

## Financial Performance and Contracts Committee

11 March 2019

<b>Title</b>	<b>Colindale Office Move - Update</b>
<b>Report of</b>	Chief Executive
<b>Wards</b>	All
<b>Status</b>	Public (with exempt report which is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972)
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
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### Summary

This report provides an update on the upcoming relocation of staff to the new office development in Colindale.

The report summarises progress of the construction of the new office and associated accommodation, along with the technology provision and staff development programme that is being delivered to equip staff for the change in accommodation and working practices.

This reports also sets out the key risks to the successful delivery of the programme along with the mitigation measures in place to reduce the likelihood and impact of these risks.

### Officers Recommendations

1. That the Committee notes the progress towards the transition to the new council office in Colindale
2. That the Committee notes the current contractual position with the council's main construction partner delivering the new offices in Colindale

## 1. WHY THIS REPORT IS NEEDED

### INTRODUCTION

- 1.1 The Way We Work (TW3) Programme aims to deliver new office accommodation for council staff and partners in the heart of the regeneration area in Grahame Park, Colindale. This will result in all staff moving out of the existing buildings in NLBP and Barnet House and requires staff to undergo a change programme in how they think about and perform work, by transforming working environments, business processes, working practices, management culture and employee behaviour. There are approx. 2300 staff that will be impacted, based across three sites; North London Business Park (NLBP) Building 2, NLBP Building 4 and Barnet House. This includes staff from partner organisations, including: The Barnet Group, Customer Support Group (CSG), Re, and Cambridge Education.
- 1.2 The overarching vision of The Way We Work Programme is to *Empower people to choose where, when and how they work to deliver the best service to customers*. In practice this means with improved technology the requirement to return to the office is reduced for some staff who can spend more of their time visiting customers around the borough. Skype telephony allows staff to take a call away from their desk as their phone is built into their laptop and follows them wherever they are. Information access is improved with staff now able to access their files whether they work from the office, home, a partner organisation or even when with residents; all they need is access to the internet. Staff are becoming less reliant on paper and storing things electronically therefore the requirement for storage is reduced and officers can access files when they are not in the office. Collaboration between officers and with partners is, therefore, becoming quicker and more efficient and secure. In addition to providing better services to residents, the increased mobility of staff and reduced reliance on physical office space in turn facilitates savings against accommodation requirements. This flexibility and mobility needs to be balanced with effective management oversight and supervision, as well as team cohesion, but it is about becoming a modern 21<sup>st</sup> century organisation. A mandatory series of training courses for managers and all staff are being designed and delivered through the programme to prepare staff for these changes and maximise the benefits that can be realised.
- 1.3 The objectives of The Way We Work to support the vision are:
  - Staff and employers working flexibly to achieve efficient and effective service delivery, generating significant savings in the civic accommodation by September 2023.
  - Staff working in locations which supports them to dedicate more time delivering frontline services face-to-face and to respond to changing needs and demand.
  - Accommodation that is the right size, in the right place and is flexible enough to respond to changing needs and is accessible to the public.
  - An attractive place to work, with working culture and practices supporting the delivery of our vision for Barnet.

- Staff with access to the information and tools they need to fulfil their role effectively via efficient information systems and devices that are proportionately secured.
- Effective partnership working, facilitated by systems and environments, data sharing and collaboration.

#### 1.4 The Way We Work Programme seeks to achieve this by:

- Delivering a modern, fit for purpose new office building in the heart of the Colindale regeneration area, which is fitted out to offer a very flexible working environment designed and built with a 50-year life span to accommodate the changing needs of the organisation. As well as successfully exiting existing lease agreements.
- Preparing for and delivering a seamless transfer of staff to their new workplaces by: developing new ways of working to best suit the needs of the services whilst also using office space efficiently; by supporting staff with a suite of HR policies; effective training and change programme; by delivering a new office, equipment and storage for staff and partner staff.
- Supporting the delivery of the IT strategy and the development and delivery of the Information Management Strategy 2016-2020 to enable The Way We Work.
- By aligning itself closely and influencing key council strategies and areas of work that are currently underway to ensure the workforce has the required tools to work flexibly, including in locations other than the Colindale Offices.

#### 1.5 The Way We Work Programme is being delivered in three distinct but inter-dependent workstreams: Place, People and Change, Technology. The sections below provide a summary of progress in each of these areas.

### **UPDATE ON PROGRESS**

#### **1.6 Place Workstream**

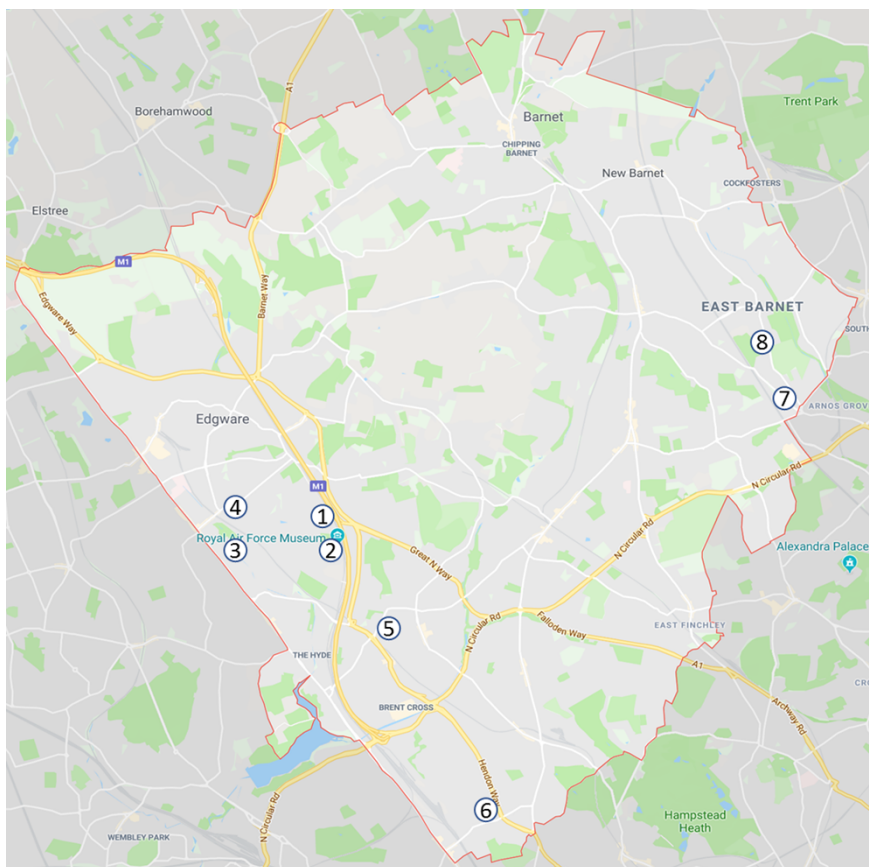
- 1.6.1 The approved construction programme detailed a practical completion date in August 2018 which was subsequently revised and agreed to 17th September 2018 at which point possession of the building would be handed over to the council by the main building contractor.
- 1.6.2 Works on site have been delayed with a building handover date now expected in March 2019.
- 1.6.3 Work on site is progressing well towards this date with work on floors 2-8 largely complete and awaiting final commissioning. Further work is required but continuing at pace on the ground and first floors.
- 1.6.4 It is anticipated that phased staff moves to the new office in Colindale will begin in May and conclude late summer 2019.
- 1.6.5 The Housing Options service will be relocating from Barnet House to the Colindale building towards the end of the move period. The work to complete and fit-out this space will be undertaken after the building is handed over to the council by the main contractor.

- 1.6.6 In order to deliver suitable spaces for meeting children & families, the principle of two 'Family Friendly Hubs' was approved through the Locality Strategy at ARG Committee in June 2016. One of these was agreed to be within the Colindale building and the other in the east of the borough alongside space for children's social workers and other staff to work from. This East Hub for Family Services will be temporarily located at NLBP2 until the lease expires in Summer 2020. Funding for the permanent location for the east hub has not yet been allocated and will be subject to a separate business case.
- 1.6.7 The programme of works to fit-out the IT infrastructure within the building has commenced despite the delay to building completion and is currently on track for a move period to commence in May 2019. The IT strategy at Colindale has been driven by end user requirements and supports the vision of The Way We Work Programme.
- 1.6.8 The building will be equipped with audio-visual systems and equipment that support interaction, learning, training and increased productivity with the workplace. This will take various forms, from general access to high definition television displays, to interactive collaboration, videoconference and media facilities for use in training, communication and interaction with other, associated internal and remote facilities.
- 1.6.9 A supplier has been appointed following a compliant procurement process to supply and install new furniture into the office building ahead of staff occupation.
- 1.6.10 The café on the ground floor will be accessible by staff and members of the public. Under the terms of the council's strategic partnership with Cambridge Education, ISS, who deliver catering services on behalf of Cambridge Education, have first refusal over the contract to run the council office's staff café provision. ISS have selected Costa Coffee as their delivery partner and Costa will therefore run the café operation in the office building. Under the terms of the contract with Cambridge Education, the council will receive a share of the profit from the café provision.
- 1.6.11 Procurement is underway to select a contractor to undertake the works on the Southern Square. This will be an attractive, publicly accessible space adjacent to the main entrance of the building. The square is expected to be complete by the end of the move programme.
- 1.6.12 Parking for staff is being provided in multiple locations in and near Colindale. The original intention was to provide 100 spaces for 'business users' – those for whom having access to a car is deemed a requirement of carrying out their council duties
- 1.6.13 Based on a further assessment of need and engagement with council services and staff, this total was increased to circa 300 spaces. These spaces will be provided at the RAF Museum and Platt Halls, both of which are 5-10 minutes walking distance from the Colindale Office

1.6.14 In addition to spaces for ‘business users’, the council is providing an additional 180 long and short-term commuter spaces at the Watling Avenue car park near Burnt Oak station.

1.6.15 A number of sustainable travel options are being improved or created including: an extension of the 125 bus route from Finchley Central to Colindale Station; lease of 10 pool cars for staff to use whilst undertaking business journeys; and introduction of pool bikes to aid staff with travel around the borough. The new offices will also provide enhanced shower and changing facilities to encourage cycling to work.

1.6.16 The Colindale office will become the council’s primary office location however there will remain other key service locations as summarised on the map below:



Key	Service	Location	Earliest Availability
1	All Staff; Housing Options; Welfare Reform; LBB Reception	Colindale Office	Dec 18
2	Adults (additional touchdown space);	Colindale ILC	Now
3	Print Service	Capitol Way	Sep 18
4	BOOST	Burnt Oak Library	Now
5	Governance	Hendon Town Hall	Jan 18
6	BOOST Childs Hill	Cricklewood Ln	Now
7	Streetscene	Oakleigh Road Depot	Now
8	Family Services remaining in the East Hub (numbers TBC)	NLBP2 (until June 2020)	Jun 19

### **1.6.17 Place Workstream Key risks**

- 1.6.17.1 If there is further delay in the handover of the new office building from the building contractor, there is a risk that the relocation of staff will have to be delayed. This would cause a potential revenue impact due to the requirement to retain staff in Building 4 (NLBP) beyond the current lease end date of June 2019. Early phasing of the move plans to relocate the staff in Building 4 first will help to mitigate the likelihood of this materialising.
- 1.6.17.2 As described in paragraph 1.6.5, there are some works to be completed following the building handover by the main contractor. In the most part these works should be completed prior to occupation however if the date of practical completion moves further into March, there is increasing risk that these works will not be completed prior to occupation, particularly the fit-out of the housing options service. Prioritisation of this work is ongoing to ensure items critical to staff occupation are completed first, the housing options service will remain operational in Barnet House until the space at Colindale is complete.
- 1.6.17.3 There is a risk that with less parking available at Colindale than currently provided at NLBP and Barnet House, some staff may be unable to find alternative travel options and this could lead to poor retention rates and low staff satisfaction. The council responded to early staff feedback regarding the original 100 business user spaces planned and are now providing approximately 300 spaces in Colindale for essential business users plus 180 spaces in Burnt Oak for commuters. This reduces the likelihood of staff leaving for this reason however a risk still remains.
- 1.6.17.4 The council is currently in a contractual dispute with the main building contractor delivering the new office building over the final fit-out and costings. The council have engaged specialist technical and legal advice on the matter to protect the council's interests and help resolve this contractual dispute. More information on the details of the contractual dispute are contained within the exempt version of this paper.
- 1.6.17.5 There is a financial risk associated with the ongoing dispute with the building contractor. If the full scale of the financial risk were to be realised, there would be a significant impact on the capital budget. The council has taken advice from its specialist technical and legal teams and deems the probability of this as low.

### **1.7 People and Change Workstream**

- 1.7.1 The People and Change Workstream aims to ensure staff and the supporting internal HR frameworks are ready for the changes in both ways of working and the move to a new office. In practice this means a number of areas of work are being progressed as follows:
- revisions to existing HR policies and procedures
  - development of new HR policies and procedures
  - design and implementation of a development programme for managers
  - design and implementation of a development programme for staff

- creation, co-ordination and management of a network of change champions
  - alignment of TW3 engagement activities with broader council engagement initiatives such as the recent leadership and management Wellbeing focused management conference.
  - Introduction of Team Principles and team readiness checklist (TW3 Passport) and facilitating roll out
- 1.7.2 A staff development and support programme is in place to aid staff in the transition to the new accommodation and ways of working in line with the new technology, processes and structures. Staff learn more about the practicalities of working in a more agile way, such as managing by outcomes; as well as how to stay resilient through change and how their personal network can support them.
- 1.7.3 The TW3 Development Programme for Managers was delivered in sessions from June – December 2018. The training aimed to explore a range of approaches that managers could consider when moving to new ways of working. It includes methods on managing by outcomes in addition to maintaining team cohesion and culture following the changes to working practices.
- 1.7.4 To follow this, in early 2019, the council launched a development programme to support all staff in changing the way they work. This includes: discussion around the principles, benefits and impact of new working practices; increasing awareness of staff responsibilities and support available; increasing awareness of how technology can support changes to working practices; and how team cohesion can be maintained. Staff are being encouraged to attend and feedback has been very positive.
- 1.7.5 HR Policies and procedures have been revised to ensure the principles of modern working are appropriately supported for all staff for example in relation to flexible working and where it pertains to statutory rights.
- 1.7.6 All teams are required to develop ‘team principles’ to agree how they will work together in a way which balances empowering staff to work more flexibly and at the same time ensuring the delivery of the best services to residents. There has been good progress with this across most directorates and Partner organisations. Staff have been very positive about the benefits of undertaking this exercise within their teams.
- 1.7.7 Throughout 2018 there was a campaign to revitalise the change champion network. There is now significantly increased coverage across all parts of the business with specialist champions to specifically support technology; new ways of working; storage reduction; and staff relocation to Colindale. There are now 170 Change Champions supporting the programme with a spread across all Directorates and Partners.
- 1.7.8 The programme will work closely with move champions and representatives within directorates to support a smooth relocation of staff, equipment and storage to Colindale.

1.7.9 The move to Colindale will happen primarily over weekends and take approximately 10-15 weeks. A full set of induction and 'Day 1' support will be in place in Colindale including floorwalkers from IT and FM.

#### **1.7.10 People and Change Workstream Key Risks**

1.7.10.1 A key risk at present is the current delay which has the potential for the programme to lose momentum if staff become disengaged with the move programme and associated changes to working practices.

1.7.10.2 Another key risk is that staff become overwhelmed with the scale of change and do not fully engage with new working practices and are therefore not prepared for the move when it happens.

1.7.10.3 A further key risk is that teams operating within children's social care who are involved in the Ofsted inspections do not have time to prepare for the move.

#### **1.8 Technology Workstream**

1.8.1 Over the last 12 months, technology upgrades have been carried out that equip staff with the right tools to be able to work flexibly within the current and new office environment as well as across other locations to suit their working needs

1.8.2 For LBB to achieve their flexible, empowered and agile workforce, Office 365 (O365) was chosen as the solution. Through the O365 project Office 2016 and Skype for Business were installed on over 3000 user laptops and desktops across the council and Partners; approximately 2300 phones were migrated to Skype telephony and over 3000 mailboxes were migrated in the Cloud.

1.8.3 Throughout, a change programme was in place to support staff in the use of these new technologies. Staff were invited to attend training sessions prior to their phones being migrated to Skype. Over 600 members of staff attended training with a 94% overall satisfaction rate and a significant increase in confidence demonstrated.

1.8.4 Prior to the Colindale move, the technology workstream will be distributing a number of accessory items to staff to support the changes to working practices and ensure they are equipped to work in a more agile way as afforded by the software changes described above.

1.8.5 The Colindale office will have a significantly smaller footprint than the current offices at NLBP and Barnet House therefore a project has been undertaken to reduce the council and its Partners storage requirements. In addition to appropriately disposing of equipment and documents where possible, scanning is underway to securely store documents that need to be retained. All service areas are working towards storage targets that they set for themselves prior to the move.

1.8.6 Following the relocation of staff and vacation of existing offices, the IT programme will safely decommission these sites.



## **1.8.7 Technology Workstream Key Risks**

- 1.8.7.1 There is a risk that service areas do not meet their storage reduction targets ahead of the move to Colindale (services committed to storage reduction and provided the targets, these were not imposed). Storage spaces provided are based on these targets therefore any excess cannot be accommodated. The programme are working closely with those who have raised concern around meeting these targets to find solutions.
- 1.8.7.2 A period of User Acceptance Testing relating to the core IT infrastructure of the new office building as been carefully planned to ensure staff can operate without disruption from the date of occupation. However, the window in which this can be completed will be reduced as the handover of the building is delayed therefore delaying the completion of IT infrastructure and the start of User Acceptance Testing. If required, a mitigation plan will be put in place to prioritise floors and services early in the move schedule.
- 1.8.7.3 As the date of building handovers slips, there is less time available to relocate staff from NLBP and Barnet House. Critically, NLBP Building 4 must be vacated with adequate time for decommissioning ahead of the lease end date towards the end of June. The risk to achieving this safely and in time increases as the available window to do so reduces.
- 1.8.7.4 There is a risk that services areas did not specify all requirements or the programme missed requirements that will require unplanned work closer to the occupation date therefore putting some occupation dates at risk – particularly if these are business critical items. Due diligence was undertaken to engage all business partners on requirements and ongoing engagement should flag requirements that may have been missed.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 The council is making good progress, despite the delay in building handover, towards a move to Colindale beginning May 2019. Staff have been equipped with the necessary software to facilitate new working practices and are being encouraged to attend training and begin embedding these changes.
- 2.2 The council is working closely with its lawyers to resolve the dispute with the builder. Meanwhile, work is progressing on site and within the wider programme of mobilisation and transition such that the council believes successful occupation can commence from May 2019.

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

- 3.1 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. 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

- 3.2 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).
- 3.3 The original FBC considered this preferred option in addition to a baseline position (continuing with status quo accommodation setup: leases in both NLBP sites and Barnet House) gaining approval to continue with the preferred option for new development in Colindale.
- 3.4 A refresh of the Office Accommodation Relocation financial analysis was undertaken in July 2018 to take into account the change in context since the FBC was approved in 2016.
- 3.5 A further options appraisal was undertaken to identify a new shortlist of alternative options to be considered, which might offer improved savings whilst still meeting the council's strategic objectives
- 3.6 The following options were shortlisted for appraisal against the new 2018 baseline:
- Options 1: Retain Colindale freehold; 100% LBB occupation of Colindale; early exit Barnet House lease
  - Options 2 to 5: Various iterations that could extract value from the Colindale office by either freehold sale or letting out all or part of the building.
- 3.7 Only two options provided a saving to LBB over 54 years:
- Option 1 (£22.9m): Retain Colindale freehold; 100% LBB occupation of Colindale; early exit Barnet House lease.
  - Option 4 (£15m): Retain Colindale freehold; 51% LBB occupation of Colindale; sub-lease remaining 49% of Colindale; maintain Barnet House lease
- 3.8 The most financially beneficial option that also fits with the council's vision was therefore to continue with the current plan to retain the Colindale freehold, fully occupy the new building and negotiate an early exit from the Barnet House lease.

## **4 POST DECISION IMPLEMENTATION**

- 4.1 Following implementation of the recommendation to continue towards a successful transition of staff to Colindale by late summer 2019, the Council should conduct a post-project evaluation 3 months after the final move.

## **5 IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The council is committed to providing staff and service users with office accommodation that provides a flexible working environment in line with modern working practices. The development of this site Colindale brings front line staff closer to service users and other agencies.
- 5.1.2 The new building will also include purpose-built space for the Housing Options service and a Family Friendly Hub with improved facilities for resident interaction with

staff and council provided services.

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

5.2.1 A capital budget of £50.3m was allocated through the original FBC approved at ARG Committee in July 2016. This included the total build cost (including compensation for land, over 50 years) and other associated costs (fit out furniture, audio visual etc). The programme is expecting to come in within this allocated budget at this time.

5.2.2 MTFS associated with the move: £250k savings in 19/20 and a further £750k in 20/21.

## **5.3 Social Value**

5.3.1 The new building contributes toward regeneration benefits for the Grahame Park area including improvements to the wider public space through redevelopment of the Southern Square.

5.3.2 The inclusion of a publicly accessible café on the ground floor provides local recruitment opportunities.

## **5.4 Legal and Constitutional References**

5.4.1 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Regeneration & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee; or Housing Committee
- The council's major strategic contracts including (but not limited to):
  - Analysis of performance
  - Contract variations
  - Undertaking deep dives to review specific issues
  - Monitoring the trading position and financial stability of external providers
  - Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy & Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

## **5.5 Risk Management**

5.5.1 All risks and issues are being managed in accordance with the council's Risk Management Framework and Project Management Methodology and Toolkits.

5.5.2 Elements of the Programme have been the subject of a review by the council's internal audit function, with a 'substantial assurance' rating received.

## **5.6 Equalities and Diversity**

- 5.6.1 Pursuant to the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.6.2 An assessment was carried out on the impact of these proposed Colindale Office relocation on both staff and service users within the Equality Impact Assessments contained within appendices to the original Full Business Case approved by Assets, Regeneration and Growth Committee in July 2016. These demonstrated that the proposals set out in the FBC were designed to ensure fair and equitable treatment of all Barnet's communities and its staff in relation to their access to The Civic Estate
- 5.6.3 The Employee Equality Impact Assessment as appended to the Full Business Case approved by Assets, Regeneration and Growth Committee in July 2016 was revised in 2018 to reflect updates to the programme as it has progressed.

## **5.7 Corporate Parenting**

- 5.7.1 In line with the Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

## **5.8 Consultation and Engagement**

- 5.8.1 LBB 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. 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 covering an area of approximately 200ha. 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.
- 5.8.2 The building contractor continues on-site liaison with residents and there is ongoing travel related consultation.

## **6 BACKGROUND PAPERS**

- 6.1 Accommodations Options Review Final Business Case (FBC) submitted to ARG Committee in July 2016 -  
<https://barnet.moderngov.co.uk/documents/s33264/ARG%20committee%20report%20-%20Colindale%20FBC%20v0.3.pdf>
- 6.2 Locality Strategy submitted to ARG Committee in July 2016 -  
<https://barnet.moderngov.co.uk/documents/s33204/ARG%20committee%20report%20-%20Locality%20Strategy.pdf>
- 6.3 Colindale Area Action Plan – <https://www.barnet.gov.uk/citizen-home/planning-conservation-and-building-control/planning-policies-and-further-information/local-plan/colindale-aap/colindale-area-action-plan.html>