

**FALKIRK COUNCIL**

**Subject: *BETTER ASSETS, BETTER SERVICES*  
ASSET MANAGEMENT PLAN:  
OFFICE ACCOMMODATION – EDUCATION SERVICES**  
**Meeting: POLICY & RESOURCES COMMITTEE**  
**Date: 17<sup>TH</sup> NOVEMBER 2009**  
**Authors: DIRECTOR OF COMMUNITY SERVICES  
DIRECTOR OF EDUCATION SERVICES**

**1.0 INTRODUCTION**

- 1.1 The purpose of this report is to advise Committee of an opportunity to consider relocation of the Education Services office headquarters from McLaren House, Polmont in the context of on-going work in relation to the options for the Council's office accommodation requirement across all Services.
- 1.2 A review of the Council's office HQ accommodation is continuing. A previous report to Policy & Resources Committee advised that further options to clarify the Council's office accommodation requirements would require to be considered. This report summarises short to medium terms issues and opportunities arising, and incorporates new options which have become available. It also has regard to implications for the longer term resolution of the Council's office requirements.
- 1.3 Considerable work has been undertaken to date in relation to Municipal Buildings, Falkirk (including Town Hall), Brockville, Denny Town House and Seabegs Road complex. This has involved assessments of condition, suitability and sufficiency of the properties including consideration of their performance e.g. in terms of sustainability including carbon management.
- 1.4 It is however apparent that in developing a viable strategy for determining the future scale and provision of Council office headquarters accommodation, other existing office locations require to be considered in terms of their overall effectiveness in delivering Council Services. There is also an overall need to clarify the mix and extent of civic, front and back office functions which require to be accommodated together with potential for shared use with other Community Planning partners.
- 1.5 This report highlights an opportunity to deliver efficiencies through the Council's wider property portfolio consistent with the Asset Management Plan's longer term objectives relating to rationalisation and improvement of Service office accommodation in terms of demonstrating 'best value' in service delivery.

## **2.0 BACKGROUND**

- 2.1 The review of office accommodation has highlighted that the Council occupies a mix of Council-owned and externally leased accommodation. The need to demonstrate efficiencies reinforces the need to consider opportunities for rationalisation.
- 2.2 The Council in 1995 secured a 15 year lease of the office premises at McLaren House in Marchmont Avenue, Polmont extending to 653m<sup>2</sup> to form the administrative headquarters for Education Services. This lease is due to expire on 31<sup>st</sup> July 2010. The rental payable by the Council to the private landlords, Messrs Ferguson is £81,550 per annum.
- 2.3 In addition, the Council occupies space on short term leases in the adjacent Haypark Business Centre at an additional annual rental of £19,522. Some of the leases here are however due to end shortly with the disbanding of the successful NPDO Schools Project Team.

## **3.0 CURRENT OPPORTUNITY**

### **3.1 2 Inchyra Road, Grangemouth**

- (i) These premises are part of the Council's non-operational business property portfolio and were vacated earlier this year by INEOS on termination of the lease.

Extending to 1359m<sup>2</sup>, this former factory unit has been converted to office space with the capacity to accommodate 100-120 staff. Although fitted out to a good standard by the previous tenant, there is little prospect of successfully re-letting this property in viable commercial terms in the near future given the current economic climate.

- (ii) This property is available immediately offering potential efficiencies without the need for significant capital expenditure in essential conversion costs, however some improvements are required to e.g. reception and toilet facilities.

## **4.0 OPTIONS APPRAISAL**

- (i) Appraisal of the Education Services office headquarters relocation has taken place in the context of the ongoing work being undertaken relating to provision of Council office headquarters generally.
- (ii) This includes the carrying out of prioritised essential repairs to Municipal Buildings, Falkirk at a cost of £100,000 to ensure statutory requirements are met, together with further appraisal of the Brockville office block (Social Work Services office headquarters) and at the options for the complex at Seabegs Road, Bonnybridge occupied by Corporate & Neighbourhood Services, including potential consolidation of associated service functions at the Forum, Callendar Park.
- (iii) The need to maintain a degree of flexibility of approach to early office relocations consistent with longer term potential options is recognised, particularly bearing in mind the highly constrained financial situation including the difficulty of securing capital receipts from disposal of surplus assets in the currently depressed property market.

- (iv) Education Services by moving to a single property would be able to co-locate members of staff/teams from McLaren House, Haypark and other locations to the new HQ base. This move would improve the communication between teams and provide the opportunity to re-structure the central administration and support functions to improve efficiency and to re-engineer some current workflow processes.
- (v) As an alternative option, the Council could choose to remain in occupancy of McLaren House. The landlords have offered to negotiate terms for a new lease on a competitive basis and it is believed that through such negotiations, a reduction in the current rental payable could be achieved, reflecting prevailing conditions in the commercial property market.
- (vi) Such a course of action would however still result in a substantial annual rental payable being made to a private landlord, as opposed to the rental payment for 2 Inchyra Road (£90,000 per annum) being retained within the Council.

## **5.0 IMPLICATIONS**

### **5.1 Financial Implications**

Education Services anticipate savings arising from the streamlining of service delivery resulting from the relocation. A net annual saving of £11,342 will be achieved. The Council will also receive income for a rental property that is currently vacant.

### **5.2 Legal Implications**

As the Council cannot internally enter into a formal lease, the proposed occupancy shall be regulated by an exchange of letters, covering the appropriate terms and conditions.

### **5.3 HR Implications**

- (i) The Director of Education Services has advised the staff affected of the possibility of such a move.
- (ii) Excess travel expenses may be payable to some staff who have to travel further from home to the new HQ base.
- (iii) Further discussions will take place if such a move is ratified.

## **6.0 SUMMARY**

- (i) The proposed relocation of Education Services office headquarters from McLaren House to 2 Inchyra Road has a number of significant benefits to the Council both from service delivery and financial perspectives.
- (ii) The proposal will result in an annual saving to the Council of £101,342 as a result of no longer requiring to pay rental to a private landlord and gaining an income from a vacant property.

Beneficial occupancy of a property which would otherwise have remained vacant and generating no external rental income will be achieved, taking advantage of the

significant investment in fitting out the property undertaken by the previous tenant.

- (iii) From the wider economic development perspective, McLaren House will become available on the market with the opportunity for the landlord to secure an alternative occupier/use for the premises.

Whilst current market conditions are challenging, it is nonetheless reasonable to assume that given the building's age and condition, as the economy recovers it will be possible for the owner to secure a beneficial use for the premises in what remains an attractive business location.

## **7.0 CONCLUSIONS**

- 7.1 The proposal to relocate Education Services office headquarters to 2 Inchyra Road, Grangemouth is consistent with the aims and objectives of the Council's Corporate Asset Management Plan.
- 7.2 It represents a further step in the rationalisation of Service office headquarters accommodation in terms of consolidating this requirement within the Council's own property portfolio thus demonstrating effectiveness both in terms of delivery of services and from a financial/revenue budget savings perspective.

## **8.0 RECOMMENDATION**

**It is recommended that Committee authorises the Directors of Community Services and of Education Services:-**

- (i) To make the necessary arrangements to relocate Education Services administrative headquarters to 2 Inchyra Road, Grangemouth; and**
- (ii) To terminate the lease of McLaren House and other Haypark offices effective from 31<sup>st</sup> July 2010.**

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Director of Community Services

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Director of Education Services

9<sup>th</sup> November 2009.

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## **LIST OF BACKGROUND PAPERS**

1. Corporate Asset Management Plan – *Better Assets, Better Services*.
2. Previous Report to Policy & Resources Committee – November 2008.

Anyone person wishing to inspect the background papers listed above should telephone 01324 590982 and ask for Alan Urquhart.