

Report to the Cabinet

Report reference: C-002-2020/21

Date of meeting: 01 June 2020



**Epping Forest
District Council**

Portfolio: Leader

Subject: Accommodation Project

Responsible Officer: Sacha Jevans (01992 564229).

Democratic Services: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

Cabinet are asked to approve the award of contract to ISG Fit Out Ltd for the sum of £5, 663, 062.00 (excluding VAT) for the refurbishment of the Civic Offices.

Executive Summary:

The October 2019 Cabinet made the decision to proceed with the refurbishment of the Civic Offices. Since that decision work has been undertaken to go through a procurement process to select a contractor. The full tender report from consultant Gardiner and Theobald is attached as a background paper.

The recent situation with Covid 19 has tested the organisations ability to homework and has demonstrated that EFDC has the capacity to work flexibly in a way that was previously unknown. The refurbishment of the Civic Offices is based on an approach that moves to a reduced ratio of 6:10 fixed desk ratio with additional meeting and collaborative workspaces. The home working has not been without its challenges and there are still roles/teams that would benefit from the office environment, most importantly the collaborative working spaces. It is a good time to reflect on the purpose and usage of the Civic Office space and to review the benefits of this refurbishment project for the longer term.

These include:

1. The release of the space currently occupied by the Condor building provides a significant development opportunity for EFDC. Cabinet has approved the sale of this land into Qualis Commercial for residential development to the value of £14.6m. These properties will be available for rent and so will provide a long-term revenue income of c£500k per annum to the Council.
2. There is a revenue saving of £200k for the overhead maintenance costs in the reduction of office space by losing the current Condor building.
3. There is an efficiency saving to be achieved through improving the environmental elements of the building for example new solar panels, and heating/air conditioning plants.
4. The change in ratio of fixed desks down to 6:10 located within the Civic Offices (no longer occupying the Condor building) reduces the cost of space per person from £3,

678 down to £2, 309 representing a saving of £1, 370 per person p.a.

5. The spaces within the newly refurbished building could be converted into areas that could be let to small business or serviced offices if the requirements for EFDC staff reduce over time. This also provides the added benefit of more income into the Council. By way of example the predicted income from a partner occupying 155square metres produces an income of £46k per annum.
6. The planning permission for the external entrance to create a new entrance for the public provides the opportunity to generate more income through a café facility and further collaborative workspace areas. This provides potential further opportunities for small businesses and help in the economic health of the high street.
7. Many elements within the current building are at the end of their useful life and therefore the refurbishment will enhance the life expectancy of the building to 40 years. This will have a positive impact on the capital value of the building and revenue savings on depreciation costs of the building.
8. Organisational cultural benefit of staff working in a collaborative working environment sharing ideas and collectively delivering the corporate objectives of EFDC.

Report

Gardener and Theobald were the cost consultants commissioned to undertake the tender process for the major works. The detailed report covers the following:

- The procurement processes.
- Tender receipt and evaluation.
- Recommendations and next steps
- Mitigating the risks of Covid 19

G & T recommended using a procurement approach through an existing framework Pagabo. This framework had a range of contractors with the required skills and experience required for the proposed EFDC refurbishment works. Nine contractors were on the framework and the following six registered an interest:

- Engie Regeneration
- ISG Fit out
- RG Carter
- Styles and Wood
- Vinci Construction
- Wilmott Dixon interiors.

Only one company (ISG fit out) followed through to submit a full tender. Whilst this is not ideal Gardiner and Theobald provided the cost consultancy expertise to validate the submitted costs to give assurance on value for money and quality. The full tender report explains this in more detail.

It is therefore proposed to award the contract to ISG Fit out Ltd following the detailed evaluation process. ISG have a turnover of £2.2bn and employ 2, 800 people. They have significant experience in this type of refurbishment works and have a range of services including construction, fit out, engineering services and development. ISG have submitted several case studies of similar work including 20 Fenchurch Street (£9.5m, 70 000 sq ft) fit out of a leading insurance group over five floors; and £22m 260, 000 sq ft refurbishment of 15

floors and extensive mechanical and electrical installation work.

The project refurbishment covers the following scope of works:

- Removal of several existing walls to create open space areas and the upgrading of mechanical and electrical, and plumbing services to fit the new layout.
- Installation of new toilet and kitchen facilities.
- Renewal of the main atrium rooflight and link building rooflight.
- Replacement of new air conditioning units
- Replacement of cabling
- Fire alarm improvements
- Roof coating and installation of solar panels
- Decoration works

The proposed timeline in the tender response is a 30-week programme however ISG are preparing an alternative timeline to take into consideration the current Government Protocols related to COVID-19 and as such the programme may change. The contract appointment date is 8th June 2020, with a start on site date of 15th July 2020 and practical completion on 18th December 2020.

Discussions have taken place with ISG regarding working arrangements considering Covid 19. ISG propose measures to reduce site manning levels, for example a 7-day working week would reduce the head count on site by 25% and opening for 16 hours on staggered work shifts would reduce head count on site by 50%. There will also be zoning of floors/work areas to provide appropriate social distancing and clear programme tasks to allow the correct number of contractors on site at any one time.

Decant

Staff working from the Civic Offices prior to the lockdown will not return to building and will instead move into the Condor building when government guidance is clear on the relaxation/rules around social distancing at work. In the main EFDC staff have adapted well to working from home and therefore the approach would be to continue in the same way through the decant period adjusting if needed in accordance with government guidance. Virtual meetings for Officers and Council meetings will continue.

Reasons for Proposed Decision:

The accommodation project and supports the overall aspirations of the Council Corporate Plan – Stronger Council, Stronger Communities, Stronger Place.

The cost benefit analysis demonstrates greater benefits for refurbishment of the Civic Offices as the main office for EFDC staff. This negates the need to incur the cost of building a new office and will create a collaborative space that can also be used for partners and small businesses.

Other Options for Action:

Do not undertake the refurbishment of the building. The current building is coming to the end of its useful life in terms of many of the essential mechanical, electrical and roof elements. These elements would need to be undertaken regardless of the refurbishment project to keep the building operational.

Resource Implications:

The current budget for the accommodation project is £6.875m. This allows for the contract sum (£5.6m) and contingency for any unforeseen costs and the impact of Covid 19 social distancing.

It is worth noting the following additional benefits in efficiency and the environment that the refurbishment will achieve:

- Boilers – it is estimated that changing the existing boilers, which run well below 80% efficiency, to new condensing boilers which provide the same heat output but at 98% efficiency will save an estimated £10,015 per annum on our gas usage.
- CHP installation – this will be utilised for pre-heating of the heating and domestic hot water system. The by-product of its use is electrical generation, and this is estimated will save £12,400 per annum on our electricity usage.
- PV array – this will be relocated from the Conder building roof to the Civic roof to continue to provide energy offset to the site.
- Water – Additional use of dual flush toilets, controlled urinal flushing and reduced flow to sink taps will cut our water consumption.
- Lighting – Although existing lighting at Civic Offices is already very efficient with LED lighting already in place, by installing a far more advanced fully addressable lighting control system it is anticipated a further 10 – 20% efficiency increase, providing dimming, daylight sensing and presence detection.
- Air Conditioning – Far more environmentally friendly refrigerants with lower Global Warming Potential (GWP).
- Heating Control System – Will provide greater control to provide a uniform spread of heat throughout the building.
- Hot Water – Relocation of a calorifier will reduce distribution losses and make complying with water quality regulations (Legionella) more manageable as hot water will distribute to local outlets and reach temperature quicker.

Legal and Governance Implications:

Any professional consultancy services will be procured in line with the Council procurement rules. The Civic Offices site has a draft allocation of housing within the Local Plan to be bought forward early in the plans for redevelopment. There is a Governance Board in place and regular reports of progress back to Cabinet and Overview and Scrutiny. Gardiner and Theobald have been appointed as Employers Agent to oversee the contract.

Safer, Cleaner and Greener Implications:

The refurbished building and will be safer by design and energy efficient.

Consultation Undertaken:

Consultation with Partners to potentially occupy the Civic Offices continues. Consultation has commenced with members on the requirements and design of the member area. There will be a full consultation and communication plan for EFDC throughout the project delivery phases.

Background Papers:

Cost Consultant report tender award report.

Risk Management:

A risk map has been developed and is reviewed monthly by the Accommodation Programme Board with mitigating actions reviewed. Key risks identified are:

1. Delays and disruption to services through the decant period
2. Major incident on site
3. Failure in staff/member communications.
4. Cost and time overrun on refurbishment works.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as an Appendix to this report.