

## FALKIRK COUCIL

**Subject: BUSINESS TRANSFORMATION – STRATEGIC PROPERTY REVIEW**  
**Meeting: EXECUTIVE**  
**Date: 17 May 2016**  
**Author: DIRECTOR OF DEVELOPMENT SERVICES**

### 1.0 INTRODUCTION

- 1.1 The purpose of this report is to advise the Executive of proposals to progress a strategic review of the Council's operational properties and seek agreement to the scope of work, project plan and facilitation of the work by Hub Co.

### 2.0 BACKGROUND

- 2.1 At its meeting on 16<sup>th</sup> December 2015 it was reported to the Council that an overarching review of the operational property estate would be carried out. This exercise is also proposed to enable delivery of savings related to the Falkirk Community Trust (FCT) Business Plan. It will assist consideration of options relating to efficiency savings for the Council and FCT and is to examine, for example, co-location, rationalisation, savings from property and other running costs and potential closures of operational buildings. The outcome of the review is to inform the preparation of the 2017-18 budget and subsequent budgets. The work will align with a portfolio of strategic reviews approved by Council as part of the budget report in February 2016.
- 2.2 The Business Transformation Board at its meeting on 12 January 2016 were advised of the approach to the review and were updated on several other property related projects currently progressing with a view to generating savings. This report recognises that considerable work has already been undertaken to appraise the Council's asset portfolio as context for the review.
- 2.3 The purpose of the review is, therefore, to produce proposals for consideration by Members which will help inform the next round of the budget process. A comprehensive review of this nature would be likely to take a significant period of time to complete, however, given the constraints imposed by an August 2016 reporting deadline, a streamlined process to provide initial findings will be required. An effective interface between this review and other budget related reviews will also be maintained.
- 2.4 To facilitate this exercise Hub East Central Scotland (HubCo) has agreed to allocate enabling funds to the project and has assisted with the development of a project plan, set out later in this report to expedite the work.

### 3.0 SCOPE OF REVIEW

- 3.1 The intent of the Review is to provide recommendations for:
- the integration of business planning with strategic property management to derive savings from the portfolio.
  - restructuring of the portfolio to meet or support future service and customer demands and balance this with affordability.
  - delivery of a more efficient portfolio utilising properties that are more cost effective and flexible.

- co-ordination and integration of business transformation, service and property reviews to inform outcomes.

3.2 The scope of the Review involves an initial assessment of:

- the identified customer need within each locality, community or the overall Council area
- a more detailed understanding of current service delivery models / property use / capacity and service delivery costs, together with future affordability
- the current and anticipated demand for services over the next 5 to 10 years
- the role of the Council and other providers
- opportunities for colocation or sharing services / properties with partners reflecting affordability and alternative service delivery models,
- deliverable and acceptable outcomes in policy terms. This must be clear from the outset in order that the review exercise is meaningful.
- the potential impact of community asset transfer arising from the outcomes of the review

3.3 The above information, together with work that has been undertaken concerning existing property specific asset management data e.g. condition, suitability in terms of customer expectation, running costs, and locational data, will inform the optimum property solution or options necessary to achieve significant savings.

3.4 The overall target for the review is to identify significant savings options from the operational property portfolio (costing c £22.28m p.a ). A breakdown of these costs as they relate to property types is attached at Appendix 1. The portfolio includes those assets examined recently in terms of the Council's review of office headquarter requirements, considered by the Council in its meeting on 11 May. The outcome of the Council's decision will be a consideration in progressing the review.

3.5 It is anticipated that the outcome of the review will be the preparation of service and locality asset plans identifying, for example:

- Key areas and locations where service need is identified
- A list of "core" properties providing the flexibility to meet future community needs and removing any duplication
- Alternative options focussing on a move away from single service locations
- Potential options for closure and disposal / reuse etc
- Co-location, sharing and intensification of use within core properties
- Reinvestment strategy / budget realignment for retained properties
- Potential opportunities for affordable new and more sustainable assets

## 4.0 PROJECT PLAN

4.1 The review will consist of 2 main phases with early outputs from the first phase to inform budget preparation for 2017/18 and more detailed locality assessments thereafter, from which further detailed work programmes will be derived.

4.2 Phase 1 will focus on establishing a forecast of spatial need through assessment of service delivery options and initial evaluation of property options to meet this demand on a best value basis. The outcomes will provide:

- i) An assessment of the Council's anticipated space requirements
- ii) A notional allocation across localities/services
- iii) Assessment of current properties likely to meet need and those that don't
- iv) Options for future configuration
- v) Analysis of current costs vs future based on initial assessment

4.3 A series of workshops and collection of data is planned over an estimated 14 week period which will involve significant input from Council services. Appendix 2 summarises the anticipated programme for the first phase of work.

4.4 This process involves:

**a) Data capture** a precursor to area reviews in order to;

- make the proximity, gaps and overlaps in asset provision apparent;
- focus discussions to identify opportunities for rationalisation, co-location etc
- provides a common basis for analysing service and asset data;
- show the property type and spatial relationship of users and assets;
- quantify demand, use and capacity etc.

**b) Assessment of Service Need**

Based within the context of the Strategic Community Plan, consideration will be given to demographics, health and wellbeing, socio economic factors as well as potential future demand / customers. Current models and approaches to service delivery will need to be considered, for example:

- the capacity for the Council to continue delivering the service
- can it be delivered in a different way
- options to share service provision across partners or a wider area
- synergies with other Council uses or developments to inform co-location options to meet the community need.

4.5 The exercise will also include consideration for any potential interest from the community, services and partners arising from the implementation of the Community Empowerment Act.

4.6 After completion of Phase 1 it is anticipated that a second phase of work over a longer period will be required to consider more detailed application of options across localities. This will be contingent on the outcomes of the initial phase and will be subject of a future report.

## 5.0 GOVERNANCE

5.1 The process will be progressed by the Corporate Asset Management Group (CAMG) reporting as appropriate to CMT, FCT Board and Executive and liaising as appropriate with the Policy Development Panel for FCT. Specific proposals arising from the exercise outwith delegated authority will require decisions of the Executive or Council as necessary.

- 5.2 This is a corporate exercise involving all Council services as appropriate. The timescale for completing the project is August 2016 although it is recognised that this will relate to the initial phase of work.

## **6.0 IMPLICATIONS**

### **6.1 *Policy***

The Council's Corporate Plan sets out how the Council will effectively manage its property portfolio through the implementation of the Corporate Asset Management Strategy "Better Assets, Better Services". This is aligned with the joint Forth Valley Strategic Asset Management Strategy "Making the most of Property and Assets" developed in conjunction with public sector partners.

This approach is also consistent with the Council's Property Asset Management Plan which identifies Area Reviews as one of 4 key cross cutting corporate efficiency initiatives.

The strategic property review will form the basis of an updated Property Asset Management Plan aligned to the restructuring of the property portfolio to meet future demands for services within the Council's available financial resources.

### **6.2 *Personnel***

Significant input of staff time from all Council services is required to progress and inform the review.

### **6.3 *Financial***

HubCo has indicated that enabling funds are available of £25,000 initially and provision for up to £100,000 to complete the phase 1 review. There will be no cost to the Council associated with completion of the initial phase of the review as detailed above. HubCo indicate that there will be no obligation to commission future works from the company arising as an outcome of the review but that this option is available should the Council choose to proceed by this route.

### **6.4 *Legal***

An agreement is required with HubCo to provide the support to facilitate and expedite the review

## **7.0 CONCLUSION**

- 7.1 The proposal for this strategic review of assets recognises that the Council needs to reduce the number of properties it occupies and their associated costs. The purpose of the review is to analyse the current stock of Council assets against collective service needs, identifying options for rationalisation, disposal and reinvestment, all in the context of the need for substantial revenue budget savings.
- 7.2 The approach and potential outcomes requires to challenge the rationale for holding onto assets, actively evaluating opportunities to share, relocate, reinvest, reduce, or dispose of assets while maintaining affordable and effective service delivery.

- 7.3 The review will aim to highlight a number of locality and alternative service delivery based solutions including, where possible, potential options for collaboration or early wins. However, some options will be more complex and will require further detailed business cases or option appraisals.

## **8.0 RECOMMENDATIONS**

### **8.1 It is recommended that the Executive approves:-**

- i) the scope of the Strategic Property Review and Project Plan as detailed in the report**
- ii) the appointment of HubCo to progress the review as set out in this report.**

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Director of Development Services

Date: 5 May 2016

Contact Officer: Craig Isdale extn 4811

## **LIST OF BACKGROUND PAPERS**

- 1. Corporate Asset Management Strategy
- 2. Property Asset Management Plan

Anyone wishing to inspect background papers should contact Craig Isdale on extn 4811.

## Property Costs by Type (2014/15)

Property Type	GIA (sqm)	Total Cost	% of Total
Primary Schools	115,710	£7,308,998	32.81
Secondary Schools	129,185	£5,123,109	23.00
Offices	30,754	£3,409,155	15.30
Depots	18,146	£1,537,614	6.90
Sports Centres	27,186	£1,203,205	5.40
Residential Homes & Day Centres	13,413	£956,655	4.29
Community Buildings	14,761	£708,391	3.18
Nursery Schools	4,735	£412,734	1.85
One Stop Shops	2,521	£388,718	1.74
Libraries	5,348	£266,228	1.20
Crematorium	772	£190,026	0.85
Museums	3,990	£177,386	0.80
Misc	1,797	£151,415	0.68
Town Halls	5,147	£149,792	0.67
Special Schools	41,665	£93,042	0.42
Park Buildings	1,449	£89,019	0.40
Public Conveniences	473	£61,641	0.28
Registrars	717	£49,916	0.22
<b>Total</b>		<b>£22,277,043</b>	<b>100.00</b>

### High Level Programme and Activity Plan

Phase 1 of the Strategic Property Review will be undertaken over an anticipated 14 week core period and involve a 2 part process and a 2 week preparation period between Parts 1 and 2.

#### PART 1

Week	Summary of work focus in the Period
	<ul style="list-style-type: none"> <li>Pre-commencement briefing session to establish the parameters of the overall exercise and likely individuals who will be involved</li> <li>Completion by Council of Service Overview pro-formas</li> <li>Interviews with Heads of Service</li> </ul>
1	<b>Workshop No.1 – Focus:</b> Overview of the process, sense checking Service Overview information and commencement of demand modelling discussion
2	Analysis and development of workshop No.1 outputs, provision by Council of supplementary information and preparation by Hubco for Workshop No.2
3	<b>Workshop No.2 – Focus:</b> Conclusion of demand modelling and commencement Service Response discussion
4	Analysis and development of workshop No.2 outputs, further consideration of the Demand Modelling Scenarios and preparation by Hubco for workshop No.3
5	<b>Workshop No.3 – Focus:</b> Conclusion of Service Response discussion and commencement of strategic functional brief discussion
6	Analysis of and development of workshop No.3 outputs and preparation by Hubco for workshop No.4 based on the outputs of Workshop No.3
7	<b>Workshop No.4 – Focus:</b> Conclusion of strategic functional brief discussion
8	Capture all outputs in the form of Briefing Documents for Part 2

#### PART 2

This Option Appraisal & Feasibility Review will be undertaken over a 6 week core period and involve 3 workshops.

Week	Summary of work focus in the Period
	<ul style="list-style-type: none"> <li>Preparation by Hubco and its advisors considering the strategic functional briefs and better understanding the properties that comprise the estate</li> <li>Desktop review of property floor layouts and condition reports</li> <li>Site walk-about with the Council to better understand the context of key properties in each locality</li> </ul>
1	<b>Workshop No.1 – Focus:</b> Overview of the process, sense checking the functional briefs, consideration of option evaluation criteria and commencement of developing the spatial design concepts and the
2	Analysis and development of workshop No.1 outputs, preparation by Hubco for Workshop No.2
3	<b>Workshop No.2 – Focus:</b> Conclusion of spatial design concepts, identification of spatial options, agreement of assumptions to be used for allocation of space for each locality and initial discussion around building operating costs
4	Analysis and development of workshop No.2 outputs and preparation by Hubco for Workshop No.3
5	<b>Workshop No.3 – Focus:</b> Confirmation of options, non-financial evaluation of options and review of sufficiency of outputs generated
6	Conclude close out actions and issue Draft Report for comment (including proposed next steps)