

CAMBRIDGESHIRE ARCHIVES – NEW ACCOMMODATION

To: Highways and Community Infrastructure Committee

Meeting Date: 6th October 2015

From: Executive Director, Economy, Transport and Environment,
Chief Financial Officer - LGSS

Electoral division(s): All

Forward Plan ref: N/A *Key decision:* No

Purpose: To inform Committee members of the options and updated costs to convert a property to accommodate historical records and associated public access and to seek views from Members on the most appropriate option.

Recommendation: The Committee is ask to agree which option should be progressed and be recommended to General Purpose Committee.

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1. BACKGROUND

- 1.1 The National Archives (TNA) is appointed by the Lord Chancellor to inspect local archive services responsible for public records, and all public archive services are expected to apply to meet a new UK Accreditation standard by 2017. At the last inspection of the County Council in 2012, TNA ruled that the Shire Hall basement accommodation currently occupied by Cambridgeshire Archives is wholly unsuitable, and set a deadline for the authority to identify new accommodation by 2015.
- 1.2 Given the nature of the current accommodation, successive attempts have been made over the past 25 years to find a solution to these issues, and a comprehensive range of internal and external options have been considered and costed. All these projects foundered either because the proposed building was not suitable, because partners or developers pulled out, or because the project was not financially viable.
- 1.3 In March 2014 the Council undertook an option appraisal to identify potentially suitable accommodation for the Council's Archives Service. The study identified a preferred property, Strikes Bowling Alley, located in Ely that was at the time on the market. A Member Working Group, chaired by Councillor Whitehead, approved the recommendation of this option to Committee.
- 1.4 The potential of the building to accommodate other services was recognised from the outset. A study was undertaken by external cost consultants in August 2014 who were briefed to assess the feasibility of converting the existing bowling alley in Ely to an Archive Facility and offices for up to 108 staff, most probably from Children, Family and Adults (CFA) and to provide outline plans and costs. This was to align with the end of the lease for Noble House in 2018, where current service teams are located, and which also serves as an office base for mobile staff.
- 1.5 The feasibility report (attached at **Appendix 1**) confirms that a detailed brief was supplied for both the Archive requirements and that of the staff accommodation and that a mezzanine floor would be required. It concluded that "The building can be converted to the proposed new use and can achieve the requirements of the initial brief and gave a project cost for the Archive and the office accommodation of £2.5m. Further detailed consultation with the user groups/stakeholders may result in costs increasing subject to the results of the further investigations".
- 1.6 Based on the feasibility assessment, a report was taken to Highways and Community Infrastructure Committee on 23rd September 2014. The report highlighted the potential rationalisation of County Council office accommodation in Ely and noted that up to 108 full-time staff could be relocated to the new Centre. The report recommended that should the proposal go ahead, the total project cost of £12M in the current County Council Business Plan would be revised down to a maximum of £4M. This was based on the £2.5m cost assessed by the consultant and an additional contingency of £1.5m that was added by officers to cover the exclusions noted in the original's cost estimate. The H&CI Committee unanimously approved a recommendation to relocate the Archives Service together with the county's Registration records to the preferred property and to consider the option for additional staff relocation as initially proposed.

- 1.7 At General Purposes Committee on 7th October 2014 it was resolved to authorise the Director of Finance to acquire the Strikes Bowling Alley.

2. DEVELOPMENT OF THE SCHEME

- 2.1 Following negotiations, contracts were exchanged to acquire the Strikes building at the end of February 2015. The acquisition was subject to obtaining Change of Use planning. Change of Use planning is still to be determined, with a report suspended until the 10th November Planning Committee. A deposit of £110,000 becomes payable once CCC has planning for the change of use. Thereafter either party can demand completion of the contract on 28 days' notice (i.e. once the planning is granted). The Council would forfeit the deposit if planning was obtained and the Council were then not to proceed and should the Council withdraw from the planning process, there are possible financial repercussions from the current owner of the building.
- 2.2 In April 2015, a Construction Project Manager was appointed to manage the design and build and further planning consent as required. A full project team was then established to develop design and articulate service requirements.
- 2.3 As noted above, within the committee reports, reference is made to the opportunities for rationalising Council assets and consolidating some existing staff at the property alongside the Archive. As planning for the project progressed, it became clear that further financial savings could be secured by bringing the Ely Registration office into the scope of the project, the lease for which expires in December 2016, as well as other staff based in Ely, and the project team has progressed it on that basis.

3.0 FINANCIAL ASSESSMENT

- 3.1 As part of the project delivery, the Milestone One Report (MS1) was produced in August 2015 by consultants Faithful and Gould/Atkins. This noted that the capital investment required to accommodate all the services as initially proposed could be in the region of £6.2M. This incorporates the additional requirement for the Registration office (the only element which was not included in the original feasibility study), provides a more thorough analysis of building costs, and highlights that design and construction costs have increased as more detailed design development has progressed.
- 3.2 Following a review of capital requirements as part of business planning, the potential increased cost of this scheme was picked up and highlighted in the Capital report to Committee on 1st September. Officers acknowledge that the presentation of this information without opportunity to brief members beforehand should have been better handled.
- 3.3 The areas of cost difference between the original feasibility report and the latest MS1 Feasibility Report are defined by two components. Firstly, the original report did not have the benefit of an appointed design team, detailed surveys for the building structure and utilities, a detailed design brief, engagement of stakeholders from Archive, CFA or Registry, design team meetings or cost meetings; it was merely a high level report to confirm that Strikes could be converted. Secondly, the original report did not include the Council's fixed framework costs for contractors preliminary, overhead and

profits, consultant fees or fixed risk allowances. To better understand the cost increase we have highlighted the areas where the costs have increased most.

- 3.4 The Construction budget has increased significantly from £1,545,738 to £3,124,000 with a risk allowance of £177,433 which gives a total construction cost of £3,301,433. The majority of these costs relate to the mechanical and electrical equipment required to serve the archive facility at a constant temperature and humidity and the construction of the mezzanine floor as items including the foundations were not included as it did not have any input from a design team to engage in the technical aspects. Also, no inflation had been considered in the original budget as the program to deliver the project had not been agreed.
- 3.5 The original report did not include our framework fixed costs for Contractors Preliminaries, Overhead & Profit which were originally reported at £284,480, however, the framework allowance for the Contractor is now £414,125. This is similar for the Pre-construction and Design Fees which were indicated in the original report as being £123,519, the current framework cost being £531,209 and finally, the Professional Fees including Architect, Structural and Building Services Engineers originally budgeted at £13,000 are now at the framework rate of £213,725.

4.0 OPTIONS TO MANAGE COSTS

- 4.1 The specific request from the H&CI Committee was to manage the cost of the Archive within a budget of £4m. Given what is now known from the MS1 report, below are three different options available to Members for taking the project forward.
- 4.2 However, given the specific concerns about the cost of this project and the agreement at the original H&CI Committee to contain costs within £4m, alternative options have been considered as follows:

Option A: Continue scheme but for Archives only

- 4.3 An Archives only conversion would bring costs back broadly in line with the original forecast, at £4.2 m. This option would provide for a conversion of the ground floor only, without a mezzanine, and could be completed in 7-8 months. Shelving height would be increased to provide storage capacity given the lack of the mezzanine.
- 4.4 Although this would bring the project back broadly in line with the original cost estimate, this is not recommended as there is a risk that the archive service could soon outgrow the space. The building was selected as appropriate due to the height of the bowling alley which would allow for the creation of a mezzanine floor.
- 4.5 In addition to Archives held at Cottenham Outstore and Registration's records in Cambridge and Huntingdon there may still be scope if appropriate, following consultation, to bring the Cambridgeshire Collection to Ely. This would enable staff savings already outlined in the business plan to be more easily delivered but this may not in the long term be possible with this option.

- 4.6 Alternative accommodation would need to be sought for Ely Registration Office and for Noble House as the leases approach their end date. For Ely Registration Office there would be the further complication that one year's notice is required for the venue for ceremonies. Without a confirmed alternative very soon, there could be legal, financial and reputational risks for the Council.
- 4.7 The Council's approach to leased property is to review suitable alternatives ahead of lease breaks and rationalise where possible. Noble House is a protected lease and as such we are entitled to renew on the same terms as the existing lease i.e. ten years with a five year break. Depending on negotiations, the lease costs could increase.

Option B: Continue scheme and include Ely Registration Office

- 4.8 For a cost of c £5.5m the conversion could also accommodate a partial mezzanine floor for the archives, freeing up ground floor space to accommodate Ely Registration Office. This option would provide additional accrual space for Archives, thus extending the useful life of the building. Conversion would take approximately 8-9 months, and would comfortably take the Cambridgeshire Collection if, following consultation, this is decided.
- 4.9 The lease for the current Ely Registration Office building has been extended to December 2016. The new Archive building would provide alternative accommodation for the service which for customers, would be more easily accessible and provide longer opening hours than the current register office in Ely, whilst also saving on running costs. It will also provide some parking for customers which is not available in the current location.
- 4.10 Revenue savings would be released on the Ely Registration Office of £22k per annum; it would be assumed that the first year's rent would be used for dilapidations costs (£11k).
- 4.11 There would also be opportunity for Registration to generate additional income, as well as ensuring the building is used to full capacity.

Option C: Continue scheme and include both Ely Registration Office and CFA staff office

- 4.12 At a cost of £6.9m a full mezzanine floor can be included in the conversion, the building could then accommodate Ely Registration Service and CFA Staff at Noble House. The lease for Noble House expires in March 2018. Conversion would take approximately 11-12 months. This figure of £6.9m is higher than Faithful and Gould/Atkins assessment of £6.2m as the earlier figure did not include contingency costs. There is scope to reduce this to £6.2m through value engineering and reduction of risk costs.
- 4.13 In addition to revenue savings for Ely Registration Office (see 4.10), longer term we could release savings on the lease costs for Noble House and consolidate running costs totalling in the region of £160k (£182k for both buildings). There will be dilapidation costs expected for both buildings and it's unlikely Noble House will be released sooner than March 2018. There is a risk that lease extensions cannot be negotiated or rates increase. There would also be additional Legal costs incurred.

Abandoning the scheme

- 4.14 In addition to these options, Members could decide to abandon the scheme on the basis of the cost. This would potentially have financial implications on the Council as noted above and could trigger action by the National Archives (TNA). TNA has confirmed that the Strikes building is entirely suitable for conversion to an archives centre and there are many examples around the country of similar structures. A TNA representative visited the Strikes building in May and was satisfied.
- 4.15 TNA are aware of the purchase subject to planning and were therefore content that we had met their deadline, thereby removing the threat of withdrawing 'place of deposit status', and of removing records from the county. TNA are being consulted with throughout the design process and to abandon now would jeopardise this arrangement.
- 4.16 It is extremely unlikely, in any case, that a suitable or better alternative could be found at less cost; options were considered extensively prior to the current recommendation, and starting a new scheme elsewhere would result in even higher costs. As examples, Gwent County Council's part new build, part conversion spent £4m just to build the store and Cumbria's part conversion for an archive cost £8.5m. Significant expenditure has also already been incurred on this scheme to get it to this stage. In addition to the financial risks outlined, to date the Council has invested £63,275 (for planning, surveys and design fees) and there is a further £146,000 committed as well as significant officer time.
- 4.17 The current forecast costs are based on the project maintaining programme i.e. we would have commenced the next phase (MS3) end of August 2015. Further delays will attract additional inflation currently running at 5% nationally and locally 6-7%.
- 4.18 The Registration Service keeps registration records in stores at its Cambridge and Huntingdon offices. These stores will be completely full by the end of 2016 and already under pressure due to the delayed timetable. The proposed Ely building will be able to accommodate these records in suitable environmental conditions for preservation. Any interim or alternative options would need to meet Registration General's requirements. Given these points, it is not recommended that Members consider abandoning the project, particularly in the light of the previous decision on the need to relocate the Archive and the current capital allocation that the Coouncil has made.
- 4.19 The financial details of the three proposals are set out in **Appendix 2**. It should be noted that all three options have been calculated using a current cost basis. Given the profile of expenditure a net present value could be calculated for each option but the outcome is unlikely to be materially different from that set out.
- 4.20 It should be further noted that the Council do not own the current Registrars Office in Ely or Noble House. It is not known whether the current lease could be extended, and if this was possible at what cost. It is possible that the re-negotiation could lead to a reduction as well as an increase in the financial terms of the lease. In addition the financial model includes a cost associated

with dilapidation costs that will be due from the Council as lessee on termination of the current lease arrangements. It should be noted that these will become due at the point at which point the Council surrenders the lease. The timing of this cost will however be dependent upon the point at which the lease is terminated.

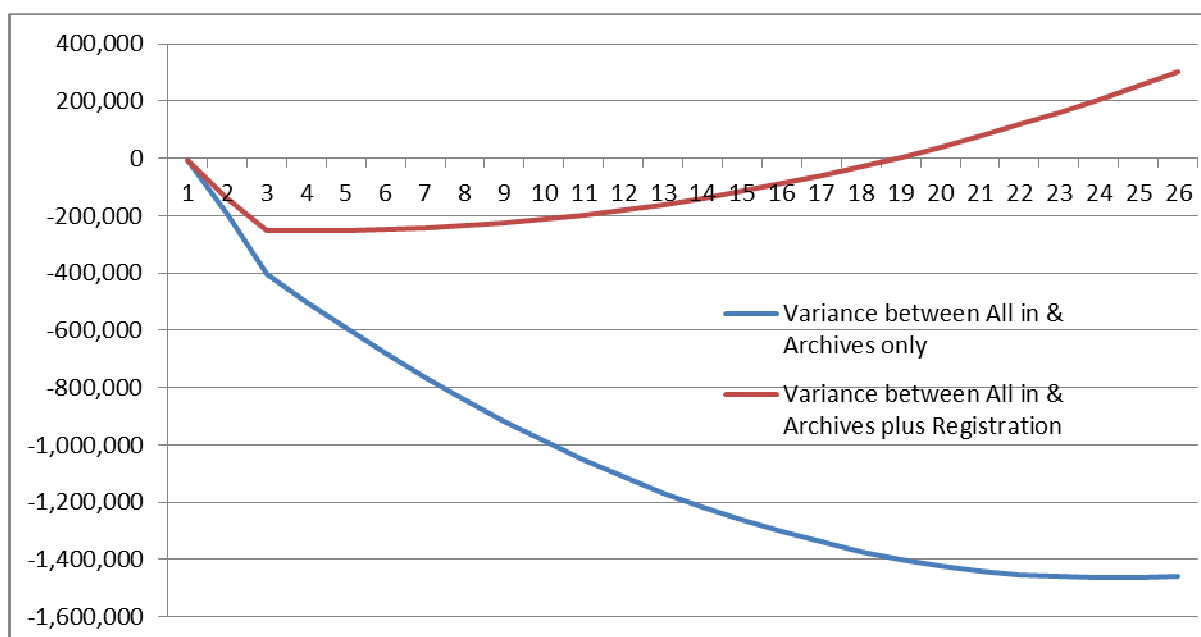
Summary of options

- 4.21 The following table sets out a summary of the financial projections that are contained within Appendix 2. Costs have been projected over 25 years on a current cost basis to provide a comparison of the lifetime costs of each option. They have not been undertaken on a net present value at this point. As mentioned above a number of assumptions have been made on costs that would not be known at this point ie potential costs of lease re-negotiation.

Option	Capital Costs	Total Financing Costs (over 25 years) £000	Total Running Costs (over 25 years) £000	One Off Costs £000
Archives Only	£4m	6,057	7,680	96.4
Archives Plus Registration	£5.5m	8,146	7,110	100.5
Archives, registration & CFA	£6.9m	10,276	3,267	215.7

- 4.22 The graph below compares the cost profiles of the “all-in” scheme compared to the two alternatives over the next 25 years. The X axis of the graph is the Option including Archives, Registration and CFA. The other options are therefore shown as the variation to this cost line.
- 4.23 The graph clearly demonstrates that if considered as a purely property related matter an Archives only option is the only proposal that makes economic sense.
- 4.24 The only issue would therefore be assessing the potential risk that when the current lease arrangements expire on Noble House the revised lease is significantly increased from the current levels or if the lessor does not wish to engage the Council in a re-negotiation of the lease. In such circumstances the Council would have to seek alternative arrangements that could lead to additional costs.
- 4.25 However the inclusion of the Registration Service is less straight forward. As can be seen from the graph, the option of including the Registration Service requires some upfront investment in costs such as dilapidation and moving costs and an increase in the capital investment of approximately £15m.
- 4.26 As previously mentioned in this report, dilapidation costs will be incurred at the point of lease termination and could therefore be argued should be excluded for comparison purposes. With these one off costs included the inclusion of the Registration Service does not break even until year 18 but

never reaches the overall property related costs of an Archives only facility. However, included within the Business Plan was a savings proposal that was predicated on delivering staff savings by bringing the functions together in the sum of £183k in a full year. If this saving was included the financial case would clearly be made.



5.0 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

Archive and local studies services draw visitors from a wide distance; around 50% of visitors come from beyond the county and some from overseas, so convenient access by public transport and to a range of other services is important. Studies have shown that archive users make an important contribution to the economy of the local area (using restaurants and local accommodation) and this is even more likely in an area that is attractive to tourists. Use at Huntingdonshire Archives and Local Studies has increased significantly since the services were combined in fit for purpose new accommodation in 2009; the same can be expected in Ely.

5.2 Helping people live healthy and independent lives

Archives play a major contribution in achieving sustainable local communities. Archives help people to develop their personal identities and collective memories; they are used as tools to develop community identity, engagement and cohesion through a wider understanding of the history and values of others; they offer a way for citizens to "give back" to the wider community and to future generations of their own community, through the deposit of their own records and photographs, or through the cataloguing and indexing of other historical documents; and they act as a source of inspiration for new ideas

and activities. Nationally some 99% of visitors agree that archives contribute to society by preserving written heritage and culture, and the same proportion strongly agree that archives strengthen family and community identity. [Source: National Council on Archives survey of visitors to British Archives 2006]

5.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

6.0 SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

- 6.1.1 The project offers scope to accommodate the Cambridgeshire Local Studies Collection. This will facilitate the delivery of the staff savings that have been included within the Business Plan in the sum of £183k in a full year. The potential impact on the staffing budget on not integrating the Archives and Registration service in the centre have not been articulated in this report.
- 6.1.2 Bringing Registration's records together with Cambridgeshire Archives means they will benefit from conservation and digitisation facilities, and enable staff efficiencies. There will also be opportunities for income generation in Cambridge and Huntingdon.
- 6.1.3 The Option of an Archives only facility does offer the Council the opportunity to provide a new home for the Cambridgeshire Archives and keep within the budget that has been approved within the Business Plan. The Committee will however wish to consider the option that will facilitate the Registration Service being included which although has some up-front additional costs over a 25 year period proves to be more cost effective. As stated above this ignores the staffing reductions that will be delivered and that have been included within the Business Plan. If these are included the pay back period becomes far more attractive.

6.2 Statutory, Risk and Legal Implications

- 6.2.1 If the Council fails in its statutory duty, TNA can remove public records from the County Council's custody. 'Public records' in this context include records relating to hospitals, courts etc. TNA would charge the Council for the costs of removal, conservation and storage of these records, because the County Council would remain the body statutorily responsible for their preservation. The Council will still have a duty to provide appropriate accommodation for the rest of the records in its care.
- 6.2.2 The removal by TNA of public records from Cambridgeshire Archives' custody would be a public declaration that the County Council is unfit to preserve archives. This removal would likely be followed by other major depositors withdrawing their collections as well, leading to the potential break-up of the archives service to the detriment of generations of researchers to come. Cambridgeshire would be the first UK public archive to break down in this way.

6.3 Equality and Diversity Implications

There are no significant implications. The building will be fully DDA compliant.

6.4 Engagement and Consultation Implications

Consultations will be planned for proposals to relocate Cambridgeshire Collection and Ely Registration Office

6.5 Localism and Local Member Involvement

There are no significant implications.

The planning application for Change of Use has been considered and endorsed by East Cambridgeshire Planning Committee Members.

6.6 Public Health Implications

The relocation of Registration's Records will release valuable space in Cambridge and Huntingdon. In addition to the potential to generate income, there will be opportunities for Registration to work with Public Health colleagues and support health protection programmes.

Source Documents	Location
<i>'Cambridgeshire Archives - new accommodation', Highways and Community Infrastructure Committee - 23 September 2014, item 8.</i>	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=10336