

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 2 March 2017
Executive – 8 March 2017

Subject: Manchester Town Hall and Albert Square: ‘Our Town Hall’

Report of: Deputy Chief Executive (Growth and Neighbourhoods)

Summary

1. A report was considered by Resources and Governance Scrutiny Committee on 10 November 2016 and the Executive on 16 November 2016 which provided further detail to reports previously considered by both Committees. The report provided a detailed comparison between refurbishment options 3 and 4 and Executive approved that Option 3 is the preferred refurbishment option which includes the full repair and upgrade to modern standards and partial restoration of the Town Hall and Albert Square. This report updates members on work carried out since that decision was taken.
2. Members noted the work that had been undertaken to soft market test future commercial opportunities and approved further more detailed market testing exercises to be carried out to appraise the commercial opportunities in order to determine the optimum content and operating structure of the building. It was agreed a report would be brought back to Executive to allow a decision to be made on the appropriate mix of uses. This report summarises the conclusions reached through the market testing exercise to enable a clear direction on likely future uses to be given to the design team once they have been procured.
3. This report also sets out the next steps required to enable the Council to make a decision as to how it should proceed with the project. It outlines the work undertaken to both assess the likely involvement of the private sector and assess the preferred method of procuring a construction contractor and concludes that utilising the management contractor route to procurement is the most appropriate one.
4. The report provides clarity around the scope of partial restoration works included in the approved Option 3, in particular treatment of the historic spaces. In addition it is noted that restoration of additional items of historic interest, such as the Great Hall Organ, could have potential for generating public interest and external funding. Some discussions have now taken place and a further report will be prepared for a future meeting. Further detail has been requested on how the carbon footprint of the building could be reduced. This report highlights some of the work which has been carried out to date.

Recommendations

Executive is recommended to:

1. Note the progress to date in procuring a design team, assemble a project team and maintain the momentum of the project to keep to the agreed work programme and timelines.
2. Note the further work undertaken to assess and appraise commercial opportunities and agree the conclusions reached by the work undertaken as set out in section 3.
3. Note the results of market testing with creative partners that determined that the Council should retain overall responsibility for the project during the construction phase and for the complex in operation but that private sector support should be sought.
4. Agree that the most appropriate form of construction procurement is through management contracting and to note that this procurement will commence in June and will be concluded in November.
5. Delegate authority to the Deputy Chief Executive (Growth and Neighbourhoods) as Project SRO, in conjunction with the Head of Development, City Solicitor and City Treasurer and in consultation with the Deputy Leader and Executive Member for Finance and Human Resources, to agree alternative accommodation, conclude negotiations and secure the appropriate premises so that the Coroners service can be relocated in line with the requirements of the Our Town Hall Programme.

Wards Affected: - All

Our Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	Manchester Town Hall refurbishment could provide the opportunity for a significant increase in employment within the building.
A highly skilled city: world class and home grown talent sustaining the city's economic success.	The refurbishment will provide new opportunities for young people and graduates, including apprenticeships and work placements, initially during the construction phase.

<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.</p>	<p>The refurbishment will increase the productivity and the efficiency of Council staff and support the development of an equitable city, taking advantage of new opportunities offered by devolution.</p> <p>There is also the opportunity through the co-location of public and private uses and new modern meetings rooms to promote collaboration and networking to strengthen the collaboration between organisations, businesses and residents, including the community and voluntary sector.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit and work.</p>	<p>The refurbishment will contribute to sustainable economic growth by retaining employment within a central location. It will significantly enhance the Town Hall's energy efficiency and enable the incorporation of sustainable design features.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth.</p>	<p>The refurbishment will retain and improve public uses within an accessible city centre location, connected to residents and visitors by the City's expanding public transport network. The work will reinforce the City's role as the centre of public and private sector networks and meetings in the north, with connections through the Airport to support international events.</p>

Financial Consequences – Revenue

The repair of the Town Hall has a number of revenue implications such as the cost of financing capital; alternative accommodation costs; and loss of income over a number of years offset in part by reduced spend on maintenance and utilities. The net effect of these for the period to 2019/20 has previously been reported to February Executive as part of the Medium Term Financial Strategy 2016/17 to 2019/20 and, excluding any increased costs of capital which is included within the current capital financing budget, it is estimated to be in the region of £10m. Overall, the project is expected to run until 2023/24, with estimated revenue costs in the region of £22.2m. This may be subject to change as the design process and programme progresses.

It is proposed that the revenue implications are funded from savings in the Minimum Revenue Provision (MRP) policy as outlined in the report to February Executive. Each year the first £5m saving from the MRP adjustments will be used to support the City Council's main revenue budget with the balance funding the revenue costs of the Town Hall repair. The expected amounts available and forecast costs over each year of the budget period to 2019/20 are also shown in the Executive report. Further adjustments may be required to the reserve for future years.

Financial Consequences – Capital

A draft capital programme was approved by Executive at its' meeting on 8 February. The capital programme includes the establishment of a capital budget for the full repair and upgrade to modern standards of the Town Hall and the associated costs for the Town Hall and Albert Square totalling £306.1m. The forecast profile of spend is based on a number of assumptions, and will be subject to review following the design stage and at other points throughout the programme.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Report to Executive Committee - Town Hall Complex Strategy – 23 July 2008.
- Report to Executive Committee – Town Hall Complex Programme – Transforming Customer Experience – 11 February 2009.
- Report to Executive Committee – Town Hall and Albert Square Maintenance Programme - 1 October 2014.
- Report to Executive Committee – The Refurbishment of Manchester Town Hall and Albert Square: 'Our Town Hall' –27 July 2016.
- Report to Executive – The Refurbishment of Manchester Town Hall and Albert Square: 'Our Town Hall' – 16 November 2016
- Report to Executive – Capital Programme (Budget 2017/18 – 2021/22) – 11 January 2017

1. Background

- 1.1 Manchester Town Hall, which opened in 1877, is an internationally significant landmark and Manchester's greatest cultural and civic asset, which makes a significant contribution not only to the heritage but also to the identity of the City. The building is Grade 1 listed, considered to be one of the masterpieces of Victorian architecture and cherished by the people of the City who view it as the civic heart of Manchester.
- 1.2 While the Town Hall has been maintained and remains structurally sound, it is now seriously showing its age with many elements reaching the end of their natural lifespan. Without significant refurbishment to rectify the identified defects the building will inevitably deteriorate to the point where it will be unfit for ongoing use and would have to be mothballed. Furthermore when it was designed over 140 years ago it was clearly never designed for modern day use.

2. Introduction

- 2.1 A report considered by Executive on 16 November provided a detailed comparison between repair Options 3 and 4 and Executive approved that Option 3 is the preferred repair option which includes the full repair and upgrade to modern standards and partial restoration of the Town Hall and Albert Square. The report examined in more detail the cost estimates for Option 3 which has an upper range of cost of £328.3m, of which £22.2 m is revenue, which includes a significant element of contingency given the risk profile at this early stage of the project. The capital programme includes the establishment of a capital budget for the full repair and upgrade to modern standards of the Town Hall and the associated costs for the Town Hall and Albert Square refurbishment totalling £306.1m.
- 2.2 The work included within this capital budget will include replacement of mechanical and electrical engineering systems, structural repairs, full redecoration of surface finishes and bringing all fixtures and fittings back into operable use as well as installing new ICT. It also includes repair, restoration and conservation to items of heritage significance including all of the State Rooms, the Great Hall and Lord Mayor's suite. This scope includes improving access into and around the building allowing greater flexibility of future uses and areas with potential for commercial letting, particularly at levels 0, 7 and 8 would be left as shell and core and not fitted out.
- 2.3 Executive noted the further work and challenge of the cost plan and programme given by external construction contractors with experience of projects of this nature and that their review had concurred with the projects assumptions. The Executive also noted that the costs associated with achieving RIBA stage 2 was approximately £10m for design fees, further professional fees and decant costs. RIBA stage 2 will narrow down various design options into one concept design and the procurement of the design team is critical to achieving this stage.

- 2.4 The November report included an initial analysis of the potential future commercial opportunities within the repaired Town Hall, but the report explained that further more detailed market testing was required in order to assess the potential future commercial opportunities and that a further report would be presented to Executive which would enable the Council to be in a position to make a decision on the optimum content and operating structure of the building.
- 2.5 At the Resources and Governance Scrutiny Committee meeting on 10 November 2016 Members requested more information in relation to the scope of restoration works included in the approved Option 3, in particular treatment of the historic spaces. This report clarifies the areas and items of the building which will receive a higher level of restoration as part of Option 3 given their historical significance and the cost for which is already contained within the £328.3m cost estimate. In addition it is recognised that items such as the Great Hall Organ will also require extensive restoration and could have the potential for generating public interest but would need to be externally funded. Discussions have begun with stakeholder bodies and a further report will be submitted to a future meeting.

3. Market Testing, Appraisal and Business case

- 3.1 In order to maximise the use of the building and reduce the capital cost and ongoing revenue costs it was agreed that further market testing be carried out in order to test the viability of commercial opportunities which would help to maximise the use of the building and complement civic uses.
- 3.2 The priority for the building as set out in the project objectives is for the Town Hall to remain as the civic heart of the City. The requirement to continue to deliver the civic role will be a priority as will recognising the importance of preserving the building and opening it up to Mancunians. Any complementary commercial uses to increase the usage and drive down costs to the Council will be considered secondary to its primary purpose. Additional options that could enhance the approved Option 3 scheme with an emphasis on increasing commercial income included a boutique hotel, fitting out of shell commercial areas, commercial office accommodation, and performance spaces.
- 3.3 To ensure all commercial options have been fully explored and their viability fully tested a series of complementary pieces of market testing were undertaken including an assessment of the hotel option by market experts with support from a specialist hotel operator, an update on work originally carried out by commercial real estate consultants looking at commercial, food/beverage and retail options, and an analysis of office space by the Council's Development Team.
- 3.4 Cushman and Wakefield were commissioned to review the various market testing work streams and focused on considering the future commercial potential of the building and acting as a critical friend to ensure the optimum option regarding commercial activity is being pursued. This work included:

- Review of options tested to date;
 - Checking that all appropriate options/combination of options have been tested;
 - Identify any technical issues that require further investigations;
 - Review of options to confirm the optimum option or options that need to be tested further at the next stage of technical and design work; and
 - Preparation of business case.
- 3.5 They considered different configurations of uses and tested them against a range of criteria including risk, cost, value and economic impact.
- 3.6 The hotel specialists concluded that a hotel, positioned at the top of the market was feasible, with approximately 65 rooms focussed on floors 5 and 7, with public areas on the ground floor and back of house, storage and non-guest facing facilities located in the basement. They identified that an exclusive hotel access could be provided from Cooper Street with a new dedicated hotel guest lift positioned in that vicinity. They concluded that the only viable operating model for a hotel would be on a management contract with the Council retaining ownership.
- 3.7 In their review of the hotel market testing Cushman and Wakefield highlighted a number of issues and risks that question whether developing a hotel in part of the Town Hall is an appropriate option. These included the small key size of the hotel – at 65 rooms well below the 100 room size that would be preferable due to high fixed costs, the constrained offer with no wet leisure facility being a constraint to attracting the luxury operators, the potential user conflict with a luxury operator likely to insist on no compromises and the physical challenge of the building meeting servicing standards with regards to temperature, acoustics etc. However, the biggest issue for the Council will be the financial risk associated with developing a hotel.
- 3.8 It is assumed that no hotel operator would take a full repairing and insuring lease due to the high level of costs associated with operating a hotel within a Grade 1 listed building. As the sale of any part of the building is not an option and securing a tenant is highly unlikely the only realistic option open to the Council is to develop the property through a selected development partner and retain the ownership of the hotel, thus employing through a Management Contract a suitable luxury hotel operator to manage the operation of the hotel on the Council's behalf.
- 3.9 Cushman and Wakefield have identified that the nature of a management contract would mean that the Council would carry all the risk as owner. This could, of course, result in a greater level of return but also potentially incur the costs of trading losses. This will be in addition to the additional capital cost, assumed to be around £30 million, of fitting out a hotel.
- 3.10 The commercial real estate consultants had undertaken an initial piece of market testing work in July 2016 and identified that retail would not be a viable commercial use but that food and beverage, particularly in the basement area was likely to be successful. In updating their work they identified that over the

past 6 months the Manchester market has changed and a significant number of new operators have entered the market and there will be a number of new schemes delivered in Manchester city centre offering a range of food and beverage options in future years. They identified a number of constraints with the use of the Town Hall for a food and beverage offer and concluded that it would be better to start from a position of attracting quality independents to deliver an appropriate food and beverage offer to enhance the wider public sector use of the building.

- 3.11 Cushman and Wakefield's view of a food and beverage offer is that it would be a good fit with the other proposed uses of the Town Hall and would help to attract visitors into the building. The focus should be on creating spaces that can be rented out commercially to enhance the experience of the Town Hall to all visitors - enhancing the space and creating more opportunities for visitors to dwell for longer in the space. They suggest that by creating a Tourist Information/Box Office, the aim is to reposition the Town Hall as the first port of call for visitors or where they can meet up with friends. This would then be supported by a food and beverage offer which should be conducive with the quality of the building but not "exclusive". They pointed to examples of independent café/bars and restaurants in the City and the aim should be to create innovative space in the Town Hall where such occupiers can thrive.
- 3.12 Their assessment of office space concurred with the work carried out by the Development Team. This work determined that due to the Grade 1 status of the building, there are likely to be a number of factors which will limit rental levels, however the building may also be an attractive option for certain commercial uses (i.e. small businesses, start up organisations, incubator space, serviced offices and business lounges) and the layout of the rooms would not attract large commercial organisations. There are concerns about the common areas and cost thereof, with a potential that the Council may have to subsidise the running costs due to the net to gross ratio of usable floor area and the high service charge. The transformation of St Peters Square with premium office space surrounding it could provide an opportunity through using the Cooper Street entrance for commercial office use.
- 3.13 Following the successful refurbishment of the THX, there could be an opportunity to relocate Council staff into the refurbished Town Hall and to market space in the THX for traditional commercial lettings, particularly through the ability to secure and separate wings of the building. Similarly, the Council could seek to lease space to public sector partners, who whilst requiring fit for purpose and modern office accommodation, may not have the same requirements as commercial tenants in respect of specification and would be willing to make the required compromises that a building like the Town Hall would understandably provide.
- 3.14 A hybrid solution of part Council and part commercial occupiers could also be considered. This would in part reduce void risks and dependent upon the tenant mix, could provide opportunities for further relationships between the public and private sectors.

- 3.15 Cushman and Wakefield determined that any future detailed specification of spaces would need to have regard to the uses and objectives for the office spaces. These will evolve over the seven years before the space is available. The Town Hall has the potential to create a unique location for office occupiers within an outstanding building and the Council could use the space to support economic growth in the heart of the City. The exact occupiers and format of the building will be determined in the medium term and will need to respond to market trends at that time.
- 3.16 Cushman and Wakefield concluded that, based on the findings of the option appraisal carried out, a preferred solution for the future commercial uses to be included in the Design Brief would comprise the following, focusing on commercial uses and the introduction of additional visitor attractions:
- Enhance Visitor Attractions including new flexible exhibition space and consideration of the establishment of a Tourist Information/Box Office to provide “What’s On” in Manchester;
 - Ancillary Food and Beverage – to enhance the experience for visitors and to support office workers;
 - Expanded Events Programme accommodated within the Town Hall and Albert Square; and
 - Maximise Office Use - Commercial lettings focus in THX.

4. Delivery Mechanism and Procurement of Main Construction Contractor

- 4.1 The report to Executive in November 2016 also set out a requirement to undertake a further piece of market testing, recognising that the project is likely to require involvement from the private sector in some form. This market testing would allow us to understand the private sector’s interest in the scheme, and if and how the private sector may become involved. In order to assess this potential involvement and interest Executive approved the engagement of a number of Creative Partners, leading developers and operators in the Manchester market. The objectives of the engagement were to assist in:
- Defining the vision of the future building;
 - Develop the overall experience of the Town Hall;
 - Identify the optimal balance between public and 3rd party uses;
 - Identify and develop the facilities required to support the uses;
 - Refine the preferred delivery mechanism and procurement route;
 - Identify the post-completion operational arrangements ensuring MCC has effective control of the areas it requires; and
 - Bring in the right uses and negotiate the optimal deals.
- 4.2 There were four developer/operators who took part in the market testing exercise and a high level of consistent message and common agreement was reached. All participants have agreed with the project thinking that the spaces which are not to be used for civic and council use should be developed to a shell and core standard which would allow flexibility until such time the future use of these spaces are defined. The preference noted by the participants was

that the building uses should be defined in line with commencement of the RIBA Stage 2 design although if this was not defined at that point then it would not prevent the design from commencing.

- 4.3 In terms of private sector involvement all participants agreed that, due to the scale and cost of the refurbishment and the nature of the building, the project should not be developer led. All participants agreed that it would be beneficial to secure private-sector expertise in an advisory/consultancy role and they were happy to consider how they could assist and add value in the future.
- 4.4 Cushman and Wakefield appraised this market testing and strongly supported the consensus that this is not a project for a private sector developer. They felt that there is unlikely to be appetite for a developer to take any substantive risk, given the complexities of the project and they argue that there is a clear need to maintain the Council in full control of the project and the future use strategy. This is not to say that there is not an important and valuable role for private sector partners to play in the project. This will be particularly important in developing and delivering any commercial opportunities around office space, business occupation etc.
- 4.5 They felt that the City Council is not the right organisation to manage any commercial operations that take place in the building as it does not have the skills or experience. The Council should look to engage with the appropriate specialists to ensure that spaces are managed and operated in an efficient and effective way and to a standard which is consistent with the commercial aims for the spaces involved. There is also scope to utilise private sector knowledge and experience in the overall management of the Town Hall and Complex. There would be considerable value, however, in bringing private sector expertise alongside the Council to add to the knowledge base needed to make the project a success over the long term.
- 4.6 The selection of a procurement route for the main construction contractor is a key decision for the Town Hall project. The size and complexity of the project will present a significant challenge to the market, and the pool of contractors who are able to deliver the project are limited. Identifying a procurement route that addresses our priorities and is also considered to be attractive to the market is a complex undertaking. A significant amount of work has been undertaken to determine the most appropriate form of contractor procurement for this project, including soft market testing and commissioning specialist legal advice.
- 4.7 The following procurement routes have been considered:
 1. Traditional (single stage)
 2. Traditional (two-stage)
 3. Design and build (single stage)
 4. Design and build (two stage)
 5. Construction management
 6. Management contracting

4.8 Management Contracting is recommended as the preferred procurement route for a number of reasons:

- The Management Contractor appoints the works contractors and therefore the contractual relationship and associated liability rests with them and not the Council. Consequently the Management Contractor also assumes the financial and contractual burden associated with administering works packages.
- Although Management Contracting is not as common as more traditional forms of procurement such as Traditional and Design and Build, it is more common in the North West region than Construction Management. Accordingly MCC are more likely to attract interest from bidders and the associated supply chain.
- In addition to the soft market testing exercise external legal advice was sought to advise on legal aspects of procuring the Our Town Hall project via the OJEU process. They confirmed that Management Contracting was the preferable procurement route for a project of this size and complexity.

4.9 Management contracting would still present a number of risks and challenges that need to be both fully understood and steps taken to mitigate them including amendment to the form of contract. These risks include cost certainty, market appetite, available expertise and liability for interface works and unknown scope. However, all the advice received suggests that it is the most appropriate form of procurement for this project. The intention is to start the procurement process for a management contractor in June with the aim of having procured a management contractor by November 2017.

5. Progress Update

5.1 General Progress

5.1.1 As agreed by Executive at its meeting on 16 November the procurement of a Design Team commenced in late November and is due to complete by the end of May. The design team will consist of the following professional services: Architectural, Structural and Civil Engineering, Building Services Engineer, Landscape Services, and Quantity Surveying Services. The procurement remains on schedule and the calibre of the architects who have expressed an interest in the project is reassuringly high.

5.1.2 Other resources are currently being put in place in recognition that the project will scale up considerably in intensity once a design team are in place. This includes the recruitment of a Project Director which is due to take place in late February. Project management services will be procured through the Construction and Property Professional Services (CAPPS) framework and are due to be in place by the beginning of April. There is also a need to strengthen the Council's own team, the client side, with particular emphasis required on finance, legal, HR, procurement, communications, IT, conservation and work and skills.

5.2 Decant Update

- 5.2.1 The target date for securing the full decant of the Town Hall to allow intrusive survey work to start is January 2018. Work is now underway to plan the decant of the remaining staff, services and users from the Town Hall. The intention is to accommodate all Council staff within the Council's operational estate, primarily within the Town Hall Complex. However, there are a small number of users, particularly the Coroner, who have very specific requirements that cannot be met through use of existing Council owned buildings and which require a different solution.
- 5.2.2 The Coroners Service currently occupies around 8500 ft² of accommodation across level 1 and 2 of the Town Hall. The service requires an accessible and central location, with public access a key requirement. The space requirements include public spaces (a large main court for jury hearings and smaller second court, public access counter, public waiting area and interview rooms) and private spaces (back-office space for the Coroner and staff team, a separate space for the Coroners Liaison Officers, who are Greater Manchester Police employees, and a separate Jury room) as well as the usual welfare facilities. The Coroners Service has bespoke court furniture and audio visual equipment, which were installed when the service moved to the Town Hall. These assets are in good condition and were designed to be relocated, and so all of these assets will be transferred to the new temporary accommodation.
- 5.2.3 Officers have been carrying out a thorough options appraisal over the past six months to determine a solution for accommodating the Coroners Service. A number of options have been considered including existing court facilities in the city centre, a number of MCC assets (leasehold and freehold), and properties available on the market. On reviewing the options on the basis of the ability to meet the service requirements, deliverability within the available timescale, and affordability this has been narrowed down to one particular option. However, before a final decision can be taken further options outside of the city centre are being considered. To meet the timescale for vacating the building by January 2018 a decision will need to be taken on alternative accommodation for the Coroner quickly.
- 5.2.4 In the absence of publically owned options the identified option will be a market rental option, and officers would be required to negotiate a lease with the landlord of the property. The financial impact of securing the accommodation will not be finalised until negotiations have been concluded. The total financial impact will include some fit out costs to configure the available space to meet the Coroner service requirements.
- 5.2.5 On the basis of the constrained timescale it is recommended that authority be delegated to the Deputy Chief Executive (Growth and Neighbourhoods) as Project SRO, in conjunction with the Head of Development, City Solicitor and City Treasurer and in consultation with the Deputy Leader and Executive Member for Finance and Human Resources, to agree the relocation option, conclude negotiations and secure the premises so that the Coroners service

can be relocated in line with the requirements of the Our Town Hall Programme.

5.3 Restoration of Heritage Significant Areas and Items

- 5.3.1 In response to feedback from Resources and Governance Scrutiny Committee at the meeting of 10 November, further information is included below in relation to the scope of the restoration works included in the approved Option 3, in line with the objective to restore and celebrate this significant heritage asset for Manchester.
- 5.3.2 As part of the survey programme in 2015, the project team identified four levels of repair and refurbishment categories for all elements of Manchester Town Hall; including structures, fixtures and finishes. This approach allowed a holistic plan to be prepared and costed, whilst retaining the flexibility to select the most appropriate works for individual rooms and assets. Areas of high significance were singled out to receive enhanced levels of repair and restoration, whereas other areas may only require essential works to ensure health and safety and business continuity. The significance judgements were based on the adopted Heritage Management Plan completed in 2015.
- 5.3.3 Within the areas of high significance were full restoration works to all the State Rooms, the Great Hall (including the Ford Madox Brown murals) and the Lord Mayor's Apartment, which are of particular heritage significance. This includes full restoration and redecoration of walls, floors and ceilings, bringing them back to the original architectural style and form. Fixtures and fittings will be repaired and restored to their original style and appearance, including all decorative ceiling mouldings, heritage curtains, wood panelling, skirting, doors, doorframes, windows and window frames. Electric and ICT systems will be discreetly set into floors.
- 5.3.4 This will also include restoration works to all corridors and circulation areas of high significance on levels 1 and 2. Fixtures and fittings, such as mosaic tiles, stonework and decorative finials to arches will be repaired and restored. In addition any space of high heritage significance on level will be treated as per the State Rooms. All decorative ceiling mouldings, wood panelling, skirting, doors and frames would be repaired and restored. Restoration to external areas involves like for like repairs of roof finishes, defective rainwater goods, delaminated stonework and loose and unsecure decorative stonework, e.g. gargoyles and finials.
- 5.3.5 It is recognised that some historically significant assets in need of restoration not included within the scope of Option 3, for example, the Great Hall Organ, could have the potential for generating public interest and attract external funding. Discussions are taking place with stakeholders and special interest groups to develop these ideas further and will be reported to a future meeting.

5.4 Carbon

- 5.4.1 At its meeting on 10 November 2016 Resources and Governance Scrutiny

Committee noted that whilst the heritage requirements were important the refurbishment should also seek to reduce the Council's carbon footprint and requested further information on this and how this could help support the Council's aim of reaching zero carbon emissions by 2050. One of the core high level objectives of the project is to reduce the carbon footprint and energy costs of the Town Hall. The Town Hall is the 2nd highest carbon producing building in Manchester City Council's estate, with estimated total carbon emissions of 2,711 tonnes in 2015/16. The Our Town Hall Project therefore has a responsibility to ensure that sustainable considerations are factored into both the emerging design solutions and the future operational requirements and that this is in keeping with the carbon reduction targets and the objectives of the Climate Change Action Plan.

- 5.4.2 The minimum carbon reduction target for the Our Town Hall project is 41.5%. This target acknowledges the challenge of introducing carbon reduction initiatives into the Town Hall as a Grade I listed building. However in recognition of Manchester's aspirations of becoming a zero carbon city by 2050, the Project Team will be instructed to achieve carbon reduction levels greater than 41.5% as far as reasonably practicable.
- 5.4.3 Operational energy consumption is a key area which can help achieve carbon reduction targets. The EU standard for energy saving for refurbished buildings is 20% however the project will strive to improve upon this and therefore an ambitious target of a 30% kWh saving against current operational primary energy consumption will be targeted.
- 5.4.4 As part of the design development and sustainability considerations a number of energy reduction and carbon saving technologies will be explored by the design teams which could include energy storage, use of low energy fittings and appliances wherever possible - including LED lighting technology and digital lighting control and also rainwater harvesting.
- 5.4.5 It will be the task of the appointed design team to propose the most appropriate assessment methodology for the Our Town Hall project and it is envisaged that the BREEAM UK or SKA Refurbishment and Fit-Out' methodology shall apply which will be dependent upon on the nature of the works and use of space. In delivering against the assumptions of the baseline scheme, the project shall be designed and delivered to meet a BREEAM rating of 'Very Good' and/or SKA Gold. Further details on carbon reduction activity and progress will be reported to future meetings.

5.5 Behind the Scenes Tours

- 5.5.1 With the proposed closure of the Town Hall for refurbishment for a lengthy period of time it was agreed to provide tours of the building, including areas not previously accessible to the public, to offer Mancunians the opportunity to appreciate the beauty of the building as well as understand why refurbishment is required. Previous tours have focussed on the state rooms and corridors or the clock tower and the latter is no longer accessible. These new tours will show the publically accessible areas as well as parts of the building,

particularly the basement and courtyard, that provide a different view of the building and its' current challenges.

- 5.5.2 The tours are being led by the Blue and Green Badge Guides and are offered on two Sundays and if demand remains high they will continue until the building is fully vacated at the beginning of 2018. The demand for the tours has been incredibly high with the first three months fully selling out.

6. Conclusion

- 6.1 Good progress continues to be made with the development of proposals for the full repair and upgrade to modern standards and partial restoration of the Town Hall and Albert Square. Further market testing of future commercial opportunities has been undertaken in order to determine the optimum content and operating structure of the building and enables a clear direction on likely future uses to be given to the design team once they have been procured.
- 6.2 This report sets out the next steps required to enable the Council to make a decision as to how it should proceed with the project and concludes that utilising the management contractor route to procurement is the most appropriate one. It also provides progress on the procurement of a design team and other resources necessary to deliver a project of this scale and complexity.

7. Contributing to the Manchester Strategy

(a) A Thriving and Sustainable City

- 7.1 The refurbishment will allow the Council to more efficiently provide accommodation for its staff as well as consider making new accommodation available for other public and private sector organisations. In total approximately 900 staff could be accommodated and this would add to the economic diversity of city centre employment, including jobs aimed at younger people.
- 7.2 The improvements to digital connectivity will contribute to the aim of developing Manchester as a leading digital city and enhance the Council's leadership role in developing the digital economy and digital industries.

(b) A Highly Skilled City

- 7.3 The transformation and economic growth of the city centre has been instrumental in attracting skilled workers and making Manchester's population the fastest growing in the UK outside of London. The project provides an opportunity to create skilled job opportunities through high-level apprenticeships in the design, development and construction of the project, and providing opportunities to connect residents to local jobs. The scale and duration of the construction programme and the range of skills required will support a significant apprenticeship and work placement programme,

introducing young people to a range of technical and craft skilled employment opportunities. There will also be openings for recent graduates in construction related occupations.

(c) A Progressive and Equitable City

- 7.4 The opportunity to accommodate additional MCC staff within the proposed development will support closer, joint working and integration of local services which is vital to tackle effectively some of the complex social problems which prevent families and communities from benefiting from the City's economic success.
- 7.5 The actions to take forward many of the objectives of an equitable city such as better health, children ready for school, an age friendly city, working with families with complex needs are dependent upon a more effective and efficient City Council taking advantage of new opportunities offered by devolution. Moving key personnel from out-dated and at times scattered offices to modern premises with high quality work stations and access to a range of meeting rooms will increase the productivity and the efficiency of Council staff.

(d) A Liveable and Low Carbon City

- 7.6 The project will contribute to sustainable economic growth by retaining employment within a central location, and making new space available for other private sector organisations, in a location which is accessible by public transport and supports the daytime and evening economies. The additional employment in other organisations accommodated in a refurbished Town Hall will further diversify the City's economy.
- 7.7 The refurbishment will significantly enhance the Town Hall's energy efficiency and enable the incorporation of sustainable design features. Currently the building uses a heating system which requires large amounts of energy to heat partially occupied offices, where the quality of accommodation is poor.
- 7.8 The refurbishment will change the current inefficient accommodation to more modern space, with more staff accommodated in less office space. This will reduce the amount of surplus space and also reduce the need for MCC to take up other office space to accommodate staff numbers

(e) A Connected City

- 7.9 The refurbishment will retain and improve public and private uses within an accessible city centre location, connected to residents and visitors by the City's expanding public transport network. The work will reinforce the City's role as the centre of public and private sector networks and meetings in the north, with connections through the Airport to support international events.

8. Key Policies and Considerations

8.1 Equal Opportunities

8.2 An Equality and Disabled Peoples Access Panel will be formed as part of the consultation process. The group will be a strategic panel with a range of experience/specialism and involvement with Equality and Access issues within the built environment and workplace and will report to the Quality Panel.

8.3 Risk Management

8.3.1 Risk issues and appropriate mitigations are addressed within the report.

8.4 Legal Considerations

8.5 The legal considerations are addressed in the body of the report.