

## SHIREHALL REDEVELOPMENT AND REFURBISHMENT PROJECT

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### 1. Summary

In July 2017, the Council appointed a specialist team, led by HLM Architects and Real Estate Works, to consider options to reconfigure and refurbish the Shirehall in order to meet the Council's priorities to make the Shirehall better suited to modern working and create income generating opportunities.

That initial piece of feasibility work is what we have referred to as Stage 1 of the project and the results were presented to Cabinet on 13<sup>th</sup> December 2017. The consultants recommended a significant investment to address the problems with the building and achieve the desired project objectives. Cabinet agreed, in principle, to move forward the option of refurbishing the entire building and progressing the necessary due diligence and feasibility work to inform the decision making process.

It was resolved:

- i) That in principle agreement to move forward the option of refurbishing the entire building and progressing the necessary due diligence and feasibility work to inform the decision making as outlined in the report be approved.
- ii) That following the completion of further work and due diligence a report is brought back to Cabinet and then Council with final recommendations, including detailed costings.
- iii) That authority be delegated to the Director of Place in consultation with the Portfolio Holder for Corporate and Commercial Support to progress all works in accordance with recommendations i) and ii) above.

It was agreed that a sum of £300,000 should be added to the capital programme to enable the project to proceed to Stage 2, which would provide significantly increased certainty around the project costs and the business case.

In order to take advantage of the knowledge and experience already gained and to avoid duplication of work-streams, the decision was made to retain the

same core consultancy team for this stage and their detailed Stage 2 report is attached as Appendix 1.

Activities carried out in Stage 2 include the following areas of work:

- Due diligence on the existing building, in the form of technical surveys and research into existing systems.
- Concept designs for the building and the external areas and spatial planning.
- The preparation of a workplace strategy, based on the emerging policies and aspirations around transformation and agile working, as well as good practice.
- Discussions with third parties to identify letting opportunities.
- Consultation with Directors, Officers, Members and other key stakeholders.
- Financial modelling and work to build the business case for the project.
- Early work on establishing the BREEAM and sustainability principles and options for carbon reduction and energy saving.
- Early work on a parking strategy.

The Stage 2 financial business case identifies an estimated cost of £24.1m and a potential yield of 7% (after borrowing), with a payback period of 11 years and a likely stabilised cash flow (assuming borrowing) of £1.8m.

The overall estimated cost of the project has increased, although this can be accounted for by additions to the project scope, including IT infrastructure and the design, build and fit out of a commercial unit with a corresponding rental and yield.

The Stage 2 report demonstrates that, despite the increased overall costs, the financing cost of the project can be met by the proposed income generation and savings that can be derived from the upgrade.

We are now requesting £1.15m capital to support the next stage of the development – Stage 3. This will finance the project up to the point of having received tenders back from main contractors and being able to present a fully detailed project budget, detailed designs and a full business case which will be presented to Council for member approval

## **2. Recommendations**

It is recommended that Council:

- A. Approves the refurbishment in principle of the entire Shirehall building, subject to a further report to be considered by Cabinet with a final business case, developed designs and final project budget.
- B. Approves the addition of £1.15m to the capital programme to support Stage 3 of the project with delegation to the Director of Place to oversee the production of the final business case.

C. Delegates to the Director of Place, in consultation with the Portfolio Holder for Corporate and Commercial Support, the development of the procurement strategy for stage 3 of the design process with developed designs brought back to Cabinet and Council for approval together with the final project budget.

## **REPORT**

### **3.0 Opportunities Appraisal and Risk Assessment**

- 3.1 Whilst it is not possible to determine exact future staff numbers, directly employed Council staff will continue to need a suitable office base. The Shirehall can continue to serve this purpose. It is owned by the Council, and therefore in the Council's control to adapt and reconfigure to meet its needs. It has good transport links to the rest of the county. It is a well-known building, which, whilst of its time, has a provenance and striking aesthetic, which is befitting to a local authority and the local community.

However, Shirehall is now 'of its time', resolutely exhibiting almost exactly the same plan as in its original drawings. Furthermore the building in its current state presents an image to the public and partners which is far from ideal, appearing old fashioned and unwelcoming and disorientating for staff and visitors alike.

The building is structurally sound and its key mechanical and electrical systems remain viable, but a number of years with minimal planned maintenance has had a negative impact on the quality and performance of the building, which now needs to be addressed urgently. A number of key elements have exceeded their expected lifespan, and significant investment is required to bring the building to modern standards.

- 3.2 In the light of reduced revenue funding and changes to business rates the Council's focus for our own land holdings is on revenue generation and the Shirehall offers great potential for linking with public and private sectors partners, both through the One Public Estate programme and via commercial opportunities, to maximise the potential of the site to generate ongoing revenue contributions.

Sharing the Shirehall with other public sector bodies via the One Public Estate programme, will also enable us to share a number of business functions and operational costs, leading to savings and potential efficiencies.

- 3.3 Shropshire Council is also seeking to become a more commercially focused organisation, but the image the Shirehall currently portrays to business partners is tired and out dated. Our base needs to demonstrate that we are open to business and a safe set of hands in which to trust the future place making of Shropshire.
- 3.4 The building floorplate offers the potential for high quality, open plan workspace which can house the current Council body as well as providing further office space and a business hub for external partners. Specifically, investment in improvements to the Shirehall will provide a number of significant benefits and opportunities including:

- Improved public perception, customer experience, revitalised sense of civic pride and sense of place.
- Improved working environment for staff, leading to improved efficiencies through flexible and agile working and opportunities for collaborative working.
- Reduced running costs, through significant energy savings, increased efficiencies and reduction in empty desks/meeting room voids, along with reduced maintenance costs.
- Rationalisation of public estate to generate further letting/disposal opportunities, making land available for housing and business growth, reduce overall running costs and maintenance liabilities.
- Rental income from third parties, along with opportunities for some shared facilities, given the location of the Shirehall on a key town centre access route into and its proximity to residential areas.

This is a project acknowledged by Central Government Cabinet Office, the Ministry of Housing Communities & Local Government and the Local Government Association as being an exemplar within the One Public Estate programme and which could be used as a demonstrator of good practice to other local authorities.

- Opportunities to provide much needed improvements to the car parking requirements and the development of an effective Travel Plan.

### 3.5 Conversely, there is a potential impact in not progressing improvements in the near future.

- The building will become more expensive to run as building elements are retained beyond their life span (parts become more difficult to source, fixes are 'workarounds' rather than satisfactory solutions) and are inefficient.
- Increasing energy costs and pressure to reduce our carbon footprint will become unsustainable with the current building fabric.
- The CIPD Absence Management Survey identifies that 4% of staff absenteeism can be attributed to dissatisfaction with the workplace environment. CIBSE guidelines require less than 10% dissatisfaction with comfort levels and at the Shirehall this is currently more than 40%. It is widely recognised that creating a workplace environment which promotes a state of contentment, increases productivity and performance.
- Partners and third parties will not take up office space in the Shirehall as it is outdated and not fit for purpose resulting in missed opportunities for co-located partnership working and loss of potential revenue streams to assist with operational costs.
- The transformation to more flexible and agile ways of working and the efficient use of working space will not be achieved, resulting in requirement for other Council office bases to be kept, with increased operational costs and inefficient working.

- 3.6 A risk workshop has been carried out, involving all key members of the project team and a detailed risk register prepared. The Risk Appendix is attached, but in brief summary 32 risks are identified – 13 very low, 7 low, 8 medium and 3 high. The High risks are as follows:
1. Insufficient resources available for specific items of work to deliver the project (and ensure its quality) within the expected timeframe due to other key projects running in parallel.  
*Project Board has been formed. Resources will be closely monitored throughout the project and succession planning put in place where possible to reduce the risk of single points of failure.*
  2. Failure to manage the impact of restricted vehicular access to, and parking on site, for contractors and staff during project delivery.  
*Construction management and health and safety plans will be taken into consideration. Ensuring competent contractor is appointed.*
  3. Failure to clear the required areas in order for the contractors to commence refurbishment.  
*Align milestones with the Digital Transformation Programme. Will form part of the construction phase process.*
- 3.7 The consultant team have completed a Risk Mitigation Update. This identifies specific project delivery risks and the mitigation measures applied to date. The key risks identified are as follows:
- Constructability
  - Mechanical and Electrical Systems
  - Compliance
  - Communication
  - Commercial Occupiers
  - Cost
- 3.8 In January 2018, the Council purchased the three shopping centres in Shrewsbury Town Centre, to help shape the future economy and vitality of the town centre. The Riverside Shopping Centre is recognised as a development opportunity.
- Before submitting this report for approval, the opportunity was taken to pause the work briefly to consider the opportunity presented by the purchase of the shopping centres to relocate the Civic Hub in the town centre.
- 3.9 A report was commissioned to evaluate the Shirehall Redevelopment Project against the potential of other new build options in Shrewsbury Town Centre. Its purpose was to assess the viability of the project, in the context of Shropshire Council's wider estate and ask whether the Shirehall refurbishment proposal is the most sustainable and effective solution. The report is included as appendix 2.
- The report considered three options:
- To lift and drop the Shirehall based workforce into the Riverside site.
  - To relocate to the town centre the customer facing operations, which translated into a requirement to accommodate 175 staff. Shirehall would

continue to provide accommodation for a reduced workforce, along with public sector partners.

- To continue with the Shirehall development project and consider alternative models and uses for the Riverside development.

The team carried out the following activities in order to appraise the options:

- Clarified the nature of the options to be evaluated
- Evaluated the likely scale, nature and timing to procure the town centre options.
- Defined and agreed with officers a set of criteria against which the options would be evaluated, together with their respective weightings.
- Consulted with public sector partners to understand appetite for a town centre location.
- Evaluated the options with reference to the criteria.
- Calculated the net running costs, taking into account factors such as rental income streams, debt repayment profiles and facilities management costs over 35 years.
- Considered alternative funding structures in addition to that of borrowing from PWLB.

3.10 The outcome of the appraisal demonstrates that the Shirehall project can be delivered, based on current financial estimates, at no cost to the public purse.

3.11 Investment in the Riverside as an alternative is necessarily a longer term and more strategic option with its own risks and opportunities. The opportunity to create a vibrant mixed use destination, linked to the town centre, could well result in significant, yet unquantifiable, benefits for the town centre and the Council is likely to benefit financially from an uplift in the return on its investment in the shopping centres.

Most of the risks of not proceeding with the Shirehall are set out in 3.5 above. The key risks associated with not re locating the Civic Hub into the Town Centre, can be summarised as follows:

- We will not be maximising the Council's covenant strength. The Council will not enhance its physical presence in the town centre and may therefore appear relatively remote from stakeholders in the town centre.
- The opportunity to use the development of the Civic Hub as a catalyst for the development of the Riverside, thus potentially increasing the pace of delivery of this key regeneration project will be lost. As a result, there is a risk that the potential for increased footfall in the town centre will be lost, although the opportunity for expansion of the University Centre may offset this.
- We will be spreading our investment over two major projects, rather than consolidating it into one asset and this will restrict investment in both assets in the future.

3.12 A full financial appraisal of the Civic Hub option within Shrewsbury shopping centres has not been undertaken and this is a risk to the decision making process. Initial estimates suggest a significant cost in clearing and building a dedicated site within the shopping centres area, with unquantified benefits and returns to offset this.

- 3.13 The Council has statutory duties under the Equality Act 2010 and section 149: Public Sector Equality Duty in shaping policy, in delivering services, and in relation to their own employees. A detailed Equality and Social Inclusion Impact Assessment will be developed as part of the next phase of work.

#### **4.0 Financial Considerations**

- 4.1 The redevelopment and refurbishment of the Shirehall will require significant capital investment by the Council. Establishing accurate and detailed costs and financial modelling is part of the ongoing due diligence work, with officers reviewing the funding requirement in line with the current Treasury Management Strategy.
- 4.2 The specialist team appointed to consider the options for the Shirehall have reported that initial capital investment in refurbishment and internal remodelling should yield a combination of revenue savings and income generation. This can be considered on the basis of four key areas:-
- Reduction in energy costs through enhanced building performance achieved through improvements to the fabric of the building, including replacement of the windows, the incorporation of efficient mechanical and electrical systems and increased opportunities for sustainable technologies.
  - The potential to generate income from external lettings to public and private sector partners through the One Public Estate programme and wider third party opportunities. Based on a target of creating efficient open plan accommodation combined with moving to a mobile and flexible workforce, this results in a target of having approximately 50% floor space available at the Shirehall for commercial and Public Sector lettings.
  - The savings and income that can be generated through the rationalisation of the Council's administrative estate and the consolidation of central administration back to one building through the vacation and potential disposal of the other Shrewsbury administrative bases, including units on the business park and elsewhere.
  - The reduction in maintenance liabilities, as a result of upgrades to the building fabric.
- 4.3 The initial feasibility study identified a Yield of 7% (after borrowing), with a payback period of 11 Years and a likely stabilised cash flow (assuming borrowing) of £1.8m.
- 4.4 This Stage 2 report forms the Outline Business Case for the project and looks in more detail at specific cost areas, in order to provide a greater degree of certainty around the above figures. The activity streams carried out to reach this point in the project have included the following:
- Design progression in line with stakeholder agreement, providing a more detailed design and overall benefits to the Council. This allowed the cost team to refine the cost report, giving improved accuracy to the current project costs.

- More detailed space requirement analysis and planning has taken place and planning and the potential area available for income generation activities established with more certainty.
- Visual inspection and surveys have been carried out. Cost allowances have been included to cover current known risks and mitigation measures.
- Detailed surveys of the existing building and its mechanical and electrical systems have been carried out, appropriate new systems identified and the energy efficiencies generated by the changes accurately modelled.

4.5 Following the work above and with updated and refined cost modelling, the estimated overall cost for the project has increased to £24.1m. This can be attributed to a number of different issues, including additional hard landscaping and car parking spaces and an increase in the scope of changes to the entrance. It also includes an estimate of £3.8m to build and fit out a commercial building for retail use with rental income providing a durable and positive yield.

The additional costs could be mitigated by a number of identified additional income streams, both capital and revenue.

4.6 A summary of the estimated financial model at the end of Stage 2 is set out in the table below:

Estimated Project Cost	24.1m
Revenue Cost Impact Summary	
Annual financing liability	1.4m
Potential Income from commercial lettings	(1.7m)
Operational savings generated	(1.5m)
Net revenue	(1.8m)

This demonstrates that at Stage 2, the financing cost of the project can be met by the proposed savings and income that can be derived from the upgrade. A full financial appraisal of the proposed savings and income generation will be undertaken by Officers when considering the funding options and once the tendered figures for the construction work are available at the end of Stage 3.

There are further considerations required during the next stage which are not reflected in the above revised cost estimate. The main considerations are:

- Provisional allowance for Asbestos removal £1.7m, if required.
- Business Centre Courtyard £0.6m
- Creating opportunities along the street frontage £1.0m

The decision as to whether these additional cost requirements are added to the cost of the project will be determined during the next stage and updated in the final report to full Council accordingly.



- 4.7 The next stage of investment is required to get the project to the point of tender appraisal, which sets out the detailed design and employer's requirements enabling the procurement of the main contractor.

There is a requirement for £1.15m to be added to the capital programme to enable this work. This would bring the total sum approved for the project to £1.45m at this stage. This figure is included in the Estimated Project Cost of £24.1m set out in the table in paragraph 4.6.

- 4.8 A full financial appraisal of the proposed savings and income generation will be undertaken by Officers when considering the funding options and once the tendered figures for the construction work are available at the end of the next stage.
- 4.9. The Financial Strategy approved by Council on 22 February 2018 included an assumed cost of borrowing of £1.0m which was based on the Stage 1 cost estimations and is below the £1.4m assumed in this report due to the increase in the estimated project cost at Stage 2. The Financial Strategy also included an estimated income target of £3m which is to be realised by 2022/23, and is below the assumed income of £3.2m included in this report. Full consideration to the assumptions made in the Financial Strategy will form part of the next stage and will be updated in the final report accordingly.

## **5.0 Background**

- 5.1 Designed by Ralph Crowe and built in 1964, the building was to be the third Shirehall for the expanding Council body and was to be the first to accommodate all administration onto one site. The building is designed to respectfully accentuate the landmark column which sits to the south of the building and does so by gradually building up its massing towards the middle of the site. The Council chamber is clearly expressed in the only curving feature of the building, successfully echoing the curve of the column and relating the building's civic purpose.

Shirehall has been the site of the County Council ever since its construction and as such occupies a special place within Shrewsbury. The building is an iconic structure which has retained its historical purpose both for the Council and the community.

- 5.2 The Shirehall has a number of existing third party users including:

- Crown Courts (moving shortly)
- Connecting People
- County Training, post 16 training and employment opportunities
- Domestic Abuse Forum
- Heritage England hot-desks
- Kier (Key Council contractors involved in highways partnership working)
- WSP (Key Council contractors involved in highways partnership working)
- Network of Staff Supporters (NOSS) external counselling service
- Royal Voluntary Services
- Shropshire Homepoint
- Women's Aid

- Shropshire Association of Local Councils
- Shropshire Providers Consortium

Local groups and neighbours use the car park on an ad hoc basis to support their events. These include: St. Giles Church, the Scouts, Prestfelde School, Flower Show marshals, football park and ride and special town events.

The roof is an ideal spot for telecommunications masts and all of the main telecommunications companies have masts, along with a number of smaller operators and the police service.

5.3 Since 2015, efforts have concentrated on the development of a business case for investment in the ongoing retention of the Shirehall.

5.4 HLM Architects and Real Estate Works were appointed on 27<sup>th</sup> July 2017 “to consider options to reconfigure Shirehall to make it more suited to modern working, and create income generating opportunities including creating innovative shared and / or lettable space”. They were asked to consider the following specific objectives:

- To provide a flexible working environment to support agile working
- To refurbish the entire building making it cost-effective and attractive to public sector partners and others
- To generate income from letting vacant space public sector partners and others
- To reduce running costs
- To provide a working environment within which staff are proud to work
- To create a sense of place
- To improve the internal environment to support the health and well-being of staff
- To deliver value for money and a return on investment

5.5 From the above review undertaken by HLM Architects and Real Estate Works a number of key current usage facts emerged:

- The net internal area (NIA) of the Shirehall is 9,840m<sup>2</sup>
- Up to 800 employees, an average of circa. 550 at any time, currently use the Shirehall across 1,024 potential work stations (i.e. 55% occupancy)
- There are 34 meeting rooms, with 34% utilisation at time of survey.
- The Stage 1 report demonstrated that, based on space per occupant, against industry best practice the Shirehall currently operates at 54% efficiency, utilising only just over half of its GIA. The industry standard for a building of this function would be between 80-85%. The cellular, corridor led design of the building to date is the major contributing factor to these inefficiencies followed by the pepper pot location of plant and services throughout. Shirehall’s current maximum sanitary provision falls around 50% short of government guidelines for adequate provision where the current allocation for storage is almost double the standard workplace model at over 2m<sup>2</sup> per workstation.

- We are wasting 819,500 KWh per year, as a result of mechanical and electrical inefficiencies and approximately 246,200KWh per year as a result of the single glazing.

- 5.6 Shropshire Council leads the One Public Estate Programme (OPE) in Shropshire & Telford & Wrekin. The Programme is driven by Cabinet Office, the Ministry of Housing Communities and Local Government and the Local Government Association.

The OPE Programme supports joint working across central and local government partners to stimulate the redesign of public sector services; use land and property to boost economic growth, unlock regeneration, and create more integrated public services. It encourages public sector partners to share buildings, transform services, reduce running costs, and release surplus and under-used land for development.

Working with OPE Partners, the Council submitted a successful bid to the One Public Estate (OPE) National Programme Round 6 Funding stream for a grant of £75,000 to prepare further detailed work on the Shire Hall Partnership Hub. This work will identify opportunities for Public Sector Partners to share the Shirehall and business resources with us.

The initial feasibility study, carried out by HLM Architects and Real Estate Works identified the risks associated with a partial refurbishment investment strategy estimated to be £8.1m at stage 1 and the limits to its effectiveness in meeting the project objectives. An alternative full refurbishment investment strategy, which had an indicative budget of £18.7m, was presented and approved in principle by Cabinet on 13<sup>th</sup> December 2017. This strategy achieves the objectives and also creates a number of additional opportunities for income generation and greater medium to long term financial benefits.

- 5.7 Car parking is highlighted as a major issue. A separate report on car parking and potential future options was also presented to Cabinet in December 2017.

Work has continued to identify short term measures to alleviate some of the pressures, including additional car parking spaces on the site of the old tennis courts.

Work is continuing to develop a staff parking strategy for the Shirehall and the immediate surrounding area, as well as a Travel Plan for all Shropshire Council staff. This work will continue as a fundamental part of any proposals for the Shirehall itself, with both the Parking Strategy and the Travel Plan expected to launch ahead of construction work beginning on site.

## **6.0 Stage 2 Activities**

- 6.1 A multi-disciplinary team was appointed in March 2018 to carry out Stage 2 of the project. The team comprises the following key professionals:

Rider Levitt Bucknall – Consultant Team Project Managers and Cost Consultants

HLM – Lead Designers, Architecture, Landscape, Interior Design and Space Planning  
Real Estate Works – Business Case and Occupier Engagement  
Qoda Consulting – Mechanical and Electrical Engineers  
Vale Consulting – Structural and Civil Engineers  
HLM Greenbuild – Sustainability, Energy Modelling and BREEAM

The main Stage 2 report is attached and comprises:

- Executive Summary
- The Brief
- The Site
- Architectural Design Proposals
- Landscape Design Proposals
- Workplace Strategy
- Interior Design Proposals
- Commercial Opportunities
- Consultation Groups
- Next Steps

In addition there are a number of separate specialist reports, which are available as Background Papers and comprise the following:

- Structural Report
- Mechanical and Electrical Report
- Sustainability Report
- BREEAM Report
- Programme Report
- Procurement Report
- Cost Report
- Risk Mitigation Update

6.2 Highlights from each of the specialist reports are as follows:

### **Structural Report**

The observations and recommendations are summarised from a combination of intrusive and non-intrusive surveys, as well as a study of existing information.

There were no indications of consistent concrete defects throughout the building.

Core samples show that localised areas have suffered chloride ingress, consistent with the age of the building, which will benefit from some localised repair, as well as some reinforcement repair solutions again in localised areas.

Concept design drawings do not indicate the need for additional piling, part from potentially mini-piles to support a new lift core in the partner area.

## **Mechanical and Electrical Report**

The building services proposal aims to improve the working environment and create a positive feeling of well-being, whilst reducing energy consumption and maintenance costs, whilst also helping to create the flexible environment needed to assist with the Transformation aspirations. Improvements to the security of the building occupants is also a driver.

Whilst elements of the existing buildings services, plant and equipment will be retained where possible, others require complete replacement due to age and condition. This will be the case whether or not the project proceeds.

The mechanical services proposed follow the original philosophy of using tempered air systems for ventilation and heating, with perimeter heating to offset heat losses during the coldest weather conditions. Mechanical cooling is provided in some areas, such as the business hub, to achieve comfortable conditions during the warmest months.

New lighting systems will create the appropriate visual environment and the electrical power and data infrastructure will be completely replaced to create resilience and give flexibility for the future.

A new building management system will help to control, monitor and manage the building services and help to ensure that plant operates efficiently.

## **Sustainability Report**

The proposals at this stage prove to be very beneficial to Shropshire Council, with significant savings to be made, as well as improvements to occupants' wellbeing.

The Stage 1 report indicated potential savings of 48.02% on annual energy costs and a total reduction in CO<sub>2</sub> of 416 tonnes annually. The proposals have been explored in considerably more depth at Stage 2 and the findings now indicate that annual energy savings of 50.83% would be possible, with an annual reduction in CO<sub>2</sub> emissions of 1,250 tonnes.

Of the 140 occupied rooms in the Shirehall, 92 of them currently exceed the CIBSE guidelines, which state that the maximum temperature should be 28 degrees or higher for no more than 1% of the working hours. Large areas of the building also fall below the recommended daylight levels for the most productive working. The modelling in the Stage 2 report indicates that using the improvements put forward would enable CIBSE recommended thermal comfort levels and daylight levels to be achieved. It is generally recognised that increased occupancy comfort levels lead to improved productivity and a reduction in absenteeism.

## **BREEAM Report**

BREEAM is a market focused tool aimed at encouraging significant improvements in the performance of buildings. The BREEAM score provides a mechanism for measuring the environmental performance of a building throughout its life.

The BREEAM pre-assessment has been conducted, by an accredited BREEAM Assessor, based on proposal drawings and discussions with the project team.

The assessment resulted in a score of 66.73%, equivalent to a 'Very Good' rating.

### 6.3 Programme

The key programme milestones set out in the report are as follows:

- Concept Stage completion June 2018
- Developed Design (Stage 3) completion November 2018
- Members to approve design December 2018
- Planning submission December 2018
- Public and Private Partners, Council review and approval January 2019
- Detailed Design Tendered January 2019
- Public and Private Partners Signed Agreement for Lease February 2019
- Planning Determination March 2019
- Members approval of the final project budget and the contractor April 2019
- Contractor Appointment April 2019
- Phased Construction Works, completed Q4 2020/Q1 2021

The pause to appraise alternative options has created a programme delay, estimated to be five months, meaning that the estimated completion of the construction works would now take place in Q2/3 2021.

### 6.4 Procurement

Discussions around procurement of the main contractor have already begun. We are weighing up various framework options versus OJEU in order to maintain the programme deadlines, whilst ensuring compliance and best value.

### 6.5 Cost Report

The main findings of the cost report are summarised in the financial considerations section.

### 6.6 Risk Mitigation Update

One of the objectives of Stage 2 and the development of the concept designs has been the de-risking of the project.

All of the specialist members of the team have been able to contribute ideas and deliver proposals that will help in the identification and management of risk.

Specifically the risks have been identified in accordance with the categories listed below and mitigation measures have been applied and summarised in the report:

- Constructability
- Asbestos
- Mechanical Electrical Plumbing
- Compliance
- Travel Plan
- Communication
- Third Party Occupiers
- Cost

## **7.0 Next steps**

- 7.1 Subject to Council approval on 13 December 2018, we will proceed to Stage 3 of the project to include the final business case, developed designs and a final project budget.
- 7.2 Further option appraisal work will be undertaken by officers, at no additional cost and in parallel with the procurement of the design consultants, to ensure that the best value option is secured for the Council. This is a key aspect of the due diligence process. Alternative options will consider similar key project objectives being reducing costs, generating income, improving customer experience, supporting agile and mobile working and working with public sector partners in modern, fit for purpose buildings.
- 7.3 We will consider the option of retaining the existing design team as part of the next stage of the procurement strategy, in order to maximise the value of the detailed work carried out to date, the experience and information gained through the initial consultation stages, avoid abortive work and proceed at the pace required to deliver to the proposed project programme.
- 7.4 The next steps to be addressed at Stage 3 are set out in the consultants' Stage 2 report attached, but in summary they are:
  - To maintain momentum and focus
  - To further develop and consolidate Council requirements
  - To appraise further options for civic accommodation, should costs associated with the Shirehall redevelopment project escalate at the detailed design stage
  - Widen and expand on Council stakeholder engagement
  - Maintain and crystallise letting opportunities
  - Set out phasing options, enabling revenue generation and savings at the earliest opportunity
  - Further mitigate risk to key items such as condition surveys
  - Strengthen dialogue with Statutory Bodies (eg. Planning Authority)
  - Jointly develop the financial model and funding opportunities
  - Prepare Procurement Strategy and relevant documents
  - Continue to develop the Staff Parking Strategy and Travel Plan
  - Develop workplace strategy in line with Transformation Team
  - Develop design to point of tender for main contractor





<p><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p> <p>Structural Report  Mechanical and Electrical Report  Sustainability Report  BREEAM Report  Programme  Procurement Report  Cost Report  Risk Mitigation Update</p>
<p><b>Cabinet Member:</b></p> <p>Cllr Steve Charmley – Portfolio Holder for Corporate and Commercial Support</p>
<p><b>Local Members:</b></p> <p>All Members</p>
<p><b>Appendices: <span style="color: red;">Electronic copies ONLY via website</span></b></p> <p>Appendix 1 - Shirehall Refurbishment and Reconfiguration Stage 2 Report  Appendix 2 - Civic Hub Options Appraisal Report</p>