

London Borough of Enfield

Cabinet

Meeting Date: 21st April 2021

Subject: Build the Change Programme

Cabinet Member: Cllr Mary Maguire

Executive Director: Sarah Cary

Key Decision: 5280

Purpose of Report

1. Provide an update on the positive progress of the Build the Change (BtC) programme in relation to the Housing hub and Children and Family Services hub
2. Provide further details on the next phase of the Build the Change (BtC) Programme, including the reconfiguration and refurbishment of the Civic Centre, which will enable the relocation of staff from remote sites including Claverings industrial estate.
3. Provide details on the new flexible ways of working and supporting staff wellbeing.
4. Provide details on the investment into the Council's IT infrastructure and end user equipment, which enables the Council's new ways of working to be delivered.
5. The report also details a proposal for the development of a Mental Health and Wellbeing hub, enabling staff from the Integrated Mental Health Service, (currently delivering frontline services from 2 separate locations) to be brought together in a single location to deliver a new re-provisioned community hub service.
6. Provide detail on the revised budget estimate to deliver the Build the Change Programme and seek approval for the next phase of works to the value of £15.2m to proceed.

Proposal(s)

Cabinet is recommended to:

7. Note the allocations in the Council's approved Capital 10 Year Programme for the Build the Change Programme of £10.7m in 2021/22 and £15.2m in 2022/23, £6.7m in 2023/24 and £6.9m in 2024/25.
8. Approve the spend of £14.5m in 2022/23 and £0.7m in 2023/24 in accordance with this approved Capital 10 Year Programme at Council to

deliver completion of the Housing Hub at Edmonton Green, the Children & Families Hub at Thomas Hardy House and improvements to the ground to fourth floors of A Block and to D Block at the Civic Centre.

9. Delegate authority to the Director of Property and Economy in consultation with the Executive Director – Resources, to procure consultants and contractors in accordance with Contract Procedure Rules as necessary to deliver the programme.
10. Approve the principle of a disposal of the Claverings industrial estate to facilitate its redevelopment to provide modern, energy efficient employment space. The proposed disposal route and business case will be the subject of a cabinet report to follow.
11. Approve the principle of a new Mental Health & Wellbeing Hub, which would provide an easy point of access for any person who has care and support needs for their mental health and any person who cares for someone with mental health needs. Under these proposals staff from the Integrated Mental Health Service currently located at 58-60 Silver Street (Enfield Town) and the first floor of Park Avenue (near Enfield Town) would be brought together in a single location (currently to be determined following an options appraisal), to deliver in a new re-provisioned community hub service.

Reason for Proposal(s)

12. To modernise and streamline the Council's property estate, enabling it to operate from fewer but better equipped buildings which are designed to meet the specific needs of residents, services and staff.
13. To provide the necessary IT infrastructure to enable modern working practices which are agile and flexible.
14. To support a longer-term approach to capital investment in the Council's assets, supporting further analysis, business case development and financial modelling to create a 10- year plan.
15. To ensure savings and income identified in the MTFP can be delivered.
16. To enable investment in the Council's property estate, by generating savings, increasing income and/or producing capital receipts where appropriate.

Relevance to the Council's Plan

17. The Build the Change Programme portfolio aims to support the delivery of the Council's aims as set out in the Council Plan by:
 - Creating a modern Council with fewer but better equipped buildings designed to meet the needs of services and the residents that we serve.
 - Equipping our workforce with the appropriate tools and practices to deliver our ambitious customer focused outcomes.
 - Improving security for our employees, customers and data.

- Consolidating staff in hubs in town centres will help drive footfall and boost local businesses in those areas. The procurement processes give the Council the opportunity to work with local businesses and partners to develop a stronger local economy.

Background

Programme aims and objectives.

18. The Build the Change Programme was established to modernise and streamline the Council's property portfolio to deliver fit for purpose premises, ensuring staff have the right tools and support to provide effective, value for money services to residents and businesses in the Borough.
19. Reducing the property portfolio enabling the Council to dispose of assets and reduce operating costs, with income and savings reinvested into service delivery.
20. Establishing dedicated service hubs delivers better outcomes for Enfield residents.
21. The Programme supports the creation of a 'Modern Council' which has spaces which have been designed to meet the specific needs of services and staff, with a mixture of fixed and agile desks with greater focus and emphasis on collaborative working, underpinned by the right IT technology.
22. In March 2020 as part of the Corporate Property Investment Programme, Cabinet approved the principle of the Build the Change Programme and approved investment of £ 3.9m in 2020/21 and £10.0 in 2021/22 to bring forward the delivery of a Housing Hub at Edmonton Green, a Children & Family Services Hub at Thomas Hardy House and feasibility work into improvements at the Civic Centre.
23. The Council's working practices will be agile, flexible and focused on outcomes and improving staff productivity. Furthermore, by providing staff with the opportunity to shape how and where they work, giving staff the right tools to work flexibly and more effectively, the Council will be able to provide staff with a better work life balance, ensuring that Enfield Council is an employer of choice that is better able to attract and retain highly skilled staff.
24. The Council's Executive Management Team have agreed to several key policy principles for the Build the Change Programme as follows:
 - Work is something that you do not a place that you go to.
 - Staff will be grouped into four categories, as follows:
 - i. Workplace / Specific Location Workers – who will need to work in a specific location.
 - ii. Home Based Workers – Staff who will work 100% of the time at home or another personal location.
 - iii. Flexible Workers – Staff who will mainly work from home and attend an office approximately two days a week.

- iv. Leadership Roles – Will have a visible presence & spend the majority of their time in a council location.
- The average desk to staff ratio should be 3.2 desks per 10 members of staff.

Edmonton Green Housing Hub

- 25. The development of the housing hub at Edmonton Green has reached RIBA stage 4 (technical or final, design) sign off, with the tender process finishing at the end of March 2021 and the building is due to be handed over to the Housing service in the autumn of 2021. Housing staff have been fully engaged and involved in the design of the Housing hub.
- 26. Following the closure of John Wilkes House at the start of the 1st COVID lock down, a decision was taken to close the building with staff continuing to work from home, and the homelessness services being delivered via telephone, online, and through the Enfield Town and Edmonton Green libraries.
- 27. The original project scope included the development of a homelessness face to face service offer at Edmonton Green and Enfield Town libraries. However, a decision was subsequently taken to develop and deliver incorporate this activity within the development and delivery Community Hubs in the libraries, being led by the Customer Experience Programme, which incorporates access to homelessness services.

Thomas Hardy House Children and Family Services Hub

- 28. The redevelopment of the Children and Family hub has reached RIBA stage 3 (spatial coordination or detailed design). During the design process it was identified that there was a requirement to relocate the Archive Service from its current 1st floor location at Thomas Hardy House in order to fully accommodate the service.
- 29. A planning application for the change of use of part of the building and external alterations to include additional windows on the first floor has been lodged.
- 30. Children and Family Services staff have been fully engaged and involved in the design of the Children and Family Services hub to date. This will continue throughout the detailed design stage and be extended to include engagement with children, young people and families. Construction work is planned to commence in October 2021 with the work programmed to take approximately a year.
- 31. The development of the Children and family hub at Thomas Hardy House will allow the council to release or repurpose the use of Charles Babbage House and will relocate several services out of the Claverings industrial estate enabling teams within the hub to deliver better outcomes for service users.

Civic Centre Business Hub

32. Following the principles of the Build the Change programme, the council has been evaluating how to consolidate more services into the civic centre. This will improve collaboration, reduce operating costs and with improvements, provide a modern working environment to support effective and good service delivery.
33. To inform this consolidation a detailed review of future accommodation needs was undertaken with Heads of Services completing detailed questionnaires together with face-to-face interviews. A test and fit exercise using the data collected has demonstrated that by optimising usage there is enough space within the Civic Centre to accommodate back-office staff from many outlying buildings to relocate to the Civic Centre.
34. The first phase will include refurbishment of the ground to second floors of A Block and both floors of D Block in the Civic Centre and optimise space usage, concentrate public facing meeting rooms on the ground floor and create additional office accommodation on the 2nd floor. Some reconfiguration of space on the 3rd to 5th floor of A Block and in B Block will also be undertaken to reflect smarter ways of working. These works will allow most the 300 staff currently based at Claverings to be relocated to the Civic Centre.
35. The Claverings industrial estate was built in the 1950's and is no longer fit for purpose. Buildings on the estate will not achieve the necessary energy efficiency standards required by law in 2023. The council occupies 39% of the estate and the remainder is leased to businesses and other organisations. The council will therefore not be able to continue to lease units within the estate to local businesses without undertaking the necessary improvements to building energy efficiency. Initial estimates suggest that the cost of this work could exceed £19m. Redevelopment of the estate is likely to be more viable and options for the future of the estate will be considered alongside the ongoing disposals strategy and be brought forward for a decision in due course.
36. In the meantime, it is recommended that the relocation of all relevant Council staff currently based at Claverings to the Civic Centre is progressed as part of the Build the Change Programme. Where the timing and Energy Efficiency regulations allow vacated space will be let short term whilst plans for redevelopment are developed.
37. Investment in the Civic Centre will also allow the Council to terminate the lease of the City Learning Centre (leased from Enfield Grammar School). The peppercorn lease expires in June 2024, but the school has expressed an interest in taking this back early. This would save £46,482 per year in operating costs and allow services to collaborate easier.
38. The 6th to 10th floors of A Block are currently occupied by three tenants. The leases on 3 floors expire in 2025 and on 2 floors in 2028. There are, however, break clauses in the leases in favour of the tenants which mean that one or more of these floors could become vacant on 6 months' notice from 2021 onwards. Discussions are underway with the tenants to establish their plans to inform options for a second phase of investment in the Civic

Centre involving these floors and/or B Block to allow all other staff at Claverings and other outlying sites to be relocated.

39. As part of a small programme of work to improve the office environment to support staff in the Civic, welfare improvements have been made to B Block toilet facilities and an additional area is being created for staff to reheat food and sit and relax.
40. As part of our investment in Culture, in line with the new Culture Strategy, the Civic Centre will also form part of the borough's cultural infrastructure. This will include relocation of the Local Studies and Archive in a move intended to indicate the central importance of heritage to the borough with the reading room in a ground floor location adjacent to the reception area raising its profile and improving accessibility. The facility is being designed to achieve National Archives accreditation. The reception area of the Civic Centre will also provide additional gallery space with revolving exhibitions of local art and artifacts from the archives.

Mental Health Wellbeing Hub

- 40 The Integrated Mental Health Service is currently located at 58-60 Silver Street (Enfield Town) and the first floor of Park Avenue (near Enfield Town). It is proposed to bring the service comprising a multi-disciplinary team of 82 staff together in a single location to deliver in a new re-provisioned community hub.
- 41 It is proposed that Mental and Wellbeing Hub service will provide community-based specialist mental health services, a VCS led community café for out of hours crisis support, along with a service helping individuals maintain and improve their long-term health conditions.
- 42 These additional services will provide low-level step-down support, assist in preventing social isolation and aim to reduce possible escalation of an individual's mental and physical health conditions. The need to provide support for long term physical health conditions and in-particular for those mental health needs, is a well referenced approach.
- 43 In line with the Council Plan the proposal is aimed at reducing social isolation and Improve mental health by making every contact count, increasing the use of social prescribing and developing inclusive community spaces and services.
- 44 The proposal will facilitate the closing of 58-60 Silver Street, which offers poor accommodation for staff, and is not fit for purpose for service users.
- 45 A detailed business case, including location of the new hub, will be developed and brought forward for a decision in due course.

Main Considerations for the Council

46. The Build the Change programme is a central part of SAMP and the delivery of a modern council providing good quality services to residents. Since the March 2020 CPIP report, the programme has moved quickly and

- professionally to progress the Housing Hub at Edmonton and Children and Families Hub in Enfield Town.
47. The decision in this report allows the next step in a phased programme of work. The proposal costs represent the most favourable financial option to ensure staff have fit for purpose office space, compared to taking no action.
 48. The programme when finished will allow the council to cease the use of leased office buildings and have staff operating out of modern facilities. A number of our current facilities require substantial investment which will not be required if this programme is delivered. There are several operational savings that have been identified in the MTFP which will not be achieved if the programme is not delivered.

Safeguarding Implications

49. There are no specific safeguarding issues related to this report.

Public Health Implications

50. There are no specific public health issues related to this report.

Equalities Impact of the Proposal

51. The proposal is to relocate services into service hubs that are currently based in a range of outlying buildings including Charles Babbage House, Triangle House, Claverings Industrial Estate and City Learning Centre into three main hubs, Thomas Hardy House, Edmonton Green and the Civic Centre.
52. The colocation of these services into service specific hubs, in town centre locations accessible from much of the borough by public transport will offer significant benefits to residents through the co-location of related services in single locations. In addition, there are benefits to the service through cross team inter department working.
53. The location in a reduced number of buildings will also assist in ensuring the provision of more consistent, better maintained accommodation at a lower cost.
54. Terminating the leases at Triangle House and the City Learning Centre and the release of Charles Babbage House, John Wilkes House and buildings at Claverings for redevelopment will offer significant reductions in revenue costs as well as the opportunity for securing Capital receipts as set out in this Cabinet Report.
55. The creation of service hubs in a central, accessible location is designed to offer benefits to a wide range of service users and their families who currently access services at a number of different locations across the borough. Some of these properties are no longer fit for purpose (especially at Claverings Industrial Estate) and will require major investment or redevelopment to deliver modern service. The location of some services, at Claverings in particular, has a negative impact on some users.

56. Creation of service specific hubs is widely acknowledged as the most efficient way of delivering a comprehensive service for the benefit their users as well as being a cost-effective route and has been advocated by the recent Ofsted Inspection of the Children and Family services.
57. The new location may be less convenient for some users who live or work close to one of the current locations. However, the choice of the hub locations in central town centre locations with public transport links to all parts of the borough and adjacent car parking is designed to ensure the maximum accessibility to the widest range of users. A single purpose designed facility with DDA compliance designed in situated in a prominent town centre location is considered to offer positive impacts on users.
58. There will be some loss of community space as part of the redevelopment of the Children and Family Services hub at Thomas Hardy House however, there are a wide range of community halls, community centres, school halls, libraries with community meeting rooms, and cultural buildings such as Millfield House, Salisbury House and Forty Hall in addition to committee and meeting rooms at the Civic Centre that currently have capacity and should be able to accommodate any displaced users.
59. To ensure that the Build the Change Programme is fully inclusive a representative of the disability working group sits on the programme board and has been involved in the specific hub design process.

Risks that may arise if the proposed decision and related work is not taken

60. If staff are not relocated from the Claverings Industrial Estate prior to 2023, without significant investment in those premises, they will be occupying premises that the Council could not legally rent to any other organisation. Whilst this would not be illegal it would not be compliant with the Council's Strategic Asset Management Plan or Climate Change Action Plan. Refurbishment of the accommodation to reach the required energy efficiency standards would cost in the region of £19.6m, alternatively renting suitable accommodation could cost in the region of £1.2m per year.
61. There are several savings identified within MTFP which may not be achieved.
62. Current office conditions are not conducive and therefore there is a risk that the council will not be able to retain quality staff or attract new staff to the council if the council does not proceed with this project.
63. Failure to introduce the new ways of working and continue to operate services out of the current range of buildings is not efficient and encourages silo working.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks.

Risk	Mitigation
Workforce do not / unable to adapt to new ways of working.	<ul style="list-style-type: none"> • Workforce workstream established to oversee and engagement with staff across the council, supplemented by training and support for staff. • Communications workstream established which includes New Smarter Ways of Working. • Use of change champions within Services to support successful change.
Construction delayed or procured poorly and cost overruns.	The current contract framework being used to deliver the Edmonton Green Housing hub allows the council to confirm contract values before formally entering the contract. Once agreed the contract is agreed the costs are fixed subject to change only if there is a variation to the specification. Although the contract vehicle has yet to be selected for Thomas Hardy House a 16% contingency has been allowed for contract and professional services which should ensure mitigate against cost overruns. There is a strong project team managing the project to ensure delivery remains on schedule.
Resources required to successfully deliver the Programme and Projects within the Build the Change are insufficient and / or not available when needed.	Robust resource model planning to understand the resources required throughout the lifecycle of the Programme Costs for Build the Change resources have been included within the financial model.
Poor and / or inadequate governance and control	Programme and Projects that sit within the BtC Portfolio have robust governance and controls which includes Boards and Workstreams, and regular reporting to the Council's Strategic Delivery Board and Executive Management Team.

Environmental and Climate Change Considerations

64. The Build the Change Programme will support the Council's aim to become carbon neutral by 2030, as set out in the Climate Action Plan. By moving services out of old non energy efficient buildings the Council will be able to reduce its direct carbon emissions by disposing of buildings and making improvements to the energy consumption in the buildings that staff occupy. A separate report details the Building Sector Decarbonisation Fund which will assist in reducing the carbon emissions from the Civic and other council buildings.
65. Furthermore, the Council's new Smarter Ways of Working policy will reduce carbon emissions because staff classified as a 'flexible worker' (the majority of employees at the Council) will work remotely more often which will reduce travel to and from the office.

Financial Implications

Summary

66. The proposal included in this report represents the most favourable financially to ensure staff have fit for purpose office space compared to taking no action (Table 1).
67. The capital investment set out in this report has been incorporated into the Ten-Year Capital Programme presented at March Council. The total net capital expenditure is £27m (net of assumed capital receipts).
68. A prudent approach to the business case has been undertaken. A significant contingency has been included for this programme which will allow unforeseen circumstances to be managed. This is covered in paragraph 84. In addition, an interest rate of 3.5% has been assumed for the purposes of the business case.
69. This programme presents significant revenue savings, such as reducing building operating costs, which are offset by the interest and loan repayments to fund the investment. The net ongoing annual implication will be £0.1m cost. The MTFP already includes a forecast of these implications within the five-year revenue budget. This proposal will reduce ongoing maintenance costs of these buildings as the number of operational sites are reduced. This net annual cost increases by £0.2m should alternative appropriate council accommodation not be available for remaining council services based in Claverings. Lost rental income at Claverings of £0.4m will arise should alternative council owned accommodation not be found for the existing lettings.
70. The future of the Claverings site will be the subject of a future Cabinet report in terms of options for either development or sale. For the business case purposes the capital receipt is applied to finance the programme. For more detail on the impact of this see part 2.

NPV, and Cashflow, Budget Implications

71. Financial appraisal has been calculated for three scenarios, considering the wider implications of the full programme on the office base of back office staff currently located at the Claverings Industrial Estate. All three scenarios include the establishment of hubs at Edmonton and Thomas Hardy House and create fit for purpose office space for staff.
72. As covered in paragraphs 35 and 60, the Claverings industrial estate is no longer fit for purpose, requiring energy improvement and refurbishment works. The Base Case scenarios consider the options of addressing Claverings without the progression of this programme to create a Civic Centre Hub to accommodate staff.
73. Base Case A is to not create a hub at the Civic Centre, and to relocate staff from Claverings to rented accommodation as there is not enough space in sites owned, and to continue with the Civic Centre in its current condition and configuration.

74. Base Case B is to not create a Civic Centre Hub and to make a capital investment at Claverings to improve the energy efficiency of the entire site, and refurbish the space occupied by Council services.
75. The third scenario is to complete the Build the Change Programme as proposed in this report. This includes a two-phase approach to creating a Civic Centre Hub, as laid out in paragraphs 34 and 38.
76. Each scenario has been financially modelled and appraised, with a Net Present Value (NPV) calculated. The NPV discounts future cashflows to their present value, to allow comparison of the costs and benefits of the scenario to determine if the benefits outweigh the costs.
77. NPV has been calculated for each scenario using a discount rate of 3.5% for cashflows over 55 years, using prudent asset valuations and healthy contingencies for capital expenditure. The most favourable NPV is generated by the Build the Change programme as proposed in this report.

Table 1 – NPV and Cashflow Impacts

	Base Case A £	Base Case B £	Proposed Build the Change Programme £
Income and Savings	(84,144,309)	(71,424,309)	(109,237,528)
Expenditure	118,545,168	163,128,621	163,525,811
Net Financial Position – (Surplus)/Deficit	34,400,859	91,704,312	54,288,283
NPV at 3.5%	19,362,107	25,767,511	13,715,910

78. The proposed Build the Change programme is the preferred option as it generates the most favourable NPV when modelled and offers cost avoidance around Claverings through the creation of a Civic Centre Hub to accommodate relevant staff.
79. The proposed Build the Change Programme moves to a positive NPV if the arising lost income from Claverings is mitigated and alternative appropriate council accommodation is available for remaining council services based in Claverings.
80. The following finance implications focus on the proposed business case.
81. For purposes of the business case it has been assumed that sites released through the works to establish Hubs will be disposed of for a capital receipt and that these receipts will be applied to fund the programme.
82. Table 2 below provides a summary of the Build the Change capital programme with estimated capital costs per hub. A key feature of this Build the Change business case is the future decision on the Claverings site; this will be subject to a refreshed business case once full options appraisal has

been undertaken. Table 6 in Part 2 shows the impact on the business case with and without a receipt for Claverings.

Table 2 – Snapshot summary Table of Proposed Build the Change Programme

		Civic Centre Hub – Phase 1	Civic Centre Hub – Phase 2	Edmonton Hub	Thomas Hardy House Hub	Total
		£	£	£	£	£
Capital	Construction and Consultancy Costs	14,611,999	8,912,400	3,384,559	6,522,077	33,431,035
	Cost ICT	867,761	695,753	417,879	512,529	2,493,922
	Total Cost	15,479,760	9,608,153	3,802,438	7,034,606	35,924,957
	Contingency	2,465,392	1,836,751	152,938	1,307,018	5,762,099
	Capital Expenditure	17,945,152	11,444,904	3,955,376	8,341,624	41,687,056
	Assumed Receipts					(14,928,000)
	Net Borrowing	17,945,152	11,444,904	3,955,376	8,341,624	26,759,056

Impact on Capital Costs and Borrowing of the Proposed Build the Change Programme

83. The Build the Change Budget in the 10 Year Capital Programme is £41.7m. This was approved by Council on 2nd March 2021 in KD 5210. £13.6m was approved for spend in KD4792 and KD5006 in 2020. This report seeks approval to spend £15.2m from this agreed programme. Future reports will seek approval to spend the remaining £12.9m to complete the programme. Spend to date is set out in the Capital Programme Monitoring Reports and is on track. This profile is shown in Table 4.
84. During 2020/21 financial modelling of Build the Change has been conducted which forecasts the total capital expenditure of the programme as £41.7m. The £41.7m includes healthy provisions with 16% allowed for construction and consultancy costs, and 20% for digital expenditure, which are assumed to be able to accommodate inflationary pressures over the build period. These contingencies total £5.8m and if these are not called upon, the capital expenditure is forecast to be £35.9m. Their inclusion will allow the Programme to manage unforeseen circumstances within the budget and contingency funds will be released by agreement of the Capital Finance Board. Tables 2 and 3 present estimated capital costs per hub and the Build the Change programme has flexibility to manage costs within the overall budget envelope of £41.7m. Budget may be reprofiled across hubs following finance procedures and may not exceed the approved total programme budget.

Table 3: Capital Budget included in 10 Year Capital Programme by Hub and Year

	2020/21	2021/22	2022/23	2023/24	2024/25	Totals
	£	£	£	£	£	£
Civic Centre Capital Expenditure	872,779	3,615,328	8,963,963	5,751,603	5,884,240	25,087,913
Edmonton Green Capital Expenditure	390,638	3,411,800	0	0	0	3,802,438
Thomas Hardy House Capital Expenditure	593,106	2,532,471	3,909,029	0	0	7,034,606
Total	1,856,523	9,559,599	12,872,992	5,751,603	5,884,240	35,924,957
Total Contingency	303,478	1,143,104	2,332,595	972,000	1,010,922	5,762,099
Total Capital Expenditure	2,160,001	10,702,703	15,205,587	6,723,603	6,895,162	41,687,056

Table 4 – Approval to Spend Capital Funds Breakdown

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Total £
Already Approved	2,160,000	10,702,704	744,881	0	0	13,607,585
Seeking Approval	0	0	14,460,706	747,025	0	15,207,731
To be sought in future	0	0	0	5,976,578	6,895,162	12,871,740
Total	2,160,000	10,702,704	15,205,587	6,723,603	6,895,162	41,687,056

85. £2.5m has been included to cover additional digital costs arising from Build the Change. These additional costs are created by the programme and associated with digital infrastructure and desk equipment. A bundle of peripheral equipment to deliver flexibility for staff to work from any location, including home, has also been included, based upon detailed product specifications. End user computer devices are not in scope of the Build the Change programme and are to be captured and picked up by Digital Services as this programme does not require users to have a higher specification or different device to what is already included as part of the business as usual refresh programme in the A Modern Council - Digital Business Portfolio 2020 – 2030 report which attended Cabinet on 3rd February 2021, KD5223.

86. The Programme will be financed through borrowing with interest and MRP charged to revenue. The net borrowing requirement is £26.8m with notional interest costs calculated at 3.5% of £32.8m. This level of borrowing and the corresponding financing costs have been included in the Treasury Management Strategy which attended Council on 2nd March 2021, KD 5211.

Impact on Revenue of the Proposed Build the Change Programme

87. The Medium-Term Financial Plan 2021/22 to 2025/26 approved by Council on 2nd March 2021 (KD5213) includes the revenue implications of the Build the Change Programme.

88. The total revenue savings from the programme are £1.2m. When capital works are completed, the annual revenue cost, including MRP and notional interest is £1.3m. Whilst there is a cost to the Council, the programme covers a majority of the financing costs, modelled at 3.5%, in the budget annually through the savings it generates.

89. Interest costs and MRP are a revenue cost and are calculated based on interest rates. Interest rates can fluctuate upwards or down. The model is sensitive to changes in interest rates. A 50-year annuity loan with the PWLB has an associated interest rate of 2.39% on 17th March 2021, which is less than the 3.5% modelled. A 0.5% change in the interest rate corresponds to £5.4m in interest costs over the repayment period modelled, with an annual revenue impact of £98k.

Table 5: Revenue Impact

	MTFP Impact during Capital Works					Annual Impact once Fully Implemented
	2021/22	2022/23	2023/24	2024/25	2025/26	
	£000	£000	£000	£000	£000	£000 (<i>not inflated</i>)
Savings						
Civic Centre Hub	0	0	(47)	0	(283)	(330)
Edmonton Hub	0	0	(219)	0	0	(219)
Thomas Hardy House Hub	(406)	0	(219)	0	0	(625)
Total Savings	(406)	0	(485)	0	(283)	(1,174)
Revenue Costs – including interest and MRP						
Civic Centre Hub	297	(5)	(4)	(5)	(5)	715
Edmonton Hub	37	(1)	97	0	0	133
Thomas Hardy House Hub	104	(22)	132	142	0	436
Total Revenue Cost	438	(28)	225	137	(5)	1,284
Net Revenue Impact	32	(28)	(260)	137	(288)	110

Potential Income loss from Claverings	0	0	400	0	0	400
Potential Alternative Strategic Accommodation	0	0	229	0	0	229
Net Revenue Impact	32	(28)	369	137	(288)	739

90. The net revenue impact of moving office space from Claverings to Hubs is £0.1m. Based on the assumption in the model that the Claverings site will be sold, another cost will arise to relocate the strategic space occupied by the Council. This is estimated to have an annual cost of £0.2m.
91. In addition to this, £0.4m rental income associated with the site will be lost. This income would also be lost from 2023 onwards without the Build the Change programme due to a change in legislation which prevents external rent of the site, as referenced in paragraph 35. Opportunities will be taken to mitigate this income loss by exploring other Council owned sites which may be suitable for tenants.
92. A contingency budget for incidental revenue costs in the region of £20k will be made available to recognise that not all costs may be able to be charged to capital from a technical accounting reasons.

Benefit Analysis

93. A number of qualitative benefits are anticipated to arise from this proposal which should be considered alongside the quantitative. A number of these are summarised in the following points.
- Delivery of the culture change desired by staff. This is expected to provide staff with a better work life balance, ensuring that Enfield Council is an employer of choice that is better able to attract and retain highly skilled staff.
 - Support the Council's aim to become carbon neutral by 2030 as referenced in paragraphs 64 and 65.
 - A reduced property portfolio to be repaired and maintained will enable more investment to be made repairing and maintaining other Council properties, including the hubs to be created.
 - Improved security and safer working environments for staff based in hubs by reducing the number of remote and outlying offices with small numbers of staff travelling to and working from.
 - The co-location of services and hub designs incorporating collaborative space there will be greater opportunities for teams to network and collaborate in service delivery.
 - Modern, fit for purpose hubs will support effective and good quality services and deliver better outcomes for Enfield residents. This will

include the co-location of services which are easily accessible by public transport as noted in paragraph 52.

- Service specific hubs as included in this proposal are noted for being an efficient, and cost effective, way to deliver comprehensive services and have been advocated by Ofsted, as referenced in paragraph 56.

Legal Implications

94. The Council is required as a best value authority under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
95. The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others.
96. Public law principles will apply to the decisions made by the Council, including the Council's duty to take account of its fiduciary duty and to act prudently with public monies entrusted to it. The Council is also under a general duty to act reasonably and show that its decisions are made after having given due and proper consideration to all relevant factors.
97. The Council must comply with all requirements of its Constitution including, its Property Procedure Rules, Contract Procedure Rules and Financial Regulations.
98. Pursuant to S.123 of the Local Government Act 1972 the Council has the power to dispose of land in any manner it wishes, subject certain provisions and has a statutory duty to obtain the best price reasonably obtainable subject to certain exemptions.
99. In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate cabinet member or by Cabinet itself. Specific advice will be provided by Legal Services at the time of a property coming forward for disposal.
100. Where any procurements are required, these must be carried out in accordance with the Public Contracts Regulations 2015 (where applicable) and the Council's Contract Procedure Rules.
101. In respect of works to Council buildings constituting 'development' the Council will need to apply to the Local Planning Authority for planning permission pursuant to section 57 of the Town and Country Planning Act 1990 and determination of such will be made pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.
102. Any legal agreements arising from the matters described in this report must be approved in advance of commencement, by Legal Services on behalf of the Director of Law and Governance.

Workforce Implications

103. The implementation of build the change programme will introduce new ways of working across the entire workforce. The changes will impact on where and how officers discharge their duties by providing a range of different working arrangements to ensure officer resources are deployed to achieve enhanced efficiency and effectiveness.
104. The newly created smart working policy will support the council in delivering the key principles of build the change and the vision of being a 'modern council'.
105. There will be a need to support the workforce in adjusting to the new ways of working through clear and effective communication initiatives and tools, including a planned set of build the change briefing sessions. These sessions will be led by the build the change programme board, supported by EMT.
106. To support and enable an inclusive culture, it is important to note, where there are no changes to staff location, these staffing groups should be kept informed of the wider changes across the council to ensure they remain engaged and feel included in the wider culture changes, the programme is seeking to achieve.
107. To support and enable the culture changes, the council has developed a set of clear expectations for managers and staff whilst working remotely or from home; along with key protocols whilst in the office.
108. It is important that managers feel empowered for ensuring that service needs take priority whilst ensuring staff are treated fairly and trusted to take responsibility for themselves and their work when working remotely.
109. The council will continue to support the workforce to ensure staff look after their mental health and wellbeing; including taking into account staff whose personal circumstances are not conducive to home working.
110. In order to enable the smooth implementation of the new ways of working, the Build the Change Leads have worked closely with the recognised trade unions and the six Staff Network Groups.
111. Change champions have also been established for Housing and Children and Family Services. The Champions are actively involved in the design of the hubs, and change process moving forward. It is essential that management continue to support their Champions to ensure regular feedback and dialogue from and between Services.

Property Implications

112. The property implications are to be found throughout this report.

Other Implications

113. None.

Options Considered

114. None.

Conclusions

115. The Build the Change programme is a central part of SAMP and the delivery of a modern council providing good quality services to residents.
116. Since the March 2020 CPIP report, the programme has moved quickly and professionally to progress the Housing Hub at Edmonton and the Children & Families Hub in Enfield Town.
117. The recommendations in this report represent the most favourable financial option to ensure the council maintains fit for purpose office space.
118. The proposal reduces the need substantial investment in upgrading other buildings and offers the opportunity to secure income from the repurposing of those buildings.
119. The decision will allow operational savings that have been identified in the MTFP to be achieved.

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Appendices

Confidential Appendix

Background Papers

None.