

MUNICIPAL YEAR 2012/13 REPORT NO: 102

MEETING TITLE AND DATE:

Cabinet – 14 November 2012

REPORT OF:

Director of Finance, Resources
and Customer Services

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Agenda – Part 1	Item : 9
Subject: Future Options for the Civic Centre	
Wards: Town directly and all other wards indirectly	
Cabinet Members consulted: Councillors Doug Taylor and Andrew Stafford	

1. EXECUTIVE SUMMARY

- 1.1 The Civic Centre is around 40 years old, and, although it has been relatively well maintained, the building now requires some significant work to ensure it remains fit for purpose in the medium to longer term. A report has been commissioned from Drivers Jonas Deloitte to identify and consider the various options open to the Council and to assist the Council in adopting a strategy for the future management of the building.
- 1.2 The range of options includes “Do nothing” and “Do minimum”, as well as complete and staggered refurbishment, and a potential rebuild. Of these options, the most cost effective option is to phase the renewals of key plant and equipment, as well as refurbishment of the office space, over ten years, at an estimated capital cost of £15.5m. This option provides up to 25 years additional life to the building coupled with the second lowest capital outlay. It has the lowest Net Present Cost, per year of life gained, and thus offers the best value for money. The report also showed that other, cheaper options did not provide value for money and that a full scale redevelopment was not viable.

2. RECOMMENDATIONS

Cabinet is recommended to:

- 2.1 Note that the Civic Centre requires significant planned maintenance to ensure that its working life can be extended.
- 2.2 Agree that to ensure the building is safe and efficient to operate over the longer term, a phased refurbishment is necessary. This has an estimated cost of £15.5m spread over a 10 year implementation period. This is option C in the options appraisal set out later in this report.
- 2.3 Commission detailed feasibility, project management and planning work to enable the recommended strategy (option C) to proceed.

3. BACKGROUND

- 3.1 The Civic Centre is around 40 years old. It was not designed to cope with the large number of people that it now accommodates nor with the demands of those people in terms of essential office equipment, computers, air conditioning etc. Although relatively well maintained, it is expensive to run and most core elements have exceeded their original design life. Major elements due for repair or replacement include:
- Cladding and windows on “A Block” (i.e. the main tower).
 - Suspended ceilings, lighting and ducting, along with associated asbestos removal works in A Block.
 - Mechanical and electrical systems, particularly the heating/air conditioning.
 - Structural work on the frame and roof of “B Block” (the long single storey block along the eastern side of the building).
- 3.2 The building does not meet current day requirements for office accommodation. There is insufficient temperature control and parts of the building are sometimes too hot whilst others are too cold. This has resulted in the necessary use of stand alone fans and heaters to control the environment. Routine maintenance and/or adjustment of systems are unable to address such issues. Improved heat efficiency, including better temperature control, is necessary to provide a value for money solution as well as helping to deliver improved customer services.
- 3.3 As is often the case with buildings of this age and design, appropriate management of the asbestos in A Block is and will continue to be an ongoing obligation, although complete removal is not necessary to comply with current legislation. However, guidance in the approved Code of Practice reinforces legislative requirements and states that all asbestos must be removed before any other major work begins.
- 3.4 Current control measures are in place so that accessing ceiling voids, ducting etc, can only be undertaken with a permit to work system. This is subject to inspection by the Council’s Asbestos Team and reassurance air testing by an independent UKAS accredited analyst. Ongoing air monitoring is also required on all floors of A block to ensure continued effectiveness of these controls.
- 3.5 Longer term solutions provide the opportunity to improve customer facilities and the working environment as well as facilitating New Ways of Working. In addition, they address asbestos issues in a permanent fashion to prevent future uncontrolled release of asbestos fibres, and reduce maintenance costs. These are currently disproportionately high due to the legal requirements to provide control measures in connection with planned or responsive works to the Civic Centre.
- 3.6 Against this background, an appraisal of the various options for the Civic Centre has been commissioned, following the request of the Leader of the Council and Leader of the Opposition, announced at Council. The options evaluated are:

- **Option A** – reactive maintenance (i.e. respond to problems as they occur).
- **Option B** – maintain for up to 10 years (i.e. undertake the minimum level of work necessary whilst providing an adequate environment for users).
- **Option C** – phased renewals (i.e. refurbish on a phased basis over a period of up to ten years).
- **Option D** – full refurbishment, requiring a decant of the Civic Centre.
- **Option E** – re-provide a new Civic Centre.

3.7 In order to allow comparison on a like for like basis, the timescale to complete each option has been regularised to ten years. However the actual length and phasing of any works would be subject to agreement during the planning stage.

4 FINDINGS

4.1 **Option A** – this approach involves limited servicing and other work to comply with statutory requirements, and reacting to non-statutory maintenance/repair/replacement problems as they arise. As the building is 40 years old, the failure of components is likely but unpredictable and, therefore, potentially costly and disruptive if this strategy is continued. The main advantage of this option is that there can be short term savings. Disadvantages and risks of this option are:

- It is only viable as a short term measure, as explained above.
- Overall, it can be more costly than a planned approach to maintenance, or the planned refurbishment of the building.
- Increased breakdowns of old equipment are likely to be increasingly disruptive to the smooth flow of business and to users – councillors, staff and customers.
- This option relies on acting quickly in the event of a component breakdown; however the existence asbestos containing materials can cause added complication and delay to the process.
- A lack of strategy creates uncertainty for the building’s future.
- Such an approach will accelerate the deterioration of the building’s fabric and services (e.g. plant and equipment).
- No improvements to the performance of the building (e.g. heat efficiency) would be possible, nor the improvement of the building’s look and feel.
- The existing maintenance backlog would not be addressed

Drivers Jonas Deloitte, recommend that such a strategy should only be used when a building is identified for closure, or the organisation has a funding problem. Neither of these scenarios applies to Enfield Council and this option is not recommended. It is included here to ensure that it has been considered and then dismissed rather than ignored.

4.2 **Option B** – this approach can be described as “Do minimum”. It defers the renewal of major items in the building and includes sub options for the

refurbishment of individual floors in A block. It therefore extends the life of the building for a maximum of 10 years, but not beyond as a number of components have already reached the end of their original design life. Additional controls will be necessary to maintain a safe and comfortable working environment over the period, but it is unlikely these will be fully effective within A block. Indeed there are already some issues that will require attention in the short term as illustrated with the recent unplanned closure of the 10th floor.

Advantages of this approach are:

- Business as usual could continue, at relatively low cost, and major upheaval during the works phase would be avoided.
- Some superficial measures to address user comfort, such as fitting new solar window film, could be included.
- Unless there was a major unforeseen technical problem, disruption to the building's users would be relatively minor.

Disadvantages include:

- Ageing plant and infrastructure problems would not be addressed under this option.
- Further increases in occupancy, which are planned under Phase 2 of New Ways of Working, would exacerbate temperature control problems, if they are not dealt with through other means (e.g. greater home working, working in other buildings etc).
- There would be no significant improvements in the building's performance or appearance. Inefficiencies would therefore continue, and key elements of the Council's environmental agenda would not be delivered.
- During extreme weather the building will struggle to meet the demands of its occupiers. The use of individual solutions (fans, fan heaters etc) would therefore remain.
- Although the risk and impact of equipment failure are managed, should such an event occur, it is likely to be expensive to repair and have a significant impact on the day to day business of the building.
- All works which require major refurbishment of any floor would require the planned removal of asbestos for the Council to discharge its legal obligations under the Control of Asbestos Regulations 2012.

4.3 **Option C** – Major elements of the building would be grouped together and renewed or refurbished, in order to give the building an additional estimated 25 year life expectancy. The internal environment issues would be addressed in a permanent fashion by upgrading the air conditioning to current standards. This together with new finishes, ceilings, data cabling and safety systems would provide a more modern flexible building with better energy efficiency.

Other essential work would also be carried out including replacing building services (e.g. plant), structural repairs, roof renewal, asbestos removal, and repair or replacement of the external cladding. Advantages of this option are:

- Better comfort and flexibility of internal spaces, so working conditions for councillors, staff and customers would be improved.
- The building would be upgraded to a relatively modern standard which therefore increases the likelihood of being able to lease out any spare space.
- Energy consumption and emissions would be reduced, so saving money and meeting some of the Council's sustainability goals. Some of the investment needed to achieve this could be funded from the Salix and REFIT programmes.
- Asbestos containing materials would be removed in a systematic fashion, thus reducing the associated risk.
- Following refurbishment, maintenance costs would be reduced and overall budget certainty increased.
- The risk of breakdowns is reduced because existing deficiencies in the building are addressed in a systematic and permanent way.
- The decant cost and disruption would be far less than Option D and E.
- Retention of existing planning consents and parking provision.

Disadvantages of this option are:

- Significant capital outlay, and some decant costs, would still be needed.
- There would be disruption to building users, although this could be limited through careful phasing and project management of the works.
- The stainless steel cladding to the tower (A block), would be difficult to replace in its entirety compared with Option D (complete refreshment).

4.4 **Option D** – this would provide a full refurbishment of the building and potentially extend its life by another 30+ years. It would include a total renewal of all building services, replacement of the external cladding, removal of all asbestos, modernisation of internal office spaces, and sustainability improvements, such as improved solar and thermal insulation. It is the most expensive of the “retain the Civic Centre” options. Advantages are:

- This option provides modern environmental standards, enabling the Council to meet its sustainability standards.
- Modern working environments for building users, so increasing the likelihood of renting out spare space and making most efficient use of the space available (e.g. for partners in the public, private or voluntary sectors).
- Maintenance costs would be reduced and budgetary control increased through greater certainty.
- Reduced energy costs and greatly reduced likelihood of breakdowns.
- Continued use of existing planning consents and parking provision.

Disadvantages are:

- Relatively high cost during particularly austere times.
- Some work undertaken in recent past would need to be redone.
- Relatively high disruption to building users.
- A Block would need to be decanted in its entirety, and phased decanting would be needed elsewhere.
- Temporary plant and enabling works could be needed¹

4.5 **Option E** – this would require the re-provision of the Civic Centre either in Enfield Town or elsewhere in the Borough. To replace the existing floor space with the same amount of floor space would cost approximately £57m (excluding land acquisition costs). Even after taking into account the estimated value from the sale of the Civic Centre site, the cost is considerably more expensive than the “Retain” options described above.

The future is likely to result in increased modern working practices, more efficient use of space and a reduction in the Council’s workforce. Therefore the provision of a new office facility with half the existing floor space might be considered more appropriate. However this variant could cost in region of £33m, which is still more than the retain options whilst providing far less capacity, and opportunity for shared service provision.

4.6 **The costs** of these options are set out in the table below (£ m):

Option	Capital Cost	Capital & Indicative Running costs	Net Present Cost	Cost per year of life gained
A – Statutory and reactive maintenance	Unable to accurately predict			
B – Do minimum. 10 year life extension	7.35	16.87	14.22	1.42
C – Phased renewal of key components. Up to 25 year life extension	15.50	26.54	21.61	0.86
D – Full refurbishment – 30 year life extension.	26.76	37.59	29.07	0.96
E – Re-provision of Civic Centre – 40 year life ²	59.76	70.59	53.46	1.33

4.6.1 The indicative capital costs quoted include professional and technical costs but exclude exceptional costs and fixed furniture and equipment. There is an existing, albeit small, revenue budget for the latter.

4.6.2 The cost per year of additional life gained (last column), is calculated by dividing the net present cost by the total additional years.

¹ For example, if work was phased with A block starting first, at some point there would be no plant to supply heating and cooling to B block, thus necessitating temporary provision.
² Nominal design life assumed to be point at which major refurbishment is required.

4.6.3 The detailed specification and sequence of work would be determined at planning stage. These could vary under options B and C depending on preferences, which gives rise to a cost range. However scenario testing, illustrates that there is an optimum point within the range. It is these figures that are included in above table.

4.7 **Associated Issues**

In addition to the issues referred to above, three associated issues have been identified:

4.7.1 Cladding

The cladding around the A Block tower is checked regularly to ensure it remains firmly attached to the building. Nevertheless, like the majority of the building, it is now old and requires considerable maintenance. The cladding also leaks in places and water enters the building during heavy rain. The replacement of the cladding would be best undertaken as part of a full refurbishment of the building - Option D – and, as such, need not be part of the recommended option. Replacement of the cladding would cost upwards of £3.5m and, arguably, improve the visual appearance of the building. Nevertheless, given the current economic climate, better value for money can be delivered by maintaining the current cladding.

4.7.2 Planning

Since the building was constructed, planning regulations have tightened considerably, to the extent that it is highly unlikely that a demolition and rebuilding of the Civic Centre in a similar format, would gain the necessary planning permission. If the building were demolished it generous existing consents (i.e. a ten storey high tower and extensive parking) would be expected to be lost.

4.7.3 Sustainability

The Civic Centre is relatively inefficient and has a high energy cost of £28.73/m²/per annum. A typical modern building would, by contrast, cost around £18.97/m²/per annum. Refurbishment of the Civic Centre provides an excellent opportunity to address these underlying problems, and, in November 2011, the Council signed a Memorandum of Understanding as part of the REFIT programme, to spend £403k on various measures in the building to address this energy inefficiency. This will help to reduce the Council's energy bills and has a payback period of 7 years. A phased refurbishment would also enable the Council to reduce its carbon footprint and potentially obtain a BREEAM³ rating for the building.

5 **ALTERNATIVE OPTIONS CONSIDERED**

5.1 The five main options considered for the future of the Civic Centre are set out in section 4 above. No other options were considered as part of this work, as the five options cover all strategic choices that the Council faces.

³ **Building Research Establishment Environmental Assessment Method**, which is a voluntary energy rating system for buildings.

- 5.2 A change in tenure of the Civic Centre via a sale and leaseback arrangement was examined. However this was not considered to be an option that in itself would address the maintenance need.

6 REASONS FOR RECOMMENDATIONS

- 6.1 The recommended option – Option C – provides the best value for money to secure the long term future of the Civic Centre, ensure all relevant health and safety legislation is complied with and expenditure minimised. At the same time, retaining the Civic Centre in Enfield Town will help to ensure that staff spending power in the High Street is also preserved during the current economic downturn. It also provides the opportunity for the Civic Centre to be used by partners, as the requirement for Council use reduces. This will help to create a joined up public services hub in the heart of Enfield.

7 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

- 7.1.1 The costing of the various options contained in the Drivers Jonas Deloitte report is summarised under paragraph 4.6 of this report. Option C is the preferred option.
- 7.1.2 There is funding for the preferred option, from existing provisions within the Corporate Repairs & Maintenance (R&M) Reserve and the Building Improvement Programme (BIP) based on the trend of expenditure in the last five years a £500k allocation has been assumed. This will need to be assessed at key milestones to ensure adequate provision is available to cover the repairs and maintenance need of other Council buildings.
- 7.1.3 A statement of capital outlay and costs of funds required for the project is set out in Appendix 1, on page 12 of this report. This is based on expected contribution of the sum of £1.0 million from Corporate R&M / BIP and an assumption of even spread of expenditure over the period of the refurbishment works. The funding statement is subject to amendment when the work phasing is agreed.
- 7.1.4 The refurbishment work is expected to modernise the internal environment and improve space utilisation at the Civic Centre, which in turn will assist the disposal programme to progress. The resultant capital receipts from the disposals would be available to reduce borrowing requirements for the Council's capital programme.
- 7.1.5 The Drivers Jonas Deloitte report refers to potential savings in running costs due to energy efficiencies as well as reduced repairs & maintenance and inspection costs, which are dependent on the extent and specification of refurbishment works. The details of the savings have not been quantified at this stage. It is also anticipated that various energy initiatives such as Salix or REFIT funding would potentially be available to provide interest free borrowing. This does not form part of the funding assumptions.

7.2 Legal Implications

- 7.2.1 The Council has duties to ensure that it provides a safe site for employees, any contractors and members of the public under the Health and Safety at Work Act 1974. The repairs and maintenance recommended as part of this report should ensure that the Council complies with these duties as part of its wider repairs and maintenance programme.
- 7.2.2 The Council has a 'duty to manage' asbestos non domestic premises, to protect anyone using or working in the premises from the risks to health that exposure to asbestos causes. Any works undertaken which may or could be likely to effect disturb or remove asbestos must be undertaken in accordance with the Control of Asbestos Regulations 2012.
- 7.2.3 The procurement of any of the works/services/goods required for any of the options would need to comply with the Councils Constitution, in particular Contract Procedure Rules and EU rules. Legal agreements would need to be in a form approved by the Assistant Director of Legal Services.

7.3 Property Implications

- 7.3.1 Removal/encapsulation of asbestos containing materials, will give rise to improved Health and Safety. Renewal of the heating and cooling systems will create a better working environment particularly for A Block users and decrease the Civic Centre's carbon footprint. There will also be longer term benefits with maintenance, both planned and reactive, at the Civic Centre.
- 7.3.2 To facilitate the works to the floors of A Block, there will be a need to decant staff from the areas concerned and this element will need to be carefully planned and programmed. Space within the Civic Centre and at Claverings could be utilised for the office moves that are required.
- 7.3.3 Subject to agreement by Cabinet, the Council will conduct appropriate procurement exercises to identify necessary consultants and contractors for the repair and maintenance activity, and the various options available for this work will be considered as part of the procurement process.

8 KEY RISKS

- 8.1 Risks and opportunities for each option are detailed under section 4. The preferred option (C) addresses the significant - and potentially expensive risks associated with the short term strategies, but with a minimum of disruption to staff. It should help ensure issues such as asbestos and health & safety are adequately addressed.
- 8.2 A clear and robust communication policy will be essential to ensure that all stakeholders are consulted and in turn support the strategy.

9 IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

- 9.1.1 The Civic Centre will continue to provide face to face services for members of the community. Although this tends to be used people who live relatively close to the Civic Centre, the Council's overall customer service strategy ensures that all members of the community can communicate and do business with the Council. Facilities in Edmonton, Ponders End and via the Council's libraries are unaffected by the proposals in this report.
- 9.1.2 As part of the Council's channel shift strategy, increasing numbers of customers are expected to use the web and Customer Service Centre and, therefore, over time, reliance on face to face channels is expected to reduce. Given the uncertainties around this, and the need to maintain face to face contact for key customer groups, the proposals for the future of the Civic Centre ensure that this facility is maintained.

9.2 Growth and Sustainability

- 9.2.1 The continued location of the Civic Centre in Enfield Town will help to ensure the economic prosperity of the town centre. Linked to the regeneration initiatives across the Borough, particularly in Edmonton, north-east Enfield and Ponders End, the Council has a comprehensive approach to ensuring economic growth wherever possible.
- 9.2.2 The proposals for the future refurbishment and maintenance of the Civic Centre also help to comply with current and future environmental legislation, and will increase the thermal efficiency of the building from its current Display Energy Certificate 'G' rating

9.3 Strong Communities

- 9.3.1 The Civic Centre is and is planned to continue to be a major hub for use by community groups, primarily in the evenings after normal working hours. By operating this facility for community groups, the Council provides a considerable resource that is well used and appreciated by users. Further work will be undertaken to increase community use of the building wherever possible.

10 EQUALITIES IMPACT IMPLICATIONS

- 10.1 The Civic Centre already has a high level of compliance with relevant disability legislation. The recommended option for the refurbishment and maintenance of the building will ensure that this high level of compliance continues in the future.
- 10.2 The recommended option provides the most cost-effective means of continuing to provide an efficient, convenient and effective service to all residents and customers alongside a safe working environment for all staff - for this reason, it is not relevant or proportionate to carry out an equality impact assessment/analysis.

11 PERFORMANCE MANAGEMENT IMPLICATIONS

- 11.1 Options C, D and E contained in this report would to varying degree make a contribution towards achieving the Council's sustainability targets in terms of thermal efficiency etc. The recommended option, Option C secures the long term future of the Civic Centre whilst causing the least disruption to the delivery of Council Services and the achievement of key priorities.

12 HEALTH AND SAFETY IMPLICATIONS

- 12.1 There is a specific requirement for all asbestos to be removed before any other major work begins. Regulation 7 of the Control of Asbestos Regulation 2012 states;

'In cases of final demolition or major refurbishment of premises, the plan of work shall, so far as is reasonably practicable, and unless it would cause a greater risk to employees than if the asbestos had been left in place, specify that asbestos shall be removed before any other major works begin'.

Guidance in the Health & Safety Executive Approved Code of Practice – “Work with Materials Containing Asbestos” reinforces this, saying that **all** asbestos must be removed.

- 12.2 All of the options considered above address the underlying health and safety issues with the Civic Centre. The recommended option ensures that these health and safety issues are addressed effectively and at reasonable cost, as well as providing assurance that the risk of them recurring over the medium term is low.
- 12.3 The works to the Civic Centre will require significant contractor activity, and the procurement and day to day management processes will ensure that contractors fully comply with all relevant health and safety activity.

13 PUBLIC HEALTH IMPLICATIONS

- 13.1 The proposed changes to the Civic Centre have the potential to provide a better working environment for staff and to indicate that Enfield Council is seeking to reduce its impact on environmental sustainability.
- 13.2 Consideration is being given to the installation of energy saving interventions through the REFIT programme. This included potential installation of solar panels, and better heating/cooling controls. These can be integrated into a phased refurbishment and would reduce future energy costs and indicate Enfield Council's commitment to sustainability.
- 13.3 Consideration will also be given to the installation of facilities to encourage people to use active transport to the Civic Centre. It is centrally placed within the borough and thus suited for such an initiative. Due consideration will be given to the community leadership role of the Council, the potential impact of active transport on the health of the borough and impact on the Borough's 2020 strategy.

APPENDIX 1 - Funding for Option C

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Capital Cost	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Cost	1,550.3	1,550.3	1,550.3	1,550.3	1,550.3	1,550.3	1,550.3	1,550.3	1,550.3	1,550.3	15,503.0
Use of R&M Fund & BIP	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-5,000.0
Annual borrowing required	1050.3	1050.3	1050.3	1050.3	1050.3	1050.3	1050.3	1050.3	1050.3	1050.3	10,503.0
Revenue costs											
Interest	37	74	110	147	184	221	257	294	331	367	367
Principal	-	42	84	126	168	210	252	294	336	378	420
Total revenue costs	37	116	194	273	352	431	509	588	667	745	787

Assumptions:-

1. Even capital spend throughout project
2. Principal repaid over life of building - 25 years
3. Interest rate fixed at 3.5%
4. Calculated on annuity method