

**Report for:** Cabinet – 18 April 2023

**Title:** Civic Centre Project Update

**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 set out 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 the Council's headquarters accommodation needs.
- 1.2. In October 2021, the Cabinet 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.
- 1.3. In January 2022 Cabinet considered and approved the full business case and options appraisal, which recommended the full refurbishment of the Civic Centre, including the annex extension, in order to provide the Council's core office accommodation. The same report approved the award of a preparatory works contract, approved the project proceeding to planning outcome, and also noted that Cabinet would be updated ahead of the commencement of the main contractor procurement.
- 1.4. This report provides an update on the further progress made on the Civic Centre project and seeks approval to proceed through to the appointment of the main contractor, which will be brought back to cabinet for approval, subject to cabinet approving this updated business case, first presented in January 2022.

## **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 Council remains committed to the refurbishment of the Grade II listed Civic Centre and the creation of an additional building on the former car park site, to create a central headquarters for civic operations within the heart of Haringey.

- 2.2. The Council's commitment to the Civic Centre project means that the impressive building will be protected and revitalised and ensures that its long and rich local history continues for future generations.
- 2.3. The Council's staff deserve a better working environment, and over the last period the Council has engaged with staff to ensure the building is fit for purpose and meets requirements from a service delivery perspective. The Council has also engaged with the public to showcase the benefit the high-quality spaces will provide to ensure services across the borough meet our resident's needs.
- 2.4. Giving residents and communities a voice in the project development is a key aim of the project and will go a step beyond what is considered standard engagement. Members of the public and local community groups will help co-design elements of the scheme to shape the project and ensure their needs are met.
- 2.5. Members have also played a role in developing the project's design through the Civic Centre Members Forum. The Civic Centre Members Forum has allowed for cross-party review of design proposals, influence of key democratic areas and meaningful interaction with officers on a regular basis.
- 2.6. We are now ready to move to the next stage of the project, to submit the full planning application and progress design to the main construction contract procurement stage. The recommendations put forward in this report will equip the Council with the tools required to deliver the project and allow residents to benefit from a restored Grade II facility, which enhances public usage, improves public amenity, and help attract a high-quality work force to Haringey Council to provide services for our residents. This reinforces the Council's commitment to protecting the most important and iconic buildings across the Haringey estate.

### **3. Recommendations**

Cabinet is asked to:

- 3.1. Agree to continue to proceed with the restoration and refurbishment of the existing Civic Centre, and its expansion through the addition of an Annex building, up to the conclusion of the procurement process to appoint a main contractor.
- 3.2. Note that a further report will be brought to Cabinet to approve the main construction contract for the Civic Centre project, anticipated to be Q4 2023.

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

- 4.1. The Council office accommodation business case agreed by cabinet in January 2022 demonstrated that the best option to meet the Council's core office accommodation needs was to restore and refurbish the Civic Centre along with the addition of an annex building.
- 4.2. The decision allowed the Council to continue to work to deliver this scheme, with the objectives of restoring the iconic Civic Centre building for civic and democratic functions, and with providing high-quality, accessible, and sustainable office accommodation in the heart of the borough.

- 4.3. The January 2022 decision agreed that the scheme would be developed through until the planning application stage, which has now been reached and thus this report seeks authorisation to proceed with the scheme up to the conclusion of the procurement process to appoint the main contractor, at which point the final contract award recommendation will be presented to Cabinet, currently anticipated to be during Q4 2023.
- 4.4. The January 2022 report also agreed the award of a preparatory works contract, which removed all redundant building services and asbestos in the Civic Centre building to prepare for the main construction contract and expose any hidden issues. The preparatory works contract has been successful in exposing previously unidentified condition issues and has allowed the project team to complete additional survey work and gain a better understanding of the condition of the existing structure, which has allowed for more detailed design proposals to be prepared.
- 4.5. Additionally, the January 2022 report also identified the risk that the construction industry was in a volatile state due to the impacts of Brexit and the Covid pandemic. The situation has worsened over the course of 2022 due the impact of the Ukraine crisis on the supply of materials and labour. The economic impact on these issues has led to the BCIS Tender Price Index projections increasing significantly.
- 4.6. It is ultimately a positive that the project team have been able to identify and fully assess these issues at this stage of the project as opposed to being discovered later in the programme when the impact would have been even greater, but the impact of these external economic factors along with the newly identified building condition issues, has resulted in an increase to construction cost estimates for the Civic Centre project.
- 4.7. As a result of this new information, it was felt prudent to re-test the previously assessed options to ensure that the current option still provided the best value for money to the Council. Therefore, the business case and options appraisal has been updated to reflect all newly available information.
- 4.8. As in January 2022, the two options assessed were:
- ‘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.
- 4.9. The result of refreshing the business case with the revised information is that both the qualitative and quantitative assessments of the two options demonstrate that the recommendation remains to proceed with Option 2, namely the refurbishing of the

existing Civic Centre, and its expansion through the addition of an annex building. This continues to be option that offers the best value for money to the Council, whilst best meeting its strategic objectives.

4.10. This assessment takes into account that the recommended option continues to have a lower capital cost than the alternative option considered, and also has the smallest impact on on-going estate running costs.

4.11. Refurbishing the Civic Centre with the addition of an annex allows for the consolidation of the Council's core office accommodation on a single site. This achieves the key strategic aims of enabling the Council's flexible working ambitions and creating the greatest opportunities for the other Council office buildings in Wood Green to be released for alternative uses and support the transformation of central Wood Green (subject to future decisions).

## **5. Alternative options considered**

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 in Section 6 below, and in the Accommodation Review Business Case, in Appendix A, which is the subject of this report.

## **6. Background Information**

6.1. The business case set out in Appendix A uses the 'Five Case Model', which is the Office of Government Commerce's (OCG) 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

6.2. The business case establishes the need for highly flexible core office accommodation with capacity for up to 900 staff at any one time based on the Council's working flexibly model, which will see staff split their working time between some combination of Council accommodation, community location, and working from home, where roles allow.

6.3. To assess the options available, the business case 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

6.4. 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.

6.5. As set out in the January 2022 Cabinet report, 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. 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 the need to undertake work to consider the future provision of public services in Wood Green and across the borough.

6.6. This will be informed by the outcomes of Wood Green Voices, the wide-reaching programme of engagement with communities, businesses and stakeholders that took place in November 2022, which heard how people wanted to see the future of Wood Green. These findings will help shape the future of placemaking in Wood Green across a wide range of themes and activities, in the short-, medium-, and long-term.

6.7. Once an understanding of the requirements for public services is concluded, planning for the repurposing of the council's accommodation in Station Road can begin. 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.

## **7. Budget, Programme and Risks**

### **Budget**

7.1. The Cabinet agreed a project budget of £54m in January 2022. This budget estimate was based on the early concept design.

7.2. As set out in Section 4 above, since this point, the impacts of the significantly worsening economic outlook have been factored into the budgetary estimates for the scheme, alongside incorporating more detailed design development and building condition information. The result of this is that the total project budget estimate has increased to £66m. Over half of this increase in budget projection can be attributed to revised assumptions about external economic pressures related to the increase in inflation, and market condition factors relating to the cost of materials and labour. The breakdown of the project budget can be found in Table 1 in the Part B report.

- 7.3. It is important to note that the estimated cost of the alternative option considered, which included retaining Alex House (Option 1 set out in section 4.8 above), has also increased considerably since the January 2022 Cabinet report. This is due to a fuller assessment of the additional costs associated with fully refurbishing Alex House, including additional inflationary uplift.
- 7.4. Whilst the Council currently occupies Alex House, the core infrastructure of the building, including items such as the heating and ventilation systems, and glazing would need to be completely replaced in order bring the building up to a standard suitable for long-term occupation, along with meeting the Council’s ambitious sustainability agenda. Cost estimates have also been revised to factor in costs associated with asbestos removal, additional assumptions about furniture & fixtures, and professional fees.
- 7.5. The full detail of the financial appraisal is set out in Section 10.1 below, and within the Business Case document in Appendix A, which also includes the full updated qualitative assessment.

**Programme**

- 7.6. Identifying and addressing the issues set out in Section 4 above at this early stage has removed a significant amount of risk from the main construction phase of the project but has meant that the overall programme timescales have become elongated. The revised programme milestones are as follows:

Table 1 – Programme Milestones

<b>Milestone</b>	<b>Date</b>
Planning and Listed Building Consent Application Submission	March 2023
Planning and Listed Building Consent Decision	Summer 2023
Cabinet Decision for Main Construction Contract Award	Winter 2023
Construction - Start on site	Spring 2024
Construction - Practical Completion	Spring 2026
Client Fit Out	Summer 2026
Handover and Occupation	Summer 2026

**Risks**

- 7.7. 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’s governance structure where required to ensure the correct mitigation strategies are adopted and implemented. Some of the key project risks, along with the associated mitigation strategies and impact analysis, are detailed below in Table 2 – Key Risks.

7.8. Table 2 – Key Risks

Risk	Mitigation
<p>Existing building condition - if additional asbestos is found or other unforeseen issue related to the existing building's condition causing redesign and delay to onsite construction programme. Further strip out works may be required and may result in elements of site discovery during construction.</p>	<p>Strip out enabling works have removed bulk of asbestos and remaining items will be clearly identified, as pre and post strip out surveys completed, and included in the pre-construction contract information. Strip out works confirmed some known asbestos that requires demolition to enable removal. Project Team identifying any further survey and intrusive investigations together with framework contractors to further de-risk the site prior to tender. Appropriate costs have been included in end of Stage cost estimate for known asbestos removal, but this risk will remain throughout construction as is an existing building.</p>
<p>Client change – if the design does not meet the user requirements and/or there are on-going changes, then it will impact the design outputs with potential cost and programme impact.</p>	<p>A detailed Design Brief was developed with engagement from all stakeholders. The Design team have developed the scheme in line with the brief's requirements and have presented this to the satisfaction of the Client Team.</p> <p>Any proposed change should be limited and to be managed through a formal change control process, and only instructed, if required, having understood any impacts to quality, cost and programme.</p>
<p>The Council has an ambition to deliver the buildings (heritage and new) as zero carbon, which is only possible with some carbon off-setting required. If there isn't acceptance of the Carbon strategy and sustainability measures that are achievable together with offsetting, then this may impact planning approval, programme and cost.</p>	<p>Carbon strategy has been discussed and refined with the Carbon Management team and the Conservation officers as part of design development discussions, stakeholder workshop and pre-application discussions. Final briefing/ engagement session to be held with Carbon Team prior to planning submission to ensure design proposals are understood and provide comfort</p>
<p>Planning and Conservation objections - if the Planning/Conservation Officers objects to certain proposals due to being insensitive to heritage aspects or not in line with policy, then this</p>	<p>Specialist planning consultant engaged to assess and liaise with the Planning Authority through formal planning performance agreement in place. Specialist heritage consultant engaged and produced a report on the different areas of significance within existing Civic Centre, and have met with planning, 20<sup>th</sup></p>

could lead to programme delays whilst the design is revisited (including façade treatment), or determination outside of the Council's required timescales, impacting on time and/or cost	Century Society and Historic England in various heritage and conservation focussed pre-app meetings. The project team have held several informal pre-app meetings with the Planning Authority and have reviewed the project programme to ensure the timescales are agreeable.
The Building Cost Informative Service (which provides cost data for the construction industry to inform cost projections) tender price index suggests that the project will be exposed to an inflationary increase of 3.7-3.9% by the time the project is tendered in Q2 2023.	The project team are completing regular cost reviews to closely monitor construction costs against market movements. The project team are constantly considering value engineering opportunities as the design develops and have set a robust contingency allowance within the project budget. Issues are being raised appropriately along the governance structure for a decision to identify any cost increase required.
Procurement - there is a risk that the appointed contractor may not perform well, which would impact on the time and cost parameters of the project.	A robust tender process will be implemented, with a strong focus on the quality evaluation section, which will be weighted at a level to ensure a competent, experienced (especially of heritage buildings) contractor is appointed. The project team have, through soft market engagement with contractors on Haringey's London Construction Programme framework, reviewed contractors' willingness and capacity to tender. The project team will implement close management and co-ordination with the contractor against a robust delivery programme.

- 7.9. To proactively manage this risk and to mitigate cost increases, the project:
- has a robust project governance
  - undertakes regular cost reviews at, and throughout, design stages and comparisons with current market prices
  - ensures appropriate Quantifiable Risk Assessment (QRA) is in place to inform contingency levels
  - carries out early engagement with contractors to ensure that the scheme is efficient from a constructability and programme perspective
  - explores modern methods of construction to reduce time and cost on programme

## 8. Communication and Engagement

- 8.1. The project team have developed a communication and engagement plan that is now being delivered to. The communication and engagement plan aims to inform, engage, and involve key stakeholders in the development of the project. Since the January 2022 Cabinet, the project team have implemented the project's communication and engagement plan, delivering key messages to staff and the public to update on the short-, medium- and long-term phases of the project. They

have also provided opportunities for in-person engagement to review the design and gather stakeholders' thoughts and feedback on the scheme.

8.2. The internal communication and engagement objectives previously reported to Cabinet are:

- 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

8.3. The project team are working to these objectives through the following measures:

8.3.1. Key internal stakeholders have been engaged through the formation of the Civic Centre project workstreams, which act as sub-groups to the Civic Centre Steering Group and have been formed to interrogate, challenge and influence project design. These workstreams tackle key project issues such as sustainability, inclusivity and accessibility, future building management and digital services, and have met throughout RIBA Stages 2 and 3. The workstreams have helped complete design reviews and met for an in-person presentation and workshop day in November 2022.

8.3.2. The Civic Centre Members Forum was formed in 2021 and has allowed the project team to engage with Members on different aspects of the project. Members have been engaged through a combination of design presentations, workshops and in-person discussions, where Members have visited the Civic Centre building following completion of the preparatory strip-out works contract and the exemplar Waltham Forest Civic Centre. These sessions have provided an opportunity for Members to gain a more detailed knowledge of the scheme, challenge design elements and building uses and feedback their thoughts to ensure the project is working in the best interests of staff and residents.

8.3.3. Over the last year the project team have issued regular communications to staff members to inform on project developments through news bulletins, Team Briefs, updates on the Council's intranet pages, dissemination through managers and posts on the Council's internal social media platform, Yammer. These communications have provided regular updates on project progress, upcoming events and have allowed staff to follow project's design development.

8.3.4. The project team have also held a series of in-person engagements sessions starting in January 2023 that will continue until the project's completion. These sessions allowed staff members to come and see the design proposals, ask questions about the project and feedback their thoughts. Engagement sessions were also held virtually, available to all-staff, which promoted accessibility and inclusivity, and recognising that staff are working more flexibly.

8.4. The external communication and engagement objectives are:

- 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

8.5. The project team are working to these objectives through the following measures:

8.5.1. Working with the Council's Regeneration Team, the project team have formed a Co-Design Group for the Civic Centre to involve the community, which includes participants from Trinity Primary Academy, St Michael's Primary School, and St Michael's Church. The Co-Design Group's remit looks at developing the external landscaping elements of the project, with a key focus on the South Gardens area on the Bounds Green side of the site. The Council aims to reinvigorate the South Gardens area to create an attractive and inviting green space that will be available for residents and communities to enjoy.

8.5.2. The project team have created a dedicated Civic Centre webpage on the Council's website, which has allowed residents across the borough to view the current plans and design proposals, leave their feedback and has provided a means for delivering regular updates.

8.5.3. In-person events have also been offered to the wider public through drop-in sessions held at Wood Green Library, Trinity Primary Academy, and other Council buildings across the borough. These events have offered residents the opportunity to learn about the proposed plan and current design for the Civic Centre, shared plans of its future use, informed about the services that will be delivered on site, and anticipated shared use opportunities with the community. These sessions have been incredibly important to communicate how the community will benefit from greater service efficiency and value for money from the updated Civic Centre and new use of Council office space. Information boards and project models have been on display at these events, which have also facilitated question and answer sessions.

8.5.4. In addition, project and design information has been made available across the borough's libraries, with a standing exhibition at Wood Green Library. Feedback forms were also provided in hard copy and online to enable residents to comment on the proposals.

## **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 to continue with the development of the Civic Centre and annex has sufficient budgetary provision in the approved General Fund capital programme as agreed by Council at its budget setting meeting of 2<sup>nd</sup> March 2023. In addition, the recommendation 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 are 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 Council's Capital Strategy allows for interest charges incurred during the construction period to 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 £2.9m for running 48 Station Road, Alexandra House, 40 Cumberland Road and River Park House.

10.1.5. The business case evaluates two options, which both make several assumptions around the use of the buildings on Station Road. Both options considered assume that RPH will be vacated and held ready for future purposes yet to be decided. 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 for the purposes of modelling. It should be recognised that these budgets would change on the do-nothing scenario as further investment in the estate would be required. 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:

OPTION 1	Current Cost £000's	Cost of Option 1 £000's	Variance £000's
Civic Centre	516	2,178	1,661
Civic Centre Annex	0	0	0
48 Station Road	269	-277	-546
40 Cumberland	335	-290	-625
RPH	987	0	-987
Alexandra House	773	4,080	3,306
Total	2,881	5,691	2,809
Position January 2022	2881	4,091	1209
Variance	0	1,600	1,600

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 by £2.809m to £5.561m. 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). The cost of option 1 has increased since January 2022 due to an increase in the capital cost of the construction works on Alexandra House and the Civic Centre, as well as the increase in the capital finance costs associated with higher interest rates to fund the debt.

10.1.8. The alternative Option 2 evaluated is to refurbish Alexandra House, 40 Cumberland Road, and 48 Station Rd, 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.

OPTION 2	Current Cost	Cost of Option 2	Variance
	£000's	£000's	£000's
Civic Centre	516	2,178	1,661
Civic Centre Annex	0	2,232	2,232
48 Station Road	269	-277	-546
40 Cumberland	335	-290	-625
RPH	987	0	-987
Alexandra House	773	-687	-1,461
Total	2,881	3,156	274
Position January 2022	2881	2,517	-365
Variance	0	639	639

10.1.9. The above table shows that the preferred option has moved to a position of being an estimated increase of £0.274m in the cost of running the corporate accommodation estate, compared to the position reported in January 2022 where a reduction in cost was estimated. The estimated increase in running costs relates to the increase in capital costs and the associated interest costs. However, this option is considerably less than Option 1. This revenue pressure of £0.274m will be incorporated into the next MTFS.

10.1.10. The risk analysis in this report addresses the headline risks that might impact on this forecast. The preferred option now indicates a small increase in running cost of the corporate estate (but significantly less than Option 1). The preferred solution leads to considerably better civic, public and accommodation amenities, enhanced future site potential of the Station Road estate and addresses the future purpose of the Civic Centre site and the listed building. The annex option looks to be significantly more advantageous than Option 1.

### Capital

10.1.11. The accommodation strategy has a significant capital programme attached to it. Within the approved General Fund capital programme there is £66m budget for Option 2 which includes the uplift for inflation and other items being uncovered at the existing Civic Centre building as part of the enabling contract. This

budget is in the capital programme on a self-financing basis. The analysis above indicates that at this time that there will be a budget pressure of £0.274m as a result of changes in capital costs and interest rates. This will be factored into the MTF5.

Capital Expenditure	Option 1	Option 2	Variance
	£000's	£000's	£000's
Civic Centre	31,584	31,584	0
Civic Centre Annex	0	34,416	34,416
48 Station Road	2,212	2,212	0
40 Cumberland	150	150	0
RPH	500	500	0
Alexandra House	47,846	1,700	-46,146
Total	82,292	70,562	-11,730
Position January 2022	63,657	58,567	-5,090
Variance	18,635	11,995	-6,640

10.1.12. It can be seen that the preferred option requires less capital expenditure than the alternative option which is due to the increased cost of the Alex house refurbishment which has risen from £35m in January 2022 to £47.8m in April 2023.

10.1.13. The approved capital programme includes provision for the cost of the Civic Centre and the Annex as a separate budget and the costs of the works to 48 Station Road, 40 Cumberland Road, RPH and Alexandra House are contained in the Asset Management of Council Buildings budget.

### Investment Appraisal

10.1.14. 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 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.

10.1.15. On applying this methodology, option 1 was found to be financially disadvantageous, with a negative NPV of -£7.85m compared to the January 2022 position of a positive NPV of £5.837m. This reflects the estimated higher capital expenditure. Option 2 has a positive NPV of £1.249m which is also considerably reduced compared to the January 2022 position of £11.8m.

10.1.16. The current construction (excluding IT) cash flow for the project is as set out in the table. These latest estimated project cash flows closely match the approved capital programme budgets, with minor variations in year which will be monitored through the Council's budget monitoring process:

22/23	23/24	24/25	25/26	26/27
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## 10.2. Procurement

10.2.1. Strategic Procurement has reviewed appendix A and supports the project approach as detailed in appendix A, and this report.

10.2.2. Strategic Procurement is aware of the current market challenges affecting inflation, price fluctuations and lead-times in today's economic climate, contributing to a market preference for two stage tendering following soft market testing via the London Construction Programme Major Works Framework.

10.2.3. There is a risk that further inflation and long lead-times will have an adverse effect on a two-stage contract price going forward. Therefore, Strategic Procurement recognise the Project Team's preference for a single stage tender and will continue to work with the Project Team to identify the most effective and advantageous route to market for the Council.

## 10.3. Legal

10.3.1. The Head of Legal and Governance (Monitoring Officer) has been consulted in drafting this report.

10.3.2. The Head of Legal and Governance (Monitoring Officer) confirms there are 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. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

10.4.4. The decision is regarding the approval of the updated Business Case attached in Appendix A of the report and agrees to continue to proceed with Option 2, namely, the restoration and refurbishing of the existing Civic Centre and its

expansion through the addition of an Annex building, through to the conclusion of the procurement process to appoint a main contractor.

10.4.5. 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 project has engaged with staff representatives to ensure that issues related to disability, accessibility and inclusion are captured and addressed as part of the design process

10.4.6. In addition, it should be noted that one of the fundamental design principles of the project is Promoting Accessibility and Diversity, including full accessibility, surpassing part M regulations and being genuinely accessible for all.

10.4.7. Considering the above two points, it is likely that if these plans are followed through to completion, there should be a positive impact on those with protected characteristics who work at or visit the council's main premises, particularly disabled people.

10.4.8. 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 - April 2023

## **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), Paragraph 3: Information relating to financial or business affairs of any person (including the statutory holding that information).