

Town Hall

For Full Council on 06 October 2021

Summary

Lead Member: Tom Dawlings – Portfolio Holder for Finance and Governance

Lead Director: Lee Colyer – Director of Finance, Policy and Development

Head of Service: David Candlin – Head of Economic Development & Property

Report Author: David Candlin – Head of Economic Development & Property

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Management Board	22 September 2021
Portfolio Holder	24 September 2021
Full Council	6 October 2021

Recommendations

It is recommended that Full Council:

1. Approve the establishment of a capital budget of up to £5m to enable the conversion of the Town Hall for co-working.
2. Delegate the release of the budget to the Head of Economic Development & Property, s151 Officer and Monitoring Officer in consultation with the Portfolio Holder for Finance & Governance subject to the Council entering into contract with a co-working provider who has satisfied the Council's due diligence and provided a sound business case.
3. Delegate to the s151 Officer in consultation with the Portfolio Holder for Finance and Governance the identification of the source of the funding which may include borrowing or external funding.

1. Introduction and Background

- 1.1 In December 2019, the Council's Cross-Party Working Group (the Working Group) produced a report which was accepted by Full Council.
- 1.2 The report recommendations, in essence, were that the Council should develop a long-term plan for the Town Hall, Assembly Hall Theatre and 9/10 Calverley Terrace and that this should be widely owned, communicated and informed by refreshed versions of the Council's Cultural and Parking Strategies. The report recommended that the Council should prioritise uses for office accommodation and performance and fund these through the disposal of the Mount Pleasant Avenue and Great Hall car parks.
- 1.3 In line with the work of the Cross-Party Working Group, Cabinet on 29 July approved the procurement of a partner to deliver co-working space and reduce the overall office space occupied by the Council. The development of Modern Ways of Working (MWoW) is enabling the Council to develop and deliver an efficient post-Covid operating model. In turn this will result in the reduction of overheads and revenue budgets through efficient user-focussed service delivery, appropriate office accommodation and flexible working. This means the Council will reduce its office space to approximately 11,442sqft (1063 m²), releasing 19,795sqft (1839 m²) of space for occupation/management by a partner/s. As previously reported the Council Chamber and meeting rooms while required for Council use, will be used more flexibly.
- 1.4 In early August the Council went out with an advert to gauge market interest. Four co-working companies declared an interest and presented to a panel including members, basic concepts for how they could and would use the Town Hall to provide a co-working business.
- 1.5 The main aim of the panel presentations was for the panel to get a "feel" for the companies and to be able to form a brief to go out to formal tender. The Council is due to go out to formal tender during the week commencing 27 September 2021

2. Maintaining the Building

- 2.1 The Cabinet report in July 2021 outlined that while works to ensure the building remained operational have been undertaken including the replacement of the fire alarm system and an upgraded access system, with the decision not to dispose of the building and relocate operations to a new development, investment of several million pounds in the structure that was not previously justifiable is now being undertaken. The Council has a budget approved as part of the capital maintenance programme to ensure the Town Hall is wind and weather tight. The roof works have now commenced and will include replacement of defective insulation with newer more effective insulation. The new roof will reduce the energy demand for the Town Hall and the Assembly Hall Theatre.

- 2.2 With the Council retaining ownership of the Town Hall work to develop bids for grant funding are progressing to reduce energy demand in the building including:
- An enhanced window replacement
 - Wholesale replacement of traditional lights with LED replacements in a new layout as part of the fit out
 - Install roof top solar units
 - Replacement heating system
 - Install ground and/or air source heat pumps
- 2.3 However the outcome will not be known before November 2021.
- 2.4 Regardless of grant funding the soft market testing made clear that further investment will be required (particularly inside the building) to make it attractive to tenants.

3. Budget

- 3.1 It became clear during the soft market engagement that the type of business models being offered by the providers varies. As outlined above it made clear that further investment will be required to make it attractive to tenants. The initial responses from providers on length and type of lease arrangements vary as does the expectations in terms of the potential level of investment required in the building, from a relatively light touch investment of £250,000 prior to opening through to more serious investment of anything up to £5m in the fit out of the building.
- 3.2 It was also apparent that the precise level of investment and any decision on whether that should be funded by the provider or the Council was dependent on the business models. Differing models may enable the Council to invest upfront in exchange for a higher level of rent and profit share. Equally it may be preferable in balancing risk and reward for the Council to contribute less capital investment and receive a lower annual income.
- 3.3 In addition with record low rates of borrowing the Council may be in a stronger position to act as a funder and lend money to the co-working provider for an additional return. In all cases however the co-working provider will need to satisfy the Council's due diligence checks including performance bonds and public liability cover for the term of the contract.
- 3.4 The proposed changes to the Budget will give the Council flexibility to consider whether we might prefer to foot any up-front costs if that is determined to be the best way forward. Taking a decision prior to the start of the tender work will give potential co-working providers greater confidence and will allow us to consider a wider range of approaches. In addition the Council will work with the preferred provider to identify wider external funding opportunities that could be available to reduce the capital required from the council's resources.

- 3.5 To enable the Council to engage in the procurement process and enter into discussion with co-working providers to explore the most favourable approach to managing any up-front investment and apportioning revenue returns Full Council approval is sought to establish a capital budget for the Town Hall of up to £5m.

4. Implementation

- 4.1 The Council has commenced a formal Invitation to Tender (ITT) for a co-working partner in the Town Hall. With a budget in principle established, the Council can respond to tenderer queries on approach during the process. Final proposals from tenderers will be provided by 8 November 2021. After which the Council will undertake a detailed evaluation of the responses. A report will be produced for consideration by the CCWG and including an all member briefing before being taken through the Council's formal decision-making processes. A timetable with Finance & Governance Cabinet Advisory Board and Cabinet in late December/early January is being established for approval of contract.

5 Cross Cutting Issues

A. Legal (including the Human Rights Act)

The Local Government Act 1972 (the LGA 1972), section 111(1) empowers a local authority to do anything (whether involving the expenditure, borrowing, or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

The Council also has a general power of competence pursuant to Section 1 of the Localism Act 2011 which enables it to do anything that individuals generally may do. Acting on the recommendations specified in this Report is within the Council's statutory powers as set out above. The proposal to delegate authority to the S151 Officer is in accordance with a decision that Full Council can make, taking into account the contents of this report to protect the Council's financial and commercial interests.

Claudette Valmond, Principal Solicitor - Commercial

B. Finance and Other Resources

The Council is reassessing its asset portfolio which will include asset disposals and the development of new income streams to support the delivery of services. This report proposes to release space in the Town Hall to provide new employment space and a new income stream for the Council. Initial investment in the building will be required to meet market standards from the Council and the potential partner. The opportunity to examine other benefits to the authority will become clearer as the Invitation to Tender is progressed. Establishing a budget in principle provides the scope within the procurement for dialogue regarding options subject to due diligence and consideration

of the best approach for the Council prior to a final decision. The Council and the partner will as outlined in the report need to work together to identify opportunities for external funding to reduce the capital required from the council's resources.

Lee Colyer, Director of Finance, Policy and Development

C. Staffing

There are no direct staffing capacity implications as a result of the recommendations being sought in the report. The MWow approach and the Council moving to a reduced footprint will require planned engagement with staff on the opportunity and the revised working practices to a more hybrid way of working, particularly moving away from individual desks and moving towards an outcomes based style of management that will assist the successful transition.

Report Author

D. Risk Management

Engagement in the development work is at risk if appointment of a contractor is not completed. The report is seeking in principle but appropriate diligence will be carried out on prospective partners. The approach allows for a managed approach to consideration with authority at each stage reducing the wider financial exposure of the Council and managing the risk as appropriate. An appropriate risk register will be established for the project.

Report Author

E. Environment and Sustainability

There are no specific environment and sustainability issues in establishing a budget for the Town Hall project. Within the tender for a partner, tenderers will need to include consideration of how the project will beneficially contribute to the Councils Corporate Carbon Descent Plan and Action Plan 2021-22 to deliver net zero carbon by 2030.

Report Author

F. Community Safety

There are no specific community safety issues arising from this report.

Report Author

G. Equalities

Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups or to insert comment on if/how the proposals affect equalities issues. Consideration must be given to our legal obligations.

Report Author

H. Data Protection

The issues raised in this report have little or no relevance to the Data Protection Act 2018 or the GDPR 2016

Report Author

I. Health and Safety

There are no specific Health and Safety issues arising from this report.

Report Author

J. Health and Wellbeing

No issues are identified.

Report Author