

The background of the slide features a large, light blue watermark of the City of Abbotsford coat of arms. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: saltire, top-right: stag's head, bottom-left: sailing ship, bottom-right: eagle), and a ribbon at the bottom with the motto 'A'NE FOR A'.

## **Agenda Item 9**

# **Strategic Property Review : Abbotsford House**

**FALKIRK COUNCIL**

**Title:** Strategic Property Review : Abbotsford House  
**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 options available for the accommodation of Development Services staff arising from the impending lease termination at Abbotsford House.

**2. Recommendation(s)**

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

- a) notes this report on the options available for accommodation of Abbotsford House staff
- b) notes the lack of progress to date in reaching agreement with Falkirk SPV Ltd for the lease or acquisition of Abbotsford House on suitable terms
- c) agrees that the Director of Development Service continues the work of the relocating staff from Abbotsford House to Falkirk Community Stadium and other ancillary locations, particularly to:
  - progress the necessary approvals and the establishment of a lease with FCSL for occupation of the first floor accommodation at the Stadium at a cost of £31,500 annually
  - progress the arrangements to commission a programme of works via East Central Hubco at Suite 1B of Falkirk Community Stadium at an anticipated capital cost of £800,000
  - complete the dilapidations schedule and progress towards undertaking the necessary works to Abbotsford House prior to the lease termination date.

### **3. Background**

- 3.1 On 15 August 2017, the Executive agreed to authorise the Director of Development Services to submit a planning application for the change of use of Suite 1B at Falkirk Stadium to office accommodation to assist the appraisal of relocation options for staff currently accommodated in Abbotsford House. The application was duly lodged on 18 August and validated on 21 August 2017.
- 3.2 This report gives an update on the position, further appraises the options available to the Council and gives recommendations on the way forward.

### **4. Abbotsford House: Accommodation Options**

- 4.1 Three options for the accommodation of Abbotsford House staff have been identified for consideration and these are outlined below.

- Option 1 - Council extends the lease at Abbotsford House
- Option 2 - Council purchases Abbotsford House
- Option 3 - Council utilises accommodation at Falkirk Stadium & other vacant assets

Each of the options available to the Council involves a level of cost and, if requiring relocation, would involve a significant level of service disruption. It is recognised that the decision on the provision of accommodation for Abbotsford House staff is necessary as an interim solution pending progress on the Council headquarters office project which is a key project in the Strategic Property Review and the subject of a separate report. The advice of the District Valuer has been sought in relation to the options.

- 4.2 An important consideration in relation to the lease termination at Abbotsford House is the dilapidations requirement to be met on vacating the building. This requires that the Council undertakes an agreed package of works prior to termination. The landlord (Falkirk Property SPV Ltd) has submitted a Notice seeking £1.007m of works to be undertaken. Negotiations are underway between the landlord's building surveying agent and agents representing the Council in relation to this claim. If the Council and the landlord cannot reach agreement on the dilapidations works, the matter must be referred to court for decision. Meantime, arrangements for this work to be undertaken are being prepared.
- 4.3 At the present time negotiations with the landlord have not achieved an acceptable offer, for either lease or purchase, which might be considered as a means to deliver best value for the Council. A purchase option has now been offered and it is worth noting that the current lease offer is improved from that previously available. Purchasing the building remains an attractive option as reported to the special meeting of Council on 19 December 2016. However, the current revised purchase price tabled is in excess of what could be recommended for acceptance given the residual value of the building, the

emerging advice on dilapidations, the Council's previous general thinking on price in December 2016, the price paid by the current owners earlier in the year and the fact that they have been receiving rent since April. This has been conveyed to the landlord in recent days and feedback is awaited. Informal feedback previously has been to the effect that the counter proposals made are unlikely to find favour with the landlord. Accordingly, it is suggested that the Council should continue to progress its option to relocate to the Falkirk Community Stadium and other vacant office space.

- 4.4 In this option, Development Services would leave Abbotsford on lease expiry and would carry out the dilapidations prior to the end of the lease in September 2018. This will necessitate a move for at least some staff earlier in the year. The Council would lease the vacant Suite 1B at the stadium from Falkirk Community Stadium Ltd. (FCSL), a wholly owned Council subsidiary, fit it out and intensify occupation across all areas of the stadium sharing, where possible, with FCT:-

- suite 1A (currently occupied by FCT, 72 staff/65 FTEs),
- suites 2A & 2B (currently occupied by Development Services Growth & Investment Unit)
- reception area (currently occupied by FCSL)

An occupation plan for the Stadium will be completed with the remaining staff teams occupying the following accommodation for a temporary period:-

- Development Services staff sharing space at Grangemouth Municipal Chambers/Earls Rd
- FCT sports teams sharing space e.g. with CLD at Grangemouth Sports Stadium

- 4.6 From a service delivery perspective options which involve staying at Abbotsford House are obviously the least disruptive to both the Council and FCT. Both Development Services and FCT rely on having close integration and co-location of their own staff to enable effective service delivery. In the case of Abbotsford House and the Stadium, members of the public access these buildings for a range of services. The appraisal of options has considered the impact (and cost) of any relocation on business continuity and maintenance of effective service delivery.
- 4.7 Any relocation will have IT and data/telecoms implications and is dependent on the provision of support by the Council's IT & telecoms providers within relatively short timescales. FCT will require IT upgrade work to be undertaken. The Abbotsford House IT network feeds Langlees Primary School, the Dawson Centre and other premises within the Bainsford area and these arrangements would require new links to be put in place including upgrades to line capacity where required.
- 4.8 The combined effect of relocation had prompted the need to review the operations and asset management arrangements at the Stadium involving each organisation in order to bring forward a viable model and address issues of lease and service charges. This work is being concluded.

- 4.9 Relocation from Abbotsford House involves significant (and accelerated) disruption to each of the services involved. It will be necessary to establish a suitable lease with FCSL and agreements with FCT on relocation. Following discussions with FCSL, a lease for Suite 1B is proposed at a cost for the shell rent of £3.50 psf (£31,500 pa). The programme of works will require to be undertaken at the Stadium, dilapidations works at Abbotsford House and any necessary adjustments to ancillary accommodation.
- 4.10 To this end, Member authority is being sought for the design, building warrant and tendering works to be undertaken at the Stadium and other locations and for the dilapidations work to be initiated at Abbotsford House in order to enable relocations to be completed within the timescales set out below. Where possible it is proposed that the Council use a mixture of Council and the East Central Hubco framework for small works as they would then issue the work packages and check that they satisfy best value tests for the Council. The anticipated costs for this work will be £800k with an additional £350k of related costs for the stadium fit out. The additional £350k comprises £250k for new desks, which will move to the new HQ building once in place, £50k for works to reconfigure IT provision to Langlees Primary School, the Dawson Centre etc. and £50k upgraded data / telecoms line into the Stadium.
- 4.11 If the Council intends to vacate Abbotsford House and undertake the dilapidations works, these works will require to be completed prior to the lease termination in September 2018. This will require that staff commence relocation from Abbotsford House earlier in 2018.

## **5. Implications**

### **Financial**

- 5.1 The financial implications for relocation to the Stadium and ancillary moves have been examined and involve commitment of £1.15m for the refurbishment of Suite 1b at the Stadium including associated IT and furniture & fittings, as detailed in para 4.10. Subject to the level of dilapidations costs, the revenue costs are anticipated to provide a net saving to the Council over a 10 year period.

### **Resources**

- 5.2 In order to deliver the relocation option, dedicated staff support will be necessary. This will involve up to 2 FTE's for project management of the various works packages and to coordinate staff relocations.

### **Legal**

- 5.3 External legal advisers have been appointed to assist with negotiations relating to the dilapidations works. Subject to selection of the preferred option, the Council will require to conclude leases with either the existing landlord or FCSL at the Stadium.

## **Risk**

- 5.4 A risk matrix will be prepared for this project.

## **Equalities**

- 5.5 None

## **Sustainability/Environmental Impact**

- 5.6 Once the preferred option is selected the works programmes will adopt techniques to minimise the carbon impact of the development.

## **6. Conclusions**

6. The above appraisal has set out the options available for the Executive to consider concerning the accommodation of staff at Abbotsford House. It recommends that the lack of progress to date in agreeing suitable terms for the lease or purchase of Abbotsford House points to the need to proceed further with the work to prepare Suite 1B at Falkirk Community Stadium and other ancillary accommodation for relocation of Abbotsford House staff on a temporary basis pending the completion of the replacement HQ project.

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Director of Development Services

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## **Background Papers**