

Report for: Cabinet – 18 January 2022

Title: Civic Centre Project Update and Enabling Works Contract Award

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

Using Space Flexibly and Effectively	-The building will be flexible designed to provide multi-purpose spaces that are easily adaptable -Open plan work areas will promote agile working
Transforming Council Working Culture	-Collaboration and meeting spaces -Seamless IT and Communication technology throughout -Flexible workspaces
Maintain the Experience	-Smart building management will be provided to easily maintain and adapt services -The building will be designed to Secure by Design principles and will consider terrorism risk -Services will act quickly, smoothly, and quietly and have low energy demand

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 th 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 th 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.
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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 16th 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
Total	2,881	4,091	1,209

- 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	£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/faith, 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).