

BUSINESS JUSTIFICATION CASE

LERWICK LIBRARY REFURBISHMENT

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BUSINESS JUSTIFICATION CASE – LERWICK LIBRARY REFURBISHMENT

1. Purpose

This Business Justification Case (BJC) is to seek approval for an increase of £722,221 to the currently approved budget of £900k to allow the Old Library building to be refurbished and for both floors, plus the basement, be brought into use as a library

2. Strategic Context

This project is not specifically referred to in 'Our Plan 2016 to 2020', however it contributes to the following objectives:

“We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the community plan.”

“We will have reduced the effect we have on the local environment, particularly reducing carbon emissions from our work and buildings.”

3. Case for Change

A. Business needs

The Library Building at Hillhead in Lerwick was built in the mid 1960s. The basement and ground floor housed the library and the first floor housed the museum. By the 1990s, the library had outgrown its space within the building and had occupied 64 St Olaf Street as well. This was used as offices and workrooms.

In 2002, the library officially moved to the refurbished St Ringans church building and Learning Centre immediately adjacent. In practice, 64 St Olaf Street continued to be used by the service due to lack of space for workrooms and stock in the St Ringans building. Those functions subsequently moved from 64 St Olaf Street to the old library building, a situation that continues to the present day. The first floor has been largely unused since the new Museum and Archives opened in 2007.

There have been longstanding misgivings as to the ability of the St Ringans building to provide adequate library facilities. At a meeting in 2006, Members “were in

general agreement that the existing library was inadequate for its current use” (Min Ref: 120/06).

This resulted in a feasibility study into Central Library provision in Shetland being undertaken. This was completed in 2009 and included options for the refurbishment of the original Library building, some incorporating extensions to it, with the most expensive option running to over £2.6m. The reductions in the Council’s capital programme at that time prevented the project moving forward.

Since that time, there have been further developments in library usage including expanded early literacy and family programmes, more ICT services and digital assistance and increased pressure on study and social space. The number of library visits per annum has remained healthy and people use the main library in more and different ways. A greater proportion of staff time is now directed to customer service and activities such as Bookbug, which makes it particularly important that support functions operate as efficiently as possible. Customer feedback (for example from the annual survey and Old Library project consultation in 2016) consistently indicates ongoing demand for study space, children’s space and better access to book stock. Management of book reserves is time consuming due to overcrowded storage across three separate areas. Currently there are around 51,000 items in reserve stock and only 30,000 on public display in the main library at any particular time.

Despite the fact that the building has continued to be used since it was built, uncertainty as to its future use has meant that maintenance has been at minimal levels for some time. The core concrete structure is sound however the curtain walling system in particular is in poor condition. Steel elements within this system are expanding due to corrosion, applying pressure to the glazing, which is then cracking resulting in safety issues. There is also water ingress due to the condition of the roof.

As the condition of the building deteriorates, there is an increasing need for intervention. The building occupies a prominent site and remains in use. Clarity is required as to its future.

The Council’s Asset Strategy continues to be one of rationalisation; however the old Library Building continues to be needed to provide the current model of library provision and cannot be left to deteriorate indefinitely.

B. Benefits

Section 4 below sets out the options available to the Council moving forward. The preferred option involves investment in maintaining this asset. This can be

shown to contribute positively to the Council's objective, stated in "Our Plan 2016-20", to prioritise spending on building and maintaining assets.

The need to carry out major works to this building is arguably not optional. The building has now deteriorated to the point where it requires constant monitoring by the Building Manager to remain safe to occupy. Corroded steel is falling from the curtain walling and fire escape, the first floor glazing cannot be opened due to the risk of glass dropping from the frames and there is water ingress through the roof.

The only other solution would be demolition, but as this BJC will explain, that is not practical as the building continues to be occupied and it remains the best option for continued service delivery.

C. Risks

As with any construction project, there is always a degree of cost risk, however the works being proposed in this report are not complex and there is none of the uncertainty that comes from unknown site conditions as would be the case with new-build.

Allowing the Old Library building to continue to deteriorate risks reputational damage to the Council.

4. Available Options

4.1. Do Nothing

Pros

- Minimal short-term expenditure – average annual maintenance spend over the last 4 years has been approximately £11k

Cons

- Building condition poses safety concerns
- Under-utilisation of prime site due to vacant space on first floor
 - Ongoing inefficiency in library operations

- Planned customer service improvements not achievable

4.2. Seek to Sell the Property

Pros

- Potential capital receipt
- No further liabilities

Cons

- Alternative accommodation required for Library Service if current service level to be maintained
- Limited market for specialist buildings tends to be reflected in sale price

4.3. Lease Building to Others

Pros

- Ongoing revenue income to Council
- Retained ownership for future use

Cons

- Ongoing requirement for Library in the town centre
- Reduced initial rental income or high initial upfront expenditure due to the building condition
- Alternative accommodation required for Library Service if current service level to be maintained

4.4. Demolish the Property and Disposal

Pros

- Potential Capital Receipt
- Cleared site may prove more attractive on the market than with building present
- Prime site for redevelopment
- No further liabilities

Cons

- Demolition likely to involve significant expense – estimated at £200K
- Alternative accommodation required for Library Service if current service level to be maintained

4.5. Demolish the property and Retain Site

Pros

- Minimal further liabilities

Cons

- Demolition likely to involve significant expense – estimated at £200K
- Alternative accommodation required for Library Service if current service level to be maintained

4.6. Refurbish and Re-purpose the Property (Recommended Option)

Pros

- Could bring Library Service under one roof with resultant management and operational benefits
 - Would contribute to meeting service objectives by improving accessibility, services to children and learning spaces
 - Would ease overcrowding of current premises, particularly junior areas
 - Would improve working conditions for staff
 - Would provide flexible premises adaptable for future needs

- Approximately 20,000 additional books could be displayed in public areas, so improving customer access
- Purpose built book reserve in St Ringans basement could still be utilised
- Could release St Ringans (excluding the basement) and Learning Centre building for other purposes
- Could provide accommodation for other Council Services

Cons

- Cost of refurbishment estimated at £1.622m

4.7. Refurbish the external fabric of the building only

Pros

- Addresses urgent building condition and safety issues

Cons

- Cost of refurbishment estimated at £900k
- Does not bring Library Service under one roof with resultant management and operational benefits
 - Ongoing inefficiency in library operations
 - Planned library service improvements not achievable
- Does not release St Ringans and Learning Centre building for other purposes
- Does not provide useable accommodation for other Council services

5. Preferred Option

The preferred option is to refurbish and re-purpose the property. This is on the basis that:

- 5.1 The condition of the building must be stabilised and safety concerns must be addressed quickly.

- 5.2 The old library building continues to be occupied by the Library Service. If the current level of service is to continue, there are no suitable alternative premises available for staff.
- 5.3 The St Ringans building (excluding the basement) and the Learning Centre would be available for alternative Council uses.

6. Procurement Route

The project would be procured in compliance with the Councils Contract Standing Orders.

The works are already fully designed and would be advertised locally and tendered on the basis of price only.

7. Funding and Affordability

External funding for renovation of this building has been thoroughly explored in the past. Most recently, a bid was submitted to LEADER. Funding was awarded for feasibility work associated with creating an industry led textile hub, in the old Museum. Only £3,119 was claimed (spent on adverts in Shetland Times and architects fees) before the industry realised that other options would be more cost effective and sustainable in the longer term.

Budget of £900k has already been approved in the Council's Asset Investment Plan. This was for a package of work in line with the option described at 4.6 above. The estimated cost of these works is now £1,622,221, meaning that in approving the preferred option, the Council will have to make additional funding of £722,221 available. This additional budget is provisionally included in the Council's 5-year Asset Investment Plan 2019 - 24.

This preferred option is in line with the Council's Capital Expenditure Policy in the Medium Term Financial Plan in that the proposed option is to maintain an existing asset rather than to increase our estate.

At present, only minimal, statutory maintenance is being carried out on this property, which is reflected in the circa £11k of annual maintenance spend. By investing capital in the building, it would be irresponsible not to protect that investment

by putting in place an appropriate maintenance budget. A figure of £20k Per annum is considered appropriate.

The increased revenue maintenance cost would be partly offset by a reduction in energy costs for the more energy efficient curtain walling and roofing being proposed. The current average annual energy costs for the building is approximately £12k. A 40% saving on that figure is considered achievable, yielding an annual reduction of approximately £5k.

This would result in an overall increased revenue requirement of £4k per year which will be funded from within existing maintenance budgets.

8. Management Arrangements

The works have already been designed by the Council's Assets, Commissioning and Procurement Service and it is proposed that they provide the necessary procurement, project management and supervisory services to take the project to completion.

The proposed option will require decant from the building. The Council's Assets and Properties team have agreed alternative accommodation with library management. Alternative arrangements will have to be made for the public events that take place in the building.

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