

**Report for:** Cabinet – 18 January 2022

**Title:** Civic Centre Project Update and Enabling Works Contract Award

**Report authorised by:** David Joyce, Director of Housing, Regeneration & Planning

**Lead Officer:** Jonathan Kirby, Assistant Director of Capital Projects & Property

**Ward(s) affected:** Woodside, All Wards

**Report for Key/**  
**Non Key Decision:** Key Decision

**1. Describe the issue under consideration**

- 1.1. The Cabinet agreed on 8 December 2020 to the proposed use of the Haringey Civic Centre as the Council's headquarters and democratic functions building, and to the repair, refurbishment and extension works in that report. It agreed the cost of refurbishing the existing Civic Centre and authorised officers to carry out further work to develop the design brief which will include exploration of the option to extend the Civic Centre or add an annex which could meet all of the Council's HQ accommodation needs.
- 1.2. In October 2021, the Cabinet:
- (a) agreed to proceed with the design work on the refurbishment of the Civic Centre, including the provision of an annex extension, based on the feasibility work completed since the December 2020 cabinet decision to explore this option.
  - (b) Noted that a report will be brought to Cabinet in January 2022 for the following:
    - (i) decision on whether to proceed with the Civic Centre, including an annex option, informed by the final full business case, once further design work had been completed;
    - (ii) approval to award a contract for preparatory works to the Civic Centre. These works being independent of the above decision about whether to include an annex option, as they are required to deliver a refurbishment of the existing Civic Centre for the Council's accommodation use and to be in accordance with the decision taken by Cabinet in December 2020
  - (c) Approved the award of a contract to Hawkins Brown Ltd for RIBA stages 2-6 design services for the Civic Centre refurbishment project and annex project.
- 1.3. The October 2021 Cabinet noted that the Civic Centre project would return to Cabinet to take a decision on whether to proceed with the Civic Centre, including an annex option, informed by the full business case once further design work had been completed. Additionally, the October 2021 report noted that the project would also seek Cabinet authorisation to award an enabling works contract to prepare the existing Grade II Civic Centre building for the full

refurbishment works. This report provides further information on the issues outlined above and seeks a decision to progress matters.

- 1.4. The project team have further developed the design of the Civic Centre and annex extension, engaging with key stakeholders in the process to ensure the proposals are fit for purpose and are fully aligned with the Council's ambitions. This work has allowed the Council to progress its understanding of the building's potential and to confirm that the building provides an excellent fit for purpose offer, which best meets project outcomes; most notably restoration of a Grade II building, Civic heart of the borough, increasing public usage and a high-quality office environment.
- 1.5. Since the October 2021 Cabinet meeting, the project team have progressed the design and refined the project brief, which has allowed for a more developed cost plan to be produced. The detailed construction cost plan which incorporates the annex extension, the client direct purchases, professional fees and other project costs have fed into the project budget, with an annex option, which results in a revised project budget of £54m.
- 1.6. All the above has allowed for the finalisation of the Business Case for the Civic Centre refurbishment, including an annex option, which informs this decision. The Business Case is attached at Appendix A and sets out the preferred Option for the Civic Centre and other accommodation buildings. The Business Case remains a live document throughout the project's development, and will be continually reviewed and tested at key stages within the project programme. This forms part of any robust project governance and allows for decisions to be tested and scrutinised as part of open and transparent decision making.
- 1.7. A report to Cabinet in October 2021, outlined that a procurement process would take place for a package of works to stop both further deterioration of the Grade II listed facility and carry out a package of works, such as asbestos removal, known as an enabling works package. It was stated in the October 21 report that a decision to award this contract would be brought to Cabinet in January 22.
- 1.8. This competitive procurement process has been completed via the Council's London Construction Programme Dynamic Purchasing System, minor works asbestos category, which has identified a preferred contractor to deliver the enabling works to prepare the building for the main construction works. These works are required to maintain pace on the project, de-risk the cost plan and the programme and are required to bring the Grade II Civic Centre back into public use. This report seeks approval of the Business Case attached at Appendix A and for the Council to proceed with Option 2 and to award a construction contract to Decontaminate UK Ltd to allow the works to commence in March 2022 and to align with the project programme to ensure we deliver on the agreed the programme.

## **2. Cabinet Member Introduction**

- 2.1. The Civic Centre has a long and rich local history. We have seen many nationally significant moments in history take place there, as we can see on the illustrations located on the site hoarding. The refurbishment of the Grade II

listed Civic Centre and the creation of an extension will allow for many benefits outlined in this report. More importantly it will re-establish the listed building with its iconic image as a focal point for public life in Haringey; a reminder of those important past event and allowing for more in the future. We should be proud to be protecting the Civic Centre for the benefit of future generations.

- 2.2. The Council has a fantastic opportunity to restore this important building and provide a 'Heart of Haringey' civic headquarters. Our staff deserve a much better working environment, and with the inclusion of the annex building providing a solution to the Council's primary office needs. This project will allow us to offer high quality spaces, as part of a wider offer across the borough to meet our resident's needs.
- 2.3. This project will support collaborative ways of working to ensure better outcomes for Haringey residents, restoring the Grade II Civic Centre to its former glory and help improve the sustainability of one of the most important buildings in the Haringey.
- 2.4. The refurbishment of the Civic Centre and any new buildings will support the Council's commitment to work towards a Zero Carbon estate, while the refurbishments will push the standards for retrofitting. This will demonstrate community leadership while reduce future energy costs on the Council, also allowing flexible space which will comply with future legislation and enable an attractive rental property, should the Council wish to.
- 2.5. We are ready to move to the next stage of the project to further develop the project, incorporating the annex extension into the design. Additionally, the recommendations put forward in this report will allow residents to benefit from a restored Grade II facility, which enhances public usage and attracts a high quality work force to Haringey Council to provide services for our resident. This will reinforce Council's commitment to protecting the most important and iconic buildings across the Haringey estate.

### **3. Recommendations**

Cabinet is asked:

- 3.1. To approve the Business Case attached at Appendix A of the report and agree to proceed with Option 2, namely the restoring, refurbishing of the existing Civic Centre, and its expansion through the addition of an Annex building, through to the outcome of the planning application stage.
- 3.2. To note that an allocation in the draft Medium Term Financial Strategy (MTFS) capital programme of £30m for the inclusion of an annex building to the Civic Centre is subject to the approval of Full Council as part of the Council's budget setting process.
- 3.3. In relation to the project enabling works:

3.3.1. To approve an award of contract to Decontaminate UK Ltd for the sum of £780,891.18 in accordance with Contract Standing Order (CSO)

9.07.1(d).

3.3.2. To approve the issue of a letter of intent to Decontaminate UK Ltd, which will be limited to £100,000.

#### **4. Reasons for decision**

- 4.1. Cabinet took the decision in December 2020 to the repair and refurbishment of the Grade II Civic centre building. Re-establishing the iconic, Grade 2 listed building as the central building for Haringey's Civic operations. Officers were authorised to carry out further works to develop the design brief for this option, including the addition of an annex. This was progressed and reported to Cabinet in October 2021 where Cabinet approved the commencement of RIBA Stage 2 design work for the Civic Centre refurbishment and the annex extension.
- 4.2. The above design work has been completed in parallel with a Council review of its future accommodation needs in accordance with approval given in October 2021. A Business Case (BC) has been produced, in accordance with previous cabinet report approval, which has assessed two options to meet the Council's accommodation needs for a refurbished Civic Centre; with or without an Annex option
- 4.3. This business case has been produced using the 'Five Case Model', which is the Office of Government Commerce's (OGC) recommended standard for the preparation of business cases and therefore includes the following:
  - Strategic Case – setting out the context for the Council's office accommodation, current arrangements, and the case for change
  - Economic Case – appraising the options for office accommodation for Haringey, and the preferred option
  - Commercial Case – indicating the commercial implications of the option
  - Financial Case – indicating how the preferred option could be funded
  - Management Case – outlining the initial plans for delivery to manage the way forward
- 4.4. The BC established the need for highly flexible core office accommodation with capacity for up to 900 staff at any one time based on the Council's Hybrid working model, which will see staff split their working time between some combination of council accommodation, community location and home working.
- 4.5. To assess the options available, the BC set out the following Critical Success Factors (CSFs) based on the Council's key strategic drivers:
  - Ensures that the Civic Centre is restored and brought back into use with enhanced community access
  - Enables the Council's flexible working ambitions, providing office accommodation that is the right size, whilst increasing the flexibility of office accommodation and creating an environment that prioritises collaboration and staff wellbeing

- Maximises the quality and efficiency of existing Council office accommodation assets and the opportunities for Council buildings in Wood Green to be released for alternative uses
- Supports Haringey's Climate Crises Action Plan and commitment to work towards a zero-carbon estate
- Affordable to implement and offers public value for money

4.6. Two options were then assessed against these CSFs:

- 'Option 1' – Restoring and refurbishing the existing Civic Centre Building, carry out further improvements to Alex House, consolidating staff accommodation into these two buildings as the Council's core office locations. 48 Station Road would cease to be used for office accommodation
- 'Option 2' – Restoring, refurbishing and expanding the existing Civic Centre through the addition of an Annex building, consolidating staff accommodation into this single site as the Council's core office location and ceasing to use Alex House and 48 Station Road for office accommodation purposes.

4.7. Based on both the qualitative and quantitative assessments of the two options, the recommendation is to proceed with Option 2, namely the refurbishing of the existing Civic Centre, and its expansion through the addition of an Annex building.

4.8. Having progressed the RIBA Stage 2 design work the project team have been able to confirm that the existing Civic Centre building and the annex extension would provide capacity for up to 900 staff at any one time.

4.9. The inclusion of the annex extension will allow the Civic Centre to become the primary office accommodation in the Haringey estate, incorporating collaborative and flexible working methods into the design and achieving the required occupancy based on a hybrid working model.

4.10. The Council is also committed to providing modern, sustainable, and inclusive accommodation to Council staff to ensure health and wellbeing at work is promoted. The two issues are directly correlated as Haringey Council staff will be able to provide far better services to Haringey residents if their working environment is modern, fit for purpose and delivered in a way that will allow other departments and partners to collaborate and innovate to ensure services are always improving.

4.11. In March 2021 Cabinet formally adopted the Climate Change Action Plan, which targets being a net-zero Council by 2027. As part of Haringey's Climate Change Action Plan, the Council has a commitment to work towards a zero-carbon estate. This project forms a key part of achieving that commitment. The proposed Civic Centre refurbishment and the annex extension aims to include ambitious sustainability targets to provide an energy efficient building that helps work towards the Council's goal of being net-zero by 2027. With the Civic

Centre building and annex extension being the primary office accommodation in the Haringey estate, the Council will be making positive strides to achieve the target set out in the Climate Change Action Plan by incorporating passive design measures and sustainable systems.

- 4.12. The financial case that supports the decision to proceed with the Civic Centre Annex is based on vacating River Park House (pending a decision on its future), and repurposing Alexandra House, 40 Cumberland Road, and 48 Station Road. In the short term they will be let commercially to cover costs pending a decision as to the long-term future of these sites.

#### **Enabling Works Package (Civic Centre)**

- 4.13. The enabling works package aims to de-risk the project by removing all the asbestos and redundant building services, thus relieving the pressure to complete the work during the main construction works which are currently programmed to commence in 2023. The works will need to be carried out regardless of the Civic Centre/Annex project to bring the building back to use. In its current state the building is not safe or compliant. Removing the asbestos and redundant building services at this early stage will expose most of the hidden issues to allow the consultant team to find resolution within the scheme design. Asbestos strip out works can often be a lengthy and challenging process and if left to the main construction works it could risk significant delays and cost increases should issues be found.
- 4.14. Following a competitive tender process utilising the London Construction Programme's asbestos lot, completed via the Council's Dynamic Purchasing System. Six compliant bids were received, evaluated, and moderated. Decontaminate UK Ltd have been identified as the most economically advantageous submission, which has been independently assessed by the project quantity surveyor – John Rowan and Partners Limited. Therefore, Decontaminate UK Ltd have been deemed to provide best value for money.
- 4.15. The construction market is currently in a volatile state due to the adverse impacts of Brexit and the Covid pandemic to the supply of labour and materials. The proposed contract with Decontaminate UK Ltd is a workable solution to project delivery, with the estimated construction programme aligning with the wider Civic Centre project delivery plan. Due to the current volatility of the construction industry, failing to approve the current proposal or re-procuring the works could risk increased costs and prolonged lead times, which consequentially could impact the delivery of the main works.
- 4.16. This report also recommends that Cabinet approve the immediate issue of a letter of intent to Decontaminate UK Ltd. Agreeing the issue of a letter of intent will allow the contractor to mobilise resources to ensure the targeted on-site commencement date is met. As noted above, the construction industry is currently experiencing delays and reduced supply of labour because of Brexit and the Covid pandemic. The letter of intent would help mitigate these issues.

#### **5. Alternative options considered**



## Accommodation Review

- 5.1. The council have considered a range of alternative options, which culminated in the December 2020 decision to proceed with the refurbishment of the Civic Centre, these are in addition to the two options set out above and in the Accommodation Review Business Case, in Appendix A, which is the subject of this report

## Enabling Works Contract

- 5.2. Cabinet has the option to instruct the asbestos and redundant building services removal as part of the main construction works contract. However, it must be noted that if these works were included in the main construction works the project would be exposed to further risk. Completing the asbestos and redundant building services removal in the main construction works could risk a prolonged programme and cost increases if issues were to be exposed at this stage. Addressing these issues now will help expose many of the hidden issues within the building at an earlier stage, thus, providing sufficient time to address within the design of the refurbished Civic Centre building.

## 6. Background Information

- 6.1. In October 2021 Cabinet approved the award of a design services contract to Hawkins Brown to progress the RIBA Stage 2 design for the Civic Centre and the annex extension on the car park site. Having Council services provided through a central office will allow for more cohesiveness in delivering the essential services to residents. Additionally, the inclusion of the annex extension will allow the Civic Centre to provide accommodation for the Council's democratic function and provide an opportunity for community partners to use and benefit from the spaces. The table below details the design principles that have been adopted to ensure the project is delivered successfully.

### 6.2. Table 1 – Design Principles

|  |   |
|--|---|
| Contributing to a Sustainable Future   | <ul style="list-style-type: none"> <li>-Refurbishment will push the standards of retrofitting</li> <li>-Passive design measures will help reduce the energy demand</li> <li>-Existing structures will be reused where possible to reduce waste</li> </ul>   |
| Promoting Accessibility and Diversity  | <ul style="list-style-type: none"> <li>-Entrances to the building to be easily accessible from the street, with clear wayfinding</li> <li>-Security lines within the building will ensure offices are safe for staff</li> <li>-The building will be fully accessible, surpassing part M regulations being truly accessible for all</li> </ul> |
| Providing a high quality Environment that supports sustainability and staff Health and Wellbeing | <ul style="list-style-type: none"> <li>-Promoting and supporting the health and wellbeing of all users</li> <li>-Providing a building to make it easier for users to make responsible and sustainable decisions</li> <li>-A building that will instil a sense of civic pride that staff are proud to work in</li> </ul>                       |

|                                      |   |
|--------------------------------------|---|
| Using Space Flexibly and Effectively | <ul style="list-style-type: none"> <li>-The building will be flexible designed to provide multi-purpose spaces that are easily adaptable</li> <li>-Open plan work areas will promote agile working</li> </ul>   |
| Transforming Council Working Culture | <ul style="list-style-type: none"> <li>-Collaboration and meeting spaces</li> <li>-Seamless IT and Communication technology throughout</li> <li>-Flexible workspaces</li> </ul>   |
| Maintain the Experience              | <ul style="list-style-type: none"> <li>-Smart building management will be provided to easily maintain and adapt services</li> <li>-The building will be designed to Secure by Design principles and will consider terrorism risk</li> <li>-Services will act quickly, smoothly, and quietly and have low energy demand</li> </ul> |

## 7. Budget, Programme and Risks

7.1. The programme milestones are estimated as follows:

Table 2 – Programme Milestones

| Milestone   | Date           |
|---|----------------|
| Planning and Listed Building Consent  | September 2022 |
| Cabinet Update on the Civic Centre prior to procurement of main construction contract | November 2022  |
| Enabling Works Completion   | December 2022  |
| Main Contractor Procurement   | April 2023     |
| Cabinet Decision for Main Contract Award  | Summer 2023    |
| Construction Start on site  | Summer 2023    |
| Construction Practical Completion   | Spring 2025    |
| Client Fit Out  | Summer 2025    |
| Handover and Occupation   | Summer 2025    |

7.2. A robust project governance process is in place involving officers and member engagement. Key project gateways will be reported through this governance process, as outlined in the BC. The above programme provides opportunities for reporting on the progress and testing of the BC, once key milestones such as planning, and contractor procurement have been completed.



7.3. The project team are managing risk on an ongoing basis and will continue to do so for the duration of the Civic Centre project. Risks are regularly reviewed and are communicated through the Council governance structure where required to ensure the correct mitigation strategies are adopted. Some of the key project risks, along with the associated mitigation strategies and impact analysis, are detailed below in Table 3 – Key Risks.

7.4. To proactively manage this risk and to mitigate cost increases the project::

- Has a robust project governance
- Undertakes regular cost reviews at design stages and comparing with current market prices
- Ensures appropriate Quantifiable Risk Assessment (QRA) are in place to inform contingency levels
- Carries out early engagement with contractors to ensure that schemes are efficient from a constructability and programme perspective
- Explores modern methods of construction to reduce time and cost on programme

7.5. Table 3 – Key Risks

| Risk  | Mitigation   |
|---|--|
| The construction industry is in a volatile state due to the impacts of Brexit and the Covid pandemic. This has caused the BCIS Tender Price Index projections to increase at alarming rates, which could impact this scheme when the main works are tendered.   | The project team will closely monitor the BCIS Tender Price Index as the project progresses and will interrogate the elemental cost plan. The project team will also look at value engineering or scope reduction measures to make cost savings if necessary.  |
| The Civic Centre building is now vacant and there is a risk the building could be damaged or occupied by unauthorised users. In the event of this happening important listed features could be damaged which could mean increased project costs and it could delay the completion of works on site.   | Site hoarding has been installed and the Council is providing a 24/7 security resource that will continue for the duration of the project.   |
| As the Civic Centre is Grade II listed the 20 <sup>th</sup> Century Society and Historic England will be statutory consultees through the Planning process and for when Listed Building Consent is granted. If they are not agreeable to the proposed refurbishment works to the Civic Centre, they have the potential to delay the commencement of works on site and even refer the application to the Secretary of State. | The project team are working closely with the LBH Planning and Conservation team to ensure all contentious elements are identified and mitigated at an early stage. Additionally, the project will engage with Historic England and the 20 <sup>th</sup> Century Society at an early stage to ensure they are aware of the project and to gauge their views. |

|   |  |
|---|--|
| Failure to let the vacated buildings on station road in the short term, which underpins the revenue modelling in the BC | Market engagement and investment in the facilities, as per the November 2021 report, to ensure a fit for purpose office accommodation to meet income expectations. |
|---|--|

### **Enabling Works Package:**

- 7.6. The contract award to Decontaminate UK Ltd can be contained within the approved General Fund Capital Programme.
- 7.7. Using the developed scheme design and the information secured through the site surveys and investigative works, the project quantity surveyor has been able to complete a more detailed cost analysis of the project. A breakdown of the project budget can be found in Part B report.

## **8. Communication and Engagement**

- 8.1. The purpose of communication and engagement is to inform, engage, and involve key stakeholders in the development of the project by getting out key messages. Communication and engagement cover both internal and external audiences and will include short-, medium- and long-term phases of the project.
- 8.2. The proposed redevelopment of the Civic Centre confirms the building will provide Haringey with civic headquarters, the Council back-office service and democratic function's needs, and staff with a better working environment. The addition of the annex will deliver a solution to the Council's primary office needs, including new ways of working, facilities, and services.
- 8.3. The community will benefit from greater service efficiency and value for money from the updated Civic Centre and new use of Council office space. The Civic Centre refurbishment will not only accommodate many of the Council's services, all its departmental headquarters and a space for Members to meet and work, it may also provide new levels of public access and facilities.
- 8.4. To provide information and consult with key stakeholders, Members, Haringey Council staff, and the local community, a strategy will be developed which covers the following:
  - Who we communicate with
  - What we will communicate about
  - How we will do it
  - Timeline
- 8.5. There will be agreed core messages which run throughout the project and feature in the activity. The Council will deliver a mixture of communications and engagement.
- 8.6. Internal objectives for communications and engagement:
  - To increase staff awareness of the project and reasons for the move

- To help staff recognise change as a positive aspect of working for the Council
  - To support staff in embracing digital transformation
  - To highlight efficient and better value services, as well as new services offered because of the move
- 8.7. External objectives for communications and engagement:
- To increase awareness of the project and reasons for the move
  - To communicate benefits to residents of the Council's new ways of working
  - To create a sense of involvement across the community
  - To highlight that it is money well spent
- 8.8. In developing and finalising the communication plan, the Council will endeavour to use a range of communication channels – both physical and digital - to make communications and engagement as easy and as accessible as possible for everyone.
- 8.9. The Civic Centre Member forum have been engaged most recently on the 16<sup>th</sup> November, to review the design progress to date and provide feedback to officers and the Design Team.

## **9. Contribution to strategic outcomes**

- 9.1. Borough Plan Economy Priority: Outcome 17: Investment with local people at its heart, focused on Tottenham and Wood Green.
- 9.2. Borough Plan Your Council Priority: Outcome 20: We will be a Council that uses its resources in a sustainable way to prioritise the needs of the most vulnerable residents.

## **10. Statutory Officers comments**

### **10.1. Finance**

- 10.1.1 The recommendation is to proceed with the inclusion of the Civic Centre annex within the project. The decision to proceed with the annex is a significant investment decision giving rise to significant financial implications both capital and revenue. The accommodation review has concluded that the best option, taking into account the critical success factors, is to consolidate the Council's administrative activity on the Civic Centre site. This proposal is supported by the financial analysis. Each of the key elements of the financial analysis, as well as the assumptions, are set out below.

#### **Revenue**

- 10.1.2 In the period up to the occupation of the Civic Centre the existing revenue budgets for corporate accommodation will be unchanged, which will mean that there will be no impact on the Council's MTFS.
- 10.1.3 Given the significance of this potential investment and the fact it would span several years, the February Capital Strategy will include a proposed change

to the way in which the interest charges incurred during the construction period are to be treated for significant capital schemes. In future for such schemes, the interest during the construction period will be capitalised, along with the other costs of bringing the asset into operation. The Council's existing policy for Minimum Revenue Provisions (MRP) already works on this basis. This would ensure that current taxpayers would not be burdened with costs incurred on such major schemes where the benefits are in future years.

- 10.1.4 Currently the Council has a net revenue spend of £2.8m for running 48 Station Road, Alexandra House, 40 Cumberland Road and River Park House. Both options considered assume that RPH will be vacated and held ready for future purposes yet to be decided.
- 10.1.5 The business case evaluates two options, which both make several assumptions around the use of the buildings on Station Road. The revenue financial implications of the two options addressed in this business case have been considered in comparison with the corporate accommodation revenue budgets in the current MTFS. They include the revenue implications of the capital costs described below.
- 10.1.6 In coming to the recommendation to proceed with the Civic Centre Annex option, the option of using a combination of a refurbished Alexandra House and the Civic Centre to meet the accommodation requirement and the letting of 48 Station Road and 40 Cumberland Road, was also explored (Option1). The revenue effect of this option is disclosed in the table below:

|                    | Current Cost | Cost of Option 1 | Variance     |
|--------------------|--------------|------------------|--------------|
|                    | £000's       | £000's           | £000's       |
| Civic Centre       | 516          | 1,880            | 1,364        |
| Civic Centre Annex | 0            | 0                | 0            |
| 48 Station Road    | 269          | -276             | -545         |
| 40 Cumberland      | 335          | -292             | -627         |
| RPH                | 987          | 0                | -987         |
| Alexandra House    | 773          | 2,778            | 2,005        |
| <b>Total</b>       | <b>2,881</b> | <b>4,091</b>     | <b>1,209</b> |

- 10.1.7 The above table shows that the refurbishing Alexandra House option would result in an increase in the cost of running the corporate accommodation estate. The significant cost arises due to the need to invest in Alexandra House but critically not then letting it out thus forgoing an income stream and retaining a higher cost base (reflecting the capital finance charges of the investment).
- 10.1.8 The alternative Option 2 evaluated is to refurbish Alexandra House, 40 Cumberland Road, and 48 Station, and let them commercially at least for a period of up to 10 years and use the Civic Centre and Annex to meet the Council's accommodation needs. The rent levels assumed are modest and similar to other rental levels being achieved in the area. The longer term decision making on Alexandra House, 48 Station Road, 40 Cumberland Road and River Park House would be subject to later reports but it assumed that the net revenue implications of their future applications will be at least

equivalent to the medium term arrangements. The revenue effect of this is set out in the table below.

|                    | Current Cost | Cost of Option 2 | Variance |
|--------------------|--------------|------------------|----------|
|                    | £000's       | £000's           | £000's   |
| Civic Centre       | 516          | 1,880            | 1,364    |
| Civic Centre Annex | 0            | 1,913            | 1,913    |
| 48 Station Road    | 269          | -276             | -545     |
| 40 Cumberland      | 335          | -292             | -627     |
| RPH                | 987          | 0                | -987     |
| Alexandra House    | 773          | -708             | -1,482   |
| Total              | 2,881        | 2,517            | -365     |

10.1.9 The above table shows that the preferred option has the potential to generate a modest saving. The key driver for this is the income generation at Alexandra House as opposed to option 1 where Alexandra House generates a cost.

10.1.10 The risk analysis in this report addresses the headline risks that might impact on this forecast. The base case, however, indicates a small betterment/no cost option, while leading to considerably better civic, public and accommodation amenities, enhanced future site potential at Station Road and addresses the future purpose of the Civic Centre site.

### Capital

10.1.11 The accommodation strategy has a significant capital programme attached to it. Within the approved General Fund capital programme there is £24m funding for the refurbishment of the Civic Centre. In addition, as part of the draft budget considered by Cabinet, there is a proposed addition of £30m to fund the annex. This addition would be on a self-financing basis, which is confirmed by the revenue modelling above.

10.1.12 Also, within the approved General Fund capital programme there is £4.562m budgetary provision for the capital investment for 40 Cumberland Road, 48 Station Road, Alexandra House, and River Park House. This would then give a total capital provision of £58.6m for the accommodation strategy.

10.1.13 On the assumption that the draft General Fund capital programme is agreed then the capital programme as it relates to this decision would be as set out in the table below along with the option 1 capital requirement:

|                    | Option 1 | Option 2 | Variance |
|--------------------|----------|----------|----------|
|                    | £000's   |          | £000's   |
| Civic Centre       | 25,795   | 25,795   | 0        |
| Civic Centre Annex | 0        | 28,210   | -28,210  |
| 48 Station Road    | 2,212    | 2,212    | 0        |
| 40 Cumberland      | 150      | 150      | 0        |
| RPH                | 500      | 500      | 0        |
| Alexandra House    | 35,000   | 1,700    | 33,300   |
| Total              | 63,657   | 58,567   | 5,090    |

- 10.1.14 It should be noted that the Cabinet report of 9th November 2021 included compliance and fit out works for Alexandra House and 48 Station Road of which are also covered by the existing capital programme (Asset Management of Council Buildings). These expenditures are not included in the table above as they would have been incurred in any event.
- 10.1.15 It can be seen that the preferred option requires less capital expenditure than the alternative option which is due to the increased cost of refurbishing Alexandra House when compared to a new annex building.

### **Investment Appraisal**

- 10.1.16 In addition to the revenue affordability appraisal above, the 2 options were also appraised using the Net Present Value (NPV) technique. This technique allows future cash flows to be expressed in today's money, thus enabling different projects with different cash flows to be evaluated on a consistent basis. This is achieved through discounting those future cash flows back to today. The technique accounts for the capital costs when incurred but not the capital financing costs. The model uses the current Treasury standard discount rate of 3.5% that is used to appraise public sector investment decisions. In constructing the model, allowances were made for anticipated capital costs throughout the long life of the assets, such as new heating systems etc.
- 10.1.17 In investment terms, a project with a positive NPV is one that pays for itself in totality over its lifespan and generates a surplus. So, the higher the NPV the better.
- 10.1.18 On applying this methodology, both options were found to be financially advantageous, with the annex option having a positive NPV of £11.8m and therefore being also preferable from this perspective, with the no annex option at £5.8m.

### **Enabling Works**

- 10.1.19 In order to facilitate the scheme, if approved for progression, this report also recommends the award a contract for the enabling works to the Civic Centre project to Decontaminate Ltd at a value of £0.781m. This expenditure can be contained within the Civic Centre approved capital programme budget of £25.975m.

## **10.2. Procurement**

- 10.2.1 Strategic Procurement have been involved in the project. A compliant procurement process was undertaken via the authorities Dynamic Purchasing System, utilising the Minor works asbestos category.
- 10.2.2 The procurement is in line with the authorities Contract Standing Orders and the Public Contract Regulations.



- 10.2.3 Strategic endorse the recommendation to award the contract to Decontaminate UK Ltd for the sum of £780,891.18.

### 10.3. Legal

- 10.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 10.3.2 The report seeks approval of the Business Case to proceed with the construction of an annex to the Civic Centre as the preferred option. Further decisions will have to be made with regards the long-term future of the other accommodation buildings referred to in the Business Case. Members should note that the sums approved for the proposed Annex is not within the current budgetary framework.
- 10.3.3 The Contract, which this report relates to has been procured via the Council's London Construction Programme Dynamic Purchasing System, minor works asbestos category. This complies with the Public Contracts Regulations 2015.
- 10.3.4 In accordance with Contract Standing Order 9.07.1(d) Cabinet has authority to approve the award of the contract referred to in the recommendations.
- 10.3.5 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

### 10.4. Equality

- 10.4.1 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  - Advance equality of opportunity between people who share those protected characteristics and people who do not;
  - Foster good relations between people who share those characteristics and people who do not.
- 10.4.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faitth, sex, and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 10.4.3 The following measures have ensured that the works comply with the Council's equalities duties:
- The Civic Centre project design team includes an access consultant that will ensure that the Civic Centre refurbishment and annex extension will include design measures to ensure the building is genuinely accessible

for all staff and residents, going beyond the minimum requirements that are set out as part of Building Regulations.

- The building's design will be progressed to ensure that the building provides autism friendly environments, faith rooms, gender neutral toilets and accessibility to disabled users.
- The enabling works contract has been procured with equality in mind. The procurement was evaluated with a 60%/40% quality/cost weighting. Part of the quality evaluation process focused on the contractor's ability to provide employment opportunities, apprenticeships, training and mentoring opportunities and the support of local supply chains.

- 10.4.4 As a body carrying out a public function on behalf of a public authority, the contractor will be required to have due regard for the need to achieve the three aims of the Public Sector Equality Duty, noted above. Arrangements will be in place to monitor the performance of the contractor and ensure that any reasonably possible measures are taken to address any issues that may occur that may have a disproportionate negative impact on any groups who share the protected characteristics.

## **11. Use of Appendices**

- 11.1. Part B Exempt Information  
11.2. Appendix A – Council Office Accommodation Review - Business Case

## **12. Local Government (Access to Information) Act 1985**

- 12.1. This report contains exempt and non-exempt information. Exempt information is under the following categories (identified in amended Schedule 12A of the Local Government Act 1972);
- 12.2. Information relating to financial or business affairs of any person (including the statutory holding that information).

# **Council Office Accommodation Review**

## **Business Case**

**December 2021**

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## 1 Executive Summary

This document is the Business Case for London Borough of Haringey's (LBH) Accommodation Review. The purpose of the document is to approve the preferred option for the provision of the Council's accommodation needs relating to its core office accommodation and Democratic functions, and move to the next stage in the process, which is completing the full design and Planning application.

LBH's ambition is to move to be a more agile organisation, with staff working under a flexible 'hybrid' model, which will see working locations for staff split across some combination of office, community, and home. The ambition to move to this new working model will require LBH to provide a flexible and collaborative office working environment for its staff, which enhances the positive aspects of in-person interaction, enables work and activity that is harder to deliver remotely, and supports staff wellbeing.

There is also an objective to maximise the opportunities to explore alternative uses for the existing council buildings in central Wood Green by freeing up office space through effective consolidation of the Council's office accommodation needs. The current office accommodation estate in Wood Green now includes a significant amount of space that is deemed to be no longer required following the introduction of flexible working principles, which have been further accelerated by the Covid pandemic and the demonstration of the ability of staff to work effectively from locations away from main Council offices.

The Civic Centre building in Wood Green, which has Grade II listed status due to its historical significance, is in a significant state of disrepair, needing considerable remedial works to prevent further deterioration. The Council has an objective to restore the Civic Centre, recognising the building's iconic and historical status, and the Council's duty to maintain the site for future generations. There is also an ambition to increase the level of engagement and interaction with residents, partners and community groups by increasing the opportunities for these groups to access space in the Civic Centre, alongside Council staff and elected Members.

As part of Haringey's Climate Change Action Plan, the Council has a commitment to work towards a zero-carbon estate. Any new building, or refurbishment of existing building, for Council accommodation must contribute towards this commitment, demonstrating sustainability throughout the design process.

As a result of these objectives, the Council has investigated the potential benefits of restoring and developing the Civic Centre site, with a view to it becoming the combined home of the Council's core office accommodation alongside its Democratic functions and increasing the ability of the site to be used more widely by the community.

This business case therefore appraises two options for the future provision of the Council's core office accommodation:

- **'Option 1'** – Restoring and refurbishing the existing Civic Centre Building, carry out further improvements to Alex House, consolidating staff accommodation into these two buildings as the Council's core office locations
- **'Option 2'** – Restoring, refurbishing and expanding the existing Civic Centre through the addition of an Annex building, consolidating staff accommodation into this single site as the Council's core office location

Option 1 would achieve the objective of restoring the current Civic Centre building and provide a long-term home for the Council's democratic functions. It would not, however, achieve the objective of making the most efficient use of current Council assets and releasing the existing office accommodation assets in Wood Green as Alex House would need to be retained for long-term use as staff accommodation. Retaining Alex House for this long-term period would require significant further investment in the building to bring it up to the standard required and to enable the realisation of the Council's flexible working objectives.

Capital costs are also the highest for this option, owing to the significant investment required in Alex House and this option would also increase the overall cost of running the corporate estate.

Option 2 would achieve the objective of restoring the current Civic Centre building and would also greatly enhance the wider Civic Centre site for the benefit of both staff and the wider community. The addition of an annex will result in the most efficient provision of office accommodation and allow the exiting of existing office accommodation in central Wood Green, consolidating all of the Council's core office accommodation on one site, alongside its Democratic functions. This option will also present the greatest opportunity for creating a compelling partner and community access offer at the site, through the ability to offer shared use of a variety of flexible spaces, both inside and outside. The proposed new annex building will be designed to low carbon principles, meaning this option best meets the Council's sustainability objectives.

Option 2 does require the most ambitious approach to flexible, hybrid working, which will require staff to go through a significant period of change to their working culture and practices, meaning that this option therefore carries greater risk in this regard than Option 1.

The economic analysis in this business case (Economic Case) has shown that Option 2 represents the greatest public value for money. Capital costs for Option 2 are lower than for Option 1 and Option 2 would also reduce the overall cost of running the corporate estate. As such, and taking into account the qualitative analysis above, Option 2 is the preferred option for LBH's accommodation review. Option 2 meets the Council's MTFS plans and would be funded through borrowing. As such it is deemed, on current plans, to be affordable to the Council.

The Programme to deliver the recommended scheme will be governed in accordance with the Council's approach to Project Management, and using the Capital Programme Gateway method at set gateways. Progress will be evaluated at key stages of the Programme, such as at the end of the procurement phase and at post-construction.

It is therefore recommended that the Council moves to full design and Planning application for the delivery of the expanded Civic Centre plus annex scheme.



## 2 Introduction

This Business Case has been produced using the 'Five Case Model', which is the Office of Government Commerce's (OGC) recommended standard for the preparation of business cases and therefore includes the following:

- Strategic Case – setting out the context for the Council's office accommodation, current arrangements, and the case for change
- Economic Case – appraising the options for office accommodation for Haringey, and the preferred option
- Commercial Case – indicating the commercial implications of the option
- Financial Case – indicating how the preferred option could be funded
- Management Case – outlining the initial plans for delivery to manage the way forward

## 3 Strategic Case

This section details the strategic context and case for change for London Borough of Haringey's Accommodation Review.

### 3.1 Organisational Overview

LBH has approximately 2,700 staff, with the majority currently based out of office accommodation in central Wood Green. In 2019, Haringey occupied approximately 16,000m<sup>2</sup> Net Internal Area (NIA) of civic and council accommodation in Wood Green (approximately 2,100 workstations) across a number of buildings.

Work has been undertaken to understand the current and future projected structure and size of the Council's workforce and estimate where staff will be based in the future, with staff categorised into one of five workforce types:

- **Corporate Office** – Approximately 50% of the workforce will be based at the core office accommodation in Wood Green. It is estimated that these members of staff will split their time between working in the office, out in the community and working from home.
- **Community/Locality Based** – About 15% of the workforce are community-based workers who interact with community on a daily basis and will be located within a locality for part of the week. Locality based staff will also spend part of their week working from home and will also spend time in the core office accommodation. Locality based staff work with a range of partner organisations and need spaces where partners can come together to build relationships, communicate and collaborate.
- **Established Site** – About 15% of staff need to be in a specific location other than the core Council office to be able to do their jobs (e.g., Libraries or Customer Service Centres). These roles would normally be linked to a customer facing activity which historically would not be possible to do remotely, though services are increasingly going online and virtual.
- **Outdoor/Field** – About 15% of the workforce are out and about for much of the day in parks or streets, carrying out shift work in specific areas or patches often in roles which require an out of hour, evening or weekend service. These members of staff need a space in between shifts to touch down, meet colleagues, have breaks and charge/store equipment.
- **Home Workers** – About 5% of staff carry out work which is process driven, desk based, and which can be carried out remotely with little or no need to be in an office in Haringey. This type of work is different from flexible working and a specific home working contract will be required, based on the role not the individual

The precise split of staff across these workforce types is only approximate and some roles don't fit neatly into any single category, however, this is considered a close enough approximation for the purposes of future accommodation needs planning.

### 3.2 Flexible Working

Prior to the Covid pandemic, the council was already on a journey of adopting modern, flexible ways of working and improving council accommodation to enable this. A significant number of staff have continued to come into Haringey and use council accommodation during the pandemic but this period has also demonstrated that widespread flexible and home working can allow officers to continue to deliver for our residents and reduce the cost of council accommodation, whilst also improving the work-life balance for many staff.

The Council's vision for how it will work in the future will recognise the benefits of maintaining flexibility in where its staff work. Whilst there are clear benefits to retaining the ability for staff to work remotely from home and other locations, we also believe that a physical connection to Haringey as a place is vital to ensuring that our staff maintain a close relationship with the residents and communities we serve and enabling our staff to collaborate with colleagues from across the council and partner organisations.

The underlying assumption is that all Community/Locality-based and Corporate Office workers will be considered "Hybrid Workers" moving forward. These groups make up the large majority of the council's overall staff number. A hybrid worker does not have a single fixed working location, where they work will include a mixture of office, home, community setting and mobile. The precise location on a given day is determined by business need and hybrid workers are also able to exercise flexibility over their working pattern, subject to business needs. Under this hybrid working model, it is expected that all staff will have regular reasons to come into work in Haringey, either within council accommodation or out in the community. It is therefore envisaged that very few Council roles will continue to be suitable for 100% remote working.

Why staff come in to use our office space will also change, with greater emphasis on using our office spaces for collaboration and flexible working, moving away from spending time in the office on individual tasks that can be completed just as well at home or elsewhere. Reasons for spending time working in a council office could include:

- for collaborative work, where greater benefit can be gained from people coming together in person
- as a touch-down point between other meetings or visits in the local area
- for training, where this is best delivered face-to-face
- for team-building – a manager may bring their team together for in-person sessions
- to improve professional practice, where it is deemed beneficial for staff to sit with colleagues from time-to-time to learn from, and mutually support, each other in their professional roles
- for meetings (including public meetings) where attendance in person is necessary
- to meet Members, clients or external contacts, where meeting in person is preferable or necessary
- where work is dependent on specialist equipment or information that is not available outside of the office
- where attendance in the office is necessary to ensure physical or emotional wellbeing (this should not assume full-time attendance at the office unless circumstances are exceptional)
- where a worker is unable to work at home or another location due to domestic circumstances (this should not assume full-time attendance at the office unless circumstances are exceptional)
- as part of onboarding arrangements for new staff

The list above is not intended to be exhaustive, and it is expected that services and managers will work with their teams to develop the most appropriate working arrangements for the roles that they deliver.

Information shared through the London Council's network highlights that virtually all other London boroughs have already implemented similar hybrid working arrangements, or are in the process of doing so, with a view to this being the 'norm' after pandemic restrictions are further eased.

Our approach to accommodation and the way we want our staff to work must be inclusive and contribute to staff wellbeing. We must ensure that designs meet a standard of accessibility which goes beyond statutory requirements around physical disability and takes account of modern guidelines for creating environments that are dementia friendly and suitable for neuro-diverse individuals.

### **3.3 Maximising the Quality and Efficiency of the Council's Office Accommodation**

LBH is committed to providing staff with office accommodation that provides a flexible working environment in line with modern working practices and supports the need for greater collaboration. When reviewing council office accommodation we need to ensure:

- Accommodation that is the right size, in the right place and that is flexible enough to respond to changing needs
- We provide an attractive place to work, with working culture and practices supporting the delivery of our vision for Haringey
- Staff are based in the right locations and able to dedicate more time to delivering frontline services face to face and to respond to changing needs and demands
- Effective partnership working, facilitated by systems and environments, increasingly including co-location, data sharing and collaboration

Whilst it is assumed that staff will be working away from the Council's core office accommodation more often, and the number of required workspaces reduced accordingly, there will be a new requirement in the future for enhanced spaces where whole teams can come together regularly for meetings, briefings, workshops and collaborative working. There will also be a requirement for the workspace to support the hybrid working approach, where some team members are physically present and others working at home or elsewhere but give an equitable experience to all team members. Currently our buildings lack this capability, especially larger meeting and collaboration spaces and there are limited opportunities to make space available to partners and community groups.

As part of our changing approach to how we work, we will also be looking to increase the amount of area- and locality-based working over the coming years to ensure that our front-facing services are delivered as close as possible to the community, in line with our objectives to build community resilience and work in partnership with our communities. The aim is to enable better multi-agency working alongside public sector partners, voluntary sector, and the community, creating a more accessible and joined up service and better outcomes. This mix of centrally and locally based Council facilities aims to make the best and most efficient use of Council buildings.

The ability to rationalise and consolidate the Council's existing portfolio of assets providing office accommodation presents significant opportunities for considering alternative uses for these locations. Any decisions about the future requirement and location of the Council's core office accommodation should consider how this opportunity can be maximised and the greatest amount of existing accommodation released.

It should be noted that the Council's current office estate in Wood Green also provides accommodation for a number of client-facing and out of hours services. These functions are currently assumed to be out of scope for the Council's core office accommodation review as they require a different type of accommodation provision which does not necessarily lend itself to that provided as part of the core office offer. The future requirements and accommodation provision for these functions will be considered

separately as part of wider reviews into the both the expansion of locality and area-based working, and existing work underway to consider the future provision of public services in Wood Green central. As such, the ability to fully vacate some of the Council's existing accommodation in Wood Green is dependent upon future decision regarding these functions.

For the purposes of planning required core office accommodation capacity, it assumed that:

- Corporate Office staff will come to the Council's core office for 40%-60% of their time
- Staff working in localities will come to the Council's core office for 20% of their time
- Home working staff will become entirely home based and will only need to come to the office for 5% of their time.
- Fixed location and outdoor/ field workers will be relocated to new sites outside Wood Green and will not have any workspaces in the Council's core office.

Based on the above workforce types and anticipated presence in core Council office accommodation, the council will need to provide accommodation for up to 900 staff at any one time in its core office accommodation. This represents a more than 50% reduction in the amount of office accommodation capacity currently available and demonstrates the transformation journey that the organisation is on. Through the introduction of new working practices and the provision of high-quality, flexible accommodation we will be able to significantly improve the efficiency of how we use office accommodation and deliver a better experience to those using it.

In July 2019 Cabinet approved a series of recommendations relating to Council owned sites in Wood Green. Members agreed to the principle of consolidating Council accommodation to a reduced number of sites to deliver a better and more accessible service, realise cost savings, and provide a more productive working environment for staff. An initial accommodation consolidation exercise is already underway, which will see staff based in the short-term out of just two core office buildings in central Wood Green – Alex House and 48 Station Road - reducing the overall occupancy of the Council's core office accommodation. It is considered, however, that to realise the full benefits of flexible and agile working, and to achieve the most efficient use of its available assets, LBH will need further changes to its core office accommodation.

### **3.4 Restoring the Civic Centre**

Until recently the Civic Centre building in Wood Green has been used as the Council's main Democratic centre, including the Council Chamber and Committee Rooms, alongside also providing additional staff accommodation. The Civic Centre was constructed between 1955-58 to designs by Sir John Brown, AE Henson and Partners. It was the first Civic Centre of its size to be built after WWII, and influenced the design of later civic centres, including Crawley Town Hall. The design has clear Scandinavian influences, with generous planning and creative use of space. The original design intent was that the Civic Centre was to be built in three phases: the town hall and council offices first, followed by an auditorium and small hall, then finally a public library. In reality only, the first phase was built. The Civic Centre was grade II listed on 26 July 2018, with areas of high and medium historic significance including the main entrance lobby and the Council Chamber. The Site is located within the Trinity Gardens Conservation, which was designated on 22 September 1978.

The Civic Centre is now in a poor state of repair, needing considerable remedial works to prevent further deterioration. As a result of this, the building is currently unoccupied with the Council's main Democratic functions temporarily relocated to George Meehan House. In December 2020 Cabinet approved a proposed project to repair, restore, refurbish and extend the Civic Centre to bring the building back into use by the Council as its new Headquarters and Civic functions building alongside George Meehan House. This decision recognised the building's iconic and historical status, and the Council's duty to maintain the site for future generations, ensuring it is a source of civic pride for the borough.

There is also an ambition to increase the level of engagement and interaction with residents, partners and community groups by increasing the opportunities for these groups to access space in the Civic Centre. The Council has a clear vision and ambition – to make Haringey a fairer and more equal borough but that's not something we can do alone. The structures of poverty and injustice are complex and interwoven – and take a collaborative cross-cutting response to overcome. The Council has to act in partnership with communities and community groups, with partners and business, for genuinely transformative change to happen. Future Council accommodation will enable this way of working by creating spaces where our workforce and partners can self-organise, build relationship, and bring together cross functional teams which can deliver solutions to complex problems. This means we need accommodation that is flexible enough to provide spaces to meet and engage with residents and community groups, and to be able to offer space for them to meet, work and hold meetings in so they can come together and participate in planning, design and decision-making. We should also look for opportunities to maximise the impact that our Council accommodation can have on improving public spaces around buildings to provide additional amenity for residents including playable space for Children.

### **3.5 Contributing to a Sustainable Future**

In March 2021 Cabinet formally adopted the Climate Change Action Plan, which targets being a net-zero Council by 2027. In response to the Haringey Climate Change Action Plan, Council buildings should go beyond Building Regulations compliance, and push the boundaries in terms of energy efficiency measures, including passive design measures, and energy generation on sites. The refurbishment of the Civic Centre and any new buildings will support the Council's commitment to work towards a Zero Carbon estate, while the refurbishments will push the standards for retrofitting. This will demonstrate community leadership while reducing future energy costs on the Council, also allowing flexible space which will comply with future legislation and enable an attractive rental property, should the Council wish to.

To deliver wider sustainability objectives, the new build and refurbishments must aim for BREEAM 'Outstanding' and achieve 'Excellent' as a minimum recognising some of the site constraints. The new buildings will be required to demonstrate sustainability through the design process and deliver buildings that naturally cool in heatwaves, without the need for mechanical cooling equipment; with the Mayor's standards being delivered under current and future climate models to 2050; ensuring operations can be maintained during extreme weather events and retrofitting is easy post 2080.

Assets of the Council will be designed to encourage occupiers to use active travel and public transport options. Buildings should be easy to access by walking, cycling and public transport, refer to Haringey Walking and Cycling Action Plan. The buildings will prioritise space for active travel users over the private car.

### **3.6 Constraints**

There are a number of constraints for LBH to consider in its approach to office accommodation:

- 2025 is the earliest date for delivery of 'new' office accommodation arising from major works, either from a refurbishment or new build
- LBH offices need to remain within the Borough and be accessible to service users
- Funding for any proposed changes would need to be within the parameters of the LBH Capital programme and existing resource budgets
- Any new office provision needs to remain attractive and convenient for staff, including access to public transport and appropriate parking provisions.
- Services requiring customer access, and those requiring 24/7 access are not included in the core office accommodation requirements

## 3.7 Dependencies

The project has the following dependencies:

- The accommodation requirement being signed off and agreed to align with the way the organisation wants to work in the future
- The successful implementation of changed working practices to meet the more than 50% reduction in the Council's accommodation footprint

## 3.8 Risks

The Strategic Risks for LBH to manage and mitigate as it considers its accommodation options are:

- Potential cost and time overruns resulting in new accommodation not being available on time and budgetary pressures
- New accommodation being less attractive to staff or impeding their working arrangements
- Challenge in staff adapting to new working practices including potential adverse reaction to a reduction in the parking provision and greater reliance on public transport
- Resistance to cultural changes as the flexible and hybrid working practices are introduced
- Delays in the internal decision-making processes results in the accommodation not being available for occupation by 2025



## 4 Economic Case

### 4.1 Options for Change

Based on the strategic drivers set out in the Strategic Case section above, the following Critical Success Factors (CSFs) have been established for assessing the LBH's approach to office accommodation:

- **CSF1: Enables the Council's flexible working ambitions**, providing office accommodation that is the right size, whilst increasing the flexibility of office accommodation and creating an environment that prioritises collaboration and staff wellbeing
- **CSF2: Maximises the quality and efficiency of existing Council office accommodation assets** and the opportunities for Council buildings in Wood Green to be released for alternative uses
- **CSF3: Ensures that the Civic Centre is restored and brought back into use with enhanced community access**
- **CSF4: Supports Haringey's Climate Crises Action Plan and commitment to work towards a zero-carbon estate**
- **CSF5: Affordable to implement and offers public value for money**

This business case appraises two options to respond to the Council's strategic drivers, which will be assessed against the Critical Success Factors set out above:

- **Option 1** – Restoring and refurbishing the existing Civic Centre Building, carry out further improvements to Alex House, consolidating staff accommodation into these two buildings as the Council's core office locations.
- **Option 2** – Restoring, refurbishing and expanding the existing Civic Centre through the addition of an Annex building, consolidating staff accommodation into this single site as the Council's core office location.

### 4.2 Option 1 Appraisal

Option 1 would include restoring and refurbishing the existing Civic Centre Building. Office accommodation would be provided across Alex House and the Civic Centre, consolidating staff accommodation into these two buildings as the Council's core office locations. 48 Station Road would cease to be used for office accommodation (as set out in Section 3.3, the ability to fully vacate the Council's existing accommodation is dependent upon future decisions regarding the relocation of client-facing and out of hours services).

#### Qualitative Appraisal

Option 1 would achieve the objective of restoring the current Civic Centre building and provide a long-term home for the Council's democratic functions. It would not, however, achieve the objective of making the most efficient use of current Council assets and releasing the existing office accommodation assets in Wood Green as Alex House would need to be retained for long-term use as staff accommodation. Retaining Alex House for this purpose this long-term period would require significant further investment in the building to bring it up to the standard required and to enable the realisation of the Council's flexible working objectives. The capital cost of this would exceed the cost of the Option 2.

In order to refurbish Alex House to the extent required, would in all likelihood require the building to be temporarily vacated to allow the works to be undertaken. In order to facilitate this, a multi-phased programme with staff relocated multiple times and possibly an increased reliance on working away from the office would be required, undermining our hybrid working ambitions and risking disruption of operational services. It would also carry the possibility of additional temporary accommodation being required during this period and any phasing related to this option would be likely to result in the need for

retaining the use of 48 Station Road for a longer period, delaying when the building could be released. This option would also carry a greater financial risk in terms of the implementation costs associated with a multi-phase, elongated programme.

This option would also see Council staff and services split between two sites, limiting the efficiency of the office accommodation, and the flexible and collaborative working benefits that can be achieved and carrying a risk of creating an inequitable experience across the two locations.

This option would only achieve limited Community access benefits as the existing Civic Centre building would have to be prioritised for use by Council staff and the delivery of Democratic functions. There would also be limited opportunities to meet the Council's sustainability and net-zero carbon ambitions.

| Critical Success Factor   | Benefits  | Risks  | RAG          |
|---|---|--|--------------|
| <b>CSF1: Enables the Council's flexible working ambitions</b>   | <ul style="list-style-type: none"> <li>Accommodation is planned to provide new flexible work settings, which will enable the start of the transformation journey</li> </ul>   | <ul style="list-style-type: none"> <li>Limitations of existing buildings reduce the available flexibility and ability to easily adapt the physical spaces</li> <li>Splitting staff across separate sites reduce the opportunities for increasing collaboration</li> </ul>                      | <b>Amber</b> |
| <b>CSF2: Maximises the quality and efficiency of existing Council office accommodation assets</b>               | <ul style="list-style-type: none"> <li>Vacating 48 Station Road meaning building could be considered for alternative uses</li> </ul>  | <ul style="list-style-type: none"> <li>Does not release Alex House for alternative uses</li> <li>Office accommodation still inefficient as split across two sites</li> <li>Difficult to recreate an equitable experience across all accommodation</li> </ul>                                   | <b>Amber</b> |
| <b>CSF3: Ensures that the Civic Centre is restored and brought back into use with enhanced community access</b> | <ul style="list-style-type: none"> <li>Civic Centre would be restored</li> </ul>  | <ul style="list-style-type: none"> <li>Opportunities to provide access to the wider community would be limited by Council requirements of the building</li> </ul>  | <b>Amber</b> |
| <b>CSF4: Supports Haringey's Climate Crises Action Plan and commitment to work towards a zero-carbon estate</b> | <ul style="list-style-type: none"> <li>Vacating one existing building would offer opportunities to reduce the negative contribution made to the environmental impact of the Council's office accommodation</li> </ul> | <ul style="list-style-type: none"> <li>Due to the limitations presented by undertaking a refurbishment of a listed building, the office estate would still not be able to significantly contribute to the Council's plan</li> </ul>  | <b>Amber</b> |
| <b>CSF5: Affordable to implement and offers public value for money</b>  |   | <ul style="list-style-type: none"> <li>Significant investment required in both buildings to enable long-term use, which would exceed the cost of Option 2</li> <li>Likely need for an elongated, multi-phase relocation programme would cause the greatest disruption to operations</li> </ul> | <b>Red</b>   |

## Quantitative Appraisal

Option 1 has capital costs of £63.657m and would increase the cost of running the corporate estate by £1.209m per year. This option represents a Net Present Value (NPV) of £5.837m. A detailed breakdown of the costs, income and assumptions made is at Appendix A: Detailed Economic Analysis.

### 4.3 Option 2 Appraisal

Option 2 would see the Council restoring, refurbishing and expanding the existing Civic Centre through the addition of an Annex building, consolidating staff accommodation into this single site as the Council's core office location and ceasing to use Alex House and 48 Station Road for office accommodation purposes.

## Qualitative Appraisal

Option 2 would achieve the objective of restoring the current Civic Centre building and would also greatly enhance the wider Civic Centre site for the benefit of both staff and the wider community. This option will also present the greatest opportunity for creating a compelling partner and community access offer at the site, through the ability to offer shared use of a variety of flexible spaces, both inside and outside.

The addition of an annex will result in the most efficient provision of office accommodation, consolidating all of the Council's core office accommodation on to one site, alongside its Democratic functions. This creates the greatest opportunities for increased collaboration between staff and allows LBH to provide a consistent, high-quality accommodation offer for its staff. The capital costs for this option are lower than for Option 1.



Figure 1: Showing approximate location of potential Annex addition to the Civic Centre (Annex shown in green). Please note that this is for illustrative purposes only at this stage and is subject to design development

This option will allow the exiting of existing office accommodation in central Wood Green meaning both Alex House and 48 Station Road can be considered for alternative uses (as set out in Section 3.3, the ability to fully vacate the Council's existing accommodation is dependent upon future decisions regarding the relocation of client-facing and out of hours services).

The proposed new annex building will be designed to low carbon principles, meaning this option best meets the Council's sustainability objectives as it replaces two existing buildings that make a negative contribution.

Option 2 does require the most ambitious approach to flexible, hybrid working, which will require staff to go through a significant period of change to their working culture and practices, meaning that this option therefore carries greater risk in this regard than Option 1. The requirement to plan and carry out relocations of staff in a relatively short period of time will also potentially create short-term disruption to staff working and the operation of council services, but this would be significantly less than under Option 1.

This option also carries risk in terms of cost certainty and control as the significant new build element, alongside the refurbishment works, will be susceptible to market forces and external risks governing materials and construction costs.

| Critical Success Factor   | Benefits  | Risks  | RAG          |
|---|---|--|--------------|
| <b>CSF1: Enables the Council's flexible working ambitions</b>   | <ul style="list-style-type: none"> <li>All accommodation on one site, maximising the opportunities to achieve the greatest levels of collaboration</li> <li>Provides the greatest level of flexibility of accommodation provision, including the ability to work with Partners and Community groups</li> <li>Maximises the provision of outside space to enhance the</li> </ul> | <ul style="list-style-type: none"> <li>Requires the greatest change to the Council's working culture</li> <li>Requires additional relocations of staff which could cause temporary disruption</li> </ul> | <b>Green</b> |
| <b>CSF2: Maximises the quality and efficiency of existing Council office accommodation assets</b>               | <ul style="list-style-type: none"> <li>Would consolidate all accommodation on a single site, releasing all other assets from their use as office accommodation</li> <li>Would ensure that all accommodation is provided to the same standard</li> </ul>   |  | <b>Green</b> |
| <b>CSF3: Ensures that the Civic Centre is restored and brought back into use with enhanced community access</b> | <ul style="list-style-type: none"> <li>Civic Centre would be restored and extended, further enhancing the status of the site</li> <li>Maximum opportunities to offer community access</li> </ul>  |  | <b>Green</b> |
| <b>CSF4: Supports Haringey's Climate Crises Action Plan and commitment to work towards a zero-carbon estate</b> | <ul style="list-style-type: none"> <li>New Annex building would be designed to fully support the Council's net-zero carbon target</li> </ul>  |  | <b>Green</b> |
| <b>CSF5: Affordable to implement and offers public value for money</b>  | <ul style="list-style-type: none"> <li>Represents the best public value way of achieving the Council's strategic objectives</li> </ul>  | <ul style="list-style-type: none"> <li>Risk of overall costs being impacted by market factors</li> </ul>   | <b>Amber</b> |

### Quantitative Appraisal

Option 2 has capital costs of £58.567m and delivers a £0.365m per year saving against the running of the corporate estate. This option represents a Net Present Value (NPV) of £11.800m. A detailed breakdown of the costs, income and assumptions made is at Appendix A: Detailed Economic Analysis.

#### 4.4 Options Analysis and Recommendations

The analysis in this business case has shown that Option 2 represents the greatest public value for (see table below). As such, and taking into account the qualitative analysis above, Option 2 is the preferred option for LBH's accommodation review. It is the only option that meets all of LBH's strategic objectives. Option 2 has lower capital costs and results in a saving to the council's running costs, whereas Option 1 would result in an increased running cost.

Under the NPV analysis, both options were found to be financially advantageous. Option 1 has a positive NPV of £5.8m, with Option 2 having a positive NPV of £11.8m and therefore being also preferable from this perspective.

The figures below summarise the capital costs, running costs, and the Net Present Value of each option (discounted at 3.5%). A detailed breakdown of the costs, income and assumptions made is at Appendix A: Detailed Economic Analysis.

| £000's   | Option 1      | Option 2      |
|--|---------------|---------------|
| <b>Capital Costs</b>   | <b>63,657</b> | <b>58,567</b> |
| Estates Running Costs (Net of rental income)                 | 4,091         | 2,517         |
| Baseline Running Costs                                       | 2,881         | 2,881         |
| <b>Net (cost) / saving of running costs against baseline</b> | <b>1,209</b>  | <b>-365</b>   |
| <b>Net Present Value (NPV)</b>                               | <b>5,837</b>  | <b>11,800</b> |

## 5 Commercial Case

This section considers how each of the main elements of the preferred option will be procured and any other commercial aspects.

### 5.1 Outline to Procurement

The Civic Centre Redevelopment programme will require a range of consultants and contractors to successfully deliver. The procurement will be compliant with the London Borough of Haringey's Procurement Code of Practice, Contract Standing Order Procedures, and the Public Contract Regulation 2015.

#### Professional Services

As outlined below professional services will be required to support the successful delivery of the civic centre redevelopment:

- The project cost consultant (QS) is a separate commission and will be appointed direct by the Council for RIBA Stages 1 – 6. The commission will be undertaken via the Councils Dynamic Purchasing System (DPS).
- The project Multi-Disciplinary Design Team (MDDT) is a separate commission and will be appointed direct by the Council for RIBA Stages 1 – 6. The commission will be undertaken via the Councils Dynamic Purchasing System (DPS).
- The Client Design Advisor (CDA) will also be appointed directly by the Council to assist in RIBA 2-6. The commission will be undertaken via the Councils Dynamic Purchasing System (DPS).
- Several intrusive surveys will be required to validate the design throughout RIBA 1-4 and will be procured via the minor works lot on the DPS.

It is envisaged that the project will include co-production of the Civic and Annex, which will be a defined and established towards the end of RIBA stage 2. Once the scope is defined the procurement route will be determined.

#### Construction Partner

The procurement strategy for both the Civic Centre and the annex building will be the subject of a detailed options appraisal during RIBA 2/3. However, early planning and preparation around the appropriate approach to appointing a construction partner, in line with council standard procedures, is as follows:

- The principal contractor will be appointed directly by the Council for RIBA Stage 5. The commission will be undertaken via the Councils HPCS, through the London Construction Programme (LCP) framework under LOT 3.4 Capital projects PAN London £20m+ and/or Lot 4.1 Heritage and Historical Pan London £1m+.
- During RIBA stages 2 and 3 the project team will further develop the project procurement strategy, in close consultation with the Strategic Procurement and in line with the Council's Contract Standing Order procedures.

## **Social Value**

Through the Council's commitment to its social value and equalities objectives, the project team will endeavour to incorporate measures to consider this when procuring works and services. The project team will promote apprenticeships, training and mentoring opportunities, the use of local the supply chain in construction, local labour in construction, and sustainability and environmental initiatives in construction. This will be completed by incorporating relevant questions within the quality delivery proposals for the procurement of works and services.

## **5.2 On-Going Maintenance**

The recommended option will deliver a more energy efficient building, with a lower energy consumption resulting in lower running costs. Efficient and sustainable heating measures will be implemented through a combination of underfloor heating, radiant panels, trench heating and radiators, which will be delivered to be compatible with the low carbon technology and a potential future connection to the Decentralised Energy Network (DEN) system, which could allow for further savings on running costs. The design will incorporate smart management processes including a building management system which will incorporate services that are easy to adapt and maintain to improve comfort quickly through smart technology for ventilation, heating, cooling and lighting controls. Additionally, the project is incorporating Building Information Modelling (BIM) within the scheme. BIM is a digital representation of physical and functional characteristics of a facility creating a shared knowledge resource for information about it and forming a reliable basis for decisions during its life cycle, from earliest conception to demolition. BIM level includes the 3D modelling of building elements and allows for information sharing across various systems and provides data collection through all building disciplines. BIM allows for better capital maintenance and upgrade planning, helps streamline repairs and maintenance, and helps reduce energy wastage and the carbon footprint.



## 6 Financial Case

The Economic Case indicated the preferred option for LBH's office accommodation. This Financial Case indicates the budgetary, financial and affordability considerations of this approach.

### 6.1 Funding Requirements

The preferred option emerging from the Economic Case requires estimated capital costs of £58.6m. The ongoing cost of the Council's corporate accommodation portfolio once the project is completed is estimated at £2.517m from 2025/26, which compares favourably to the current cost of £2.881m. The approved General Fund capital programme includes provision for the Civic Centre works at £24m and has budgetary provision for the other works required to 40 Cumberland Road, 48 Station Road, and Alexandra House. Cabinet's current budget proposals include provision for the annex build costs at £30m. This scheme is included in the draft capital programme as a self-financing scheme. The revenue and capital effect of all the capital works required to deliver the strategy have been factored into the MTFS. At this stage the estimated saving of £0.365m has not been factored into the MTFS.

Table: Funding requirements

| Financial Implications (£000s)   | 2022-2026     | Notes  |
|--|---------------|--|
| <b>Capital Costs</b>   | <b>58,567</b> | This covers all works required to the buildings in scope |
| Estates Running Costs (Net of rental income and including capital borrowing) | 2,517         |  |
| <b>Total Cost</b>  |               |  |

Costs exclude VAT, as LBH recovers VAT.

### 6.2 Projected Income and Expenditure Account Implications

The project when complete delivers an estimated saving of £0.365m per annum compared to the current budgets. This is though dependent on a number of assumptions crystallising such as actual capital costs being in line with budgets and rental levels being achieved.

### 6.3 Projected Balance Sheet

When completed the assets will be revalued and included in the Council's balance sheet.

### 6.4 Affordability Considerations

Scheme is affordable under the current MTFS

### 6.5 Note on Capital Cost Estimates

The refurbishment cost for Alex House used to inform this analysis were externally produced in 2019 by GL Hearn, as part of a high-level review. A recent review by internal cost consultants at Haringey council, who were not privy to the GL Hearn report, was conducted in December 2021. This recent review takes into account the current BCIS market reported conditions as a result of the COVID pandemic. This review has provided a comparable figure to the externally produced GL Hearn estimate, which clearly would not have foreseen the Covid pandemic impacts. Therefore we have used the internally produced figures of December 2021.

The cost estimates for the Civic Centre and Annex option have been provided by external cost consultants throughout the design stages to date. These consultants are part of the multidiscipline professional services

team appointed for this project and will continue to review costs and produce cost reports at each Key RIBA Stage allowing for robust interrogation and testing of the Business Case.

### 6.6 Cost Control in Construction

A cost plan has been prepared which includes all construction costs, all other items of project cost including professional fees and contingency. The objective of cost control is to manage the delivery of the project within the approved budget. Regular cost reporting will facilitate, at all times, the best possible estimate of established project cost to date, anticipated final cost of the project and future cash flow. Cost reporting will be presented in accordance with the management approach detailed in Section 7 of this business case.

Cost management of the scheme will follow the guidance set out in the Council's Capital Projects and Property Delivery & Governance Framework. As the scheme progress through the design phases, the following actions will be taken:

- Establishing that all decisions taken during design and construction are based on a forecast of the cost implications of the alternatives being considered, and that no decisions are taken whose cost implications would cause the total budget to be exceeded
- Regularly updating and reissuing the cost plan and variation orders causing any alterations to the brief
- Adjusting the cash flow plan to reflect alterations in the target cost
- Developing the cost plan in liaison with the project team as design and construction progress
- Reviewing contingency and risk allowances at intervals and reporting the assessments is an essential part of risk management procedures. Developing the cost plan should not involve increasing the total cost
- Checking that the agreed change management process is strictly followed at all stages of the project
- Submitting regular, up-to-date and accurate cost reports to keep the client well informed of the current budgetary and cost situation
- Ensuring that the project costs are always reported back against the original approved budget. Any subsequent variations to the budget must be clearly indicated in the cost reports
- Plotting actual expenditure against predicted to give an indication of the project's progress

## 7 Management Case

The Economic, Commercial and Financial Cases have indicated the preferred option for Haringey's office accommodation approach. This Management Case provides the outline plans for programme management, governance and risk management that will be required to ensure successful delivery.

### 7.1 Project Control and Governance

Robust project controls and carefully considered project governance will be paramount in ensuring the project is delivered to a high standard and that a fit for purpose building is provided for Haringey's staff and the wider community.

The Civic Centre project will be delivered in line with the Council's decision-making processes. The project will utilise the Civic Centre Steering Group, the Capital Accommodation Steering Group, the Capital Project Delivery Board, Corporate Board and Cabinet to ensure issues and decision are made in the right manner.

Additionally, the project will be delivered ensuring that Members are kept abreast of progress and key matters. The project team will ensure this is completed through Leaders, Lead Members, Civic Centre Members Forum and Cabinet Advisory Board briefings.

Other key areas that will be considered when developing the project delivery plan are change control, risk management, programme audit, cost reviews and quality assurance. These elements will be delivered in line with the project management diagram set out below:

