

FALKIRK COUNCIL

Subject: COUNCIL HEADQUARTERS ACCOMMODATION
Meeting: FALKIRK COUNCIL
Date: 8 OCTOBER 2014
Author: DIRECTOR OF DEVELOPMENT SERVICES

1.0 INTRODUCTION

The purpose of this report is to advise on the findings of the business case which has been developed in relation to provision of replacement Council headquarters (HQ) accommodation.

2.0 BACKGROUND

- 2.1 The Council aims to improve the quality of life for local people by working with its communities to best deliver high quality accessible services. In order to fulfil this aim, the Council requires to develop service provision, its staff and its property asset base. The age, condition, suitability and sustainability of the existing Municipal Buildings' Falkirk (MBF) complex comprising its offices, civic and town hall accommodation, are key issues previously identified in the Council's Corporate Asset Management Strategy as urgently requiring to be addressed. In addition, measures are necessary to provide accommodation for staff presently occupying premises in Abbotsford House (AH) and Callendar Square where leases from private landlords are due to expire in 2016.
- 2.2 The Executive, on 25th February 2014, considered a report outlining four potential options with projected capital and whole life costs for the Council's office headquarter accommodation as follows:—

		Capital	Whole Life
Option 1	Do minimum	£10.62m	£54.066m
Option 2	Full scale replacement	£20.94m	£43.79m
Option 3	Refurbishment of existing MBF complex	£20.63m	£50.45m
Option 4	Staged approach	£20.94m	£43.11m

- 2.3 The Executive agreed to pursue a staged approach to re-provision and that, consistent with its approach to the modernisation of service delivery across the Council, the delivery of the replacement office accommodation would be on the basis of a general standard for net floor space of 8sq m per FTE and average desk ratio of 0.8 per FTE. It was also agreed that a Member/Officer Working Group be established to assist in developing the project. This group has met regularly during the preparation of the business case.
- 2.4 Further evaluation of potential locations for the replacement office headquarters have taken place and the Executive considered a report on 17th June which identified 6 potential locations and determined the existing Municipal Buildings site as the preferred

option for this development. This site has been examined further for the purposes of developing the detailed business case. In addition the Executive agreed that, should the owners of Abbotsford House agree to negotiate disposal on suitable terms, an appraisal will be undertaken to assess the benefits and implications for the project of this option.

3.0 BUSINESS CASE & PROJECT RATIONALE

3.1 The approach adopted in development of the office HQ business case has been to examine in greater detail the material assumptions which informed the previous Executive decisions on preferred option and location. The examination of these issues has enabled the business case to present a robust framework within which the project might be delivered.

3.2 The key components addressed within the business case are as follows:

- 1) Investment objectives and desired outcomes.
- 2) Refining of the office HQ accommodation brief.
- 3) HR implications, new ways of working, and accommodation arrangements.
- 4) ICT and change management considerations.
- 5) Developing a site specific design concept.
- 6) Identifying key enablers and transition arrangements.
- 7) Logistics and delivery timescale.
- 8) Capital, revenue and whole life cost considerations
- 9) Delivery mechanisms.

3.3 The Member/Officer Working Group considered that the proposed scheme should accommodate provision for the Council's civic functions, including multi-purpose rooms for meetings of the Council, Committees and office accommodation for elected members. This additional requirement is reflected in the business case.

3.4 The proposals for the headquarters facility are that, pending any other decision in relation to AH, it accommodate:

- 512 full-time equivalent staff (relocating from 3 buildings, Municipal Buildings, Abbotsford House and Callander Square)
- 32 elected members
- A multi-functional Council Chamber
- The Council's ICT hub
- Core circulatory and ancillary (toilets, ICT, storage etc.) accommodation

3.5 A summary of the business case is appended to this report and the full report is available for Members to consider in more detail. The business case identifies that delivery of the project is feasible and would address the Council's aim to rationalise its existing assets and provide a modern office headquarters facility better suited to its service requirements in the future. Were the Council minded to proceed with the project, further work would be necessary to develop a delivery plan for the project encompassing each of the above elements. This would include commissioning the next phase of design work for the project, with the potential to progress this work through Hubco available to the Council.

3.6 In the event that a decision is taken to proceed with the project, members will wish to consider whether it is their intention to commit to installation of an intruder alarm system

for Municipal Buildings at an anticipated cost of £142,000. The payback period (3 years 4 months) for this investment on a spend to save basis (i.e. removal of the existing security arrangement) will extend beyond the likely occupation date for the new HQ building of March 2017.

4.0 TOWN HALL REPROVISION

- 4.1 The business case has focused on the delivery of the Council's office headquarter requirements. The previous options appraisal exercise had considered that the provision of the Council's civic accommodation might take place as part of the town hall reprovision. The proposal to provide civic accommodation within the office HQ facility creates capacity for a further stage, to consider the options for delivery of the replacement town hall, to be undertaken at a later date. This enables the Council, if minded, to proceed with delivery of the office project and, in tandem, consider further options and means for delivery of the replacement town hall. The existing town hall can operate for the period until the office HQ is provided and the business case for delivery of a replacement town hall facility is prepared. The timing of the capital receipt available from disposal of the surplus site, created by the replacing of the existing HQ, will be dependant on this decision. Liaison with Falkirk Community Trust will be necessary to enable arrangements for management of the facility during this transition and in preparation of a business case for a replacement facility.
- 4.2 The business case for the replacement town hall facility would consider the scope for delivery at an appropriate site, potentially within the town centre, where the opportunities to connect with related work on the regeneration of the town centre can be maximised. It would enable the functional requirement for this facility, in terms of arts, cultural and other community service provision to be specified and opportunities for external funding for such a facility to be investigated. A dedicated options appraisal and production of the business case can be initiated once a decision on the HQ office project is reached. Whilst further detailed work requires to be done, it is estimated meantime that this second phase of the project would cost c £4m to provide a replacement building.

5.0 IMPLICATIONS

5.1 Policy

The proposal to examine the potential replacement of the Council's office HQ accommodation accords with the Council's Corporate Plan and Corporate Asset Management Strategy. Supporting measures for delivery of the project will be necessary via the Council's Human Resources and Information Management policies.

5.2 Legal

Delivery of the project will be progressed in compliance with relevant regulations including those applying for the procurement of the project.

5.3 Financial

As detailed in section 3.10 of the Business Case Summary, appended to this report, a detailed financial appraisal of the proposals indicates that the net capital requirement for replacement of office and civic accommodation is £16.591m. Considered in cash flow

terms, reflecting borrowing requirements, this results in net revenue costs of £15k, 2015/16, £312k, 2016/17 and thereafter, once the project is complete and the capital receipt from sale of the site received, a potential revenue saving of c £262k per annum.

Any commitment to incur this substantial level of investment on a replacement office HQ and civic provision is clearly a decision which requires to be considered and balanced against the continuing budget pressures faced by the Council and will reflect a range of competing priorities.

It does, however, require to be recognised that given the deteriorating condition of the Municipal Buildings complex and the forthcoming lease terminations at Abbotsford House and Callendar Square, early decisions will require to be reached in relation to necessary short-term actions to accommodate staff. This has suggested the requirement for a potentially significant, c £5m investment in essential repairs to the Municipal Buildings, necessary within the next five years.

It is important to recognise the increasing risks, that might arise from the deteriorating fabric and condition of Municipal Buildings and in a business continuity context, in the event of a major plant, service or component failure. These risks are likely to increase over time, pending significant capital expenditure in essential repairs to the building. Action will also require to be taken to develop a contingency plan for the potential need to relocate staff to other locations prior to the lease terminations. The options for this have been considered and identified in the summary report.

This phased investment will not in the short to medium term result in any significant improvements to the working environment or layout of the building. The option appraisal identified that the whole life cost of such an approach was significantly in excess of that of adopting a staged approach to reprovision.

5.4 Human Resources

The Council's Human Resources policies, particularly in respect of flexible working will be important in enabling the successful delivery of this project. If proceeding with the project, further analysis of workstyles as a means of refining the design and management of space provided in the new facility will be required.

The need for active engagement of staff in the delivery of the project is recognised and, to this end, a staff user group was convened to gain perspectives from staff on their aspirations, concerns and questions they might have about the delivery of this project. The results of this work are summarised in the attached report.

If committing to the delivery of the project, the Council will require to consider the need for dedicated project management capacity to assist its delivery. This will be the subject of a further report to the Council's Executive, identifying the posts to be established for the period of the project's delivery.

5.5 ICT

The delivery of this project will be consistent with the Council's technology strategy and the project will be a critical step in enabling key developments in mobile and flexible working. A delivery plan for ICT support for the project will be critical to its success and a draft is supplied with the business case summary.

5.6 ***Regeneration***

The staged approach to the project, in terms of previous ‘in principle’ decisions taken by the Executive, involves development of a new replacement office and civic HQ followed by a replacement town hall. This provides an opportunity to enhance the prospects for successful regeneration of Falkirk Town Centre, given the prominent location of the preferred site and its proximity to the west end of the High Street.

5.7 ***Delivery and timescales***

Subject to Members’ decision on proceeding with the replacement office and civic accommodation as phase 1 of the overall project, a detailed design and procurement exercise can be initiated, with the HubCo available as a pre-procured provider of this service. By proceeding with this work the project can progress, enabling completion by January 2017 with occupation by March 2017 were the project to be progressed and subsequently procured via the HubCo route. Should the Council elect to procure the project outwith HubCo, an additional c 6 months would be anticipated. A decision on procurement via HubCo or a traditional route can be reached on the conclusion of the next stage of design, although costs would be incurred in this initial design phase.

5.8 ***Risk***

As delivery of this project will be critical to many aspects of the Council’s service delivery there will be a need to adopt careful management of risks. A risk matrix will be established and maintained as a means of managing the project during the course of delivery.

6.0 **CONCLUSIONS**

6.1 The case for replacement office and civic accommodation at Municipal Buildings, Falkirk has been examined through the production of this business case. Additionally, it seeks a solution to meet the requirements of staff and functions located at Abbotsford House and at Callendar Square One Stop Shop given the leases of these properties are due to expire during the early part of 2016. As a result, the replacement facility can integrate the functions of these three buildings in a modern replacement facility, with a separate requirement in the town centre for a One Stop shop with customer facing functions. A final decision on the inclusion, or otherwise, of the Abbotsford House staff in the project can be made at a later date without prejudicing progress at this time.

6.2 It is recognised that as part of the drive by the Council to transform the way it delivers services, it will be necessary to roll out more flexible working practices across the operational office, and related estate. The immediate focus of this work is on the Municipal Buildings complex, Callendar Square and potentially Abbotsford House. However over time, further office locations may come within the scope of the project and it will also be necessary to review ancillary accommodation including stores and customer service points.

6.3 The business case outlines the potential that, by developing a new office building of the size and scale envisaged and incorporating design and ICT provision which facilitates new ways of working, such a flexible approach will afford future opportunities to enhance the

approach to service provision at other locations. This, in turn, has potential to deliver additional efficiencies and rationalisation opportunities, all of which is consistent with implementation of a modern approach to utilisation of Council assets.

7.0 RECOMMENDATIONS

Council is requested to-

- 1) Note the content of this report and its summary of the business case for the replacement Council office headquarters**
- 2) Consider its preferred approach to progressing the project on the basis of this report and accompanying Business Case, and if progressing with the project, instructs officers to:-**
 - i) Initiate the next stage of design for the Council HQ project, commissioning HubCo to prepare the stage 1 design and project documentation**
 - ii) prepare a delivery plan for the project detailing the works and procurement method necessary to the provision of a new office headquarters building and the ancillary measures required for its successful delivery**
 - iii) continue to consider accommodation options in the event that Abbotsford House is able to be purchased on suitable terms and report back to Members with a revised business plan outlining both options**
 - iv) progress detailed consideration of options for maintaining an appropriate One-Stop-Shop presence in Falkirk Town Centre.**
 - v) continue with a detailed options appraisal analysis of potential sites and funding sources, and development of a business case for a replacement Town Hall in conjunction with Falkirk Community Trust.**
 - vi) cancel the proposed security alarm installation to the existing Municipal Buildings and continue with current security arrangements.**

If not progressing with the project, instructs officers to,

- i) prepare a report on the Councils' options to mitigate risks associated with the continued occupation of the Municipal Buildings and the town hall complex;**
- ii) investigate and report on the measures necessary for accommodation of staff from Abbotsford House and Callendar Square.**
- iii) implement the proposed security alarm system installation to the existing Municipal Buildings as agreed at the Executive meeting of 18 June 2013 with an anticipated cost of £142,000.**

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Director of Development Services

Date: 17 September 2014

Contact Officer: Alan Urquhart

Ext: 4798

LIST OF BACKGROUND PAPERS

1. Report to Executive – 25th February 2014
2. Report to Executive – 17th June 2014
3. Full Business Case
4. Summary of responses received from staff consultation

Any person wishing to inspect the background papers listed above should telephone 01324 504798 and ask for Alan Urquhart.

1 Introduction

- 1.1 The Council aims to improve the quality of life for local people by working with its communities to best deliver high quality accessible services. In order to fulfil this aim, the Council requires to develop service provision, its staff and its property asset base. The age, condition, suitability and sustainability of the existing Municipal Buildings' Falkirk complex comprising its offices, civic and town hall accommodation, are key issues previously identified in the Council's Corporate Asset Management Strategy as urgently requiring to be addressed. In addition, measures are necessary to provide accommodation for staff presently occupying premises in Abbotsford House and Callendar Square where leases from private interests are due to expire in 2016.
- 1.2 The approach adopted in development of this office headquarter (HQ) business case has been to examine in greater detail the material assumptions which informed the previous Executive decisions on preferred option and location. The examination of these issues has enabled the Business Case to present a robust framework within which the project might be delivered.
- 1.3 The key components addressed within the Business Case are as follows:
 - a) Investment objectives and desired outcomes.
 - b) Refining of the office HQ accommodation brief.
 - c) HR implications, new ways of working, and accommodation arrangements.
 - d) ICT and Change Management considerations.
 - e) Developing a site specific design concept.
 - f) Identifying key enablers and transition arrangements.
 - g) Logistics and delivery timescale.
 - h) Capital, revenue and whole life cost considerations
 - i) Delivery mechanisms.

2. Investment Objectives

- 2.1 The options appraisal exercise considered the report in terms of sustainability, compliance, flexibility and improved capacity and economic and community benefits. The performance of the preferred option has been further assessed in the business case to ensure consistency with each of these above objectives.
 - a) Sustainability

This includes carbon reduction, anticipating a B+ EPC rating

The business case suggests that the new HQ accommodation has the potential to offer an 80% reduction in carbon emissions compared to the existing building, with a similar scale of reduction in energy use and costs. The current carbon emissions figure is 1,209 tonnes per annum in respect of the existing locations.
 - b) Compliance

The building will require to achieve full compliance with current legislative standards. Adoption of suitable maintenance regimes and working practices will be required to maintain a safe and accessible environment.

c) Flexibility & improved performance

The design validation exercise has progressed on the basis of adoption of a space standard of 8sq m per FTE and an average occupancy ratio of desks to staff at 8:10. The open plan design encompasses use of flexible space and assists in enabling the transition to new ways of working.

Subject to a confirmed brief for phase 2 of the project, for the replacement Town Hall, it is estimated that the new provision will show a reduction in total floorspace in excess of 50% in comparison to the existing buildings, thus achieving the council's rationalisation objectives together with considerable savings in operating costs.

d) Economic & Community

The projected net capital cost during the construction phase of the new facility is £16.59m. This represents a substantial investment and will act as a significant catalyst for jobs, training and regeneration. The location of the new facility close to High Street will help maintain footfall and enhance prospects for successful regeneration of Falkirk town centre. Opportunities to connect the project with the Council's update of its town centre regeneration strategy are present and will be pursued if the project proceeds.

3. HQ Accommodation Brief

- 3.1 Integral with the overall approach to re-provision, the brief assumes the design solution for the new office HQ accommodation should adopt the principles of shared use of space, higher utilisation standards consistent with best practice, and increased building efficiency linked to flexible working practices. The project aims to secure the highest standards of design, securing benefits on environmental and economic impact terms whilst providing much improved accommodation for staff and other building users.

The key aspects of the HQ development brief are considered in more detail in the following sections.

4. New Ways Of Working

- 4.1 At the heart of the Council's approach to the redevelopment of its HQ office accommodation is a commitment to developing a new workplace strategy. This is in line with the principles of 'agile' or "new ways" of working and coincides with the Council's approach to business transformation. This also aims to realise efficiency savings by reducing the size of the existing office accommodation. The approach being adopted is to increase the efficiency of space and means of doing business, whilst improving outcomes and staff satisfaction. It is recognised that the Business Case provides a framework within which a much wider change management process can begin across the Council.
- 4.2 Two corporate workplace space planning principles have been established from the outset by the Council and the business planning for the new HQ office accommodation is predicated on:

- A space standard of 8 sqm net internal area per FTE
- A building occupancy desk: staff ratio of 8:10

- 4.3 Specialist advisors were engaged by Hubco to begin the process of developing the Council's workplace strategy. Workshops have been held with each of the 5 directorates/divisions potentially being brought together into the new HQ office accommodation. The directorates/divisions involved are HR, Governance, Finance, Policy, ICT & Improvement and Development Services.
- 4.4 The advisors developed a generic space planning model to help the user groups begin to consider how different internal space planning arrangements might be developed consistent with the agreed approach. Further detailed work will be required to carry out a detailed assessment of Service space requirements based on an analysis of workstyles. The analysis of these work styles will inform the detailed design of work areas and means of managing how the building is used.

5. ICT & Change Management considerations

A) ICT

- 5.1 The new Council Headquarters affords an opportunity to utilise new technologies to improve the usage, flexibility and capacity of the space within the building and to promote the wider Council goal of flexible and collaborative working.
- 5.2 The Technology Strategy, approved by the Executive in March 2014, detailed the need for the Council to provide a secure approach to mobile and flexible working to enhance customer experience and provide improved service delivery capabilities for Services.
- 5.3 Provision of a new technology solution is key to the successful delivery of new ways of working across the Council. Work in progress to take forward key areas including mobile device management, telephony and access to collaborative technologies through Microsoft Enterprise.
- 5.4 A 'Readiness Survey' has been commissioned from external consultants to give an indication of the work required to position the Council's ICT Infrastructure for mobile and flexible working.
- 5.5 The Council's Technology and Infrastructure staff have been involved in the development of an outline design solution and key work streams as noted in the table below have been identified to deliver the project.

ISSUE	ACTIONS REQUIRED	CONSIDERATIONS	TIMESCALE
Mobile and Flexible Working	<ul style="list-style-type: none"> Implementation of a <ul style="list-style-type: none"> Mobile Device Management solution to enable access to Council systems on mobile phones and tablets. 	Proof of concept underway to ensure PSN compliant installation.	Implementation from Feb 2015
	<ul style="list-style-type: none"> Replacement home working solution to allow managed PCs and laptops to access Council systems 	Proof of concept commencing to ensure PSN compliant installation.	Implementation from Feb 2015
	<ul style="list-style-type: none"> Virtual desktop infrastructure (VDI) to enable flexible working from within the Council network. 	Implementation of this solution requires staff, financial resources and change in existing Infrastructure.	Project currently being assessed
	<ul style="list-style-type: none"> Set up more flexible access to support IT for users to access. 		January 2015
	<ul style="list-style-type: none"> Investigate options for corporate EDRMS. Adoption of Information Management and Governance standards. 	Policy on Information Management/Governance for Council agreement.	Project underway Improvement Governance Board.
Infrastructure	<ul style="list-style-type: none"> Cabling and ICT suite specification to be agreed. 	Need to ensure that the cabling standard is as future proofed as possible and meets any requirements for VDI.	During design phase.
	<ul style="list-style-type: none"> Arrange for re-connection/move/replacement of fibres connecting 	Need to ensure the cabling and suite meets industry and	During design/build phase.

	<p>buildings to existing MB including:</p> <ul style="list-style-type: none"> ○ Town Hall ○ Falkirk Library/Chapel Lane ○ Camelon Nursery/Education Centre ○ Brockville ○ Kilns House <ul style="list-style-type: none"> ● Review existing BCP options and disaster recovery site. ● Arrange for re-connection/move/replacement of fibres comms lines and microwave units ● Identify new networking equipment requirements. 	<p>environmental standards.</p> <p>Establish operations and offsite requirements.</p> <p>Explore options to improve BCP.</p> <p>Need to ensure specification of equipment meets the new cabling specification.</p>	<p>During design phase.</p> <p>During design/build phase.</p> <p>For opening of building.</p>
<p>Telephony</p> <p>Review the current usage, options and opportunities for telephony and video conferencing.</p>	<ul style="list-style-type: none"> ● Review the current usage, options and opportunities for telephony and video conferencing. 	<p>Project currently underway to look at this.</p>	<p>Current contracts end in 2017 and new solution to be in place for opening of new build.</p>
<p>Printing</p>	<p>Review and identify a cross network non device specific printing option.</p>	<p>Part of the VDI project.</p>	<p>Project currently being assessed.</p>

B) Change Management

5.6 The move to a new HQ and modernised ways of working is a significant change in culture for staff. The table below details organisational development activities that should be considered and actioned to assist with the cultural challenges.

ISSUE	ACTIONS REQUIRED	CONSIDERATIONS	TIMESCALE
Staff Engagement Critical to the success of any change project and requires the maintenance of staff morale and motivation throughout.	<ul style="list-style-type: none"> Set up user group with all reps from all divisions/premises affected with responsibility for obtaining staff views/feedback, communicating information etc. Ensure regular communication with all those affected – regular bulletins? Consult /involve staff in decisions where possible eg. Colours, furniture Allow staff to visit similar premises in other Councils 	<ul style="list-style-type: none"> Already in place 	Immediately and ongoing
Flexible Working Required to meet the 0.8 desk ratio. Current policies support this culture change.	<ul style="list-style-type: none"> Promote, encourage and maximise flexible working opportunities within current roles/teams/premises eg. <ul style="list-style-type: none"> Homeworking Hotdesking within current offices Hold meetings/1-1s in less formal settings eg canteen, coffee shops etc. Implement clear desk policy at end of day 	<ul style="list-style-type: none"> Hotdesking will be limited until further IT development re. PCs and telephones is implemented 	Immediately and on-going
Limited filing/storage in new premises	<ul style="list-style-type: none"> Rationalise current filing systems – clear out Provide training to all staff re. use of new systems Move to electronic document storage system asap prior to relocation 	<ul style="list-style-type: none"> Dependant on timing of introduction of EDMS or similar processes 	When electronic system available
Line Managers Line managers are currently able to see their staff at work and may typically have more emphasis on measuring	<ul style="list-style-type: none"> Facilitate training for line managers to develop focus on/measurement of staff outputs/outcomes as opposed to inputs: <ul style="list-style-type: none"> Ensure APDS implemented and SMART objectives agreed 	<ul style="list-style-type: none"> Already included in any internal leadership development programmes 	12 months prior to relocation

performance through attendance, inputs, processing etc. Managers will have less access to staff on a daily basis therefore will require to be proactive in planning/agreeing workload and activities with individuals and monitoring progress against standards and timescales.	<ul style="list-style-type: none"> ○ Ensure appropriate PIs in place for team/individuals ○ Establish programme of regular, operational 1-1s ○ Establish programme of regular team meetings 		
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C) Staff Engagement

- 5.7 An Employee User Group has been established in order to enable staff feedback on the outline design proposals and the suggested approaches to developing new ways of working integral with the transition to a more flexible office environment.
- 5.8 The Group comprises representatives from each Division potentially involved in relocation to the new office HQ together with Unison representation.
- 5.9 The Group were briefed on the proposals and subsequently fed back detailed comments to a further meeting of the User Group following their liaison and discussions with colleagues in their respective workplaces.
- 5.10 A number of issues have been raised in relation to –
- Size and design of the building
 - Car parking provision
 - Desk capacity and implications of the transition to flexible working practices
 - Welfare/canteen/café provision
 - Building management & ‘house keeping’ issues
 - ICT enablement
 - ‘Culture change’
 - Project costs and funding arrangements
- 5.11 The User Group meetings have enabled valuable staff feedback and constructive initial discussion to take place on the range of issues raised through the staff consultative process to date.
- 5.12 It is envisaged that, should the Council decide to proceed with the project, feedback from the User Group will be fed in and used to inform the detailed design process.

- 5.13 It is proposed that the Group be given the opportunity for on-going involvement in order that issues raised by employees can be fully considered as the project is taken forward.

6. Developing a Site Specific Design Concept

6.1 Accommodation Requirement

During the course of the Business Case process the functional requirement for the new HQ office has been developed. In addition to providing office accommodation for a notional 512 FTEs (adopting the Council's chosen workplace space planning principles) and the Council's ICT server hub, provision has also been made for offices and support accommodation for elected members as well as a modern multi-functional Democratic Suite. The inclusion of the democratic functions of the Council within the HQ office development has an impact both on building size and the design concept given the need to enhance public accessibility to the building.

6.2 Development of Design Concept

In order to develop the design aspects of the Business Case process Hubco has engaged a full design team including Ryder Architecture. The design concept for the new HQ office accommodation has been informed by the Council's commitment to new ways of working, the functional requirements and Council's choice of preferred site location at Municipal Buildings.

- 6.3 The Municipal Buildings site stands at the gateway to the town from Glasgow, Stirling and Edinburgh and represents a landmark location.

- 6.4 In developing the design concept consideration has been given as to where on the Municipal Buildings site the new HQ office building should be sited. Following a review of various options the suggested location is to the front of the existing site. The building footprint sits partly on the Municipal Buildings site (Council owned) and partly on the site of Westbank (owned by NHS Forth Valley). Preliminary discussions have taken place between the Council and NHS Forth Valley and there is in principle agreement to make the site available for development.

- 6.5 The key benefits of this location option are that it utilises the topography of the land to create a sense of presence, it creates a more natural linkage between the building and the town centre and it maximises the potential for capital receipt generation from a future land sale of the residual site area.

- 6.6 Key drivers on developing the design concept are:

- Create a building that is open, democratic and welcoming
- Create a building that has functional spaces that are all naturally ventilated
- Create a building which does not rely on internal corridors for circulation and can be used for a variety of meeting spaces
- Create a building that is well connected internally

- 6.7 Early design proposals show the Democratic Suite situated on the ground floor adjacent to a small external plaza providing the opportunity for the local people to see the democratic function of the Council at work. The ground floor could also accommodate a reception, coffee shop and other 'invited' spaces. Members' offices and support space are suggested to occupy Level -1 (below ground floor level, though open to site frontage and looking out onto a landscaped area to the rear of the building. The Council ICT suite is also thought to be appropriate at this Level.
- 6.8 Whilst a contemporary approach, it is considered that the design proposal will reflect the architectural and material qualities of the conservation area together with the heritage of the council's area.

Planning, Roads & S75 Implications

- 6.9 Discussions have taken place involving Planning & Transportation and Roads & Design teams which confirm the design approach taken is consistent with current planning policy and the current and emerging Development Plan. There is a potential requirement to construct a new road access on West Bridge Street at the point of access to the MBF site. The detailed design and approach to traffic management at this location will, however, be subject to a detailed traffic impact analysis.

Residual Land

- 6.10 The design approach has also had regard to the proposals for disposal of the remaining balance of the Municipal Buildings (and potentially Kilns House) site for future residential development. It is considered that the site certainly represents an attractive up-scale residential development opportunity given its location. It is currently assumed in the financial appraisal that the combined site (with the MBF site cleared of existing buildings post relocation to new facility) will realise a sum in the range of £2.25-£2.5m gross. Given it is held on the Common Good account, any disposal of Kilns House and environs will require to be subject to due process required in terms of alienation of common good assets.

Demolition

- 6.11 Demolition costs for MBF complex are currently estimated at £500K. The timing of this work will be further considered as the project progresses, however it will take place potentially on a phased basis following relocation of building users and functions to the new office headquarters building and linked to timescales for the replacement Town Hall.

7. Transition Management & Project Enablement

- 7.1 In order to successfully deliver the new office HQ accommodation, there are certain enabling and transition activities which the Council will need to undertake in advance of, during and post the construction phase itself.

a) Project management

In order to ensure the successful delivery of the new HQ office it will be essential to adopt a structured approach to the project management of all Council work streams

and those of the appointed advisors. It is proposed that an experienced full time project manager and ancillary support are appointed to manage the project from Business Case approval through to project completion.

b) Workforce transition planning

In advance of staff moving to a new office environment, a programme of trial working and introduction of new working practices in the existing buildings will need to be planned and implemented. This workplace transition planning will form part of the overall Change Management Plan. Actions will include transfer of paper records to electronic, implementing clean desk policies, developing paperless practices, use of pilot spaces with sample furniture and equipment, etc. Such a space has been identified at Falkirk Stadium to act as a pilot working zone.

c) Move management planning

In advance of building completion the Move Management Plan will require to be established. This plan will provide a checklist of all activities required to make the move from existing facilities. It will not only cover matters of physical transfer (eg moving staff possessions, files, storage, equipment, etc) but also non-physical transfer (eg ICT data transfer, telephone systems etc). Upon building completion the Move Management Plan will need to be mobilised on a prioritised and progressive basis.

d) User Training and familiarisation

A programme of training of staff involved with operational responsibility for the building will require to be undertaken, together with wider staff and user familiarisation.

8. Existing Leased Properties

8.1 Abbotsford House

As noted in the report to June Executive, the potential option of acquiring Abbotsford House is being kept open subject to the Council being able to agree suitable terms with the building owners. However, given lease expiry 31/3/16, contingency planning is currently underway in relation to interim relocation of staff currently based at Abbotsford House to other office accommodation owned by the Council.

8.2 Callendar Square

The lease of the existing One Stop Shop expires on 18/1/16.

Evaluation is continuing in relation to the extent of space required to potentially facilitate future service delivery at this location and in the context of welfare reform considerations. It is suggested that an approach could be to maintain a front facing One-Stop-Shop provision at Callendar Square enabling significant savings on running costs from occupancy of a reduced amount of space. Given the number of customers which the One-Stop-Shop attracts and in turn the significant contribution this makes to the wellbeing of Callendar Square Shopping Centre and the east end of the High St more

generally, it is suggested that the optimum approach is to maintain a Council presence within the Centre, albeit on a reduced scale in terms of floor space. Liaison with agents acting on behalf of the landlord of the Centre remains ongoing with a view to determining the Council's future space requirements, in turn enabling negotiations to take place in respect of any new lease agreement to take effect post expiry of the existing agreement.

9. Development Programme

The development programme will involve 2 key components:

9.1

a) Enabling Road Access

The draft indicative Hubco road access construction programme and sequencing plan) indicates a likely duration of 30 weeks to construct a new junction or roundabout at the access to the site and potentially a further period of time to divert the main services affected by the construction. Service diversion works will also be required. These durations indicate the need to progress this matter in parallel with the New Project Development process. The availability of Hub as a procurement and delivery mechanism means these works could be completed in advance of the HQ office construction commencement.

b) HQ - Design Development and Construction

2 alternative routes are available via HubCo or as a traditional Council led procurement (see para 3.9).

- a. The draft indicative Hubco programme indicates a likely duration for the development of **30 months**. Key dates are:

- Final Council Approval of business case- October 2014
- HubCo confirm stage 1 new project request – October 2014
- Council approve HubCo Stage 1 submission – March 2015
- Design Freeze – May 2015 (no design change thereafter)
- Council approve HubCo Stage 2 submission – September 2015
- HubCo contract finance close – October 2015
- Construction Start - November 2015
- Construction Completion - January 2017
- Relocation Completed – March 2017

- b. The alternative mechanism, with the Council leading design and procuring the contract through Public (Contracts) Scotland indicates a likely duration of **36 months**. Key dates are:

- Final Council Approval of budget case- October 2014
- OJEU/PCS contract notification commences - October 2014
- Council approve outline design report – February 2015
- Council approve final design report – March 2015
- Design Freeze – May 2015 (no design change thereafter)

- Council approve tender action – December 2015
- Tender acceptance – February 2016
- Construction Start - March 2016
- Construction Completion - June 2017
- Relocation Completed – August 2017

10. Financial Considerations & Appraisal

The following tables detail the capital and revenue consequences of the project reflecting the projected expenditure and cash flows over each financial year during the pre-contract and construction period.

These appraisals are based on a capital requirement of £16.591m for the replacement office and civic accommodation.

Reflecting revenue budget savings arising from building relocations, the net revenue costs of the project reflecting borrowing costs are £15k, 2015/16, £312k, 2016/17 with a potential revenue saving of c £262k following project completion and receipt of the capital sum from site disposal.

COUNCIL HQ

<u>CAPITAL COSTS</u>	<u>PROJECT COSTS</u>		<u>SPEND PROFILE</u>						<u>Total</u> <u>£'000</u>
	<u>£'000</u>	<u>£'000</u>	<u>2014/15</u> <u>£'000</u>	<u>2015/16</u> <u>£'000</u>	<u>2016/17</u> <u>£'000</u>	<u>2017/18</u> <u>£'000</u>	<u>2018/19</u> <u>£'000</u>	<u>2019/20</u> <u>£'000</u>	
Build Cost (incl Fees)		14,779	271	3,637	10,702	169			14,779
Construction Cost Inflation		912		391	521				912
Total Construction Costs		15,691	271	4,028	11,223	169	0	0	15,691
Additional Costs:									
IT Infrastructure	1,000				1,000				1,000
Roads Infrastructure	1,000			985	15				1,000
Westbank Acquisition	250			250					250
Westbank Demolition	200			200					200
Municipal Buildings Demolition	500					500			500
Furniture	400					400			400
Total Additional Costs		3,350	0	1,435	1,015	900	0	0	3,350
Total Costs		19,041	271	5,463	12,238	1,069	0	0	19,041

Funding:

Existing Budgets:

Accommodation Budget - Westbank Demolition	-200			-200					-200
Accommodation Budget - General Contribution to Project	-400				-400				-400
		-600	0	-200	-400	0	0	0	-600

Net Cost Before Capital Receipts		18,441	271	5,263	11,838	1,069	0	0	18,441
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Capital Receipts:

Capital Receipt - Municipal Buildings/Kilns House	-1,500							-1,500	-1,500
Capital Receipt - Seabegs Road	-350					-350			-350
Total Capital Receipts		-1,850	0	0	0	-350	0	-1,500	-1,850

<u>Net Council Borrowing After Capital Receipts</u>		<u>16,591</u>	<u>271</u>	<u>5,263</u>	<u>11,838</u>	<u>719</u>	<u>0</u>	<u>-1,500</u>	<u>16,591</u>
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Assumptions

1. All data sourced from Development Services
2. Seabegs Road Receipt - £350k already built into approved Capital Programme 2016/17, therefore only £350k of anticipated £700k capital receipt can be used to fund project.
3. Use of Existing Accommodation Budget - this has already been budgeted for within approved capital programme, therefore can be viewed as a resource to project.
4. ICT Infrastructure included, but no allowance made for ICT development work for mobile and flexible working, the basis on which the new building is predicated.

COUNCIL HQ**REVENUE COSTS**

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>Source of Data</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	
Revenue Budget Savings:								
Abbotsford House	0	814	814	814	814	814	814	Finance
Callendar Square	0	315	315	315	315	315	315	Finance
Municipal Buildings	0	0	680	680	680	680	680	Finance
Total Existing Revenue Budgets	0	1,129	1,808	1,808	1,808	1,808	1,808	
Less Costs to be Funded:								
Abbotsford House - Decant	0	-528						Development Services
Abbotsford House - Dilapidations	0	-500						Development Services
Callendar Square Residual Facility:								
Rent	0	-45						Development Services
Running Costs	0	-38						Development Services
Rates	0	-18						Development Services
Total One Off Costs to be Funded	0	-1,129	0	0	0	0	0	
Net Revenue Savings Available	0	0	1,808	1,808	1,808	1,808	1,808	

								Finance (based on Capital Spend Profile from Dev Serv)
Loan Charges	-15	-312	-990	-1,032	-1,032	-942	-942	
Annual Costs :								
Operating Costs			-237	-237	-237	-237	-237	Development Services
Ongoing Rental/Customer Facility (Callendar Sq)			-83	-83	-83	-83	-83	Development Services
Rates/Carbon Reduction Scheme			-284	-284	-284	-284	-284	Development Services
Total	0	0	-604	-604	-604	-604	-604	
<u>Net Revenue (Deficit)/Savings</u>	<u>-15</u>	<u>-312</u>	<u>214</u>	<u>172</u>	<u>172</u>	<u>262</u>	<u>262</u>	

ASSUMPTIONS

1. Lease for Abbotsford House terminates 31/03/16.
2. Current lease for Callendar Square ends 31/03/16, but Customer Facility will be maintained at an annual Cost of £82,750 (Rent/Running Costs) plus £18,000 Rates (included within £284,516 above).
3. Vacate Municipal Buildings 31/03/17 and move into new HQ 01/04/17
4. Municipal Buildings and Town Hall demolished 2017/18, within 3 months of moving to new HQ, otherwise rates @ 90% payable (full relief for first 3 mths).
5. Cost of decant out of Abbotsford House cannot be quantified, therefore assume that all revenue savings in 2016/17 will be used to fund decant and that there are no savings in revenue budget until 2017/18.
6. Loan Charges are based on profile of spend and assume a 35 year repayment period.
7. There has been no allowance in the figures for a replacement Town Hall.

11. Transitional Arrangements

- 11.1 As noted in para 8 the leases at Abbotsford House and Callendar Square terminate at 26th March 2016 and 18th January 2016 respectively. As the proposed new HQ will not be complete by these dates, 312 FTE staff may be required to temporarily relocate to alternative office space in the event that Abbotsford House is not part of a selected option.
- 11.2 In considering the various options available regard has to be given to the application of new working practices and it is assumed these will be adopted. Capacity will be assessed based broadly on 8 sqm per person and 0.8 desks per FTE in line with the HQ project. This will be adjusted to reflect the layout of each of the offices. It is anticipated any new furniture etc. will be suitable for transfer to the new HQ once complete.
- 11.3 It should be recognised that the Falkirk Council area has no larger office space currently available. The optimum solution will, therefore, be a combination of locations in Council ownership. There are 3 groups of offices which are being considered
- New office space
 - Existing vacant non –operational offices
 - Current operational offices
- 11.4 Options currently include the creation of new office provision at Arnotdale House and Falkirk Stadium, vacant offices at Kerse Road and Spitfire Way in Grangemouth and The Forum at Callendar Business Park. Potentially up to 407 FTEs could be located at these locations. A review of spare capacity at existing office locations is also being undertaken to identify if additional staff can be accommodated.
- 11.5 Detailed costs are currently being assessed for each of the options and an exercise to align services to potential locations will be prepared to inform an options appraisal to be presented at a future committee detailing the most efficient solutions.

12. Delivery Mechanisms

- 12.1 An important consideration within this financial analysis is the option to use hub East Central Scotland as the preferred method of procurement. By virtue of the Council having already entered into the East Central Territory Partnering Agreement, Hubco is pre-procured to deliver this project. As part of the performance of this Business Case development exercise, architects, mechanical and electrical services consultant and civil and structural engineers have been procured using Hubco's supply chain selection process and as such can be used to develop the project through full design and into construction without the need for any further procurement exercise should the Council wish to procure and deliver the project in this manner. It should be noted that the Council would commence to incur costs for the works commissioned in relation to the stages set out in para. 9.1 b) above. The financial projections in section 10 have allowed for the anticipated costs involved.
- 12.2 An alternate delivery mechanism would require the Council to procure both design team support (an extension of Hubco supplied consultancy services may be feasible) and advertising, pre qualification and contractor selection for the contract through Public (Contracts) Scotland, hence the increased programme timescale for this option. It is

further noted that the financial risk would remain with the Council, whereas the Hubco model achieves financial close in September 2015 (assuming no changes to the scope of the project thereafter). The design costs and professional fees element will likewise be incurred via this approach.