



AGENDA ITEM 11

Strategic Property Review & Civic Headquarters Project Update Report

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FALKIRK COUNCIL

Title: Strategic Property Review & Civic Headquarters Project Update Report

Meeting: Executive

Date: 28 November 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:

- the outcome of the market test exercise for the Council's civic/office headquarters (HQ) and arts centre projects
- progress on the advice & support hubs
- proposals relating to the provision of an early years/community campus at Langlees/Bainsford
- requests to declare surplus a number of properties identified as a consequence of the SPR.

2. Recommendations

2.1 It is recommended that the Executive:

- a) notes the progress on the various elements of the Strategic Property Review;
- b) notes the responses received in relation to the recent market testing exercise for the civic HQ development, comprising the Council's office headquarters and arts centre provision and agrees to progress further actions, set out at para 4.3 for delivery of this project;
- c) agrees a preferred option for delivery of early years accommodation at Langlees/Bainsford as described in para 5.2 of this report;
- d) notes progress on the advice and support hub facilities for the central and west areas; and agrees the works proposed for the Carronbank House facility
- e) agrees to declare the following properties surplus to operational requirements and authorises their disposal:
 - Polmont Community Centre
 - Bonnybridge Finance office
 - Victoria Buildings
 - Weedingshall
 - Heathrigg Nursery

3. Background & progress since last meeting

3.1 At its meeting on 26 September 2017, the Executive agreed a set of actions to progress the Strategic Property Review. A number of actions have been completed:

- Abbotsford House was acquired by the Council on Friday 27th October
- Planning consent for conversion of the vacant space on the first floor of the Community Stadium has been granted
- The NHSFV property board agreed the disposal of the Westbank Centre at its meeting on 1st November. A demolition contractor is being appointed to demolish the property in early 2018.
- The Council requested an extension to its lease at Callander Square. The current landlord has not confirmed agreement as the property has been the subject of a recent auction sale. The new purchaser, Cygnet Properties, has been in contact with a view to understanding the longer term requirements of the Council at this location.
- Negotiations are progressing with the landlord to terminate the lease for the Camelon One Stop Shop.

4. Office HQ and Arts Centre Market Test

4.1 Since the market test undertaken in the summer, the Council has been approached by five interests regarding possible redevelopment areas/site options for the Council's civic headquarters project comprising an office HQ and Arts Centre facilities. A group of Council and Falkirk Community Trust officers has considered the submissions received. Additionally, an external peer review workshop was undertaken with representatives from Scottish Futures Trust, Falkirk Delivers and Scottish Towns Partnership. The external group focused primarily on the benefits of utilising Council assets and investment to stimulate regeneration within the town centre, while the internal group also considered affordability and deliverability.

4.2 The submissions have been appraised by these groups and a summary of the responses given is attached in Appendix 1 to this report. A number of points arise from the submissions made:

- a) some developers recommend the same site
- b) others have no specific site interest but are interested in being a development partner.
- c) several sites require assembly, and possibly compulsory purchase to ensure they are fully controlled and available for redevelopment.
- d) most of the sites were previously identified by the Council in its consideration of options for the HQ project.
- e) the Council has ownerships in the Grahamston/Melville St and Municipal Building sites, but only the latter is fully controlled and can be progressed quickly.
- f) the market test was not a formal procurement process but was a necessary preliminary step

- g) if the Council wishes to progress on a site owned by another party, or by involving a third party developer, it will require to conduct a formal procurement process.
- h) the timescale for site assembly could be extended depending on the final shape of the development and the complexity of ownerships with a construction timetable thereafter.
- i) the need to recognise the risks to business continuity at the Municipal Buildings given the results of the recent condition survey and the timescales involved in delivery of alternative solutions

4.3 In relation to delivery of the civic HQ project, the conclusion of the group's assessment is that:

- the deferred office HQ project is not deliverable as previously proposed. The current revenue budget position and revisions to building standards reflecting the Scottish Government's commitment to zero-carbon emissions in the public sector estate have impacted on the cost of the building and the funding package available for delivery
- further work is necessary to address the means of delivering the project in light of these changes and identify a set of options for the project's delivery. Advice from Hubco relating to other similar projects will be important to help shape these options.
- this work needs to be aligned with the Council's priorities for regeneration of the town centre and delivery of the Investment Zone project.

It is proposed that work is undertaken in the coming months to progress each of the above items with a view to reporting back to the Executive in the Spring of 2018. The Strategic Property Review Working Group will be fully engaged in this work.

5. Early Years Expansion Review/Langlees

- 5.1 A review of early years provision is a necessary element of the SPR arising from the Scottish Government's commitment to expand childcare provision from 600 hours to 1140 hours per annum for 2-5 year olds by 2020. In June 2017 the Education Executive agreed a proposal for the expansion of facilities at Langlees primary school through the provision of modular accommodation at an estimated cost of £800k, with costs met in full by grant funding.
- 5.2 Arising from the work on the property review it was noted that the proposal to increase temporary accommodation at this location may require to be re-visited given impending changes to usage at the Dawson Centre, which is on the neighbouring site. The relocation of housing/finance staff arising from the rollout of advice and information hubs/delivery of outreach services, along with potential impacts on provision arising from future budget savings, suggested that operational requirements were due to decrease significantly and as a consequence offered an opportunity to repurpose the Dawson Centre. This work has been undertaken and three options defined:

Option 1 - Remodelling of the Dawson centre to provide early years accommodation with relocation of community activities to the adjacent childcare ('Sub') facility

Option 2 - Remodelling of facilities at the school to increase nursery capacity and address ancillary space deficiencies, with community asset transfer of the Dawson centre to the local community

Option 3 - Proceed with provision of additional modular accommodation in the grounds of Langlees Primary School.

Details of these options are provided in Appendix 2

- 5.3 A decision on the Council's preferred option is necessary to enable the works to be undertaken in order that the expanded service provision can be in place for August 2018.

6. Progress on Advice & Information Hubs

- 6.1 Work to progress the provision of advice and information hubs in the area's central and west localities is underway as follows:

a) Carronbank House, Denny (West Hub)

- 6.2 A design team has been brought together from Hub East Central, the Council's partner in the SPR, to prepare a detailed feasibility study for the adaptations required to create the West Hub at Carronbank House. A design has been produced for the ground floor and is being costed with discussion progressing with those Services currently occupying the building. It is envisaged that the creation of the West Hub will be the first phase of works within the building. A second phase, to increase utilisation and to make it more suitable for Integrated Joint Board (IJB) staff and locality based services for the West, is planned for later in 2018. Both phases will enable the building to operate as a citizen centric hub and corporate base, with shared occupancy, involving the Council, IJB, NHS Forth Valley and GPs.

It is proposed that the Council should proceed with the delivery of Phase 1 of the West Hub at Carronbank House to the following timescales:-

- Nov/Dec 2017 – detailed design & costing
- Dec 17/Jan/Feb 18 - statutory consents
- Jan/Feb/Mar 18 – procurement of contractors
- Apr 18 - mobilisation of main contractor/enabling work & moves
- May-Jul 18 – works on site
- Aug 18 – commissioning & opening of West Hub

b) Central Hub

- 6.3 The Central Hub is intended to replace the front facing element of the One-Stop Shop facility at Callander Square. Approaches have been made to the new landlord to extend the lease of these premises for a further year. The design team is carrying out a high level feasibility for two town centre

locations, both of which meet the Council's locational and space requirements. An outline design layout and financial appraisal is being prepared for each option for the fit out and running costs of the properties to allow recommendations to be made to the Executive as to the property which should be pursued. It is intended to have the central hub facility completed and operational by December 2018 to enable the transfer of service from Callander Square, prior to the termination of the lease.

7. Properties being declared surplus

- 7.1 The following properties are held on the General Fund and are either vacant or shortly to become vacant and require to be declared surplus by the Council. The Asset Unit and operational Service staff have been working to ensure that these properties can be disposed of to realise receipts for reinvestment in the Council's capital programme. All local members and portfolio holders have been consulted as per the normal procedure and a summary of responses is given in Appendix 3. Location plans for each site are attached in Appendix 4 and the following paragraphs provide additional detail on these proposals.

a) Polmont Community Centre (Children's Services)

- 7.2 The Polmont Community Centre has been vacant since early 2016 and is surplus to requirements as the main community activity in the area occurs, less than 100m away, at the Greenpark Centre. Historically, the property was used as a school and latterly as a community facility. The property has potential to be converted to a house and an appropriate setting for the property has been established to maximise the reuse potential. It is envisaged that the property is unlikely to be attractive as a leased asset due to its historic nature and likely upgrade costs. It is therefore recommended that the asset be sold, with an anticipated six figure receipt.

b) Bonnybridge Finance office (Corporate Services)

- 7.3 The Council premises in Bonnybridge operates as a finance office and, in line with the Council's delivery model for advice and information hubs (and outreach spokes) agreed at Executive in September 2017, is no longer required as the services provided will be available on an outreach basis at the library/and or community centre. This retains local service delivery in a similar manner to that occurring at Bo'ness, where the one stop shop services was re-provided by alternative means.

The office is small, at 33 m², and sits within a predominantly private block. There is a limited rental market in Bonnybridge and it is recommended that the property is disposed of for sale to reduce the Council's holding and management costs. A small receipt will be generated from the property.

c) Victoria Buildings (Development Services)

- 7.4 The main Victoria Building has been vacant since 2013 and the site is shared with Falkirk Community Trust's Outdoor Services and Queen Street Nursery. The Nursery requires to be retained for operational purposes but the Outdoor Services base can be relocated to allow partial redevelopment of the site. The

access and servicing of the nursery will require to be protected in any redevelopment scheme. The extent and complexity of investment required negates leasing of the property and it is therefore recommended that the site is marketed for sale, with a clear development brief. There have been a number of community/voluntary interests in the building and they can confirm their interest and financial capacity to deliver the project as part of any marketing process. Due to the complexity of conversion, it is difficult to predict the level of receipt that the property will generate.

d) Weedingshall (former Mariners Support Centre - Children's Services)

- 7.5 Weedingshall has been vacant since August 2016, when the service moved to the former Focus School at Laurieston. Children's Services are at the final stages of the formal statutory consultation process for the closure of the facility. Should this be approved at the Education Executive in January 2018, the property will be surplus to operational requirements. The property is adjacent to Grandsable cemetery, with which it shares an access. The most likely use of the property will be for residential conversion. The condition and nature of the property make it unsuitable for leasing as there is limited market interest in such properties presently and it is therefore recommended that the property be advertised for sale, for which a six figure receipt is likely.

e) Heathrigg Nursery (Children's Services)

- 7.6 The current nursery is a stand-alone facility, which will be surplus to operational requirements when a contract to incorporate nursery provision into the primary school at Slamannan is completed early in 2018. The property is on the main street and opposite a large community education facility. There is a limited market for leasing properties in Slamannan and to minimise the management and holding costs it is recommended that the property be marketed for sale during summer 2018.
- 7.7 Appendix 3 provides details on the consultation responses from the local members and portfolio holder comments on each of the above assets.

8. Implications

Financial

- 8.1 The work to assess the options for delivery of the civic HQ project will involve preparing an update to the funding model prepared previously for this scheme. The £800k necessary for delivery of the early years accommodation at Langlees is available from Scottish Government grant. Funds of £380k are identified in the capital programme for delivery of the locality advice hubs in 2017, with an additional £500K in 2018/19.

The five properties discussed in paragraph 7, as being surplus to operational requirements, are accounted for as receipts totalling up to £530K within the Council's General Services capital programme for 2018/19. It is therefore imperative to progress these disposals timeously to support the Council's existing approved spending plans.

Resources

- 8.2 None

Legal
8.3 None

Risk
8.4 A risk matrix is maintained for the SPR and the Council HQ project.

Equalities
8.5 None

Sustainability/Environmental Impact
8.6 A primary objective for the delivery of the Strategic Property Review is to enable the Council to meet its progress towards a zero-carbon estate by 2032. In addition, opportunities are being sought to bring surplus property back into beneficial use for purposes that deliver environmental improvement and best value to the Council.

9. Conclusions

9.1 This report provides a summary of the work undertaken to date to progress the SPR and civic HQ project. Work on the proposed brief and scope of works for the HQ project and actions relating to delivery of the locality advice hubs, the early years accommodation at Langlees and disposal of surplus assets will be progressed in the coming months with further reports supplied to the Executive.

Director of Development Services

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Date: 16 November 2017

**Civic HQ and Arts Centre Market Test
Appraisal of submissions**

A. Submissions received as consequence of market testing exercise

The following submissions have been made to the Council in relation to delivery of the civic hub/arts centre facility

Developer	Redevelopment Location(s)	Proposal
1.	Grahamston/Melville Street/Meeks Rd	<p>Masterplan and phased scheme delivering:</p> <ul style="list-style-type: none"> • Civic HQ/Office • Arts Centre • residential units • hotel • retail space • pedestrian bridge • multi-storey car park • student accommodation • public realm <p>Total £56m capital expenditure</p>
2.	High Street/Cockburn Street Callander Riggs Grahamston Municipal Buildings	<ul style="list-style-type: none"> • Site appraisals • Company profile • Review of affordability
3.	High St/Callander Riggs/Square	<ul style="list-style-type: none"> • Masterplan for east end of town centre • Redevelopment of Callander Riggs/Bus Station • Arts Centre and HQ office • Phase 2 Callander Square mixed use (option) • Public realm • Company profile

4.	Bank Street/Princes Street	<ul style="list-style-type: none"> • Office development • 6 storey building on infill site
5.	East End Regeneration/Callander Square	<ul style="list-style-type: none"> • Expression of interest following acquisition by auction

A. Feedback from external Peer Review Workshop:-

- The level of market interest expressed as a result of the testing exercise is welcome
- The project needs to be set within a clearly defined vision for the town centre and a regeneration strategy for delivery of this vision
- Any new-build development should proceed in partnership, with shared use and flexibility embedded in its design i.e. no single public sector occupier
- Proposals should maximise opportunities across the public sector, the voluntary and community sector and where possible with the private sector
- There should be a clear purpose for each 'quarter'/site to ensure a holistic view of the regeneration opportunity is undertaken
- There should be an assessment of market appetite for delivery of the various redevelopment prospects
- There is an opportunity via development of the Investment Zone initiative for the Council to be bold and deliver 'cutting edge' projects to stimulate regeneration
- There may be significant benefit in using Council investment/sites to assist with 'pump priming'.
- This will be more beneficial within the town centre than on peripheral sites
- Progressing projects solely on a 'spend to save' basis will make it difficult for regeneration to be successful
- Need to recognise the value of the visitor economy and retain expenditure in the town centre

- Buildings must be suited to the needs of future generations
- Important to consider active travel and public transport options

B. Feedback from internal assessment:

- Continuing with the “status quo” position is unsustainable
- Backlog in building maintenance means that office portfolio and FTH are at risk of critical failure
- It is questionable whether the existing building portfolio can underpin current or future service delivery needs
- Need for short term investment to sustain service delivery as, depending on the solution pursued, delivery of an office/arts centre project is at least a medium term prospect i.e. 2020 or later.
- There is a significant lead in time for design, procurement and delivery of projects, especially if sites have to be assembled with a number of parties, and if Council projects are part of a “cross-funding”/partnership delivery model
- Based on current specifications (500 seat arts centre and a 500 workstation office) and prudential borrowing model, project delivery is in the region of £30M capital (a revenue cost of over £2m p.a.)
- A detailed, revised business case & options appraisal will be necessary for each project (offices, arts centre or a combined regeneration model)
- Clarity on the procurement process and preferred site(s) is required at the outset.

Langlees Early Years Option Appraisal

Option	Proposed uses	Implications
<p>1. Remodel existing buildings/ grounds and swap uses</p> <p>Cost: £800k: £550k (conversion costs, Dawson centre) £250k (conversion /upgrade of school & environs)</p>	<ul style="list-style-type: none"> • create a combined community and education campus. • new childcare requirement accommodated in a converted Dawson Centre, • community uses transferred to upgraded Sub facility/Bainsford CC (hall), • out of school care relocated to Langlees Primary School (current Nursery). 	<ul style="list-style-type: none"> • Focuses/integrates all early years activities (nursery and play groups etc) in Dawson centre building • Links with out of school base in school making spaces available for use during daytime • Community activities focus on Sub – upgraded and cheap/easy to run. Reduces FC running costs • Hall users focus on hall space at Langlees PS or relocate to Bainsford CC • Upgrade to grounds to create linked 'campus' • Community groups not in favour of this option
<p>B. Remodelling of facilities at the school</p> <p>Cost: £800k: (school conversion costs)</p>	<ul style="list-style-type: none"> • increase nursery capacity at school from 220m² to 400m² • 3 playrooms, • storage, • toilets • cloakroom areas and • outdoor play area within the school grounds • additional small modular unit to create 3 new classrooms • investigate community asset transfer of the Dawson centre to the local community 	<ul style="list-style-type: none"> • expands range of early years services and aids nursery/P1 transition • addresses deficiencies and reinforces use of underutilised school assets for community and operational purposes • lower overall running costs to the Council than creating additional floorspace more sustainable building solution in energy usage • assists in meeting climate change obligations • reduces impact on grounds of Langlees PS and offers scope for improvement • offers best value solution for investment in capital and revenue terms. • solution required for Dawson Centre if FC services relocate (potential asset transfer)
<p>C. Proceed with new modular units in the grounds of the School</p> <p>Cost: £800K, capital, with additional revenue running costs.</p>	<ul style="list-style-type: none"> • Creates 600m² of nursery/staff area, • 3 playrooms, • dining area, • storage, • toilets • cloakroom areas and • outdoor play area within the school grounds 	<ul style="list-style-type: none"> • proceeds per Education Executive decision • deliverable within Scottish Government timescale • adds to floorspace • fails to meet zero carbon requirements • added maintenance cost • solution required for Dawson Centre if FC services relocate (potential asset transfer)

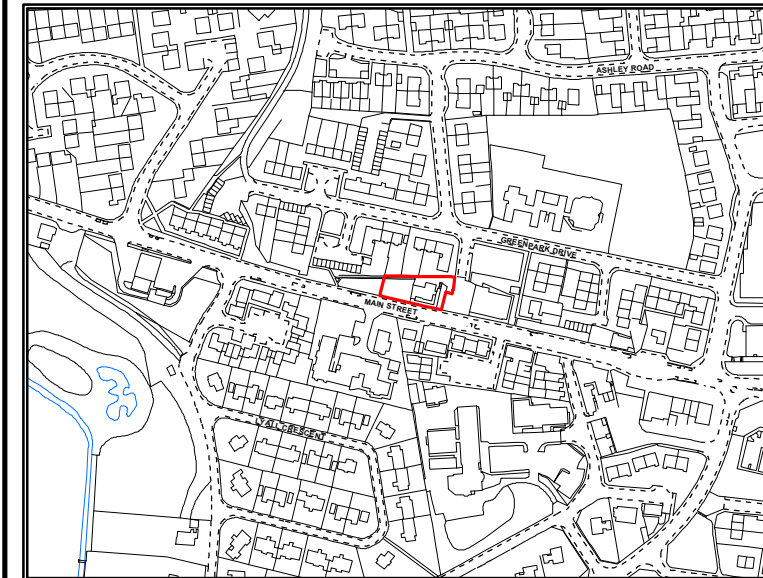
Appendix 3

Comments on properties being declared surplus

Property	Comment From	Assets Response
Bonnybridge Fin Office	Local Member – Councillor Buchanan “I am not supporting this closure”	The Council decision to alter the Service delivery model was taken at Executive in September 17 and the property will no longer be required for operational purposes. It should therefore be declared surplus to reduce Council holding costs and revenue liabilities.



Falkirk Council



LOCATION PLAN

scale: 1:5,000

Subject:

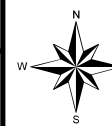
Polmont Community Centre

Area: 800 sqm or thereby.

Scale:
1:500

Plan No:
2897

Date:
6.10.2017



Development Services

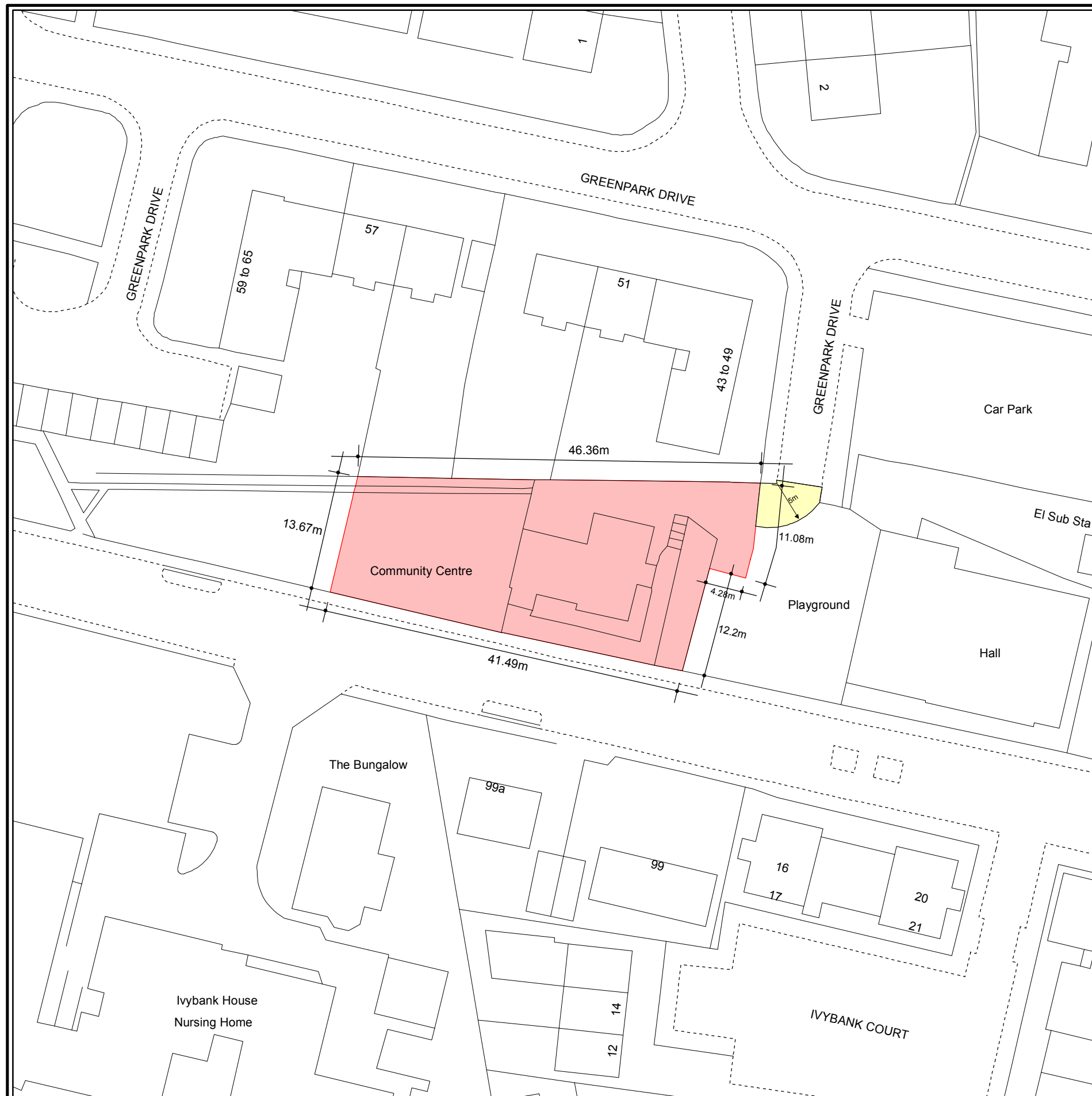
Abbotsford House, Davids Loan, Bainsford, Falkirk, FK2 7YZ
Telephone: 01324 504950 Fax: 01324 504709

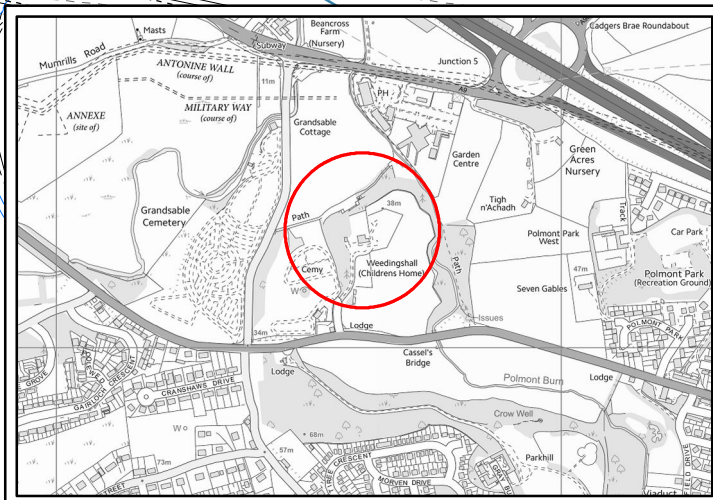
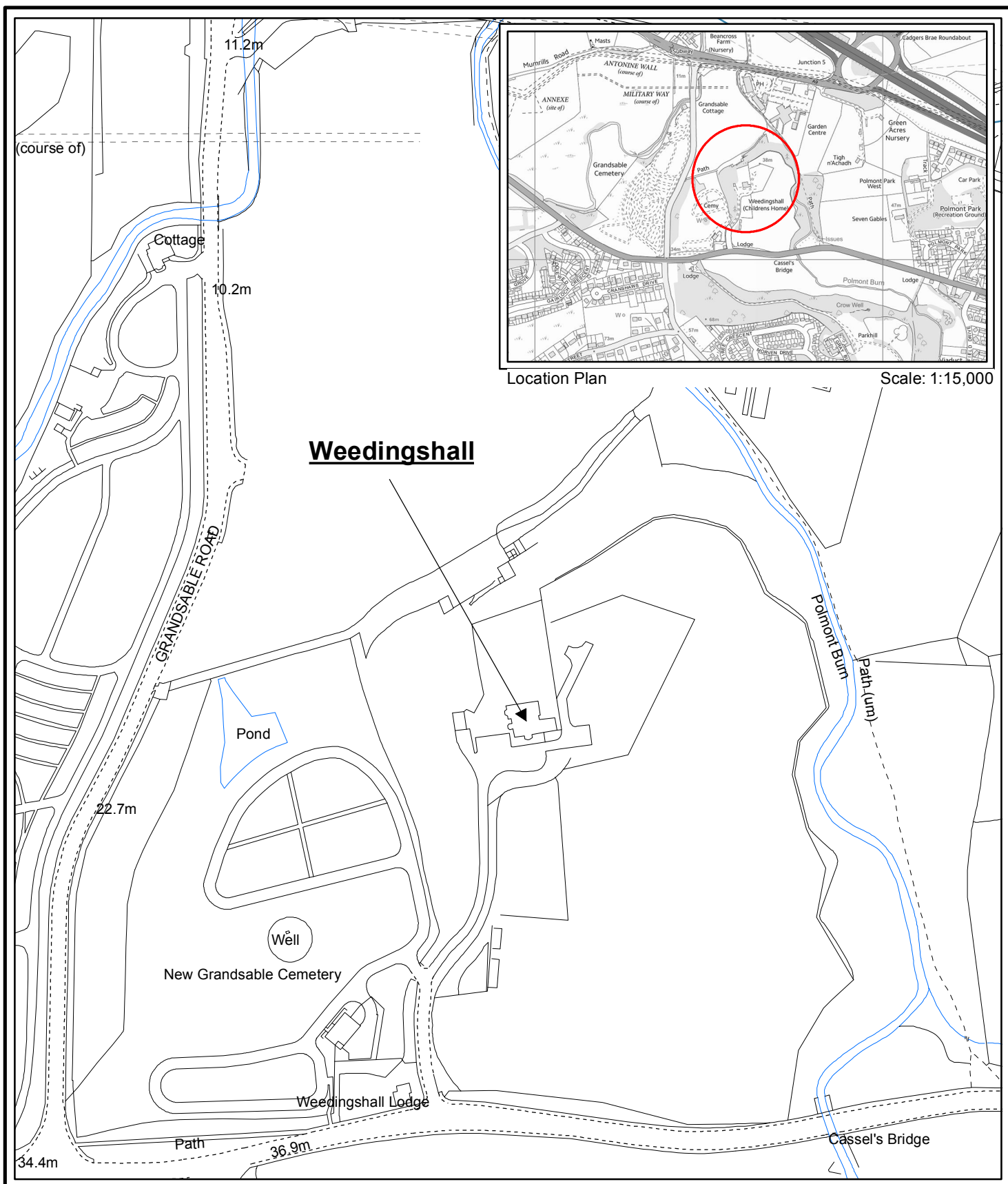
Sale Area
 Access

0 10 20 40 Meters

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Location Plan

Scale: 1:15,000

0 50 100 200 Meters



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Development Services
Abbotsford House, Davids Loan, Bainsford, Falkirk, FK2 7YZ
Telephone: 01324 504950 Fax: 01324 504709

Scale: 1:2,500

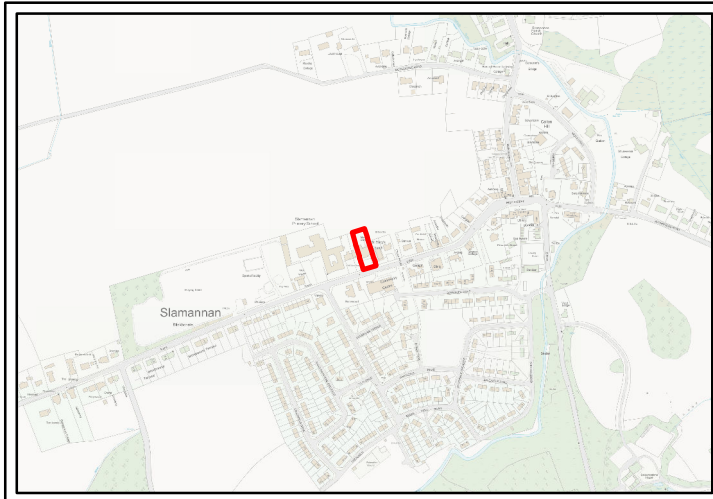
Date: 9.11.2017



Subject

Land at Weedingshall, Polmont

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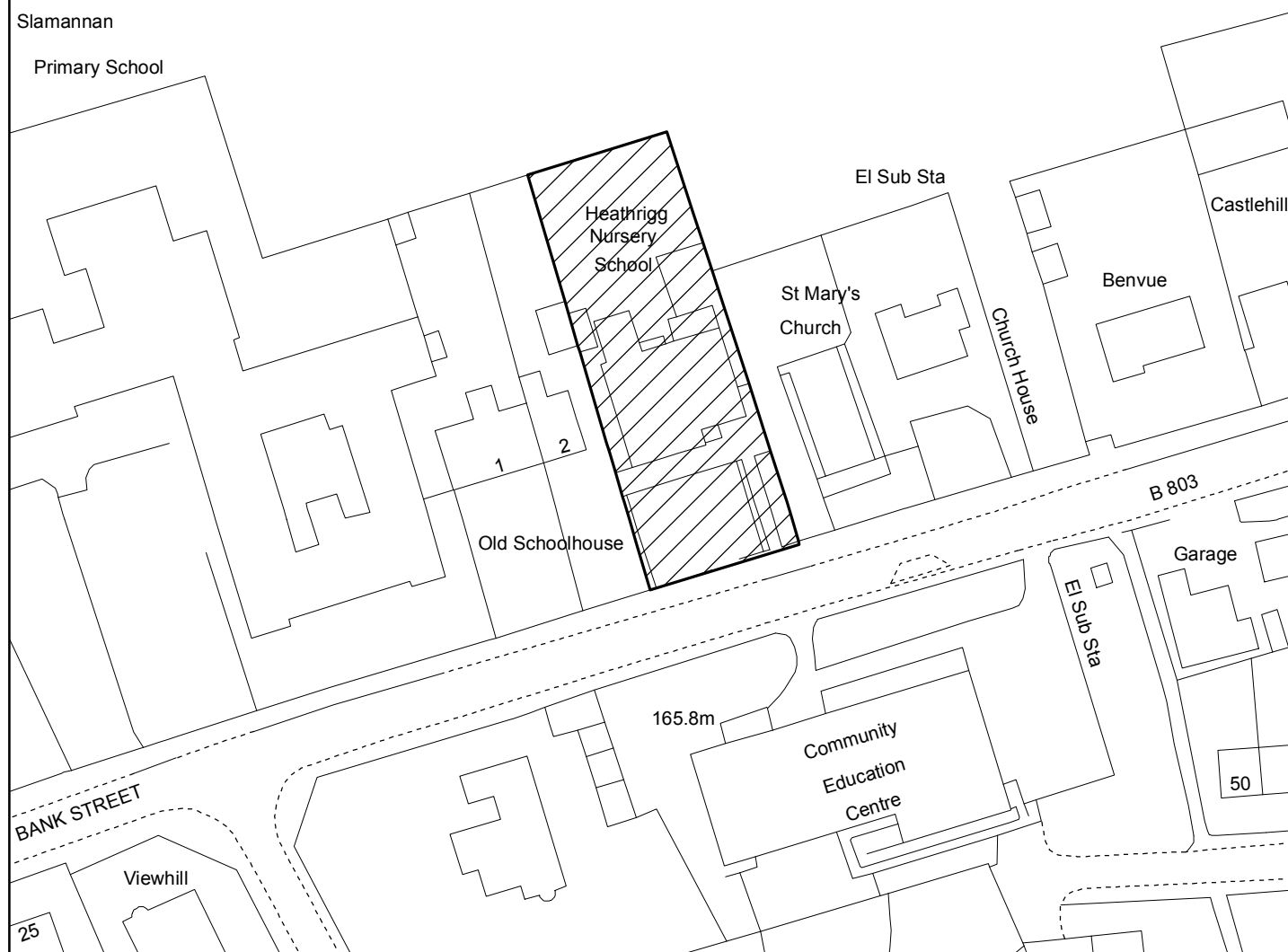


Location Plan

Scale: 1:12,500

Slamannan

Primary School



0 15 30 60 Meters

1424 sqm (0.35 acre)



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Abbotsford House, Davids Loan, Bainsford, Falkirk, FK2 7YZ
Telephone: 01324 504950 Fax: 01324 504709

Scale: 1:1,000

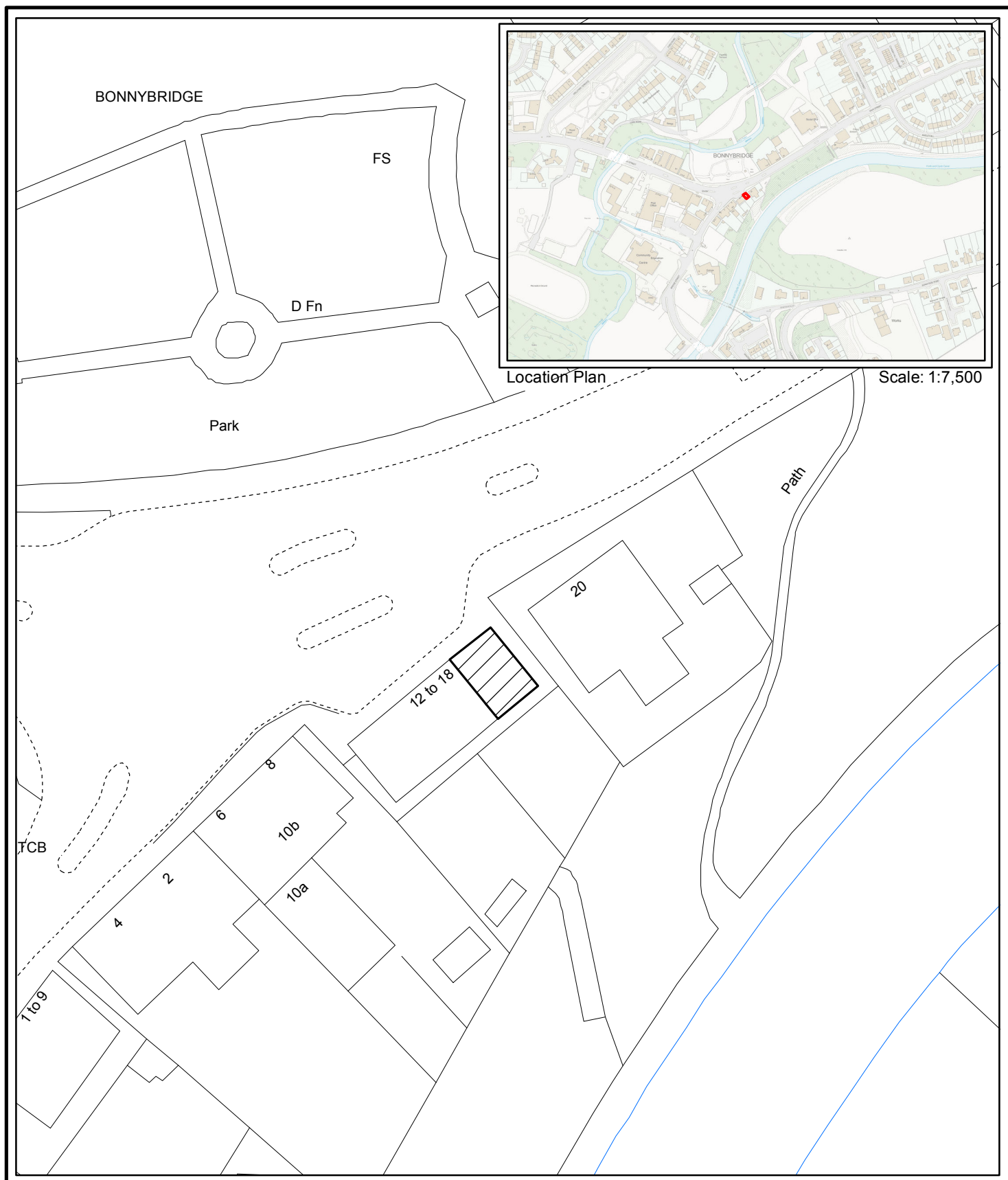
Date: 9.11.2017



Subject

Heathrigg Nursery School,
Bank Street, Slamannan

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 Bonnybridge Finance Office

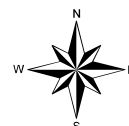


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Scale: 1:500

Date: 9.11.2017



Subject
Bonnybridge Finance Office, 18 Main Street

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