

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF RESOURCES

TO:	COUNCIL		
DATE:	27 JANUARY 2009	AGENDA ITEM:	12
TITLE:	CIVIC HEADQUARTERS RELOCATION - PROGRAMME MANAGEMENT ARRANGEMENTS AND CIVIC BOARD		
LEAD COUNCILLOR:	CLLR LOVELOCK	PORTFOLIO:	LEADER
SERVICE:	FACILITIES MANAGEMENT	WARDS:	BOROUGHWIDE
LEAD OFFICER:	JOHN PAINTER JAN SAGOO	TEL:	0118 939 0797 / 72797 0118 939 0304 / 72304
JOB TITLE:	HEAD OF CENTRAL ADMINISTRATION HEAD OF CIVIC SERVICES	E-MAIL:	John.painter@reading.gov.uk Jan.sagoo@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 Further to Minute 47 of the Council meeting held on 27 November 2008, this report reviews the programme management arrangements for the Civic Headquarters relocation, and the reporting line, terms of reference and membership of the Civic Board.
- 1.2 This exercise is necessary because Council, on 27 November 2008, whilst agreeing to continue to work up variations for a new scheme on Council-owned land in Hosier Street, in line with the Cabinet decision of 16 April 2007 (Minute 191 refers), also agreed to pursue a twin-track competitive process to invite bids from third parties for the re-provision of a new Civic Offices as part of a wider regeneration plan for the centre of Reading. It authorised the Civic Board to oversee both processes, including determining the specification and timetable for the competitive process. It also asked the Civic Board to recommend a preferred scheme back to full Council following the completion of both of these processes.
- 1.3 The consequence of this Council decision is that there is now a requirement to revise the programme management arrangements for the Civic Relocation project to identify full Council, rather than Cabinet, as the sponsoring body for the current stage of Programme; and for Council (in place of Cabinet) formally to re-

establish and appoint the Civic Board as the project board for the Programme, with a reporting line back to Council.

2. RECOMMENDED ACTION

2.1 That Council agree:

- (1) to take responsibility for sponsoring the Civic Relocation Programme;
- (2) to re-establish the Civic Board as the project board for the programme to relocate the Civic headquarters building within the town centre, and other associated projects including the Masterplan for the Civic Centre site area and the provision of office space, accommodation and services at other Council buildings
- (3) to re-appoint the Civic Board on a 4:4:2 basis for the remainder of the current Municipal Year, with the following membership:

Labour (4)	Conservative (4)	Lib.Dem (2)
------------	------------------	-------------

Councillors Lovelock Hoskin Orton Page	Councillors Cumpsty Skeats Steele Townend	Councillors Goodall Swaine
--	---	----------------------------------

(no nominees)

- (4) to reaffirm the existing delegation to the Director of Resources and Head of Civic Services to take action to implement the Civic Relocation Programme in consultation with the Board.

2.2 That the Head of Civic Services amend the Programme documentation to recognise this change of arrangement.

3. POLICY CONTEXT

3.1 Cabinet appointed the services of SECE at its meeting on 5 December 2005 to investigate the possibility of upgrading or replacing the existing Civic Offices building which was no longer fit for purpose due to poor environmental performance, asbestos contamination, inflexible office space and poor accessibility. A series of studies were undertaken that resulted in the recommendation for a new building to be constructed on the east of the Hosier Street site. This recommendation was approved by Cabinet, with cross-party support, on 16 April 2007 and endorsed by full Council on 16 October 2007.

3.2 The relocation to a new headquarters building is a key driver in the corporate project to transform the Council into the future, within the context of the City

2020 vision, the Reading Sustainable Community Strategy and the Transforming Services Programme. It will be a major exercise in cultural and organisational change, and requires, over time, a high level of political and management commitment to deliver successfully.

4. THE PROPOSAL

- 4.1 As reported to Council on 27 November 2008 (and to previous meetings), the Civic Offices building has a number of serious structural and operational deficiencies which mean that it is increasingly not fit for purpose or safe and secure as a building. The situation was first set out in detail in a report to Cabinet on 26 September 2005, and considered by the CCEA Panel on 1 November 2005. The current building is now nearly 30 years old, is very inefficient in its use of energy, and is showing significant signs of wear and tear, and of obsolescence. Both mechanical and electrical plant, and interior surfaces and finishings, are in need of replacement and refurbishment. There are a number of structural matters which also need to be addressed. The building contains key health and safety risk areas, in particular asbestos and water management, and also the physical integrity of the building. The maintenance and operating costs of the building are rising with age and will require the replacement of major items of plant and equipment.
- 4.2 Cabinet on 26 September 2005 agreed to initiate a stage 1 feasibility study to evaluate options for a new headquarters building. To support this process, it set up an accompanying programme management structure, including the Civic Board as an all-party Member-officer project board. The Board has a membership of 5 Councillors: initially these were the three Group Leaders, the Deputy Leader, and the Chair of the CCEA Panel; since May 2008, the membership has been the three Group Leaders and the Deputy Leaders of the Labour and Conservative Groups.
- 4.3 The report to full Council on 27 November 2008 explained in detail the decision-making process since Cabinet in September 2005, and the active involvement of the Civic Board in it. This included two presentations to full Council, on 23 January and 16 October 2007, together with a series of officer presentations to individual political groups.
- 4.4 At your meeting on 27 November 2008, which was called specifically to consider the Civic Relocation programme, Council agreed as follows:
- (1) That the options of doing nothing, or of refurbishing the existing Civic Offices building, not be pursued for the following reasons:
 - i. Doing nothing would expose the Council to untenable health and safety and service failure risks
 - ii. Refurbishment would not save money, nor would it deliver an asbestos free building, which has the exemplary standards of sustainability and accessibility that the Council aspires to.

- (2) To adopt the following twin-track approach to the re-provision of the Civic headquarters:
- i. Continue to work up a new scheme on Council-owned land in Hosier Street, as a variation to the scheme as approved by Planning Committee on 16 July 2008 as set out in the Options Reports Part 1 and Part 2i.
 - ii. Pursue a competitive process to invite bids from third parties for the re-provision of a new Civic Offices as part of a wider regeneration plan in the centre of Reading, and that the wider plan will take into consideration all feasible accommodation and commercial options for providing the Civic Office functions and will also include, but not be limited to, the provision of theatre and library facilities.
- (3) That the Civic Board be authorised to oversee both processes, including determining the specification and timescale for the competitive process; and to recommend a preferred scheme to Council following the completion of 2i and 2ii as outlined above.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The Civic Offices relocation project will contribute to all of the Council's strategic aims, and the design should be informed by them. In particular the design specification should seek to secure the most effective use of our resources in the delivery of high quality, Best Value public services.
- 5.2 **Sustainability** The design specification should provide a one-off opportunity to ensure that the new building is sustainable to BREEAM Excellent standard. The project will also provide an opportunity for city centre regeneration both in the current civic area and around the new headquarters building.
- 5.3 **Equality, inclusion and a safe & healthy environment** The design specification should ensure adequate, effective and secure public access to Council services and provide a one-off opportunity to address access issues for all users of the building, in their widest sense, and by doing so to help promote the participation of all Reading people in local democratic process.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 There has been an extended and extensive programme of consultation throughout the evolution of the Civic Relocation proposals:
- with Council staff and unions
 - with Councillors, through
 - two formal presentations to full Council, initiating the public consultation exercises
 - reports to CCEA Scrutiny Panel (including a site visit)

- at least three officer presentations to individual political group meetings
- two public consultation exercises, in January/February 2008; and October /November 2008, including consultation with interest groups, market traders and adjoining land owners
- in association with the planning application considered in July 2008

7. LEGAL IMPLICATIONS

- 7.1 Under Section 111 of the Local Government Act the Council has the power to do anything that facilitates, or is conducive to, the discharge of any of its functions. This includes making arrangements for the provision of office accommodation and meeting space for its staff and Councillors.
- 7.2 Since September 2005, there have been a further 11 reports to Cabinet, full Council and the CCEA Panel on the Civic Relocation programme: the history of these reports was set out in the report to full Council on 27 November 2008. These reports have made clear to all recipients the serious structural and operational deficiencies of the present Civic Offices building.
- 7.3 As reported each year to the CCEA Scrutiny Panel (most recently in December 2008), the ongoing maintenance of the Civic Offices building has been recorded as a red (high) risk on the corporate risk register. This risk increases should the Council continue to operate from the Civic Offices without undertaking a wholesale renovation of the building to remove asbestos and to invest in the building's future operation and safety. Cabinet first recognised in 2005 that doing nothing was not an option.
- 7.4 The report to full Council on 27 November 2008 contained specific comments about Corporate Manslaughter. This report made clear the fundamental reason why the Council is pursuing options for a new headquarters building. The present Civic Offices was built in the early 1970s to a design which involved extensive use of asbestos, and a water-cooled air conditioning system which carries with it the risk of Legionella. The building is over 30 years old and showing significant signs of wear and tear, structural deterioration, and of obsolescence. It is also very expensive to run in that it is extremely energy inefficient. It also has inherent accessibility problems.
- 7.5 Following the Cabinet decision in September 2006 to develop a new HQ and move out of the building, the Civic Offices maintenance regime has been scaled down to a basic level, to maintain day-to-day operation in a safe and secure environment. The report to the Council meeting on 27 November 2008 made all Councillors aware of the clear advice from the Council's Technical Officers and external consultants that doing nothing remains an unacceptable option; and that the responsibility for the future safety of the Civic headquarters building, the staff and Councillors working in it, and public and other visitors to the Civic, is now the Council's collective decision.

8. FINANCIAL IMPLICATIONS

- 8.1 Cabinet, on 29 October 2007, approved a budget of £50m (Q1 2007 prices) for the construction costs and fees for the delivery of a new Civic Headquarters building. (Minute 87 refers.)
- 8.2 Cabinet approved at its meeting held on 29 October 2007, Capital spending approval of £0.8m to take forward the next stage of the Civic Area Masterplan Feasibility Study, including:
- Developing the Masterplan
 - Options for the Theatre and Central Library
 - Business Case and Funding Models
 - Consultation and Exhibition Costs.
- 8.3 The CCEA Scrutiny Panel, on 9 July 2008, received an update on costings. This listed matters not included in the approved budget (which were set out in an appendix to the report to full Council on 27 November 2008). It was reported at the meeting that the working assumption was that the ~£6-10M cost of demolition of the existing building would be part of the cost of the wider development of the Civic Area, but that the demolition would not happen until the transfer to the new building had been completed. In comparison with the cost relative to other new builds, the new Civic centre compared favourably with the benchmark and represented excellent value for money. The report gave details of funding arrangements and cost of finance, stating that at the current time it was planned that the capital cost of the development would be funded from borrowing, and that the expected savings in running costs would also help, to offset in part, the capital financing cost.
- 8.4 Since 2005, the Council has incurred costs of £3.7M in developing the project, agreed by Cabinet and endorsed by full Council, to relocate the Civic Headquarters to a new building on Council-owned land in Hosier Street. The Council will now incur further costs, still to be agreed by the Civic Board, in progressing the twin-tract option agreed by full Council on 27 November 2008.

9. BACKGROUND PAPERS

- 9.1 Nil for this report.