



Agenda Item 9

Strategic Property Review – Office Accommodation (Abbotsford House)

FALKIRK COUNCIL

Title: Strategic Property Review – Office Accommodation
(Abbotsford House)
Meeting: Executive
Date: 15 August 2017
Submitted By: Director of Development Services

1. Purpose of Report

1.1 The purpose of this report is to advise on the work undertaken to date examining office accommodation options for staff currently occupying Abbotsford House and to recommend next steps.

2. Recommendations

2.1 The Executive is asked to agree:-

- (i) to authorise the Director of Development Services to submit a planning application for the change of use of Suite 1B at Falkirk Community Stadium to office accommodation to assist its appraisal of options for location of Abbotsford House staff**
- (ii) to receive a further report at its next meeting.**

3. Background

3.1 The Council agreed on 28 June 2017 that an interim office solution for staff currently located at Abbotsford House be prepared and a report be brought back to this meeting of the Executive.

4. Considerations

4.1 As Members are aware Development Services staff are accommodated within Abbotsford House. There are 240 (225 FTE) members of staff working from this property. This is a property owned by private sector interests which the Council occupies on a leasehold basis. This lease is due to terminate at the end of September 2018.

4.2 The property, as was anticipated in a report to Council on 19 December 2016, was sold earlier this year and the Council now has a new landlord. This landlord, again as anticipated, has approached the Council to offer to extend the lease from September 2018 to allow the Service to remain in place.

- 4.3 Whilst continuing to occupy these premises as a tenant would not fully align with the general thrust of the principles underpinning the Council's Strategic Property Review, it would, pending a move to a new Council HQ, avoid the cost and disruption of a double move.
- 4.4 However, the terms currently on offer from the landlord, although improved from those available and intimated to Council in December 2016, would involve a long term commitment to a lease at a still substantial rent. Accordingly these are not terms, given the alternative options referred to later in this report, that could be recommended for acceptance.
- 4.5 The landlord has not offered to sell the property at this time, although a disposal to the Council is something that the landlord may consider. This would address the issue described above of the Council continuing to occupy rented property but any fruitful discussion would be subject, of course, to the landlord being willing to sell and the disposal being at a price acceptable to the Council as advised by the District Valuer. The landlord is aware, however, of these circumstances and the timescale involved for making decisions on the way forward.
- 4.6 Officers have been undertaking an appraisal exercise of options available for relocation of the staff cohort from Abbotsford House in the expectation that continued occupation, either as tenants or owners might not be in the best interests of the Council. It is proposed that a report on these options is presented to the next meeting of the Executive.
- 4.7 Examination of alternative office accommodation provided by other private sector providers has not yielded positive outcomes. Other properties on the market that would accommodate the relevant number of staff, even in more than one location, are scarce. They would require not insubstantial investment to render them fit for purpose and have practical problems such as public access (Development Services provide a range of public facing services) and parking. In addition they would command rental and service charge payments and a likely dilapidations bill at the end of the lease term. Further, there is a risk that they could be withdrawn from the market at any time. As a consequence, therefore, these should not be pursued.
- 4.8 A better relocation option is to seek to effect the temporary move of the staff to a property or properties within Council ownership. There are challenges associated with successful completion of this exercise as such properties, in general terms, are in poor condition and are not of a scale to accommodate the numbers anticipated without distributing staff so widely as to damage effective service delivery to an unacceptable degree.
- 4.9 A number of options involving Council properties remain under consideration but all those that are of sufficient size and have a realistic prospect of success involve utilisation of suite 1B at Falkirk Community Stadium, this being the vacant space within the first floor of the building opposite the offices of Falkirk Community Trust (FCT). The space would require fit out in the same way as was undertaken to the FCT office opposite, and would allow a significant number of staff to be accommodated by adopting modern working practices.

- 4.10 The stadium complex is a landmark building in the area and will be a key component of the Council's Gateway project. Fitting out of suite 1B will involve capital expenditure but will create modern, flexible workspace and prove an investment in Council owned property.
- 4.11 Further work needs to be done to fully complete the option appraisal exercise including final costing of the various options. This will allow a report to be brought to the September meeting of the Executive on the final shape of the relocation offering. However, in the meantime, given that the timetable for delivery of whatever of the relocation options is selected is challenging, preparatory work requires to be started immediately.
- 4.12 At this time, this will comprise no more than the submission of a planning application, albeit there will be costs associated with this work, estimated to be circa £4,000. The stadium facility is in the ownership of Falkirk Community Stadium Limited (FCSL), which is a wholly owned subsidiary of the Council. Whilst formal agreement with the Company will be required, it is not anticipated that this will be problematic and informal discussions have already taken place.
- 4.13 Given the timescales involved in design, procurement and installation for a fit out of Suite 1B prior to the lease expiry for Abbotsford House it is intention to commission HubCo to deliver the fit out project. This is in line with Scottish Government guidance and would reduce the risk in programme timescales in procurement terms. This is particularly relevant as the intention is to carry out the dilapidations work to Abbotsford House prior to termination of the lease.

5 Consultations

- 5.1 Consultation with other potentially affected services is ongoing.

6 Implications

Financial

- 6.1 Financial implications arising from the recommendations of this report relate only to the estimated £4,000 for the submission of a planning application which will be met from the capital budget. Full costing information for options will be prepared and included in the report to the Executive in September.

Resources

- 6.2 Staff resource will be in house other than design services required from Hubco for the submission of the planning application.

Legal

6.3 None

Risk

6.4 The primary risks associated with moving out of Abbotsford House relate to the time it will take to provide suitable alternative accommodation. A full risk assessment will form part of the report to the Executive in September.

Equalities

6.5 N/A

Sustainability/Environmental Impact

6.6 Information will be provide in the September report

7 Conclusions

7.1 Development Services, and its predecessor service, has occupied the property at Abbotsford House in Bainsford since local government reorganisation in 1996. It is well settled there and co-location of its various elements provides significant advantages in terms of service delivery, particularly in front facing public services. Whilst there are clear advantages in remaining in this location until relocation to a new Council headquarters solution is available, the terms of continued occupation currently on offer cannot be recommended for acceptance. It is not impossible that these will change but that should not be considered likely.

7.2 Accordingly, alternative accommodation options must be identified and assessed. Whilst a number of detailed accommodation configurations are nearing completion and will be brought to Members for a final decision in early course, all involve utilisation of the vacant space within Falkirk Community Stadium and the process to make this accommodation available in time should commence now.

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Director of Development Services

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Date: 19 July 2017

Appendices:

None

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:

- Strategic Property Review files