

FALKIRK COUNCIL

**Subject: COUNCIL HEADQUARTERS ACCOMMODATION
OFFICE RE-PROVISION**
Meeting: EXECUTIVE
Date: 17 JUNE 2014
Author: DIRECTOR OF DEVELOPMENT SERVICES

1.0 INTRODUCTION

- 1.1 The purpose of this report is to provide a brief update of progress and to consider options for the preferred location for provision of the new office headquarters building.

2.0 BACKGROUND

- 2.1 At its meeting on 25 February, the Executive agreed that work on the full business case for the Council office headquarters building be progressed. This was to proceed on the basis of Option 4a as identified in the report, i.e. a 'staged' approach to delivery of the project, examining the requirements initially for the office headquarters, with further work to be undertaken to confirm requirements for a town hall replacement.
- 2.2 It was agreed that, in respect of the new office provision, this would be based on a general standard for net floor space of 8 sq.m/FTE and 0.8 desks per FTE, principally accommodating the occupants of the Municipal Buildings, Abbotsford House and Callander Square. This approach is consistent with the introduction of flexible working practices enabling efficiencies in both construction costs and running costs of the new building to be identified together with enabling staff to work more flexibly.
- 2.3 The Executive agreed that a Member/Officer Working Group be convened to progress this work. The group has met on two occasions and is supported by a Steering Group of officers from the services involved in the project.

3.0 SITE OPTIONS

- 3.1 As previously reported to the Executive, the undernoted sites have been considered during the course of the work on the outline business case.
- i) The existing Municipal Buildings site
 - ii) Meeks Rd car-park
 - iii) Melville St car-park
 - iv) Land to south of Falkirk Stadium

v) Land at Falkirk Gateway

- 3.2 Each site is owned by the Council (currently through Falkirk Community Stadium Ltd in the case of the site at Falkirk Stadium) hence these are, in the main, within the control of the Council. In addition, future proposals for Abbotsford House (leased by the Council) have been considered. Initial views on each site have been sought from planning and roads advisors and further consultation will be necessary on the requirements for the preferred site. Location plans of each are attached to this report for information.
- 3.3 The key considerations and characteristics of each site in considering a preferred location for the new office headquarters are as follows (plans attached):

1) *Site at Municipal Buildings, Falkirk.*

In terms of the initial work done as part of the outline business case, it has been established in principle that it would be possible to construct the new office building within the area to the front of the existing Municipal Buildings.

In addition, discussions with NHS Forth Valley have indicated that the property at Westbank (currently being vacated) would also be available for inclusion within the development site, thus enabling additional flexibility around design and siting of the new office building. This would also enhance the potential for any future sale of the balance of the site no longer required by the Council.

Reconsideration of the access arrangements from West Bridge St, fronting the site, would be required with possibly a roundabout or traffic signals.

The site lies within the Town Centre boundary in the adopted Local Plan and the proposed Local Development Plan (LDP), and this option would be consistent in principle with the development plan.

A new office building on the existing site would retain and enhance the substantial staff presence in close proximity to Falkirk town centre and provide a central and accessible location for the new facility.

The prominent road frontage location on the main access into the town from the west would provide an opportunity to create a high quality building reflective of the Council's aspirations for its area.

2) *Meeks Road Car-Park*

Whilst close to the town centre, the site is physically separated by the railway line, Falkirk Grahamston Station and the orbital road.

Given its adjacency to the railway line, detailed discussions and dialogue with Network Rail would be required on some aspects of the methods and programming of construction.

Whilst the office building could be accommodated on the site, the impact of the loss of car parking spaces adjacent to Falkirk Grahamston station requires to be borne in mind. There might be increased overspill parking in the Grahamston residential area.

In addition it is likely that a development of this scale at this location would adversely impact on traffic flows at the B902 Grahams Rd/Meeks Rd mini roundabout junction adjacent to Central Retail Park.

Access will require to be maintained to the station during the construction period and thereafter which will be likely to present a number of logistical challenges and design constraints.

The site lies with the Town Centre boundary in the adopted Local Plan and the proposed LDP. Loss of parking would potentially be contrary to Local Plan policy ST10, although in the proposed LDP the site is included in the Grahamston Opportunity Area (M08) which is recognised as having a range of enhancement and redevelopment opportunities. Subject to satisfactory resolution of parking issues, this option would be consistent in principle with the development plan.

3) *Melville St Car-Park*

Whilst the site represents a potentially attractive town centre location, the size of the site represents a very significant constraint on development. The site is within the designated town centre conservation area and some adjacent buildings are listed.

Utilising this site for the office building would result in close to 100% site coverage by the building footprint with only minimal surrounding landscaping and no provision for any significant number of car-parking spaces. The site is the most intensively used car park in terms of turnover per space, however the impact of displacing car-parking spaces is considered to be less than at Meeks Rd. Off-site works e.g. to introduce new pedestrian crossings may be required. In addition Scottish Water infrastructure is located on the site and any requirement to relocate this could further impact on the extent of the developable area.

These factors will each impact on the design of the building and ability to achieve a cost effective solution reflecting the challenges posed by this physically constrained site.

The site lies within the Town Centre boundary in the adopted Local Plan and emerging Local Development Plan. It is identified as an economic development opportunity (ED.FAL04) for town centre uses subject to replacement parking being incorporated in any scheme. In the proposed LDP, the site is included in the Grahamston Opportunity Area (M08). Subject to satisfactory resolution of parking issues, this option would be consistent in principle with the development plan.

It is recognised however that a satisfactory resolution to reprovision of the necessary car parking spaces will not be readily achievable.

4) *Land to the south of Falkirk Stadium*

This site is located behind the South Stand and to the east of the existing five-a-side football pitches.

The freight railway line to Grangemouth lies to the south of the site. Some raising of the site (and corresponding additional development costs) may be necessary given potential requirements of SEPA in view of the status of the site in flood risk terms.

Development of this site would assist in creating a critical mass of development at this key location consistent with the Council's aspirations for the Falkirk Gateway/Stadium area.

An office development of this nature at this location would also align well with the Falkirk Tax Incremental Financing (TIF) initiative and necessary off-site infrastructure might be funded via the TIF scheme. Significant improvements to the local roads network are planned over the next 3 years, including A9, Falkirk Northern Distributor and Laurieston link road, A904 Grangemouth Rd and to Westfield roundabout.

Whilst accessible and with the ability to provide the necessary parking provision, development at this site would however relocate a significant number of staff away from Falkirk Town Centre. The location of the site may also lack the required degree of prominence which the Council might wish for its administrative headquarters building.

The site is covered by Opportunity RC.FAL03 in the adopted Local Plan and Proposal ED04 in the proposed LDP. These designations support additional business/leisure/tourism uses at the Stadium subject to compliance with an overall masterplan for the area. Subject to integration with a satisfactory masterplan, this option would be consistent in principle with the development plan.

5) *Land at Falkirk Gateway*

The proposed site is located immediately to the west of the distributor road and to the north of the Westfield roundabout. Similarly as for the site at Falkirk Stadium, the site is accessible and would enable a good level of parking provision to be provided

Whilst a prominent site, substantial investment in infrastructure (potentially via TIF) would be required to enable development to take place. Similar, as to the site at Falkirk Stadium, some raising of the site and additional development costs may be incurred given SEPA's potential requirements in view of the status of the site in flood risk terms.

Development at this location would assist in promoting the Falkirk Gateway/Stadium location for further investment. The site is also prominently located immediately opposite the 'Central Park' area of the Helix Project. Although potentially an attractive and visible situation, it's out of town location would result in relocation of a significant number of staff from the town centre.

The site is covered by Opportunity ED.FAL06 in the adopted Local Plan and Proposal ED03 in the proposed LDP. These designations support non-food retail, business/leisure/tourism uses subject to compliance with an overall masterplan for the area. Subject to integration with a satisfactory masterplan, this option would be consistent in principle with the development plan.

6) *Abbotsford House and environs*

As reported to the Executive in February, consideration has been given to Abbotsford House as a site option.

The building is not owned by the Council, but is leased from a London based landlord, Carisbrooke Investments on a 20 year lease which is due to expire in March 2016. The Council does however own land to the rear of the building together with the access to the distributor road.

Consistent with the previously approved approach contained within the Corporate Asset Management Strategy and Property Asset Management Plan, the Council has, where possible in operational terms and in terms of best value objectives, sought to relocate from 'leased in' premises on termination, consolidating within its own portfolio to better utilise existing properties.

An 'in principle' offer from the landlord of a new long lease of the building and subject to annual rental indexation has not been pursued. Discussions have taken place on the possibility of the Council acquiring the property from the landlord, however the landlord has declined to continue negotiations at present on the basis of a valuation of the property which the District Valuer would be in a position to recommend to the Council.

Accordingly, consideration is taking place in respect of arrangements to relocate staff from Abbotsford House on lease termination and thereafter for these staff to be located within the new office headquarters building. This will involve maximising use of existing offices and bringing vacant offices in the non-operational portfolio into use. A programme for completion of this accommodation will be required in tandem with the business case.

Should the landlord indicate a willingness to re-open negotiations for an option to remain at Abbotsford House this could be considered. An assessment of this option and its implications for delivery of the Council's office requirement would be undertaken and presented to Members for decision. This would not delay development of the HQ replacement as flexibility can be included in any design. A final decision on the location of the Development Services staff can be taken at an appropriate time in the future.

4.0 Site Options – Summary

- 4.1 In terms of the outline business case, consideration has been given to each of the above six locations on the basis as previously reported to the Executive:
- 4.2 The town centre sites have the advantage of maintaining urban activity and viability and align well with economic development objectives. However, apart from the Municipal Buildings site, there would be a net loss of parking, of varying significance. Subject to finalising the overall size of the building, in terms of national maximum car-parking standards, approximately 113 car parking spaces would be required in conjunction with development of the new office.

- 4.3 Given their prominent locations and profile, the sites at Falkirk Gateway and at Falkirk Stadium appear attractive in principle. However, in respect of these sites there may be greater requirement for substantial expenditure in site preparation and provision of infrastructure. The lead in time required to prepare the sites in advance of any construction works also requires to be borne in mind. As for each of the sites, detailed dialogue will be required with relevant bodies, including Scottish Water as part of further development of detailed design proposals.
- 4.4 The edge of town locations at the Gateway and Stadium and the consequent relocation of significant numbers of staff from the existing Municipal Buildings Falkirk site is an important consideration in arriving at a decision on a preferred site for the new office building. Relocation of the Council's office headquarters to such sites would potentially be at odds with the 'town centres first' policy being proposed within draft Scottish Planning Policy.
- 4.5 Of the three town centre sites, in view of the constraints imposed by virtue of its restricted size and physical characteristics, the site at Melville Street would appear not to be an optimum location. The existing car-parking spaces would be lost with little or no significant numbers of new spaces able to be provided at this location with the new office building requiring close to 100% site coverage.
- 4.6 Whilst a larger site, development on the Meeks Rd car-park could similarly present a number of issues associated with its location, potential traffic congestion at the Grahams Road/Meeks Rd junction, design and logistical constraints arising from its proximity to Falkirk Grahamston Station, the railway line itself and the loss of car-parking at this location.
- 4.7 The existing building at Abbotsford House is unable to be considered as a full replacement HQ as the landlord has declined the opportunity to engage in discussions. Should this position change a detailed assessment of this option as location for some of the Council's staff in relation to the main HQ building would be undertaken.
- 4.8 The site to the front of the existing Municipal Buildings complex, potentially including the site of the Westbank property currently owned by NHS Forth Valley, appears a viable and attractive option for development of the new office building. The site is centrally located, being within the town centre. It is accessible and has a prominent main road frontage with additional design flexibility afforded by the potential inclusion of the Westbank site. In addition, whilst not yet fully quantified and requiring detailed verification as part of the full business case, it is likely that the costs of providing the necessary ICT infrastructure to a new building at a location some distance from the existing complex are likely to be significantly in excess of these costs required for relocation within the current site.

5.0 Member/Officer Working Group consideration

- 5.1 As part of the process of evaluation of options for a preferred site, the locations listed above have each been considered by the Member /Officer Working Group established following the previous decision of the Executive. Membership of the Group comprises the Provost, Leader of the Council, Portfolio Holders for Culture Leisure and Tourism, Environment, and Economic Development and the Leader of the Opposition. The Group is chaired by Councillor Mahoney and supported by the Project Steering Group of officers.
- 5.2 In considering site options, the Working Group was particularly mindful of the potential impact on the town centre were a significant number of staff to be relocated to an edge of town location. The sequential approach to uses which generate significant footfall, including public buildings such as offices, has been extended in terms of the 'town centres first' policy established within draft Scottish planning policy. The Working Group were aware of this important consideration in arriving at a view on a preferred location for the new office headquarters building.
- 5.3 Having considered the town centre sites, the group were of the view that, were a town centre location to be chosen, this should be the site to the front of the Municipal Buildings given the significant constraints on development together with the likely resulting additional costs, complexities and timescales involved in taking forward development on either the Meeks Rd or Melville St sites.
- 5.4 The Working Group acknowledged the potential attractiveness of the site at Falkirk Gateway given its prominent location and adjacency to Helix Central Park together with the potential for such a development to act as a catalyst for further development at Falkirk Gateway. The benefits to the site derived from the programmed investment in roads and infrastructure in the surrounding area via the Council's TIF project in terms of provision of site enabling works were also noted.
- 5.5 The Working Group acknowledged that the option to pursue negotiations with Carisbrooke Investments regarding Abbotsford House might be presented and that an option appraisal would be required at that stage.
- 5.6 As previously reported to the Executive on 25th February, the estimated capital cost of pursuing replacement of the Council's Headquarters accommodation on a staged basis is £20.94m (offices £9.81m, civic/town hall replacement £11.13m) within whole life costs of £43.116m and average annual running costs of £0.791m.
- These costs will be further analysed and verified as part of the work on the full business case appraisal, however this approach is considered to represent the optimum approach in value for money terms.
- 5.7 By way of comparison, the respective figures for a 'do minimum' approach (ie remaining in Municipal Buildings and involving responding to building failures as they arise) are £10.62m for essential repairs in years 1-5 only within a whole life cost of £54.066m and average annual running costs of £1.552m

The capital cost for a full refurbishment of the building would be £20.63m within whole life costs of £50.451m and average annual running costs of £1.065m.

- 5.8 Bearing the respective cost differences in mind and in noting the significant value for money advantages of pursuing the staged approach, the Group reaffirmed the view that such an approach to reprovision was the optimum and potentially most affordable solution with a net estimated annual revenue cost of £215k in comparison to £415k for the 'do minimum' option and £529k for full refurbishment.
- 5.9 It is anticipated that the outcomes of the detailed work on the full business case based on the decision on a preferred site, including verification of costs, will be reported back to the Executive following the summer recess.

6. Conclusion and Next Steps

- 6.1 The Council has commissioned Hubco to undertake detailed work to validate the assumptions made in the outline business case in relation to the size, layout and configuration of the proposed new office building. Hubco will then prepare a detailed business case for the delivery of the office headquarters project. This exercise will involve site and ground condition investigations, refining of cost estimates made during the course of the outline business case, together with more detailed work on the design and siting of the new office building relative to its confirmed location.
- 6.2 The work will also progress workstreams relating to the information technology, asset management, human resources, change management and financing elements all of which are essential to assist its delivery. Work to identify and support the project management requirements for this complex project will also be undertaken. The Council Services anticipated to be accommodated in the new office headquarters have been engaged in this activity and further work is planned to assist in delivery of each workstream.
- 6.3 A decision in principle on the preferred site will enable the further detailed work necessary to be undertaken. This will prove the capability of the chosen site for the proposed development, firm up on likely development costs (including any abnormal and off-site costs) to be progressed as part of work being undertaken on the full business case and assist in preparing a delivery plan. The potential to conduct an option appraisal on the Abbotsford House site, should the landlord re-open discussions, will be allowed for in the work programme to finalise the business case.
- 6.4 The work undertaken to date on the site options for the office headquarters suggests that the development of this facility at the existing Municipal Buildings site offers advantages to the Council in respect of its central location, accessibility and benefits for the adjacent town centre and therefore it is recommended that the Council should proceed to develop the detailed business case focussed on this site.

7.0 RECOMMENDATIONS

It is recommended that:

- a) the Executive agree that, for the purposes of developing a detailed business case, the existing Municipal Buildings Falkirk site be identified as the preferred location for the site of the new office headquarters building;
- b) should Carisbrooke Investments agree to negotiate the acquisition of Abbotsford House an appraisal will be undertaken to assess the benefits of this option and its implications for the Council office headquarters project.
- c) further reports be supplied to the Executive on the full business case and, if required, the options appraisal for Abbotsford House.

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Director of Development Services

Date: 2 June 2014

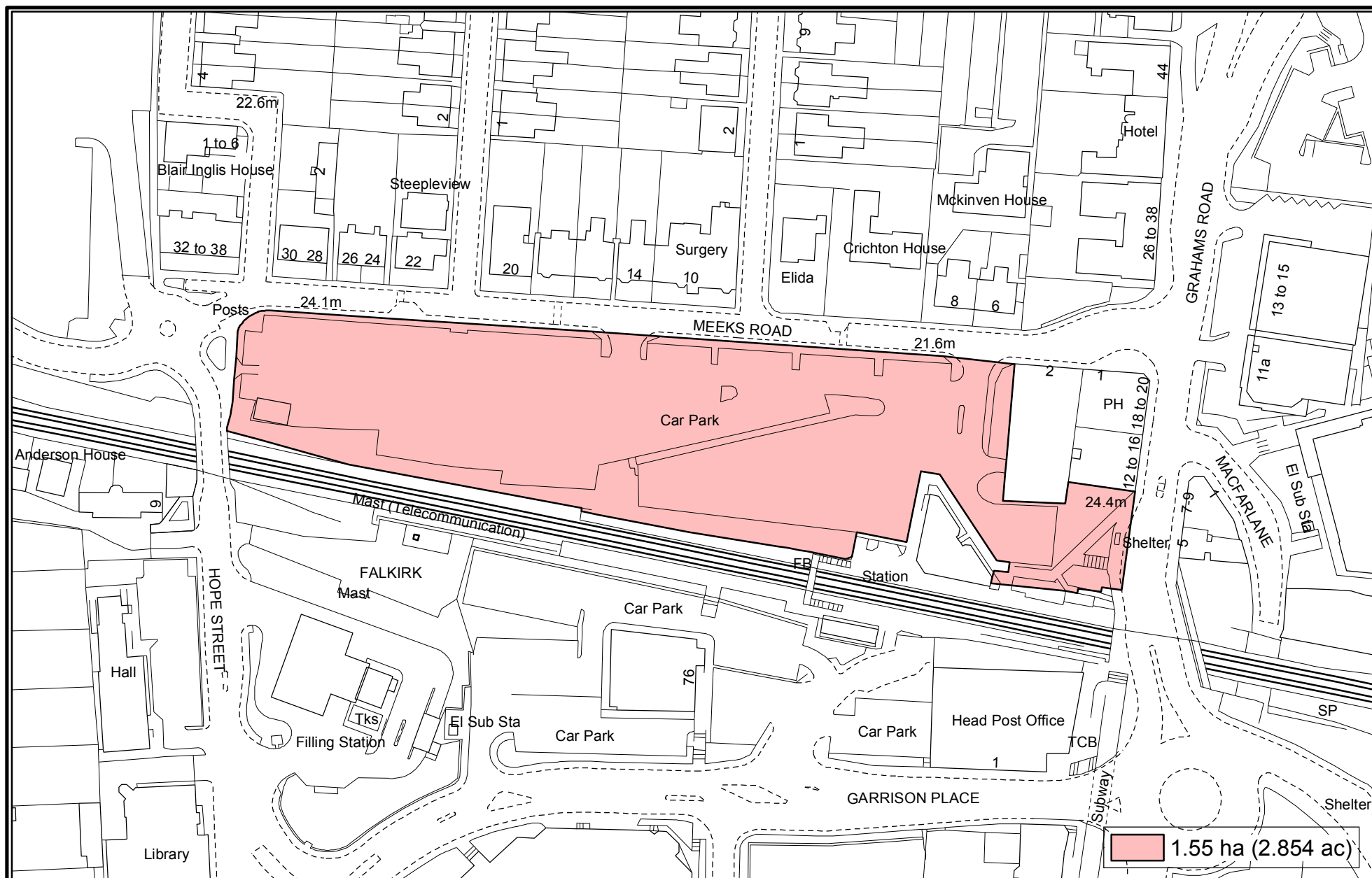
Contact Officer: Alan Urquhart

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LIST OF BACKGROUND PAPERS

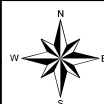
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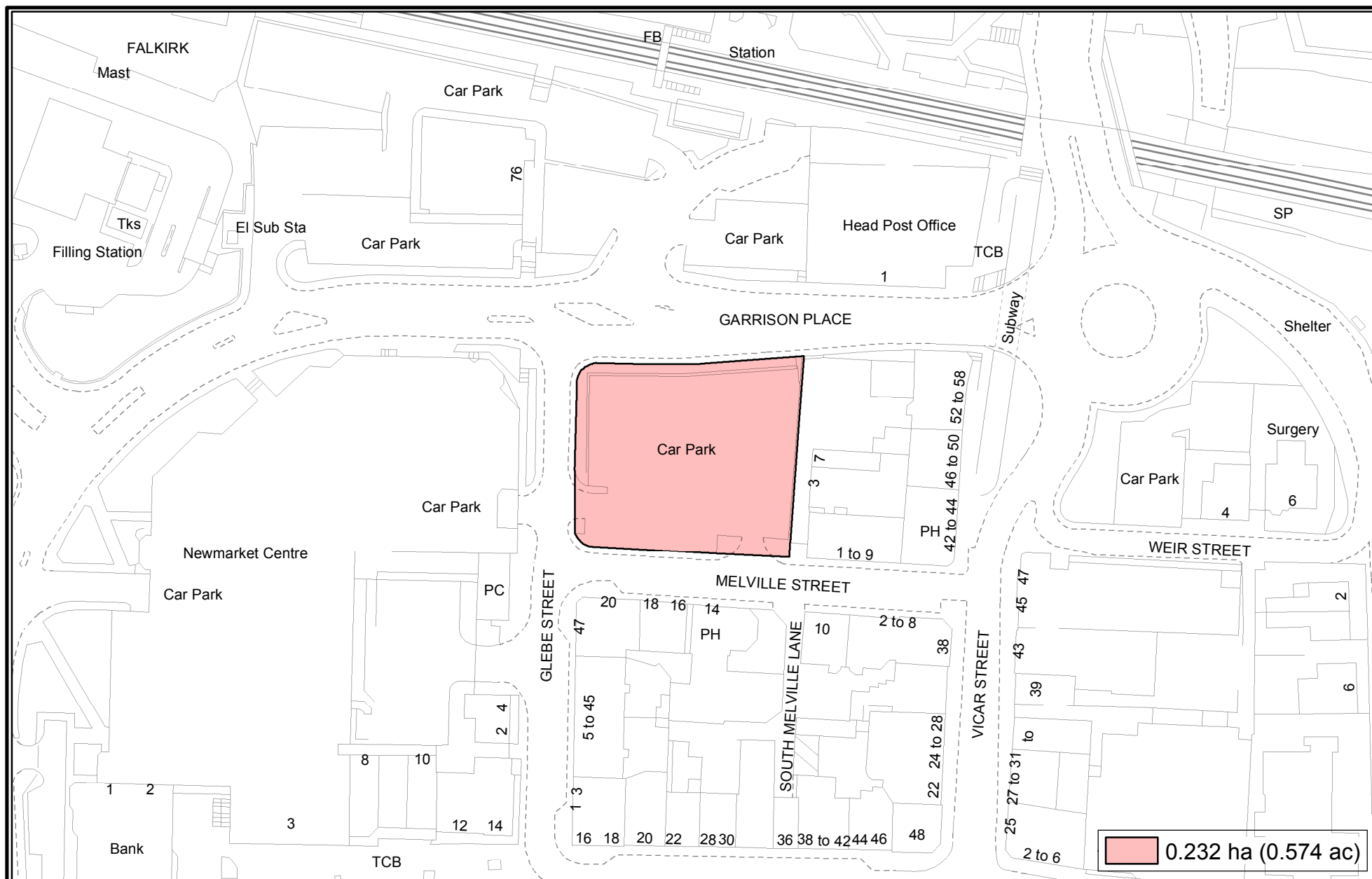
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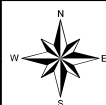


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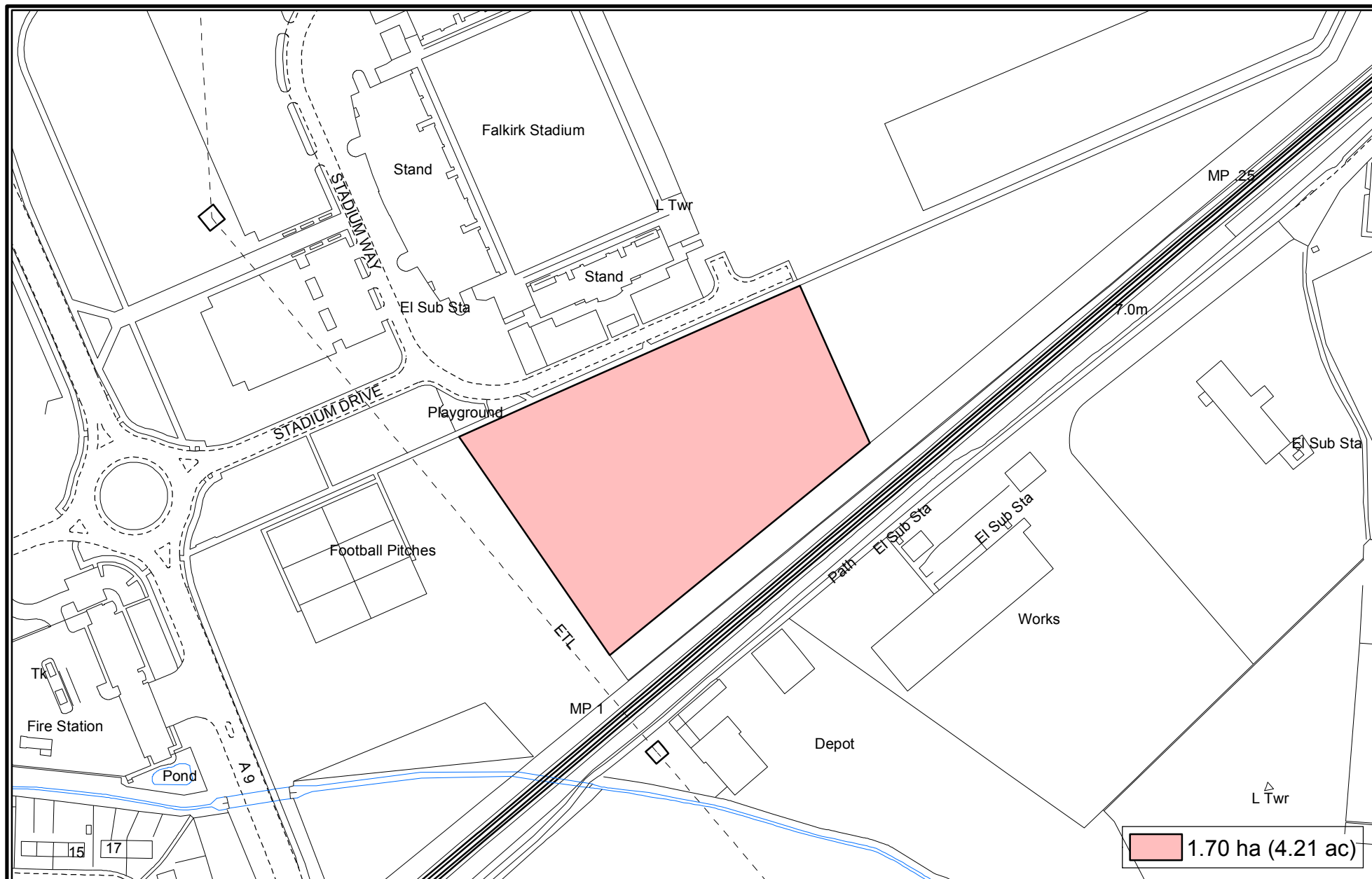
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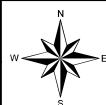
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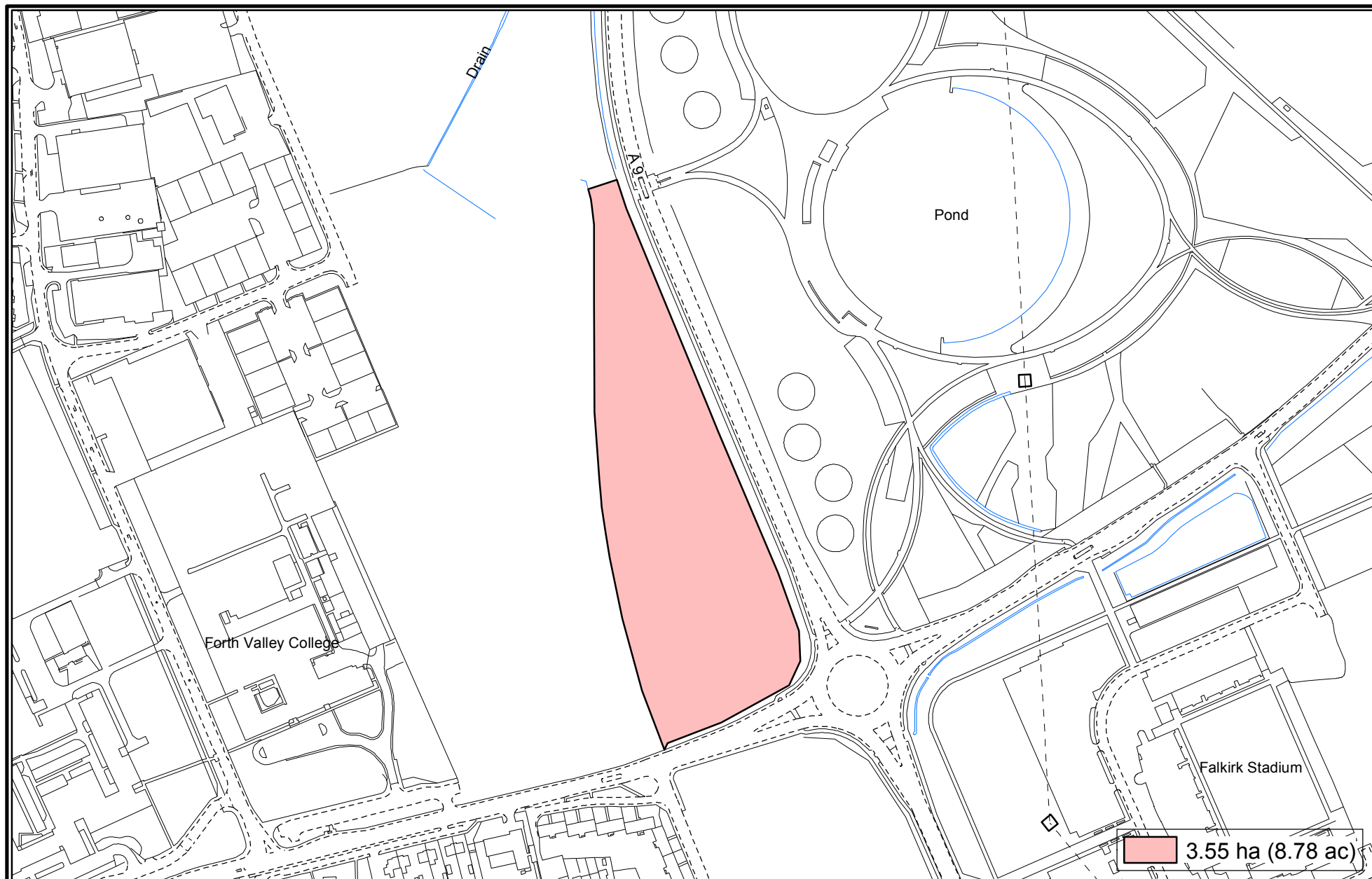


Subject:
Land to the south of Falkirk Stadium

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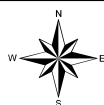
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Subject:

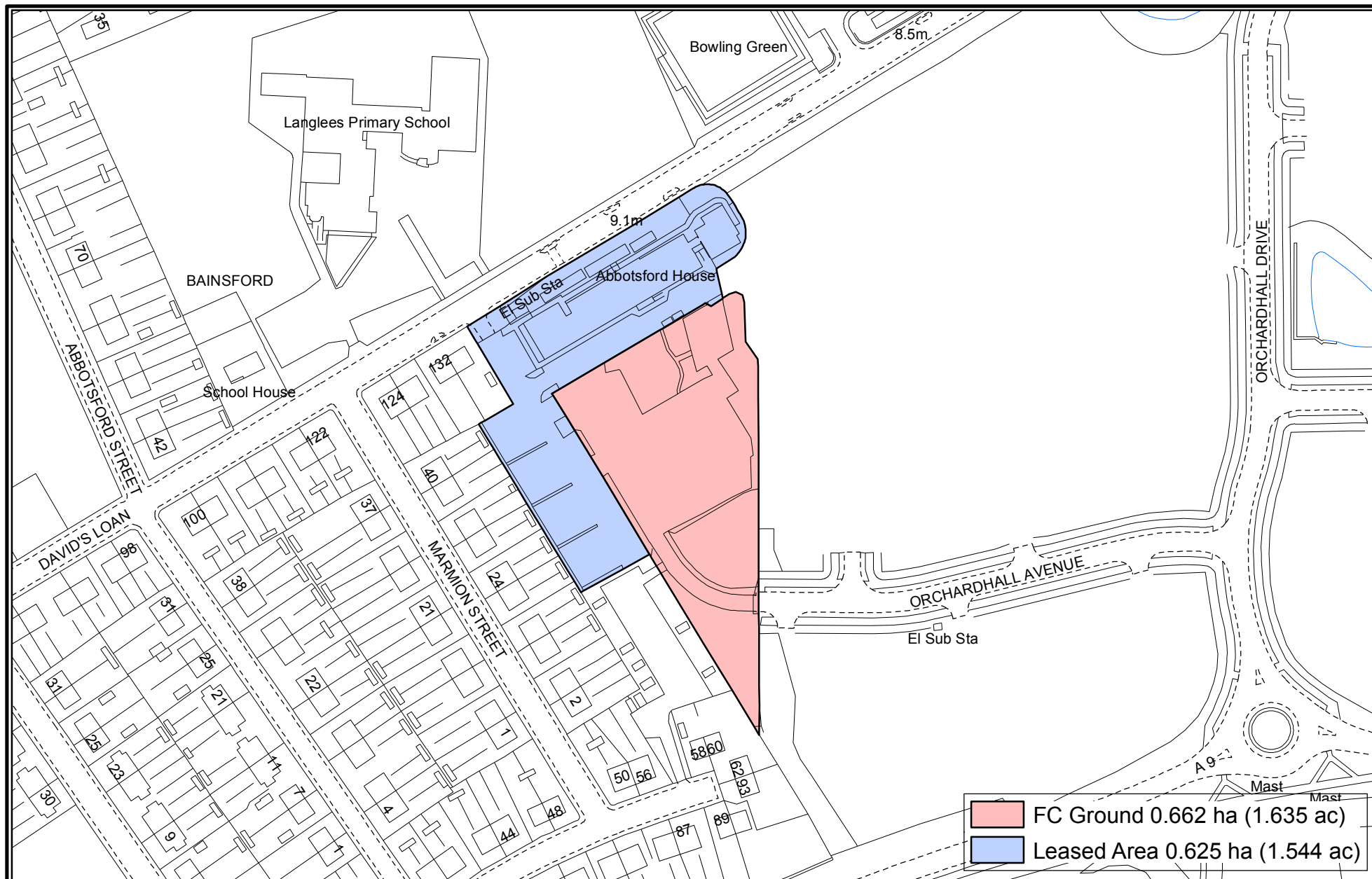
Land at Falkirk Gateway

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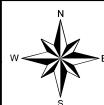
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Subject:

Abbotsford House, Falkirk

0 35 70 140 Meters



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