

	<p><b>Assets, Regeneration and Growth Committee</b></p> <p><b>11 July 2016</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Accommodations Options Review Final Business Case (FBC)</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Director of Resources</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>Colindale, Brunswick Park, Totteridge</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>Yes</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Accommodation Options Review Full Business Case</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Chris Smith, Head of Estates, London Borough of Barnet</p>
<p><b>Summary</b></p>	
<p>An Accommodation Options Review was carried out in relation to Barnet Council’s office accommodation provision. The approach used is in accordance with HM Treasury Green Book, Five Case principles and the Full Business Case (FBC) has been prepared to enable officers and members to consider whether to approve the preferred accommodation option and start construction of new offices in Colindale.</p>	

<p><b>Recommendations</b></p>
<p><b>1. That the Committee acknowledge and note the contents of the Full Business Case (FBC);</b></p>
<p><b>2. That the Committee approves the preferred option for Barnet Council’s office accommodation to start construction of a new build development at Colindale;</b></p>
<p><b>3. That the Committee authorises the entering into a Design and Build Contract with Galliford Try Construction for the Colindale Office and agrees to delegate to the Director of Resources authority to sign the contract;</b></p>
<p><b>4. That the Committee approve the elements of the IT and IM strategy that are the main enablers to the Colindale programme as set out in para 1.4.6-12;</b></p>

**5. That the Committee authorises the procurement of a supplier to operate the café on the ground floor of the new Colindale Offices as set out in paragraph 1.4.19 and agrees to delegate to the Director of Resources authority to enter a contract and lease (or other document permitting use of premises) for the same, with such organisation.**

## **1. WHY THIS REPORT IS NEEDED**

### **1.1 Introduction and purpose**

1.1.1 The Council is committed to providing its staff and service users with office accommodation that provides a flexible working environment in line with modern working practices; and to the regeneration of the borough, and in particular within the Colindale area.

1.1.2 In September 2015, the Council reduced its overall office accommodation from 262,000 to 175,000 sq ft by re-locating staff from North London Business Park (NLBP) Unit 4 to Barnet House and NLBP Unit 2.

1.1.3 This initial consolidation was the first short-term part of a two stage approach to revising the office accommodation set out within an Outline Business Case (OBC) that was approved by the Council's Assets, Regeneration & Growth Committee on 1 June 2015.

1.1.4 The OBC also assessed medium term options (beyond 2017) and identified a preferred way forward – to build new office accommodation at the Grahame Park Site, Colindale. ARG approved that this preferred option was to proceed to Full Business Case (FBC), which is now submitted to ARG for final approval.

1.1.5 The enclosed FBC sets out the two medium term options available to the Council from 2017 onwards. These are:

- **Baseline position:** Continuing with status quo accommodation setup. Leases in both NLBP sites and Barnet House;
- **Preferred Option:** Develop new, specialist accommodation at Grahame Park in Colindale to move into in September 2018. Exit NLBP Unit 4 in September 2018, NLBP Unit 2 in June 2020 and Barnet House in September 2032.

1.1.6 The FBC has been completed in accordance with HM Treasury's Green Book 'five-case' business case principles and therefore includes the following:

- **Strategic Case** – setting out the context for the Council's office accommodation, current arrangements and the case for change, constraints and investment objectives
- **Economic Case** – appraising the options for office accommodation for Barnet, and the preferred way forward
- **Commercial Case** – indicating the commercial implications of the preferred way forward

- **Financial Case** – indicating how the preferred way forward could be funded
- **Management Case** – outlining the initial plans for delivery to manage the way forward.

1.1.7 The FBC has been prepared to enable officers and members to consider whether to approve the preferred accommodation option. Subject to approval of the FBC, the scheme will move to start construction of new offices in Colindale.

## 1.2 **LBB's strategic objectives**

1.2.1 The Council's ambition is to move to a more 'agile working' organisation and it is committed to providing a more flexible working environment. Even after the changes in September 2015, the current office accommodation can be further consolidated, alongside the introduction of flexible and agile working.

1.2.2 This consolidation will support LBB's medium term financial challenge of achieving savings of £81.1m between 2016 and 2020, with around £6m of that being targeted through the existing estate.

1.2.3 The Council also has a number of regeneration objectives, in particular within the Colindale area of the borough. New offices will support the regeneration of this area.

## 1.3 **Existing Portfolio**

1.3.1 The current 'civic buildings' portfolio comprises four buildings situated at Units 2 and 4 North London Business Park (NLBP), Barnet House and Hendon Town Hall.

1.3.2 The future end to existing leases for NLBP Unit 4, NLBP Unit 2 and Barnet House in October 2017<sup>1</sup>, June 2020, and September 2032 respectively, enables the Council to restructure the Civic Estate. The Council's previous ability to break the occupational lease in NLBP Unit 4 in October 2015 also enabled a two stage approach of reducing use of NLBP Unit 4 in the short term while exploring other options in the medium term (beyond 2017).

## 1.4 **Recommendation**

1.4.1 The FBC shows that, in comparison to the baseline position of continuing leases in both NLBP sites and Barnet House, developing new offices in Colindale best meets the Council's objectives of reducing running costs, supporting regeneration objectives, improving environmental responsibility and increasing agile working. This move will also deliver savings, over and above £4.5m per annum already delivered, of £700k-£1m to running costs. Additionally, the scheme would benefit LBB's regeneration plans in Colindale,

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<sup>1</sup> It is proposed, under the preferred option to negotiate an extension to the lease for NLBP Unit 4 to August 2018.

bringing council offices closer to the community as well as new jobs and support to local businesses.

1.4.2 One-off costs are higher for the preferred option than for the baseline position of maintaining the current Civic Estate. Capital build costs of £40.8m, over 50 years and other attributable costs (e.g. fit out, furniture, audio visual, etc.) of £10.5m will be funded through borrowing. Revenue requirements will be contained within existing budgets. The higher build cost, compared to the baseline, makes this a higher risk option.

1.4.3 Even when considering these one-off costs, the preferred option does represent value for money for the council, with £29.7m net present value savings over 50 years when compared against the baseline position. In terms of cash flow, following the move to Colindale in September 2018 and as NLBP Unit 2 and 4 leases expire, the preferred option begins to provide running cost savings against the baseline position from 2019/20.

### **Office Build**

1.4.4 In accordance with the approved recommendation within the Outline Business Case, and with the Council's Constitution and Contract Procurement Rules, the Director of Commercial & Customer Services authorised the appointment of Galliford Try Construction under a pre-construction services agreement to develop RIBA Stage 4 Technical Designs through a Delegated Powers Report on 6 August 2015. These RIBA Stage 4 Design have now been developed through ongoing consultation with the Council and their appointed consultants, and the Contractor has undertaken a tender exercise and market evaluation to develop both a Tender Sum Analysis and Final Contract Sum. The final contract sum will not exceed £29.6m.

1.4.5 The development of the new offices and the changes all staff will need to make to the way we work will be governed in accordance with the Council's Project Management Toolkit methodology, and using the Capital Programme Gateway method at set gateways. Progress will be evaluated at key stages of the Programme. This will include assurance from the Customer and Support Group subject matter experts, Re and Commissioning Group client teams.

### **Information Technology (IT) and Information Management (IM) Strategy**

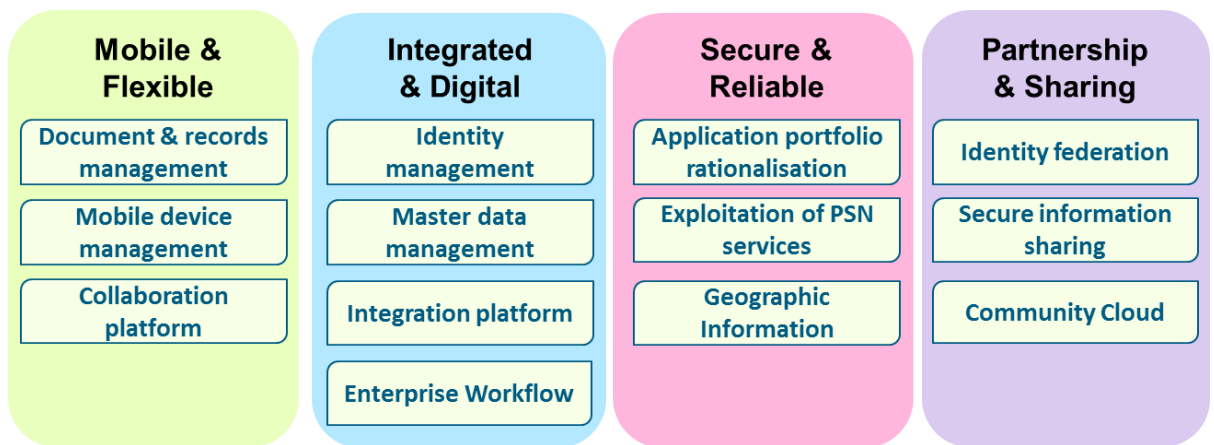
1.4.6 The Council's IT and IM Strategies are a key enabler for the Colindale and Smarter Working Programme, implementing flexible, and mobile working technology, processes and procedures.

1.4.7 The IT strategy 2015-20 is based on four strategic themes:

- *Mobile and Flexible*: staff are mobile and less dependent on offices while remaining connected with their teams, systems and information;
- *Integrated and Digital*: systems are integrated allowing enabling data to be stored, shared and consumed digitally and securely, to drive reliable, consistent and efficient processes;

- *Secure and Reliable*: a reliable and secure service that leverages existing investment, reduces duplication, and delivers what the business needs;
- *Partnership and Sharing*: platforms are shared and accessible through a variety of channels, enabling collaboration with residents, local businesses, partners and third parties.

1.4.8 In order to deliver the drivers and outcomes there are a number of specific core ICT components that need to be established either through adapting and enhancing existing applications within the LBB landscape or introducing new ones. The core components are:



1.4.9 It is particularly the *Mobile and Flexible* component which is an enabler for Colindale and Smarter Working, as it is in this component that the projects to implement collaboration technology, a “bring your own device” policy and document management will be introduced. The high-level roadmap for this work is as follows:

	Q1 16-17	Q2 16-17	Q3 16-17	Q4 16-17
Collaboration technology				
Document management business case				
Mobile device management				

1.4.10 The IM Strategy 2016-2020 (currently in draft) supersedes the IM Strategy 2013-2016 and is driven by five framework elements:

- *Assurance and Management*: provision of advice , consultancy and assurance to commissioning, commissioned services, partnerships and delivery units on information management;
- *Commissioning Support*: provision of a “value added” service to Commissioning, enabling the provision of good quality information, stored appropriately and accessed when required to support effective decision making;

- *Information Architecture*: creation, implementation and enforcement of an information architecture methodology to ensure that a) information is classified in such a way that it is clear where it should be stored; b) information is labelled in such a way that it can be found; and c) information is structured in such a way that it can be effectively search for;
- *Proportionate Risk*: promotion of a proportionate, risk based approach to information security, information management and information rights;
- *Transparency and Open Data*: continue to be seen as a leader in local government transparency.

1.4.11 It is particularly the *Information Architecture* component which is an enabler for Colindale and Smarter Working, as it is this component which drives the implementation of document management (including the processes, procedures and management practices for the effective support of this technology) and the further reduction of paper (and other physical media) storage within the Council. The high-level roadmap for this work is as follows:

	Q3 16-17	Q4 16-17	Q1 17-18	Q2 17-18	Q3 17-18	Q4 17-18
Document management implementation (including processes & procedures & dealing with legacy info stores)						
Retention and disposal implementation						
Off-site archive management & on-going approach						
Digital and paper continuity plan						

1.4.12 Business cases for Document & Records Management, Mobile Device Management and Collaboration platform will be brought to the relevant committee for approval ahead of investment.

### **Parking**

1.4.13 The proposed new building is a 5-7 minute walk from Colindale Station, a 15 minute bus journey from Mill Hill Broadway Station or an 11 minute bus journey from Hendon Town Hall. The offices are also serviced by the following bus routes: 186, 204, 303, 632, 642 and N5, which all stop outside the building.

1.4.14 The proposed new building would make provision for drop-off areas, on-site parking for 5 disabled spaces, cycle parking and refuse/recycling facilities.

1.4.15 There will be 92 car parking spaces made available off-site in a location nearby at the RAF Museum further north along Grahame Park Way.

1.4.16 In addition to this, there will be another 100 spaces made available in a location of similar proximity. These spaces will be kept under review and are intended to be reduced on an annual basis if take up and utilisation is low.

### **Community provision**

1.4.17 The new building will include substantial meeting room facilities with a large proportion of the fourth floor devoted to different size meeting rooms. These rooms are intended to be used by community groups outside of core working hours.

1.4.18 In addition there is a publicly accessible area on the first floor, which will include conference space that can be used by the Council, our partners and community groups.

1.4.19 The café on the ground floor will be accessible by staff and members of the public. In 2017, the council intends to run a procurement process to secure an organisation to run the café. The organisation will need to demonstrate compliance with the council's aspiration of getting more adults with learning disabilities into employment. The organisation will also need to demonstrate that they will meet other critical success factors including reduced waiting times, value for money and quality of food and drinks.

1.4.20 There is a dedicated Business Hub section of the new office block which will provide physical space - such as hot-desks and meeting rooms - and services - such as business advice and mentoring - to encourage small businesses to start up, incubate and grow in Barnet.

1.4.21 This community space is in addition to the community facilities that are identified within the Grahame Park Supplementary Planning Document (SPD). The Grahame Park SPD identifies three new Neighbourhood Hubs:

- At the southern end of Lanacre Avenue, which is nearing completion;
- As part of the concourse re-development, which is subject to detailed design work;
- A new concourse hub re-providing the existing children, health and community centre facilities, which will be demolished as part of the re-development.

## **2. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

2.1 The Baseline Position represents the current status quo, and continues to lease office space at the current sites. This does not deliver savings, nor does it contribute to the Council's regeneration aims. The economic analysis

contained within the FBC demonstrates that this option offers lower public value for money than the preferred option.

### **3. POST DECISION IMPLEMENTATION**

- 3.1 If the recommendation is approved by the Committee, the next step will be to commence development of the new offices in Colindale.
- 3.2 If the recommendation is approved, procurement strategy will be developed to procure an organisation to run the café in the office block.

### **4. IMPLICATIONS OF DECISION**

#### **4.1 Corporate Priorities and Performance**

- 4.1.1 This decision will support the delivery of the Council's medium term financial challenge of achieving savings around £81.1m between 2016 and 2020, with around £6m of that being targeted through the existing estate.
- 4.1.2 The Council has committed to regeneration of the borough, and in particular within the Colindale area as set out within the Colindale Area Action Plan (CAAP).<sup>2</sup> Co-locating an office on the regeneration site will likely bring additional employment opportunities, improvements in local infrastructure and support local businesses.
- 4.1.3 The Council is further committed to providing staff and service users with office accommodation that provides a flexible working environment in line with modern working practices. This includes taking opportunities to improve community cohesion and cross-public sector integration such as the one presented by the development of new offices in Colindale where front line staff will be closer to service users and other agencies.
- 4.1.4 The new building will also include community space which will be in addition to the community facilities that are identified within the Grahame Park Supplementary Planning Document which was released for public consultation in February 2016.

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

- 4.2.1 The basis of and approach to funding the proposed scheme at Colindale is set out in detail in the FBC. The preferred option delivers £29.7m net present value savings over 50 years when compared against the baseline position. The move will contribute to the Council's medium term financial plan, delivering on going savings to running costs, in addition to the £4.5m already delivered, of £700k-£1m.
- 4.2.2 The preferred option requires build costs (total of £40.8m, including

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<sup>2</sup> <https://www.barnet.gov.uk/citizen-home/planning-conservation-and-building-control/planning-policies-and-further-information/colindale-aap/colindale-area-action-plan.html>



compensation for land, over 50 years) and other associated costs (fit out, furniture, audio visual, etc.) of £10.5m to be funded through borrowing whilst ongoing revenue requirements will be contained within existing budgets.

4.2.3 There is a capital budget of £50.3m in the capital programme, which expenditure will be incurred against.

4.2.4 Costs to exit NLBP 2, NLBP 4 and Barnet House have been estimated and factored into the FBC. However the FBC does not include potential revenue income from alternative tenants at Barnet House.

### 4.3 **Legal and Constitutional References**

4.3.1 The Council Constitution under 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 and Resources.
- Ensuring that any procurement activity complies with the Law, these Contract Procedure Rules, Council policy and the procurement rules laid out in the Council Constitution.

### 4.4 **Risk Management**

4.4.1 Key risks to the Colindale scheme are:

Implementation risks:

- The construction programme overruns and target savings are not achieved
- Site constraints affect storage, parking, site accommodation and welfare facilities
- Delays in internal decision making processes results in the accommodation not being available for occupation by September 2018

Business risks:

- New accommodation being less attractive to staff or impeding their working arrangements
- Resistance to cultural changes as the smarter working and encouraged use of public transport initiatives are instigated

4.4.2 All risks and issues will be managed in accordance with the Council's Risk Management Framework and Project Management Methodology and Toolkits. Assessments will be carried out as early as possible and will be monitored and explored by the following programme arrangements which will report to the Colindale & Smarter Working Board and, ultimately, to the Delivery Unit Board:

- **The way we work programme** 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 2018;
- **Delivering Colindale programme** is responsible for the delivery of the move to new office accommodation in 2018.

#### 4.5 Equalities and Diversity

- 4.5.1 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.
- 4.5.2 An assessment has been carried out on the impact of these proposals on both staff and service users within the Equality Impact Assessments contained within appendices to the FBC. These demonstrate that the proposals set out in the FBC are designed to ensure fair and equitable treatment of all Barnet's communities and its staff in relation to their access to The Civic Estate.

### 5. BACKGROUND PAPERS

- 5.1 Accommodation Office Review Strategic Outline Case submitted to ARG in June 2015 –  
<https://barnet.moderngov.co.uk/documents/s23439/Appendix%20A%20-%20Options%20Review%20Outline%20Business%20Case.pdf>
- 5.2 Accommodation Office Review Strategic Outline Case submitted to ARG in March 2015 –  
<https://barnet.moderngov.co.uk/documents/s21973/Barnet%20Accommodation%20Business%20Case%20SOC.pdf>