



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	Corporate Accommodation Issues (i) Accommodation Strategy (ii) Interim Office Accommodation (iii) City Hall Accommodation
Date:	19 June 2014
Reporting Officer:	Gerry Millar - Director of Property & Projects
Contact Officer:	Cathy Reynolds – Estates Manager, Property & Projects

1	Relevant Background Information
	(i) Accommodation Strategy
1.1	In addition to the City Hall and Cecil Ward Building Members will be aware that the Council lease two city centre office premises (Adelaide Exchange, Lanyon Place) where there is an opportunity to terminate occupation in each by 2017.
1.2	At its meeting of 21 st February 2014 the Strategic Policy & Resources Committee endorsed a Corporate Accommodation Strategy, informed by an Economic Appraisal undertaken by Deloitte, which identified the preferred option for the Council to acquire, develop and own new offices which should be located in as close proximity as possible to the retained office accommodation in City Hall and Cecil Ward Building.
1.3	The Strategic Policy & Resources Committee was advised at its meeting of 4 th April 2014 of an unsuccessful attempt by the Council to acquire the Clarendon House site adjoining the Cecil Ward Building. In this event the Committee approved the undertaking of a further site search to review all alternative accommodation options available for the Council with a further report to be brought back to Committee with an update on any revised options. In the intervening time a number of direct approaches have been received with regard to provision of office accommodation for the Council.
1.4	Legal Services have confirmed that there are constraints around the Council's ability to progress direct discussions with developers/contractors to provide office accommodation to a Council specification, in the absence of a public procurement exercise. Therefore the Council will be required to publicly tender for the provision of new offices.

1.5	(ii) Interim Office Accommodation
1.6	With the effective date for Local Government Reform (LGR) of 1 st April 2015 there will be an accommodation requirement for associated staff transferring from both local and central government departments.
1.7	Members are aware that whilst the Council's Accommodation Strategy has taken account of the need to factor in additional office space requirement associated with LGR the outworkings of the Strategy will not provide the longer-term solution until the end of 2016.
1.8	In order to accommodate this shorter-term staff office requirement as a result of staff transferring under LGR there will be an immediate requirement to procure additional interim accommodation on a short-term basis that would be required until the Council's new offices are provided under the Accommodation Strategy.
	(iii) City Hall Accommodation
	Following the Council elections the Sinn Fein representation on Belfast City Council has increased to 19 Councillors. Sinn Fein has requested to utilise, for a temporary period, the former Legal Library on the ground floor of City Hall as additional space associated with the Sinn Fein Party Rooms. Currently this room is utilised on an ad hoc basis for meetings.

2	Key Issues
	(i) Accommodation Strategy
2.1	Based on identified accommodation needs and the specific drivers previously endorsed by Members, the Council now have a Corporate Accommodation Strategy following completion of the Economic Appraisal which recommended the construction and ownership of approximately 100,000 sq feet of purpose built office accommodation located in close proximity to both City Hall and the Cecil Ward Building.
2.2	Following the failure to secure ownership of the Clarendon House site as advised at the 4 th April 2014 meeting of the Strategic Policy & Resources Committee, there have been a number of unsolicited approaches made to the Council from the private sector offering to satisfy the Council's office requirement.
2.3	Council's Legal Services have confirmed that EU Procurement Regulations prevent any developer directly providing offices to the Council's specification, irrespective of whether they control the site or not, without the Council first of all publically advertising the opportunity, as the courts construe such an arrangement as a Public Works Contract. Legal Services have however confirmed that the acquisition of land and/or buildings on the land is expressly excluded for the EU Procurement Regulations.
2.4	The potential now exists to progress the Council's Accommodation Strategy through a public procurement exercise on the basis of a design and build contract. This procurement exercise would entail the Council specifying their accommodation requirements for a shell building and request submissions based on the cost of providing such new offices with the Council assuming outright ownership upon completion. A separate contract could subsequently be procured for fit-out to the Council's specification.

2.5	Should Members be minded to progress the Council's Accommodation Strategy through a public procurement exercise for development of offices the selection criteria would be established and drawn from the existing Deloitte Economic Appraisal. This would capture those potential sites where it is understood the private sector is willing to develop offices for the Council, as well as any other sites/proposed developments in the defined area. This tender process would also include the remaining Council's own sites that possess the necessary scope for development which will be determined through individual Planning Assessments.
2.6	The defined timeline to have any new office accommodation constructed and available for occupation, driven primarily by break options in the Council's existing leased premises (Adelaide Exchange, Lanyon Place), means that there is approximately 2 ½ years in which to undertake a public procurement and have the building completed ready for occupation by end of December 2016. Failure to progress the outworkings of the Council's Accommodation Strategy and have new offices available within this timescale will mean that the Council will remain committed to occupying leased accommodation beyond 2020.
2.7	The Committee is asked to note that evaluation criteria of the tenders will be based on both cost and further specific criteria (location, scale, timeframe etc) drawn from the previous Economic Appraisal recommendations that underpin the Council's Accommodation Strategy. Provision of the Council's new office accommodation is an emerging project in the Capital Programme the cost of which is subvented by redirecting rent/ service charges currently incurred in the Council's leased premises (Adelaide Exchange, Lanyon Place) to a loan.
(ii) Interim Office Accommodation	
2.8	There remains ongoing uncertainty around the policy position for the transfer of staff accommodation assets associated with LGR transferring functions from the central government departments. It has however emerged that current occupational leases are either expiring immediately prior to April 2015 or arbitrarily extended for a short period beyond this date. These central government decisions on lease end dates do not necessarily relate to the Council's Accommodation Strategy timeframe which is primarily driven by the Council's existing leases in Adelaide Exchange and Lanyon Place which cannot be terminated (without incurring a financial penalty) before 2017.
2.9	There is currently no surplus space remaining within the Council's office estate that could accommodate the estimated number of transferring staff.
2.10	The procurement of sufficient interim office accommodation now will provide flexibility to commence any potential decants of existing staff in order to provide the opportunity to integrate staff associated with transferring functions more fully into the Council's existing structure. This additional office space will also assist any future restructure of the new Council to be developed operationally prior to relocation to new office premises under the Accommodation Strategy.
(iii) City Hall Accommodation	
2.11	With the increase in Sinn Fein's representation following the May Council elections Sinn Fein have requested additional Party Room accommodation within City Hall. The former Legal Library, immediately adjacent to their Party Rooms, is currently utilised as meeting room space as and when required and therefore not permanently occupied.

2.12	<p>Council officers will aim to find alternative meeting space in the interim period.</p> <p>As part of the wider review of City Hall, within the context of the Council's Accommodation Strategy, there is scope to revisit the availability of space in the future when detail of the future structure of the new Council is known and the longer-term accommodation requirements within City Hall are agreed.</p>
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3	Resource Implications
3.1	<p><u>Finance</u></p> <p>(i) Accommodation Strategy</p> <p>In the short-term there are costs associated with undertaking this tender exercise. Thereafter the Director of Finance & Resource will work with the Director of Property & Projects to develop a financing model for the new offices.</p> <p>(ii) Interim Office Accommodation</p> <p>Discussions at a regional level are being progressed with DOE and DFP regarding an appropriate funding model in respect of accommodation costs arising from the transfer of functions under LGR.</p> <p>(iii) City Hall Accommodation</p> <p>Any costs of refurbishment can be met within existing planned maintenance budget.</p>
3.2	<p><u>Assets</u></p> <p>(i) Accommodation Strategy</p> <p>Development of new offices within the city centre will provide a regenerative impact in the area. Surrender of the existing leases at Adelaide Exchange and Lanyon Place will also free up good quality city centre office accommodation that is currently in short supply for inward investors or other occupier demand.</p> <p>Implications for the Council's city centre sites will depend upon whether one of the Council's own sites is selected for development.</p> <p>(ii) Interim Office Accommodation</p> <p>Inclusion of additional office space within the Council's estate until such time long-term office accommodation is provided through the Accommodation Strategy.</p> <p>(iii) City Hall Accommodation</p> <p>Possible conversion work to assimilate the former Legal Library with the existing Sinn Fein Party Rooms.</p>
3.3	<p><u>Human Resources</u></p> <p>Staff resource required within Property & Projects and Legal Services to progress.</p>

5	Recommendations
5.1	<p>(i) Accommodation Strategy</p> <p>The Committee is requested to approve the commencement of a tendering exercise to procure new build office accommodation in the city centre on the basis as outlined above. Committee is also requested to give delegated authority to the Director of Property & Projects to award the tender in line with the evaluation criteria with a further report to be brought back to this Committee to provide an appropriate update.</p>
5.2	<p>(ii) Interim Office Accommodation</p> <p>The Committee is requested to note the content of this report and to endorse progressing discussions regarding office accommodation issues arising under LGR that fits with the Council's Accommodation Strategy and which may require an interim accommodation solution with a further report to be brought back to this Committee to provide an appropriate update.</p> <p>(iii) City Hall Accommodation</p> <p>The Committee are requested to consider the proposal to temporarily utilise the former Legal Library on the ground floor of City Hall with the existing adjoining Sinn Fein main Party Rooms.</p>

6	Key to Abbreviations
	LGR – Local Government Reform

7	Documents Attached
	None