

Manchester City Council Report for Resolution

Report to: Executive – 27 July 2016
Resources and Governance Scrutiny Committee – 21 July 2016

Subject: The Refurbishment of Manchester Town Hall and Albert Square:
'Our Town Hall'

Report of: Deputy Chief Executive (Growth and Neighbourhoods)

Summary

1. The Town Hall Complex is one of Manchester's greatest cultural and civic assets, which makes a significant contribution not only to the heritage but also to the identity of the City. Manchester Town Hall and Albert Square are the most important of the buildings and public realm within the Complex in terms of significance. The Town Hall itself, which cost £1m to build and opened in 1877, is an internationally significant landmark. The building is Grade I-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.
2. The Town Hall will be 140 years old next year. While it has been maintained and remains structurally sound, it is now seriously showing its age with many elements reaching the end of their natural lifespan. It was clearly never designed for modern day use. The transformation of both Central Library and the Town Hall Extension have already shown how 21st Century services can be delivered from historic buildings, making better use of space whilst protecting their distinctive characters. It was always envisaged that the Town Hall would be next to ensure that Manchester's Town Hall Complex can continue to be an asset for the city and its people for generations to come.
3. In 2014, approval was given to undertake a series of detailed surveys and investigations in order to identify a deliverable refurbishment scheme that would realise the potential of the building and square, ensure they were safe to use and which would extend their operational life. This report summarises the outcomes from these Project Initiation works including a wide range of surveys and investigative work undertaken. The report further identifies a range of options to both bring the building up to a safe, operational condition and to secure its long term future as Manchester's most important civic and heritage asset.
4. Further work is required to enable a decision to be taken on the scale and phasing of the refurbishment and to determine the viability of commercial opportunities that may reduce the capital cost and ongoing revenue costs of the building. This additional work will be concluded by the autumn when, alongside a report on the wider capital strategy, a further report will be

presented to Executive setting out the full costs and programme of the refurbishment options to enable a decision on the refurbishment to be taken.

Recommendations

The Executive is recommended to;

1. Approve the Council's overall objectives for the refurbishment of the Town Hall and Albert Square as set out at 3.3.
2. Note the substantial survey work that has been undertaken to determine the condition of Manchester Town Hall and Albert Square and enable options for refurbishment to be identified.
3. Note that the survey work has identified significant poor structural, mechanical, electrical and general repair and maintenance conditions and that unless a refurbishment programme is undertaken to address these conditions the building will continue to deteriorate and will inevitably have to be closed and mothballed.
4. Note that options range from undertaking essential repairs and safety work to a full refurbishment similar to the standard of the Town Hall Extension and that the cost of the preferred option is in excess of £300 million. Note that the design work is at an early stage and further work is underway to provide a more detailed cost breakdown, to evaluate these costs and determine the scope of work, sequencing and programme for each option.
5. Note the opportunity of securing commercial income or other funding that would either offset, in part, the capital expenditure or increase revenue income to reduce the cost of operating the building. This will consider the potential, if any, for third party contributions and the appetite within the private sector to support the delivery of the total vision for the Town Hall. Further work will be undertaken to appraise these opportunities and will be reported back to Executive.
6. Note that a further report will be presented to Executive in the autumn providing the additional information concerning further refining and confirming costs, timescales and phasing and commercial opportunities as well as evaluating risks. This report will allow Executive to make a decision alongside consideration of the Authority's overall capital strategy and three year revenue budget.
7. Approve the procurement of a design and project team to undertake the further work required to evaluate the costs further, finalise a work programme and optimum phasing of works, undertake the assessment and appraisal of commercial opportunities and continue the design work towards achieving RIBA Stage 1. Appointment of this team will not however be concluded until the Executive makes the decision about the way forward in the autumn.

Wards Affected: - City Centre

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 (MTH) 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	MTH refurbishment will provide new opportunities for young people and graduates, including apprenticeships and work placements, initially during the construction phase.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	MTH 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. 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.
A liveable and low carbon city: a destination of choice to live, visit and work	MTH refurbishment will contribute to sustainable economic growth by retaining employment within a central location. The refurbishment will significantly enhance the Town Hall's energy efficiency and enable the incorporation of sustainable design features.
A connected city: world class infrastructure and connectivity to drive growth	MTH 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.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue – The proposal to refurbish the Town Hall to a standard in line with that of the Town Hall Extension (option 3 in the report – see paragraph 4.15) has revenue consequences for the build period, which is around seven years until 2023/24, of c£22m. This includes the cost of relocating staff from the Town Hall and a subsequent return, curatorial costs for heritage assets and up-skilling of individuals to enable a local workforce to be involved in the build programme. Included within this figure is £1.4m of decant costs to be incurred in 2016/17 relating to the necessary move of staff required from levels 5 to 7 of the Town Hall which is being met from reserves.

In addition to this there will be an impact on existing income and expenditure budgets over the period due to loss of income from functions such as events, registrars and catering offset, in part, by savings against maintenance, utilities and staff costs,.

Further work is being undertaken to confirm the position and determine the potential recurring costs and income beyond the build programme, and this will be reported to Executive in the autumn.

Financial Consequences – Capital – The forecast capital costs associated with a build programme to bring it up to modern office standards, similar to that of the Town Hall Extension, amount to c£308m (including c£228m to undertake essential works). A significant proportion of the costs will need to be met through prudential borrowing. These costs are at the very early stages of design and will be subject to further refinement as the design process progresses. Any investment decision will need to be considered as part of the City Council's overall capital strategy and it is proposed that this is reported to Executive in the autumn.

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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.

2. Background

The City Centre and Civic Quarter context

- 2.1 Manchester City Centre has been transformed over the past twenty years and since 2009, the Council has completed a series of flagship restoration projects in the civic heart of the city with the refurbishment of Central Library, Manchester Art Gallery, the Town Hall Extension and St Peter's Square. It was always envisaged that refurbishment of the Town Hall would follow the transformation of the Town Hall Extension and Central Library.
- 2.2 At the heart of the Central Business District, Manchester's Civic Quarter is pivotal to the next phase of growth of the city centre economy. It is one of the most significant areas of open space within the city centre, characterised by one of the finest collections of historic and modern civic, cultural and commercial buildings in the UK. It is also a major gateway and a key arrival point to the city centre.
- 2.3 Transformation of the Civic Quarter is well underway with the completion of the refurbishment of the Town Hall Complex, along with the restoration and extension of Central Library delivered through £177m of public investment. As well as a significantly enhanced public realm, the redesign of St Peter's Square included the relocation of the Cenotaph to the space opposite the eastern elevation of the Town Hall. A new tram stop and revised traffic arrangements to facilitate Metrolink's Second City Crossing, which will run from the Square down Princess Street and Corporation Street to Victoria Station, will be introduced. Private sector investment around the square has complemented this regeneration with 432,000 sq ft of Grade 1 office space completed or under construction in the form of No1 St Peters and No 2 St Peter's Square
- 2.4 This significant public investment has led the regeneration of the Civic Quarter and without the restoration of the Town Hall and Albert Square, the overall economic impact will not be realised.
- 2.5 This report outlines the wide range of surveys that have been completed as part of the Project Initiation works and sets out some options for a major refurbishment and upgrading of the Town Hall and Albert Square to meet the strategic needs of the City and complete the regeneration of the Civic Quarter.

The Heritage Significance of the Town Hall and Albert Square

- 2.6 Manchester Town Hall is a Grade I listed landmark of international significance which is highly regarded for its exceptional craftsmanship and architectural quality. It is cherished by the people of Manchester having been the civic, political and administrative centre of the city since it was opened in 1877. Located in the heart of Manchester, it is the focus of the civic complex which is framed by two of Manchester's most significant public spaces; the Grade 1 listed Albert Square to the west and St. Peter's Square. For nearly 140 years the building has been central to the governance of Manchester, and is a

- valued heritage asset with significant levels of ceremonial, municipal and commercial uses.
- 2.7 An appreciation and understanding of the importance and sensitivity of the building's significant fabric must, therefore, underlie the scheduling and specification of any works to the building. This should apply whether they are, essential, upgrade or enhancement works. Thus the challenge is to accommodate, enhanced 21st century services within a 19th century building without compromising its significance.
- 2.8 A Heritage Management Plan was therefore commissioned as a starting point in 2014. This Plan, which follows nationally approved guidance, was completed in September 2015, sets out the relative significance of all the spaces, set out room by room, and will guide all the refurbishment work. It builds on the 2006 Conservation Plan that details the individual heritage value of both the Town Hall and Albert Square.
- 2.9 The inter-relationship of the Town Hall with the associated Town Hall Extension and the enclosing public spaces reinforces the international significance of this group of buildings and is therefore a fundamental consideration in the assessment of significance and potential development design options. This applies in particular to potential access improvements.
- 2.10 The listing protection afforded by the statutory designation relates to the whole of the building's fabric components, both internally and externally. However, it will be evident that the fabric of the building expresses varying degrees of importance, related to the status of the spaces within the building, from the purely functional to the highly decorative. Therefore, any proposed intervention works must be specified in accordance with the particular significance of the space or building component.
- 2.11 The internal plan-form of the Town Hall is also expressive of the nature and spatial use of the building; independently serving the ceremonial uses, administrative offices, individual access and the original Police station. The contemporary objective is to re-establish the multi-use of the building, perhaps facilitated by adapting and reusing the historic access points and reconsideration of the historic circulation system. The interior fabric of the building is also expressive of the hierarchy of spaces. Thus the structure of the building continues to define the nature and heritage value of its spatial qualities, within the vertical divisions of the building and indicate the character of each floor. Future developments will, therefore, need to respect the significance of the building's plan layout and spatial hierarchy.
- 2.12 The Project Team have been liaising with Historic England at each stage of the survey work, including discussing the Heritage Management Plan and its recommendations and will ensure that all fabric improvements and interventions are developed alongside Historic England's expert advisors.

3. The Refurbishment of Manchester Town Hall and Albert Square: The Core Objectives of the project

- 3.1 The Town Hall will be 140 years old next year. While it has been maintained and remains structurally sound, it is now seriously showing its age with many elements reaching the end of their natural lifespan. The survey work commissioned following approval by the Executive in October 2014 has identified significant structural and fabric issues, including the age and poor condition of the electrical and mechanical infrastructure, poor insulation and energy efficiency and deteriorating stonework, windows and roof that now require urgent attention. In addition, having been designed in the 1860's, the Town Hall does not meet current commercial standards for space utilisation, including offices and welfare facilities, or comply fully with equality or safety regulations. The Town Hall is now at a stage that, without significant investment, the continued occupation and use of this Grade I listed building cannot be assured and it may be that parts of the building would need to be vacated as they do not meet current standards.
- 3.2 Albert Square meanwhile has become one of the principal outdoor venues for a wide range of cultural, creative, sporting and leisure activities and events which play a significant role in Manchester life. It is home to the Christmas Markets, a whole host of festivals including the Manchester International Festival and the Irish Festival, the City Games and, indeed, celebrations of footballing and other sporting achievements in Manchester to name a few. The surveys have identified that it too has a number of major structural issues not least of which is very poor drainage and surfacing and it lacks up to date infrastructure such as access to ICT and utilities which are now essential to effectively support such events.
- 3.3 The series of detailed surveys, investigations and initiation works have been undertaken in order to validate the assumptions made within a previous early feasibility report. This programme of extensive survey work has sought to clarify the scope of any refurbishment in order to assist the Council in defining a deliverable scheme that meets the following overall objectives for the project:

- **To secure the long term future of the Manchester Town Hall, its civic role and its external setting.**
- **To retain and enhance as a functioning and efficient Town Hall.**
- **Restore and celebrate this significant heritage asset for Manchester.**
- **To enhance the use of the building as a visitor destination and increase access to Mancunians.**
- **To transform users' and visitors' experiences.**
- **To reduce carbon footprint and energy costs.**
- **To maximise commercial opportunities and offset costs to the public purse.**
- **To deliver economic and social value for Manchester.**

The Potential Economic, Community and Social benefits

- 3.4 The economic case for investment in the Town Hall complex is based around a more efficient and productive City Council as a result of modern business accommodation, the benefit of the Town Hall's role in civic, networking and city region functions, and the significant increase in high quality office accommodation made available for other key public sector organisations and private sector businesses. In addition, the refurbishment also offers an opportunity to develop an improved visitor offer and access to a unique heritage attraction, including its' previously unseen collection of artefacts.
- 3.5 Other economic benefits include an increase in apprenticeships, work placements and graduate jobs, both during the construction phase and thereafter. This presents a significant opportunity as the project will take place over a number of years. To date 19 apprentices have already been recruited to work on the Town Hall project with the final figure likely to be in excess of 100 apprentices over the lifetime of the refurbishment. The total jobs created will be just under 1,000 each year of the project.
- 3.6 Any refurbishment that both protects the building and improves access to and through the building will have a strong community benefit and will provide social value. The project title, Our Town Hall, recognises the importance of both preserving the structure and opening up the building to Mancunians. There is profound pride across Manchester of a well loved building that symbolises the City and this project provides an opportunity to give the communities of Manchester access to parts of the building they have never seen and to determine uses that will provide more reason to visit the building. Learning from the huge success of Central Library thought will be given to creating space and uses that maximise community benefit and value. Manchester residents will also be invited to be involved throughout the construction phase, whether through employment opportunities to work on the refurbishment or through different approaches to providing information on the refurbishment process.

4. The Refurbishment of Manchester Town Hall and Albert Square: Their Current Condition and Future Options

- 4.1 Specialist teams were commissioned to undertake a full visual, non-intrusive building fabric and systems condition survey to identify works required to protect the Town Hall building as an asset and secure its long-term future use. The range of surveys completed included:

- Heritage Management Plan
- Building Fabric
- Mechanical, Electrical & Plumbing (MEP)
- Information and communications technology (ICT)
- Point Cloud laser scan measured Survey
- Operational Strategy Review
- Drainage
- Historical furniture inventory

- Additional specialist surveys
- Accessibility
- Space Utilisation Review

A range of specialist surveys were also included:

- Structural surveys
- Paint testing
- Plaster testing
- Mortar sampling
- Portcullis Gates
- Fire Risk Management Review
- Lead and stained glass windows
- Great Hall Organ
- Carillon
- Clock mechanism
- Lift survey
- Roof timber inspections
- High level walk way structures
- Lightning protection

- 4.2 The two main outputs from the survey programme were a 30 year Asset Management Plan and a full computer model of the Town Hall, creating a combined Asset Information Model.
- 4.3 The surveys have identified that in order to preserve the ongoing, sustainable functionality of the Town Hall significant works are required to the replace existing mechanical, electrical, plumbing and ICT systems. Works are also required to arrest the decay of the building fabric that has occurred over time and continues to impact on the building. This work would include repairing external stonework, doors, windows and internal finishes. Significant interventions are also required to address legislative obligations in relation to fire risk management, accessibility and welfare as well as address the existing challenges faced by the layout and design of the Town Hall.
- 4.4 From the survey phase, the specific challenges were identified as:
- Advanced dilapidation of the building structure, fabric and finishes
 - Minimum investment in public and administrative areas
 - Outdated electrical, mechanical and ICT systems
 - Fire safety issues
 - High running costs
 - Inadequate and inefficient back of house facilities and resources
 - Limited accessibility
 - Wasted use of spaces
 - Underutilisation of the overall building
 - Poor, confusing, low quality welcome and arrival experience
- 4.5 Whilst the structural integrity of the Town Hall has stood the test of time, the condition of both the building fabric and the systems reflect their age and dates of installation. The building fabric shows examples of degradation both internally and externally and this has resulted in disrepair to external stonework and external finishes. The mechanical and electrical systems are in need of replacement as the ongoing maintenance is not sustainable and not

adequate to match the current demands of the building and occupants.

- 4.6 In order to preserve the ongoing, sustainable functionality of the Town Hall it is recommended that, as a minimum, significant works are required to the replace existing mechanical, electrical, plumbing and ICT systems. Due to the nature of how these systems are embedded into the building fabric, these works will also require building works to facilitate the systems replacement.
- 4.7 Works are also required to arrest the decay of the building fabric that has occurred over time and continues to impact on the building. This work would include repairing external stonework, doors, windows and internal finishes. Significant interventions are also required to address legislative obligations in relation to fire risk management, accessibility and welfare as well as address the existing security challenges faced by the layout and design of the Town Hall.
- 4.8 The surveys identified that more than 54,000 parts of the building fabric need attention, of which 40% require immediate repair or replacement. This figure rises to 85% within 5 years if no action is taken.
- 4.9 A Space Utilisation review of the Town Hall was also carried out in 2015 in order to clarify the current use of space, assess efficiency against modern space utilisation standards, whilst also considering accessibility, vertical and horizontal circulation and welfare provisions. The review identified that:
- Overall floor area – 21,000m²
 - Existing Space Utilisation - 31% circulation, 26% office, 14% storage, 8% commercial, 5% meeting rooms, 16% other.
 - At the time of the review there were 497 occupants which equates to a generous 11.7m² of usable office space per existing occupant. By September 2016, there will only be 250 people remaining in the building as staff from floors 5-7 will have been decanted. Current office guidance recommends 6-8m² per head. There is therefore a potential to accommodate c900 occupants.

Portable heritage assets strategy

- 4.10 Alongside the physical fabric of the building recent work has identified approximately 2,400 items, excluding the architectural fragments, archival material and civic gifts that make up the portable heritage assets of the Town Hall in Manchester. These objects represent different facets of Manchester's architectural, political, social, cultural and industrial history. This material provides extensive evidence of the role of the City Council and its people in shaping Manchester as it has evolved from the world's first industrial city to become the centre of the Northern Powerhouse, and thus it has local, regional, national and international significance.
- 4.11 The furniture, silver and ceramics designed by Alfred Waterhouse to complement and enhance the building's architecture are of national significance. Although not formally constituted as a public collection, the

portable heritage assets are sufficiently important to be treated as such and consideration should be given to referring to them as 'The Town Hall Collection'.

- 4.12 The portable heritage assets will have a key role in improving and encouraging greater public access, appreciation and understanding of the history of the Town Hall and its actual and symbolic role in the City and the lives of its citizens, past and present. The heritage items will be used to celebrate the ambition, magnificence and importance of the building's design and the part the Town Hall has played in the promotion of liberal ideas, especially tolerance.

The Refurbishment Options Considered

- 4.13 An independent options appraisal of refurbishment proposals, taking account of the technical reports on various aspects of the buildings conditions and uses, has been undertaken. The appraisal criteria placed an emphasis on the Town Hall's heritage, civic and municipal role as well as considering investment, operational costs and income. The aim of the assessment was securing at least 50 years of further use of the building. The primary uses were based around (a) civic, (b) municipal (c) public and commercial use. This emphasis reflects the original purpose of the building as a high quality, state of the art, civic centre for a great city.
- 4.14 There are a number of key drivers when considering uses. If, for example, the Council can bring more of its staff into a refurbished Town Hall, the scope exists to vacate / dispose of other buildings which may currently be leased or in very poor condition thus making long term savings. Equally if commercial uses can be identified to occupy some parts of the Town Hall which are in keeping with the heritage and civic functioning of the building, they could help offset the capital costs of refurbishing the Town Hall or indeed make a contribution over the long term to the running costs of the building. It was also deemed important to consider how Mancunians could use and benefit from the building much more than they do now.
- 4.15 Four main options were initially considered as part of the options appraisal:

Option No.	Description
1	Do Nothing: Basic unplanned repair and maintenance as per current arrangements and revenue expenditure, which is likely to result in further degradation, which could result in injury to users and space ultimately becoming un-usable leading to the mothballing of some areas and ultimately the potential closure of the Town Hall.
2	Essential: Essential works to address health, safety and legal compliance concerns; this will result in all necessary works to make the building safe, weatherproof and to address the weaknesses of the mechanical, electrical and ICT systems. The space will be useable, but of a limited quality and lacking future flexibility. The baseline cost for essential works is in the region of £250m .
3	Upgrade to Modern Office Standards with Potential for Commercial Space Improvement: Full scale refurbishment bringing all spaces up to a modern standard on a par with the Town Hall Extension with heritage restoration focussed on the most significant rooms and parts of the building such as the State Rooms. A further option is to develop the lower floors for increased public and commercial use. The cost estimate for this option including undertaking the necessary works to attract commercial opportunities to lower floors is in the region of £330m .
4	Comprehensive Restoration with Potential for Commercial Space Improvement: Full scale refurbishment bringing all spaces up to a modern standard, plus the restoration of all significant heritage features, including developing the lower floors for increased public and commercial use. This will include using original materials across the entire building for the restoration with priority given for heritage restoration over functionality. The cost estimates suggest that the costs of addressing the additional heritage features would take the total estimate to c£400 million plus .

4.16 Each of these options has then been assessed taking into consideration cost, risk and contribution to the objectives set out in para 3.3. It is suggested the “Do Nothing” option is discounted given the consequences for the building and indeed the city if the Town Hall were to be mothballed and closed. The other three options should be considered in detail. The remaining three options includes Option 2 with minimum costs of £250m, including essential works which will remedy the structural issues and the mechanical, electrical and ICT infrastructure but will result in no noticeable change in accommodation; far from modern office and meeting space standards. Furthermore, only 3 of the objectives for the project set out in section 3.3 would be met in this case. Options 3 and 4 offer a much greater impact and meet all the project objectives, reflecting the potential for a significant increase in accommodation for staff - an increase of over 70% - and the opportunity to create new and additional jobs in increased commercial space, along with associated local

employment opportunities.

- 4.17 It is suggested that Option 4 would only be the preferred option provided the additional costs of full restoration were supported by a substantial external financial contribution in recognition of the contribution to national heritage. However, it is recognised that such a contribution is not going to be forthcoming in the current climate. While the heritage benefits of option 4 are important, there are no additional direct benefits in terms of the operation of the building, accommodation provided or potential sources of income. For this reason, it is proposed option 4 should also been discounted from further consideration.
- 4.18 Of the two remaining options, only Option 3 will both secure the long term use and viability of Manchester Town Hall and Albert Square. Option 2 will result in very little difference in uses and opportunities but could be considered as a first phase of a journey to Option 3. It must be stressed that these proposals are still at a relatively early stage of development (RIBA stage 0). The design brief for the options and baseline scheme is currently being prepared which is due for completion in October. This will enable the appointment of a full design team and seek early contractor engagement and input. This work is required to enable the further refinement of the design options and determine the scope of the work programme, securing a more detailed cost breakdown. It is anticipated that this stage of work will extend to Easter 2017. This will enable an application to be made for Listed Building Consent for the optimum scheme.
- 4.19 Consideration has also been given to the opportunity of increasing revenue income from commercial activity in order to reduce the cost of operating the building as well as determining whether a capital contribution from private sector partners or other bodies might be available. The refurbishment of Manchester Town Hall offers an opportunity to increase the commercial space available and increase the use of the building by the public, both local residents and visitors. The proposal to accommodate more commercial tenants within the lower floors of the Town Hall could lead to consideration of these areas being managed by an external commercial partner and the building becoming profitable.
- 4.20 Initial market research on commercial options has been undertaken which has led to the further refinement of options. Option 3 can be considered as a core scheme, with additional shell commercial space provided at Levels 0 and 1 and more efficient public space in Levels 1 and 2, with levels 3 to 7 accommodating up to 900 MCC staff in modern office accommodation and use of more flexible and agile working compared to current staff numbers of 250 staff from August this year.
- 4.21 Additional investment options to the core option 3 scheme with an emphasis on increasing commercial income include a boutique hotel, fitting out of shell commercial areas, commercial office accommodation, creating visible access to level 0 from the street, a gymnasium and performance spaces. There are considerable differences in the costs and benefits between the variations of

the Core Scheme, with implications for the scale of accommodation available for City Council staff.

- 4.22 The proposals provide technical challenges, with an impact on a Grade One listed building, and initial investment costs. Before the Council makes a decision about the way forward, there is a need to better understand the varying costs and the implications for the initial investment, which could attract private sector investment. There is also a need to fully test the cost plan, sequencing and phasing options that have been developed to date through a market testing exercise and two major construction companies and one medium sized builder with experience of heritage work have been engaged. The results of this exercise will inform the next Executive report.

5. Decanting the Town Hall

- 5.1 In September 2015, the Project Team carried out a specific analysis of the approach to refurbishing the building in terms of current occupiers. The analysis concluded that the Town Hall should be fully decanted before any intrusive investigative surveys, essential emergency remedial works and any refurbishment works are carried out, and that the site should then remain unoccupied until such time as it has been made safe and refurbishment work completed. The quickest and most cost effective way to produce a quality refurbishment is to complete the works with the building unoccupied which would also remove the risks associated with users of the Town Hall potentially sharing a live construction site, such as risk of injury and service interruption. This will require the relocation of around c500 staff. Some of the staff in upper floors of the Town Hall, particularly those in Legal Services, will move out by August 2016 to allow the safety issues identified through fire survey work to be addressed which will also allow more intrusive survey work to be undertaken. The majority of the remaining staff will be located in the Town Hall Extension. The costs are included within the revenue element of the overall programme.

6. Construction Project

6.1 Programme / Delivery Timetable

- 6.1.1 The project team have developed a summary programme and timescales covering the period from August 2016 to the point at which the building is planned to be re-occupied based on Option 3 which is currently estimated to be Quarter 2, 2023. The estimated costs included within this report are based on this timescale. In order to meet these deadlines the design team will need to be in place by October 2016 to enable the more detailed RIBA stage 2 analysis to be completed and to have the contractor appointed by April 2017.

6.2 Programme Cost Model Summary and Approach

- 6.2.1 Based on Option 3, the total costs of refurbishing the Town Hall are estimated to be in the region of £330m. Within this budget envelope, further work needs to be undertaken to evaluate the scope, costs and phasing in more detail

alongside exploring the potential for any third party contributions and the appetite within the private sector to support the delivery of the total vision.

6.2.2 The estimated programme cost is representative of the risk profile associated with projects at this early stage of development. Costs include:

- Construction costs
- Temporary works and scaffolding
- FF&E
- Management contractors, fees and preliminaries
- Contingencies for design development and for the project
- Allowance for inflation
- MCC professional fees
- Decant costs

6.2.3 As the design brief is still in early stages of development, the cost model is based on a number of working assumptions. In addition an allowance has been made within each element for the issues and changes of scope that are likely to be identified at the more detailed design stage and therefore should be treated as an estimate rather than a fixed budget. Key working assumptions include:

- Full decant of the Town Hall building and therefore no allowance for a phased or sectional completion strategy. Decant / recant costs allowances are based on Manchester City Council best estimates.
- Cost model based on programme dated 31st May 2016.
- Costs include upgrade works to Albert Square but excludes “fit out” to any commercial areas on the lower levels and adopts a shell and core approach to progressing these areas.
- Inflation has been applied on the following basis: Tender Price Indices to main works contract - (TPI) to commencement of construction and Building Cost Indices & (BCI) to mid-point of construction and Consumer Price Indices (CPI) to decant /recant estimate.

6.2.4 Further work is required to appraise and determine the risk/reward of the various commercial income streams and the additional operational costs involved in new uses. The financial model which would guarantee the scale and security of the revenue from financial or contractual arrangements needs to be developed to assess the suitability of the proposition, as does the operational implications, such as the need for access and security for a top class facility. At this stage the fitting out for commercial usage is not included with the current programme design options and associated financial implications. Should the Council decide to progress with any of the options further design development will be required alongside the identification of a commercial partner(s) before taking an investment decision.

6.2.5 There are likely to be a number of options available to MCC to balance income and risk, including a conventional long term lease to an Operator and appointing a Management Company. The options need to be explored in some depth, and reconciled with the investment and operational costs.

- 6.2.6 A further report will be bought back to Executive evaluating risks and phasing options to enable the Council to commit to a project as soon as possible. This report will be aligned with the wider capital investment strategy of the Council and the three year revenue budget which will be developed over the coming months.

6.3 Ongoing Revenue Implications

- 6.3.1 A whole life cost basis will be developed to support forecasting budgetary requirements for the operation and maintenance of the Town Hall on completion of the refurbishment. This work will cover the service life estimations and maintenance implications including lifecycle replacement costs, operation and maintenance cost and utilities. The outcomes of this work will also be reported back to Executive alongside the more detailed capital budget proposals.

7. Procurement

- 7.1 The selection of a procurement route for the main 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. Whilst significant 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, the recommended form of procurement will be brought to Executive for a decision in the autumn.
- 7.2 The project will require significant design support. The proposed services required, structure of the design team, and initial scopes of service are being developed to allow the design team procurement to commence during August 2016 and it is proposed to utilise the council's new architects framework.
- 7.3 In addition to the design team, the Council's client project team will require strengthening and support from a number of other specialist services. This will include legal services, cost management, curator, operator, facilities management, and many more. The client project team should be brought together where possible from existing City Council staff and where this is not possible, given the timescale for the work, the City Council should directly employ staff. Should any services not be able to be provided adequately via those two routes, then the use of secondment or consultants would be considered.

8. Next Steps

- 8.1 Considerable work has been undertaken to fully understand the condition and structural integrity of the Town Hall and to determine the interventions required to address these conditions and secure the long term continued use of the Town Hall as the civic heart of Manchester. The costs set out in paragraph

4.15 are clearly substantial and, particularly in the current climate following the Brexit decision, it is considered prudent to review and evaluate the scope, costs and phasing of the refurbishment programme in more detail. As outlined, work is also required to explore and appraise the various commercial opportunities that have been identified through soft market testing – this is now underway. Such opportunities could reduce the capital cost of the refurbishment to the Council as well as reducing the ongoing revenue cost and so this further consideration is essential.

- 8.2 This additional work will be concluded by the autumn when, alongside a report on the wider capital strategy for the Council, a further report will be presented to Executive setting out the full costs and programme of the refurbishment options to enable a decision on the refurbishment to be taken.

9. Conclusion

- 9.1 Manchester Town Hall is unquestionably 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 investment in the rest of the Town Hall Complex and St. Peter's Square has brought about the transformation of the Civic Quarter of Manchester but this transformation is incomplete due to the deteriorating condition of the Town Hall and Albert Square. The Town Hall must also be recognised for its' historical and future role within the City's economic success. Manchester's Civic Quarter is pivotal to the next phase of growth of the city centre economy and as the Town Hall sits as the centrepiece of the Civic Quarter its' importance in delivering a wider contribution to the City's growth priorities cannot be overlooked.

- 9.2 Executive recognised the importance of undertaking the essential works required to protect and make safe the building when it approved initiation works in October 2014 to undertake a series of surveys and investigations in order to identify a deliverable refurbishment scheme that would realise the potential of the building and square, ensure they were safe to use and which would extend their operational life. The work completed to date demonstrates that there is a significant cost to carrying out the minimum works to ensure the building can continue to be used and the cost of bringing it up to a similar standard to the Town Hall Extension will be in excess of £300 million.

- 9.3 Given its age and condition, it is considered vital that the Council seek to safeguard the Town Hall for current and future generations, making the building and its treasures more accessible to Mancunians and visitors alike and bringing it up to modern access and safety standards. This refurbishment programme will make better use of its spaces and enhance Albert Square. These works will ensure Manchester's Town Hall Complex continues to be a cherished asset for the city and its people.

10. Contributing to the Manchester Strategy

(a) A Thriving and Sustainable City

- 10.1 The refurbishment will allow MCC to more efficiently provide accommodation for its staff, and at the same time make new accommodation available for other public and private sector organisations. In total over 1,200 staff could be accommodated and this would add to the economic diversity of city centre employment, with new space attractive to high growth service sector enterprises in areas such as professional and business services, creative and digital. These sectors will provide a range of employment opportunities, including jobs aimed at younger people.
- 10.2 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

- 10.3 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

- 10.4 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.
- 10.5 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

- 10.6 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.

- 10.7 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.
- 10.8 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

- 10.9 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.

11. Key Policies and Considerations

Equal Opportunities

- 11.1 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.