

Brentwood Borough Council



Brentwood Town Hall Remodelling Project

Business Case Validation

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1. Introduction

In a report to the July 2011 meeting of Ordinary Council it was stated that in its current state Brentwood Town Hall (“the Town Hall”):

- Was not fit for purpose
- Was barely Disability Discrimination Act (“DDA”) compliant
- Required modernisation
- Has high energy usage.

At that meeting it was agreed to retain the Town Hall building. An Outline Business Case (“OBC”) was subsequently presented to the July 2012 meeting of Ordinary Council at which it was agreed to pursue an option for part remodelling of the building allowing for a lease agreement with a third party tenant.

At an Extraordinary Council meeting in September 2013 further details regarding the selected OBC option were agreed, with the aim that the proposed scheme:

- Provides a modern, economic civic office building;
- Creates business opportunities within Brentwood (via the availability of flexible commercial office space);
- Provides flexible office space for community sector use; and
- Improves the overall utilisation of space within the Town Hall.

Since the approval in September 2013 the Town Hall Remodelling Project has been progressing through the design and procurement processes necessary to commence the remodelling works needed to improve the building and its main infrastructure.

2. Purpose of this Document

This document describes progress with the Town Hall Remodelling Project (“the Project”) following the approvals provided at the Extraordinary Council meeting of September 2013.

The purpose of this document is to ensure that the Project has a sound basis on which to progress to the construction and occupation stage.

To achieve this, this document focuses upon validation of the business case for the Project as a result of the detailed work undertaken to pursue the feasibility of the preferred OBC option.

3. Definition of the Project

3.1 Background

3.1.1 Description of the Town Hall

The Council’s main administrative base and civic facilities are located at the Town Hall on Ingrave Road, Brentwood.

The Town Hall was constructed in 1957 and further extended in the 1980s and 1990s. Accommodation is provided over five floors, including the lower ground floor, amounting to a Gross Internal Area (“GIA”) of c. 5,850 m² (c. 63,000 ft²).

The three main uses of the Town Hall are:

1. Public access for customer service;
2. The civic and democratic functions of the Council; and
3. The administrative functions of the Council.

3.1.2 Agreement to Continue to Operate the Existing Town Hall

During 2010 and 2011 the Council reviewed a number of options for its space requirements and for the reduction of overheads. These options included an assessment of the future use of the Town Hall.

A report was presented to the Ordinary Council meeting of 5th July 2011 which identified that the existing floor space of the Town Hall is in excess of what is required and that the building is not fit for purpose for its current usage. The report went on to detail progress at that point regarding proposals for the Town Hall and outlining recommendations for future action.

Discussion took place at that meeting regarding the feasibility of the Council remaining in the Town Hall and ways in which excess space could be utilised and additional income generated. A motion was agreed to retain the Town Hall, with the building to be broadly split into three areas:

- 20,000 ft² GIA of refurbished office space for the civic presence of the Council;
- 6,000 ft² GIA of space for Brentwood community use, remaining under the Council’s ownership; and
- The remainder of the Town Hall to be utilised for commercial purposes envisaged as conversion to serviced offices for Brentwood business use.

3.1.3 Preferred Option for the Future of the Town Hall

Following the decision by Ordinary Council in July 2011 to retain the Town Hall, an Outline Business Case (“OBC”) was developed to review the options for investing in its remodelling.

The OBC was presented to the Ordinary Council meeting of 18th July 2012 at which it was agreed to pursue Option C(ii) – Part remodelling of part of the Town Hall for Council and community use. This option includes:

- Construction works and remodelling to improve the building and main infrastructure associated for use by the Council and the community;
- A lease agreement with a third party tenant for the majority of the building for use as offices following the landlord/tenant process for procurement under Section 123 of the Local Government Act;
- The use of appropriate framework agreements to appoint future consultants, advisers and contractors;
- A capital cost envelope of £3,571,794, being:

- £3,071,794 in relation to building works (*in accordance with the Feasibility Cost Plan (Option 2a) as produced by Potter Raper Partnership, May 2012*); and
- £500,000 in relation to ICT; and
- A one off revenue budget of £35,000.

3.1.4 Identification of Community and Commercial Partners for the Preferred Option

Following approval of the OBC at the Ordinary Council meeting of 18th July 2012, progress was made to develop the preferred Option C(ii), led by the Town Hall Delivery Group (“THDG”).

The key elements of progress were:

- Discussion with potential partners
- National advertisement of the commercial development opportunity
- A Bidders Day held for potential commercial partners
- Submission of bids for the commercial tenancy
- Negotiation and evaluation of the received bids
- Site visits to community spaces operated at other similar locations
- Discussion and updates to community groups
- Discussions with public sector partners.

Such progress culminated in a report presented to an Extraordinary Council meeting held on 11th September 2013.

At this meeting it was agreed to progress the previously identified preferred option from the OBC and to continue to operate to the previously agreed capital cost envelope. In addition, detailed heads of terms were agreed to, for the following tenants:

- Iridium Assets Ltd (a subsidiary of Chromex Group Ltd (“Chromex”)) as being the prospective commercial tenant; and
- CAN Mezzanine Ltd (“CAN”) as being the prospective community tenant.

3.1.5 Confirmation of Authority to Undertake the Project

As noted in Sections 3.1.2 to 3.1.4, the decisions to initiate and progress the Project have taken place over an extended period of time and via three key meetings of Council:

1. The Ordinary Council meeting of 5th July 2011
2. The Ordinary Council meeting of 18th July 2012
3. The Extraordinary Council meeting of 11th September 2013.

The specific approvals provided at each of these meetings are summarised as:

Ordinary Council 05/07/2011		Ordinary Council 18/07/2012		Extraordinary Council 11/09/2013	
The Motion was carried and it was resolved to support the Motion and implement the actions included therein:		The Motion was carried and it was resolved as follows:		The Motion was carried and it was resolved:	
1.	To retain the Town Hall building.	1.	Agree to pursue the next stage of the feasibility of Option C(ii) and develop the business case further to a Final Business Case, including critical success factors, by the end of the year.	1.	That the Chromex proposal be approved, detailed Heads of Terms be agreed, and to authorise conclusion of a lease with Iridium Assets with a parent company guarantee to be provided by the Chromex Group and that delegated authority to take appropriate decisions to conclude the lease be granted to the Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group.
2.	To agree the principle of the certain retention of 20,000 ft ² of refurbished office space for the purposes of this Council maintaining its civic presence within the original building absolutely.	2.	a) To continue with the Town Hall Delivery Group providing governance for the project through the next stage to the Final Business Case and subject to no material change (at any time as outlined with the report) to the current proposals to continue to deliver the project through to completion; b) Expenditure was limited to professional fees until agreement by the Policy and Resources Panel to expend the balance of capital expenditure for the construction phase; c) In the event that these matters were not capable of being pursued or it becomes apparent that Option C(ii) cannot be achieved then a further report will be brought back to Council setting out the options at that time.	2.	That the CAN proposal be approved, detailed Heads of Terms be agreed, and to authorise conclusion of a lease with CAN and that delegated authority to take appropriate decisions to conclude the lease be granted to the Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group.
3.	To agree the principle that we devote 6,000 ft ² of space to Brentwood community use however still under this Council's overall ownership.	3.	To approve in principle the capital investment requirements for Option C(ii) and to allow delegated authority to the Head of Corporate Finance, in consultation with the Managing Director and Leader of the Council, to determine the most cost effective method of securing the	3.	Prior to the conclusion of leases at 1 and 2 above, a surrender be sought of the County Council lease.

Ordinary Council 05/07/2011		Ordinary Council 18/07/2012		Extraordinary Council 11/09/2013	
			funding required.		
4.	To agree the principle that we retain ownership of the remainder of the Town Hall building and utilise it for commercial purposes and therefore income gain in so far as conversion to serviced offices for Brentwood business use.	4.	To acknowledge the potential revenue implications arising from Option C(ii) and to ensure these were recognised in the Budget/Medium Term Financial Planning process.	4.	That authority is given to formally appoint the design team and to tender the works to the Council part of the building.
5.	Officers to investigate funding options to be used to achieve the above principles and consideration be given to both capital and revenue implications of the options [above]. Officers would report back to Members for a final funding decision.	5.	To agree appropriate delegations to the Managing Director and Monitoring Officer to be able to pursue all options set out in Appendix B of the OBC in relation to Option C(ii) concerning procurement in monitoring and obtaining appropriate advice.	5.	That authority is given to incur capital and revenue expenditure on the project up to a maximum as previously agreed by Council (a capital cost envelope of £3,571,794 and a one-off revenue budget of £35,000). If the final estimates are greater than 5% different to the agreed levels, a further report to be brought back to Full Council for approval.
6.	The Members' Steering Group to continue to meet to discuss the issues as we go forward.	6.	The Leader accepts an invitation to become a part of the existing Town Hall Delivery Group as it is currently constituted. If the Leader is unable to attend any meetings the Deputy Leader will substitute for [her].		

3.2 Description of the Project

3.2.1 Agreed Project Objectives

As described in the report to Extraordinary Council of September 2013 the objectives of the Project are to:

1. Provide a modern, economic civic office building
2. Create business opportunities within Brentwood (via the availability of flexible commercial office space)
3. Provide flexible office space for community sector use
4. Improve the overall utilisation of space within the Town Hall.

3.2.2 Agreed Project Scope

The scope for the Project has been established by the approval to proceed with Option C(ii) of the OBC, as subsequently developed by the further approval to proceed as provided by Extraordinary Council in September 2013.

From these approvals, the detailed scope of the Project can be identified as follows:

Item of Project Scope	Reference for Item
<i>OBC Option C(ii) – Part remodelling of part of the Town Hall for Council and community use. Allow commercial operator to remodel/fit-out for lease agreement. Fully specifying all works to Council and civic and community areas, identifying the area for lease and fully defining terms and conditions to the proposed tenant (OBC, Section 4.0)</i>	
(a) Partner organisations / tenants:	
a1. <ul style="list-style-type: none"> Devotion of 6,000 ft² to Brentwood community use Community space 6,049 ft² 	<ul style="list-style-type: none"> Ordinary Council minute 123, 05/07/2011 Report to Extraordinary Council 11/09/2013, Section 3.8.1 (<i>ie verification of space by the Council's quantity surveyor</i>)
a2. <ul style="list-style-type: none"> Iridium Assets Ltd (a subsidiary of Chromex) as the prospective commercial tenant, taking a lease for 25,000 ft² to refurbish and bring back into use as offices / serviced office use Chromex occupied space 25,392 ft² 	<ul style="list-style-type: none"> Report to Extraordinary Council 11/09/2013, Section 3.5.1 – 3.5.5 Report to Extraordinary Council 11/09/2013, Section 3.8.1 (<i>ie verification of space by the Council's quantity surveyor</i>)
a3. BBC / Chromex shared space 6,265 ft ²	Report to Extraordinary Council 11/09/2013, Section 3.8.1 (<i>ie verification of space by the Council's quantity surveyor identifies that there is shared space not assumed elsewhere in the report</i>).
a4. 5 year lease of the community area to CAN to provide serviced office facilities for voluntary and community sector organisations	Report to Extraordinary Council 11/09/2013, Sections 3.6.1 and 3.6.3
a5. <ul style="list-style-type: none"> A lease agreement with a third party tenant for the majority of the building for use as offices following the landlord/tenant process for procurement under Section 123 of the Local Government Act Appointment of a commercial tenant via a standard lease arrangement under Section 123 of the Local Government Act 1972 (provided the Council does not specify and pay for the tenant's remodelling works or receive any services from the tenant) 	<ul style="list-style-type: none"> Ordinary Council 18/07/2012 – Report of the Managing Director OBC, Sections 3.5 and 4.3
a6. The land transaction to Chromex to be in the form of a lease and an agreement to lease with the works provisions included in the agreement for lease	Report to Extraordinary Council 11/09/2013, Section 3.9.1
a7. The area currently used by CCTV to be excluded from the area of the lease with Chromex	Report to Extraordinary Council 11/09/2013, Section 3.8.6
a8. Chromex will require approximately 39% of parking spaces	Report to Extraordinary Council 11/09/2013, Section 3.8.7
a9. <ul style="list-style-type: none"> Current leases and licences to no longer be in place after any remodelling works (<i>NB the current parties could still be at the Town Hall after the remodelling works but under different arrangements</i>); CVS, Talking Newspaper and Foodbank to be a part of the CAN community space Ideally Papworth Trust would be within the CAN arrangements. 	<ul style="list-style-type: none"> OBC, Section 2.6 Report to Extraordinary Council 11/09/2013, Section 3.6.4 Report to Extraordinary Council 11/09/2013, Section 3.8.4

Item of Project Scope		Reference for Item
a10.	Surrender of the lease from Essex County Council for the part basement area	Report to Extraordinary Council 11/09/2013, Section 3.8.8
a11.	The following functions to be considered for relocation to the Town Hall: <ul style="list-style-type: none"> • Job Centre Plus (“JCP”) • Citizens Advice Bureau (“CAB”) • County Registrars. 	No specific approval for these functions to form part of the Project scope
(b) Layout:		
b1.	<ul style="list-style-type: none"> • Retention of 20,000 ft² of refurbished office space for the purposes of the Council maintaining its civic presence in the building absolutely • BBC occupied space 21,819 ft² 	<ul style="list-style-type: none"> • Ordinary Council minute 123, 05/07/2011 • Report to Extraordinary Council 11/09/2013, Section 3.8.1 (<i>ie verification of space by the Council’s quantity surveyor</i>)
b2.	Flexible office space design so as to allow further retrenchment of the Council occupied office space over time	Brentwood Town Hall Remodelling Project – Class Requirements
b3.	Staff numbers of 185 and workstations of 130 (ratio of 10:7) occupying 9m ² of space per workstation	<ul style="list-style-type: none"> • Ordinary Council minute 123, 05/07/2011 • THDG scoping meeting, December 2011 • OBC, Section 2.2 • Report to Extraordinary Council 11/09/2013, Appendix 5 (<i>NB the space allocation per person requires a new furniture layout but the review of costs by the Council’s quantity surveyor indicates that there is no general allowance for furniture within the cost plan</i>)
b4.	Dedicated offices to be limited to the functions of: <ul style="list-style-type: none"> • Leader of the Council • Chief Executive • Director of strategy and Corporate Finance (Section 151 Officer) • Monitoring Officer. 	Brentwood Town Hall Remodelling Project – Class Requirements
b5.	Amount of civic space required to be reviewed such as not having dedicated rooms for members but instead booking meeting space and sharing meeting space across all users; there should be a members lounge area.	<ul style="list-style-type: none"> • Report to Extraordinary Council 11/09/2013, Section 3.8.3 • Brentwood Town Hall Remodelling Project – Class Requirements
b6.	Receptions within the building to be rationalised; customer contact and interaction to be improved in a new reception area	OBC, Section 2.2
b7.	<ul style="list-style-type: none"> • Any work to the Council Chamber excluded • Fit out to the Council Chamber included on the basis of being a lost opportunity to generate income if omitted 	<ul style="list-style-type: none"> • Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 • OBC, Section 4.3 • Report to Extraordinary Council 11/09/2013, Section 3.7.3
b8.	Refurbishment of the current shower facilities in the basement.	No specific approval for refurbishment of these functions to form

Item of Project Scope		Reference for Item
		part of the Project scope (<i>NB However, it is assumed that access to shower facilities will be a requirement of developing a travel policy as necessary to address greater pressures on existing parking spaces – refer to a8.</i>)
b9.	Serious consideration to be given to internal signage	OBC, Section 2.4
b10.	Improvements to space apportionment and circulation for the CCTV operating room to be considered at the design stage	OBC, Section 2.2
(c) Building infrastructure:		
c1.	Works to be over and beyond the area specifically occupied by the Council and community tenant to secure the integrity of the overall asset; refurbishment of all circulation and communal areas including toilets.	<ul style="list-style-type: none"> OBC, Section 4.3 Brentwood Town Hall Remodelling Project – Class Requirements
c2.	1957 section of the third floor to be strengthened so as to be sufficient for office use	<ul style="list-style-type: none"> Walker Associates Town Hall Structural Inspection, May 2012 OBC, Section 2.4 Report to Extraordinary Council 11/09/2013, Section 3.4.3 – 3.4.5
c3.	Overhaul of the roof limited to the 1957 section of the building only	<ul style="list-style-type: none"> Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 OBC, Section 4.3
c4.	Overhaul and redecoration of the existing windows	<ul style="list-style-type: none"> Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 OBC, Section 4.3
c5.	Upgrade to fire protection achieved by re-use of parts of the existing lightning protection	<ul style="list-style-type: none"> Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 OBC, Section 4.3
c6.	No repairs to the external drainage	Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
c7.	No additional car parking (<i>ie the potential to add up to 20 parking spaces identified in Section 2.4 of the OBC is excluded from the Cost Plan for the preferred option</i>)	Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
c8.	A review and commitment to an adequate level of annual maintenance, possibly with the establishment of a life cycle fund needs to be undertaken	OBC, Section 2.4
c9.	No external works (<i>ie recommendations to improve the external appearance and safety of the Town Hall identified in Section 2.4 of the OBC are excluded from the Cost Plan for the preferred option</i>)	Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
(d) M&E Services:		
d1.	Replacement of the older two of the three existing boilers	Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
d2.	Additional comfort cooling (<i>NB full air conditioning specifically excluded</i>)	<ul style="list-style-type: none"> Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 OBC, Section 4.3

Item of Project Scope		Reference for Item
d3.	No overhaul of the existing lifts or installation of a new lift	Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
d4.	Move the CCTV disaster recovery solution to a secure environment if practical	OBC, Section 2.5
d5.	No upgrade or replacement identified for other mechanical and electrical ("M&E") services	Not specifically referred to within the Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
(e) ICT:		
e1.	Active network switching equipment to be refreshed	OBC, Section 2.5
(f) Sustainability initiatives:		
f1.	No requirement to achieve a BREEAM rating	<ul style="list-style-type: none"> • Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 • OBC, Section 4.3
f2.	Introduction of sustainable green solutions above those required for Building Regulations approval to be considered at the design stage	OBC, Section 1.4.
(g) Tenant handover condition:		
g1.	<ul style="list-style-type: none"> • The capital and revenue funds are for the Council and community areas together with areas which are the responsibility of the Council as a landlord • Design to only concentrate on the areas identified for Council and community tenant use; no superstructure, finishes or services costs assumed for the commercial tenant areas of the building 	<ul style="list-style-type: none"> • Ordinary Council 18/07/2012 – Report of the Managing Director • Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012 • OBC, Section 4.3
g2.	<ul style="list-style-type: none"> • Fit-out for the Council and community tenant would be to Category B standards • CAN to take the premises in the current condition and any and all improvement to be at their discretion and to be funded by them; the Council would still need to fund the works to reinforce the 3rd floor and to undertake works which are landlord responsibilities 	<ul style="list-style-type: none"> • OBC, Section 4.3 • Report to Extraordinary Council 11/09/2013, Section 3.6.2
(h) Furniture and equipment:		
h1.	No general allowance for furniture and equipment	No general allowance for furniture and equipment made in Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
(i) Refurbishment process:		
i1.	Assumes that only Building Regulations consent will be required	Feasibility Cost Plan 2A, Potter Raper Partnership, May 2012
i2.	Architect and client adviser team of specialists to be commissioned for the whole building through a lump sum, fixed price single tender process or through local/national frameworks	OBC, Section 4.3
i3.	Selection through a framework agreement of a contractor who has experience of works of the scale and type required by the Project	OBC, Section 4.3
i4.	The need for service continuity; the ability to continue to serve large numbers of visitors and	Report to Extraordinary Council 11/09/2013, Section 3.12.3.1

Item of Project Scope		Reference for Item
	telephone callers throughout all the changes	
	(j) Other scope options:	
j1.	<ul style="list-style-type: none"> • Balance of 12,000 ft² to be considered for other options such as: <ul style="list-style-type: none"> ○ Cafe ○ Nursery (which would also require external space) ○ Hot desking facilities for other public sector partners ○ Work to the Council Chamber so that it could be licensed for marriages • Spare space 3,444 ft² 	<ul style="list-style-type: none"> • Report to Extraordinary Council 11/09/2013, Section 3.5.1 – 3.5.2 • Report to Extraordinary Council 11/09/2013, Section 3.8.1 (<i>ie verification of space by the Council's quantity surveyor indicates that there is less spare space than envisaged elsewhere in the report</i>) • Brentwood Town Hall Remodelling Project – Class Requirements
j2.	<p>The following to be considered depending upon the final building solution, cash envelope and cost estimates as the design becomes more detailed:</p> <ul style="list-style-type: none"> • Installation of a lift near the Civic entrance • A more flexible furniture layout for the Council Chamber • Installation of a mezzanine floor in the Council Chamber • Removal of some external garaging / storage • Removal of all covered areas to the north car park. 	OBC, Section 4.5

NB Numbering of scope items is for reference within this document only.

3.2.3 Project Constraints

The following represent the key constraints within which the Project must operate:

Constraint	Description
Authority to incur capital and revenue expenditure	If the final estimates are greater than 5% different to the agreed levels, a further report to be brought back to Full Council for approval (<i>Extraordinary Council 11/09/2013, Motion item 5</i>).
Achievability of the preferred OBC option	If it becomes apparent that OBC Option C(ii) cannot be achieved then a further report is to be brought back to Council setting out the options at the time (<i>Ordinary Council 18/07/2012, Motion item 2c</i>).
Maintenance of service during construction	Service continuity is to be maintained during the refurbishment works; no allowance made for the decant of services to alternative locations or temporary facilities (<i>Report to Extraordinary Council 11/09/2013, Section 3.12.3.1</i>)

3.2.4 Project Interfaces

The following are the key interfaces with other Council activities for the Project:

Interface with	Description
Customer Services Transformation Project	Implementation of the Customer Contact Centre as part of the Customer Services Transformation Project will need to be designed and managed as part of the overall project (<i>Report to Extraordinary Council 11/09/2013, Section 3.4.7.3</i>).
Commercial tenant fit-out investment and programme	Works to the value of £1.5m to be undertaken by Chromex to convert around 25,000 ft ² GIA into third party office / serviced office use, likely to take c. 18 months undertaken in three phases of similar size and value (<i>Report to Extraordinary Council 11/09/2013, Section 3.5.4 – 3.5.5</i>).

3.2.5 Project Dependencies

The Project has the following key dependencies:

Dependency on	Description
Introduction of Workwise	The introduction of Workwise is important to the delivery of a new working model which allows remote working, hot desking and thus the ability to reduce the number of desks required per employee (<i>Report to Extraordinary Council 11/09/2013, Section 3.12.1.1</i>).
Data management	Work to reduce the amount of document storage within the Town Hall commenced in 2012 and will need a concerted effort by each service (<i>Report to Extraordinary Council 11/09/2013, Section 3.12.2.1 – 3.12.2.2</i>).
Partner organisations	JCP, CAB and the County Registrar's function have all been identified via THDG as partner services that could relocate to the Town Hall. This has some impact upon the space requirements for Council services and creates a dependency as regards the approval processes for such organisations (<i>NB there is no specific reference as to approval for consideration of these functions as being part of the scope of the Project</i>).
Reception design	Whether the reception in the remodelled Town Hall will be a shared space with the commercial tenant or other occupiers will affect its siting, access, facilities, feel, technology and degree of shared front-end (<i>Report to Extraordinary Council 11/09/2013, Section 3.12.13.1</i>).

4. Project Progress

4.1 Project Position at the Previous Approval Point

Following the meeting of Extraordinary Council in September 2013, the approved position for the Project can be summarised as:

Project Area	Position	Source of Approval
Preferred OBC option	Feasibility of OBC Option C(ii) to be pursued (<i>NB based upon the Project scope as described in Section 3.2.2</i>)	Ordinary Council 18/07/2012 – Motion item 1.
Implementation budget	Authority to incur capital and revenue expenditure to a maximum of £3,571,794 capital and £35,000 one-off revenue	Extraordinary Council 11/09/2013 - Motion item 5.
Funding source	Delegated authority to the [then] Head of Corporate Finance, in consultation with the [then] Managing Director and Leader of the Council, to determine the most cost effective method of securing the funding required	Ordinary Council 18/07/2012 – Motion item 3.
Running costs	Acknowledgement of the potential revenue implications arising from Option C(ii) and to ensure these were recognised in the Budget / Medium Term Financial Planning process	Ordinary Council 18/07/2012 – Motion item 4.
Procurement approach	Delegation to the [then] Managing Director and Monitoring Officer to pursue all options set out in Appendix B of the OBC in relation to Option C(ii) concerning procurement in monitoring and obtaining appropriate advice	Ordinary Council 18/07/2012 – Motion item 5.
Commercial tenant	Detailed Heads of Terms to be agreed for the Chromex proposal; delegated authority to take appropriate decisions to conclude the lease granted to the [then] Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group	Extraordinary Council 11/09/2013 - Motion item 1.
Community tenant	Detailed Heads of Terms to be agreed for the CAN proposal; delegated authority to take appropriate decisions to conclude the lease granted to the [then] Managing Director in consultation with the Leader of the Council and the Chair of the Town Hall Delivery Group	Extraordinary Council 11/09/2013 - Motion item 2.
Existing leases	Prior to conclusion of leases with Chromex and CAN a surrender be sought of the lease with Essex County Council	Extraordinary Council 11/09/2013 - Motion item 3.
Design and construction contractor	Authority to appoint the design team and to tender the works to the Council part of the building; a contractor with experience of works of the scale and type required by the Project to be selected through a framework agreement	<ul style="list-style-type: none"> • Extraordinary Council 11/09/2013 - Motion item 4 • OBC section 4.3 (<i>description of Option C(ii)</i>).

4.2 Project Progress Since the Previous Approval Point

4.2.1 Description of Project Progress

Following the meeting of Extraordinary Council in September 2013, a number of individual aspects of the Project have been progressed, so as to move towards the commencement of the remodelling works.

Each of these strands of work are considered in the sections which follow, in the sequence of the identified Project areas from the table in Section 4.1.

4.2.2 Feasibility of the Preferred OBC Option

4.2.2.1 Confirmation of the Preferred Option

The meeting of Ordinary Council in July 2012 identified OBC Option C(ii) as the preferred option. This was further confirmed at the meeting of Extraordinary Council in September 2013, with a mandate to pursue the feasibility of this option.

Pursuing the feasibility of the option has been undertaken via the following key work strands:

- Space planning
- Confirmation of external user requirements
- Condition surveys
- ICT design concept.

Progress with these work strands is described in the following sections.

It should be noted that whilst these work strands are identified separately, they are interrelated and thus all play a part in assessing the feasibility of the Project.

The outcome of testing the feasibility of pursuing the preferred option is summarised in Section 4.2.2.6.

4.2.2.2 Space Planning

The draft Heads of Terms agreed with Chromex noted *“as regards the premises to be demised the Council need to maintain some flexibility....when the space planning takes place we will have a much better idea of the areas to be occupied by the Council...the final areas to be demised will need further consideration and discussion...”*.

The required space planning has therefore taken place, via the following steps:

1. Establishment of a proof of concept within the Building Control / Business Transformation / ICT area to showcase proposals for future furniture layouts and breakout spaces;
2. Identification of the staffing numbers per department occupying the Town Hall, being:

Department / Function	Workstation Requirement	Notes
Council services:		
Leader and Chief Executive	2	
Asset Management	6	
Borough Health, Safety and Localism	26	
Business Transformation	7	Including Human Resources
Corporate and Democratic Services	10	
Customer Services	1	Head of Service
Financial Services	16	Including internal / external audit
Housing	28	

Department / Function	Workstation Requirement	Notes
ICT Services	9	Including visiting engineers / testing lab
Legal and Governance	6	Including Electoral Services
Planning	30	Including Building Control
Revenues and Benefits	38	
Street Scene	1	Head of Service only based at Town Hall
Sub total Council services	180	
Non Council services:		
Citizens Advice Bureau (CAB)	18	Assumes 2 in reception, 16 in office
Job Centre Plus (JCP)	15	Function based in Reception
Registrar's	2	Assumes office space plus use of interview rooms within reception
Sub total Non Council services	35	
Grand Total	215	

3. A workshop to establish the design requirements for the shared Reception area, led by the appointed design team and involving representatives from Chromex, JCP and CAB;
4. Consultation meetings with departments to establish:
 - a. Their key adjacencies to other departments and functions
 - b. Their requirements for reception services
 - c. Departmental storage requirements, separating such requirements into day-to-day, occasional and rarely accessed storage needs
 - d. Any specialist requirements for furniture or equipment unique to the department;
5. Development of draft layout plans in conjunction with the appointed design team;
6. Consultation with Council staff regarding the draft layout plans;
7. Review of the draft layout plans and staff comments by THDG; and
8. A sequence of "dump days" whereby departments have commenced the process of scaling back stored items so as to progress towards the reduced space allocation inherent to the future layout.

As a result of the above steps, a set of general arrangement plans have been developed for the areas to be occupied by the Council and its partner organisations. Whilst not final, these plans are sufficiently developed to act as the baseline space planning needed to develop the feasibility of the Project.

The key features of these plans are:

- The Council services to occupy:
 - The lower ground floor
 - The ground floor; and
 - The first floor, excluding the southern wing of that floor.
- Chromex to occupy:
 - The southern wing of the first floor;
 - The second floor; and
 - The third floor.
- An improved reception area, based around the customer contact concept and providing sufficient space for joint operation with:
 - JCP
 - CAB
 - County Registrars.
- A separate entrance for Chromex, adjacent to the main entrance and allowing for shared use of the lift and stair core whilst maintaining overall building security.
- Insufficient space to accommodate CAN.

In terms of the space planning for Council occupied areas, the following principles have been followed:

- Sufficient desk space for staff in post as at August 2014, excluding vacancies at that time, in accordance with the table contained in item 2 above;
- Reduced desk and personal storage areas in line with the furniture layout established in the proof of concept area; and
- Flexibility in the layout such that as changes in ways of working generate a lower ratio of staff to desk spaces the Council occupied area can reduce and the area available for commercial lease can increase towards the original target of c. 25,000 ft² GIA.

The resulting initial allocation of occupied GIA is summarised as:

Floor of the Town Hall Building	Council NIA ft ²	Chromex NIA ft ²	CAN NIA ft ²	Total NIA ft ²
Lower ground	11,298	0	0	11,298
Ground	15,299	0	0	15,299
First	12,471	2,904	0	15,375
Second	0	13,319	0	13,319
Third	0	6,327	0	6,327
Totals	39,068	22,550	0	61,618

It should be noted that GIA relates to total internal area. As such, this does not represent total usable area within the building. It can be estimated that the usable Net Internal Area (“NIA”) would generally represent c. 70% of the GIA.

4.2.2.3 External User Requirements

As noted in Section 4.2.2.2, the space planning exercise has considered the accommodation requirements of the following external users:

- **Chromex** – the space planning has sought to balance the development of the necessary functional space for Council activities with the need to maximise the space available for the commercial tenant, the target being c. 25,000 ft² GIA. The result has produced a layout for Chromex incorporating the whole of the second and third floor of the building plus one “wing” on the southern end of the first floor, along with a separate entrance incorporating access to the main lift and stair core. The revised plans have been shared informally with Chromex who responded positively to the space on offer.
- **Partner organisations** – the following organisations have been liaised with as regards their potential to operate from the Town Hall on a partnership basis:
 - **JCP** – the local JCP office has expressed keen interest in relocating so as to operate all its services from within the reception area of the Town Hall. This service currently leases premises in Fairfield Road. It is understood that a replacement five year lease has recently been entered into for this location and therefore it currently appears unlikely that this service will relocate until expiry of that lease. On that basis and given that the JCP space requirement is entirely based upon operation within the Customer Contact reception area, it is proposed that space be preserved in this area for future use by this service but not be fitted out at this stage.
 - **CAB** – the local Citizens Advice Bureau operates from premises in Crown Street, leased on favourable terms from the Assizes Trust. This service has expressed interest in operating from the Town Hall, initially on a satellite basis with potential in the medium term to relocate all functions. The service does, however, have concerns regarding maintenance of its appearance of independence when operating from within Council premises and has also noted that it would only move if the current favourable lease cost could be preserved. Given this current position, it is proposed that space be assumed within reception for a satellite delivery of this service and that space for this service on a medium term basis be identified but initially allocated to other community services.
 - **Registrar’s** – the County Registrar’s service is currently undergoing a strategic review. An option from this review may be the repatriation of the current services operated from premises adjacent to the Town Hall, in Seven Arches Road. Under this scenario, there would be a small, residual requirement for local registrar services which could be provided from the Town Hall. Whilst the outcome of the review will not be known for some time it is proposed that space should initially be allowed for c. two Registrar staff to operate from the Town Hall.

- **CAN** – as noted in Section 4.2.2.2, the space planning exercise indicates that it is not feasible to provide space for this function, given the priorities of providing functional space for Council needs and meeting the rentable space requirements for Chromex.
- **Existing community tenants** – there are a number of other organisations which operate from the Town Hall on a licence basis. Their circumstances and the assumptions regarding their future location are set out in Section 4.2.9.

4.2.2.4 Condition Surveys

The Project is based upon pursuing a preferred option whereby the existing Town Hall is refurbished for future use. To establish the extent of refurbishment work required it has been necessary to undertake or re-visit technical surveys of various aspects of the building and its services.

The key features of this have been:

- A survey of the condition and thermal efficiency of the windows;
- Surveys of the condition and effectiveness of the roof coverings;
- A review of previous survey data and drawings relating to the structural integrity of the building; and
- A review of previous survey data regarding the condition of:
 - Building services
 - Heating plant and controls
 - Lifts
 - Other mechanical and electrical (“M&E”) services.

The results of undertaking and reviewing technical surveys are incorporated into the assessment of feasibility as summarised in Section 4.2.2.6, with the key headlines being:

- The existing wooden sash windows require replacement
- The existing metal framed windows are no longer serviceable and replacement is recommended
- As a minimum, repairs and remedial works to prevent water ingress are required across all sections of the roof. It is also recommended that insulation is installed at the same time as undertaking these works
- The dormer edges of the accommodation on the third floor have a floor loading capacity which does not meet current standards and for which residual strengthening works are recommended
- Of the 35 different M&E services considered by survey, 66% have a high likelihood of failure by 2015 with 29% estimated as likely to fail in that timescale.

4.2.2.5 ICT Design Concept

Availability of ICT will be key to ensuring the efficiency of the refurbished Town Hall building. Work has therefore been undertaken to develop a strategy for the delivery of ICT associated with the Project, for which the key concepts are:

- The main server room to remain in its current location on the first floor
- Distributed hub rooms on the lower ground and ground floors to remain in their current position unless opportunities arise through the detailed design to improve the position of those located on the lower ground floor
- No specific installation to be provided to the Chromex areas other than:
 - Access to the incoming services within the server room
 - Access to the existing duct system for distribution of required cabling to the tenant areas
- Replacement of life expired network switches and re-balancing of the switch distribution to ensure that the revised occupancy of Council areas can be accommodated from cabinets within the existing server and hub rooms
- Replacement of life expired data cabling to Council operated areas with the aspiration of cabling to Category 6 standard, subject to cost consideration (*NB cabling assumed to Category 5e standard otherwise*)
- Installation of sufficient access points to allow consistent wireless access across Council occupied and public spaces with a view to enabling an option to act as a commercial wireless service provider for the tenant areas
- Meeting rooms to have installed audio visual facilities wherever practical plus an enhanced booking system so as to ensure efficient usage
- Extension of the existing access control system to operate for the whole building on an addressable basis so as to control access to Council and tenant areas.

It is further assumed that installation of passive network items plus extension of the access control system would be undertaken as part of the works for a building contractor so as to ensure economies with the installation of small power facilities.

4.2.2.6 Assessment of Option Feasibility

The feasibility of pursuing the preferred option has been tested by the work strands described in Sections 4.2.2.2 to 4.2.2.5.

The outcome of these work strands is summarised as follows, in the form of further clarifying the Project scope summary previously identified in Section 3.2.2:

Item of Approved Project Scope	Feasibility of Assumption	Alternative Assumption
(a) Partner organisations / tenants:		
a1. <ul style="list-style-type: none"> Devotion of 6,000 ft² to Brentwood community use Community space 6,049 ft² 	Not feasible – results of the space planning exercise identify that there will not be sufficient space to create a community hub.	<ul style="list-style-type: none"> Heads of terms with CAN to no longer be pursued Preserve space for existing community tenants where possible.
a2. <ul style="list-style-type: none"> Iridium Assets Ltd (a subsidiary of Chromex) as the prospective commercial tenant, taking a lease for 25,000 ft² to refurbish and bring back into use as offices / serviced office use Chromex occupied space 25,392 ft² 	Feasible in part – results of the space planning exercise mean that the overall space to be occupied by Chromex will be reduced from that in the draft heads of terms.	<ul style="list-style-type: none"> Provide as much space for the Chromex lease as feasible C. 22,000 ft² GIA to be occupied by Chromex Maximise the efficiency of the leased space by providing it as whole floors or other discrete areas.
a3. BBC / Chromex shared space 6,265 ft ²	Feasible in part– reconfiguring the Chromex area into discrete floors / wings reduces the amount of lettable space lost to circulation etc.	<ul style="list-style-type: none"> Ensure that the design allows for a discrete entrance for Chromex whilst making shared use of the lift and stair cores Maximise the efficiency of the leased space by providing it as whole floors or other discrete areas.
a4. 5 year lease of the community area to CAN to provide serviced office facilities for voluntary and community sector organisations	Not feasible – results of the space planning exercise identify that there will not be sufficient space to create a community hub.	<ul style="list-style-type: none"> Heads of Terms with CAN to no longer be pursued Preserve space for existing community tenants where possible.
a5. <ul style="list-style-type: none"> A lease agreement with a third party tenant for the majority of the building for use as offices following the landlord/tenant process for procurement under Section 123 of the Local Government Act Appointment of a commercial tenant via a standard lease arrangement under Section 123 of the Local Government Act 1972 (provided the Council does not specify and pay for the tenant’s remodelling works or receive any services from the tenant) 	Feasible - heads of terms with Chromex to be revisited in the light of changed assumptions regarding space allocation (NB as noted in Section 4.2.2.2 further consideration of the demise was allowed for within the draft Heads of Terms).	N/a
a6. The land transaction to Chromex to be in the form of a lease and an agreement to lease with the works provisions included in the agreement for lease	Feasible – conclusion of the heads of terms with Chromex will generate a lease and an agreement to lease.	N/a
a7. The area currently used by CCTV to be excluded from the area of the lease with Chromex	Feasible – the Chromex area no longer includes the ground floor meaning that the CCTV area will no	N/a

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
		longer be an issue for the lease.	
a8.	Chromex will require approximately 39% of parking spaces	Feasible in part – results of the space planning exercise mean that the overall space to be occupied by Chromex will be reduced which will impact upon the allocation of parking spaces.	Heads of terms with Chromex to be revisited in the light of changed assumptions regarding space allocation.
a9.	<ul style="list-style-type: none"> Current leases and licences to no longer be in place after any remodelling works (<i>NB the current parties could still be at the Town Hall after the remodelling works but under different arrangements</i>); CVS, Talking Newspaper and Foodbank to be a part of the CAN community space Ideally Papworth Trust would be within the CAN arrangements. 	Not feasible – results of the space planning exercise identify that there will not be sufficient space to create a community hub.	<p><i>NB Refer to Section 4.2.9:</i></p> <ul style="list-style-type: none"> Brentwood Talking Newspaper assumed to remain in current location in the lower ground floor, subject to some potential reconfiguration to accommodate changes to the layout of the current showers (<i>ref b8.</i>) Brentwood Food Bank assumed not to be in the Town Hall unless detailed design identifies any spare space in the lower ground floor; assistance to be provided in identification of an alternative off-site location Brentwood CVS assumed to remain within the Town Hall, likely to be in the existing location or hot-desking elsewhere in the building Papworth Trust assumed to temporarily occupy the net office space identified for possible future use by CAB.
a10.	Surrender of the lease from Essex County Council for the part basement area	Feasible – lease already surrendered and premises vacated.	N/a
a11.	<p>The following functions to be considered for relocation to the Town Hall:</p> <ul style="list-style-type: none"> Job Centre Plus (“JCP”) Citizens Advice Bureau (“CAB”) County Registrars. 	Feasible in part – the timeframes for decision making processes and existing lease durations will not directly match up with the timescales of the Project.	<ul style="list-style-type: none"> JCP assumed to not come to the Town Hall in the short term; ensure that sufficient space is ear-marked in reception for future occupation but not fitted out at this stage CAB presence assumed to initially consist of a satellite service only operating from reception; ensure that sufficient office space is allowed for this function but allow it to be occupied by Papworth Trust in the short term pending a decision on full relocation County Registrar satellite service assumed to operate from the Town Hall.
(b) Layout:			

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
b1.	<ul style="list-style-type: none"> Retention of 20,000 ft² of refurbished office space for the purposes of the Council maintaining its civic presence in the building absolutely BBC occupied space 21,819 ft² 	Feasible in part – area for Council services altered as a result of the space planning exercise (<i>NB the resulting space allocation is best considered on the basis of NIA rather than GIA</i>).	c. 39,000 ft ² GIA to be occupied by Council services and community tenants.
b2.	Flexible office space design so as to allow further retrenchment of the Council occupied office space over time	Feasible – layouts in the final design to be configured such that departments least likely to reduce in size are positioned in the areas of the building least attractive for commercial rent.	N/a
b3.	Staff numbers of 185 and workstations of 130 (ratio of 10:7) occupying 9m ² of space per workstation	Feasible in part – progress with systems and processes to enable seamless home working are not yet fully implemented.	<ul style="list-style-type: none"> Desk numbers based upon staff in post as at August 2014, excluding vacancies Overall desk space per person reduced from the current position whilst remaining in accordance with the health and safety guidance of 11m³ per person Any requirements for additional desk space to be met by local management of operating capacity Space to be vacated as new ways of working lead to requirement for desk spaces reduce with such vacated space made available to the commercial tenant for lease.
b4.	Dedicated offices to be limited to the functions of: <ul style="list-style-type: none"> Leader of the Council Chief Executive Director of strategy and Corporate Finance (Section 151 Officer) Monitoring Officer. 	Feasible – these are the only separate offices specified within the design brief.	N/a
b5.	Amount of civic space required to be reviewed such as not having dedicated rooms for members but instead booking meeting space and sharing meeting space across all users; there should be a members lounge area.	Feasible – members lounge / mayors parlour provided for within the design brief along with a general increase in meeting rooms.	N/a
b6.	Receptions within the building to be rationalised; customer contact and interaction to be improved in a new reception area	Feasible – all reception functions contained in the design brief for a single, remodelled reception area.	N/a
b7.	<ul style="list-style-type: none"> Any work to the Council Chamber excluded Fit out to the Council Chamber included on the basis of 	Feasible in part – previous approvals have been contradictory on this point.	<ul style="list-style-type: none"> General refurbishment to take place of the Council Chamber and Committee Rooms

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
	being a lost opportunity to generate income if omitted		<ul style="list-style-type: none"> Furniture to be flexible for alternative use Audio-visual capabilities to be upgraded Availability of electronic voting mechanism within the Council Chamber to be retained Flexibility of opening up the Committee Rooms to be enhanced.
b8.	Refurbishment of the current shower facilities in the basement.	Feasible in part – required if implementation of a green travel plan is to be feasible.	<ul style="list-style-type: none"> Existing shower facilities in the lower ground floor to be refurbished unless such facilities can be created within the refurbished toilet areas on each floor If the existing shower facility in the lower ground floor is to be refurbished then some of the current Talking Newspaper area will be required.
b9.	Serious consideration to be given to internal signage	Feasible – signage to be considered as an integral part of the refurbishment works.	N/a
b10.	Improvements to space apportionment and circulation for the CCTV operating room to be considered at the design stage	Not feasible – the CCTV room is within the prime operational area for customer contact services and therefore is unlikely to expand.	Sound attenuation as regards the operation of the Police airwave radio is a key concern, to be addressed by re-building the area incorporating an improved layout and a sound proof wall.
(c) Building infrastructure:			
c1.	Works to be over and beyond the area specifically occupied by the Council and community tenant to secure the integrity of the overall asset; refurbishment of all circulation and communal areas including toilets.	Feasible – dependent upon final agreement of the definition of works to be undertaken by the Council and those to be undertaken by Chromex.	N/a
c2.	1957 section of the third floor to be strengthened so as to be sufficient for office use	Feasible in part – this area now forms part of the space proposed to be occupied by Chromex	<ul style="list-style-type: none"> Sections of the third floor do not meet current standards; it is unlikely that this would be acceptable to a tenant Remedial works to improve the floor loadings would not have been envisaged in the investment proposed by Chromex Assume that these works should be carried out by the Council prior to the handover to Chromex, in accordance with the previous assumption for CAN occupancy (<i>refer to g2.</i>).

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
c3.	Overhaul of the roof limited to the 1957 section of the building only	Not feasible – survey results show that repairs and remedial works to prevent water ingress are required to all sections of the roof.	Carry out repairs as indicated in the 2014 surveys of the roof. <i>NB Ascertain the suitability of the roof for installation of solar panels / photovoltaic cells as part of the works (refer to f2.).</i>
c4.	Overhaul and redecoration of the existing windows	Not feasible – survey results show that the wooden sash windows require replacement and that the metal framed windows are no longer serviceable and replacement is recommended.	<ul style="list-style-type: none"> Replace the current wooden sash windows, assuming a uPVC double glazed alternative Assume that a planning application will be required as a result of the change to the windows Replace those metal framed windows which are broken or which present health and safety risks with a view to a medium term replacement of the remainder.
c5.	Upgrade to fire protection achieved by re-use of parts of the existing lightning protection	Feasible in part – the detailed M&E design may highlight the requirement for additional rooftop plant which will require earth bonding.	<ul style="list-style-type: none"> Undertake additional works to ensure sufficient earth bonding is achieved Upgrade and repair the existing lightning conductor tape as necessary.
c6.	No repairs to the external drainage	Feasible – no specific issues currently identified with operation of the external drainage.	N/a
c7.	No additional car parking (<i>ie the potential to add up to 20 parking spaces identified in Section 2.4 of the OBC is excluded from the Cost Plan for the preferred option</i>)	Feasible in part – the lease to Chromex will mean that the amount of parking spaces available for Council staff will be reduced (<i>refer to a8.</i>)	<ul style="list-style-type: none"> Implement a green travel plan / parking policy for Council staff Consider any developments to car parking as part of a separate business case associated with the green travel plan.
c8.	A review and commitment to an adequate level of annual maintenance, possibly with the establishment of a life cycle fund needs to be undertaken	Feasible in part – requires the establishment of an annual budget for periodic preventative maintenance.	Assume an annual budget for periodic preventative maintenance.
c9.	No external works (<i>ie recommendations to improve the external appearance and safety of the Town Hall identified in Section 2.4 of the OBC are excluded from the Cost Plan for the preferred option</i>)	Feasible – not essential to undertake external works to improve the operation of the Town Hall.	N/a
(d) M&E Services:			
d1.	Replacement of the older two of the three existing boilers	Not feasible – current boiler plant ranges from 24 to 57 years old, lacks controls and incurs high energy use.	<ul style="list-style-type: none"> Replace all boilers with modern plant combined with enhanced controls Size boiler plant to provide heating to the whole building,

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
			including the commercial tenant occupied areas <ul style="list-style-type: none"> • Determine the most cost effective and energy efficient boiler solution within the detailed M&E design • Replace central hot water generation with local task based water heaters • Retain existing radiator system but undertake a flush through of the whole system • Replace inefficient electric air fan heaters with an extension of the existing radiator system.
d2.	Additional comfort cooling (<i>NB full air conditioning specifically excluded</i>)	Feasible in part – not feasible to retro-fit the ducting and plant necessary to provide comfort cooling throughout the building.	<ul style="list-style-type: none"> • Focus on the provision of comfort cooling to the areas in the west facing extension of the building which suffers the greatest solar gain and which will have increased occupancy under the future plans • Install internal blinds and local cooling via externally mounted cassette units • Assume cooling is carried out to the Council occupied areas of the building only (<i>ie the fit-out works for the Chromex area are assumed to exclude the provision of air conditioning / comfort cooling</i>).
d3.	No overhaul of the existing lifts or installation of a new lift	Not feasible – lifts are c. 30 years old and require lifecycle works and refurbishment activities to reach minimum standards.	<ul style="list-style-type: none"> • Undertake lifecycle works in accordance with the survey report from 2010 • Undertake cosmetic upgrades to lift cars to ensure suitability for use by commercial tenants.
d4.	Move the CCTV disaster recovery solution to a secure environment if practical	Not feasible – there is no current disaster recovery solution.	Continue to operate as now.
d5.	No upgrade or replacement identified for other mechanical and electrical (“M&E”) services	Not feasible – specific consideration not previously given to other M&E services, a number of which are life expired.	<ul style="list-style-type: none"> • Replace life expired electrical distribution boards and all cabling to the backbone • Install separate check meters for tenant occupied areas • Upgrade lighting to modern equivalent standards • Relocate the fire alarm panel • Re-zone the fire alarm system for the revised building layout • Reconfigure the access control system to operate for the

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
			revised building layout and undertake re-addressing so that security integrity can be maintained across the Council and Chromex occupied areas.
(e) ICT:			
e1.	Active network switching equipment to be refreshed	Feasible – existing network switches are life-expired.	N/a
(f) Sustainability initiatives:			
f1.	No requirement to achieve a BREEAM rating	Feasible in part – in the absence of a planning application there is no specific requirement to obtain a BREEAM rating; this could become a condition if planning consent is required as a result of replacement of the windows.	<ul style="list-style-type: none"> Assume that there is no requirement to obtain a BREEAM rating Energy Performance Certificate (“EPC”) to be re-validated upon completion of the refurbishment works (<i>NB the current EPC rating for the Town Hall is D</i>).
f2.	Introduction of sustainable green solutions above those required for Building Regulations approval to be considered at the design stage	Feasible in part – a range of sustainability benefits are achieved via the revised assumptions for the scope of the Project works.	<p>The following elements of Project scope would improve the energy and sustainability performance of the building:</p> <ul style="list-style-type: none"> Installation of new, LED lighting Replacement of the windows with double glazed units Replacement of the boiler plant along with enhanced controls Flushing of the radiator system to improve heat delivery Refurbishment of the toilets, incorporating local, task-based water heating and improvements in water consumption Insulation of the roof space. <p><i>NB Introduction of solar power generation to be considered as a separate business case.</i></p>
(g) Tenant handover condition:			
g1.	<ul style="list-style-type: none"> The capital and revenue funds are for the Council and community areas together with areas which are the responsibility of the Council as a landlord 	Feasible in part – subject to finalisation of the heads of terms with Chromex.	Chromex space is assumed to be handed over in Category A condition, incorporating:

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
	<ul style="list-style-type: none"> Design to only concentrate on the areas identified for Council and community tenant use; no superstructure, finishes or services costs assumed for the commercial tenant areas of the building 		<ul style="list-style-type: none"> Ceiling grid Basic lighting Basic wall covering Power provided to a local distribution board and installation of cleaners sockets Heating Removal of existing partitions. <p>This handover condition is assumed to exclude:</p> <ul style="list-style-type: none"> Cooling Local power distribution Floor coverings ICT Refurbishment of toilets Installation of partitions.
g2.	<ul style="list-style-type: none"> Fit-out for the Council and community tenant would be to Category B standards CAN to take the premises in the current condition and any and all improvement to be at their discretion and to be funded by them; the Council would still need to fund the works to reinforce the 3rd floor and to undertake works which are landlord responsibilities. 	Feasible in part – fit-out to Council areas to be to Category B condition. Space for CAN no longer feasible.	<ul style="list-style-type: none"> Fit-out for Council occupied areas including areas to subsequently be utilised by community tenants to be undertaken to Category B condition Works to reinforce elements of the 3rd floor for lease to Chromex to be undertaken as Council works (<i>refer to c.2</i>).
(h) Furniture and equipment:			
h1.	No general allowance for furniture and equipment	Feasible in part – replacement furniture is needed to meet the space requirements of the new layout, but the cost plan which underpins the Project budget does not contain a general furniture allowance.	<ul style="list-style-type: none"> Allowance for furniture to be included within the capital cost for the refurbishment works Replacement furniture to be in a similar style to that established in the proof of concept areas as necessary to meet the reduced space requirements.
(i) Refurbishment process:			
i1.	Assumes that only Building Regulations consent will be required	Feasible in part – a planning consent may be required as regards the replacement of the	Replacement of the windows with a comparable uPVC double glazed product is assumed (<i>refer to c4.</i>) for which a planning

Item of Approved Project Scope		Feasibility of Assumption	Alternative Assumption
		windows.	consent may be required.
i2.	Architect and client adviser team of specialists to be commissioned for the whole building through a lump sum, fixed price single tender process or through local/national frameworks	Feasible – initial appointment of the design team has taken place via the Scape framework (<i>refer to Section 4.2.10</i>).	N/a
i3.	Selection through a framework agreement of a contractor who has experience of works of the scale and type required by the Project	Feasible – initial appointment of the design team has taken place via the Scape framework (<i>refer to Section 4.2.10</i>); use of the methodology under this framework would also lead to appointment of the main contractor.	N/a
i4.	The need for service continuity; the ability to continue to serve large numbers of visitors and telephone callers throughout all the changes	Feasible in part – undertaking the refurbishment works whilst maintaining operational services and public access to the building will involve multiple phases and decants.	Programme and associated costs for the refurbishment works predicated on there being no decant of services external to the building and the maintenance of operational services and public access to the buildings throughout the works.
(j) Other scope options:			
j1.	<ul style="list-style-type: none"> • Balance of 12,000 ft² to be considered for other options such as: <ul style="list-style-type: none"> ○ Cafe ○ Nursery (which would also require external space) ○ Hot desking facilities for other public sector partners ○ Work to the Council Chamber so that it could be licensed for marriages • Spare space 3,444 ft² 	Not feasible – the results of the space planning exercise confirm that there is no available space for other options.	<p>As regards other service options to be delivered from the Town Hall it is assumed that:</p> <ul style="list-style-type: none"> • A cafe would be excluded • A nursery would be excluded • Hot desking facilities would be available for other public sector partners on an ad hoc basis, utilising the enhanced WiFi network • Refurbishment of the Council Chamber to be undertaken on the basis of providing greater flexibility for alternative uses (<i>refer to b7.</i>)
j2.	<p>The following to be considered depending upon the final building solution, cash envelope and cost estimates as the design becomes more detailed:</p> <ul style="list-style-type: none"> • Installation of a lift near the Civic entrance • A more flexible furniture layout for the Council Chamber • Installation of a mezzanine floor in the Council 	Feasible in part – additional works items have been considered as part of reviewing the feasibility of the Project.	<p>As regards other works items to be included in the Project it is assumed that:</p> <ul style="list-style-type: none"> • Whilst the operation of the Town Hall would be significantly improved by the installation of lifts serving the Civic end of the building this would be at too great a cost to be feasible. To overcome the key issue of providing disability access to the Civic areas

Item of Approved Project Scope	Feasibility of Assumption	Alternative Assumption
<p>Chamber</p> <ul style="list-style-type: none"> • Removal of some external garaging / storage • Removal of all covered areas to the north car park. 		<p>on the first floor a special purpose lift could be installed at an option cost of c.£20K.</p> <ul style="list-style-type: none"> • A flexible furniture layout is assumed for the refurbishment of the Council Chamber (<i>refer to b7.</i>) • There is no space requirement that is sufficient to justify the cost of installation of a mezzanine floor in the Council Chamber • The external garaging areas are to be retained due to their on-going use for storage • The covered areas in the north car park are to be retained, on the basis that a separate project has been approved to install bicycle storage racks into these areas.

4.2.3 Implementation Budget

The approved capital budget was established from the following cost estimates for Option C(ii) within the OBC:

Cost Type	Cost Estimate £
Construction cost:	
Demolition	61,334
Superstructure	418,900
Finishes	388,350
Fittings and furnishings	58,500
Services	1,031,993
External works	0
Basic construction cost	1,959,077
Preliminaries	275,089
Contractor's overheads and profit	89,367
Professional fees	383,383
Planning fees	15,000
Surveys	12,500
Contingency	116,177
Design reserve	116,177
Total construction cost at 2012 prices	2,966,770
Construction inflation (BCIS TPI) – <i>as estimated in July 2012</i>	105,024
Total construction cost at estimated quarter 2 2014 prices	3,071,794
ICT:	
Passive infrastructure	87,500
Active network infrastructure	150,000
Wireless network	45,000
Audio visual installations	85,000
Access control	75,000
CCTV upgrade	25,000
ICT design fees (<i>total reduced to balance to the approved budget level</i>)	32,500
Additional ICT cost	500,000
TOTAL BUDGET AS CONFIRMED BY EXTRAORDINARY COUNCIL SEPTEMBER 2013	3,571,794

This capital budget was established based upon the scope for the Project as described in Section 3.2.2.

The feasibility of the option has subsequently been tested via the work strands described in Section 4.2.2.1. This has resulted in an updated scope proposed for the Project, as summarised in Section 4.2.2.6.

Updated capital cost estimates have been prepared on the basis of this updated Project scope and are compared to the original budget:

Cost Type	Original Budget £	Inflation Adjustment £	Inflation Adjusted Budget £	Full Project Cost Estimate £	Cost Difference to Inflated Budget £
Construction cost:					
Demolition	61,334	11,927	73,261	283,496	210,235
Superstructure	418,900	81,453	500,353	1,285,585	785,232
Finishes	388,350	75,513	463,863	626,903	163,040
Fittings and furnishings	58,500	11,375	69,875	324,684	254,809
Services	1,031,993	200,664	1,232,657	1,460,665	228,008
External works	0	0	0	4,500	4,500
Basic construction cost	1,959,077	380,932	2,340,009	3,985,833	1,645,824
Preliminaries	275,089	53,489	328,578	410,005	81,427
Contractor's overheads and profit	89,367	17,377	106,744	117,762	11,018
Professional fees	383,383	74,547	457,930	295,967	(161,963)
Planning fees	15,000	2,917	17,917	17,000	(917)
Surveys	12,500	2,431	14,931	65,200	50,269
Contingency & design reserve	232,354	45,180	277,534	439,584	162,050
Building cost inflation (BCIS TPI)	105,024	(105,024)	0	0	0
Total construction cost at quarter 2 2014 prices	3,071,794	471,849	3,543,643	5,331,351	1,787,708
ICT:					
Passive infrastructure	87,500	0	87,500	87,500	0
Active network infrastructure	150,000	0	150,000	150,000	0
Wireless network	45,000	0	45,000	45,000	0
Audio visual installations	85,000	0	85,000	85,000	0
Access control	75,000	0	75,000	75,000	0
CCTV upgrade	25,000	0	25,000	25,000	0
ICT design fees (<i>total reduced to balance to the approved budget level</i>)	32,500	0	32,500	32,500	0
Additional ICT cost	500,000	0	500,000	500,000	0
TOTAL BUDGET	3,571,794	471,849	4,043,643	5,831,351	1,787,708

The inflation adjustment shown in the table above consists of two elements:

- A difference in the actual building cost inflation experienced as compared to that forecast at the time of the OBC; and
- The inflation impact of the timing of the construction phase of the Project moving out further than that envisaged in the OBC.

The relative effect of these elements is illustrated as follows:

	£	£
Total construction cost at 2012 prices		2,966,771
Inflation adjustments:		
Building cost inflation assumed in OBC	105,024	
Adjustment to OBC assumption re. actual inflation level	224,617	
Adjustment to agreed budget to reflect extension of time to estimated construction commencement	247,232	
Total inflation adjustments		576,873
Total construction cost at 2015 prices		3,543,644

4.2.4 Source of Funding for the Project

At the meeting of Extraordinary Council held on 11th September 2013, delegated authority was provided to the [then] role of Head of Corporate Finance, in consultation with the [then] role of Managing Director and the Leader of the Council, to determine the most cost effective method of securing the funding required.

At this stage, the original funding assumption from the OBC has remained in place, being:

- A loan to meet the capital cost of the Project
- Repayment of loan principal and interest over a 25 year period
- Interest on the principal at 4% per annum.

The resulting funding costs are incorporated into the assessment of running costs as contained in Section 4.2.5.

4.2.5 Running Costs Post Implementation of the Project

Estimated running costs for the building have been assessed for the 5 year period following implementation of the Project, based on the following assumptions:

- The updated scope for the Project as summarised in Section 4.2.2.6
- A 50% reduction in the cost of emergency repairs and maintenance as a result of having undertaken the refurbishment works
- Creation of an annual budget of £40K as a fund for periodic preventative maintenance works
- A 10% reduction in utilities costs as being the net result of installing improved plant and services offset by installation of additional comfort cooling
- Loss of the current business rates relief received for the charitable organisations which occupy the third floor

- Council responsibility to meet the business rates for vacant commercial tenant areas for the first two years of the lease, in accordance with the draft heads of terms with Chromex
- Utilities and other running costs incurred for the commercial tenant space to be matched by the service charge levied in accordance with the draft heads of terms with Chromex
- Depreciation to remain at the same level as per the baseline, in recognition of the cost impact of the capital spending being incorporated into the borrowing costs for the Project
- Income derived from public use of the car park at weekends to be unaffected by the allocation of spaces for commercial tenant parking
- Income from the licence for occupation of space utilised by Papworth Trust to remain at the current level
- Income from the commercial tenant to be in accordance with the original financial model provided by Chromex, adjusted for the revised assumptions regarding the leased space
- Additional income to be derived from the occasional letting of meeting room spaces to the commercial tenant
- Capital costs for the Project in accordance with those identified in Section 4.2.3
- Borrowing costs for the Project in accordance with the assumptions contained in Section 4.2.4.

The resulting running cost estimates are summarised as:

	Baseline £000's	Year 1 £000's	Year 2 £000's	Year 3 £000's	Year 4 £000's	Year 5 £000's
Costs:						
Repairs and Maintenance	25	53	53	53	53	53
Utilities	66	60	60	60	60	60
Rates	291	287	246	164	164	164
Insurance	12	12	12	12	12	12
Other running costs	32	32	32	32	32	32
Sub total costs	426	444	403	321	321	321
Income:						
Income – general	(9)	(9)	(9)	(9)	(9)	(9)
Income – rents	(7)	(38)	(40)	(46)	(85)	(85)
Sub total income	(16)	(47)	(49)	(54)	(94)	(94)
Net running costs before borrowings	410	397	354	267	227	227
Cost of borrowing	0	373	373	373	373	373
Net running costs including borrowings	410	770	727	640	600	600
Cumulative running costs:						
Baseline		410	820	1,230	1,640	2,050
Remodelled		770	1,497	2,137	2,737	3,337
Cumulative increase / (decrease)		360	677	907	1,097	1,287

4.2.6 Procurement Approach

The meeting of Ordinary Council held on 18th July 2012 provided delegation to the [then] Managing Director role and the Monitoring Officer to pursue all options set out in Appendix B of the OBC in relation to Option C(ii) concerning procurement.

Any procurement activities to date have taken place in accordance with those options.

4.2.7 The Lease with a Commercial Tenant

Draft heads of terms with Chromex were agreed at the meeting of Extraordinary Council held on 11th September 2013.

These heads of terms have not been developed further since that time, largely as their finalisation was dependent upon completion of the space planning exercise. As noted in Section 4.2.2.2, that exercise has now concluded, with the result that the previously envisaged allocation of space as between the Council and Chromex has altered.

A meeting has taken place with Chromex to present the revised space plans. At this meeting Chromex confirmed their willingness to progress the Project along the same commercial terms as previously, albeit adjusted to reflect the overall reduction in net lettable area.

4.2.8 The Lease with a Community Tenant

Draft Heads of Terms with CAN were agreed at the meeting of Extraordinary Council held on 11th September 2013.

Since that time the space planning exercise described in Section 4.2.2.2 has concluded with the result that there will not be sufficient space to accommodate CAN as the community tenant.

No specific dialogue has taken place with CAN regarding this situation to date.

4.2.9 Existing Lease Arrangements

The meeting of Extraordinary Council held on 11th September 2013 agreed that prior to conclusion of leases with Chromex and CAN a surrender be sought of the existing lease with Essex County Council ("ECC").

It is confirmed that this lease has terminated and the premises formerly occupied by ECC have been vacated.

In addition, there are a number of existing community organisations which occupy space at the Town Hall, the majority of which on a no cost basis. It had originally been assumed that the future needs of these organisations would be met by the arrangement with CAN. If that arrangement is to no longer to be pursued then it is proposed that the future arrangements for the current community organisations should be as follows:

- **Brentwood Talking Newspaper** – this function is currently within the lower ground floor, in a space that would not be attractive for commercial lease. As such, it is proposed that this function remains in its current location albeit with the potential for some re-organisation of space to better accommodate the showers within this area.

- **Brentwood Council for Voluntary Services (“CVS”)** – this service is currently located in an isolated room adjacent to the former main entrance to the building. On its own this area would not be attractive for commercial lease. As such, it is proposed that this function remains in its current location, unless other space opportunities arise as a result of the detailed design process.
- **Brentwood Food Bank** – this service currently operates a storage facility on the third floor. As this is an area identified for future lease to Chromex it will not be possible for this service to remain in its current location. In addition, the nature of delivery, collection and storage associated with this service means that it is not a natural fit for an office building. It is therefore proposed that this service be assumed to vacate the Town Hall and that the Council would facilitate the identification of alternative property better suited to the needs of the service.
- **Papworth Trust** – this service currently operates on a licence basis from the third floor. As this is an area identified for future lease to Chromex it will not be possible for this service to remain in its current location. As this service pays a licence fee it is proposed that it be initially re-located into the net area ear-marked for possible future use by CAB.

4.2.10 Appointment of a Design and Construction Contractor

In addition to confirming the preferred partners for the future configuration of the Town Hall, the meeting of Extraordinary Council held on 11th September 2013 provided authority to formally appoint the design team and to tender the works to the Council part of the building.

As noted in Section 3.1.3, the Ordinary Council approval for the OBC in July 2012 included for the use of appropriate framework agreements to appoint future consultants, advisers and contractors.

To this end, an Access Agreement has been entered into with Scape System Build Ltd (“Scape”) for use of the National Major Projects Framework. The single supplier under this framework is Willmott Dixon Capital Projects Ltd (“Willmott Dixon”).

Scape is a Local Authority controlled company wholly owned by Derby City, Derbyshire County, Gateshead, Nottingham City, Nottinghamshire County and Warwickshire County Councils in equal shares. It was formed under section 95 of the 2003 Local Government Act and acts as a Contracting Authority and Central Purchasing Body as defined in the EU Procurement Directives.

5. Business Case Validation

5.1 Comparison to Anticipated Project Objectives

The background to the Project is described in Section 3.1 and its objectives identified in Section 3.2.1. The approved scope of the Project is identified in Section 3.2.2, being the position reached at the meeting of Extraordinary Council held on 11th September 2013.

Since that time the Project has progressed in a number of areas, as necessary to move towards commencement of the refurbishment works.

This process has tested the feasibility of the preferred OBC option, resulting in proposed updates to the scope of the Project as described in Section 4.2.2.6.

This updated scope produces the following outcomes when compared to the original objectives of the Project:

Project Objective	Outcome Rating	Positive Factors	Negative Factors
Provide a building which is:			
Modern	A	<ul style="list-style-type: none"> Increased proportion of open plan space Improved opportunities for collaborative working Improved Infrastructure for flexible working Improved environmental conditions (<i>heating and cooling</i>) Enhanced staff welfare facilities. 	<ul style="list-style-type: none"> Compromised vertical circulation by only having a single bank of lifts, distant from the civic facilities Continued issues with the environment (<i>ie cooling issues relieved but not resolved</i>).
Economic	A	<ul style="list-style-type: none"> Reduced running costs (<i>excluding costs of borrowing</i>) Improved energy efficiency Reduced risk of failures to building and M&E systems. 	<ul style="list-style-type: none"> Increased operating costs due to requirement for borrowing
Civic	G	<ul style="list-style-type: none"> Improved layout for Council Chamber and committee rooms Increased opportunities for alternative use of civic areas Increased opportunities for operating with partner organisations via enhanced customer reception. 	
Availability of flexible commercial office space	G	<ul style="list-style-type: none"> Improved letting opportunities by identifying discrete areas as available for commercial office space Enhanced commercial letting opportunities by creation of a separate entrance Agreed heads of terms with commercial tenant remain valid. 	<ul style="list-style-type: none"> Reduced lettable area from that originally envisaged in the draft heads of terms with the commercial tenant
Provision of flexible office space for community sector use	R	<ul style="list-style-type: none"> Feasible for the majority of existing community tenants to continue to operate from the Town Hall 	<ul style="list-style-type: none"> Insufficient space to provide a dedicated community hub
Improve the overall utilisation of space	G	<ul style="list-style-type: none"> Full occupation of the Town Hall Flexibility in the design to retrench further in future Reduced proportion of operational space lost to circulation Reduced proportion of operational space devoted to archive storage. 	
Delivery within a capital cost envelope of £3,571,794	R	<ul style="list-style-type: none"> Essential building infrastructure and M&E systems updated 	<ul style="list-style-type: none"> Capital cost exceeds the approved budget by greater than 5%

5.2 Proposed Revisions to Project Scope to Meet Budget

Testing the feasibility of the preferred OBC option has identified updates necessary to scope to deliver the main objectives of the Project.

However, the total amount of capital investment required to deliver this full scope of the Project amounts to c. £5.8m. This is in excess of the previously established budget of £3.6m. The variance is greater than 5%, thus requiring a report to be brought before Full Council in accordance with the motion agreed at the September 2013 meeting of Extraordinary Council.

The key factors which increase the cost of the total investment over the previously estimated budget can be summarised as

- **Inflation** – economic recovery in the building industry has caused actual cost inflation to outstrip that originally forecast. The forecast also needs to be extended to a revised mid point of construction now assumed to be quarter 4 of 2015. The combined impact of these inflation issues would be to increase the budget requirement by c. £472K.
- **Desk to staff ratios** - technical and cultural transformation of ways of working is not yet advanced to the level where the aspiration of a ratio of 7 desks per 10 staff members could be met. As a result, space planning has taken place on the basis of the current desk to staff ratios. To counter this effect, the space planning has also sought to produce a flexible design which would allow the Council occupied space to be reduced as the desk to staff ratios reduce, thus creating further available space for leasing.
- **Building and services infrastructure** – the required investment in building and M&E services is greater than that previously assumed, both as necessary to overcome the low levels of investment into the building over a number of years and to meet landlord levels of responsibility as regards leasing significant areas of the building.

These factors indicate that all the Project objectives as established by the OBC are not being met.

To overcome this position, a revised scope has been proposed for the project, based upon the following principles:

1. To operate within the previously approved budget
2. To deliver the operational aspects of the Project, subject to space availability
3. To exclude aspects of previously assumed Project scope to be addressed by separate business cases.

The resulting revised Project scope would incorporate:

Inclusions	Exclusions
<ul style="list-style-type: none"> Replacement of the existing ground floor reception with a customer contact area, capable of providing one-stop services in conjunction with partner organisations 	<ul style="list-style-type: none"> Any works to the Council Chamber and committee rooms
<ul style="list-style-type: none"> Creation of a separate entrance for direct access to the tenanted areas of the building 	<ul style="list-style-type: none"> Any works to the roof
<ul style="list-style-type: none"> Provision of modern, space efficient office layouts for all Council services, within a flexible design capable of responding to future reduction in on-site staff presence 	<ul style="list-style-type: none"> Any replacement of the existing boilers or implementation of improved heating controls
<ul style="list-style-type: none"> Availability of defined areas for commercial lease 	<ul style="list-style-type: none"> Any comfort cooling to the areas exposed to solar gain
<ul style="list-style-type: none"> Completion of essential access and health and safety works as necessary to achieve joint occupation of the Town Hall, including replacement of any windows representing a specific risk. 	<ul style="list-style-type: none"> Completion of a full replacement programme for the windows Upgrade to the specification of lighting.

The rationale for the excluded items from the revised Project scope is:

- Any works to the Council Chamber and committee rooms would form part of a separate business case for increased commercial use of these areas
- Any works in relation to heating, cooling, lighting and power systems and their distribution would form part of a separate business case for sustainability initiatives
- Any works in relation to the roof would also form part of a separate business case for sustainability initiatives on the basis that one such initiative for consideration is likely to be roof mounted solar power installations.

The changes in capital cost associated with the proposed revisions to the Project scope are summarised as:

Cost Type	Original Budget £	Full Project Cost Estimate £	Reduction in Cost to Meet Budget £	Cost for Revised Scope £
Construction cost:				
Demolition	61,334	283,496	(117,200)	166,296
Superstructure	418,900	1,285,585	(720,080)	565,505
Finishes	388,350	626,903	(299,604)	327,299
Fittings and furnishings	58,500	324,684	(98,020)	226,664
Services	1,031,993	1,460,665	(618,000)	842,665
External works	0	4,500	(4,500)	0
Basic construction cost	1,959,077	3,985,833	1,857,404	2,128,429
Preliminaries	275,089	410,005	(85,000)	325,005
Contractor's overheads and profit	89,367	117,762	(49,914)	67,848
Professional fees	383,383	295,967	(39,000)	256,967
Planning fees	15,000	17,000	0	17,000
Surveys	12,500	65,200	(34,200)	31,000
Contingency & design reserve	232,354	439,584	(194,241)	245,343
Building cost inflation (BCIS TPI)	105,024	0	0	0
Total construction cost at quarter 2 2014 prices	3,071,794	5,331,351	(2,259,759)	3,071,592
ICT:				
Passive infrastructure	87,500	87,500	0	87,500
Active network infrastructure	150,000	150,000	0	150,000
Wireless network	45,000	45,000	0	45,000
Audio visual installations	85,000	85,000	0	85,000
Access control	75,000	75,000	0	75,000
CCTV upgrade	25,000	25,000	0	25,000
ICT design fees (<i>total reduced to balance to the approved budget level</i>)	32,500	32,500	0	32,500
Additional ICT cost	500,000	500,000	0	500,000
TOTAL BUDGET	3,571,794	5,831,351	1,787,708	3,571,592

The resulting running cost estimates arising from the proposed revisions to the Project scope are summarised as:

	Baseline £000's	Year 1 £000's	Year 2 £000's	Year 3 £000's	Year 4 £000's	Year 5 £000's
Costs:						
Repairs and Maintenance	25	90	90	90	90	90
Utilities	66	66	66	66	66	66
Rates	291	287	246	164	164	164
Insurance	12	12	12	12	12	12
Other running costs	32	32	32	32	32	32
Sub total costs	426	487	446	364	364	364
Income:						
Income – general	(9)	(9)	(9)	(9)	(9)	(9)
Income – rents	(7)	(38)	(40)	(46)	(85)	(85)
Sub total income	(16)	(47)	(49)	(54)	(94)	(94)
Net running costs before borrowings	410	440	397	310	270	270
Cost of borrowing	0	229	229	229	229	229
Net running costs including borrowings	410	669	626	539	499	499
Cumulative running costs:						
Baseline		410	820	1,230	1,640	2,050
Remodelled		669	1,295	1,834	2,333	2,832
Cumulative increase / (decrease)		259	475	604	693	782

It is noted that the proposed reduction in Project scope returns the initial capital investment to that previously budgeted for, meaning that the cost of borrowing also returns to that envisaged within the OBC.

The proposed revisions to the scope of the Project would produce the following outcomes when compared to its original objectives:

Project Objective	Outcome Rating	Positive Factors	Negative Factors
Provide a building which is:			
Modern	A	<ul style="list-style-type: none"> Increased proportion of open plan space Improved opportunities for collaborative working Improved Infrastructure for flexible working Enhanced staff welfare facilities. 	<ul style="list-style-type: none"> Compromised vertical circulation by only having a single bank of lifts, distant from the civic facilities Unresolved issues with the environment (<i>ie heating and cooling</i>).
Economic	A		<ul style="list-style-type: none"> No improvement in energy efficiency On-going risk of failures to building and M&E systems.
Civic	A	<ul style="list-style-type: none"> Increased opportunities for operating with partner organisations via enhanced customer reception. 	<ul style="list-style-type: none"> No change in layout for Council Chamber and committee rooms meaning no increase in commercial opportunities
Availability of flexible commercial office space	G	<ul style="list-style-type: none"> Improved letting opportunities by identifying discrete areas as available for commercial office space Enhanced commercial letting opportunities by creation of a separate entrance Agreed heads of terms with commercial tenant remain valid. 	<ul style="list-style-type: none"> Reduced lettable area from that originally envisaged in the draft heads of terms with the commercial tenant
Provision of flexible office space for community sector use	R	<ul style="list-style-type: none"> Feasible for the majority of existing community tenants to continue to operate from the Town Hall 	<ul style="list-style-type: none"> Insufficient space to provide a dedicated community hub
Improve the overall utilisation of space	G	<ul style="list-style-type: none"> Full occupation of the Town Hall Flexibility in the design to retrench further in future Reduced proportion of operational space lost to circulation Reduced proportion of operational space devoted to archive storage. 	
Delivery within a capital cost envelope of £3,571,794	G	<ul style="list-style-type: none"> Adjustments recommended to Project scope to meet previously approved budget 	<ul style="list-style-type: none"> Separate business cases for items excluded from Project scope will have future capital cost implications

5.3 Project Risks

The following represent the risks that the re-scoped Project would face:

Risk	Trigger	Likelihood	Impact	Risk Score	Mitigation
Failure to progress the Project	<ul style="list-style-type: none"> Increased costs for undertaking the Project lead to it being ceased with no alternative option agreed as a replacement. 	3	4	12	<ul style="list-style-type: none"> Undertake a programme of remedial maintenance works to essential building services as necessary to avoid system failures Develop a programme of in situ moves so as to distribute services within the building in the most cost effective manner feasible Identify and contract with alternative tenants who could mitigate the additional running costs of the building.
Failure to conclude heads of terms with the commercial tenant	<ul style="list-style-type: none"> Change in circumstances of the commercial tenant since the time of original appointment Requirement to re-negotiate previously agreed terms as a result of the change in available lease area and in the assumptions regarding the scope and timing of building infrastructure works. 	2	3	6	<ul style="list-style-type: none"> Maintain regular contact with the commercial tenant during development of the Project Update the previous assessments of the commercial tenant's financial position Ensure that sufficient time is provided for within the Project plan for both parties to reach agreement on the heads of terms Consider mechanisms for identifying an alternative commercial tenant in the event that agreement cannot be reached.
Service disruption during the refurbishment works	<ul style="list-style-type: none"> Impact upon tenants as a result of prolonged period of disruption associated with separating the works into those envisaged by the Project and those resulting from other business case activities Loss or disruption to incoming services (eg electricity) as a result of construction activities Excessive congestion in public areas / car parks due to space constraints created by refurbishment activities 	3	4	12	<ul style="list-style-type: none"> Project plan for the refurbishment works to be developed and agreed with all affected parties Detailed phasing of activities to be designed to minimise departmental downtime and disruption Agreement to be reached on the construction site set-up requirement and the maintenance of key access routes into the Town Hall during the refurbishment period Council project management resources to be utilised to ensure that tight controls are

Risk	Trigger	Likelihood	Impact	Risk Score	Mitigation
	<ul style="list-style-type: none"> Department downtime caused by office moves Increase in customer complaints, negative customer feedback and drops in performance level arising from disruption caused by construction activities. 				<p>maintained over the project programme and site access</p> <ul style="list-style-type: none"> Review department business continuity plans to ensure that existing plans are updated to address any specific issues that could arise during the refurbishment / relocation period Develop and operate a communications plan so that the public and staff are kept informed of forthcoming project activities and progress generally.
Failure to complete the Project to timescale	<ul style="list-style-type: none"> Refurbishment activities exceed the deadlines established within the Project plan Key equipment / furniture delivery deadlines are not met Design decisions or agreement to requested variations to the Project scope are not taken to the required deadlines Contractual penalties triggered by failure to meet deadlines for the handover of vacated areas for tenant refurbishment. 	2	4	8	<ul style="list-style-type: none"> Ensure that there is an agreed point of design freeze, following which changes to Project scope can only take place via an agreed variation Operate a strict process of variation control Undertake regular meetings involving all parties to the Project and incorporating regular checkpoint reviews of progress against the Project plan Establish and maintain a procurement plan for any equipment / furniture to be procured and installed by the Council.
Failure to realise the intended benefits of the Project.	<ul style="list-style-type: none"> Income levels fail to meet budgeted expectations Operating costs prove to be greater than anticipated Performance benefits anticipated from collaborative working with third party organisations within the Town Hall fail to materialise. 	3	3	9	<ul style="list-style-type: none"> Business Case re-validated and approved before going live so that the financial implications of the Project are identified and understood Undertake formal post project reviews at 6 months and 2 years post occupation to identify if Project benefits are being realised Implement action plans to address any issues identified within the post project reviews.

6. Conclusions

A report was presented to the Ordinary Council meeting of July 2011 which identified that the existing floor space of the Town Hall is in excess of what is required and that the building is not fit for purpose for its current usage.

Having considered various options, the Council decided at that time to retain the Town Hall and an OBC was subsequently developed for the options relating to that decision. From this, it was agreed in July 2012 to pursue an option for part remodelling of the building allowing for a lease agreement with a third party tenant.

Further details regarding the selected OBC option were agreed in September 2013, with the aim that the proposed scheme:

- Provides a modern, economic civic office building;
- Creates business opportunities within Brentwood (via the availability of flexible commercial office space);
- Provides flexible office space for community sector use; and
- Improves the overall utilisation of space within the Town Hall.

Since that approval the Town Hall Remodelling Project has been progressing through the design, survey and cost planning processes necessary to commence the remodelling works needed to improve the building and its infrastructure.

As a result, a layout has been developed for the building which envisages:

- Council services occupying:
 - The lower ground floor
 - The ground floor; and
 - The first floor, excluding the southern wing of that floor.
- Tenants occupying:
 - The southern wing of the first floor;
 - The second floor; and
 - The third floor; with
 - A separate entrance adjacent to the main public entrance.

For the purposes of this document it has been assumed that the area for tenants would be devoted to a lease with Chromex, so as to get as close as possible to the GIA envisaged in the draft heads of terms with the Council's commercial partner.

As a consequence there would be insufficient space to offer to a community tenant other than retaining as tenants some of those charitable organisations that already occupy the Town Hall.

In addition to developing a layout for the building, a range of technical surveys have been either undertaken or re-visited as necessary to establish the extent of works required to the building infrastructure and M&E services.

Achieving the required layout and meeting the other objectives of the Project would require a total capital investment of c. £5.8m. This is greater than the approved budget for the Project by £2.2m.

This investment would be met via borrowing for which the annual cost across a 25 year period would be c. £353K. This borrowing cost would exceed that previously estimated for the Project by c. £124K per annum.

The fact that the investment requirement is greater than previously approved plus there being insufficient area for dedicated office space for community sector use indicate that the objectives of the previously approved OBC are no longer being fully met.

On that basis, the Project has been reviewed to identify a revised scope that would fit within the previously approved budget.

The resulting revised scope would ensure that key operational objectives of the Project could be delivered but would necessitate the exclusion of elements relating to the building and services infrastructure.

It is anticipated that the excluded elements of Project scope would be addressed by the development of separate business cases, notably regarding:

- Sustainability measures for the Town Hall (incorporating sustainable solutions for heat, light and power)
- Increased commercial use of the civic areas of the Town Hall.