

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee – 10 November 2016
Executive – 16 November 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 building and public realm within the Complex in terms of significance. The Town Hall itself, which opened in 1877, is an internationally significant landmark. 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.
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 be refurbished thus ensuring that Manchester's Town Hall Complex can continue to be an asset for the City and its people for generations to come.
3. A report was considered by Resources and Governance Scrutiny Committee on 21 July 2016 and the Executive on 27 July 2016 which outlined the wide range of surveys that had been completed as part of the Project Initiation works and set out four options for a major refurbishment and upgrade of the Town Hall and Albert Square to meet the strategic needs of the City and complete the regeneration of the Civic Quarter.
4. Members noted the work undertaken to date and agreed the Objectives for the Project. It was agreed that a further report would be presented to the Executive in the autumn providing additional information concerning further refining and verification of costs, timescales and phasing and a review of the potential commercial opportunities. Members of Scrutiny Committee asked that the report also set out in more detail a comparison between Refurbishment Options 3 and 4.

5. This report therefore provides that further information and sets out the next steps required to enable the Council to make a decision as to how it should proceed with the project.

Recommendations

Executive is recommended to:

1. Note the further work undertaken to test the costs, phasing and sequencing of the proposed refurbishment.
2. Note the work undertaken to soft market test future commercial opportunities and the need for two further more detailed market testing exercises to appraise the commercial opportunities in order to determine the optimum content and operating structure of the building which will be concluded in early 2017.
3. Delegate authority to the Deputy Chief Executive (Growth and Neighbourhoods), in consultation with the City Treasurer, Deputy Leader and Executive Member for Finance and Human Resources to procure and appoint a design team and assemble the project team to undertake the further work required to undertake the assessment and appraisal of commercial opportunities and continue the design work.
4. Approve Option 3 – Fully Refurbish and Upgrade to Modern Standards and Partial Restoration - as the Council's preferred option for the Town Hall and Albert Square to inform the work referred to in recommendation 2 and the procurement of the design team.
5. Note that in order to achieve RIBA stage 2 by September 2017 the cost is estimated to be c£10m which will cover design fees, further professional fees, decant costs and other associated spend including a level of contingency. These costs are within the estimated financial envelope for the project and will fall predominantly into 2017/18. The required budgets and approvals will be presented as part of the revenue and capital budget proposals due to go to the Executive in January 2017.
6. Note that a further report will be brought to Executive in March 2017 setting out in greater detail the commercial opportunities and the financial benefits flowing from them, enabling a decision to be taken on the appropriate mix of uses; the preferred delivery mechanism and procurement route for the project

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.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.	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. 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.	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.
A connected city: world class infrastructure and connectivity to drive growth.	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.

Financial Consequences – Revenue and Capital - In order to achieve RIBA stage 2 by September 2017 the cost is estimated to be c£10m which will cover design fees, further professional fees, decant costs and other associated spend including a level of contingency. These costs are within the estimated financial envelope for the project and will fall predominantly into 2017/18. The required budgets and approvals will be presented as part of the revenue and capital budget proposals due to go to the Executive in January 2017.

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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 - Town Hall Complex Strategy – 23 July 2008.
- Report to Executive – Town Hall Complex Programme – Transforming Customer Experience – 11 February 2009.
- Report to Executive – Town Hall and Albert Square Maintenance Programme - 1 October 2014.
- Report to Executive – The Refurbishment of Manchester Town Hall and Albert Square: ‘Our Town Hall’ –27 July 2016.

1. Introduction

- 1.1 A report considered by Executive on 27 July set out the work undertaken over the last two years to fully survey the Town Hall in order to identify 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. It also set out the Council's overall objectives for the refurbishment of the Town Hall and Albert Square which are:
- 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.
 - To 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.
- 1.2 The report noted that options for refurbishing the Town Hall and Albert Square ranged from doing nothing to undertaking essential repairs and safety work through to a full refurbishment similar to the standard of the Town Hall Extension and finally a complete restoration of the building and Square. The overall cost of the preferred option – Option 3 full refurbishment - was in the region of £330m. It was also noted that the design work was at an early stage and further work was underway to provide a more detailed cost breakdown, to evaluate the costs and determine the scope of work, sequencing and programme for each option and whether the project could be phased without having a detrimental impact on costs.
- 1.3 It was agreed that a further report would be presented to Executive in autumn 2016 providing this information as well as an update on the potential commercial opportunities. Members of Resources and Governance Scrutiny Committee asked that the report also set out in more detail a comparison between Refurbishment Options 3 and 4 to enable the Council to agree which of the two options it should be pursuing as it moves into the next stage of the process. Members were also keen to more fully understand the timescales and key milestones over the life of the project.
- 1.4 Therefore, this report aims to provide more detailed information on the following areas:
- Summary of the main refurbishment Options considered including a comparison between Options 3 and 4 to enable a decision on the preferred option.
 - Further detail on the programme cost model.
 - The work undertaken to test and verify costs, scope and phasing of the project.

- Market testing and appraisal of the potential commercial elements based on various assumptions and further work required.
- Next steps, timescales and key milestones over the life of the project including the decisions the Council will need to make at each stage.

2. Refurbishment Options Considered

2.1 Through an extensive survey programme the project team developed a range of options from repair to refurbishment and/or restoration for all elements and components of the Town Hall. These options considered the works required to make safe, arrest decay, improve functionality and in some cases restore individual assets of the building fabric and its systems. Three option categories were developed; essential works and urgent repairs, full refurbishment and upgrade to modern office standards and comprehensive restoration. A further option of taking no action was also considered. The options are summarised:

1. **Do Nothing.** Carry out no works, decanting the building as and when systems and building fabric deteriorated or failed. The building would be incrementally mothballed until it was no longer safe to be used and would have to be closed permanently with resulting ongoing costs of securing the building.
2. **Essential Works, most urgent structural and infrastructure repairs.** The minimal required works to ensure safe use of the premises, including replacement of mechanical and electrical engineering systems, structural repairs, arrest any further decay of the historic fabric and enable business continuity. Estimated maximum projected cost £250m.
3. **Full Refurbishment and upgrade to modern standards and partial restoration.** The work included in Option 2 plus full redecoration of surface finishes and bringing all fixtures and fittings back into operable use as well as installing new ICT. This option 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. Estimated maximum project cost £330m
4. **Comprehensive Restoration back to original building layout.** The principal aim of this option is to restore all the spaces back to their original appearance and layout, not just the state rooms, Great Hall and Lord Mayor's suite. This would mean that it would not be possible to introduce modern office layouts and would severely limit the potential for any commercial uses including the development of the existing events programme. It would effectively present the building as a heritage attraction as opposed to a working building, looking as it did when first built. Estimated project cost in excess of £400m.

2.2 It was agreed by Executive at its meeting on 27 July that Option 1 should be discounted and that Option 2 would fail to achieve a number of the approved project objectives and therefore would not maximise the potential of the Town Hall. As a result, Option 2 has also been discounted. Option 3 was identified as the preferred option in the July Executive report. Members of Resources and Governance Scrutiny Committee, in scrutinising that report, asked to see more detail providing a comparison between Refurbishment Options 3 and 4 to

enable the Council to agree which of the two options it should be pursuing at it moves into the next stage of the process.

- 2.3 The following table compares the extent of the works and impact of proposals under Options 3 and 4.

Option	Extent of works	Proposed future uses
<p>Option 3 – Full refurbishment and upgrade to modern standards together with partial restoration of historic spaces</p>	<p>Option 3 is a full refurbishment in order to both conserve and celebrate the most significant historic spaces and maximise the opportunity for future uses.</p> <p>This option would include completing the repairs required to address health and safety risks and arresting the further decay of the building fabric; replacing existing Mechanical, Electrical and Plumbing (MEP) systems and upgrading outdated ICT infrastructure. It would also include upgrading the lift infrastructure and installing new lifts.</p> <p>This option would also undertake the essential heritage repairs and necessary conservation works to the historic building fabric and fixtures and fittings in order to maintain or enhance them. All State Rooms, The Great Hall and Lord Mayor’s suite would be fully restored in this option.</p> <p>This scope includes significant interventions such as removing walls at upper levels and improving access into and around the building allowing greater flexibility of future uses. Areas with potential for commercial letting at levels 0, 7 and 8 would be left as shell and core and not fitted out.</p>	<p>The Core scheme at Option 3 would improve and enhance existing Civic and commercial usage on floors 1 and 2 including greater public display of historic assets. It would greatly enhance the State Rooms and Lord Mayor’s suite. It would also create modern office space on floors 3-7 and open up the potential for commercial letting, both on lower and upper floors. It would transform back of house and front of house support functions to meet the demands of a 21st century functional sustainable and multiuse building.</p>
<p>Option 4 – Comprehensive restoration back to the original building layout</p>	<p>The principal aim of this option is to return all the historic finishes and fixtures and room layouts back to their original appearance and uses.</p> <p>This option would seek to undertake full restoration and conservation works in order to return to the historic building layout including fabric, fixtures and</p>	<p>This option would limit future uses of the building to Civic and ceremonial and existing limited and traditional office uses. It would not be possible to extend existing catering capacity nor upgrade ICT and support functions as restoration would require</p>

	<p>fittings. This work would also need to include stripping out of some of the later modern interventions and support functions such as ICT networks, catering spaces, lifts and modern services in order to return to the original layout as designed by Waterhouse.</p>	<p>adherence to original layouts and conservation of the historic building fabric. It would severely limit the potential to develop flexible spaces or invite a wider range of commercial uses. It would also increase the building running costs without the opportunity to offset these costs.</p>
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Detailed scope for each option:-

Great Hall, state rooms, Lord Mayor’s suite and areas of high significance

OPTION 3

- 2.4 Spaces such as the Great Hall, state rooms and the Lord Mayor’s suite are of particular heritage interest; their décor is fundamental to the building’s architectural concept and they play a major role in reflecting the historic, aesthetic and communal values which combine to reveal the significance of the Town Hall. They are also essential components of both the Civic and public visitor experience and the successful commercial events programme.
- 2.5 The works package proposed under option 3 recognises this significance. The works to the walls, floors and ceiling finishes in these spaces would involve full restoration back to the original architectural style and form. All fixtures and fittings in these spaces would be repaired and restored back to their original style and appearance. This would include all decorative ceiling mouldings, wood panelling, skirting, doors and frames, windows and frames and conservation of historic original furniture.

OPTION 4

- 2.6 In addition to the restoration work outlined above for main Civic spaces Option 4 would take the full restoration approach across the whole building at all levels. For example this would include reinstatement of all original fireplaces and full restoration of all original fixed furniture, at whatever level. It also assumes full repair and restoration of the Organ.

Modern office spaces and commercial spaces

OPTION 3

- 2.7 One of the key objectives is to enhance the function and efficiency of the building which would be delivered under Option 3 with the introduction of refurbished flexible office space and replacement of all building services including energy efficient lighting and up to date ICT and other technologies.

- 2.8 In areas of lower heritage significance modern alternatives for fixtures and finishes will be possible such as set-in floor boxes for power and data and new doors and partitions would be designed to reflect modern office standards. This Option considers that spaces will be 'opened up' by, where possible, the removal of walls which currently create insular spaces not conducive to open plan office working. The refurbishment of the Town Hall Extension has demonstrated how effective this approach can be and how it can significantly increase staffing levels. Floor and ceiling finishes would be light colour in order to create the optimum office working environment and support low carbon objectives. Similarly, modern lighting solutions would be introduced to meet the environmental targets and maintenance demands.
- 2.9 Under Option 3 there would be a big increase in the number of staff able to work in the Town Hall in modern office spaces like the Town Hall Extension, leading to significant revenue savings.

OPTION 4

- 2.10 The nature of the full restoration of the whole building under Option 4 would both remove some of the existing uses and would limit future potential uses of the building. It would not be possible to extend existing catering capacity and the likely removal of the modern kitchen extension would significantly constrain existing kitchen operations and limit event usage. The upgrade of ICT and support functions would be limited as restoration would require adherence to original layouts and conservation of the historic building fabric. It would severely limit the potential to develop flexible spaces or invite a wider range of commercial uses.

Circulation corridors and spaces

OPTION 3

- 2.11 The heritage significance of the corridors and circulation space differs significantly throughout the building; the basement and upper floors are of relatively low significance in comparison to levels 1 and 2 which are of high significance. This offers the opportunity to consider a range of commercial uses at these levels whilst fully restoring and replacing historic features within the principal spaces.
- 2.12 Walls, floors and ceilings in areas of high significance will be fully restored and redecorated in a style sympathetic to meet the intended functional use requirements; in some cases, the original paint style was dark so reintroducing this may conflict with the need to create light spaces, so lighter paint styles will be considered. Architectural features such as mosaic tiles and decorative finials to the arches in the corridors would be repaired and restored accordingly. Areas of lower significance would be refurbished to support the operational and functional use requirements, for example; security doors would be installed in corridors, fire compartmentation doors would be located to minimise the dependency on 'softer' fire strategy arrangements, lighting

styles and lighting levels will reflect the user needs and be designed to aid future routine maintenance.

- 2.13 Under Option 3 proposals, the areas of high heritage significance on level 1 would be refurbished to the same standard as the state rooms; fixtures and fittings would be repaired and restored and decoration of walls and ceilings would be in keeping with the rooms intended use. All decorative ceiling mouldings, wood panelling, skirting, doors and frames would be repaired and restored in these areas. This would enhance these spaces for catered commercial uses such as events, weddings and conferences. At the same time the functionality would be greatly improved with new services, data and connectivity and catering support services. The spaces of level 0 and at upper levels 5 to 8 could be opened up with walls removed to optimise the space for commercial letting. Power and data would be fed to all floors to allow future users to fit out the space with flexibility to meet their needs, but in accordance with the Heritage Management Plan. Surface finishes would be prepared for future decoration and doors of significance leading into or from circulation spaces would be restored.

OPTION 4

- 2.14 Option 4 would involve all circulation spaces throughout the Town Hall being returned to their original architectural style and finish. Necessary interventions such as security doors and fire partitions would be difficult to design in and locate and would limit the opportunity for modern interventions to allow wider uses, including offices. Management strategies would need to be developed accordingly. Light fittings would be re-introduced to match the original styles and locations, thus reducing light levels.
- 2.15 As with other areas of the building Option 4 would look at full restoration and repair of fixtures, finishes and fittings. Paint colour schemes would return to their original styles and all floors would be stripped back to timber and fully restored not just the significant rooms. Alternative, less flexible methods of providing power and data would be developed in place of floor boxes. Where fire places have been removed from rooms these would be reinstated as decorative features in their original style and design. Option 4 would also involve the layout of the floors and rooms being consistent with the original design, therefore the only walls considered for removal would be those installed retrospectively and deemed to be detrimental to the character of the building. Many new commercial uses such as a hotel or food and beverage would be ruled out under this option, as would the development of commercially lettable offices. MCC offices would remain at the current low occupancy levels.
- 2.16 Option 4 for all these spaces would include returning features and décor back to their original style and colour. Original walls would be retained and retrospectively installed features, such as kitchens would be removed so that the initial layout could be reinstated. Floors would be returned and restored back to their original style and power and data would be fed to alternative points. Option 4 would preclude commercial uses being introduced into level 0

and also restrict the current public events such as weddings, dinners and conferences.

External works

OPTION 3

2.17 The majority of the significant works to the external elements of the Town Hall will be carried out under Option 3 and would include the like-for-like repair of roof finishes, defective rain water goods, delaminated stonework, and loose and unsecure decorative stonework such as gargoyles and finials. Missing and eroded decorative stonework features would be repaired and restored to all external faces, including within the courtyards. External hard standings including the courtyards would be refurbished and re-laid and power and data would be provided to Albert Square to improve its suitability and flexibility as an events space. The statues, monuments and fountains that have structural defects would be repaired through this option.

OPTION 4

2.18 Under Option 4, in addition to comprehensive roof and stonework repairs under Option 3, all the statues, monuments and fountains on Albert Square would be fully restored and repaired. The location, extent and nature of any proposed openings into the Town Hall for improved access would be limited to existing arrangements as the scheme would be seen as restoration not refurbishment.

2.19 The table below shows a comparison of Option 3 Refurbishment alongside Option 4 Restoration in terms of achieving against the Project Objectives:

	Option 3	Option 4
1. To secure the long term future of the Manchester Town Hall, its civic role and its external setting.	✓	Partial
2. To retain and enhance as a functioning and efficient Town Hall.	✓	X
3. Restore and celebrate this significant heritage asset for Manchester.	✓	✓
4. To enhance the use of the building, as a visitor destination and increase access to Mancunians.	✓	Partial
5. To transform users' and visitors' experiences.	✓	X
6. To reduce carbon footprint and energy costs.	✓	X
7. To maximise commercial opportunities and offset costs to the public purse.	✓	X
8. To deliver economic and social value for Manchester.	✓	Partial

2.20 In summary, when comparing Options 3 and 4 it can be concluded that whilst ensuring that the heritage value and Civic role of the Town Hall is retained, Option 4 only delivers on the objectives relating to restoring and celebrating

the heritage asset and would not therefore secure its long term future. It limits flexibility of use, commercial uses, including existing events and would limit the potential to develop new office space. In addition, it is estimated that Option 4 the restoration option would cost in excess of an additional £70m on the Option 3 refurbishment cost estimate of £330m as well as increased ongoing revenue costs.

3 Programme Cost Model

3.1 The report approved by Executive in July outlined that the estimated total cost of refurbishing the Town Hall to achieve Option 3 will be in the region of £330m but that further work needed 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. The following provides a summary of the capital cost model for Option 3 and the programme cost estimate is presented as an upper and lower range which is considered appropriate and representative of the risk profile associated with projects at this early stage of development. The range has been determined by applying upper and lower percentage adjustments to the estimated cost of each work element to recognise unidentified work scope and other general contingencies at this very early stage of brief writing.

3.2 The table below provides a Cost Model Summary of the capital cost for Option 3 (Refurbish and Upgrade to Modern Office Standards) works based on a number of assumptions regarding risk contingency and the scope of the project.

Options	Our Town Hall - Capital Cost Baseline Options 3		
	June 2016 (RIBA Stage 0+)		
	Range		
	Lower	Mid-point	Upper
Option 3 (Preferred) Upgrade Works	£298.8m	£312.6m	£328.3m

3.3 Due to the scale and complexity of the building combined with the early brief development stage (RIBA Stage 0+) the risk profile for this project is considered to be high (upper range).

3.4 Detailed design has not yet been undertaken and will be as part of the next stage of the refurbishment programme. A project brief has now been issued to commission a design team to complete this stage of the project. Therefore the cost model is necessarily based on a number of working assumptions including:

- Full decant of the Town Hall building and no allowance for a phased or sectional completion strategy. Third party reviews have confirmed that

a phased approach will significantly add to costs with little overall benefit;

- Cost model based on the programme set out in the previous Executive Report approved on 27 July 2016;
- The cost model represents the “baseline estimate” which includes upgrade works to Albert Square but excludes fit out of the commercial areas on the lower levels and adopts a shell and core approach to progressing these areas. The baseline estimate also excludes costs associated with the commercial use options such as a hotel;
- The preferred procurement option at this stage is to appoint a management contractor via OJEU and therefore the estimate has been structured to reflect this form of procurement;
- Decant / reoccupation cost allowances have been included; and
- 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.

3.5 Due to the nature of the works and the lack of design undertaken to date, there is a significant level of contingency included in the current cost estimate. This is partly as a result of the current scope contained in the evolving brief not being fully concluded until intrusive surveys are complete. Secondly there is a level of contingency for known works that will develop as part of the design process into a workable final solution. Finally there is a contingency allowance applied to the net cost to account for unknowns that may impact primarily during the post contract period as the project is being constructed.

3.6 The combined contingency for all three elements on upper range of Option 3 equates to just less than 40% of the aggregate net cost of the scheme and is considered to be appropriate for such a project at this stage in its development. As more detailed design work is completed, costs will firm up and the level of contingency can be expected to fall.

3.7 In order to ensure as much certainty as realistically achievable at this stage of such a complex project the following has been carried out:

- Engaging with the supply chain to inform significant cost elements such as contractors fees, preliminaries, demolitions, external walls, historic assets, windows/ doors and roofs etc. In particular, allowances for these major elements have been informed by industry experts and major contractors;
- Where possible elements of the cost plan have been benchmarked against other schemes which extend to preliminaries, contingencies, fees, and hotel costs; and
- The model has undergone an internal peer review by specialist external advisers.

4 Verification of Costs, Scope and Phasing

- 4.1 As requested by Executive in July, further work has been undertaken to evaluate the scope, costs and phasing assumptions in more detail. Two major construction contractors and one SME all with experience of working on similar projects were each invited to undertake an independent review of the project, with a primary focus on the Cost Plan and Programme to ensure the work to date by the project team was robust and to allow consideration to be given to the phasing and sequencing of the proposed refurbishment.
- 4.2 In summary, the two large contractors, while highlighting some areas for consideration, broadly agree that the Cost Plan and Programme are robust and satisfactory for this stage of such a large and complex scheme. They both noted that insufficient data was available at this stage to complete a more detailed cash flow analysis and both suggested areas for further consideration or investigation. They concurred with the overall budget allowance and they are broadly in agreement with the proposed cost plan. They felt it was reflective of market conditions, well considered, robust and appropriate for this stage of the project.
- 4.3 With regards to phasing, one of the large contractors considered the feasibility and implications of undertaking advanced works to address more immediate health and safety and weatherproofing priorities and concluded that it was not practical to achieve this aim in isolation. They did, however, believe that it would be possible to provide sectional completions in the 6-month period prior to practical completion. They also felt that a reduction in the overall construction phase may be possible. The other large contractor reviewed alternative phasing options and felt that the proposed single stage approach represents the best option both in terms of value and delivery. Both parties produced similar recommendations regarding logistics which are in line with the current project thinking and both offered further recommendations around building services, construction methods, Historic England engagement, and survey work which, along with all the comments, will be taken into consideration by the Project Team. Review of the challenges relating to cost allowances are already in progress and programme and logistics ideas will be incorporated in the brief for the next stage.
- 4.4 In conclusion, the independent reviews do not change the programme and cost assumptions or recommendations of the 27 July Executive report.

5 Commercial Options Soft Market Testing and Appraisal

- 5.1 The report to Executive in July recognised the need to determine the viability of commercial opportunities that would maximise use of the building and complement the civic uses as well as potentially reducing the capital cost and ongoing revenue costs of the building. The refurbishment of the Town Hall offers an opportunity to increase the use of the building by the public, both local residents and visitors, and increase the commercial space available. The project title, Our Town Hall, recognises the importance of both preserving the structure and opening up the building to Mancunians. However, any commercial uses will only be considered once the requirements of the Council's civic role have been determined and met and the Council will retain

full control over the future use of the building and over the publically accessible areas of the building. Any complementary uses will be measured against a range of criteria that will include: viability; contribution to capital or revenue costs; increased visitor numbers; how the building contributes to the international destination role of the City etc.

- 5.2 Additional options that could enhance 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, and performance spaces. Before making decisions about the final mix of uses and ultimately the delivery mechanism and procurement route for the project, the July Executive report recognised the need to review the work undertaken to date on the commercial options to explore and appraise the various financial and physical assumptions via soft market testing. This was undertaken over the summer utilising a combination of internal and external expertise and established that the majority of the assumptions were reasonable given the stage the project was at. However, this exercise established that two further pieces of work are necessary before the Council is in a position to make a decision as to how it should proceed with the scheme:
- a) Given the complexities associated with the Listed status of the Town Hall, there is a need for specialist hotel operator expertise to advise on the financial and physical feasibility of the boutique hotel opportunity before any decision on this use can be made. This work will involve input into the design, specifications, cost estimates, business plan projections and advice on operational running such as how a hotel could be serviced, how kitchens would operate and how it would interface with other operations in the building.
 - b) The agreed project objectives are clear that the primary use for the Town Hall is for the City Council in delivering its civic responsibility and that commercial opportunities should be maximised to reduce the council's capital and / or revenue outlay but that they should always be secondary to this primary use. It is understood this will require involvement from the private sector in some form and therefore it is important to understand the private sector's interest in the scheme, and if and how the private sector may become involved. As such, some further more detailed market testing is required to:
 - Develop the overall experience of the Town Hall;
 - Identify the optimal balance between public and 3rd party uses;
 - Maximise the synergy between uses;
 - Identify and develop the facilities required to support the uses;
 - Identify the post-completion operational arrangements ensuring MCC has effective control of the areas it requires and;
 - Understand how the private sector could aid in realising the vision of the future Town Hall
- 5.3 A key element of both pieces of market testing will be to determine whether modifications to the building to enable commercial developments are both practically possible and likely to secure the agreement of Historic England and

Listed Building approval. It is also recommended that the review of potential commercial activity in the Town Hall considers the complementary opportunities across the rest of the Town Hall complex including Town Hall Extension, Central Library and potentially the Art Gallery.

- 5.4 Once both pieces of work are concluded, an Independent Appraisal of all the options will be carried out and business cases developed for the options to identify the best value to the City and to help inform funding strategies.
- 5.5 This will enable a further report to be presented to Executive in March 2017 setting out in greater detail the commercial opportunities and the financial benefits flowing from them, enabling a decision to be taken on the appropriate mix of uses, the preferred delivery mechanism and procurement route for the project.

6 Capital and Revenue Costs

- 6.1 In order to achieve RIBA stage 2 by September 2017 further capital and revenue expenditure will be required. It is estimated that this will be around £10m and will incorporate design fees, further professional fees, decant costs and other associated spend including a level of contingency. This is within the estimated financial envelope for the project.

7 Next Steps

- 7.1 In order to maintain progress with the Town Hall and Albert Square refurbishment project, a series of further activities will need to run concurrently with the further market testing of commercial activities. The most critical will be to procure a design team to develop the detailed design of the refurbishment programme that will enable greater certainty to be secured with regards to the capital cost of the programme. This work will be informed by the emerging outputs from the detailed market testing of commercial opportunities. The procurement of the design team will shortly commence and they will be in place by the end of April 2017.
- 7.2 The majority of the design team that have taken the project to RIBA Stage 0 have now concluded their commission and to oversee and manage the next stage of this complex and ambitious programme, a different range of skills is required. Whilst existing Council staff will continue to be engaged and utilised there will be a need to undertake a recruitment process to secure the skills and talent required to run this unique and very substantial project, including the need to recruit a senior Project Director. A report will be presented to Personnel Committee outlining the requirements of this critical position. The recruitment of other key posts will follow and depending on the outcome of the further work looking at commercial opportunities this may include a Creative Director.
- 7.3 The commercial market testing and subsequent Independent Appraisal will be completed by early in 2017 to inform the decision on the commercial activity in a refurbished Town Hall. As set out above, a further report will then be

presented to Executive in March 2017 setting out in greater detail the commercial opportunities and the financial benefits flowing from them, enabling decisions to be taken on the appropriate mix of uses; the preferred delivery mechanism and procurement route for the project. It is envisaged that RIBA Stage 2 will be completed by September 2017 with procurement of the preferred route for the delivery of the project commencing in May 2017. This will ensure that the original target date for completion of the refurbishment will remain early 2023 with the building fully occupied and functional by the end of 2023. A project timeline showing the key milestones is attached as an appendix.

- 7.4 Other activity that is ongoing includes looking at opportunities for greater access to the Town Hall to enable Mancunians the opportunity to visit parts of the building seldom seen by members of the public. This will be achieved through the provision of special tours by blue badge guides and the production of a video showing a fly through of the building. Specific work will be developed with schools to look at the educational benefits a project of this nature can provide. Work has been developed with Salford University to develop the supply chain to ensure local labour opportunities are maximised, particularly in relation to specialist heritage skills which are in particularly short supply and provide a real opportunity for local people. Work is also being carried out with colleagues at New Economy looking at other economic benefits including using their multiplier effect model to fully capture such benefits.

8 Conclusion

- 8.1 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.
- 8.2 Executive recognised the importance of undertaking the essential works required to protect and make safe the building and approved the overall objectives for the refurbishment of the Town Hall and Albert Square at its' meeting on 27 July 2016. The additional information requested concerning further refining and confirming costs, timescales and phasing and the further exploration of commercial opportunities as well as evaluating risks has been provided within this report and sets out the rationale for a preferred option of refurbishing the Town Hall to upgrade it to modern office standards. This report now sets out the key pieces of work required to enable the Council to make an informed decision about the most appropriate, viable and cost effective scheme to 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.

9. Contributing to the Manchester Strategy

(a) A Thriving and Sustainable City

- 9.1 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 over 1,200 staff could be accommodated and this would add to the economic diversity of city centre employment, including jobs aimed at younger people.
- 9.2 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

- 9.3 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

- 9.4 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.
- 9.5 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

- 9.6 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.

- 9.7 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.
- 9.8 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

- 9.9 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.

10. Key Policies and Considerations

10.1 Equal Opportunities

- 10.2 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.

10.3 Risk Management

- 10.4 Risk issues and appropriate mitigations are addressed within the report.

10.5 Legal Considerations

- 10.6 The legal considerations are addressed in the body of the report.

Our Town Hall - High Level Programme

