



## **Agenda Item 8**

### **Strategic Property Review & Civic Headquarters Project Update Report**

**FALKIRK COUNCIL**

**Title:** Strategic Property Review & Civic Headquarters Project Update Report

**Meeting:** Executive

**Date:** 26 September 2017

**Submitted By:** Director of Development Services

**1. Purpose of Report**

- 1.1 This report provides an update on the Strategic Property Review (SPR), focussing in particular on progress in determining the approach to the Council's civic headquarters project. The report also seeks approval to progress an action programme for the review and to purchase the former Westbank health facility.

**2. Recommendation(s)**

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

- a) notes the progress on the Strategic Property Review and the Council's civic headquarters project
- b) notes the results of the recent condition survey of the Municipal Buildings complex
- c) authorises the Director of Development Services to acquire the former Westbank health facility from NHS Forth Valley at a cost of £155,000
- d) notes the outcome of the recent market testing exercise for town centre sites and that, following assessment of the submissions, a further report will be submitted to the Executive on the way forward
- e) agrees the Strategic Property Review action programme
- f) agrees to proceed with the actions described in para 6.2, including:
  - termination of the lease at Camelon One Stop Shop and Bonnybridge Finance office
  - renewal of the lease for a further year at Callander Square
  - progress works to prepare Carronbank House as a location for a West area hub facility.

### **3. Background**

- 3.1 At its meeting on 19 December 2016, the Council received an update on the progress of the SPR and agreed a set of actions to take forward the results of the review at that time. This included the formation of a working group of elected members to consider market options for delivery of the Council headquarters project and any closures of property arising from the SPR.
- 3.2 At the Council meeting in June 2017 it was agreed to reconvene the Strategic Property Review Working Group. The group met on 15 August to agree its terms of reference, receive an update on the progress of the review and agree a schedule of monthly meetings to consider the proposals arising from the review.
- 3.3 In December 2016 Council agreed that additional assessment works should be undertaken at the Municipal Buildings in order to understand more fully the implications of its capacity for refurbishment as an option in delivering the Council's headquarter office requirement. This work has been completed and the results are presented in this report.
- 3.4 Council agreed in June to initiate a market testing exercise to allow the options for delivery of the Council headquarters project (including provision of office accommodation, civic accommodation and a replacement arts facility) at locations in the town centre to be identified and considered. The results of this exercise are summarised in this report.
- 3.5 The SPR is progressing an action programme involving all Council services. Arising from this work there are a number of proposals to be considered which are intended to aid the rationalisation of the Council's assets. An update on this work is contained in this report.

### **4. Municipal Buildings Condition Survey**

- 4.1 Following agreement by Council, a further condition survey has been undertaken of the Municipal Buildings complex. The results of the intrusive structural and asbestos surveys of the complex confirm that the building's structural frame would not support a refurbishment to modern standards without substantial remedial work to the structure being undertaken prior to an overall refurbishment contract being implemented. Robustness of the structure gives cause for concern given that structural design of buildings, prior to the Ronan Point incident in 1968, did not allow for the risk of progressive collapse.
- 4.2 The cost of this work will be considerable, in the region of £2m, and would be additional to the previous estimates that have been prepared for refurbishment of the building, being £15.75m. The prevalence of asbestos throughout the building was confirmed by the survey work but is not expected to exceed the cost provision already made. This compares with previous estimates of £16m for the new build office HQ option.
- 4.3 It is important to note that, since refurbishment of the Municipal Buildings was last considered, the Scottish Government has declared its intention that all

public buildings should achieve near zero carbon emissions by 2032. From now to 2025 the focus will be on energy efficiencies and from then to 2032 the priority will be low carbon heat. All new public buildings constructed from now on will have to take this into account as a critical part of their design and construction. This will impact further on the cost of the refurbishment option, and other options referred to in paragraph 5. Even should these extensive refurbishment works be undertaken, the end product will still have shortcomings in respect of flexibility of use with particular reference to storage and plant loads.

## **5. Other Civic Headquarters Options**

5.1 It is important to contrast the option of refurbishment for the Municipal Buildings with the options remaining for the civic headquarters project to be delivered. The options remaining are:

- to revisit the new build proposal at the existing Municipal Buildings site, integrating any necessary re-design and costing update requirements.
- to progress the results of market testing for options that might be available by working with the private sector in a town centre location.

The means to deliver the project, likely timescales and method of delivery, particularly how it is to be funded, also require to be considered in detail and aligned with the SPR. The timescales for delivery of a replacement headquarters facility are likely to be significant and interim measures will be necessary:

- To accommodate staff at Abbotsford House (where the lease expires in September 2018)
- To manage the use of accommodation at the Municipal Buildings pending its replacement
- To accommodate staff where other leases expire

### ***New Build Option – Municipal Buildings site***

5.2 Work on a new build option has previously taken place involving Hubco, the Council's contractor for this project, and the Council agreed in May 2016 to suspend progressing this project pending further consideration of the options. It is possible for this proposal to be revisited. Redesign of the previous scheme would be necessary and could include extending the building to create an arts centre facility as part of this complex.

5.3 Integration of the arts centre will add significantly to the cost of provision but would enable a level of sharing of facilities with the civic HQ building. Further design works would be necessary for this option and it is anticipated that a budget of £100,000 will be necessary to enable a revised high level design to be produced. This must bear in mind that the 2032 low carbon requirements referred to earlier will impact on the design as will the existing changes to building regulations since the decision to put the project on hold was made. The affordability of the project in light of the Council's future budget position will also have to be addressed.

- 5.4 A full business case for this project will be necessary, particularly as external funding could be available to defray some of the costs and it is suggested that this work be commenced to inform a decision around a preferred option before commitments to further expensive redesign be made.
- 5.5 To secure the option for delivery of the new build scheme at the Municipal Buildings site there is a need to consider the acquisition of the former Westbank NHS facility. Discussions with NHS have been proceeding and they have agreed that the property is available to be acquired at a price of £155,000. Acquisition of the site safeguards the options to deliver the new build site and, should the Council decide on an alternative scheme, allows the site to be incorporated as part of a combined redevelopment at the Municipal Buildings site.

### **New Build As Part Of A Town Centre Regeneration Project**

- 5.6 The recent market testing exercise has been concluded and three submissions were received from developers. Each of these proposals requires assessment prior to reaching any decision on the way forward. In view of the significant implications this project has for the town centre, it is proposed that an assessment group be established involving representatives of the Council, FCT and other specialist advisers on town centre and asset management (representatives from Scottish Futures Trust, Falkirk BID and Scotland's Towns Partnership are suggested). The results of this assessment will be presented to a meeting of the Executive in late 2017.

## **6. Strategic Property Review – Progress**

- 6.1 The Strategic Property Review is progressing an action programme (attached, Appendix 1) detailing the various packages of work, responsibilities and timescales for work to take place. This identifies a number of areas where the work of the asset review aligns with activities underway by the Council in relation to the conduct of service reviews, roll-out of locality planning and progress of Council of the Future initiatives.
- 6.2 Arising from this action programme, a number of property related issues have arisen for early decision as a means of carrying forward the review. A series of briefing papers has been prepared for each of these properties with recommendations on the way forward as summarised below:

### ***a) Frontline Service Delivery: Camelon One Stop Shop & Bonnybridge Finance office***

A property at Camelon has been leased by the Council since 1997, terminating in March 2018. It is used by Housing Services as a base for local staff, payments and enquiries. Running costs are £115K per annum. Aligned with the Council's development of the model of frontline 'hub and spoke' service delivery involving locality advice hubs and outreach services, it is proposed that Callander Square/the new Central Hub facility, will enable service continuity and that the property at Camelon be relinquished. There are other, non-counter based, staff at both Camelon and Callander Square

and these can be relocated to vacant space at the Forum. The Council will require to carry out dilapidations works to the Camelon property. Part of the property has been sublet and this will make negotiations slightly more complicated. The property would require to be vacated by December 2017, to allow the dilapidations works to be undertaken prior to the end of the lease. Additionally, the Council has premises in Bonnybridge operating as a Finance office. It is suggested that these premises could also be relinquished and the services provided by an outreach service at the library/and or community centre, thereby retaining local service delivery in a similar manner to that occurring at Bo'ness.

**b) Callander Square**

This property accommodates c100 Housing and Finance staff. The lease is rolling forward each year on tacit approval from the landlord pending the Council's decision on the HQ project. It is proposed to renew the lease for a further year from December as services require to be maintained pending a solution being identified for the Central area hub facility.

**c) Carronbank House, Denny**

This Council facility is shared presently with the NHS and accommodates a range of housing, One-Stop Shop, social services and health related activities. The property is identified as a proposed location for the West area Hub facility and has capacity for a further c100 staff. It is proposed to adopt a 2-phase approach to upgrading the use of the property, focusing initially on the provision of the Hub services, with a second phase to take place following discussions with the Integration Joint Board over the configuration of health and social service related activities alongside its other uses. Further design work will require to be undertaken and the outcome provided to the client service.

## **7. Implications**

### **Financial**

- 7.1 The condition survey of the Municipal Buildings suggests that refurbishment would incur additional costs beyond those projected previously. It is therefore important to consider alternative options and to prepare a financial model for delivery of this project through the work of the Strategic Property Review. By implementing the SPR action programme, it is anticipated that a number of property disposal and asset realisation opportunities will arise, the financial implications of which will be assessed as a means of preparing the reinvestment programme for future assets, including the HQ project. The cost of further design work and the acquisition of Westbank to enable the HQ project to be progressed can be met from existing capital programme resources identified to progress the SPR.

### **Resources**

- 7.2 None

### **Legal**

- 7.3 None

### **Risk**

- 7.4 A risk matrix is maintained for the SPR and the Council headquarters project.

### **Equalities**

- 7.5 None

### **Sustainability/Environmental Impact**

- 7.6 A primary objective for the delivery of the Strategic Property Review and the Council HQ project is to enable the Council to meet its progress towards a zero-carbon estate by 2032.

## **8. Conclusions**

- 8.1 This report provides a summary of the work undertaken to date to progress the Council headquarters project. It suggests that refurbishment of the Municipal Buildings complex would incur additional costs due to the strengthening and added fire protection of the building and would result in an inferior end product compared to a new build option. Work on the options available to the Council will be progressed as described in this report. The actions identified in the SPR programme will be taken forward by officers and will be the subject of further reports to the Executive.

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Date: 14 September 2017

## Strategic Property Review – Action Programme

Parent Action Title	Title	Description	Actual Start Date	Due Date	Responsible Service	Assigned To	Managed By	Desired Outcome
1.0 Strategic Property Review	1.1 Property Strategy	Approvals and Property Strategy update	01/06/2017	31/03/18	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Completion of updated Property Strategy on basis of approved SPR outcomes. Update Reports to June Council then August Exec.
	1.2 Member Consultation	Member/Officer Group	15/08/2017	31/09/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Remit and role to be agreed per August Exec.
2.0 Office Review	2.1 Options Appraisal	High Level Options Assessment	01/06/2017	30/06/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Initial findings & costs of back & front office requirements
	2.2 HQ Project Update	Cost & Options Review	01/06/2017	15/06/17	Development Services	Robin Millard	Robert McMaster	Updated costs
	2.3 Municipal Buildings	Invasive Structural Inspection	01/01/2017	15/06/17	Development Services	Robin Millard	Robert McMaster	Confirmation of frame life, structural capacity of building and refinement of refurbishment costs
	2.4 Repurposing of Office Estate	Carronbank House & West Locality Hub Feasibility	01/06/2017	31/07/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Costed feasibility study to increase utilisation, joint working and to create a Hub.
		Registrars/Burgh Chambers & Central Hub Feasibility	01/07/17	30/09/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Costed feasibility study to increase utilisation, joint working and to create a Hub.
		Space Planning: Phase 1 - Falkirk Stadium, GEC	01/06/2017	15/06/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Creation of Space Plans and Indicative Costs
		Grangemouth Housing Office Refurbishment	Underway		Corporate & Housing	Steve Bentley	Kenny Gillespie	Increased utilisation to meet service delivery needs
		Earl's Rd Depot - Review of Office Space	Underway	31/08/17	Development Services	Craig Isdale; Lesley Malkin; Robin	Douglas Duff; Robert McMaster	Identification of options for future use and space plan
	2.5 One Public Estate	Options Review with Partner Organisations	Underway	31/03/18	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Identification of joint options for office use inc IJB
	2.6 Interim Office Arrangements	Options Review for Leased in Offices: Phase 1 - Callander Sq, Abbotsford House, Graham's & Camelon OSS	Underway	31/08/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Identification of preferred options to relocate or extend lease and Report to August Exec
3.0 Locality	3.1 Locality Assessment of Facilities	Settlement Reviews of Council and partner agency facilities (East Pilot & in conjunction with Locality planning process)	01/07/2017	30/09/17	Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	To identify future property needs through corporate challenge and removal of duplication. Creation of Base information on Property for Locality Planning process and Reviews.
		Review of CLD Properties	Underway		Children's Services	Mark Meehan	Gary Greenhorn	This will review existing usage and identify potential for sharing/repurposing.



		Review of Local Front Facing Facilities (inc e.g. libraries & sports centres)	Underway		Corporate & Housing; Adult Services; Children's Services; FCT	Sally Buchanan; Nikki Harvey; Paul Finnie; Alan Livingston	Fiona Campbell; Gary Greebnhorn; Joe McElholm; Neil Brown	This will review existing usage and potential for sharing – touchdown/outreach/increase utilisation, etc
	3.2 Locality Advice & Information Hubs	Review of front facing offices	Underway		Corporate & Housing	Sally Buchanan	Fiona Campbell	To implement Hub roll out and to consider increasing the level of services being delivered from the Hub to make the facility a “one council”, front facing delivery point. The requirement for outreach ‘spokes’ is also to be considered.
	3.3 Homecare Staff bases & care/Assessment Teams (Adult Social Care)	Review of delivery model (alongside Hubs/front facing locality offices FVHB)	Underway		Adult Services	Nikki Harvey; Susan Nixon ; Lix McGhee	Joe McElholm	To identify future locations and accommodation requirements/solutions to feed into 3.1.
	3.4 Community Halls	Community Asset Transfer Project	Underway		Children's Services	Mark Meehan	Gary Greenhorn	To identify halls which can be transferred to community groups and those to be closed or reprovisioned. Also to consider whether Council Services can assist viability as outreach facilities.
4.0 School Estate	4.1 School Estate	Capacity Review	Underway		Children's Services	Alan Livingston	Gary Greenhorn	To identify plan to meet educational needs together with rationalisation/shared use/reprovision opportunities in support of 3.1.
	4.2 Community Use of High Schools	Review of Out of School Hours use of High Schools (Links to sports & community facilities).	Underway		Children's Services; FCT	Alan Livingston; Paul Finnie	Gary Greenhorn; Neil Brown	To identify capacity, options and costs for additional usage.
	4.3 Early Years	Review of Nursery Provision (Scot Gov Increase in Nursery Hours)	Underway		Children's Services	Alan Livingston	Gary Greenhorn	To develop a strategy to create additional capacity to meet government targets and identify any surplus properties/utilisation of underutilised space.
5.0 Specialist	5.1 Adult Day Care	Review of Service Delivery Model	Underway		Adult Services	Nikki Harvey	Joe McElholm	To identify future service delivery options and align needs with property requirements
	5.2 Care Homes	Review of Service Delivery Model	Underway		Adult Services	Nikki Harvey	Joe McElholm	To identify future service delivery options and align needs with property requirements
	5.3 Falkirk Town Hall /Arts Centre	Reprovision	Underway		FCT; Development	Craig Isdale; Lesley	Douglas Duff; Neil Brown	To update options appraisal,

					Services	O'Hare		
	5.4 Trust Facilities	Local & National Sports Facilities	Underway		FCT	Paul Finnie	Neil Brown	To assess future needs and develop an options appraisal to link with Out of Hours use in Schools & CLD facilities
		Museums	Underway		FCT	Lesley O'Hare	Neil Brown	To assess future needs and develop options appraisal to link with community engagement plan and identify shared use/reprovision opportunities
		Other FCT facilities	Underway		FCT	tbc	Neil Brown	To assess future need and identify options for future service delivery.
		Community Engagement	Underway		FCT	tbc	Neil Brown	To prepare action plan.
	5.5 Training Facilities	Review of Training Requirements	01/07/17	30/09/17	Development Services; Corporate and Housing; Children's Services; Adult Services	Craig Isdale; Lesley Malkin; others t.b.c	Douglas Duff; Fiona Campbell; Gary Greenhorn; Joe McElholm	To identify plan to align future needs with core properties and remove any duplication/excess capacity.
	5.6 File Storage	Review of File/Paper Storage	tbc		Corporate & Housing	Wendy Barbour	Colin Moodie	Brief to be developed
	5.7 General Storage	Review of Stores	tbc		Development Services; Corporate and Housing	Craig Isdale; Lesley Malkin; Kenny Gillespie	Douglas Duff; David McGhee	Brief to be developed
6.0 Corporate	6.1 Corporate Landlord	Restructuring of property services	tbc		Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	Initial options paper to be developed.
	6.2 Property & Asset Processes	Review of Processes & Procedures - Phase 1 SPR/Asset Intranet page icw CotF	tbc		Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	To implement corporate process for communications
		Review of Processes & Procedures - Update of Surplus Property Procedure to reflect MOG discussions and SPR outcomes.	tbc		Development Services	Craig Isdale; Lesley Malkin	Douglas Duff	To complete review of procedures
	6.3 Community Asset Transfer	Completion and Implementation of Procedure and Process	tbc		Development Services; Corporate & Housing; Children's Services	John Smith; Others tbc	Douglas Duff; Fiona Campbell; Gary Greenhorn;	To complete and implement appropriate procedures in line with statutory regulations