business Case included agreement to the closure of 1 Lancaster Circus, one of the Council's principal office locations, and the relocation of all functions base including the CCTV Control Centre and allied operations situated in the basement to an alternative location.
- 3.2 In December 2021 Cabinet approved the sale of 1 Lancaster Circus generating a significant capital receipt. This transaction is based on the City Council being able to provide vacant possession of the building.
- 3.3 To achieve the decommissioning and disposal of 1 Lancaster Circus, all services that reside within this building need to be relocated and then decommission all existing facilities left behind: services, networks, excess office furniture and storage. Most of the City Council services are no longer based in the building, whilst the Children's Trust have a vacation plan based on the leasehold acquisition of two buildings, leaving only the specialist Control Centre and associated functions within the basement.
- 3.4 The key function of the Control Centre at 1 Lancaster Circus is to deliver the primary command and control facility for the city, including the day-to-day operations and emergency response function and currently operates from 3 distinctive units – Closed Circuit Television (CCTV) Control Centre, Urban Traffic Management Control (UTMC) operations and the Emergency Planning suite. To identify and maximise efficiencies where possible, it was agreed to combine the business-critical control centre and urban traffic control operations into a single location, with one operational control room, at the new location.
- 3.5 These are essential services that control and operate critical monitoring and alarm systems for the City Council that operate 24/7/365 and enables the Council to discharge its network management obligations under the Traffic Management Act 2004 and Highways Act 1980. The Highways Maintenance and Management Public Finance Initiative Contract (HMMPFI) also places several obligations on the Service Provider (Kier) in relation to the management and maintenance of Traffic Signals, Tunnels and Road Traffic Camera infrastructure, including staffing and operation of the UTMC facility. If the Service Provider (Kier), is inhibited or prevented from meeting these obligations this could result in claims against the Council under the existing contract. Thus, operationally there is not an option for the City Council to have any interruption in service operations during relocation, and the services

needed to be based in an accessible location from which the entire city could be served. A review of the Council's operational portfolio unfortunately did not identify a suitable building but the second floor at 3 Priestley Wharf at Birmingham Science Park Aston (BSPA), held in the Commercial Portfolio, was assessed as being an appropriate location.

- 3.6 The key benefits offered by this site include provision of the right location and sufficient footprint that meets technical and operational requirements, the opportunity to future-proofing of operations and further integration or colocation of other 24/7 operations within the Council or even with external partners and provide capacity for the integration of event control which was also a key recommendation following the hosting of the Commonwealth Games and learning from the BC4 arrangements. Whilst the City Council currently owns the premises there is a proposal to include within a joint venture proposal for the wider BSPA holding.
- 3.7 The relocation is focused on the safe, risk free and secure move of these key services. The Priestley Wharf is a building across the road from Woodcock Street, it offers open plan space on the second floor, it requires complete redesign, new layout and full mechanical & electrical (M&E) design and reconfiguration to achieve the new operational arrangements. This includes a secure control room (with an airlock), separate office areas for the 5 thematic cells, 2 large conference rooms, reception, office space and event space, platform for transmission kit, new generator, etc.
- 3.8 To maintain service delivery and integrity a period of parallel running of operations at Lancaster Circus and Priestley Wharf is required, (likely to be between 4 to 8 weeks) to ensure the integrity of the infrastructure, systems, and operations at the new location before switching off all the functionality from Lancaster Circus.
- 3.9 As a result, the new centre with new infrastructure connectivity, furniture, technical kit, and video walls etc, must be set up and made fully operational at the new location before the parallel running can commence. This requires a considerable amount of new technical kit, infrastructure fibre connectivity, and systems to be procured and installed "as new" and invariably this will attract substantially more setup cost for the project.
- 3.10 Likewise, the extensive infrastructure requirements such as British Telecom, Virgin fibre circuits, networks cables and other hard-wired cameras and systems are required to be redirected or set-up from scratch at Priestley Wharf, as there are no City Council networks or CCTV fibre connectivity links at this location at present.
- 3.11 To decommission, move, restructure and re-install this Information Technology (IT) infrastructure effectively, several complex and critical activities are required to ensure a safe migration of infrastructure, connectivity and hardware & software installation and testing is achieved. This will include:

- a) Existing IT infrastructure discovery and site audit
- b) Design new solution for the alternative location based on the IT requirements
- c) Coordinate and manage solution implementation
- d) Plan and implement decommissioning and recommissioning activity
- e) Plan activity for legacy or systems no longer required and disposed.

3.12 Moving or relocation of services of this complexity is a costly endeavour for any local authority and involves a considerable amount of advanced planning, due diligence, discovery, and systems integration in advance of the move. This is then followed up with testing and parallel running and rigorous assurance activities post-relocation etc. A “Go - No Go” process will be put in place to ensure resilience and control system in place to secure a safe transition.

3.13 The current proposal produces a capital funding deficiency of £2.510m. This gap had arisen from the impact of several factors:

- a) As part of the outline business case, all financial information that was available at the time, was gathered in April 2021, and provided outline estimated costs which were used to inform the estimated budget for this project. These cost estimates were produced based on quotes when the economy was experiencing low levels of inflation and better costs stability in the market. Some of these estimates have proven inaccurate as a result of unforeseeable market pressures, e.g. an original quotation from a telecom company has more than doubled compared with estimated figures provided at business case stage. Also, some of these related costs are unavoidable and only foreseen and fully evaluated once a building was identified.
- b) Nationally we are experiencing unique economic conditions in the market with inflation reaching double figures compared with much lower inflation rates a few years ago, where prices are being pushed up higher than expected, in an unstable market condition.
- c) The current inflation rates are affecting labour market and materials cost, have led to circumstances where companies are forced to raise their pricing way above the current inflation rates to secure the viability of their operations. Take for example a larger telecom company, who are in the process of re-organising their delivery model at national scale, starting to introduce new pricing policy, and including additional project management fees as part of their project delivery model.
- d) The high proportion of technical infrastructure, hardware and software with high-tech specification is required to be purchased, configured, and install for this project, as this service needs to be set up as a “brand new operation” before the parallel running can commence. This includes

large number of monitors that make up the 5 separate video walls, British Telecom (BT) and Virgin fibres, other critical communication kit, servers, or alarm systems, which attract higher unit costs (as they contain electronic chip) in a very volatile market and requires specialist installation that are expensive to acquire.

- e) Several existing systems in scope to relocate are now obsolete and therefore not suitable or capable of being moved. So, completely new or integrated of new systems need to be purchased instead. This has also contributed to increase systems relocation costs for both hardware and software as procuring new system is always more expensive, especially in the current volatile market.
- f) The new facility needs complete redesign and refit of its mechanical and electrical set up, which was unforeseen, and needs considerable upgrades such as the installation of new fan coils, where existing ones are at the end of their life cycle, significant distribution board changes and Heating / Ventilation / Air Conditioning (HVAC) amendments specific for a 24/7 operations environment that is costing £0.789m.

- 3.14 All these factors have greatly impacted the overall capital cost of this relocation project which is £5.4m compared with an existing budget of £2.9m.
- 3.15 Some operational cost-avoidance has been identified by the operational team due to systems rationalisation of around £0.200m that has already mitigated an even higher funding gap exposure.
- 3.16 Considerable amount of value engineering and cost challenge had already been undertaken with contractors. This had resulted into notable cost efficiencies, including options to reuse some existing surplus IT kit, furniture items etc where appropriate. Despite these endeavours, this has not produced enough cost reduction to cover £2.510m capital still needed to deliver the project.
- 3.17 More importantly, until now the project has not had any provision for contingency. A project of this operational significance and criticality for the authority will require a contingency of 20% especially in the current economic conditions, to mitigate any other variations in costs or to cover any unforeseen risk or issues. This has now been incorporated into the £2.510m.
- 3.18 The current project timeline targets practical completion of the set-up works by September/October 2023. Allowing for a period of 4 to 8 weeks for dual-running to test the reliability and resilience of the new Centre and it is anticipated the existing provision at Lancaster Circus can be turned off by mid-November 2023.
- 3.19 The timely decommission of 1 Lancaster Circus has a strong dependency to the Council's ability to achieve vacant possession and deliver the capital receipt as planned. Failure to yield vacant possession in line with the agreed

terms of the disposal would jeopardise a significant capital receipt and could have legal ramifications.

4 Options considered and Recommended Proposal

- 4.1 **Option 1 - Do Nothing:** In December 2021 Cabinet approved the sale of 1 Lancaster Circus generating a significant capital receipt. Thus, keeping the control centre at 1 Lancaster Circus is no longer an option. Consequently, all services within this building need to be relocated and the building needs to be decommissioned.
- 4.2 **Option 2 – Find alternative suitable location for the Control Centre:** The decision to relocate the Control Centre to Priestley Wharf site was revisited and challenged recently, with colleagues from Property Services, City Operations, NWOW Operational Sponsors and with key members of the Corporate Leadership Team (CLT). Therefore, further analysis and due diligence was undertaken to test if another building within city limits would meet the statutory requirements of the control centre, now and in the future. After, considering various options including Woodcock Street, associated risks and relevant timelines, it was concluded that Priestley Wharf is still the only feasible option for the creation of new centre that fully meets the operational requirements, given the accessible location, size of the floorplate and limited time left before the decommission of the Lancaster Centre is due.
- 4.3 **Option 3 – Deliver the relocation of the Control Centre without the extra funds.** The total cost of the technical infrastructure set up is just over £2.200m in capital expenditure and this will not leave sufficient funds to create the layout necessary to support the control centre operations including the critical elements, as the control room or the emergency response command and control rooms, the surveillance, or the event coordination facility. The existing funds are insufficient to deliver a control centre that meet the industry standards and able to perform its key function to keep the citizens of Birmingham safe.
- 4.4 **Option 4 - Recommended Option:** Relocate the Control Centre to 3 Priestley Wharf to collocate the Closed-Circuit Television (CCTV) Control Centre, Urban Traffic Management Control (UTMC) operations and the Emergency Planning services and secure an additional £2.510m in capital funding to create the new facilities and provide the required technical infrastructure to run the centre. By doing so this will enable the creation of a one integrated control centre that is fully compliant the industry standards and offer opportunity for future integration. Also, it will enable the decommissioning of 1 Lancaster Circus and to realise the capital receipt, as planned.

5 Consultation

- 5.1.1 The Programme is actively engaged with the Trade Unions and will continue to consult with them throughout the project.
- 5.2 Capital Board was consulted about the proposed project on 15th June 2023 and was fully supported.
- 5.3 Engaged with relevant Members and portfolio holders and offered briefings on this cabinet paper.

6 Risk Management

- 6.1 There are several risks associated with the current project impacting on timescales and costs.
 - a. The key critical risk to the Council is the relocation itself, it is imperative that there is a fully operating command and control centre in place by the time 1 Lancaster Circus is decommissioned ahead of its disposal. Failure to yield vacant possession in line with the agreed terms of the disposal would jeopardise a significant capital receipt.
 - b. The current significant risk to the relocation is the lack of programme plan from BT Openreach, to provide a clear delivery timeline of works required and ensure adequate resources are allocated to this project to match other contractors (such as ATEC) on board to ensure alignment of delivery capability to meet set installation deadlines. Mitigation actions are in place that include escalation with BT senior executives.
 - c. Failure to complete the relocation as planned or as designed, risks the integrated command and control model, and may create operational risks or impact the ability to respond to incidents and emergencies and support partners and communities.
 - d. Control Centre has just requested a remodelling of the layout, at a late stage in the planning and procurement cycle, that will impact the current delivery plans in terms of both: more costs and adding time delays.
 - e. There are several systems (alarms, controls, and monitoring functions) that have not been costed or fully integrated in existing systems that will impact the overall functionality of the Centre if these are not resolved in a timely manner. These costs will be covered from the contingency provision.
 - f. Furthermore, there is a risk for failure to comply with a contractual agreement with the developer on Lancaster Circus. This could bring further legal, financial, or reputational risks and could result in further delays and add uncertainty to the project's critical path.
 - g. All these risks are being regularly monitored, mitigated actions reviewed and reported upon, as part of the programme management governance and portfolio management reporting process.

7 Compliance Issues:

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

7.1.1 This project will contribute and support a key priority to have a bold safe Birmingham

- Make the city and citizens safer
- Protect and safeguard vulnerable citizens

7.1.2 Will contribute towards fulfilling the ambition that Birmingham will be a city with vibrant and flourishing neighbourhoods that are safe and affordable, where vulnerable citizens are protected and supported, where diversity is celebrated, and citizens have pride in where they live.

7.1.3 Will also enable key outcomes for the city and citizens:

- Less crime and anti-social behaviour
- More people feeling safer

7.1.4 This project also will create a safer environment for make the city safer:

- We will work with citizens and partners, including West Midlands Police, to reduce crime, tackle anti-social behaviour and improve community and road safety so people feel safe in their daily lives, and feel it is easier and safer to walk and cycle in Birmingham.

7.1.5 Birmingham Business Charter for Social Responsibility

The value of the contract for the works at Priestley Wharf is below the works threshold for the BBC4SR to apply. However, the requirement to pay the Real Living Wage and the requirement to encourage the delivery of a project advertised on www.matchmyproject.org is included in the tender documentation.

7.2 Legal Implications

7.2.1 The Council has a statutory duty to maintain highway infrastructure primarily under the Highways Act 180 and the New Roads and Street Works Act 1991.

7.2.2 The Council is a Category 1 Responder under the Civil Contingencies Act 2004 and has a legal duty to ensure it can respond to emergencies and continue its critical functions

7.2.3 Should the proposed Protect Duty become law and require more robust and coordinated responses to protect from terrorism, the Control Centre provides a core part of meeting this new duty (CCTV, HVM, Command, Control, Coordination etc)

7.2.4 Under S.111 the Council has power to anything which is calculated to facilitate, or is conducive or incidental to, any of its functions.

7.3 Financial Implications

7.3.1 Revenue

The revenue consequences of relocating the Control Centre to Priestley Wharf service occupation are in the order of £0.486m a year from 2024/25 onwards. The estimated part year cost in 2023/24 is £0.153m. This is broken as follows:

Running costs	2023/24	2024/25 - onwards
3 Priestley Wharf – 12,417 sq foot	Year 1 to 31/03/2024*	Year 2 – 01/04/2024
Rental @ £14.50 per sq foot (including car parking)	£6,000	£192,046
Service charges @ £9.60 per sq foot	£59,602	£119,203
Business rate @ £9.60 per sq foot	£59,602	£119,203
Direct Running costs @£4.50 per sq ft.	£27,938	£55,876
Total	£153,142	£486,328

*Assume 6 months rent free

Priestley Wharf sits within the Council's Commercial Portfolio held to generate rental income and this rental income contributes to the Council's MTFP.

It is likely that service charge and business rates costs will increase annually in line with inflationary pressures.

It is intended to develop the location to accommodate relevant call centre, CCTV monitoring and out of hours services; any revenue savings generated from the withdrawal from other buildings, will also be captured as they are realised.

The additional revenue expenditure of £0.486m per annum will be reflected in the Medium-Term Financial plan 2024.

7.3.2 Capital

The anticipated capital cost for the relocation of the Control Centre is £5.410m compared to an existing budgeted figure of £2.900m, a shortfall of £2.510m.

Budget	2023/24
Technical set up software systems, hardware kit, BT & Virgin fibre circuits infrastructure, etc	£2,202,584
Construction - new layout, furniture, generator, storage, roof platform, decommission, M&E works, etc	£2,279,232
Contingency @20%	£927,960
Total	£5,409,776

It is proposed that the additional investment in the Control Centre is funded from the Corporate Capital Contingency budget which is already factored into the MTFP. Capital financing decisions will maximise the use of available

capital receipts to fund the 2023/24 capital programme which will include this scheme.

7.4 Procurement Implications

- 7.4.1 Cabinet was advised of the forthcoming procurement activity for the works in the Planned Procurement Activities Report (PPAR) to Cabinet dated 14th February 2023.
- 7.4.2 Due to the reasons stated above, the estimated value of the proposed contract has increased above the 20% or £500,000 (whichever is lower) tolerance reported in the PPAR. In accordance with the paragraph 4.69i of Part D Finance, Procurement and Contract Governance Rules, Cabinet are being advised of this increase and requested to delegate the contract award subject to the value being within the revised budget value
- 7.4.3 The procurement methodology for the works is detailed in Appendix 2 and the value of the works contract with any commercially confidential information is in Exempt Appendix 3.

7.5 Human Resources Implications (if required)

- 7.5.1 There is minimal Human Resource ramification related to the actual relocation. However, there could be some impact in terms of resource related to the closing of the building that Corporate Landlord is addressing this as part of its operational model.

7.6 Public Sector Equality Duty

- 7.6.1 An Equality Impact Assessment was done for the NWOW programme, ref: EQUA674
- 7.6.2 There would be no adverse impact on individuals with protected characteristics under the Equality Act 2010 because of the relocation of the Control Centre to Priestley Wharf.

7.7 Environmental and Sustainability Implications

- 7.7.1 There are several benefits to local environment because of this relocation. Firstly, the Council will reduce its portfolio by 5,916 sq metres of office accommodation and it will reduce its Carbon footprint by an estimated 340 tons of Carbon Dioxide per annum. Also, investing and improving the condition and the energy efficiency of the second floor in - Priestley Wharf by bringing this floor to up to modern standard and improving the M&E, therefore reducing the long-term maintenance burden.
- 7.7.2 An Environmental and Sustainability assessment was done for the NWOW programme.

7.8 Property Services Implications

- 7.8.1 The proposal will enable the City Council to successfully conclude the decommissioning and disposal of 1 Lancaster Circus and create a fully functional and future proofed Control Centre with opportunities for additional functions to be added resulting in further rationalisation.

8 Appendices

- 8.1 Appendix 1 **Control Centre Operational Compliance**

- 8.2 Appendix 2 **Procurement Methodology**

- 8.3 Exempt Appendix 3 **The value of the works contract**

9 Background Documents

- 9.1 Equality Impact Assessment – New Ways of Working EQUA674
- 9.2 Environmental and Sustainability assessment – New Ways of Working