

	<p>Assets, Regeneration and Growth Committee</p> <p>17 March 2016</p>
Title	Colindale Office Project
Report of	Chief Operating Officer Director of Resources
Wards	Colindale
Status	Public
Urgent	No
Key	Yes
Enclosures	None
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<h3>Summary</h3>
<p>This report provides an update on the progress and timescales associated with the council's Accommodation Options Review, including the construction of new offices at Colindale. The report also seeks approval to use up to £2 million of the estimated £36.3 million Capital Build Costs on pre-construction activities.</p>

<h3>Recommendations</h3>
<p>1. That the Committee note the progress on the Colindale Office project;</p>
<p>2. That the Committee note that a Full Business Case (FBC) is being prepared for consideration in June 2016, which will include an EIA.</p>
<p>3. That the Committee approve the use of up to £2 million of the existing budget allocation for conclusion of the pre-construction activities and technical design and help maintain the current delivery programme ahead of the submission of the Full Business Case. The £2 million allocation constitutes 7.5% of the estimated overall Capital Build Budget.</p>
<p>4. That the Committee agrees to delegate the authority to the Chief Operating Officer to settle terms and enter into the required pre-construction stage agreements.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 In June 2015, the Assets, Regeneration and Growth (ARG) Committee noted and acknowledged the Outline Business Case (OBC) for the Council's Accommodation Options including the implementation of the Accommodation Implementation Programme (AIP).
- 1.2 The June 2015 ARG Committee also approved delegated authority to the Commercial & Customer Services Director to enter into a Pre-Construction Services Agreement with a preferred contractor for the construction of the new office accommodation to allow pre-construction design and procurement activity to commence.
- 1.3 Following completion of a two stage design and build tender process under the Southern Construction Framework, Galliford Try Construction were appointed in August 2015 to develop detailed designs for the new Colindale Offices development. The detailed designs would form the basis of the Contractors Lump Sum Fixed Price for inclusion within the Main Building Contract.
- 1.4 The proposed initial scheme for the new Colindale Offices was presented at the Planning Committee in October 2015 and recommended for Approval subject to agreement by the Greater London Authorities (GLA) and the Secretary of State (SoS). Through on-going engagement with the stakeholders the design of the Colindale Offices scheme has evolved since the recommendation was obtained in October 2015 and design development has resulted in updates to both elevational treatments and floor plates, generating space and operational efficiencies. The modifications to the design have now been submitted to the Local Planning Authority for consideration as an amendment to the original scheme. A decision is expected on these amendments in March 2016. A web link to the planning application amendment is included here: <https://publicaccess.barnet.gov.uk/online-applications/simpleSearchResults.do;jsessionid=1572BA588C8F6891EC57499F429F6F85?action=firstPage>
- 1.5 As a result of this extended period of design development and the amendments proposed, the Full Business Case (FBC) for approval to proceed to construction will be presented to the ARG Committee in June 2016. The current delivery programme milestones for the FBC and Colindale Offices scheme are proposed as follows:
 - Final Business Case Presented to ARG Committee – 6 June 2016
 - Signing of Build Contract – by 30 June 2016
 - Start on Site – August 2016
 - Practical Completion – February 2018
 - Internal Fit Out – June 2018
 - Building Occupied – from August 2018

- 1.6 Preparation of the FBC is progressing. The FBC will provide details of all expected capital costs and estimated revenue costs as a result of the final accommodation consolidation following the completion of the new offices and lease exits at North London Business Park (NLBP). In addition options will be presented for Barnet House together with the proposed locality strategy for staff not based out of the Colindale Offices.
- 1.7 The Pre-Construction Services Agreement approved under delegated authority by the ARG Committee in June 2015 included fees of £464,879.72 for the period August to November 2015. The OBC estimated Capital Build Costs of £36.3 million.
- 1.8 Budget approval is now required to fund additional pre-construction activities. The additional budgetary spend will maintain programme against the agreed milestone dates and includes for resources to be allocated to the project to ensure the Project Team can scope and implement necessary due diligence in advance of the projected start onsite date. The budget will cover activities including:
- A 7 month extension to the original Pre-construction Services Agreement to undertake design development and achieve a more accurate forecast in respect of cost certainty;
 - A revised building design and configuration to achieve an overall construction cost reduction along with enhanced design of the internal floor plates to enable greater operational efficiencies in the use of the building;
 - Additional intrusive site investigations to inform the development of the technical designs;
 - Additional design services associated with the customer interfaces and community access arrangements;
 - CAT B internal fit-out design solutions and internal layouts;
 - Advanced procurement against sub-contract packages, equipment and long lead in items, necessary for securing cost certainty and ensuring an effective start onsite.

Approval for £2 million, which is circa 7.5% of the Capital Build Costs, is required to maintain progress against the delivery programme.

- 1.9 The Colindale and Smarter Working Programme will help the London Borough of Barnet achieve the commitments it made in its Corporate Plan, by delivering a new workplace and ways of working in line with the aspirations set out in the Council's Vision, 'for staff the council will offer a more flexible and modern workplace'. The programme will also help LBB to achieve its strategic objective 'all public services providers must help achieve outcomes with reduced resources', by delivering savings in the estate budget and by changing the way staff use office accommodation, to maximise the efficiency.

- 1.10 The move towards a 'Smarter Working' culture is a key dependency of the overall programme. The outcome of the Agile Working Study commissioned in March 2014, recommended a desk ratio for office based staff of 69%, equivalent to a ratio of '7:10'. This is based on average office occupancy for all work style types including a 'buffer' allowance to absorb variations in work patterns. These parameters have been factored into the design of the Colindale Offices.
- 1.11 Another key dependency of the Programme is the 'Localities Strategy', which seeks to ensure that staff are working in the right locations, including working from hub locations and from home and able to dedicate more time delivering frontline services face-to-face and to respond to changing needs and demand. The outcome of the 'Localities Strategy' will be included in the Full Business Case.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To approve further budgetary spend and maintain programme impetus.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The option to delay further pre-construction activity until the FBC was presented to ARG Committee in June 2016 was considered. However, this would significantly delay the construction programme and result in additional cost to the council due to project delay costs and inflationary pressure in the construction market.

4. POST DECISION IMPLEMENTATION

- 4.1 Following approval of this report, works to complete the design of the Colindale Offices and the associated Full Business Case will proceed. It is anticipated that the Full Business Case will be presented to the June 2016 Assets, Regeneration and Growth Committee for approval and instruction to enter into Contract with Galliford Try Construction, for implementation of the works. A start on-site is currently programmed for August 2016, with an anticipated completion of Summer 2018.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Colindale Offices Project constitutes a strategic objective of the wider Colindale and Smarter Working Programme and will help the Council achieve the Corporate Plan Commitments. The Council's Corporate Plan 2015-20 sets out core principles of fairness, responsibility, and opportunity to make sure Barnet is a place:

- of opportunity where people can further their quality of life
- where people are helped to help themselves, recognising that prevention is better than cure
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer.

5.1.2 Within the contractual arrangements between LBB and Capita, under the CSG contract, target minimum savings are identified in terms of reducing the cost of civic accommodation.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The basis of and approach to funding the proposed scheme at Colindale is set out in detail in the OBC. Savings profiled in the current Medium Term Financial Strategy (MTFS), including savings put forward as part of the Priorities and Spending Review, assume a cumulative reduction of £45.1m in the cost of office accommodation up to 2023/24. The preferred option in the OBC estimates a reduction of £46.1m over the same period. During production of the FBC, the costs will need to be reviewed further to ensure the targets in the MTFS are continued to be fully met.

5.2.2 The cost of the build is estimated to be in the region of £36m. There will be further certainty on the cost of the build once the build contract is completed and the FBC will set this out.

5.3 **Social Value**

5.3.1 Barnet Council has made a commitment to regeneration of the borough, and in particular within the Colindale area. Specifically, the Colindale Area Action Plan (CAAP) sets out the framework for future development and change in the local area. It includes an additional 10,000 new homes and a mix of retail, office and other land uses. The vision is that by 2021, Colindale 'will be a vibrant, successful and diverse neighbourhood where people will want to live, work and visit. It will accommodate high quality sustainable developments within four 'Corridors of Change' and a new neighbourhood centre. Colindale will become a successful suburb in North London, providing existing and new communities with high quality local services, improved transport and access to enhanced green space and leisure facilities. Co-locating an office on the site would likely bring additional employment opportunities, improvements in local infrastructure and support local businesses, as well as providing valuable meeting space accessible by the local community.

5.4 **Legal and Constitutional References**

5.4.1 The Council Constitution Section 15 – Appendix B, Annex A, Responsibility for Functions sets out the terms of reference for the Assets, Regeneration and Growth Committee which includes:

- Develop strategies which maximise the financial opportunities of

growth

- Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council
- To approve any non-statutory plan or strategy within the remit of the Committee that is not reserved to Full Council or Policy & Resources.
- To authorise procurement activity within the remit of the Committee and any acceptance of variations or extensions if within budget in accordance with the responsibilities and thresholds set out on the Contract Procedure Rules

5.5 Risk Management

5.5.1 Key risks to the Colindale scheme are:

Implementation risks:

- Planning permission is not obtained in time to meet the Council's timescales;
- The building overruns and target savings are not achieved;
- That the space specified for the building is unrealistic and more space is required than has been specified to date.
- Resident and stakeholder objections result in planning challenge and negative perceptions of the scheme.

Business risks:

- Business continuity arrangements are affected by consolidation into one building;
- Customer access requirements are not suitable;
- Limited parking or the new location affects staff retention or staff efficiency;
- Staff new ways of working are not implemented properly resulting in a higher space requirement than planned;
- Restrictions to space affect staff ability to work efficiently.

Financial risks:

- Cost overrun against the estimated £36.3 million build cost.
The Council expends the initial £2 million pre-construction budget and the programme fails to proceed.

Risk mitigation – all active risks are recorded on the risk register. The risks are monitored on a regular basis ensuring mitigation actions are fully implemented and risks rating reduce accordingly.

5.5.2 The Outline Business Case sets out mitigations to the above, which will be explored further by a series of programme arrangements which will report to Delivery Unit Board. These are as follows:

- Smarter and Agile Working is responsible for focussing on how the organisation will change and adapt, opting new working practices and using new flexible tools and approaches to best meet customer needs, aligned with a new office base in 2017;

- Delivering Colindale is responsible for the delivery of the move to new office accommodation in 2017.

5.5.3 In particular, prior to FBC, further detailed work will be completed on the staffing, flexible working and IT arrangements to meet the space requirement set out, and detailed design work will take place to provide greater assurance on build and implementation costs.

5.6 Equalities and Diversity

5.6.1 Equality and diversity issues are a mandatory consideration in the decision making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in place.

5.6.2 The policy proposals set out in the FBC are designed to ensure fair and equitable treatment of all Barnet's communities in relation to their access to the Civic Estate. The Localities Strategy will seek to address accessibility to front line services, and will consider equality and diversity issues. The initial findings of the strategy will be available in March 2016.

5.6.3 At this stage it is not considered that there equality impacts in the decisions that ARG are being asked to take. An EIA is being developed to support the Full Business Case, which will be presented to the June 2016 ARG.

5.7 Consultation and Engagement

5.7.1 The CAAP was prepared in partnership with key stakeholders and local communities in the area and represents the outcome of an intensive period of public consultation.

5.7.2 Residents and stakeholders have been notified of recent changes to the scheme as part of the Local Planning Authorities Statutory Consultation. The outcome of which will be fully considered and addressed as part of the Planning Officers Report.

5.8 Insight

5.8.1 As part of planning to move the main council offices to Colindale, Insight has and will continue to be used to assess the impact of the move on both customers and staff. This will include looking at the types of customer transactions and the best location for these to be serviced and impact on staff working practices. Insight will also be used to help inform a number of the workstreams to enable the council's move to a smarter working model including supporting the development of the Locality Strategy and its subsequent implementation

6. BACKGROUND PAPERS

- 6.1 ARG Committee, 1 June 2015 – Agenda Item 12 - London Borough of Barnet Accommodation Options Review Outline Business Case:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8309&Ver=4>