

FALKIRK COUNCIL

**Subject: ASSET RATIONALISATION - COUNCIL HEADQUARTERS
PROJECT**
Meeting: FALKIRK COUNCIL
Date: 24 JUNE 2015
Author: DIRECTOR OF DEVELOPMENT SERVICES

1. INTRODUCTION

- 1.1 The purpose of this report is to provide a summary of the work which has been taking place on the HQ project since the previous report to Council on 8 October 2014
- 1.2 At that meeting Council agreed to progress the project on the basis of the report and supporting business case and to initiate the next stage of design for the project, preparing a plan for successful delivery and undertaking public consultation on the proposal.
- 1.3 It was also agreed to progress consideration of options for maintaining a One-Stop Shop presence in Falkirk Town Centre and to continue an options appraisal analysis of potential sites and development of a business case for a replacement Town Hall in conjunction with Falkirk Community Trust.
- 1.4 This report provides information on the work which has since been taking place in terms of progressing the Council HQ project. The report seeks authority to enter into a short term lease extension at Abbotsford House and to progress the town hall replacement facility through an option appraisal including an assessment via the business case being prepared for the new campus being progressed by Forth Valley College.

2. HUBCO PROCESS & PROJECT PROGRESS

- 2.1 A New Project Request (NPR) and budget for the HQ project have now been agreed with Hubco and Robertson Construction, who are the Tier 1 contractor for the East Central Scotland area. The project budget remains in line with that approved by Council in October 2014 and will continue to be refined during the current Stage 1 and future Stage 2 process. The main cost components are currently being verified and earlier assumptions are proving to be robust.
- 2.2 The Tier 1 contractor has appointed the design team and both are working with the Council, as client, to produce a refined scheme based on the business case and the more detailed information currently being collated to produce a client brief.
- 2.3 During Phase 2, which will be after the summer, the brief will further be developed into a set of Authorities Construction Requirements (ACR), which are an output specification that the detailed design is created from. In the autumn, the ACR and the design will be “frozen” and any future changes will lead to significant cost increases and possible timescale slippage.

2.4 As part of Stage 1, a flood study and CCTV drainage survey has been completed. Site investigations have been taking place on site. The transport assessments (TA) will be completed following a survey of travel patterns, recently issued. It is intended that Development Services design and procure the road junction solution once the TA is complete, and preparatory work is being undertaken around the interfaces on utility diversions for ICT, junction improvement and the new building.

3. CONSULTATION

3.1 A programme of consultation and engagement across the Council has been initiated. This is to gather views of members of the public and staff concerning the proposals. Work on the programme commenced on 11th May and will be used to inform the Council prior to the submission of a planning application. The programme is consistent with the Council's consultation policies 'Have Your Say' and complies with the requirements of the pre-application consultation process necessary to support the planning application.

- 11/5 Formal pre application consultation notification to Planning Authority
- 11/5 Email briefing to Members
- 11/5 Information placed on Council Website
- 11/5 Adjoining neighbours notified
- 14 & 15/5 Adverts in Falkirk Herald/Bo'ness Journal - 2nd insertion following week
- 21/5 Meeting of community forum
- W/C 25/5 Staff lunchtime sessions
- June Information on Intranet/Underground
- 2,5 & 6 June Staffed presentation in Howgate Centre
- TBC Article in town centre Traders Newsletter (Falkirk Delivers)
- TBC Article in Business Newsletter
- TBC Article in Council Staff Newsletter
- W/C 22/6 Article in Falkirk Council News

3.2 The 12 week consultation period runs until 31 July, and thereafter a Consultation Report will be produced on the consultation findings. The report on the consultation findings will be brought to a special meeting of Council prior to the planning application being submitted. It is envisaged, subject to Members' agreement, that this will be towards the end of August 2015.

3.3 As part of the above engagement a summary of financial and non financial benefits has been produced conveying the attributes of the project for the Council and its citizens. The majority of the financial benefits were captured within the business case and are being refined as described in para 2.1 above to ensure that our operating model, lifecycle, maintenance and running costs still align to the initial business case. In essence, the Council will gain a brand new office building which allows modern ways of working, in a footprint that is half the size of the buildings it is replacing for less than we are currently spending. A number of other financial benefits have been highlighted in the consultation, for example increases in productivity due to co-location of staff and increased staff efficiency due to mobile and flexible working. These elements are not currently factored into the business case and will inevitably accrue benefits as part of the Council's wider transformation agenda.

3.4 On the non financial benefits, the improvements to building compliance, sustainability, service delivery and economic/community benefit have proved so far to be key considerations with the public who can see the benefits of investment in this spend to save project. Following explanation the consultation has highlighted an acceptance that the Council needs to modernise.

3.5 In summary, the non financial benefits considered important by consultees were as follows:-

- Creation of a new “hub” for Council services with improved customer experience
- New civic building to instil pride and highlight confidence in the regeneration of the town centre
- A statutorily compliant building, including DDA, with ease of access to Council services
- Potential additional expenditure in the town centre to support its business community
- Energy and carbon efficiency in a significantly more sustainable building
- Community benefits to local business and the provision of training opportunities during construction
- Improved traffic flows around West Bridge Street/western town centre

4. SPACE PLANNING

4.1 Consideration of employee and team work styles information collated to date has taken place, and meetings held with affected Managers. This focuses on how services will operate in the new building two years from now, reflecting adoption of more flexible and agile workstyles as the project is rolled out.

4.2 The number of staff to be accommodated in the building is being confirmed along with the anticipated staff numbers to be accommodated at other buildings, eg The Forum or at Callendar Square One-Stop Shop. It is important to note that the Council’s decisions relating to the impact of welfare reform and the review of One-Stop Shop provision will have an impact on the location of staff in these services and resultant numbers to be accommodated.

4.3 More detailed engagement will occur with Members and Services to review service, team and specialist requirements. Storage and meeting room audits are also taking place.

4.4 The next set of discussions with managers on the office HQ space requirements is being held jointly with the team responsible for delivering the Mobile & Flexible (M&F) working project. The linkages between both projects is critical and will help Services recognise the changes to business process necessary for successful delivery. It will also help to start the process of transition in advance of the move to the new building.

5. GOVERNANCE

5.1 Reports on the HQ project are being brought to the Council for approval. A Member-Officer Group meets regularly and the Corporate Management Team has agreed to act as the project board for the project and a project governance structure for the project has been approved as outlined in Appendix 1. In summary, the structure:

- sets the project as an element of the Council's business transformation agenda,
- highlights the relationships between the contracting parties (Hubco, Contractor, Consultants & Council) and
- delineates connections between the decision-making bodies, operational workstreams and existing project groups.

5.2 In relation to the supporting workstreams, the sections below give an update of progress.

6.0 WORK STREAMS

A. Communications

6.1 A coherent communications strategy is required to support the project. This builds on the consultation exercise and incorporates community consultation, briefings for elected members/staff, a set of FAQs and supply of regular information via the website. It requires to convey the changes anticipated as a consequence of the HQ project and demonstrate its likely benefits, including contribution to council objectives.

6.2 A framework for communication has been prepared, encompassing business transformation projects across the Council, including the HQ project and the mobile & flexible working projects. Dissemination of information is taking place via employee briefings, the intranet site (Underground) and the Council website. The main purpose of all of these communications will be to impart information concerning the project and support the transition to new ways of working for Council staff involved.

6.3 Service managers are progressing how their services will operate in the new building. Through workshops with the design/project team, this process will develop the Council's detailed requirements.

B. Information Technology

6.4 The new building anticipates modern working practices optimising the use of mobile and flexible working technologies. A programme of work relating to the provision of supporting ICT infrastructure and the roll-out of the mobile & flexible working technology has been identified

C. Document Management

6.5 Coinciding with the use of modern technology the building will substantially reduce the requirement for paper-based information to be held (a standard of 2 linear metres per person is proposed). A set of standards for document retention across the Council has been developed via the Records Management Group. Services will require to take responsibility for managing the transition to paperless working and any archiving of material required to enable the transfer to the new office HQ to take place.

D. Property Issues

6.6 Westbank

Discussions are progressing with NHS Forth Valley to agree a detailed valuation and Heads of Terms for the acquisition of the Westbank Clinic. The property has been vacated and it is envisaged that it will be demolished during the autumn of 2015

6.7 Abbotsford House

- 6.7.1 Members will recall from previous reports on the proposals for replacement Council Headquarters that the current 20 year lease for Abbotsford House expires on 28 March 2016. The current programme for completion of the new headquarters building (subject to formal approval of Council to proceed) indicates that the building is scheduled for completion during spring 2017, with staff relocation from existing locations thereafter. A solution is therefore required to accommodate staff located at Abbotsford House during the intervening period.
- 6.7.2 The current year's rental of Abbotsford House is £551,000. Following negotiations with the current landlord, Citruz/AV Ltd, a proposal has been received to extend the existing lease for a period of 12 months (and subsequently for periods of 3 months thereafter) on the basis of a annual rental of £200,000. This arrangement would provide the necessary flexibility to enable staff to remain at Abbotsford House post expiry of the existing lease in March 2016, pending relocation to the new headquarters building during 2017.
- 6.7.3 A number of alternative options to accommodate staff currently located at Abbotsford House have been considered. These included looking at other office accommodation within both the Council's own operational and non-operational portfolios. Locations at Callendar Business Park (Hadrian House and The Forum), Falkirk Stadium, Kerse Road and Spitfire Way, Grangemouth were all considered.
- 6.7.4 Given the respective capacities of these locations, no solution was available which would enable the continuing co-location of staff currently accommodated at Abbotsford House. Multi-site use would result in separation of Services currently delivered from Abbotsford House, and as such is not considered to be a business efficient solution.
- 6.7.5 These alternatives would also necessitate expenditure on associated essential upgrading and fit out works including ICT enablement. Additionally there would be the potential opportunity cost of occupying space that might otherwise be made available for let on the open market.
- 6.7.6 The lease, upgrading and removal costs at alternative office locations to enable the interim decant arrangements were previously estimated at £500,000 and will be reduced to £200,000 by remaining at Abbotsford House in the meantime.
- 6.7.7 The most cost effective and business efficient solution is therefore considered to be to finalise arrangements for a short term lease extension at Abbotsford House on the basis outlined at para 6.7.2 above.

6.8 *Callendar Square One-Stop Shop*

Consideration is continuing in relation to Callendar Square One-Stop Shop in order to identify the optimum means of matching accommodation requirements to necessary changes to service delivery arising from welfare reform, introduction of Universal Credit and in the context of relocating 'back office' staff to the new HQ building. It is important to resolve how this aspect of the project is to proceed and confirm the accommodation requirements as a result. Work on this is underway and will be subject of subsequent reports to the Executive.

E. HR & Change Management

6.9 The information contained in paragraph 6A above regarding communications and development of managers' training events refers.

F. Finance

6.10 The project budget is being reviewed on an ongoing basis to reflect updated cost estimates as the design is developed with HubCo and to include, for example, ICT developments.

6.11 The overall capital budget remains consistent with that reported to Council on 12 October last year. Adjustments reflecting changing timescales currently indicate higher initial revenue costs in the first year of project (2017/18) but thereafter with potentially greater savings over the whole life of the project which should offset these costs.

6.12 It is important to note that several assumptions made in preparing the initial budget are still to be finalised as the project and cost implications are fully refined. Also the effect of construction price inflation for a project of this scale is currently estimated at a rate of 4.3% p.a. and amounts to c£1m p.a. However, savings achieved by means of avoiding the costs of an interim decant of staff from Abbotsford House (currently c £390k per annum) will mitigate the impact of this subject to finalised project timescales.

7. TOWN HALL

7.1 The Council previously agreed to adopt a staged approach to the HQ development and to prepare a separate business case considering the options for the replacement of the Town Hall. Discussions have subsequently been taking place with Falkirk Community Trust and involving Creative Scotland regarding the preferred nature and potential functions to be served by a replacement Town Hall facility.

7.2 Recent preliminary discussions have taken place with Forth Valley College, who have expressed an interest in exploring whether a joint solution in the provision of a replacement arts facility, aligned to the new Falkirk College Campus proposal, might be feasible. This builds on work involving the Council, College and the Community Trust to extend the range of activities undertaken in relation to education and training and the development of cultural and leisure activities serving the community.

- 7.3 Falkirk Community Trust have provided an outline brief for a replacement Town Hall facility, and this is being considered by Forth Valley College as a potential option. Should members wish to proceed with examination of this option, Forth Valley College has asked that the Council enter into an agreement to prepare a business case to establish the feasibility of this option.
- 7.4 The agreement with Forth Valley College would require that the Council would meet the additional costs involved in the business case considering this element of the new facilities to be provided at the new campus. Should the Council and Community Trust agree to proceed with this option, a Development and Interface Agreement would be established governing the joint relationship between each party in the provision and use of the new facility and would involve the Council meeting the additional costs involved in the provision of the arts facility and any related components of the development.
- 7.5 Coinciding with this work, a further site option appraisal, including sites owned by the Council in and on the periphery of Falkirk Town Centre, is also taking place. This exercise will inform a report for the Council on the replacement facility provision and an appraisal of options for its location, balancing affordability with the aspiration to provide a high quality replacement facility that meets the aspirations of the Council.

8. CONCLUSIONS

- 8.1 Following the decision of Council on 8 October 2014, a significant amount of work has been taking place in connection with progressing the Stage 1 design process for the new Council HQ building.
- 8.2 Aligned to this, a programme of activities is being progressed in relation to each of the associated workstreams as detailed in this report.
- 8.3 Meantime, discussions with the landlord of Abbotsford House have resulted in a cost effective lease extension proposal being made available to the Council, enabling the staff at this location to remain beyond current lease expiry 28 March 2016, pending relocation to the new HQ building on completion during 2017.
- 8.4 The option to consider the potential provision of a new arts facility co-located with the proposed Forth Valley College Campus offers important opportunities and it is suggested that the Council should enter into an agreement with Forth Valley College to examine this amongst a range of other options.
- 8.5 It is proposed that further reports be supplied to the Council conveying the outcomes of the consultation process on the office HQ projects and setting out the implications for design and delivery of the replacement facility. A report will also be supplied on the option appraisal and outcome of the work to prepare a business case for the co-location of the replacement arts facility in the new College Campus alongside consideration of other options.

9. RECOMMENDATIONS

9.1 It is recommended that the Council agrees to

1. note progress with Stage 1 design of the HQ project, the associated workstreams and the consultation, as agreed by Members at the meeting of Full Council on 8th October 2014, currently taking place.
2. extend the existing lease of Abbotsford House for a period of 12 months, with the option of 3 monthly extensions thereafter on the basis of an annual rental of £200,000.
3. participate in the business case and option appraisal exercise taking place involving Forth Valley College and Falkirk Community Trust in order to consider the optimum approach to provision of a replacement Town Hall/arts facility.
4. receive further reports on the outcome of the above programme of work.

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Director of Development Services

Date: 12th June 2015

BACKGROUND PAPERS

1. Report to Falkirk Council – 8th October, 2014

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

HQ PROJECT GOVERNANCE STRUCTURE

