

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is a shield divided into four quadrants. The top-left quadrant shows a sailing ship on wavy lines representing water. The top-right quadrant shows a stag's head with large antlers. The bottom-left quadrant shows a beaver. The bottom-right quadrant shows a grizzly bear. Above the shield is a crown with four maple leaves. A banner at the bottom of the shield contains the motto "A NE FOR A".

## **Agenda Item 8**

### **Strategic Property Review : Update**

**FALKIRK COUNCIL**

**Title:** Strategic Property Review : Update  
**Meeting:** Falkirk Council  
**Date:** 28 June 2017  
**Submitted By:** Director of Development Services

**1. Purpose of Report**

- 1.1 This report updates Council on the work of strategic property review (SPR) and seeks agreement on the next steps for delivery.

**2. Recommendations**

**2.1 It is recommended that the Council:**

- a) notes progress on the strategic property review and agrees to progress the next phase of the review, including a further meeting of the Member working group
- b) notes the progress on the survey work undertaken in the Municipal Buildings complex
- c) agrees to further developing options for delivery of the headquarters project by undertaking an initial market testing exercise for suitable regeneration projects in Falkirk town centre which might enable delivery of the civic office headquarters and arts centre
- d) agrees that a programme of interim office solutions, including for staff currently located at Abbotsford House and Callendar Square, be prepared for consideration by the Executive in August
- e) agrees that future reports on the strategic property review be considered by the Executive

**3. Background**

- 3.1 The next phase of the SPR is underway and work is being finalised with all Council Services and Falkirk Community Trust to establish current and future asset requirements. Following the recommendations arising from the first phase of work, it is proposed to bring forward a programme to rationalise the accommodation occupied by the Council, disposing of surplus assets and investing in those necessary to retain for service delivery, all in the context of the sustainability requirements referred to later in this report.
- 3.2 The review includes work to establish the Council's future office needs reflecting the balance of 'customer facing' and 'back office' facilities, the roll out of mobile and flexible working and development of new locality based advice hubs. Coinciding with this, a comprehensive condition survey of the Municipal Buildings has been undertaken to determine its capacity for refurbishment. The information that will be provided by this survey will enable a set of options to be considered and a way forward reached for the Council's headquarters project.

#### **4. Strategic property review Workstreams & Progress**

4.1 The report to a special meeting of the Council in December 2016 summarised the progress of Phase 1. It identified that the Council:

- has 296 operational properties, extending to over 378,000m<sup>2</sup>
- it has 28 offices extending to 31,000m<sup>2</sup>
- assets are substantially under-occupied with 80% accommodating less than 10 FTEs
- the property estate costs £21.89m annually
- office costs are £3.28m (2015/16), a cost of £2050 per FTE
- the estate is deteriorating and has an investment requirement of c£180m

The report indicated the range of assets in each area, a performance rating and proposals in relation to the prospects for retention, closure, community asset transfer or review to confirm future requirements. This work has been further refined and options for closure and/or disposal require to be considered by the Member working group, established by the Council for this purpose, prior to recommendations being made to Members.

4.2 Meantime, a series of workstreams are being progressed in the second phase of the review, examining:

- Offices
- Locality needs
- School estate, and
- Specialist facilities

It is intended to examine Council assets previously identified for review/retention on a locality by locality basis in order to bring forward recommendations for rationalisation and, where necessary, disposal via the market or community asset transfer.

4.3 It must be recognised that design standards for public sector buildings are becoming ever more stringent. The Scottish Government has indicated in recent consultations its intention to introduce mandatory requirement for emissions from public buildings to fall by 98% by 2032 based on 2014 levels. This will be a significant factor in the review exercise. The Council should not be retaining, in the long term, properties where it is not economically viable to adapt them to meet these standards.

4.4 The main focus of activity currently is in relation to the Council's office requirements where early resolution of the way forward is necessary to address issues concerning the condition of existing accommodation and termination of external leases.

##### ***Office headquarters project***

4.5 The Council previously considered its options in relation to the headquarters project. The Municipal Buildings complex (comprising the offices, civic accommodation and Falkirk Town Hall) has reached the end of its serviceable life. Reports to Members have emphasised that the Council faces a substantial risk of failure in the building's fabric or systems which could have a significant adverse impact on service delivery and working conditions.

4.6 Options for refurbishment or a new build replacement of the Municipal buildings have been considered by the Council, however, a way forward has not, so far, been determined, Members previously expressing a clear preference that this be a matter

for the new Council. The prospect of market testing, to determine if a solution involving town centre regeneration has also been considered. In light of the evident risks facing the existing building, the options available require to be considered and decisions reached quickly on how matters should progress.

- 4.7 Following agreement by Council, a further condition survey has been undertaken of the Municipal Buildings complex. The information provided by the survey is currently still being examined in detail to inform updated estimates and recommendations in respect of this option.
- 4.8 In relation to the market testing option, interests in town centre regeneration projects, offering potential for the provision of a civic complex, have been highlighted to officers. Details of these were given at a meeting of the Member working group in February this year.
- 4.9 There is potential to test the market to determine if regeneration projects that might supply a new civic complex can be delivered. This exercise would adopt the specifications previously set for the provision of the office and arts centre buildings which involved provision of:
- a) a c500 deskpace open-plan office suitable for modern office working practice
  - b) civic accommodation for the Council, its committees and (at suitable times) community organisations
  - c) a modern arts centre facility with minimum 500 seat capacity and attendant rehearsal, reception and ancillary facilities
  - d) buildings harnessing design and technology to minimise carbon emissions

This specification can be presented to seek initial expressions of interest with a view to a formal tendering exercise in due course, should the Council be minded to proceed with this option. Expressions of interest would seek details of the available site, its means of delivery, anticipated costs and the economic regeneration benefits that might arise from proceeding. Where possible these projects should demonstrate a connection with the development of the business case for the Investment Zone which aims to capture projects offering significant economic benefit to the area.

- 4.10 It is proposed to issue requests for these expressions of interest, to be submitted by end August 2017, as a basis to recommend the next stage of work on the project. The results of this work, and that described in para 4.7, can be reported to a future meeting of the Executive to allow speedy decisions to be made.
- 4.11 Meantime the leases of office buildings currently occupied at Abbotsford House and Callendar Square terminate imminently. While continued occupation might be negotiated, the terms may not represent best value for the Council and therefore alternatives must be considered. In view of the timescales involved it is proposed to prepare a set of options for interim office solutions for a decision at the Executive in August.

## **5 Consultation**

- 5.1 Consultation with Services is ongoing. Consultation was previously undertaken on the headquarters project as part of the planning application process. A fresh application may be required depending on the option pursued.

## **6 Implications**

### **Financial**

- 6.1 The SPR is intended as a catalyst for change in the service delivery operations of the Council. It will assist the introduction of more modern and efficient ways of working and enhancement of provision for customers and service users. It is intended that property related savings will be reinvested in those assets that the Council wishes to retain.
- 6.2 The February 2017 Council meeting agreed capital funds of £2.2m in the 3-year general services capital programme to support the review. Any initial works relating to the SPR workstreams, including the development of proposals relating to the office headquarters, can be supported from this fund. Hubco has indicated that it will provide up to £100,000 to assist with the work on the review.

### **Resources**

- 6.3 Development Services is coordinating the strategic property review in liaison with Council services and with assistance from the Hubco team.

### **Legal**

- 6.4 None at this time. External legal advice may be necessary should the Council require to proceed with the procurement of a regeneration project involving provision of the headquarters accommodation.

### **Risk**

- 6.5 A risk matrix is being maintained for the key projects associated with the review including the Council HQ project. This reinforces the urgency with which work relating to the civic and office headquarters project requires to take place and, as a consequence, the need for an early report back to members suggesting the way forward.

### **Equalities**

- 6.6 The next stages of the review and design work on the office headquarters project will ensure that the scope of works meets the needs of protected groups.

### **Sustainability/Environmental Impact**

- 6.7 It should be noted that the Scottish Government is consulting on a Scottish Energy Strategy, which proposes a mandatory requirement for emissions from our non-domestic properties to fall by 98% by 2032 based on 2014 levels. This will have an impact on the review generally and will significantly influence the recommendations coming forward in relation to retention of elements of the existing portfolio.

## **7 Conclusions**

- 7.1 The SPR has identified that the Council requires to rationalise its asset base, invest in buildings that it needs to retain and dispose of surplus properties to underpin future spending priorities. The review's four workstreams are an important means of progressing this work.
- 7.2 The work on the office headquarters facility is of particular significance as this aims to resolve the accommodation needs of the largest cohort of staff (c500FTE) including those accommodated at the Municipal Buildings, Abbotsford House and Callendar Square. There will be a need to move on swiftly with progressing this project once detailed analysis of the condition survey information and its implications are

complete. In the meantime it is suggested that the Council moves forward by conducting a market testing exercise. This will seek initial expressions of interest from the market to identify projects which would deliver the Council's civic and office headquarters as well as arts centre provision, while contributing significantly to the regeneration of the town centre and the development of the Investment Zone project.

- 7.3 In view of the urgent need to move forward on this work it is proposed that, in future, reports be presented to the Executive.

.....  
Director of Development Services

Author – Douglas Duff, Head of Planning & Economic Development – 01324 504952  
[douglas.duff@falkirk.gov.uk](mailto:douglas.duff@falkirk.gov.uk)

Date: 16 June 2017

## **APPENDICES**

### **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973