



Meeting(s):	Shetland Islands Council	11 June 2019
Report Title:	Lerwick Library Refurbishment – Project Update	
Reference Number:	ACP-03-19-F	
Author/ Job Title:	Robert Sinclair, Executive Manager – Assets, Commissioning and Procurement	

1.0 Decisions / Action required:

That the Council RESOLVES to;

- 1.1.1 APPROVE that the Lerwick Library Refurbishment project proceeds in line with the decision made by the Council on 4 November 2015 and as described in the updated Business Justification Case attached as Appendix B to this report;
- 1.1.2 APPROVE additional funding of £722,221;
- 1.1.3 APPROVE that the St Ringan's building be re-purposed as the council chamber; and
- 1.1.4 NOTE that detailed proposals will be prepared for the re-purposing of the current Learning Centre building as Members' offices.

2.0 High Level Summary:

- 2.1 At its meeting on 4 November 2015, the Council approved a project to refurbish the Old Library building in Lerwick and to consolidate library operations into one building (Min Ref: 62/15). The proposal was also presented to Education and Families Committee for comments on 23 November 2015 (Min Ref: 40/15).
- 2.2 The estimated cost of the project at that time was £900k and the works were planned to be carried out between 2016 and 2018.
- 2.3 The project has been significantly delayed due to the decant of staff from 8 North Ness into the Old Library and into the Council's offices at Montfield.
- 2.4 This report provides an update on the status of the project, an updated business case in line with the Council's Gateway Process for the Management of Capital Projects and a revised programme for approval by the Council.

3.0 Corporate Priorities and Joint Working:

- 3.1 'Our Plan 2016 to 2020' states that "Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means" and that "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".

4.0 Key Issues:

- 4.1 The Council's Library Service provides services throughout Shetland with support for libraries in schools and the mobile library services managed from the premises occupied by the service in Lerwick. In 2002, the Lerwick Public Library moved to the refurbished St Ringan's church building and Learning Centre immediately adjacent. However, the basement and part of the ground floor of the Old Library building continues to be used by this service due to lack of workroom and storage space in the St Ringan's building. The first floor has been largely unused since the new Museum and Archives opened in 2007.
- 4.2 Despite the fact that the building has continued to be used since it was built, maintenance of much of the building has been at minimal levels since the museum moved to its current location. 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.
- 4.3 As the condition of the building deteriorates, there is an increasing need for intervention. The building occupies a prominent site and remains in use.
- 4.4 Following consideration of a report recommending that the Old Library building be refurbished and that both floors, plus the basement, be brought into use as a library, the Council approved the proposals on 4 November 2015. The project was subsequently incorporated into the Council's Asset Investment Plan on 10 February 2016 (Min Ref: 02/16).
- 4.5 The intention at that time was that upon completion of the refurbishment, the adjacent St Ringan's building and Learning Centre buildings would then be vacated by the Library service. The Council's office building at Montfield was to be used as decant for the staff and resources currently located in the Old Library building while the refurbishment took place.
- 4.6 Design work began in April 2016 and was well advanced by the time that 8 North Ness was evacuated in September 2016. Capital Programme Service occupied the top floor of the Old Library as decant accommodation, meaning that the programme was interrupted, although it meant that final detailing and producing the Bill of Quantities and tender documentation could continue on site.
- 4.7 The Capital Programme Service vacated the Old Library and re-occupied 8 North Ness in March 2018.
- 4.8 Design work is now complete, Planning consent and the building warrant are in place and tender documents are ready to issue.
- 4.9 As part of this work the cost plan has been updated. The required budget to carry out the works as approved on 4 November 2015 is now ££1.622m. This increase is due to increases in construction costs (particularly for mechanical and electrical services) since the original budget was set and an underestimation of fees and recharges. This is summarised in the table below.

Cost Element	Budget Nov 2015	Budget June 2019
Planning Application	£900,000	£4,518
Building Warrant		£401
Works		£1,250,000
External fees		£29,000
Decant costs		£16,000
Internal fees to date		£190,848
Internal fees anticipated		£131,454
Total		£900,000

- 4.10 There has already been expenditure of £195k on the project leaving £704k for the works.
- 4.11 As referred to at 4.8 above, the project is now ready to proceed subject to additional funding being agreed. The significant projected cost increase has prompted a review of the business case underpinning the project.
- 4.12 These issues have already been reported to Members, firstly to Education and Families Committee on 4 October 2018 (Min Ref: 33/18) and then to Policy and Resources Committee on 8 October 2018 (Min Ref: 86/18). Members agreed to defer a decision pending the presentation of a refocussed report to the next meeting of the Committee which would take account of the service needs overall of the library service and how the refurbishment fitted into the wider context of the Council's Asset Strategy and the knock-on effects on other Council users and services.
- 4.13 The revised Business Justification Case (BJC) is attached as Appendix B to this report. As the Knab masterplan has developed, and work on a revised Asset Strategy has begun, the business case has changed significantly. The business case that informed the Council's decision on 4 November 2015 was based on the need to find alternative accommodation for the Bruce Family Centre (currently operating from the old Bruce Hostel). The only alternative identified at that time was the St Ringan's building. Alternatives are now being explored for those services and St Ringan's is no longer the preferred option.
- 4.14 With regard to the condition of the library building itself, if it is to be retained it is essential that a significant capital project is now initiated in order to address the continuing deterioration in its condition and the backlog of maintenance and repairs that are required.
- 4.15 The old Library currently houses staff that are not part of the Library Service. There are plans to move these staff to other buildings, leaving only ten Library Service staff. These library staff will have to be decanted and alternative arrangements have been agreed with library management. Alternative arrangements will have to be made for the public events that take place in the building. A revised programme is attached as Appendix A to this report.
- 4.16 Members have raised concerns for some time regarding the current Council Chamber in the Town Hall. Conditions are cramped, particularly when a high number of officers are present. When members of the public are expected in any quantity, they cannot be accommodated other than by video link or by holding the meeting in the Main Hall upstairs. This introduces its own issues, not least in terms of acoustics.

4.17	Issues have also been raised at the lack of office and meeting space for Members.
4.18	By moving the Council's chamber to St Ringan's, and making the current Learning Centre available to Members, these issues would be largely resolved.
4.19	To achieve that, minimal works would be required to St Ringan's. The Learning Centre would require re-modelling to provide a number of smaller spaces, to provide the best working environment for Members. Feasibility work would be required to develop this element of the project in sufficient detail to derive a cost plan.
4.20	It is recommended that Members agree that additional funding be allocated to the project as described in section 6.5 below to allow the project to proceed as described above and in line with the Council decision on 4 November 2015.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications:	
6.1 Service Users, Patients and Communities:	Upon completion, the proposals described in the appendices to this report will enhance the quality and condition of the assets used by the Council.
6.2 Human Resources and Organisational Development:	No implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.
6.4 Legal:	Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report. There are no legal issues arising from this report.
6.5 Finance:	<p>The capital cost and ongoing revenue implications of the proposal included in this report are:</p> <p>Capital</p> <p>The total predicted cost of the project as described in Appendix B is now estimated at £1,622,221. The currently approved budget is £900k . Spend to date, mostly on fees and recharges totals £195k, leaving £704k required to complete the project.</p> <p>Should Members decide to proceed in line with the recommendations set out in this report, additional funding of £722,221 will be required. This additional cost is already provisionally included in the Council's 5-Year Asset Investment Plan for 2019-24.</p>

	<p>Revenue</p> <p>The revenue cost of the maintenance required once the building is back in full use would need to be factored into future building maintenance budgets within the overall maintenance budget allocation approved by the Council. Currently the maintenance budget is £20k per annum.</p> <p>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.</p>	
6.6 Assets and Property:	On completion, the proposals described in the appendices to this report will enhance the quality of the Council's existing asset base and improve the efficiency and cost of operation in line with the Council's objectives in the Corporate Plan.	
6.7 ICT and new technologies:	No implications arising directly from this report.	
6.8 Environmental:	All maintenance and new-build projects seek to address climate change and carbon management for example by embedding energy saving measures and environmentally friendly materials in their design. The project described in the appendix to this report contributes directly to that objective.	
6.9 Risk Management:	<p>Failure to include these business case proposals in the AIP may result in unnecessary additional expenditure in the future as the condition of the old library building will continue to deteriorate and ultimately make the building unfit for even its current use by the library service.</p> <p>Alternative accommodation will be required for the staff currently accommodated in the old library building. This is currently in hand, but any delay in providing this alternative accommodation could delay works to the library.</p>	
6.10 Policy and Delegated Authority:	<p>Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from Policy and Resources Committee.</p> <p>Whilst this report would normally be referred to the Policy and Resources Committee, it was agreed, in consultation between the Chief Executive, Leader and Convener, to submit the report directly to Council for a decision, in order to maximise the time available for all Councillors to consider the terms of the report.</p>	
6.11 Previously considered by:	Policy and Resources Committee Education and Families Committee Shetland Islands Council Education and Families Committee	26 October 2015 23 November 2015 2 December 2015 4 October 2018

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4 June 2019

Appendices:

Appendix A – Lerwick Library Refurbishment – Updated Programme

Appendix B – Business Justification Case – Lerwick Library Refurbishment

Background Documents: None

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