

Council Office Accommodation Review

Final Business Case

November 2024

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1 Executive Summary

This document is the updated Business Case for London Borough of Haringey's (LBH) Accommodation Review, first produced in December 2021 and presented to Cabinet in January 2022. The purpose of the document is to set out the preferred option for the provision of the Council's 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, Planning application, and procurement of the main contractor.

In April 2023 Cabinet reaffirmed their commitment to the Civic Centre project approving the refreshed project business case, which set out an updated delivery plan for the Civic Centre project.

LBH's ambition is to move to be a more agile organisation, with staff working under a 'working flexibly' 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

Based on the key strategic drivers, the following Critical Success Factors (CSFs) have been used for assessing these two options:

- **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**

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, and sustainability objectives.

Capital costs are also the highest for this option, owing to the significant investment required in Alex House and this option would also significantly 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. This option presents 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 refurbishment of the Civic Centre and addition of a new annex building will be designed to low carbon principles, meaning this option best meets the Council's sustainability objectives. The addition of an annex will also 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 creates the greatest opportunities for the other Council office buildings in Wood Green to be released for alternative uses (subject to future decisions).

Option 2 does require the most ambitious approach to flexible 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), alongside the assessment of the ability to meet the Council's key strategic objectives, 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 increase the overall cost of running the corporate estate by a significantly smaller amount than Option 1. Under the NPV analysis, Option 1 has a negative NPV of -£7.85m, with Option 2 having a positive NPV of £1.249m and therefore being preferable from this perspective.

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.

It is therefore recommended that the Council moves to complete the full design and procurement of the main contractor, 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 3,000 staff, with the majority currently based out of office accommodation in central Wood Green. In 2019, Haringey occupied approximately 16,000m² 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:

- **Flexible Base** – Approximately 55% 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 Base** – About 15% of the workforce are community-based workers who interact with community daily 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 Base** – 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 Base** – 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.

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 Working Flexibly

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 continued to come into Haringey and use council accommodation during the pandemic, but this period 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 'flexible base' and 'Community/Locality base' workers will not have a single, fixed working location, and instead, where they work will include a mixture of office, home, community setting and mobile. These groups make up the large majority of the council's overall staff number. Their precise location on a given day is determined by business need and these staff are also able to exercise flexibility over their working pattern, subject to business needs. Under this working model, it is expected that all staff have regular reasons to come into work in Haringey, spending a significant portion of their working time either within council accommodation or out in the community. It is therefore envisaged that very few Council roles will 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. Alongside maintain a physical connection with the borough and colleagues, 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', flexible working arrangements, or are in the process of doing so, with a view to this becoming the 'norm'.

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 our working flexibly 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 there are limited opportunities within the Council's main office accommodation to make space available to engage effectively with partners and community groups.

As part of our changing approach to how we work, and in line with our objectives to improve resident experience and better understand our communities, we are starting to bring our resident-facing services as close as possible to the community. In Wood Green this locality-based work has already begun, with the opening of a new youth space and diagnostics centre in 2022, and plans for a new integrated health hub in development for 2026. A key aim of this work is to enable better multi-agency working between public and voluntary sector partners, our residents and local businesses, to build neighbourhoods where opportunities and services are accessible, efficient and joined up. A mix of centrally and locally based Council facilities will make the best and most efficient use of Council buildings to help us achieve these aims.

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 several 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. 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.

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.

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

- 'Flexible Base' staff will come to the Council's core office for 40%-60% of their working time
- Staff working in localities/communities will come to the Council's core office for 20% of their time
- 'Established Base' and outdoor/ field workers will be located in sites outside of the core Wood Green offices and will not have any assumed 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 nearing completion, 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. 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 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.

To deliver wider sustainability objectives, the new build and refurbishments must aim for BREEAM 'Outstanding' (combined assessment for both buildings) and achieve 'Excellent' as a minimum recognising some of the site constraints. The buildings were required to demonstrate sustainability through the design process and generate much of their power from renewable energy sources, have a high performing thermal envelope making them more efficient to heat, and cool in heatwaves, supported by natural ventilation; 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:

- Late 2026 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 (not necessarily on site).
- 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, and
- 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.
- Unexpected condition issues within its existing buildings.
- 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 the end of 2026.

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.

Whilst the Council currently occupies Alex House on a short- to medium-term basis, the core, critical infrastructure of the building, including building-wide systems such as heating and ventilation, and exterior glazing, would need full replacement in order bring the building up to a standard suitable for long-term occupation, whilst meeting the Council's ambitious sustainability agenda. Cost estimates for retaining Alex House as a long-term solution also factor in costs associated with asbestos removal, and assumptions about furniture & fixtures and professional fees. The capital cost of this would exceed the cost of the Option 2.

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

		<ul style="list-style-type: none"> Likely need for an elongated, multi-phase relocation programme would cause the greatest disruption to operations 	
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Quantitative Appraisal

Option 1 has capital costs of £82.3m and would increase the cost of running the corporate estate by £2.8m per year. This option represents a Net Present Value (NPV) of -£7.85m. 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.

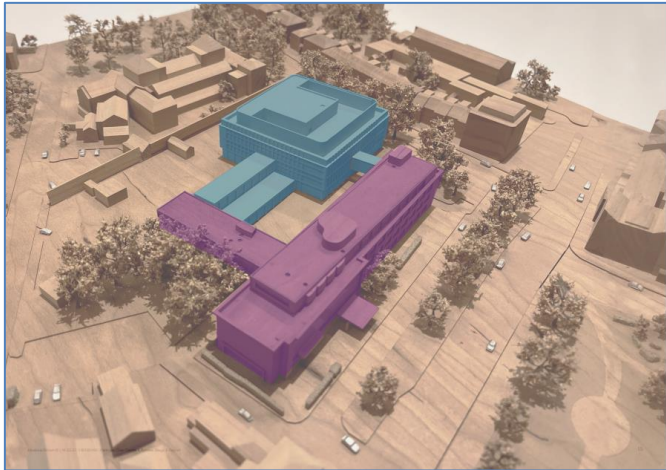


Figure 1: Showing location of Annex addition to the Civic Centre (Annex shown in blue). Please note that this is for illustrative purposes only at this stage and is subject to further design development and Planning consent.

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, which presents a significant opportunity for the Council, and represents a key differentiator when compared to Option 1.

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

Quantitative Appraisal

Option 2 has capital costs of £70.562m and requires budget growth of £0.274m per year against the running of the corporate estate. This option represents a Net Present Value (NPV) of £1.249m. 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 money (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 smaller increase to the council's running costs, whereas Option 1 would result in greatly increased running cost.

Under the NPV analysis, Option 1 has a negative NPV of -£7.85m, with Option 2 having a positive NPV of £1.249m and therefore 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
Capital Costs	82,292	70,562
Estates Running Costs (Net of rental income)	6,146	3,571
Baseline Running Costs	2,881	2,881
Net (cost) / saving of running costs against baseline	3,265	690
Net Present Value (NPV)	-7,850	1,249

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 requires a range of consultants and contractors to successfully deliver. The procurement is 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 are required to support the successful delivery of the civic centre redevelopment:

- The project cost consultant (quantity surveyor) was a separate commission appointed directly by the Council for RIBA Stages 1 – 6. The commission was undertaken via the Council's Dynamic Purchasing System (DPS)
- The project Multi-Disciplinary Design Team (MDDT) is a separate commission that was appointed directly by the Council for RIBA Stages 1 – 6, that could be ended after each stage, if necessary. This commission for the pre-construction services was delivered from RIBA Stages 1-3+. The commission was undertaken via the Council's Dynamic Purchasing System (DPS).
- The Client Design Advisor was also appointed directly by the Council to assist in RIBA 2-3+. The commission was undertaken via the Council's Dynamic Purchasing System (DPS).
- The project Multi-Disciplinary Design Technical Advisory Team is a separate commission that was appointed directly by the Council for the pre-construction services agreement period and RIBA Stages 4 – 6, technical design, construction and handover services. The commission was undertaken via the Council's Dynamic Purchasing System (DPS).
- Several intrusive surveys were required to validate the design throughout RIBA Stages 1-3+ and were procured through the lead consultant and MDDT, as specified and allowed for as part of their appointment.

As part of the external landscaping design development by the MDDT, the project has begun engagement with local stakeholders as part of a co-production exercise of the Woodland Gardens area to the south of the site.

Construction Partner

The procurement strategy for both the Civic Centre and the annex buildings were the subject of a detailed options appraisal considered during RIBA 2. The procurement strategy was revisited during RIBA 3, to better understand the optimum route to market, considering the key objectives of the project, its complexity, the site constraints and current market conditions. Through planning and preparation around the appropriate approach to appointing a construction partner, in line with Council's standard procedures, considerations are as follows:

- A first tender to appoint the principal contractor via a competitive restricted tender procedure, undertaken via the Council's HPCS, was abandoned as the Council was unable to agree terms with the submitted tenderers. Due to the considered levels of risk, the approach was to progress to a

direct award via a suitable framework agreement or under Regulation 32 (of the Public Contract Regulations 2015) for this contract.

- The principal contractor will be appointed directly by the Council for RIBA Stage 4. The commission will be undertaken via the Councils HPCS, directly awarded via the NHS Shared Business Services (SBS) Public Sector Framework (SBS/18/DT/PZC/9332) agreement.
- During RIBA stages 2 and 3 the project team further developed the project procurement strategy, in close consultation with Strategic Procurement and in line with the Council's Contract Standing Order procedures.
- Soft market engagement was completed with the contactors from with the Capital projects PAN London £20m+ and Heritage and Historical Pan London £1m+ lots, to understand their thoughts on the project's delivery.
- Through this engagement, the project team are of the opinion that a design and build approach to the scheme would provide the most effective and efficient delivery method.

Social Value

Through the Council's commitment to its social value and equalities objectives, the project team incorporated measures to consider this when procuring works and services. The project team promoted apprenticeships, training and mentoring opportunities, and the use of local supply chain partners in construction, local labour in construction, and sustainability and environmental initiatives in construction. This was evaluated, valued at 10% of the overall evaluation, 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 (relative to the increased energy costs). Efficient and sustainable heating measures will be implemented through a combination of underfloor heating, radiant panels, trench heating and radiators (including low level plinth radiators), which will be designed to be compatible with low carbon technologies and a potential future connection to the district heating system, which could allow for further savings on running costs. The design will incorporate smart management processes including a building management system, 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, including its design and coordination, and allows for information sharing across various systems. It also 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 £70.562m. The ongoing cost of the Council's corporate accommodation portfolio once the project is completed is estimated at £3.571m from 2025/26, which compares to the current cost of £2.881m. The increase in cost of £0.689m needs to be compared to option1 which would require an additional revenue budget of £3.265m. The approved General Fund capital programme includes provision for the Civic Centre works at £66m. The revenue will be factored into the MTFS and capital effect of all the capital works required to deliver the strategy have been factored into the MTFS. At this stage the estimated slight increase in running costs of £0.689m will be factored into the MTFS.

Table: Funding requirements

Financial Implications (£000s)	2022-2026	Notes
Capital Costs	70,562	This covers all works required to the buildings in scope
Estates Running Costs (Net of rental income and including capital borrowing)	3,571	
Total Cost		

Costs exclude VAT, as LBH recovers VAT.

6.2 Projected Income and Expenditure Account Implications

The project when complete delivers an estimated cost increase of £0.689m per annum compared to the current budgets. This is though dependent on a number of assumptions crystalising 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. These were then reviewed as part of this update to the business case to take into account updated market conditions, including increases to inflation and the Ukraine crisis, and revised assumptions as to the level of work required to completely refurbish Alex House, including full removal of asbestos.

The capital cost for the Civic Centre and Annex option are the result of a competitive tendering process.

6.6 Cost Control in Construction

A cost plan has been prepared which includes all anticipated construction costs, all other items of project cost including professional fees, disbursements, client fit-out 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, tracked monthly, quarterly and annually. 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 and Governance Framework. As the scheme progresses through the design phases, the following actions have and 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 and cost plan to reflect alterations to the target cost
- Developing the cost plan in liaison with the project team as design and construction progress
- Reviewing contingency and risk allowances at regular intervals and reporting the assessments is an essential part of risk management procedures. Developing the cost plan should not involve increasing the total cost
- Ensuring that the agreed change management process is strictly followed at all stages of the project and reported to Change Control Board as appropriate
- 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 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.

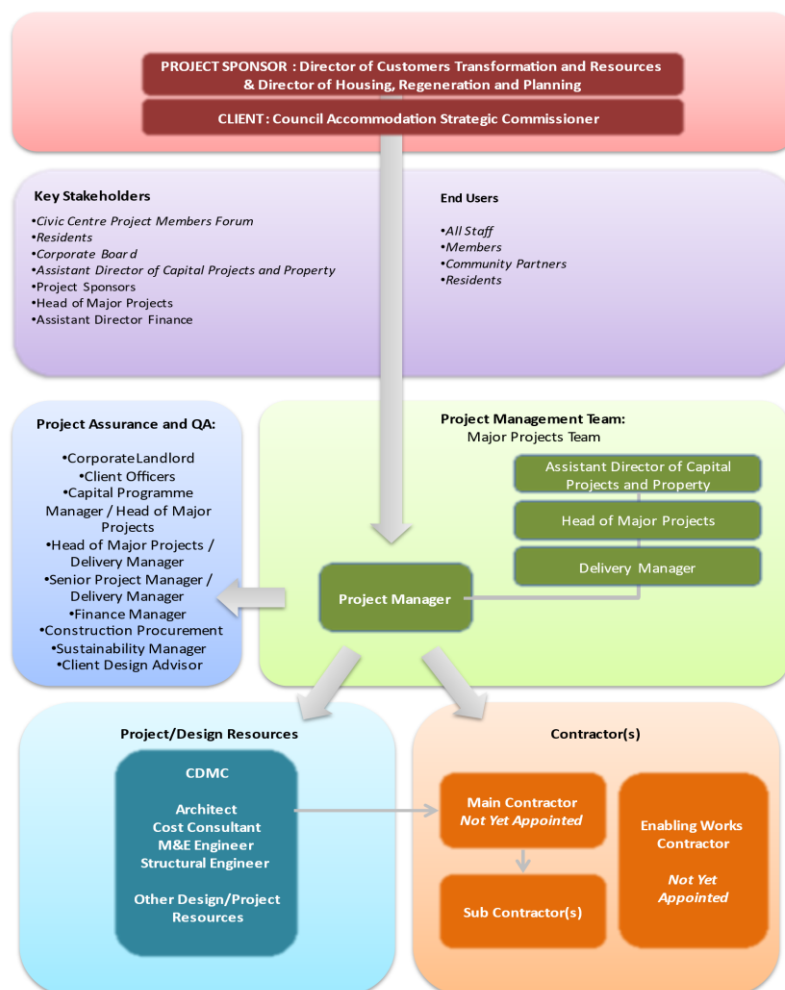
7.1 Project Control and Governance

Robust project controls and carefully considered project governance are 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 is being delivered in line with the Council's decision-making processes. The project continues to utilise the Civic Centre Steering Group, the Capital Property Steering Group, the Capital Projects Delivery Board, Corporate Board and Cabinet to ensure issues and decisions are made in the right manner.

Additionally, the project is being delivered ensuring that Members are kept abreast of progress and key matters. The project team continue to ensure this is completed through the Leader's, Lead Member's, Civic Centre Members Forum and Cabinet Advisory Board briefings.

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



7.2 High Level Implementation Plan for Preferred Option

The milestone table below shows the updated Capital delivery programme to deliver the preferred option as per the tender timeline and contractor's return. Please note that this is programme based on the tendered design and build procurement strategy.

Milestone	Date
Issue Invitation to Tender – PCSA and Main Construction Contract	5 August 2024
Tender returns (First Stage) – PCSA and Main Construction Contract	13 August 2024
Director authority to award the PCSA (First Stage)	30 August 2024
PCSA period commencement	6 September 2024
PCSA period completion	29 November 2024
Cabinet Decision to delegate award for Main Construction Contract Award (Second Stage)	12 November 2024
Award of Main Construction Contract, notice to proceed (Second Stage)	17 December 2024
Date of Issue of Contract:	20 December 2024
Contractor mobilisation commencement including Stage 4 design and any enabling works	6 January 2025
Construction - Start on site	24 March 2025
Construction - Practical Completion	21 September 2026
Client Fit Out commencement	22 September 2026
Client fit out completion date	14 December 2026
Handover and Occupation (from)	15 December 2026

7.3 Communications & Engagement

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.

To provide information and consult with key stakeholders, Members, staff, and the local community, a strategy has been developed which covers the following:

- Who we communicate with
- What we will communicate about
- How we will do it
- Timeline

There are agreed core messages which run throughout the project and feature in the activity. The Council is delivering a mixture of communications and engagement. In developing and finalising the communication plan, the Council endeavours 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.

In developing these plans, there has already been an extended period of consultation and dialogue with our workforce that has taken place. This includes:

- Staff surveys to gather information about staff experiences of working from home, their work-style preferences
- Consultation with the trade unions, to understand key issues facing staff.
- Discussions with staff networks including the Disability and Health network and the LGBT+ staff network
- “Let’s Talk” sessions, which all staff are invited, to facilitate engagement directly between staff and senior management
- Consultation with key internal stakeholders 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. (They tackle key project issues such as sustainability, inclusivity and accessibility, future building management and digital services)

- A series of in-person engagements sessions that will continue until the project's completion. A project 'roadshow' which started in January 2023, where the scheme was presented to the Council's Leadership Network to cascade on to their teams
- Exhibitions of project information displays in Council office buildings over a series of weeks to allow staff members to see the design proposals at staffed drop-in engagement sessions, and ask questions about the project and feedback their thoughts
- Uploaded current design proposals to the Council's intranet pages
- Engagement sessions are also to be held virtually, available to all-staff, to promote accessibility and inclusivity, and recognising that staff are working more flexibly

In addition to dialogue with the Council's workforce, communication and engagement is also being extended to key local stakeholders and the wider community, to give them an opportunity to review and comment on the developing plans. This is being managed through:

- Working with the Council's Regeneration Team, the formation of 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, to develop the external landscaping elements of the project, with a key focus on the South Gardens area on the Bounds Green side of the site.
- A dedicated Civic Centre webpage on the Council's website, which allows residents across the borough to view the current plans and design proposals, leave their feedback.
- In-person events offered to the wider public through drop-in sessions held at Wood Green Library, and other Council buildings, offering residents the opportunity to learn about the proposed plans and current design for the Civic Centre, its future use, informed about the services that will be delivered on site, and anticipated shared use opportunities with the community.
- 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.

This engagement will continue throughout the programme and a dedicated Communication & Engagement Plan has been developed and is being delivered to assist the organisation in navigating the change.

This plan also covers the engagement approach covering other key stakeholders, including Members, partners and the wider community. Working groups have been established to inform key elements of the design process, including a process of co-production.

7.4 Risks & Issues

This section captures the key risks to the preferred option as recommended above in the 'Economic Case'

Risk	Impact (1 Low 5 High)	Prob (1 Low 5 High)	Mitigation/Action	Post- Mitigation Impact (1 Low 5 High)	Post- Mitigation Prob (1 Low 5 High)
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	4	4	Strip out enabling works have removed most of the 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	3	2

Risk	Impact (1 Low 5 High)	Prob (1 Low 5 High)	Mitigation/Action	Post- Mitigation Impact (1 Low 5 High)	Post- Mitigation Prob (1 Low 5 High)
in elements of site discovery during construction.			removal. Project Team identified any further survey and intrusive investigations together with framework contractors to further de-risk the site prior to tender. Appropriate costs were included within the tender as provisional sums to be further investigated and fixed within the pre-construction services period for all identified items. However, this risk will remain throughout construction as is an existing building.		
Ground Contamination - if the site investigations reveal abnormal ground conditions or contaminated land on site, then this could lead to increased costs and time to remediate/redesign	5	4	Below ground / geotechnical intrusive survey was scoped and undertaken in stage 2. Utilisation of existing record information, in addition to the geotechnical, including contamination surveys are completed and informed the Stage 3 and 3+ design documentation. Provisional sum allowed for and the requirement included within the scope of the pre-construction services agreement for the contractor to confirm the extent of the risk and take responsibility for this, fixing the provisional sum cost.	4	2
Haringey's robust governance and approval process - if there are delays in completing approvals, including change, and sign off, then this may result in programme delays.	5	5	The MDDT have presented to the Client throughout design Stages 2, 3, and the final Stage 3+ (pre-tender) information. A similar robust approach is required through the delivery of the pre-construction contract and the main contract periods. Stage 3+ presentations and page turn exercise was completed with and to the key stakeholders and Client Team's satisfaction, in order to seek approval of the final Stage 3+ pre-tender proposals. Late design changes need to be notified to Client to assist this approval and follow a strict change control process, to understand the impacts of any proposed change.	3	2
Client change – if the design does not meet the user requirements and/or there are on-going changes, then	4	4	A detailed Design Brief was developed with engagement from all stakeholders. The Design team have developed the scheme in line with	3	2

Risk	Impact (1 Low 5 High)	Prob (1 Low 5 High)	Mitigation/Action	Post- Mitigation Impact (1 Low 5 High)	Post- Mitigation Prob (1 Low 5 High)
it will impact the design outputs with potential cost and programme impact.			<p>the brief's requirements, and have presented this to the satisfaction of the Client. The final tender proposal documents, Employer's Requirements, following a design freeze were agreed by the Client and tendered to the construction market.</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>		
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.	4	4	<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 sessions were held with Carbon Team prior to planning submission to ensure design proposals were understood and provided comfort of the measure proposed.</p> <p>This is to be reviewed and monitored throughout the pre-construction services stage and the main contract delivery.</p>	4	2
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 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	4	4	<p>Prior to approval at the September 2023 Planning Committee, the project team held several informal pre-app meetings with the Planning Authority and reviewed the project programme to ensure the timescales were agreeable and achievable. Specialist planning consultants were engaged to assess and liaise with the Planning Authority through the formal planning performance agreement in place. And specialist heritage consultants were engaged to produce a report on the different areas of significance within the existing Civic Centre, following meetings with planning, 20th Century Society and Historic England, as part various heritage and conservation focussed meetings.</p> <p>A further planning performance agreement is being put in place to manage the submission and</p>	4	2

Risk	Impact (1 Low 5 High)	Prob (1 Low 5 High)	Mitigation/Action	Post- Mitigation Impact (1 Low 5 High)	Post- Mitigation Prob (1 Low 5 High)
			discharge of the full planning and listed building consent conditions.		
'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.	5	3	A robust tender process was implemented, with a strong focus on the quality evaluation section, which was designed and weighted at a level to ensure a competent, experienced (especially of heritage buildings) contractor is appointed. This was following the project team, through soft market engagement with contractors on Haringey's London Construction Programme framework, reviewing contractors' willingness and capacity to tender. The project team will implement close management and co-ordination with the contractor against a robust delivery programme.	2	2
Costs exceed available budget – if proposals are not within current project budget, then additional funding may be required for the project to progress. Potentially delaying programme and/or reducing scope of the project. Stage 3 cost out turn above financial envelope range for construction	5	5	Interim Stage 3+ cost plan suggest costs have increased from end of Stage 3, to reflect the proposed design, outcomes of intrusive/condition surveys commissioned to understand and specify works required (e.g. structural repairs), identified additional restoration and/or compliance works (e.g. fire protection to floors). An ongoing process of value management is being implemented and included within the procurement and as a requirement of the pre-construction period, with expectations managed to the Client Team. Ongoing collaboration between cost managers and design team throughout work stages. Continue to review potential for value engineering during eth pre-construction services agreement period, to bring scheme in line with available budget.	3	3
That estimates of staff working patterns are not realistic, and more, or less, staff need to work in the office than planned.	4	3	Detailed work has been carried out with all areas of the organisation to arrive at occupancy targets. The flexible nature of the intended design means that the spaces provided will be able to respond to staff changing needs and uses over the life of the building. The Project Team are working collaboratively as part of the Council's 'Working	2	1

Risk	Impact (1 Low 5 High)	Prob (1 Low 5 High)	Mitigation/Action	Post- Mitigation Impact (1 Low 5 High)	Post- Mitigation Prob (1 Low 5 High)
			Flexibly' roadshow to promote the various types of working environments offered within the design, the flexibility of the building and needs of the staff group.		
Flexible and hybrid working practices are not successfully adopted and staff numbers requiring office space are higher or lower than planned.	4	2	Many of the working practices will already have been in place and tested prior to the move to the Civic Centre as the short-term consolidation of staff accommodation to Alex House and 48 Station Road is based on these new ways of working. A full change and engagement programme will be rolled out alongside the physical works and relocation to ensure that staff and managers are equipped to work in the new environment.	2	1
There is a risk that the limited availability of parking at the redeveloped Civic Centre could have a negative effect on recruitment and retention of staff that may have difficulty in travelling to work by public transport. Any impact on staff ability to travel around the borough could affect efficiency.	3	3	The Civic Centre location has been identified as having excellent travel links and qualifies as a 'car free' development. Through design development with staff groups and the Client, the limited parking available has been developed so all eight spaces provided can be disabled/accessible parking spaces, managed as required. Work is being undertaken to ascertain the detailed organisational parking requirements for service vehicles and essential drivers, which staff will be consulted on. Mitigations could include identifying alternative additional parking in the Wood Green area. The adoption of different working practices, including increasing locality-based working, should lessen the need for onsite parking and the council's core office. It is being made clear in the recruitment process that there is no parking provision, so there will be no expectation for it.	2	2

8 Appendix A: Detailed Economic Analysis

8.1 Appraisal Methodology

Currently the Council has a net revenue spend of £2.881m 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. 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.

In addition to the revenue affordability appraisal, both Options were 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. In constructing the model, allowances were made for anticipated capital costs throughout the long life of the assets, such as new heating systems etc. The model also 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.

As set out in Section 4.4, under the NPV analysis, Option 1 had a negative NPV of -£7.85m whilst Option 2 had an NPV £1.249. Option 2 having a positive NPV of £1.249m is therefore preferable from this perspective.

8.2 Option 1 Appraisal

Capital Costs

The capital programme required for Option 1 is set out below:

Option 1	On-Off Costs (£000's)
Civic Centre	31,584
Civic Centre Annex	0
48 Station Road	2,212
40 Cumberland Road	150
River Park House	500
Alexandra House	47,846
Total	82,292

Revenue Costs

This option includes commercially letting 40 Cumberland Road, and 48 Station. The revenue effect of this option is set out in the table below.

Option 1	Current Cost	Projected Net Cost/(Saving) £000's	Estimated Net Cost/(Saving) £000's
Civic Centre	516	2,365	1,849
Civic Centre Annex	0	0	0
48 Station Road	269	-264	-533
40 Cumberland Road	335	-289	-625
River Park House	987	0	-987
Alexandra House	773	4,334	3,560
Total	2,881	6,146	3,265

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).

Detailed Breakdown – Option 1

Building	Capital Investment	Estimated Operating Costs	MRP & Interest costs	Operating costs inc MRP	Rental Income	Estimated Service Charge Income	Business Rates Income	Total Income	Net Opg Costs	Existing Budget/Cost	Cost/(Saving)
Civic Centre	31,584,000	461,173	1,904,085	2,365,258	0	0	0	0	2,365,258	516,414	1,848,844
Civic Centre Annex								0	0	0	0
48 Station Road	2,212,000	549,181	133,353	682,534	447,219	275,214	223,611	946,044	-263,510	269,084	-532,594
40 Cumberland	150,000	502,707	10,911	513,618	346,328	251,878	204,651	802,857	-289,239	335,319	-624,558
RPH	500,000	0	0	0	0	0	0	0	0	987,067	-987,067
Alexandra House	47,846,000	853,263	3,480,349	4,333,612	0	0	0	0	4,333,612	773,487	3,560,125
	82,292,000	2,366,324	5,528,699	7,895,023	793,547	527,092	428,262	1,748,901	6,146,121	2,881,371	3,264,750

8.3 Option 2 Appraisal

Capital Costs

The capital programme required for Option 2 is set out below:

Option 2	On-Off Costs (£000's)
Civic Centre	31,584
Civic Centre Annex	34,416
48 Station Road	2,212
40 Cumberland Road	150
River Park House	500
Alexandra House	1,700
Total	70,562

The table above does not include certain additional works to Alexandra House and 48 Station Road as those expenditures would have been incurred in any event.

Revenue Cost

This option includes commercially letting 40 Cumberland Road is wholly let to a 3rd party, and that 48 Station Road and Alexandra House are, once vacated, let to 3rd parties. The revenue effect of this is set out in the table below.

Option 2	Current Cost	Projected Net Cost/(Saving) £000's	Estimated Net Cost/(Saving) £000's
Civic Centre	516	2,365	1,849
Civic Centre Annex	0	2,436	2,436
48 Station Road	269	-264	-533
40 Cumberland Road	335	-289	-625
River Park House	987	0	-987
Alexandra House	773	-678	-1,452
Total	2,881	3,517	689

The above table shows that the preferred option entails a small uplift in the cost of running the estate, but significantly less than Option 1. The key driver for this is the income generation at Alexandra House as opposed to Option 1 where Alexandra House generates a cost.

Detailed Breakdown – Option 2

Building	Capital Investment	Estimated Operating Costs	MRP & Interest costs	Operating costs inc MRP	Estimated Rental Income	Estimated Service Charge Income	Business Rates Income	Total Income	Net Opg Costs	Existing Budget/Cost	Cost/(Saving)
Civic Centre	31,584,000	461,173	1,904,085	2,365,258	0	0	0	0	2,365,258	516,414	1,848,844
Civic Centre Annex	34,416,000	411,529	2,074,816	2,486,345	50,000	0	0	50,000	2,436,345	0	2,436,345
48 Station Road	2,212,000	549,181	133,353	682,534	447,219	275,214	223,611	946,044	-263,509	269,084	-532,593
40 Cumberland	150,000	502,707	10,911	513,618	346,328	251,878	204,651	802,857	-289,239	335,319	-624,558
RPH	500,000	0	0	0	0	0	0	0	0	987,067	-987,067
Alexandra House	1,700,000	853,263	123,659	976,922	1,015,000	213,316	426,631	1,654,947	-678,025	773,487	-1,451,512
	70,562,000	2,777,853	4,246,824	7,024,677	1,858,547	740,408	854,893	3,453,848	3,570,829	2,881,371	689,458