

FC36. Council Headquarters & Arts Centre Update: Option Appraisal

Council considered a report by the Acting Director of Development Services which provided 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 Council.

Council agreed at its meeting of 23 June 2021 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 instructed 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.

Further work undertaken on the options for delivery of the HQ & Arts Centre project had 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

Site and Space Requirements

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

- (1) requiring an office of circa 3,234 sqm – to accommodate office space for Elected Members, Senior Management team and have workstations for staff, along with some touchdown accommodation. In total this accommodated c.200 workstations and would be a base for around 340 staff, working on a hybrid basis, and
- (2) the Arts Centre/Library & Advice Hub on a standalone basis at High St/Cockburn St would require a building of circa 6,866 sqm.

In terms of Option B, the space budget for the single building, with all functions sharing spaces remain was c.8918 sqm.

Capital Cost Review

The costs for the 3 building options were reviewed based on the rates previously reported in June 2021. Rates had been rising since 2019 due to the continuing effects of the COVID situation. To ensure that inflation/rate changes were taken into account, a 6% increase was utilised from the RICS cost indices. Additionally, as the Council aspired to have properties which exceeded the current building regulations standards, enabling it to realise its climate change targets, a further 15% uplift on costs had been agreed for carbon reduction measures.

The net cost to the Council for Option A was £58.8m and for Option B was £45.4m.

Acquisition Strategy, Compulsory Purchase Order and land values

Following the June meeting officers had 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.

The majority of the parties, were reluctant to have detailed negotiations or discussions with the Council until the CPO was formally promoted, although discussions had occurred with some of the commercial tenants. The acquisition costs had not significantly changed since the June report.

In Option A, given the reduced site available for redevelopment and disposal at the Municipal Buildings, the anticipated capital receipt was halved, estimated at £1.25m.

Parking Review

A town centre parking study undertaken in 2019 found that peripheral town centre car parks were not heavily used, and that more central car parks were occupied at around $\frac{3}{4}$ full. The survey was undertaken on a Friday and Saturday, these were deemed to be the busiest days of the week. The study concluded that no town centre car parks operated at peak capacity.

The parking study made the following recommendations:-

- (1) The town centre as a location for the proposed HQ offered the opportunity to increase town centre footfall by nature of its location, supported by evidence within the report that highlighted the travel demand profile for town centre located offices;
- (2) A car free development was 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 suggested modal

shift, by way of reducing the use of the private car for commuting was possible;

- (3) 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
- (4) A further staff survey should be undertaken once the HQ was operational to inform the success in terms of town centre footfall.

Arts Centre Stakeholder Engagement & Business Case Review

A limited and targeted stakeholder engagement with existing FTH & Library customers, Falkirk Arts network, Youth Theatre, Reaction, and town centre businesses was undertaken. In the course of the 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 indicated that:-

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

The ten year projection in the business case showed potential to grow admissions from 79,147 to 165,653 and income from £524,130 to £1.9m annually.

Town Centre Regeneration and Place-based investment

A principal purpose of locating the HQ and arts centre project on the High Street was the benefit to regeneration of the town centre. A town centre health check, undertaken by the Council's planning service, indicated 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.

In regeneration terms it was considered that the delivery of the combined facility on the High St/Cockburn St site, with residential development proceeding at the Municipal buildings site offered the optimal way forward. Councillor Meiklejohn, seconded by Councillor Alexander, moved that 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, and
- (4) 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.

As an amendment, in substitution for the motion, Councillor Bissett, seconded by Councillor Goldie, moved that Council:-

- (1) notes the content of the report and the updated financial information provided;
- (2) in light of the Council's current financial position agrees not to proceed with either option A or B;
- (3) agrees to seek a further report from the Acting Director with updated costs and design options for the following:-
 - (a) to build an HQ building (c.200 workstations) incorporating civic accommodation on the current site as close to the front as possible (taking in the footprint of Westbank);
 - (b) retain the Town Hall in its current form and look at a partial upgrade particularly around improving energy efficiency in light of the need to tackle climate change, and
 - (c) at a date in the future a library and hub in a High Street site.

and that the report should provide further information on funding sources that would be available to support each of the options to be addressed in the report.

Council adjourned at 12.15pm to allow consideration of the terms of the amendment and reconvened at 12.30pm with all members present as per the sederunt.

Councillor Nicol left the meeting during consideration of the item.

Council then adjourned at 1.35pm for lunch and reconvened at 2.05pm with all members present as per the sederunt with the exception of Councillor Nicol.

In terms of Standing order 22.1, the vote was taken by roll call, there being 28 members present with voting as undernoted:-

For the motion (13) – Depute Provost Ritchie; and Councillors Alexander; Balfour; Binnie; Bouse; Coleman; Collie; Garner; Hughes; McCue; Meiklejohn; Murtagh, and Spears.

For the amendment (15) – Provost Buchanan; and Councillors Aitchison; Bissett; Black; Blackwood; Coombes; Flynn; Goldie; Grant; Harris; Kerr; McLuckie; Munro; Nimmo, and Patrick.

Decision

Council agreed the amendment.