



Committee and Date

Council
25 February 2021

Item

Public

Future Civic Accommodation

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1. Summary

- 1.1 This report provides an update on the work that has been undertaken following the Council decision on 16 July 2020 to stop the Shirehall redevelopment project and take a different approach which involves relocating the Council's headquarters to Shrewsbury town centre by 2023.
- 1.2 On 16 July 2020 Council approved the following recommendations:
 - a. Stop work on the project which involves the full refurbishment of the Shirehall building.
 - b. Delegate to the Executive Director of Place, in consultation with the Portfolio Holder for Assets, Economic Growth and Regeneration, to provide a full evaluation of potential civic centre locations in Shrewsbury town centre along with outline costs and benefits.
 - c. Delegate to the Executive Director of Place, in consultation with the Portfolio Holder for Assets, Economic Growth and Regeneration, to work on a potential disposal strategy for the Shirehall.
 - d. Agree that a report covering the work in B and C will be provided to Performance Management Scrutiny Committee prior to consideration by Council.
- 1.3 This report summarises the findings, conclusions and recommendations of the feasibility and options appraisal work undertaken by independent consultants to determine the optimum solution for a Civic Centre in Shrewsbury town centre. This addresses recommendation 1.2.b above.
- 1.4 The report concluded that the Pride Hill shopping centre was the highest scoring option when appraised using a range of criteria. The venue can fully accommodate the Council's anticipated requirements and those of the partners who wish to co locate in the town centre.
- 1.5 This report also provides an update on the work associated with a potential disposal strategy for the Shirehall. This addresses recommendation 1.2.c above.

- 1.6 A report was provided to members of the Performance Management Scrutiny Committee on 20th January 2021 covering both aspects in accordance with recommendation 1.2.d above. Members of the committee raised comments relating to how and where staff will work around the county, how the civic accommodation will work for democratic functions and how people will access the new civic accommodation in terms of transport and parking. These aspects have been considered in relevant parts of this report.

2. Recommendations

It is recommended that Council:

- A) Agree in principle with the conclusions and recommendations of the options appraisal work and delegate responsibility to the Executive Director of Place to commission the detailed design (in accordance with RIBA Stage 2) costings of the proposed refurbishment plan for the Pride Hill shopping centre to accommodate the new Civic Centre as a base for the council and its partners.
- B) Note the work undertaken to date on the disposal strategy for the Shirehall site and receive a further report to Council to a future council meeting with a recommended disposal option which shall be informed by an independent valuation for the site and other key considerations.

REPORT

3. Risk Assessment and Equalities Social Impact Assessment Appraisal

- 3.1 The business model which underpinned the work and proposals for a full refurbishment of the Shirehall has changed following the outbreak of the Coronavirus pandemic. Staff continue to work away from their office work base in line with Government guidance. This has provided an opportunity for the Council to rethink the way it works, based on greater use of technology during the pandemic, and hence its accommodation requirement going forward. This includes reviewing the ongoing need for large-scale office space in Shrewsbury, given plans for the more flexible use of assets across the County to enable staff to work closer to their local communities.
- 3.2 The council has proven over the last nine months that the need to occupy a large headquarters building has significantly reduced as staff and Elected Members work in a more flexible and agile way using digital tools and systems. Work has been undertaken to configure a much smaller footprint of the Shirehall and a new digital booking system has been implemented. Officers have also been identifying venues around the county that staff, Members and partners can use in a Covid compliant way to undertake work when it is not possible to work from home.
- 3.3 A number of buildings and venues have been identified which staff, Elected Members and partners can use to ensure that the council has a presence in the local communities around the county. These will be within a reasonable 30 minute car or bus journey from where the majority of our staff live. Staff and Elected Members will

be able to use digital permits allowing them to use council car parks where they are located near to local community venues. The majority of these buildings will be council owned however there shall be opportunity to book desks and meeting rooms in buildings operated by partners as part of the One Public Estate programme.

- 3.4 The council continues to engage with staff to understand how sustainable the current way of working is. We recognise that our staff are our most important asset. Their health, safety and wellbeing is paramount particularly where additional pressures are placed on staff working at home and on the front line during the pandemic. There is the potential to 'lock in' some elements of this way of working and accelerate the implementation of our Digital Workforce, Asset Management and Carbon Reduction plans. By investing in further technology, training and support for staff and customers, there is huge potential to reduce our reliance on office space, giving us the opportunity to share buildings with partners to improve service delivery as well as make financial and operational efficiencies.
- 3.5 The Shrewsbury Big Town Plan (SBTP 2018), the Council's Economic Growth Strategy, the recent Big Town Plan Masterplan Vision (2021) and the emerging strategic development framework (SDF) for Riverside, collectively recognise the positive impact of providing new commercial office space, as part of a wider mix of appropriate uses in the town. Despite the recent pandemic, Shrewsbury remains a destination of choice for many employers, especially those looking to change their operating models to be more flexible; therefore, resilient to changes in the workplace, with the added environmental and financial benefits associated with a smaller office footprint and supported by more people wishing to adopt more sustainable and active modes of transport for both leisure and commuting. Shropshire Council and its potential public sector partners have the opportunity to create a new civic presence within the town that aligns to and demonstrates best practice in the delivery of new operational models in the workplace.
- 3.6 The recent studies also recognise that the relocation of Shropshire Council's civic office to the town centre will have a significant and positive impact on the local economy, increasing the vitality and vibrancy of the town. Whilst there is likely to be a sustained reduction in the number of frequent or permanent office-based staff occupying new and existing office space, the relocation of the Council's activity will increase economic activity in the town. Furthermore, the move to the town centre will demonstrate the Council's commitment to its economic growth and act as a potential catalyst for generating investor confidence in the large-scale redevelopment of the Riverside, as well as at other sites across the town.
- 3.7 The Council's future plans include a new civic accommodation venue along with venues across the county that staff can use to work in a more flexible and agile way. This ensures that the council retains a presence in local communities. The ambition is to ensure that the organisation can adapt and respond to customers through digital channels in the future, whilst also supporting the long term sustainability of the town centre. Developing a travel plan to ensure that staff, Members and visitors can access the venue from a range of transport options will be key to ensuring the civic centre's success.

4. Financial Considerations

- 4.1 It is estimated that an initial budget of £300,000 is required to commission due diligence work, which will be met from existing funding linked to the Pride Hill Shopping Centre. The budget will enable the detailed design and cost appraisal to RIBA Stage 2 associated with the refurbishment of the Pride Hill shopping centre. This refurbishment would accommodate a new civic centre, office space, meeting rooms and hospitality areas, which when not in use can be occupied and rented to partners and other parties to generate additional income for the council.
- 4.2 The financial year 2019/20 running costs associated with the Shirehall building were £1.3m. This included utilities costs of approximately £353,000, per annum (electric and gas) reactive and contact maintenance works totalling £222,000 per annum. The essential maintenance works for ongoing use of the Shirehall building of approximately £500,000 per annum are required for a further three years ending 31 March 2023.
- 4.3 The wider savings associated with moving to a new building of a much reduced scale and footprint will help to deliver savings for the Council. The financial strategy for 2022/22 to 2024/25 includes a revenue saving target of £0.7m relating to the efficiencies and rationalisation in Council buildings.

5. Legal considerations

- 5.1 The Council has various powers available to it to make provision for accommodation from which to deliver and carry out its statutory duties and functions, which include:
- Section 111 Local Government Act 1972 – a local authority shall have the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions
 - Section 132 Local Government Act 1972 – a principal council may acquire or provide and furnish halls, offices and other buildings, whether within or without the area of the authority, for use for public meetings and assemblies;
 - S2 Local Authorities (Land) Act 1963 –
 - (1) Subject to the provisions of this Act, a local authority may, for the benefit or improvement of their area, erect any building and construct or carry out works on land.
 - (2) A local authority may repair, maintain and ensure any building or works erected, constructed or carried out under the power conferred by subsection (1) of this section and generally may deal with any such building or works in a proper course of management.

6. Workforce considerations

- 6.1 Any change to the contractual workbase(s) of our workforce will require formal consultation with employees and unions. A New Ways of Working Group and Employee Reference Group was established in October 2020 to look at proposals for increased agile and flexible working, taking into account feedback from staff surveys

on topics such as arrangements for working from home in the future. New civic offices and bookable dropdown spaces around the county will provide opportunities for employees to work in other locations across the county and will form an integral part of the discussions around the new deal for staff in future.

7. Climate change appraisal

7.1 Energy and fuel consumption: The move to more home working, the relocation of the council's headquarters to Shrewsbury town centre and the disposal of Shirehall all have the potential to reduce energy and fuel consumption by:

- i. reducing the need for staff and service users to travel in a way consistent with measures proposed as part of the implementation of the Big Town Plan masterplan;
- ii. fostering greater use of low carbon transport modes;
- iii. providing opportunities for both new build and retrofit to incorporate building design measures which improve energy efficiency and carbon performance; and
- iv. Offering practical support and advice to staff to quantify and reduce their domestic carbon footprint.

Initial modelling suggests that, during 2020, increased home working reduced the Council's indirect carbon emissions by around 400 tonnes, due to much lower levels of travel which outweighed additional emissions from staff home heating;

7.2 Renewable energy generation, distribution and storage: The changes described in this report will provide a range of opportunities for the generation and storage of renewable energy from building-mounted solar panels. There may also be opportunities to offer practical support and advice to staff to foster the installation of more domestic solar energy generation and storage. The refurbishment of the Pride Hill centre as a civic office hub may also provide an opportunity to support wider aspirations to establish a local sustainable heat network in Shrewsbury Town Centre.

7.3 Carbon offsetting or mitigation: The changes described in this report may provide opportunities to support carbon offsetting or mitigation by:

- v. Exploring opportunities to support carbon offsetting and mitigation measures in Shrewsbury town centre as part of the implementation of the Big Town Plan masterplan;
- vi. Offering practical support and advice to staff to quantify and offset their domestic carbon emissions;

7.4 Climate Change adaptation: The changes described in this report may provide opportunities to include or support design measures which will help mitigate or adapt to issues and risks generated by climate change such as flood risk management.

8. Summary of the civic centre option appraisals approach

- 8.1 In October 2020 Arcadis were commissioned by Shropshire Council to provide consultancy support in undertaking a feasibility and options appraisal to determine the optimum solution for a Civic Centre in Shrewsbury town centre. The target date for relocation has been identified as autumn 2023.
- 8.2 This work was informed by the way services have been delivered as a result of the COVID19 pandemic which provides greater scope to significantly reduce building related costs and carbon emissions. This in turn allows the Council to spend more on people and rationalise and reduce its administrative property portfolio.
- 8.3 Furthermore the consultants were asked to appraise options to relocate with other public sector partners within each development opportunity.
- 8.4 The work that has been undertaken is informed by the Big Town Plan and the Northern Corridor consultation and identified five buildings for the potential Civic Centre site. Three are owned by Shropshire Council being the Guildhall, the Riverside shopping centre and the Pride Hill shopping centre. The two remaining buildings are privately owned and are commercially sensitive in terms of naming these sites. In this report they shall be referred to as private sector building option 1 and private sector building option 2. A redacted copy of the report is enclosed as Appendix A.
- 8.5 The consultants appraised each of the five options against the information that has been made available for each building and have designed the criteria in such a way as to create a level playing field for all of the options.
- 8.6 An options appraisal analysis has been undertaken for each site to assess the relative opportunities and challenges of each option based on a risk-based analysis. In the absence of detailed project information for each project the consultants assessed each opportunity based on their experience both in terms of their local knowledge and industry best practice on similar schemes across the country.
- 8.7 Each building option has been initially appraised against the following criteria:
 - a. estimated build cost and value;
 - b. site preparation, demolition, remediation and abnormal site conditions;
 - c. deliverability – in this context means sites that can deliver flexible accommodation in a town centre location within a three-year period;
 - d. adaptability, flexibility and resilience to mitigate future changing organisational needs;
 - e. suitability – judged on what the site is now and how to make fit for purpose;
 - f. timing, phasing and indicative delivery programmes;
 - g. lifecycle/whole-life costs including opportunities to address legacy/backlog maintenance issues;
 - h. commercial opportunities to support stakeholders, partners and generate income;
 - i. sustainability and climate impacts;
 - j. Support of wider Shrewsbury Big Town Plan economic and place-shaping aspirations.

8.8 To inform a qualitative and quantitative assessment the above criteria have been grouped and developed using an assessment matrix. The criteria are given a category reference and a quantitative weighting based upon the relative importance of each element. For example, deliverability within 3 years is a top priority given the need to vacate Shirehall and therefore this is given a quantitative weighting of 100%. Each option is scored against the criteria and then a weighting percentage is applied to give an overall score, together with a risk assessment.

8.9 Furthermore assumptions for the accommodation requirements which are to be further developed at the next stage of analysis are shown in table 1. Please note that partner names are anonymised as these remain commercially sensitive.

Table 1 – Assumed accommodation requirements

Agency	Staff	Desks	Floor area (based on 12/m2/desk)
Shropshire Council Staff	550	250	3,000m2
Democratic allowance			300m2
Public sector partner 1	132	80	960m2
Public sector partner 2 – nominal allowance		15	180m2
Public sector partner 3	75	60	720m2
Public sector partner 4	25	20	240m2
Public sector partner 5	15	12	144m2
TOTAL ACCOMMODATION REQ		437	5,544m2

9 Option appraisal conclusions

9.1 The consultants appraised each of the five building options setting out:

- Background and Context in terms of location and potential to support regeneration and implementation of the Big Town Plan;
- Indicative Proposal for the redesign and repurposing of each building;
- Programme involving a high-level timeline, based upon the knowledge of the site and the status of discussions with key stakeholders;
- Cost Assessment; Indicative costs are based on a range of BCIS benchmarked cost indices for comparable development projects. The costs do not constitute an assessment of the actual likely development costs for each scheme but are provided in order to allow for a cost comparison of the site against the other options;
- Options Appraisal Analysis using the approach set out in section 8.7.

9.2 Based upon assessment work of the options using the criteria presented above the options are ranked as follows:

Ranking	Option	Score	Risk Rating
1	Pride Hill shopping centre	25.25	
2	Guildhall	13.75	
3	Riverside shopping centre	13.75	
4	Private sector building – option 1	11.75	
5	Private sector building – option 2	6	

9.3 The consultants concluded that whilst there is an aspiration to deliver all of the opportunities set out within the brief, it is clear that it is essential that the preferred option delivers a new civic centre in Shrewsbury town centre by autumn 2023. It is also clear that the options offer a wide variety of opportunities and challenges and a very different outlook in terms of capital expenditure and potential income generation.

9.4 The consultants summarised the relative costs and opportunities of each building scheme as follows:

Site option	Area (m2)	Total	Adding value to existing SC asset	Income generation	Reduces cost of asset	Ranking by Capital Cost
Private sector building – option 1	Total Cost/m2	£12,575,040 £2,268	X	✓	x	7
Private sector building – option 2	Total Cost/m2	£6,562,500 £2,625	X	x	x	2
Guildhall (based on refurbishing for SC only)	Total Cost/m2	£5,940,000 £1,800	X	x	✓	1
Guildhall (based on existing footprint)	Total Cost m/2	£7,479,000 £1,800	X	x	✓	4
Guildhall (extended to	Total Cost m/2	£10,479,240 £1,890	X	x	✓	5

include partners)						
Riverside	Total Cost/m2	£14,990,880 £2,704	✓	✓	✓	8
Pride Hill (with partners)	Total Cost/m2	£12,474,000 £2,250	✓	✓	✓	6
Pride Hill (without partners)	Total Cost/m2	£7,425,000 £2,250	✓	✓	✓	3

9.5 The costs assumed by the consultants are indicative based on the high level appraisal as set out in paragraph 5.1d but based on industry recognised estimates provided by the Royal Institute of Chartered Surveyors (RICS). The next stage would be to undertake a detailed appraisal and update the indicative values to reflect the option specific variables, characteristics and constraints. Therefore, whilst the option costs are helpful to guide in the context of the option appraisal, it would be prudent to make a contingency provision of 20% as an addition when considering in the context of the wider paper.

10. Option appraisal recommendations

10.1 The consultants recommend that the three lowest scoring buildings are discounted from further evaluation work. Whilst they have merit it is highly unlikely that these sites are deliverable by 2023.

10.2 The consultants recommend at this stage that the following options are shortlisted for further analysis and consideration:

- Pride Hill shopping centre
- Guildhall

10.3 The Pride Hill shopping centre building can fully accommodate the Council based on its assumed needs and partners who have indicated their interest in co-location with the council in Shrewsbury town centre. In addition to providing suitable accommodation for the Council, this option also provides a potential for rental income from non- Council occupied areas of Pride Hill to help cover costs associated with any loan secured for the additional capital costs. Further assessment of this is required.

10.4 Whilst this option has a higher capital cost compared to the Guildhall, it aligns well with the Big Town plan and brings into beneficial use a failing asset. It allows partners to relocate to enable cross agency benefits by services working together. This option would utilise 5,544m2 of the existing 9,785m2 of accommodation (based on the existing footprint), with the potential for income generation, which could also act as a catalyst for additional commercial opportunity within the remaining areas of the building.

10.5 The Guildhall is currently occupied under lease by the University of Chester who manage and operate the University Centre of Shrewsbury. The current lease expires

in June 2022. Whilst this option is favourable in terms of capital cost it is not purpose designed or built for the future requirements of the Council and, at 4,155m², it is not large enough to accommodate all of the requirements of the Council and its partners. It also provides little commercial opportunity and does not align as well with the Big Town Plan. This option can also be discounted.

11 Potential disposal strategy for the Shirehall

- 11.1 Local authorities can consider a range of options when it comes to disposing of assets and these options will be influenced by the particular objectives of the authority and the circumstances relating to the land. The overarching statutory duty is that best value must be achieved. When considering the Shirehall site, place making should be at the heart of future development. Land disposals should help deliver local planning objectives, addressing matters such as the requirement for a five year land supply, or the assessed need for housing and employment land.
- 11.2 The Shirehall site provides an excellent development opportunity for the community which is located at a key gateway to the town. Its location at the heart of a residential district provides a very strong option for local housing and can provide further housing in Shrewsbury to address unmet demand. It has the potential to deliver a mix of high quality housing including affordable homes which are in keeping with the local area and which are well designed in terms of carbon performance.
- 11.3 In terms of the disposals process the Council must consider the following options as set out by MHCLG and these include:-
- Formal Tender
 - Informal or Negotiated Tender
 - Public Auction
 - Private Sale
 - Exchange of Land

It is also recognised by Government that in meeting its overall objectives of supporting and facilitating the increase in the release of public land for housing is not always met through the outright disposal of land. In certain instances, local authorities may elect to retain land and take a more direct role in development and delivery. Where this does not include social and affordable housing, local authorities can deliver homes outside of their Housing Revenue Accounts. One potential option includes utilising a wholly-owned company to acting as a vehicle for market housing development.

- 11.4 Local authorities are required to dispose of land on the basis of the best consideration reasonably obtainable. In certain circumstances local authorities may dispose at less than the best consideration and these relate to purposes for which the land is to be disposed of is likely to contribute to the promotion or improvement of the economic, social or environmental wellbeing of its area. This is limited to where the difference in value between the unrestricted value of the interest to be

disposed of and the consideration accepted ("the undervalue") is £2,000,000 (two million pounds) or less. For a value difference over this level Secretary of State approval is required.

- 11.5 The most important process in progressing any disposal is the valuation and this is strongly advised for any disposal including those progressed on the basis of open market tender. This enables the authority to demonstrate that it has adopted a consistent approach to decisions about land disposals by carrying out a consistent and transparent step by step valuation process in line with guidance set down by the Royal Institute of Chartered Surveyors (RICS).
- 11.6 The development area of the Shirehall site has been considered by officers and is set out in Appendix B. Committee members will note that this does not include at this stage the Unison club, sports field or bowling green as these are deemed to be important community assets and open space. The land used as an overspill car park and currently used as a Covid testing venue is not included in the proposed development boundary, but it may be added or dealt with independently.
- 11.7 There are a range of site considerations which need to be taken into account in the disposal strategy. These include the decommissioning and demolition of the Shirehall and associated buildings, relocation of the ICT and telecommunications infrastructure, access and parking associated with the recreational facilities and the adjacent courts and access to and from the site from the adjoining roads.
- 11.8 The disposal strategy for the site should therefore reflect the Council's view on the best way of securing the optimum development outputs and outcomes whilst achieving best value in terms of financial return. The options as set out above will be considered in detail and some initial soft market testing is underway with both Homes England, the Government's homes accelerator, and the Council's housing development company, Cornovii Developments Limited. This will help further inform the disposal strategy alongside an independent valuation to inform an appropriate recommendation.

12. Next steps

- 12.1 Officers will conduct the work in accordance with the recommendations set out in paragraphs 2a and b if approved; and provide a further decision report to full council at a future meeting requesting approval for the capital expenditure required to tender for and undertake the work necessary to accommodate the council's new civic base in the Pride Hill shopping centre. This report will also confirm a recommended disposal plan for the Shirehall site.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Shrewsbury Civic Centre Project Council Report 16 July 2020

Performance Management Scrutiny Committee Report 20 January 2021

Cabinet Member (Portfolio Holder)

Steve Charmley Deputy Leader and Portfolio Holder for Assets, Economic Growth and Regeneration

Local Member

Committee Members

Conflicts of interest declared by members

Appendices

Appendix A– Redacted civic centre options appraisal report

Appendix B - Shirehall proposed development plan area