

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The crest includes a crown with four thistles, a shield divided into four quarters (top-left: a saltire, top-right: a stag's head, bottom-left: a ship, bottom-right: a bird), and a motto scroll at the bottom.

Agenda Item 7

**Council Headquarters & Arts Centre
Update: Option Appraisal**

Falkirk Council

Title: Council Headquarters & Arts Centre Update: Option Appraisal
Meeting: Falkirk Council
Date: 29 September 2021
Submitted By: Acting Director of Development Services

1. Purpose of Report

- 1.1. This report provides an update on the progress of work on the Council's civic headquarters (HQ) and arts centre (AC) project in relation to the further review requested following consideration of the matter at the June meeting of the Council.

2. Recommendation(s)

- 2.1. It is recommended that the Council:-

(1) notes the progress of work on the Council's HQ & arts centre project as summarised in section 4 of the report, including:

- a. the initial design work undertaken on the two requested options;
- b. the progress on the site acquisition strategy,
- c. the outcomes of the parking review
- d. work undertaken to review the arts centre business case
- e. the outcomes of the carbon assessment
- f. work undertaken to review the town centre regeneration benefits of the scheme

(2) agrees that a separate report be forwarded to the Executive requesting that the Council promotes a Compulsory Purchase Order to assemble the High St/Cockburn St site;

(3) agrees to the selection of Option B as the preferred option to be progressed by the Council and authorises the Acting Director of Development Services to progress this option through conduct of further stages of design and consultation.

(5) agrees that a further update report is presented to the Council on progress within 6 months, or at any pertinent point as considered necessary by the Acting Director of Development Services/Director of Place.

3. Background

3.1. The 23rd June 2021 Council meeting agreed:-

- to pursue delivery of its HQ and Arts Centre project through provision of either:

Option A

- a) its HQ offices at the Municipal Buildings site, Falkirk, and
- b) an arts and civic centre, library and advice hub facility on the site at High St/Cockburn St. The entrance to the Art Centre will be directly across from the parish church

or Option B

the provision of the HQ and Art Centre together on the High Street/Cockburn Street site as set out in the report.

and to instruct the Acting Director of Development Services to prepare design options and establish costs for delivery of these projects and report these to the Council's September meeting.

- that further preliminary discussions be undertaken with all affected owners at the High St/Cockburn St site as part of a preparatory acquisition strategy for delivery of the arts and civic facility subject to no binding agreements being made in advance of the September meeting;
- in principle to the use of compulsory purchase order (CPO) powers to assemble the site as a means to conduct further discussions with the site owners for delivery of this project and that, should CPO prove necessary, a formal request will be forthcoming to the September meeting
- that the Scottish Government Place Based Investment funds of £1.39m, allocated to the Council for expenditure in 2021-22, be Directed towards the acquisition of site interests at High St/Cockburn St Site and other preparatory works to enable delivery of the project.
- to recognise the need for investment to be made across the Council area to support successful place-making and that a programme be designed for future allocation of place based investment funding across the Council area for approval at a future Executive meeting;
- that information on parking provision for the HQ office and the Arts Centre sites including the potential to use existing provision such as the Howgate is provided to the September meeting; and

- and that a report summarising the outcomes of the above actions be prepared for the Council at its meeting in September allowing the Council to reach a final decision on which Option is pursued when full financial information is available to it.

3.2. This report provides an update on progress over the past months.

4. Considerations

4.1 The further work undertaken on the options for delivery of the HQ & Arts Centre project has considered a number of additional elements for each option:

- the extent of the site and space requirements
- capital cost review
- the acquisition strategy, the role of compulsory purchase and impact on land values/capital receipts
- parking requirements
- the results of a stakeholder engagement survey
- net zero carbon effects of each option
- the consequences for town centre regeneration

The work concludes with an appraisal of these issues in order to supply recommendations to the Council on the way forward. These issues are considered below:

a) Site and Space Requirements

4.2 The external design team, led by MLA architects and Charcoal Blue theatre consultants, were further commissioned to review the site and design options requested by Council, along with Hub East Central and Redskye cost consultants, who reviewed the project costings. The team:-

- reassessed the project requirements to produce revised space budgets to split the requirements for Option A, consider whether there were any alterations to land take and produced sketch options as an addendum report to the previous site appraisal report. This report is included in Appendix 1.
- reviewed the costs to take account of the probable inflationary costs for a site commencement in Q2 of 2023, and
- reviewed the costs to take account of the Council's aspirations in terms of the climate declaration to have more carbon efficient buildings.

4.3 In terms of Option A, the project space budget was reviewed and confirmed as:-

- a) **having the Council offices on a standalone basis at Municipal Building would require an office of circa 3,234 sqm** – this office would accommodate office space for Elected Members, Senior Management team and have workstations for staff, along with some touchdown accommodation. In total this accommodates circa 200 workstations and would be a base for around 340 staff, working on a hybrid basis.
- b) **having the Arts Centre (theatre, studio and meeting space)/Library & Advice Hub on a standalone basis at High St/Cockburn St would require a building of circa 6,866 sqm.** The Studio/Meeting space within the building would also be utilised for the Council democratic functions, including Council meetings.

In terms of **Option B**, the space budget for the single building, with all functions sharing spaces remains as was reported in June 21, **at a building of circa 8918 sqm.** Overall, the building footprints for Option A (a and b), are similar to the areas considered as options in late 2019/early 2020. Members will recall that the Council agreed at that time to adopt a single building solution to benefit from cost and space efficiency.

- 4.4 The standalone office on the Municipal Buildings site (Option A, a), requires the Council to acquire the Westbank Clinic from NHS Forth Valley (as agreed by Executive in September 2017), and would allow the remaining portion of the site to be redeveloped once the FTH has been replaced. It is envisaged that the office building would be 2.5/3 storey to the north and 4 storey to the south onto West Bridge St – the document in Appendix 1 shows the land take and the portion of the site potentially surplus.
- 4.5 It is proposed that the Council acquires the full High St/Cockburn St site for the delivery of the project. While the Arts Centre/Library/Advice Hub option (Option A, b) requires a lesser land take than Option B, this portion of land is needed for a site compound/construction area which will allow High Street to remain largely operational during the construction phase. On completion it is proposed that the site could be the subject of a regeneration scheme involving other uses such as public realm and ancillary development to the arts facility.
- 4.6 The Addendum report produced by MLA and contained within Appendix 1, explains the details and site requirements for each option.

b) Capital Cost Review

- 4.7 The costs for the 3 building options were reviewed based on the rates previously reported in June 2021. However, as the project is to be commenced at a point in the future, the RICS Building Construction Cost Index forecasts were considered as at the likely point of construction commencement to take account of potential variances – Quarter 2, 2023 was agreed as a suitable point. Rates have been rising since 2019 due to the continuing effects of the COVID situation. To ensure that inflation/rate changes are taken into account, a 6% increase is utilised from the RICS cost indices.

- 4.8 Additionally, as the Council aspires to have properties which exceed the current building regulations standards, enabling it to realise its climate change targets, a further 15% uplift on costs has been agreed for carbon reduction measures. Hub East Central have assisted with this work and experience of costs for 'passivhaus' or 'fabric first' low carbon schools suggests that this uplift is an appropriate factor for this project. These factors have been applied to the project costing shown in Appendix 2, which show the overall project costs for Option A & B, and the effect on the HQ&AC Business Case.
- 4.9 In summary, the projected costs to the Council for delivery of each option, encompassing construction, ancillary costs and the capacity for attraction of external funds/site receipts are as follows:

| Cost Element | Option A £M | Option B £M |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| New Build | | |
| • HQ Only | 12.8 | - |
| • Front Facing Block | 39.8 | - |
| • All Uses Block | - | 42.8 |
| Total New Build | 52.6 | 42.8 |
| Other Enabling/Supporting Projects & Costs (inc fees, acquisitions, receipts etc) | 15.7 | 12.5 |
| Total Cost | 68.4 | 55.3 |
| External Funds & Receipts | -8.6 | -9.9 |
| Net Cost to Council | 58.8 | 45.4 |
| Note – please refer to Appendix 2 for breakdown of costs. The following factors are contained in the new build construction costs: <ul style="list-style-type: none"> • Impacts of Inflation to Q2 2023 site start (assumed 6%) • Impacts of Fabric First/Passivhaus (assumed 15%) • Risk and Contingency allowance of 7% • All estimates are conveyed on a 'worst case' basis | | |

c) Acquisition Strategy, Compulsory Purchase Order and land values

- 4.10 Since the June meeting, recognising the sensitivities for those affected, officers have contacted all tenants and owners to:-

- confirm the Council decision
- explain the process, next steps and introduce the Scottish Government CPO Guidance for Affected Parties document (via a short Presentation)
- open discussions in advance of the CPO process to understand owners/tenants potential relocation issues.

As anticipated, the majority of the parties, are reluctant to have detailed negotiations or discussions with the Council until the CPO is formally promoted, although discussions have occurred with a few of the commercial tenants.

- 4.11 The District Valuers office is being retained to assist with the review of acquisition costs and to provide advice on potential compensation claims. The acquisition costs have not significantly changed since the June report.
- 4.12 The Council commissioned Brodies Solicitors to undertake a Land Referencing (detailed ownership) check of the High St/Cockburn St site. This report has provided further details regarding the ownerships and assisted officers establishing contact with parties and having clarity on their actual interests.
- 4.13 It is now clear that the Council will require to use compulsory powers to assemble the site. It is proposed that a separate report is presented to October Executive formally requesting that a CPO be promoted to acquire the High St/Cockburn St site for delivery of the project, acknowledging its regeneration benefits for the town centre. The Scottish Government's simplified CPO process is shown in Appendix 3, along with an indicative timescale for completing the Preparatory Stage, assuming the Council agrees to use such powers. The separate CPO report will provide a draft Statement of Reasons for the CPO.
- 4.14 It should be noted that, in Option A, given the reduced site available for redevelopment and disposal at the Municipal Buildings site, the anticipated capital receipt is halved, estimated at £1.25M.

d) Parking Review

- 4.15 An independent, evidence based review of parking and accessibility relating to the two site options has been undertaken by consultants, WSP (see Appendix 4).
- 4.16 The study included a travel capacity analysis to assess the existing local network capacity in terms of both arterial routes into the town centre and in relation to town centre car parking. Consideration was also given to the sustainability of each site in terms of likely staff travel habits and the impacts of each.
- 4.17 With Falkirk Council's declaration of a climate emergency, WSP advise that an opportunity presents itself to approach the Falkirk Council HQ and arts centre relocation from a perspective that prioritises active travel and reduces the need to travel unsustainably. The study identifies that the High Street/Cockburn Street location aligns with national, regional and local policy guidance for the creation of sustainable and active travel choice options for staff travel, by bus or train. It also positively aligns with increased town centre footfall and modal travel shift from the use of private vehicles to alternative travel modes. The report notes that modal shift to more active and sustainable travel modes is unlikely to be achieved if the site at the existing Municipal Buildings is chosen.

4.18 The report references a town centre parking study undertaken in 2019 which advised that peripheral town centre car parks are not heavily used, and that more central car parks are occupied at around ¾ full. The survey was undertaken on a Friday and Saturday, these deemed to be the busiest days of the week. The study concluded that no town centre car parks operate at peak capacity. WSP suggest that staff and visitor car parking for the HQ site could therefore be accommodated across existing town centre car parks. Positively, Cygnet Properties & Leisure, owners and operators of the Callendar Square multi-storey car park and Ellandi, owners of the Howgate, have given an initial commitment that these car parks currently have capacity that could be made available to the users of Council facilities should it be required.

4.19 The study makes the following recommendations:-

- i. The town centre as a location for the proposed HQ offers the opportunity to increase town centre footfall by nature of its location, supported by evidence within the report that highlights the travel demand profile for town centre located offices;
- ii. A car free development is likely to be possible due to the abundance of alternative travel modes and also wider parking opportunities within Falkirk. As a result of not providing additional free and convenient parking, case studies presented within the report suggest modal shift, by way of reducing the use of the private car for commuting is possible.
- iii Greater emphasis on the Council's travel hierarchy (prioritising active travel modes of walking, cycling and public transport) would support and emphasise the need to avoid private car travel; and
- iv A further staff survey should be undertaken once the HQ is operational to inform the success in terms of town centre footfall

As a consequence of this study it is considered that the parking and access requirements of the new facility can be readily addressed. The details of these would be confirmed through consideration of the planning application for the development.

e) Arts Centre Stakeholder Engagement & Business Case Review

4.20 In line with the Council's position on the Arts Centre, staff in FCT undertook a limited and targeted stakeholder engagement with existing FTH & Library customers, Falkirk Arts network, Youth Theatre, *Reaction*, and town centre businesses on the project as it stands.

4.21 In the course of this engagement, a stakeholder survey was undertaken, with FTH Theatre and library customers, Falkirk Art Network, other FTH lessees, Falkirk Youth Theatre and town centre businesses. A total of 878 responses to the survey were made. The findings indicate that:

- 80% supported the development of the facility with a further 11% stating they did not know (only 9% did not support the development);
- 86% of those in favour stated they would use the new facility

Appendix 5 gives further details of the consultation, its initial outcomes and information on the planned steps for fuller engagement as the project progresses.

Arts Centre Business Case Review

- 4.22 In preparation for the detailed development of the project, all assumptions and forecasts made in the 2019 feasibility study have been reviewed by DCA associates, who prepared the original business case. This recognised the aim to have a multi-faceted, vibrant facility which is a hub for a broad range of daytime and evening activities. The review includes an updated revenue forecast for the centre based on the Council's identification of a preferred 550 seat main auditorium. This has been updated to the current day and the likely delivery timetable for the project. The forecast sees some additional allowance for operating costs (sanitation, front of house costs) in anticipation of changes to operation that will endure arising from COVID-19, but in other respects, DCA's forecasts for the business remain largely as 2019. Market research and stakeholder discussion indicates that the need and demand for the new Falkirk venue remains as strong as previously established and updated forecasts continue to show that the venue will be viable, cost effective, and capable of significantly increasing income and attendances, and reducing subsidy. The ten year projection shows potential to grow admissions from 79,147 to 165,653 and income from £524,130 to £1.9m annually.

Next Steps

- 4.23 FCT advise that, as the development proceeds, further steps are proposed in the business and operational planning process for the arts centre:
- Monitor audience levels returning to shows at FTH, and other Scottish venues, following Covid-19
 - Extend the stakeholder consultations and partnership with local and national arts and community groups to reflect their needs in the provision of the new centre
 - Develop the business case and organisational plan for the library element of the project, seeking additional efficiencies where possible
 - Continue to review and test the business case for auditorium capacity and secondary income generation
 - establish the most cost efficient development, securing savings and returns over current operating costs and carrying out regular risk analysis to ensure confidence in the development prior to contracting
 - Update the forecast economic case for the project, detailing the effect on the regeneration of the town centre,

f) Aspirations for Net Zero Carbon

- 4.24 The Council commissioned Mott Macdonald to assess the anticipated carbon emission for the 2 options, based on the Council aspiring to achieve net zero carbon emissions. Appendix 6 shows that by separating the functions into the two building in Options A, that the Council would produce c950 tonnes of CO2 more (8,207 t.CO2 in Option A and 7,257 t.CO2 in Option B), and would incur additional costs of circa £444K in operational and emissions offset costs, over the 25 years, beyond those costs attributed to Option B.
- 4.25 It is also important to compare this with the current carbon emissions from the Municipal Buildings and Falkirk Town Hall complex, based on the last full year of normal operation in 2019/20. Appendix 6 again details this and suggests that the carbon usage from these new buildings would reduce to a third of current levels (94 kWh/m2 operating energy usage in the new build comparing with the Municipal Buildings Complex current level of 288 kWh/m2 per annum). Over the 25 years, the operational emissions from a new building would show a seven fold reduction in t.CO2.
- 4.26 Scottish Futures Trust have also assisted with an appraisal of the two options against their new Net Zero Public Sector Building Standard - <https://www.scottishfuturestrust.org.uk/page/net-zero-public-sector-buildings-standard>. They consider that Option B is more likely to adhere to the standard from a Place, Carbon and Environment perspective - their full appraisal is also within Appendix 6.

g) Town Centre Regeneration and Place-based investment

- 4.27 A principal purpose of locating the HQ and arts centre project on the High Street is the benefit that this will give in the regeneration of the town centre. Recent work on the town centre health check, undertaken by the Council's planning service, indicates that the percentage of floorspace vacant in Falkirk Town Centre (excluding the Central Retail Park) increased from 20.2% in 2019 to 25.8% in 2021. In the primary retail area (High Street/Howgate/Callendar Square), the floorspace vacancy increased from 33% in 2019 to 40.8% in 2021.
- 4.28 In the case of Option A, splitting the delivery of the accommodation aids the commencement of regeneration of two sites; the High Street/Cockburn Street and Municipal Buildings sites.. However, removing the office element from the project at High Street/Cockburn Street reduces its redevelopment impact on the High Street and the anticipated footfall arising from staff and visitors to the offices. It restricts the co-locational benefits and vibrancy anticipated from the shared uses accommodated within a single building. Operationally, it demands additional premises management support and will require trips by Members/officers taking place between the office HQ and the civic accommodation in the arts facility. While Option A introduces a mixed use (office/residential) scheme at the Municipal Buildings site, it reduces the

number of residential units accommodated on the site remaining following the construction of the office.

- 4.29 Option B offers a more coherent regeneration scheme on the High Street with a combination of uses within the building which reduces premises management demands in operation and is anticipated to generate significant footfall for the town centre . In addition, it creates a significant and attractive site for residential development at the Municipal Buildings, in close proximity to the High Street. This was noted by the District Valuer in the previous Council report as one of the most attractive redevelopment site opportunities in the Central Belt.
- 4.30 In regeneration terms it is therefore considered that the delivery of the combined facility on the High St/Cockburn St site, with residential development proceeding at the Municipal buildings site offers the optimal way forward.
- 4.31 Further to the decision being made and as a means to progress the Council's preferred approach to the regeneration of the town centre it is intended that, work will commence on the preparation of a town centre masterplan, applying the new place based principles which have been established by the Scottish Government and are being progressed through provision of a new Place-Based Investment Fund.
- 4.32 It was agreed by the Council that a paper be prepared for a future meeting of the Executive setting out the Council's approach to delivery of the Place Based Investment Fund, aligning this with the Council's own community empowerment measures being progressed via Community Choices. This work is now underway and will be presented at a future meeting of the Executive.

h) Appraisal of Site Options

- 4.33 The two options requested by the Council have been appraised, having regard to each of the above issues. This appraisal suggests that the route offering best value to the Council in progressing its HQ and arts centre project is to progress with Option B. The reasons for this are presented in summary form below:

| Issues | Option A | | Option B |
|----------------------------------------------------------------------------|----------------------|-------------------------------------------------|--------------------------------------|
| | Standalone HQ Office | Front facing arts centre, civic hub and library | Combined HQ and arts centre facility |
| Net Capital cost | <u>£59.8M</u> | | <u>£45.4M</u> |
| Running costs per annum (based on assumed costs but rate per sq) | £323K | £685K | <u>£892K</u> |
| | <u>£1,008K</u> | | |

| | | | |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Site disposal/ acquisition | Reduces site available at MBF for disposal Reduces no. of residential units anticipated at MBF site | Requires full High St/Cockburn St site for delivery Remainder site available for regeneration/disposal Reduced site valuation at MBF (50% =£1.25m) | Utilises full High St/Cockburn St site Enables full scale disposal and redevelopment of Municipal Buildings site |
| Parking and access | Requires dedicated parking provision and new roundabout access at junction Requires additional trips for Civic meetings | Shares town centre parking as part of green travel plan approach | Shares town centre parking as part of green travel plan approach |
| Carbon Usage (at 94kW/annum over 25 years) | Total Emissions – 8,207 tonnes.CO2 Operational & Emissions offset costs - £3.832M | | 7,257 tonnes CO2 £3.289M |
| Town centre regeneration | Reduces regeneration impact for site due to distance from High Street. Creates mixed use development at MBF site with fewer housing units | Utilises part of High St/Cockburn St site with further public realm/ ancillary development works required | Secures full regeneration of High St/Cockburn St site Creates benefits of co- location and vibrancy of building in use. Enables full scale regeneration of Municipal Buildings site for residential development |

4.34 As a consequence of this appraisal of the costs and benefits associated with each option, it is proposed that the Council should proceed with the delivery of Option B, the combined facility at High St/Cockburn St as it offers the lowest cost scheme with greater benefits in terms of carbon reduction, efficiency of parking/access and regeneration.. If agreed, the next steps for delivery of the project will involve over the next 6 months:

- progressing the phased demolition works for the Municipal Buildings
- seek approval at October Executive for Compulsory Purchase Order to enable acquisition of High St/Cockburn St site
- continue negotiations with affected parties at Cockburn/High St to secure any voluntary acquisitions
- procure design and project team to progress the next stage design for HQ & arts centre facility (concept design and readiness for planning application)

- commence stakeholder consultation on the design, including detailed specification of the various components (arts centre/Library/Hub/Office)
- confirm the Council's carbon aspirations for the project
- continue to review project capital costs and to refine running cost/income targets as part of the arts centre business case

5. Consultation

- 5.1. The Council of the Future Board has received regular updates on the progress of the HQ & arts centre project. The Board has emphasised that the design of the HQ & arts centre facility must reflect the needs and aspiration of the community, in particular young people and those involved in the local arts and cultural sector.
- 5.2. The results of the consultation undertaken in terms of the Community Empowerment (Scotland) Act 2015 in regard to the proposal to proceed with the demolition of the Municipal Buildings and subsequent disposal of the site have been summarised in the report elsewhere on the Council agenda. This indicates that of the 130 responses to Question 1, 107 (82.3%) agreed and 23 disagreed with the proposal to demolish the Municipal Buildings. Of the 130 responses received for Question 2, 81 (62.3%) were in favour of sale of the whole or part of the Municipal Buildings and Town Hall site. The stakeholder survey of FTH and library customers, local arts groups and town centre businesses undertaken by FCT also demonstrates significant support (80%) for the new arts centre proposal.
- 5.3. Once a preferred option is identified, it is suggested that a programme of consultation should be initiated to engage with community and cultural sector interests to seek further comment on the proposals and become fully involved in the design of the HQ and arts centre – this will continue as outlined in Appendix 5. This programme will be initiated alongside the process to acquire the High St/Cockburn St site and will inform the designs to be prepared for the planning submission.

6. Implications

Financial

- 6.1 A budget of £45m is contained in the General Services Capital Programme for delivery of the project, including all of the enabling elements. Appendix 2 outlines the detailed breakdown of capital spend anticipated on the enabling, new build, acquisition and site assembly costs and potential external funding streams for the project.

A detailed revenue and lifecycle cost review is not possible at this early stage in the project. However initial assumptions have been made for the maintenance and running costs based on comparison with existing revenue costs per sqm/building cost index norms. These are factored into the table

at para 4.33 above, and the borrowing costs have been factored into the capital business case for the project.

It is noted that, by accessing external funds, including the Investment Zone funding £6m, Place Based Investment funds (£1.4m) and capital receipts generated from the Municipal Buildings site, this would allow the net position to the Council, to be very close to the £45M funding previously committed. With virement of uncommitted funds from the Central Advice Hub project and refinement of costings in the subsequent design stages it is anticipated that delivery within the £45m allocation is possible.

As the project is still at a very early stage, it is recommended that the £45M allocation continues to be monitored by the Council of the Future Board, with any differential for further construction cost inflation, additional requirements in relation to net zero aspirations, or any unforeseen items being reported back to the Council. During the next due diligence stage, as the project moves to a concept design stage, all costs will be refined to a more detailed level.

Resources

- 6.2. Appropriate legal, financial, procurement and technical resources are being identified and responsibilities defined across the Council to support the delivery of this project. In addition, external legal and design support will be engaged to assist the Council in the delivery of the project.

Legal

- 6.3 The Council will require to follow Contract Standing Orders and Procurement Rules as it progresses the project to the next stages. This will include engagement of Hub East Central Scotland Ltd, the Council's partner for projects of this scale. The Council's inhouse legal team are being supplemented by external advisors to ensure the Council has sufficient legal capacity.

Risk

- 6.4 A risk matrix is maintained for the delivery of the HQ & arts centre project. It should be noted that the proposal to acquire a site involving several private sector landowning interests has a level of risk in delaying the scheme. The adoption of the CPO provisions will assist in securing clear title, however this will present a level of risk of delay in the timescale for the project's delivery.

However, it is considered that these risks are outweighed by the regeneration benefits offered to the town centre by delivery of the scheme on a High Street site. Were the Council to choose not to proceed with a High Street site there are risks to the Council and wider community in the further decline of the town centre, with increased town centre vacancies, loss of jobs and business in the area. This would create economic and reputational risks to the Council.

Within the outlined new build costs, there is a risk and contingency allocation of 7% allocated to this element of the project.

Were the Council to decide not to proceed with the development there would be major reputational and financial risks to the Council. Significant efforts have been made across the Council and by external parties to prepare the solutions proposed to their current stage. Works have commenced on relocations and arrangements made for the demolition of the Municipal Buildings to commence. A decision to halt progress would demand a significant exercise to re-provision accommodation to meet the Council's needs. It would also inhibit a major step in the regeneration of the town centre from proceeding, risking further decline in footfall, increased retail vacancies and job losses. As the provision of an asset would not be achieved, payment for works to date would not be permissible. This would therefore incur a cost to the revenue budget of circa £500K, representing the monies expended so far or remaining to be paid on the development of the project.

Equalities

- 6.5 An equality and poverty impact assessment is not required for this site appraisal. An assessment will take place to ensure that the needs of all users of the facility are addressed in the design of the building including, in particular, the needs of any disadvantaged groups.

Sustainability/Environmental Impact

- 6.6 The Council has agreed to progress the HQ & arts centre as an exemplar of 'net zero carbon' technology and officers have engaged with Scottish Futures Trust and other bodies to examine how these techniques can be applied in the design. The results of the carbon assessment are conveyed in section 4 of this report. The selection of the 'brownfield' site at High St/Cockburn St and redevelopment of the Municipal Buildings site has environmental and regeneration benefits for the area. Further sustainability and environmental impacts will be considered at the site development stage.

7. Conclusions

- 7.1 The delivery of the Council's HQ & arts centre project is a key priority of its Economic Recovery Plan and Town Centre Action Plan. The selection of the site on Falkirk High Street/Cockburn St has the potential to play a major role in transforming the fortunes of the town centre in line with the Council's Corporate plan priorities, while fulfilling the its requirement for a cost-effective solution to locate and progress the project.
- 7.2 The option appraisal summarised in this report concludes that the most cost-effective and transformational option is to progress with Option B, delivering a combined HQ office and arts centre facility at High St/Cockburn St. It is therefore proposed that the Council should proceed to acquire this site and progress with the single building option as outlined in option B.

Acting Director of Development Services

Author – Lesley Malkin, HQ&AC Project Manager, 01324 504817,
Lesley.Malkin@falkirk.gov.uk

Date: 21 September 2021

Appendices

Appendix 1 – Michael Laird Associates - Addendum Site Review Report

Appendix 2 – Summary of Overall Project Costs for Options A & B

Appendix 3 – Scottish Government Simplified Compulsory Purchase Order Process
& Indicative Timescales for the Preparatory Stage

Appendix 4 – Parking Review Report, WSP

Appendix 5 – Arts Centre Stakeholder Engagement Information, Falkirk Community
Trust

Appendix 6 – Net Zero Carbon Review, Scottish Futures Trust/Mott Macdonald

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:

- Scottish Government Guidance on Compulsory Purchase -
<https://www.gov.scot/publications/compulsory-purchase-orders-introduction>