

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 15 February 2023
Subject:	Future of Bury Town Hall and other administrative buildings occupied by the Council	
Report of	Leader and Cabinet Member for Strategic Growth and Skills	

Summary

1.1 This report presents the findings of a cross party Working Group established to look at the future of Bury Town Hall. The final report of the Group appears in a report in part B of this agenda, as it contains commercially confidential information relating to rental agreements.

1.2. The condition of the Town Hall is such that the Council cannot continue occupation without making a clear decision on whether to invest in the building or seek to replace it.

1. 3. The Working Group considered options in the context of the Council’s wider administrative estate, in particular the office blocks at 3 and 6 Knowsley Place. The report also deals with the sites of Q Park roof and Humphrey House; decisions on both sites have been held back pending a decision on the Town Hall.

1.4. The report presents a preferred option for the purposes of consultation. The preferred option is to undertake a phased refurbishment of the Town Hall. This will create higher quality office space in the Town Hall. It will also allow for a phased decant of staff from 3 Knowsley Place timed to align with the availability of newly refurbished space in the Town Hall. The preferred option will also create options for the Q Park roof and Humphrey House sites to be sold to enable further brownfield housing to be developed in the town centre.

1.5. The viability of the plan has been enhanced by negotiations with Pennine Care NHS Foundation Trust with a proposal for the Trust to take over the lease of 3 Knowsley Place from the Council, but to enable the Council to retain occupancy of floors 3 and 4 until the phased refurbishment allows staff to move to the Town Hall.

1.6 The proposals in the report will require capital investment into the Town Hall, which the Council owns, but will produce revenue savings by withdrawing from commercial leases and further knock-on savings from operating a smaller more compact estate and reduced energy costs.

Recommendation(s)

That subject to the approval of the recommendation appearing elsewhere on this agenda that the Council approve heads of terms for the transfer of its lease for 3 Knowsley Place to Pennine Care NHS Foundation Trust:

(1) Cabinet approves the preferred option of a phased refurbishment of the Town Hall as the basis for a consultation with the public, staff and trade unions.

(2) That the Executive Director (Place) be requested to submit a further report to Cabinet in April 2023 on the outcome of the consultation process to coincide with a report recommending detailed terms for the transfer of the Council's lease obligation for 3 Knowsley Place to Pennine Care NHS Foundation Trust.

(3) That Cabinet note the intention to submit a detailed investment case for the refurbishment of the Town Hall to Cabinet by summer 2023.

(4) That Cabinet note that, subject to satisfactory progress on the proposals to refurbish the Town Hall and the transfer the Council's lease obligations for 3 Knowsley Place, options for the disposal of the Q Park roof site and Humphrey House will then be presented to Cabinet.

(5) That Cabinet note the intention in the longer term to withdraw from the lease for 6 Knowsley Place subject to sufficient refurbished accommodation being made available at the Town Hall.

(6) That Cabinet note the findings of the Member Working Group on the future of the Town Hall as set out in the report in Part B of this agenda.

3. Reasons for recommendation(s)

3.1. The recommendations to commission a phased refurbishment of the Town Hall and to withdraw from leased premises at 3 and 6 Knowsley Place are the most cost-effective way of continuing to provide accommodation for the Borough's civic and democratic functions and suitable space for the Council's administrative staff.

3.2. The recommendations also provide the most effective means of reducing the carbon footprint of the Council's estate compared to other options for the future of the Town Hall. The Council's corporate buildings account for 41% of its carbon emissions.

3.3. The recommendations will support the implementation of the Bury Town Centre Masterplan, approved by Cabinet in March 2022 by retaining and refurbishing a key heritage asset and promoting high quality public realm.

3.4. The recommendations will create a public service hub with Council, NHS and Six Town Housing staff being consolidated at the Town Hall and Knowsley Place. This will improve efficiency and joint working. Pennine Care NHS Foundation Trust will transfer staff to Knowsley Place from Humphrey House and from sites outside of Bury town centre. This increase in public service staff based in a public service hub will support retail businesses in the town centre, which is a key objective of the Masterplan.

4. Alternative options considered and rejected

4.1. The following alternative options have been considered and rejected for the reasons given in section 9 of this report.

(a) Undertake an interim upgrade of the Town Hall and maintain the commercial leases on 3 and 6 Knowsley Place.

(b) Construct a new Town Hall on the Q Park site or on the site of the existing Town Hall.

(c) Dispose of the Town Hall, maintain the commercial leases on 3 and 6 Knowsley Place and identify new space for civic functions elsewhere.

5. Background

5.1 The current condition of Bury Town Hall is such that the Council cannot continue without deciding to either withdraw entirely from the building or undertake a major programme of works. The Town Hall is around seventy years-old and exhibits many of the operational challenges of operating from a building of that age. Over that time there have been no modernisation programmes or overhauls of plant and machinery. The fabric of the Town Hall and its electrical and mechanical systems have deteriorated to an extent that the costs of reactive maintenance have increased to an unacceptable level and parts of the building are not operational. The risks of further failures and costs will only grow unless more long-term action is taken.

5.2. The internal layout of the Town Hall does not represent a modern workspace with numerous small offices instead of the open plan workspace needed to promote direct communication and collaboration across teams and to support the well-being of staff.

5.3. Options for the future of the Town Hall have been known for some time. These have included, refurbishing the existing building; constructing a new Town Hall on the site of the Q Park building on the opposite side of Knowsley Street and disposing of the existing Town Hall; or demolition of the Town Hall and constructing a new Town Hall on the existing site. A decision on the development of the Q Park site has been held back pending a decision on the Town Hall. A decision on the disposal of Humphrey House has also been delayed by the lack of a decision on the future of the Town Hall and 3 Knowsley Place.

5.4. The adoption of agile working since the Covid pandemic has reduced the amount of office space used by the Council and other public services. This means that the Council no longer requires both the Town Hall and 3 Knowsley Place. This, together with a decision of Pennine Care NHS Foundation Trust to vacate its staff from Humphrey House and other locations, creates an opportunity to consolidate staff from different public service into a single hub.

6. Member Working Group

6.1. Given the context described above a Member Working Group was established in 2022 with a remit to:

(a) Review the Town Hall in the context of the future administrative and ceremonial space requirements of the Council. This will include considering how other key Council operational buildings are operated, reviewing the commercial leases that are held and considering alternate locations for ceremonial functions.

(b) Account for how the Town Hall will play its part in the Council meeting its wider environmental obligations. The incentive to act on this has increased exponentially during 2022 as record gas and electricity prices have put further pressures on Council budgets; and

(c) Look at examples of how Councils elsewhere in the UK have tackled challenges associated with their Town Hall buildings. This will allow the Group to consider how some places have re-purposed Town Hall buildings, how some have created cultural venues whilst others have introduced green infrastructure.

6.2 The Working Group comprised the Leaders of all three political parties. A report from the Working Group, upon which this report is based, appears in Part B of the agenda for this meeting. The report includes confidential commercial information on the leases for 3 and 6 Knowsley Place.

7. Other buildings.

7.1 In addition to the Town Hall this report refers to the following other buildings:

(a) 3 Knowsley Place This is a five-story office block directly opposite the Town Hall.

(b) 6 Knowsley Place is a four-story office block fronting onto Angouleme Way.

(c) Humphrey House is a 1960's office block fronting onto Angouleme Way, it is owned by the Council and currently occupied by health partners; and

(d) the Q Park Roof is opposite the Town Hall building. The Council own the freehold of the building (with an operational lease for the car park with Q Parks). When the car park was constructed, the roof was designed to enable a building structure to be placed on it at a later date.

7.2. The Council has leases in place for 3 and 6 Knowsley Place. 3 Knowsley Place is the larger of the two buildings and is currently occupied by Council staff. The building is not fully utilised at present. A proposal has been received from Pennine Care NHS Foundation Trust to take over the lease of 3KP from the Council. This would allow Pennine Care to vacate Humphrey House, and over time, to transfer staff from other locations into 3 Knowsley Place. Six Town Housing have recently indicated they could operate out of two instead of all four floors of 6 Knowsley Place.

8. Preferred option

8.1 Continuing to operate out of the Town Hall without a comprehensive refurbishment has significant financial and operational risks given the current

condition of the premises. The preferred solution is a phased refurbishment of the Town Hall. A phased refurbishment programme would:

- Create a modern working environment with open plan spaces.
- Retain the Council chamber, committee rooms and Mayor's parlour as the heart of the Council's civic and democratic role in the Borough.
- Reduce the uncertainties and the impact on operations of the Town Hall by removing the need for constant reactive maintenance.
- Significantly reduce the amount of energy and associated carbon emissions required to operate the building and contribute to the Council's target of achieving carbon neutrality by 2038.
- Modernise plant and equipment (heating systems, electrical systems, piping etc.).
- Replace the remaining parts of the roof which have not been updated (around 40% has been repaired with long term warranties in place).
- Deal with the lack of light penetration into the central areas of the building.

8.2. The capital investment needed to refurbish the Town Hall will be supported by revenue funding released by withdrawing from the commercial leases for 3 and 6 Knowsley Place. This represents the optimum way forward financially, environmentally and for staff productivity. This course of action will also unblock other key decisions, specifically options to dispose of Humphrey House and to develop the Q Park site.

8.3. Details of the proposed transfer of the lease on 3 Knowsley Place are contained in a separate report elsewhere on this agenda. The proposal would see Pennine Care NHS Foundation Trust take over the ground floor and floors 1 and 2 from 2024 with works starting at the end of 2023. Council staff from those parts of 3 Knowsley Place can be relocated to the upper floors of the building or to 6 Knowsley Place until refurbished space becomes available at the Town Hall.

8.4. Pennine Care will lease floors 3 and 4 of 3 Knowsley Place back to the Council for a period of four years, at which time they will be able to transfer additional staff into the building. To mitigate the risk that the refurbishment of the Town Hall has not progressed sufficiently to accommodate staff from levels 3 and 4 in four years-time, 6 Knowsley Place will be retained for as long as necessary, and the phasing of the refurbishment will be prioritised to provide accommodation for staff from floors 3 and 4. In addition Pennine Care NHS Foundation Trust have indicated that they can provide some flexibility in timing.

8.5. An advantage of this solution is that it enables a phased withdrawal from commercial leases which is concurrent with the provision of new space being developed in the existing Town Hall. This presents a cost-effective way of supporting the capital cost of the refurbishment. Whilst a detailed financial analysis cannot be completed until a fully costed proposal for the Town Hall

redevelopment is in place, the base costs of operating 3 and 6 Knowsley Place (leases and running costs) until the point of lease expiry (April 2035) is in excess of £20m. Investing capital in the Town Hall which the Council owns will, over the long-term, reduce annual revenue costs for the Council and will create value in the building.

8.6. The consolidation of Council staff in the Town Hall rather than being spread between the Town Hall and 3 Knowsley Place will also bring significant further financial efficiencies by having one instead of two sets of reception, security, building management and corporate landlord costs.

8.7. Consolidating into a single building will enable enhanced facilities, such as a small café, contemporary meeting rooms and gathering spaces.

8.8. If the costs of the phased refurbishment exceed the available budget it will be possible to phase the refurbishment works to suit the available budget by selecting only certain areas of the building for refurbishment.

9. Alternative options considered and rejected

9.1. Interim Upgrade of the Town Hall and maintain commercial leases.

9.1.1. There is an option which involves the Council maintaining 3 Knowsley Place and undertaking only basic upgrades to the Town Hall. This would differ from the do-nothing option to the extent that the Council would commit to a set of enhanced works focusing on preserving the life of the building This would include:

- Full repairs to the roof.
- New electrical and mechanical kit.
- Newly decorated receptions.

9.1.2. This option would, at a low cost, preserve the Town Hall as a more reliable and resilient version of the existing building. However, this option has some clear downsides:

- It fails to address the cellularised working environment and the lack of amenity for staff.
- It does not create a collaborative working environment.
- There is no budget offsetting generated from transferring commercial leases.

9.1.3. There is a variant of this option involving a set of minor modifications to the Town Hall and disposal of both 3 and 6 Knowsley Place. This would have the benefit of creating a saving for the Council. However, no modern employer would contemplate creating this type of environment for its staff in the 2020's, especially in an era where staff retention and recruitment is challenging.

9.2. Construct a new Town Hall on the Q Park site or on the site of the existing Town Hall.

9.2.1. This option would require the Council to construct a replacement Town Hall facility on a new site, on the roof of the Q car park opposite the current

Town Hall or on the site of the existing Town Hall. A new facility would require a new debating chamber and committee rooms. This would involve construction of a bespoke building with a more complex and more expensive design and build than a standard office building.

9.2.2. The Q Park roof is a site opposite the Town Hall was constructed with the structural capability to enable a building of scale to be constructed on the site. The benefits of this option are that the Council can design a purpose-built structure around its exact requirements. A new building could be constructed to the highest environmental standards, containing a strong mix of employee and visitor amenities and contemporary office spaces. An advantage of this option over a new build on the site of the existing Town Hall would be that the staff could be decanted at the point the new building is handed over, avoiding the costs of finding a temporary staff office and a temporary debating chamber and committee rooms.

9.2.3. The alternative new build option is to construct a new Town Hall on site of the existing building. The advantage of this option would be that the constraints of refurbishment could be removed, with new retaining structures allowing the creation of much better spaces and in particular light penetration, open plan working and energy efficiency. The architects could be instructed to create a building with a sandstone finish to maintain historic look and feel of the Town Hall. A significant downside with this option is that there would be a prolonged period during the demolition and construction programme. This could leave the Council requiring temporary space for a prolonged time-period.

9.2.4. In general, new build projects have more budget certainty because there are fewer unknown factors in play when compared to a refurbishment project. That said, the recent sharp increases in construction inflation have added a degree of uncertainty to all new-build projects.

9.2.5. There are several limitations associated with the options for a new building. Should the Cabinet identify the Q Park Roof as the preferred location for a new building the existing Town Hall site would yield only a very limited capital receipt (if sold with an obligation to redevelop the existing building structure). A clearance of the existing building structure would create a stronger receipt; however, it would likely to be a controversial move and any receipt would not provide a meaningful financial contribution to the costs of a new Town Hall. The Q Park site has a commercial value and by committing to refurbishing the Town Hall there would options for the site to be put on the market for new brownfield housing. This would support the Bury Town Centre Masterplan objective of delivering brownfield housing units in the town centre.

9.2.6. If the site of the existing Town Hall were to be selected the cost of a new Town Hall building to the size and footprint of the existing structure would be unaffordable. Although a new Town Hall would be more energy efficient than a refurbished building, the overall carbon cost may be greater given the scale of construction materials required and the loss of embedded carbon in the existing structure. The initial architectural advice and construction input suggests that the objectives of creating open plan working and much better light penetration can be achieved by modifying the existing building.

9.3. Maintain Commercial Leases and identify space for civic functions elsewhere.

9.3.1. This option would involve committing long-term to 3 and 6 Knowsley Place as the primary administrative locations of the Council. The Town Hall site would be sold on for redevelopment or even possibly demolition. There are several challenges associated with this option. The existing commercial buildings do not have space which can deliver a debating chamber or suitable places for committee meetings. The ceremonial functions of the Town Hall could not be in the commercial buildings. There is insufficient space to relocate all the teams currently in the Town Hall within the two commercial buildings.

9.3.2. Therefore, the Council would have to identify additional spaces for these functions. There are no obvious relocation opportunities available in the current built stock in Bury, therefore this option would still likely require some form of new build option.

9.3.3. This option would require an ongoing financial commitment to the cost of the commercial leases. In the event the Council were to follow a strategy of lease renewal it may be difficult to secure competitive extension terms. The final point is one of the Council demolishing an existing structure which has a strong degree of history and presence. In general, it is considered best practice to make every attempt to reuse and refurbish historic structures ahead of demolition, and that demolition should only be considered when a building is beyond rescue.

10. Next steps.

10.1. Should the Cabinet agree to the recommendations in this report, the Executive Director (Place) will:

- Progress the proposals to sub-lease 3 Knowsley Place to Pennine Care Foundation Trust, details of which are in a separate report to Cabinet elsewhere on this agenda.
- Issue a public consultation document detailing how the preferred recommendation was reached. A consultation will be undertaken with staff, unions, building users and the Bury Strategic Estates Group (a forum of senior public sector estates staff who co-ordinate the efficient occupation of buildings in Bury).
- Progress the recruitment of an architect to design a refurbished Town Hall and structural engineers to establish that the changes proposed can be made.

10.2. Subject to a satisfactory outcome to the consultation process and agreement with Pennine Care Foundation Trust, a detailed investment case (with costed building plans) will be submitted to Cabinet for approval in summer 2023.

10.3. Subject to the approval of an investment case by Cabinet, options for the disposals of Humphrey House and Q Park roof space will be presented to Cabinet at a later date.

Links with the Corporate Priorities:

1. The proposals for the refurbishment of the Town Hall create the opportunity to develop a single service hub for Council services, the challenge of laying and redesigning building to enable better provision of public services will sit with the selected architects.

Equality Impact and Considerations:

2. The Town Hall is an accessible building (assuming all the lifts are working), however, as a part of a refurbishment programme some of the lift shafts which are not properly working will have to be put back into full working order. The redesign of the building to meet vulnerable users' needs will form a central part of the architectural brief and the layout planning.

Environmental Impact and Considerations:

3. A key driver for this project is for the Council to reduce its carbon footprint and its exposure to high energy bills. The consolidation of staff and services into one building will help achieve this objective.

The project will seek to address the energy efficiency of the Town Hall building. The architectural brief will include a requirement for solar panels and water harvesting. Options to install ground source heat pumps should also be investigated. The creation of more natural light should reduce the number of lights left on during daylight hours and the installation of sensors and LED lighting should further reduce bills.

The recommendation to refurbish the Town Hall as opposed to demolish and create a new build helps conserve existing carbon and reduces the requirements for new-build materials.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Affordability	<p>The concurrent withdrawal from commercial leases will create a saving which can be reinvested in the Town Hall.</p> <p>Further analysis on the costs of operating the building need to be included in the final investment case (these should all contribute to longer term savings)</p>

Construction Risks	<p>All construction projects, especially those involving heritage buildings, include a degree of risk because of unforeseen problems. Once a preferred architectural plan is approved a series of invasive surveys should be carried out to test the risk associated with implementing the proposed works.</p> <p>It is also recommended that an enhanced contingency budget is carried by the project</p>
Improved staff retention and attraction	<p>The current Town Hall environment offers a very poor working environment for staff. Neighbouring authorities offer similar salaries and benefits but in the case of Bolton, Rochdale and Manchester all offer the opportunity to work in a modern and attractive refurbished or new-built office.</p>
Timing of offloading leases and committing to Town Hall programme	<p>A decision on the transfer of the lease on 3 Knowsley Place will need to be made before the final costs and detailed phasing of the Town Hall refurbishment are known. There is therefore a risk that Council will not have completed the refurbishment in time for staff to move from 3 Knowsley Place to the Town Hall to make space for Pennie Care staff. Details of how this risk will be mitigated are contained in paragraph 8.4 above. In summary the mitigation is to retain 6 Knowsley Place until there is certainty that space will be available in the town hall and to prioritise the refurbishment in such a way as to provide space for the remaining staff from 3 Knowsley Place to be first movers.</p>

Legal Implications:

This report recommends that Member endorse a preferred option, this will be subject to a detailed investment case which will be considered by Cabinet later this year. An investment case will have detailed survey, financial and legal input. A separate report on the agenda sets out the detailed proposals in respect of 3 Knowsley Place. Members are asked to note the detailed working group findings.

Financial Implications:

The financial implications of the Pennine Care move from Humphrey House to 3KP are detailed in another report on this agenda.

The full financial case of the Town Hall refurbishment will be included within the Cabinet paper scheduled to come back to Cabinet in summer. It is anticipated that the April 2023 Cabinet report will identify and request the pre-development resources, which will need to be added to the capital programme. The full costs will then be identified in summer and will also need adding to the capital report along with the revenue impact of borrowing.

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Background papers:

Please list any background documents to this report and include a hyperlink where possible.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning