



Policy, Finance and Development Committee	Tuesday, 06 December 2022	Matter for Decision
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Report Title: **Brocks Hill - Budget Update (Urgent Item)**

Report Author(s): **Adrian Thorpe (Head of The Built Environment)**

Purpose of Report:	This report provides an update on the overall budget position and seeks approval of a supplementary budget.
Report Summary:	The report explains that a number of maintenance issues to do with the existing building need to be rectified and sets out a proposal as to how this can be financed. It also provides an update on the overall budget position.
Recommendation(s):	<p>A. That Members approve a supplementary budget of £210,000 to cover the cost of the works outlined in paragraph 1.3.</p> <p>B. That Members note that if the contingency budget remains unspent, or spent in part, at the end of the project, then the monies left in the contingency budget will be used to fund the costs of the works outlined in paragraph 1.3, thus reducing or eliminating the need to spend the supplementary budget.</p> <p>C. That the update on the overall budget position is noted.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director/Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Adrian Thorpe (Head of The Built Environment) (0116) 257 245 adrian.thorpe@oadby-wigston.gov.uk</p>
Corporate Objectives:	Building, Protecting and Empowering Communities (CO1) Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1) Respect (V2) Teamwork (V3) Innovation (V4) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out at paragraphs 1 and 2 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Organisational / Transformational Change (CR8)

Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Background

- 1.1 As Members will be aware from the weekly updates in the Members Bulletin, construction of the Council's new Headquarters at Brocks Hill is now well underway.
- 1.2 The work has involved stripping the whole building back to its shell and this has revealed several maintenance issues to do with the existing building that need to be rectified to ensure that the fabric of the building is fit for the future.
- 1.3 The majority of these issues are small and the cost of dealing with them can be accommodated in the overall budget with limited effect. However, several are considerably more expensive. The Atrium/Conservatory area which will become the new main entrance has been found to be leaking badly. The water ingress is also damaging the wooden frame to the roof of this part of the building. In addition, the doors and windows to the balcony at first floor level have been found to be life expired and not providing an adequate water/air tight seal to the building.
- 1.4 The quotation for the cost of these maintenance issues is circa £210,000. This is fully inclusive of all materials, plant and fees required to complete the works as part of the existing contract for the refurbishment of the building. There will be savings associated with completing this work as part of this contract, compared to procuring the works as a standalone project. In addition, there are significant benefits to carrying out this work whilst the building is currently closed and whilst it can be incorporated with all of the other works that are taking place to the building. If this work were not undertaken now, these issues would continue to cause further damage to the fabric of the building, and would become critical within the next few years, leading to cost, disruption and reputational damage of having to close the building to complete the work as a standalone project at some stage in the future.

2. Funding the Cost of these Works

- 2.1 The budget sign off by Members in July 2022 included a contingency budget within the overall project cost. The contingency budget for this project is £227,000 (or 6.7% of the project value).

- 2.2 In general terms, the purpose of a contingency budget associated with a refurbishment construction project is to enable any unexpected works that come to light as part of the new construction works to be completed or to enable some budget flexibility where it becomes necessary to do something different compared to the initial scope of works upon which the project was initially costed. Strictly speaking, the purpose of a contingency budget is not to rectify existing maintenance issues associated with a building.
- 2.3 That said, if it remains unspent, or spent in part, at the end of the project, then the contingency budget can be used to fund the costs of these works. However, given that we are still at a relative early stage in the construction works, Officers do not feel it is appropriate to commit £210,000 of the contingency to rectify existing maintenance issues. This would present too much of a risk that there wouldn't be sufficient contingency available throughout the remainder of the construction phase.
- 2.4 It is also of note that during a construction project of this nature costs do fluctuate from cost estimate, to cost quotation, to a fixed purchase price after the quote has been fully reviewed by our Quantity Surveyors. At present, in terms of the works to the atrium/conservatory area and the replacement of the doors and windows to the balcony a cost quotation has been received and this is currently being reviewed by our Quantity Surveyors.
- 2.5 Therefore, this report recommends that Members approve a supplementary budget of £210,000 to cover the cost of the works outlined in paragraph 1.3. As stated above, if the contingency budget remains unspent, or spent in part, at the end of the project, then the monies left in the contingency budget will be used to fund the costs of these works, thus reducing or eliminating the need to spend the supplementary budget.
- 2.6 Additionally, officers plan to explore the additional cost of a generator which would allow for enhanced business continuity of the building in the event of power outages.

3. Overall Budget Position

- 3.1 With the works having commenced, this report also provides an opportunity to update Members on the overall budget position. This is set out in the table below.

Cost Area	Approved Budget (as at 12th July 2022)	Spent/ Committed to Date (as at 30th November 2022)	Total Forecast Spend (as at 30th November 2022)
Spend Previous Incurred	£0.285m	£0.285m	£0.285m
Construction Costs	£2.800m	£2.800m	£2.800m
Non Construction Costs (e.g. moving and IT costs)	£0.298m	£0.042m	£0.298m
Contingency	£0.227m	£0.000m	£0.227m*
TOTAL	3.610m	3.127m	3.610m

*This figure reflects the position prior to the contents of this report.

- 3.2 As shown, the overall budget stands at £3.610 million as approved at Full Council on 12th July 2022, of which, as at 30th November 2022, £3.127 million had been spent or committed. Total forecast spend remains at £3.610 million.

