

For publication

Town Hall refurbishment (B025)

Meeting:	Cabinet Council
Date:	6 December 2016 14 December 2016
Cabinet portfolio:	Business Transformation
Report by:	Customer, Commissioning and Change Manager

1.0 Purpose of report

- 1.1 This report provides information on the changes that are required to progress the Town Hall refurbishment scheme. The scheme is a key component of the Council's Great Place: Great Service transformation programme and it is an invest to save project that will generate significant income to use in protecting and improving front line council services for the public.

2.0 Recommendations

Cabinet are asked to recommend to full Council that:

- 2.1 The Town Hall refurbishment scheme is amended to reflect an increase in scope and extended timescales for delivery.
- 2.2 Both asbestos and building works are completed whilst Chesterfield Borough Council staff members remain in situ within the building.

- 2.3 The capital programme is updated to reflect a revised capital budget of £2,740,000.
- 2.4 Treasury indicators are updated to reflect that prudential borrowing of £2,091,000 is used to fund the increased capital costs of the scheme.
- 2.5 The Service Improvement Reserve is used to fund £135,000 of additional revenue costs in 2016/2017.
- 2.6 The Council's Operational Services Division is able to recruit resources to enable delivery of the building works programme, within the cost model identified.
- 2.7 Members note that the scheme assumes a minimum of £240,840 income will be generated annually from 2020/21, which can be reinvested in the Council's work to protect and improve front line services to the public.

3.0 **Report details**

Background:

- 3.1 As part of its Great Place, Great Service transformation programme, Chesterfield Council is modernising its working environment and changing the way it works to create a more flexible and efficient workforce.
- 3.2 Chesterfield Town Hall is a listed building, with historic importance. It currently provides both civic and office functions for Chesterfield Borough Council and some space within the building is rented to Voluntary Sector Organisations. However, much of the Town Hall is under-utilised and there are significant opportunities for greater efficiency to be achieved from the building.
- 3.3 The Town Hall refurbishment scheme is a significant project within the Great Place, Great Service programme. It aims to ensure that office space within the Town Hall is utilised to its best advantage, by opening up offices (within the constraints of the listed building), updating furniture to create more work spaces, updating electrical wiring to modernise the building and improving ICT by introducing Wi-Fi and improved audio visual

facilities. The project will also introduce agile working principles and tools to the workforce which will improve the efficiency of the Council.

- 3.4 The project will generate additional desk space and improved meeting facilities within the Town Hall. This will create opportunities for additional income generated from external rental of space and will also enable the council to rationalise its property estate and generate future capital receipts. These measures are critical in ensuring the Council is able to balance its budget over the medium term and continue to deliver great services in line with its stated vision and priorities.

Asbestos:

- 3.5 A renovation and demolition survey (RAD) has been completed as part of the refurbishment works and this has identified significantly more asbestos than anticipated. The project plan has been revised to take account of the increased levels of asbestos and this has increased both the cost and the time needed to complete the scheme.
- 3.6 The Council has used a procurement framework to identify a preferred asbestos removals specialist. The preferred supplier was identified following completion of a mini competition, with four suppliers bidding against a well-defined specification. The specification was sufficiently robust and detailed to enable the Council to select the most appropriate supplier for the works in terms of quality and pricing.
- 3.7 The specification has been further developed since the mini competition to include other aspects of asbestos management within the Town Hall. It is our intention that the preferred contractor identified by the mini competition will be appointed to undertake the fully developed specification.
- 3.8 Council officers have worked closely with the preferred supplier to determine that we are able to continue to use the Town Hall for business purposes safely whilst the asbestos removal and containment work is completed. This requires staff and elected members to be relocated to alternative office space within the Town Hall to facilitate the work. These moves will be completed on a floor by floor basis. Where appropriate, Town Hall staff will

also be provided with laptops or tablets to enable agile working from alternative locations.

- 3.9 The basement of the Town Hall must be completely vacated whilst remedial asbestos work is completed, as the scale of the work required will result in us being unable to provide safe access to customers and to staff. The Voluntary Sector Organisations and our reprographics and caretaking teams have therefore agreed to be temporarily relocated to the ground floor of the Town Hall whilst this work is undertaken.
- 3.10 A revised project plan has been developed to ensure that asbestos work is completed before any build work begins. This has increased project timescales, but ensures that health and safety plans are clear and that work is undertaken in a well-controlled and managed environment.
- 3.11 As some capital funding has already been approved for the Town Hall refurbishment project, preparatory work for asbestos removal is already underway and clearance will begin in December 2016, following notification to the Health and Safety Executive.
- 3.12 There will be some temporary external alterations required to facilitate the work and ensure safety of the public. These include closure of the pavement to the rear of the Town Hall and the re-designation of some disabled car parking spaces in Rose Hill car park to accommodate asbestos contractor and build contractor compounds. There will not be a reduction in disabled car parking access when these alterations are made.

Build Works:

- 3.13 The Council's own Operational Services Division (OSD) will complete the build works for the refurbishment project. Costs will be charged on a materials and time basis and no profit margin has been built into the build costs. The works are expected to be complete by December 2017.
- 3.14 OSD will minimise disruption as far as they are able. During very noisy periods of work, civic functions will be relocated to the Winding Wheel.

- 3.15 The Town Hall refurbishment project now includes essential property repairs, modernisation of toilets, kitchens and meeting rooms and the development of an event space, baby changing facilities and improved disabled access toilets. The event space and improved facilities will provide a multifunctional space for meetings, weddings and cultural activities.
- 3.16 These changes have increased the scope and overall cost of the refurbishment project. However, the increased capital spend will enable the Council to reduce the costs of future repairs to the building, support future estate rationalisation, such as the sale of 87 New Square, and will help maximise future rental income from the Town Hall. This will benefit the Council's revenue and capital budgets.

4.0 **Human resources/people management implications**

- 4.1 Staff members will undergo a period of significant change as the Town Hall refurbishment project is completed, with some of the workforce expected to be reluctant to move to a more modern way of working which has agile working built into the heart of our accommodation strategy. The refurbishment project team will work with staff members and the Unions to ensure that they are supported through this change and that staff concerns are identified and addressed.
- 4.2 Maintaining the health and safety of people within the Town Hall is our priority and we are confident that this can be maintained whilst asbestos and building works are undertaken. We will ensure that detailed health and safety information is regularly shared and displayed.

5.0 **Financial implications**

- 5.1 The revised project will require a capital budget of £2,740,000.

<i>Area of Expenditure</i>	<i>Capital Spend</i>
<i>Project management costs</i>	<i>£175,000</i>
<i>Asbestos</i>	<i>£430,000</i>
<i>Build</i>	<i>£675,000</i>
<i>Electrical</i>	<i>£512,000</i>

<i>Fit Out</i>	<i>£948,000</i>
<i>Total</i>	<i>£2,740,000</i>

5.2 £850,000 of capital funding has already been approved and is in the Capital Programme. It is recommended that the shortfall, outside of existing capital financing, is funded through prudential borrowing and repaid from future capital receipts. Prudential borrowing of £2,091,000 is required. There is headroom in our prudential borrowing capacity to allow this approach. The revenue required to support the prudential borrowing is captured within the scheme's cost model.

5.3 Additional revenue funding of £135,000 is required in 2016/2017 to provide ICT which will facilitate agile working. It is recommended that this is funded from the Service Improvement Reserve.

5.4 The scheme is assumed to generate a minimum of £141,840 rental income from 2018/19 and a minimum of £240,840 rental income from 2020/2021 onwards. This rental income will have a positive impact on the Council's revenue budget. Final negotiations are currently underway to lease vacant ground floor space to Derbyshire County Council, who is considering relocation of the Register Office in autumn 2017.

6.0 **Legal and data protection implications**

6.1 The council has a legal duty to maintain health and safety within its buildings and ensure that the workforce is protected.

6.2 The council has a legal duty to manage asbestos.

7.0 **Consultation**

7.1 Service managers, union leads and the Great Place, Great Service Executive Board have been consulted in the development of the scheme.

7.2 Labour Group and Liberal Democrat Group presentations have been provided.

8.0 **Risk management**

8.1 A detailed risk management plan is in place for each aspect of the project. The two significant risks are detailed below:

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Health and safety is not maintained	H	M	Detailed health and safety plans in place. Health and Safety sub group implemented. Skilled principle designer recruited to monitor health and safety. Specialist, skilled contractors recruited.	H	L
Income is not achieved.	H	M	Increased scope of the scheme will improve quality of available rental space; We are working closely with partners through the One Public Estate programme to identify opportunities for Town Hall space rental within other areas of the public sector; Creation of more internal desk space will	M	L

			facilitate estate rationalisation and opportunity for further capital receipts. Income forecasts built into the cost model are prudent.		
Costs increase over and above those approved	H	M	Integral involvement of finance in preparation of the costs. Project manager accountability for budget monitoring. Great Place, Great Service Executive Board scrutiny	H	L

9.0 **Equalities Impact Assessment (EIA)**

9.1 A draft Equalities Impact Assessment has been completed and is attached at Appendix A. This will be updated once Contractor Method Statements have been developed.

10.0 **Alternative options and reasons for rejection**

Stopping or minimising the work

10.1 Asbestos will need to be safely managed and removal or containment work must be completed to maintain staff safety. Some capital spend is required now. Stopping or postponing the work will mean that we need to use licensed asbestos contractors for all future property repairs, which will increase our ongoing repairs and maintenance costs.

10.2 The Town Hall is in desperate need of basic redecoration and urgent repairs, which have already been delayed. This work will require capital spend. Minimising the work will postpone the

need for capital spend rather than remove it and further delays are likely to increase future maintenance and repair costs.

- 10.3 Refurbishment and furniture replacement must take place so that the council can release desk and meeting space which can be rented to the external market. It is unlikely that external rental income will be achieved unless the Town Hall is brought into an acceptable state of repair.

Selling the Town Hall and relocating permanently

- 10.4 A current valuation of the Town Hall has been completed at £1.15m without car park and £1.95m with car parking provision. Sale of the site for alternative use (hotel, apartments etc.) could be possible, but it is not recommended by the valuer at this time due to existing market conditions and due to the current condition of the building.
- 10.5 There are no suitable alternative premises to support a permanent relocation. This would mean that the Council would need to build new premises. The cost of building new premises would require additional capital funding and this would increase our revenue costs in the short term.

Relocation of all staff to an alternative building whilst asbestos and build works are completed.

- 10.6 This option has been investigated in detail and an alternative site has been identified for relocation.
- 10.7 Relocation to alternative premises will increase the revenue cost of the refurbishment project by £431,780.00
- 10.8 The increased costs of relocation would result in significant abortive costs, which are not required to ensure that health and safety is maintained.
- 10.9 High level health and safety designs for the Town Hall are now well understood and we are confident that safety can be maintained on all floors within the Town Hall apart from the basement.

- 10.10 The refurbishment works are only extended by a further three months if we remain in situ.
- 10.11 Relocation of all staff will require existing revenue budgets to be reduced, as the level of additional revenue is too high to be taken from Council reserves. This means that we may need to consider voluntary or compulsory redundancy to balance the budget.

11.0 **Recommendations**

Cabinet are asked to recommend to full Council that:

- 11.1 The Town Hall refurbishment scheme is amended to reflect an increase in scope and extended timescales for delivery.
- 11.2 Both asbestos and building works are completed whilst Chesterfield Borough Council staff members remain in situ within the building.
- 11.3 The capital programme is updated to reflect a revised capital budget of £2,740,000.
- 11.4 Treasury indicators are updated to reflect that prudential borrowing of £2,091,000 is used to fund the increased capital costs of the scheme.
- 11.5 The Service Improvement Reserve is used to fund £135,000 of additional revenue costs in 2016/2017.
- 11.6 The Council's Operational Services Division is able to recruit resources to enable delivery of the building works programme, within the cost model identified.
- 11.7 Members note that the scheme assumes a minimum of £240,840 income will be generated annually from 2020/21, which can be reinvested in the Council's work to protect and improve front line services to the public.

12.0 **Reasons for recommendations**

- 12.1 The Council has a duty to manage asbestos safely and must therefore revise the Town Hall refurbishment plan to take account of this requirement. In addition, the Council is able to maximise additional revenue income by increasing the scope of the scheme.

Decision information

Key decision number	695
Wards affected	All wards
Links to Council Plan priorities	To provide value for money services.

Document information

Report author	Contact number/email
Rachel O'Neil	01246 345833 Rachel.Oneil@chesterfield.gov.uk
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>None</i>	
Appendices to the report	
Appendix A	Equality Impact Assessment