

The background of the slide features a large, light blue watermark of the City of Edinburgh's coat of arms. The coat of arms is a shield divided into four quarters. The top-left quarter shows a castle tower. The top-right quarter shows a stag's head with a cross above its antlers. The bottom-left quarter shows a three-masted sailing ship on the sea. The bottom-right quarter shows an eagle with its wings spread. Above the shield is a crown with four fleurs-de-lis. Below the shield is a ribbon with the motto 'ANE FOR A'.

Agenda Item 8

Council HQ and Arts Centre

Falkirk Council

Title: Council HQ & Arts Centre
Meeting: Falkirk Council
Date: 30 September 2020
Submitted By: Acting Director of Development Services

1. Purpose of Report

- 1.1. This report gives an update on the progress of work on the Council's civic headquarters and arts centre project. It summarises the options to progress the project as conveyed in the attached report and gives recommendations on the way forward.

2. Recommendations

2.1. It is recommended that the Council:-

- 1) notes the attached report on the update to the strategic business case for the Council's office headquarters and arts centre project
- 2) agrees to proceed with Option A identified in the report as the Council's preferred approach to delivery of the project
- 3) agrees to proceed with the works to prepare the property at Block 4, Central Park Larbert for provision of an interim office and resilience/out of hours hub at a cost of £919k, this work to proceed immediately for completion by mid 2021
- 4) agrees to progress with delivery of the refurbishment and fit-out of vacant office accommodation at the Falkirk Stadium at a cost of £1.5m
- 5) if agreeing to the above, agrees to proceed with the phased rundown and closure of the Municipal Buildings, Falkirk and other operational office properties listed in Appendix 5 of the attached report.
- 6) agrees to deliver the HQ & Arts Centre (Option A) project in Falkirk town centre and that a further report confirming the detailed specification and approach to procurement of the facility be presented to a future meeting of the Council
- 7) agrees that a workshop be convened involving representatives of the Council and developer/landowning interests in Falkirk town centre to consider current concerns and opportunities to progress the project.

3. Background

- 3.1 The Council's civic headquarters (HQ) and arts centre (AC) replacement project is an important priority for the Council. The Municipal Buildings

complex is beyond its serviceable life and a replacement is necessary. The options for delivery of the scheme were considered by the Executive in January 2020 and subsequently at the budget meeting of the Council in February 2020.

3.2 The preferred option of the Executive at that time involved provision of an office HQ facility of 500 workstations with an arts centre (550 seats), the Central Advice Hub and a replacement for Falkirk library at a total combined cost of £53.75m. Subject to agreement of funding, the Executive agreed to procure a development partner and site for the project at a location in Falkirk town centre

3.3 A sum of £45m is contained in the existing capital programme for delivery of this scheme. The Council meeting on the 26th February 2020 agreed that:-

- the additional £8.7m for the project (taking the project to £53.75m) was not the best use of resources at this time;
- the project approved at Executive in January 20 (the £53.75m project) will not proceed; and
- the Director of Development Services brings a report to Council on options for delivery of a project within the £45m cost envelope, adopting a spend to save approach and including options to decouple the HQ & Arts Centre and information on any additional funding.

3.4 Since the Council meeting in February, officers have:

- reviewed the previous proposals to establish a means to deliver within the £45m cost envelope
- produced a set of options, and appraised these as a basis for decision by the Council, and
- continued discussions with SFT and others in Government on potential sources of additional funding for the project

3.5 Officers have also assessed the implications of the impact of Covid-19 for the project. Progress reports have been supplied to meetings of the Council of the Future (HQ project) Board. The attached report summarises the outcome of this work and recommends a way forward.

4. Considerations

4.1 The report on the business case for the project considers the Council's future office requirements, defined in a review of office accommodation in 2018. This identified a back office requirement for 1300 FTE staff and that applying a 0.6 deskpace/FTE ratio would require an office HQ of 500 workstations. The remaining back office staff would be accommodated by fitting out vacant space at the Falkirk Stadium.

4.2 The Council's office needs have been reassessed to address the effects of Covid-19 assessing short, medium and longer term requirements as the effects of the pandemic eases over time. As the majority of office based staff

are working from home, it is proposed that a planning requirement of 0.5 deskspace/FTE or around circa 650 workstations is adopted. The current ratio is c1.3 desks/FTE i.e. more desks than people occupying them. The proposed ratio provides flexibility for social distancing in the short term and capacity for sharing with partner agencies in the future. The potential benefits of locating a Central Advice Hub within the facility have been considered, which also offers options for partner co-location.

- 4.3 In addition, a replacement is required for Falkirk Town Hall. A business case, prepared with Falkirk Community Trust, identified that the scale of cultural demand in the area suggested a need for a new 550 seat auditorium and ancillary space, shared with the HQ facility. The business case highlighted that this facility would make a major contribution to the area's tourism sector and would assist in regenerating Falkirk town centre. The opportunity to relocate Falkirk library to the facility is also noted.
- 4.4 The prospects for Falkirk town centre are adversely affected by the pandemic, with a significant downturn in footfall. Several retail businesses have closed and Cygnet Properties, the owners of Callendar Square have noted their intention to close the centre. In submissions to the Council Cygnet and Ellandi (owners of the Howgate) have highlighted significant concern over the prospects for the town centre, their appetite to re-purpose their assets and make a plea for clarity from the Council on the HQ & Arts Centre project and its commitment to the town centre.
- 4.5 Should the Council be minded to proceed with the project it is considered to require the following elements:
- office accommodation 650 workstations (plus touchdown) at 0.5 ratio deskspace/FTE with a blend of home working and office based social distancing
 - an arts centre facility(c550 seats – subject to an updated business case)
 - civic accommodation (acknowledging the potential for short term sharing with schools and other facilities during construction)
 - training provision (acknowledging the potential for sharing at schools, the Forth Valley College, Falkirk campus, Falkirk Stadium and other facilities)
 - meeting spaces for Council, community and other purposes.
 - data centre and digital support measures
 - partners' requirements
 - the delivery options for the scheme
 - economic regeneration benefits of the facility
- 4.6 In the course of this work, an opportunity has arisen with the return to the Council of a commercial property at Block 4, Larbert, occupied previously by Thomas Cook. This is a modern office building with ancillary accommodation and offers potential, in the short-medium term to accommodate up to 270 workstations, with provision for collaborative working, staff welfare, training, data centre and other out of hours facilities. It can modernise the Council's approach to office provision with significant benefits in staff welfare, carbon reduction and cost savings. Occupying these premises avoids incurring a non-domestic rates vacant buildings liability of £120K per annum. Utilising

this building to accommodate staff from Municipal Buildings and other buildings could save the Council up to £480k per annum. It also reduces the business continuity risks at existing buildings.

4.7 The effects of this opportunity and the wider impact of the pandemic on the options to deliver the HQ&AC facility have been examined by officers taking a new build facility on the Municipal Buildings (as the benchmark for costing purposes). These options address the request of the Council in February 2020 and include:

- the **original proposal** - considered by the Executive in January 2020 with a 500 workstation office, 550 seat theatre, library, advice hub and ancillary shared spaces at a cost of **£53.73m**
- **Option A** – a ‘micro’ HQ with 130 workstations, arts centre, library and hub, with refurbishment of Block 4, Larbert and Falkirk Stadium at a cost of **c£43.5m**
- **Option B** – decoupling of the office and arts centre into 2 standalone buildings, to progress separately (including, potentially, on different sites).
 - Option B1 - delivers the office elements only (650 workstations), at a cost of **£33.4m**
 - Option B2 - delivers the arts centre facility alongside the office building with library and hub at an added cost of **c£28m**

If combined, this option would cost **£61.4m**. If the Council decides to proceed with these schemes separately, added costs would be incurred as the capacity for shared space would be limited.

- **Transitional Options** - The report also notes transitional options whereby
 - works progress at an early stage on the delivery of the Block 4 and Falkirk Stadium facilities as interim solutions while the detailed specification for the HQ&AC proposal is finalised. These works involve a cost of **£919k** conversion costs for Block 4 and **£1.5m** for fit-out and refurbishment at Falkirk Stadium. Committing to these gives resilience and commences the transformation of the office estate.
 - A commitment is made to delivery of the HQ&AC project proceeding in the town centre, with further work taking place to confirm the detailed specification, procurement and regeneration benefits. To this end, a workshop with representatives of the Council and principal developer/landowning interests in the town centre is suggested as a means to understand current issues they are experiencing and the opportunities their sites might offer for delivery of the project.

- The civic functions of the Council are distributed for a temporary period to local schools and community premises (including Forth Valley College)
- The following buildings are available for reuse or redevelopment in the short/medium term:-
 - Municipal Buildings (site for redevelopment).
 - Sealock House (site sold)
 - Denny Town House (site sold for redevelopment to produce a receipt for the Denny Common Good Account)
 - Rossvail (site for redevelopment)
 - Camelon Education Centre operational wing (demolition of 1960's block with review of the refurbishment/redevelopment options for remaining site), and
 - (subject to Covid-19 restrictions and longer opening hours) either Abbotsford House or the Forum

4.8 The option of retention and refurbishment of Falkirk Town Hall to a Condition 'A' standard (updating to modern standards but with no enhancement and limited betterment) at a capital cost of c£4.1m has been considered. The work suggests that this would not be cost effective as the facility would not meet the demands of a varied artistic programme and expectation of audiences. It would demonstrate the need for a more fundamental upgrade of the facility at significantly higher cost and ongoing subsidy requirements. FCT have endorsed this view of the refurbishment option.

4.9 Each of the options has been assessed in terms of their capital and revenue costs, adopting a 'spend to save' approach with savings and disposals from vacated properties reinvested in the new buildings as agreed via the SPR. The assets disposed would trigger re-use or redevelopment options as outlined above and as such would be a catalyst to investment by other parties, while generating revenue savings to the Council.

4.10 The options have been appraised and it is considered that an early transition to prepare the Block 4 and Falkirk Stadium premises while proceeding with the commitment to Option A – the 'micro' HQ and arts centre facility presents best value to the Council for the following reasons:

- Preparing Block 4 and Falkirk Stadium enables safe, cost-effective and sustainable provision of modern office accommodation suited to the Council's ambitions set out in the Business Plan. They offer the opportunity to align and a number of key functions for the Council in office, IT, training and out of hours resilience functions. They can also be considered as interim solutions pending delivery of the new headquarters facility.
- Commitment to deliver the HQ & arts centre project in the town centre demonstrates a strong commitment to the renewal and re-purposing of the town centre. It can act as a catalyst to other investment (including external funding), will sustain and attract employment and will increase footfall for the town centre.

- 4.11 It is therefore recommended that the Council should proceed with the delivery of the HQ & arts centre project in the town centre as suggested in Option A and that, as an interim step, the premises at Block 4, Central Park, Larbert and at the Falkirk Stadium should be refurbished to meet the Council's office requirements.

5. Consultation

- 5.1 A programme of consultation with staff, partners and the wider community on the approach to delivery of the HQ & arts centre project will be undertaken once a decision is reached on the way forward.

6 Implications

Financial

- 6.1 A budget of £45m is contained in the General Services Capital Programme for delivery of the project. A spend to save approach has been adopted in the appraisal of options with savings from operational properties reinvested in the replacement assets. This suggests that a total of £1.6m of savings is possible by vacating existing premises which, after deducting running costs of £747k at Block 4 & the Stadium leaves £917k for re-investment in the project to meet running costs or loan charge payments.
- 6.2 The financial implications of each option for HQ & Arts Centre project have been assessed and are summarised in section 10 of the attached report. The anticipated capital costs and revenue implications for each option and associated works are summarised as follows:

Option	Capital cost	Net revenue cost (annually at year 7)
Original proposal (January 2020)	£53.73m	£2.2m
Option A	£43.46m	£2.06m
Option B1	£33.434m	£0.91m
Option B2	£28.06m	£2.07m
Option B Total	£61.494m	£2.98m
Transitional works:		
- Block 4, Larbert	£919k	(£747k)
- Falkirk Stadium	£1.5m	
Note – all transitional works Capital & Revenue costs are included within Option A		

- 6.3 The opportunity to secure external funding support for delivery of the project presents an opportunity to reduce these capital costs. A submission for an allocation of up to £6m is being sought via the recently announced commitment of £90m of Investment Zone funds and other funding sources will be investigated by officers.

Resources

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

Legal

- 6.5 The Council will require to comply with the European procurement rules for any construction works and any agreement will be subject to conclusion of contract documentation in appropriate terms.

Risk

- 6.6 The risks associated with continued occupation of the Municipal Buildings premises have previously been advised to Members, The deteriorating condition of the Municipal Buildings and Falkirk town hall complex requires that the buildings be replaced. Built in 1965, it has reached the end of its serviceable lifespan and condition surveys rate the buildings as Condition C status – poor. The risk of failure of the main elements of the buildings (roofs, external cladding, windows, heating, mechanical and electrical systems) remains high, and all require replacement or refurbishment which has been demonstrated not to be cost effective.

Intrusive surveys of the building in 2017 highlighted that the robustness of the structure gives cause for concern as the structural design did not allow for the risk of progressive collapse in the event of a fire.

In view of the time that has passed since the above it is now recommended that the measures to relocate activities to Block 4, Larbert, Falkirk Stadium and other premises are now progressed and that operational use of the Municipal Buildings is run-down. If agreed, steps to enact this coinciding with the completion of works at Block 4, will take place. This will help mitigate the risk of failure at these buildings.

It has been emphasised in the past that a ‘do nothing’ approach is not an option for the Council. The risks of not proceeding with the project are as follows:

- risk to business continuity through failure in key systems at the Municipal Buildings or other locations
- limited and higher cost options would arise for staff returning to work as Covid-19 lockdown restrictions are eased
- delays delivery of modern ways of working via Council of the Future

- incurs vacant non-domestic rates liability of £120k annually at Block 4, Larbert
- uncertainty and delay in the regeneration of the town centre, may lead to further blight and decline
- inhibits access to external funding and investment for town centre regeneration
- limits job creation potential of the project and reduces capacity for return to economic growth
- lack of decision and uncertainty creates reputational risk with adverse effects for other Council projects.

Risk matrices will be maintained for the project as it progresses.

Equalities

- 6.7 An equality and poverty impact assessment will be completed at the appropriate stage for the project.

Sustainability/Environmental Impact

- 6.8 The Executive in August 2019 agreed to establish measures to address the global climate emergency and at its October meeting, agreed that climate adaptation requirements be embedded in all Council projects & initiatives. Carbon reduction is to be a fundamental principle for future Council investment and a basis for action to rationalise the property estate. The Municipal Buildings currently has an EPC rating of G and is one of the Council's worst buildings for carbon emissions. Measures to replace poor performing assets will help demonstrate the Council's carbon reduction commitments.

The Council has agreed to work with Scottish Futures Trust and developers to deliver the HQ & AC project as an exemplar in the application of net zero carbon building techniques. The works proposed at Block 4 and the Falkirk Stadium will enhance the EPC rating with a consequent reduction over time in carbon emissions from the Council's office estate.

Policy

- 6.9 The Council HQ and arts centre project is a key component of the Council of the Future project and is an important enabler of the workstreams relating to the Council Plan including the Strategic Property Review.

7 Conclusions

- 7.1 The Council requires to replace its Municipal Buildings complex, modernising its office accommodation and arts facilities in a manner fit for the future. The HQ and arts centre project is a key enabler of the Council of the Future initiative and can play a major role in revitalising Falkirk town centre.
- 7.2 It is vitally important to resolve a way forward for the project and it is recommended that the Council embarks on the project by committing to:

- deliver the HQ and arts centre project (option A) in the town centre and conduct further work to confirm the specification and method of delivery
- undertake the transitional works at Block 4 Larbert and the Falkirk Stadium to provide accommodation for its office and ancillary services
- proceed with the phased rundown and closure of the Municipal Buildings, Falkirk and other operational office properties
- commence discussions with developers and landowning interests in the town centre to assess the means and benefits of the project in revitalising the town centre.

7.3 Following decision, a further report will be supplied to the Council on the proposed specification and arrangements for delivery of the project.

Acting Director of Development Services

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Date: 22 September 2020

Appendices

Appendix 1 – Council HQ & Arts Centre project: Strategic Business Case update

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:

- None

Falkirk Council

Council HQ & Arts Centre

Strategic Business Case - Update

Development Services

September 2020

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1. Introduction & purpose of report

- 1.1. This report provides an update on the progress of work relating to the Council's civic headquarters (HQ) and arts centre (AC) replacement project following the decisions made at the 26th February 2020 meeting of the Council.
- 1.2. The report is an update on the strategic level business case for the project in light of the Council's review of its Business Plan and alterations to service delivery models and the wider impacts arising post Covid 19.
- 1.3. The report gives recommendations on the way forward.

2. Recommendations

2.1. It is recommended that the Council:-

- 1) notes the attached report on the update to the strategic business case for the Council's office headquarters and arts centre project**
- 2) agrees to proceed with Option A identified in the report as the Council's preferred approach to delivery of the project**
- 3) agrees to proceed with the works to prepare the property at Block 4, Central Park Larbert for provision of an interim office and resilience/out of hours hub at a cost of £919k, this work to proceed immediately for completion by mid 2021**
- 4) agrees to progress with delivery of the refurbishment and fit-out of vacant office accommodation at the Falkirk Stadium at a cost of £1.5m**
- 5) if agreeing to the above, agrees to proceed with the phased rundown and closure of the Municipal Buildings, Falkirk and other operational office properties listed in Appendix 5 of this report.**
- 6) agrees to deliver the HQ & Arts Centre (Option A) project in Falkirk town centre and that a further report confirming the detailed specification and approach to procurement of the facility be presented to a future meeting of the Council**
- 7) agrees that a workshop be convened involving representatives of the Council and developer/landowning interests in Falkirk town centre to consider current concerns and opportunities to progress the project.**

3. Background

- 3.1. The Council's civic headquarters (HQ) and arts centre (AC) replacement project is an important priority for the Council. It is a key project in the Council of the Future initiative to aid the transformation of services, an element of the Council's Business Plan and an important measure to aid the area's economic recovery including the regeneration of Falkirk town centre.

The need for the project

- 3.2 The report to Executive in January 2020 set out the need for the project:
- a) *The deteriorating condition of the Municipal Buildings and Falkirk town hall complex requires that the buildings be replaced. The complex comprises the offices (accommodating 190 FTE staff and elected members), civic/committee suite and Falkirk Town Hall (FTH), and was built in 1965 and has reached the end of its serviceable lifespan. Condition surveys undertaken for the Council have indicated that the buildings are rated Condition C status - poor, showing major defects and/or not operating as intended. The main elements of the buildings (roofs, external cladding, windows, heating, mechanical and electrical systems) all require replacement and studies undertaken for the Council have demonstrated that the buildings would not be cost effective to refurbish. Intrusive surveys of the structure of the building have highlighted that the robustness of the structure gives cause for concern, given that structural design of buildings prior to the Ronan Point incident in 1968 did not allow for the risk of progressive collapse in the event of a fire. As a result a replacement for the building is necessary.*
 - b) *The Council's Strategic Property Review (SPR) is a key component of the Council of the Future business plan and reinforces the need to rationalise the Council's estate. This assists the Council to save money, deliver a 'one Council' approach to services and make the transition to agile, flexible working. A review of office accommodation (front and back office) demonstrated that the Council has a surplus of offices and workstation capacity, with 18 offices, 24,626sqm of floorspace at an average of 17sqm per FTE (more than double the national public sector benchmark of 8sqm). The front office estate is being reduced from 12 to 5 locations following the commitment to provision of a network of Advice Hubs in each locality across the Council area. The back office review shows that 7 of the 8 office premises occupied are in excess of 30 years old, inefficient and in need of upgrade. By adopting modern and flexible working methods with a 8sqm benchmark and a 0.6 ratio of workstations/FTE, the Council requires to provide c700 workstations to accommodate its back office functions.*
 - c) *The Executive, in August 2019, agreed to establish measures to address the global climate emergency and, at its October meeting, agreed that climate adaptation requirements be embedded in all Council projects & initiatives. Carbon reduction is a fundamental principle for future Council investment and a basis for action to rationalise the property estate. The Council has also agreed to participate in a national exercise with Scottish Futures Trust (SFT) examining the means to deliver the HQ and arts centre project as a 'net zero' building and an exemplar for such buildings across Scotland.*

- d) *The HQ and arts centre project is a central element of the Revitalising Falkirk Partnership and town centre action plan which Executive agreed the Council should participate in at its March and June 2019 meetings. The action plan was developed following the work of a stakeholder group examining the prospects for the town centre. It is intended to help realise further town centre investment and reverse its economic decline. Work undertaken for the Council demonstrates that the town centre accommodates c2200 jobs in 497 units. Between 2008 and 2015 it experienced a 27.3 % drop in jobs and had the highest reduction in shop numbers at 15.2% in Scotland. The vacancy rate increased to 16% in 2019.*

The Executive in August 2018 noted that the prospects for the town centre had been damaged by the loss of major retailers. It agreed a new vision for Falkirk town centre with the replacement headquarters with office, civic and arts facilities a key step in re-purposing activities in the town centre. This vision anticipates that cultural regeneration should be a key driver for the town centre, with the provision of the arts centre facility stimulating significant ancillary activity and development of the night-time economy. It can also help promote the national 'one public estate' approach to asset provision.

Revitalising Falkirk is an important element of the Falkirk Investment Zone initiative which aims to enable sustainable and inclusive economic growth across the Council area. The bid seeks funding support from UK and Scottish Governments, including support for the enhancement of town centres.

- 3.3 In summary, in view of the time that has passed since the risks associated with occupation of the Municipal Buildings premises were advised to Members, it is necessary that interim measures to relocate activities are now progressed to:

- mitigate the risk of business failure at the Municipal Buildings
- reduce the Council's office portfolio
- assist staff in the transition to new ways of working
- reduce carbon emissions from the Council's operational portfolio, and
- provide a catalyst to revitalise Falkirk town centre.

Council Decisions

- 3.4 The options for delivery of the scheme were considered by the Executive in January 2020 and subsequently at the budget meeting of the Council in February 2020. The preferred option of the Executive at that time involved provision of an office HQ facility of 500 workstations with an arts centre (550 seats), the Central advice hub and a replacement for Falkirk library at a total combined cost of £53.75m. Subject to agreement of funding, the Executive agreed to proceed with a procurement exercise to secure a development partner and site for the project to be delivered at a location in Falkirk town centre

3.5 A sum of £45m is contained in the existing capital programme for delivery of this scheme.

3.6 The Council meeting on the 26th February 2020 agreed that:-

- the additional £8.7m for the project (taking the project to £53.75m) was not the best use of resources at this time;
- the project approved at Executive in January 20 (the £53.75m project) will not proceed; and
- the Director of Development Services is to bring to Council a report on options for delivery of a project within the £45m cost envelope, adopting a spend to save approach and including options to decouple the HQ & Arts Centre and information on any additional funding.

3.7 Acknowledging this decision, since the Council meeting in February, officers have:

- reviewed the previous proposals to establish a means to deliver within the £45m cost envelope
- reviewed our requirements in light of the alterations to services as a result of Covid-19
- produced a set of options, and appraised these as a basis for decision by the Council, and
- continued discussions with SFT and others in Government on potential sources of additional funding for the project

Progress reports on this work have been supplied to meetings of the Council of the Future (HQ project) Board.

3.7 Additionally, the implications of Covid 19 on current and future working have been taken into consideration and the findings of this work are used to recommend a new set of planning assumptions and revisions to the specification and options available for delivery of the project. As the Covid-19 situation is still upon us, an interim solution is proposed, enabling the detailed specification to be confirmed over the next few weeks.

3.8 The results of this work are presented in this report and provide an update to the strategic level business case for the project

4. Delivering the Council's HQ office requirements

4.1 The office review undertaken in 2018 as part of the SPR identified that the Council:

- has 26 office buildings, many in poor condition
- occupies a total floorspace of 30,730sqm
- a space provision of 18sqm per FTE, more than double the aspired occupancy standard of 8sqm per FTE
- had more workstations than staff (estimated at 1.3 desks/FTE ratio), with each workstation costing in excess of £2000 p.a.

The review identified the back office requirement for the Council assuming this could be achieved at a proposed workstation/FTE ratio of 0.6. This enabled significant sharing of desks through increased flexible and home working and an overall desk requirement of 800 workstations was adopted, as summarised below, and detailed in Appendix 2.

4.2 The ancillary meeting and other accommodation proposed reflected the working patterns anticipated at the time with c750 (460 workstations at 0.6 ration equates to over 750 FTEs) office based staff utilising the new headquarters facility. It was anticipated that this office HQ would co-locate with the arts centre facility, sharing significant portions of the reception areas, meeting room, studio and welfare space.

January 2020 'Baseline' Project

4.3 In January 2020, when Executive agreed the main components to be included in the HQ&AC project, the projected costs for the baseline project were £53.75m, as tested on the Municipal Buildings test site. This included the new build facility, all other relocations and associated works.

4.4 The project business case had been completed following a thorough review of the costs for the various elements, the savings from closing current buildings, the receipts generated from concentrating activity and disposing of surplus buildings, along with predicted new running costs.

4.5 This embodied a spend to save approach wherever possible with savings and receipts being re-invested in the new assets. It noted that costs on a town centre site may vary, dependent on the site options arising from market testing. It also recognised that the Council could sell the Municipal Building site and generate a receipt which may be equivalent to the site acquisition costs for any new site. The unknown elements remaining would be the cost of any demolitions, groundworks and the level of developers return that may be sought by the market.

Council Office Workstation Requirements

4.6 The SPR confirmed that the Council has a HQ/back office staff complement of 1300 FTEs, and it was agreed that a ratio of 0.6 workstations, per FTEs would be required as follows:-

Recommended Planning Assumptions at 0.6 Ratio at February 2020 to Accompany Council Paper - 1300 FTEs	Workstations	Touch/n	Total
Management Hub in New Build HQ in Town	27	6	33
New Build HQ (inc Hub) in Town Centre	431	42	473
Arts Centre/Library Office (included in AC Accom)	-	-	0
Elected Members in New Build in Town Centre	30	0	30
Stadium - Refit of 4 Suites	203	27	230
Misc Exclusions to be Accommodated Elsewhere (ICT, Training, 24/7 Services/Contact Centre) - Possible reuse of other Premises (GMC & Library)	120	10	130
Total Requirement	811	85	896
<i>Equates to ratio for 1300 FTE, plus Members Space</i>	<i>0.60</i>		

- 4.7 Covid-19 has brought significant change to workplace practice worldwide with surveys suggesting that over 60% of workers have been working from home at some point during lockdown. It is estimated that the Council has had c3,200 employees working from home to varying degrees during the pandemic, including 1300 office staff. While there have been several technological and welfare issues to address through this change, a number of these have yet to be resolved. A recent report to the Council's Emergency Executive indicated that, for many Council staff, home working will become much more common. There is therefore a challenge to consider what the Council's future office requirement should be, the rationale for staff to use office accommodation and the type of spaces, design and standards for accommodation that should be provided.
- 4.8 The paper attached (Appendix 1) assesses the implications of Covid-19 for the HQ and arts centre project and the suggestion that the brief for this needs to be re-shaped to meet the impact of Covid-19. The project needs to consider:
- short term requirements, where social distancing measures are the primary concern for those premises that require to be re-opened
 - medium term requirements where services settle to the new normal and achieve an appropriate balance of home and office based working
 - long term requirements where the rationale for the Council's modern approach to office working is confirmed.
- 4.9 Some of this work is already underway with the measures necessary to re-open premises currently being planned. A working group on returning to work has reported to Executive. It is now progressing the steps necessary to re-commence service provision post-lockdown and coordinate re-opening measures, including the conduct of statutory compliance checks, social distancing and protective measures for the health and safety of staff and members of the public. This acknowledges that we remain in Phase 3 of the current lockdown arrangements and that progression to Phase 4 may still be some time away. Nonetheless it is important to plan for the time when lockdown restrictions are eased and staff can be permitted to return to offices.

4.10 Further work has been undertaken to update the office review and consider the Council's longer term requirements in relation specifically to:

- office accommodation needs (enabling an appropriate blend of home working and office based social distancing)
- the arts centre facility (c550 seats is presently anticipated, though further work to refine the business case for the facility is recommended)
- civic accommodation (acknowledging the potential for short term sharing with schools and other facilities during construction)
- training provision (acknowledging the potential for sharing at schools, the Forth Valley College, Falkirk campus, Falkirk Stadium and other facilities)
- meeting spaces for Council, community and other purposes.
- data centre and digital support measures
- partners' requirements
- the delivery options for the scheme
- economic regeneration benefits of the facility

4.11 The approach acknowledges that home working will be a fundamental component of the Council's approach to service provision for the longer term. It enables the future office HQ needs to be confirmed in a new specification for an 'office of the future' proposition to be included in the replacement HQ facility. However, all of this requires clarity on what the transition to the new future will look like from the decision point to proceed, to opening some 3+ years away.

4.12 It is acknowledged that the measures being taken to re-open premises may present a significant challenge for some of the Council's older office accommodation, and may also prove costly. It is therefore important to consider if it is necessary to re-open all buildings or if more benefits can be gained through adopting some of the new ways of working that have emerged. This involves transitioning to these new ways of working and co-locating in adapted buildings where social distancing and cleansing routines can be more readily maintained.

4.13 Following discussions with the Agile Working Group it is considered that office space needs should be altered to take account of a more blended approach that many staff are keen to adopt moving forward. With this in mind it is recommended that the following is adopted:

- **Office space needs & equipment** – office needs are reduced to a ratio of just less than 0.5 workstations per FTE, with the emphasis of the office being more of a collaboration space, where staff come for support, or specific tasks that need face to face working. The presumption, is therefore that most staff will work on a blended arrangement with time working from home and in the office, rather than always being in the office. This will also have an implication for the IT kit that staff and offices require and work on this is underway.
- **Central Hub** – this should aim to service a wide spectrum of Council front facing needs (excluding intensive Social Work support). Vulnerable people should be able to access face to face support through arranged appointments. The hub should also act as a base for outreach teams accessing the most vulnerable in the community.

4.14 It is therefore important that the foundations for the short to medium term are set now to allow service delivery to settle and adapt to the post Covid-19 normal, by achieving an appropriate balance of home and office based working, in transition accommodation. This will ultimately influence any new build and long term requirements the Council will have.

5. Meeting Interim Office needs: Block 4, Central Park, Larbert & Falkirk Community Stadium

- 5.1 In this context it is important to highlight a specific opportunity that has arisen with the return to the Council of vacant commercial office accommodation at the former Thomas Cook building at Block 4, Central Business Park, Larbert. This is a relatively modern office building with an open plan floorplate and ancillary accommodation necessary for modern office based operations. It offers potential, certainly in the short/medium term, as a facility to accommodate up to 270 workstations, with provision of areas for collaborative working, staff welfare, training, data centre and other facilities.
- 5.2 This building has reverted to the Council at a time of decline in commercial property markets and it is anticipated that there will be difficulty in securing a replacement occupant for the building. Remaining vacant, it would create a budget pressure, as the empty rates liability for the facility is £120k annually. It will also have a further adverse impact on the general services revenue account as a rental income for the premises had been anticipated.
- 5.3 It is noted that the opportunity remains available within the Falkirk Stadium to consider the refurbishment of the vacant first floor accommodation to consolidate some Council office functions in these premises (held by Falkirk Community Stadium Ltd, which is a company wholly owned by the Council). This work previously formed a part of the Council's resilience options for offices. It is noted that a vision for future use of the Stadium facility and its management over the longer term will be required and that this will need to address any backlog maintenance issues.
- 5.4 As part of the consideration of options towards meeting the Council's requirement, an exercise has been undertaken to examine the potential these buildings offer for conversion for use by the Council as office facilities with appropriate flexibility of use incorporated to allow re-location of services presently occupying less efficient office premises. The list of current office locations, staff numbers and the moderated office requirement (at the 0.6 deskpace and other ratios) is attached (Appendix 2) and this schedule will be used to confirm future deskpace requirements, as the Council implements the interim measures.
- 5.5 To progress this option a feasibility exercise has been undertaken to:-
- identify the adaptations necessary to make the Block 4, Larbert building and Stadium premises functional as office locations for the Council
 - identify the services that might be accommodated including consideration of IT, meeting room, training, welfare and other requirements
 - confirm the buildings to be vacated as a consequence,
 - prepare a business case to suggest how this might be afforded.
- 5.6 Over recent weeks, work has progressed on reviewing both Block 4 Central Park and the Stadium buildings to ascertain whether they would make suitable adapted buildings to meet the Council's transitional (and potentially more permanent) needs. At Block 4, high level surveys have been undertaken to assess the condition of the building fabric and services

installations and identify repairs that are required. A concept layout (Appendix 3) has also been produced to demonstrate the potential capacity of the building and to highlight how it could operate by creating a series of flexible spaces to accommodate the different ways of working, on a more collaborative basis.

- 5.7 Discussions have commenced with several teams within the Council on considering how they will work in the future, to test the proposals for the Block 4 building. The HQ&AC project has a number of functions that would have been problematic to accommodate in the town centre HQ, and other options were being explored so they have been the initial test for the Block 4 building. They relate to the data centre and its supporting staff, the Contact Centre, the new CCTV and 24/7 Hub and training accommodation
- 5.8 The Block 4 building could accommodate these functions (in addition to the 270 workstations), and allow these teams to be co-located in suitable spaces, along with, potentially, a significant number of other teams, assuming social distancing becomes relaxed in the workplace to one metre over the coming months. In this sense it offers the potential as a 24-hour hub facility supporting office, care and resilience staff. Appendix 3 shows the concept plan, along with some visualisations for the activities potentially accommodated.
- 5.9 In order to establish the condition of the existing building, fabric and M&E surveys were commissioned via East Central Hub to identify, and cost, building repairs and renewals. Both surveys highlighted areas of work required to the building, both externally and internally, that are considered essential for an office building to operate in a modern and efficient way. These works total £353k. In addition to this sum there is the cost of provision of a shower room for staff travelling by foot or cycling to work and for the existing commercial kitchen to be refitted to a modern standard. The breakdown of the total cost of construction works of £611k is shown in the table below.
- 5.10 Contractor's preliminaries, professional fees and approvals bring the total project cost to £919k. There had already been a dilapidations survey carried following termination of the Thomas Cook lease which identified circa £220k of work, which was paid by the outgoing tenant. These funds can be used to offset the total project cost.

Former Thomas Cook Building Block 4, Central Park, Larbert : Conversion costs

Main Contractors Works Costs	
	£'000
Building fabric survey - essential external works	101
Building fabric survey - essential internal works	107
M&E survey - essential works	145
Sub-total	353
Kitchen & Tea Prep Area	160
Provision of Shower Room	48
Other Dilaps Works Not Covered above eg fire integrity works	50
Total Cost of Works	611
Contractors Prelims @ 15%	92
Risk & Contingency - assume 10%	61
Total Construction Cost	764
Professional Fees, Approvals, & Surveys	
Design fees @ 15%	115
Approvals	10
CDM Principal Designers @1%	8
Hub Co Fee	23
Sub-total	155
TOTAL PROJECT COST	919

5.11 Additionally, consideration has been given to the upgrading of the building's energy performance and reducing its carbon footprint. This is an important consideration in meeting the Council's net zero carbon objectives. An energy audit has been commissioned which will provide targeted recommendations, with costs, to further improve the building's energy performance.

- 5.12 The main open plan office space (circa 2,130sqm) can provide a modern working environment for approximately 270 work spaces with a variety of work space types from private to collaborative, and from casual to formal. The building is flood wired with computer wiring to a modern standard connected to an existing custom made server room. Technology and Infrastructure staff have confirmed the Council's IT hub could be relocated to the building and they are currently investigating what the cost of this move would be.
- 5.13 The cost of furniture and fittings will also have to be factored in, however, this is a cost that will be required irrespective of the location of the new HQ in order to align with the principles of new ways of working and can be met from the agreed HQ project budget.
- 5.14 Work is also taking place to assess what a blended approach to office working might look like in terms of workstations requirements for the more medium to long term, based on the current COVID working practices and on the potential reoccupation requirements. The recent employee survey has indicated that culturally staff can continue to work from home but that further support is required. What is clear, is that a more blended approach should be sought, enabling the Council to reduce the 0.6 workstations per FTE ratio down to 0.5 in the short term and potentially even lower over the coming years, once new ways of working have bedded in.
- 5.15 The Project Team has also reviewed the potential of the west stand of Falkirk Community Stadium to provide office accommodation and commissioned surveys for this building to inform cost modelling and understand the full scope of works required. In 2017, the Council obtained planning consent for a scheme at the Stadium, as part of backup planning should staff have to vacate Abbotsford House. This survey work suggests an anticipated cost of £1.5m for the fit-out of the vacant first floor premises as well as repair and reconfiguration works at the Stadium.
- 5.16 The west stand is owned by Falkirk Community Stadium Ltd (FCSL) which is a 100% Council owned, arm's length company. The future of this arrangement has been in consideration for some time and a separate report on the accommodation options for the Stadium will be brought to CMT to include proposals to regularise ownership and restructure the management arrangements. FCSL has indicated that it has some temporary booking commitments for its vacant accommodation at the Stadium during 2021 and therefore works to fit out the vacant floorspace would be phased and take place to permit an opening by the end of 2021.
- 5.17 It is suggested that, should these interim accommodation solutions at Block 4 Larbert and Falkirk Community Stadium be agreed, a more flexible pattern of work can be established:-

Block 4, Central Park

- The building would operate over a 7am till 10pm day, with the exception of the resilience hub, which would operate 24/7 in a dedicated zone of the building
- The building would accommodate the following services/uses -
 - Office based teams from Municipal Buildings and other locations as determined through the office review (for staff outwith home working periods)
 - Training – allowing for the bringing together of activity from Municipal Buildings, Rossvail and Camelon Education Centre
 - Data Centre, Help Desk and IT Teams
- 24/7 Resilience Hub & Contact Centre – bringing together HSCP, MECS, CCTV, Contact Centre, the new Adult/Children's Initial Response Team and other out of hours activity
- Assuming that the property would be refurbished and adapted as set out above it is anticipated to be available for occupation, approx. 6-9 months from the decision point (mid 2021)

Stadium

- the offices would operate over a 7am till 10pm day.
- the building would accommodate the following services/uses –
 - Falkirk Community Trust teams (current occupiers)
 - Office based teams as determined through the office review.
- assuming that the property would be refurbished, adapted and be available for full occupation, approx. 12-18 months from any decision point.
- Note – this is likely to be a phased contract across the various suites/areas, with FCT having to potentially decant at some point.

5.18 The approach to occupation of these new office locations will be managed through prioritising the risks and benefits of each relocation; assessing the risks associated with occupation of the existing buildings while identifying the collaboration benefits from services sharing accommodation. The Council's existing office estate, its performance, occupation and priority for relocation has been assessed and it is anticipated that Block 4 and the Stadium will provide sufficient capacity to relocate the majority of staff to these new buildings by the end of 2021. The extent of social distancing measures being applied and level of home working achieved (assuming that this will be a sustained way of working) will influence when staff from Abbotsford House or the Forum can be relocated.

5.19 Energy performance, risk and scope for disposal are also considerations. In line with the Council's net zero carbon objectives, both Block 4 and the Stadium are proposed to have additional energy efficiency works undertaken to enhance their energy performance. This will make a substantial contribution towards reducing carbon emissions from the office estate.

5.20 The list of office properties has been prioritised as the basis for relocation

of office based staff, initially at the 0.5 deskpace ratio and Appendix 5 of this report gives the suggested recommendations for relocation of office staff from existing premises. It is noted that, due to their size and dependent on the social distancing requirements, either the Abbotsford House or Forum properties would be required potentially until the completion of works at the Stadium and/or the new micro HQ to minimise disruption and for decant purposes.

- 5.21 The Council has a significant amount of paper and documentation accommodated in operational buildings and in several file storage facilities scattered across the Council area. The transition to becoming paper lite, and to move processes and records to digital and electronic means has been delayed due to the uncertainty regarding the HQ project. It is recommended that the HQ&AC project team, work with the Records Management team, to audit and propose a solution to address this issue to allow accommodation to be freed up and to maintain proper data security.
- 5.22 Proposals will also be brought forward around the requirements for Members and civic spaces in light of the lessons learnt during the COVID period. Office accommodation for Members will be provided and consultation on the most suitable way to deliver this will be initiated. A blended approach to Committee and Council meetings is anticipated for some time and the potential to utilise suitable flexible spaces within the larger secondary schools, within town halls, Forth Valley College etc. for a Council meeting for example will be explored. This would allow Council meetings to take place around various communities pending the opening of the new civic HQ facilities.
- 5.23 In conclusion, if the Council agrees that the interim use of the Stadium and Block 4 be permitted it is envisaged that revenue cost savings of £1.6m annually (for reinvestment in the project) would accrue as set out in the following table:-

Interim Running Cost Information - HQ & Back Offices (from Business Case)

<u>Initial Building Revenue Costs /Potential Savings</u>	<u>£000</u>	<u>Comment</u>
Municipal Building	695	
Sealock House	207	
Denny Town House	49	
Camelon Education Centre (operations)	115	1/2 of building budget, other budget for Community element
Development Services - Stadium	0	No Savings as continuing to use
FCT - Stadium	0	No Savings as continuing to use
Initial Savings	<u>1066</u>	

Secondary Savings

Abbotsford House	266	
Forum	-	Part HRA funded
Rossvail	32	Only part saving as Camelon SW in other building, FF costs
Callendar Square	300	Part of this Savings was due to pay for FF Alterations
Secondary Savings	598	
TOTAL SAVINGS FOR HQ PROJECT	1664	

New Interim Costs

Block 4, Central Park	450	Costs incl £120K rates, Council liable whether in occupation or not
Stadium - Additional Suite/Extra Rates as FCT sharing	297	
	747	

Secondary Costs

New HQ Cost	TBC	Will be confirmed once size/configuration of new facility confirmed
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Balance for investment in HQ project **917**

Caveats

1. All new costs have allowance built in for proper maintenance costs, whereas existing costs have no allowance
2. Stadium New costs - exclude reception staff etc cost recharge of £80K, to be funded from staff relocation from buildings closed
3. Assumed no rental paid at Stadium for empty suite as we are adapting and fit out but it will be a benefit to FCSL who carry uncharged running costs & rates as overhead.
4. Building Running Costs exclude staff costs savings and efficiency costs

5.24 By taking the above measures forward it is intended that the Council can be in a much improved position to provide an interim replacement for the Municipal Buildings complex which meets the needs of a post COVID-19 environment. Delivery of office accommodation at the Block 4 building in Larbert and at the Stadium offers readily available and relatively low cost solutions towards meeting the Council's office requirements in the short to medium term.

5.25 It will be important to prepare a more detailed business case to confirm the extent to which these facilities offer a longer term solution to the Council's office and ancillary needs. This work will also demonstrate in more detail how the funds available within the £45m capital budget can meet the Council's requirements for a replacement arts and civic facility while delivering its HQ 'office of the future'.

6 Arts Centre update

- 6.1 As with offices, the cultural sector faces major challenges in the immediate post-Covid-19 period. While some steps have been taken at national level to assist there remain considerable concerns about the longer term prospects for the sector.
- 6.2 It must be anticipated however that some level of resurgence of the arts and creative sector will emerge during the recovery phase of Covid-19 and the Council and FCT must consider these future requirements carefully. In addition to meeting the cultural and creative needs of local communities, this sector is considered an important to the growth and enhancement of the area's tourism offer and can play an important role in creating a new 'purpose' for the town centre.
- 6.3 Delivery of the HQ and arts centre project is recognised as a key regeneration project in the town centre action plan developed by '*Revitalising Falkirk*', the Town Centre Partnership. It is therefore vitally important to consider how this progresses given the impact of Covid-19 on the town centre's performance, including recent announcements of the closure of Callendar Square.
- 6.4 In their work on the business case for the arts centre, DCA, FCT's consultants estimated that the Falkirk Arts Centre would enable expenditure of more than £7.3m in the local economy annually from opening – of which they estimated that more than £5.5m would be new and additional as a direct result of the investment in the new centre. DCA also highlighted that:
- Cultural infrastructure projects are particularly effective in providing opportunities and changing life chances for young people
 - amateur and community production and participation (key and extensive uses of the FTH and its successor project) are less directly economically powerful, however they are very important to quality of life, social cohesion and the cultural identity of place
 - to their view, cultural value is being 'sucked in' to the cities from Falkirk as people go to Glasgow and Edinburgh venues
- 6.5 DCA have also given advice on the option of refurbishment of Falkirk Town Hall as an alternative to the new build proposal. This proposal has been noted as an option in previous assessments of the Council's options. These considered repair of the Town Hall, bringing it to a Condition 'A' level standard (updating to modern standards but with no enhancement and limited betterment) at an anticipated capital cost of £4.1m. They caution against this proposal on the following grounds:
- a programme of 'Condition A' repair works would not include enhancements that will help the Town Hall meet the increasing demands of a varied artistic programme and expectation of audiences
 - extending the stage area and improving technical access should be high priority enhancements.

- improving the ambience of the auditorium including higher levels of comfort would help to establish the Town Hall as a venue matching more of the amenities available at nearby performing arts centres.
- the technical equipment is out of date and replacements costs need to be included in the project costs.
- reshaping and reconfiguring the auditorium for audience seating would significantly improve audience experience, but would not increase capacity.
- these would logically be carried out in conjunction with stage improvements and investment in improvement of the front of house facilities
- refurbishment would not sufficiently enhance the existing facilities and therefore are unlikely to allow programming of more extensive and improved programming
- given the level of repair and with modest improvements to stage/servicing and front entrance, one might see very modest additional audience interest arising from perceived renewal and somewhat diversified programme.
- the Council should therefore assume no change in the required level of subsidy as a consequence of the works.

6.6 FCT have endorsed this opinion of the refurbishment option. Acknowledging the impact of Covid-19, DCA suggest that the Council & FCT should make sure that whatever project proceeds is an exemplar response to the crisis and inspires audiences to feel both secure, and that this is the place where they can safely and enjoyably return to cultural activity. In their overall view this would be less likely to be achieved through repair only of the FTH, and they recommend that the Council continue to seek to assemble a partnership of support to be able to realise a more transformational project, at the heart of a new focus on town centre regeneration in the Covid-19 context.

6.7 It is important to recognise the important role that a new build arts centre can play in the revitalisation and regeneration of Falkirk town centre. Work undertaken for the Council/FCT has highlighted that arts and cultural led regeneration is a feature of many town and city centres. Examples have been cited of projects in Perth, Paisley, Bristol, Birmingham and Merseyside where projects, equivalent to that proposed in Falkirk have helped deliver town centre regeneration.

6.8 A replacement arts centre project is considered eligible for funding support through the recent £90m Investment Zone award. This will require to be negotiated for agreement with UK & Scottish Government and it is expected that, following production of a more detailed business case, demonstrating the anticipated tourism benefits of the proposal, a concluded agreement on this can be achieved by next summer. Acknowledging its anticipated benefits for tourism, town centre regeneration and development of the area's cultural sector, it is proposed that a sum of £6m be sought through the Investment Zone agreement for contribution towards the arts centre.

6.9 Should the Council agree to proceed with the project the business case for the arts centre would require to be re-visited to prepare a more detailed specification for this facility, establish its detailed cost implications and confirm the benefits of the proposal for the area's economy and town centre regeneration. This will be submitted as part of the case for financial support as part of the prioritisation exercise underway to finalise the agreement on the Investment Zone. It is suggested that this work be progressed immediately following the Council's decision.

7. Library and Central Advice Hub

- 7.1 The specifications for these two facilities also require to be revisited for the same reasons set out above and work is required in relation to their long term locations.
- 7.2 The Council's One Stop Shop premises in Callendar Square have been closed in recent months due to the pandemic and are affected by the impending closure of the shopping centre. The Central Hub project has been the subject of an exercise to identify relocation options. This notes that during the period of the pandemic, many of the services offered through the One Stop Shop have been accessed by customers online. The approach proposed is that the Central Hub should aim to service a wide spectrum of Council front facing needs (excluding intensive Social Work support). Vulnerable people should be able to access face to face support through arranged appointments. The hub should also act as a base for outreach teams accessing the most vulnerable in the community. Interim solutions are being considered for this service and will be the subject of a future report to the Council's Executive.
- 7.3 Work will also be required to assess the potential for relocation of the library including the option of co-location with the arts centre facility should this project proceed. This would also assess the alternative uses for the library building, acknowledging its Grade B listed status.

8. Further Option Appraisal Work

- 8.1 In February 2020, the Council agreed that further options be brought forward for delivery of a project within the £45m cost envelope, including the scope to decouple the HQ & Arts Centre elements of the project. The following options are based on the major elements of the scheme included in the January 2020 scheme. The approach utilises the Municipal Buildings site as a means to test the anticipated costs for the town centre HQ&AC facility. Importantly the office specification has been reduced in light of the Covid-19 implications. Further details of each option and the underlying assumptions are included in Appendix 4.

OPTION A – MICRO HQ, ARTS CENTRE, LIBRARY & HUB NEW BUILD & REFURBISHMENT OF OTHER OFFICES AT LARBERT/THE STADIUM.

This is a reduced scope option to centralise office requirements and has only become deliverable since the Block 4 building at Central Park in Larbert, has been returned to the Council. It has the following elements:

- Arts Centre (550 seats and associated studio/civic/community space)
- Library
- Central advice hub
- Office requirements are met across 3 premises Block 4 building., the Stadium and the Micro HQ in the town centre
- the new build office HQ element is reduced to a Micro HQ with 130 workstations, touchdown and Members accommodation co-located along side the Arts Centre shared activity areas, which would effectively form the democratic space.

Spreading office activity across three buildings including Block 4 allows the Council to accommodate its data centre, create an out of hours hub and meet its corporate training requirements.

This option allows the Council to progress its transition plans quickly which enables it to withdraw from existing properties and generate savings earlier.

The entire project can be delivered below the existing budget allocation at circa **£43.5m**. . Whole life costing undertaken for this option suggests that by year 7, annual whole life costs of £2.06m annually would be incurred, including the capital repayment and running costs.

OPTION B – DECOUPLING OF THE OFFICE & ARTS CENTRE COMPONENTS INTO 2 STANDALONE BUILDINGS (Phased Project)

OPTION B1 –

This option addresses the effect of splitting the HQ & Arts Centre components into separate projects:

Option B1 considers delivery of the office elements in isolation. It involves a new build for the Council's entire office requirements (650 desks) with a proportion of space provided for the reception, civic, welfare etc accommodation that were to be shared with the Arts Centre, as the Council would need these to function independently. The proposals assumes that a serviced site would be available for the Arts Centre, as part of a Phase 2 project.

The cost for this option is **c£33.4m** with annual revenue costs at year 7 of £0.9m annually.

OPTION B2 -

This option assumed that the Arts Centre is constructed as a Phase 2 to the office project outlined above and provides the 550 seat theatre and associated studio spaces, library and the Central Hub, as a separate building (on the same site). This option brings all front facing activities together.

The construction costs for this are anticipated at an additional **c£28M** (with site and servicing costs for this option met in Option B1). It has an annual revenue cost of £2.07m annually from year 7.

If the Arts Centre was constructed initially, then there would be additional costs at the outset of up to £5m. These costs would be reduced from the office component above if it was the second phased building.

The cost of delivering options B1 & B2 together on the same site is **c£61M** (£2.98m annually).. This may be reduced if the scheme is designed in combination at the outset. Designing in this way would reduce duplication and maximise the co-location benefits although these would only be achieved on completion. If the decoupled elements are on separate sites i.e. one at Municipal Buildings site and one in the town centre, the potential for sharing is reduced and the £61m cost are likely to increase.

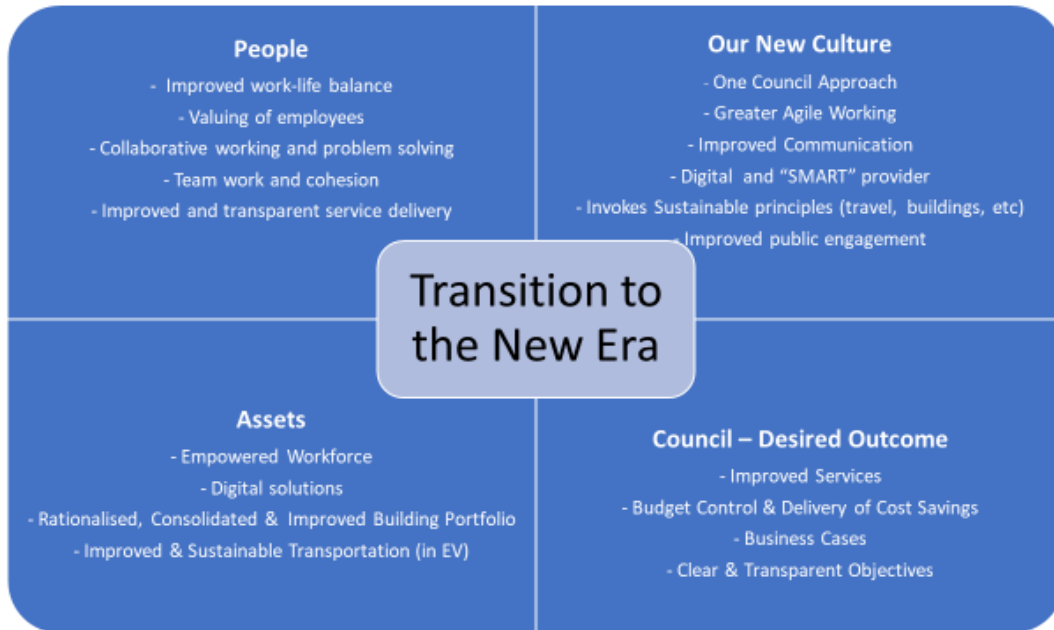
Transitional Options

8.2 The Council is in a period of transition to a 'new normal' arising from the impact of Covid-19 and the commitments planned through the Council Plan. This reinforces the need:

- in the short term to reopen where possible with social distancing in place

- in the medium term learning from the impacts and challenges of Covid
- for the longer term considering what the “new normal” will deliver.

All of the following elements of activity will impact on our property requirements and influence delivery of the project.



8.3 It is important that the HQ&AC project helps the Council to build on the transition that has occurred and avoids reverting to the pre Covid status quo. It is suggested that early action to refurbish and utilise Block 4 at Central Park and/or the Falkirk Stadium outlined in Option A, would enable the Council to continue its transition and engender greater service integration and collaboration, while finalising its requirements and decisions on the new build elements.

8.4 This early action can be progressed by agreement to the following:

- delivery of the refurbishment works at Block 4 to create an interim office and resilience hub facility at a cost of £919k
- initiate investment at Falkirk Stadium to refurbish and enhance the usage of the building at a cost of £1.5m.
- closure of Municipal Buildings and the operational element of Camelon Education Centre will allow a saving of up to £480k per annum to be achieved over the running costs of Block 4.
- closure of Sealock & Denny Town House will be cost neutral but will allow greater co-location benefits for the services.
- Phased rundown and disposal of the remaining properties acknowledging the timescales for removal of lockdown restrictions and gradual transfer of activities to the replacement buildings.

- 8.5 This would allow withdrawal from a substantial portion of the Council's existing, costly and poorly performing office stock. It will also highlight to staff, customers and service users alike that the Council has embarked on becoming a Council of the Future.
- 8.6 It is important to recognise that both these options can be interim decisions pending the decision that the Council might make on its final HQ scheme. Were the Council to relocate staff in time from either Block 4 or the Stadium the upgraded assets would be able to be placed on the market for lease or disposal as a means of realising the benefit of the investment.
- 8.7 As part of the transition process some interim solutions will be necessary to establish for the Central Hub. The Council's One Stop Shop premises in Callendar Square have been closed in recent months due to the pandemic and are affected by the impending closure of the shopping centre. The Central Hub project has been the subject of an exercise to identify relocation options. This notes that, during the period of the pandemic, many of the services offered through the One Stop Shop have been accessed by customers online. Interim solutions are being considered for this service and will be the subject of a future report to the Council's Executive.
- 8.8 This transitional option also enables the Council to consider the final specification for the replacement HQ and arts centre having regard to the implications of Covid 19 and the Council Plan. Were an early signal of commitment to be made to the project, and to the Council's desire to see delivery of the scheme within the historic core of the town centre, it would give reassurance to the prospects for regeneration of the town centre and the scope to work with developers to bring forward a suitable site. Further legal and technical assistance would be necessary to progress this course of action. To assist with this, a workshop with representatives of the Council and principal developer/landowning interests in the town centre, is suggested as a means to understand the issues they are currently experiencing and the opportunities their sites might offer for delivery of the project.
- 8.9 The site delivery options of the project would then have to be assessed in light of the outcome of the workshop, assessment of market circumstances at the town centre and further work taking place on the town centre action plan as part of economic recovery planning. This will include consideration of the potential to identify and purchase a suitable site which may speed up overall delivery of the project. To achieve this, the Council would require to give specific consideration to its criteria for site selection as a means to overcome potential risk of challenge from competing interests.
- 8.10 To enable delivery of the project it is proposed to continue involvement of Council's existing development partner, Hub East Central to give assistance in the procurement of works to be undertaken and ensure that the Council receives value for money on benchmarked costs.

9. The HQ & Arts Centre project and Falkirk town centre

9.1 It is important to understand the potential of the HQ & arts centre project in helping to address the difficulties being experienced by Falkirk town centre at the present time. As noted, prior to the pandemic the town centre was facing a substantive decline:

- 5,000 people are working in retail in Falkirk as a whole (2018 figs).
- the town centre accommodates c2200 jobs in 497 units.
- Falkirk Town Centre, Grahamston and Camelon datazones have the highest concentration of retail employment – Falkirk Town Centre with 975 jobs, Grahamston 1260 jobs and Camelon with 455 jobs.
- Scottish Retail Consortium reports that Falkirk retail workforce fell by 27.27% between 2008 and 2015 and Falkirk had the highest reduction in shop numbers at 15.24% in Scotland. Since 2015 the town centre has lost M&S, BHS, Watt Bros.
- CACI ratings for town centres show that Falkirk fell from 7th in Scotland in 2011 to 18th in 2016
- retail comprises about 57% of total floorspace, and just 37% of units.
- the vacancy rate in the town centre increased to 16% in 2019.
- Service uses have increased, now forming almost half of all units in the Town Centre (231 units) and around 25% of the total floorspace.

9.2 Over the past 6 months, the impact of Covid, has seen the plight of many of the retail investors worsen significantly. Through informal discussions and correspondence with the Council concerning its economic recovery planning some of the more major land owners in the town centre have indicated the following:

Callander Square owners (Cygnet Properties Ltd) have advised:

- they intend to shut down permanently
- this is due to Covid-19 tenants that are not open cannot generate sales and as a result cannot afford to pay rent
- the town centre is over-supplied with shopping space, the voids are mounting and as a consequence fewer people are choosing to visit our town centre.
- people are spending in alternate towns such as Stirling and Livingston, and as a result jobs, amenities, F&B establishments and so on are all moving away from Falkirk.
- Falkirk is losing prosperity as well as the population's social buoyancy.
- there needs to be urgent action to turnaround this demise and the Council must take urgent steps to address the situation
- for any turnaround to succeed a milestone intervention (such as the HQ project) would be required
- the Council must find a way to secure public confidence with a meaningful investment on an expedited and fixed timeframe to kick-start the turnaround for the town.

- Without such an intervention the town centre will begin a steady unravelling of economic prosperity in the town.

Ellandi, owners of the Howgate have indicated:

- they are progressing an insight-led approach to determine the repurposing options for The Howgate shopping centre in Falkirk
- Falkirk's population is forecast for limited population growth of 2.9% by 2030,
- the average age profile of its catchment change in that same period, will grow in the over 65's (22.8%) and a comparative reduction in the working age population.
- due to the relatively high representation of less affluent demographic groups and non-working households (+65 population) the spend potential per person is less than half of the Scotland average.
- retail floorspace in the primary catchment presents significant over supply at 21.8 sq.ft. per capita compared to an average of 12.0 sq.ft.
- the average retail sales density across the Ellandi portfolio is £350 per sq ft . Falkirk's equates to a spend potential of £166 psft per annum.
- rightsizing of Howgate retail floorspace will allow the introduction of alternative uses
- the remaining retail element must be complementary to the development uses in order to ensure sustainability of occupation.
- the alternative uses identified based on the challenges and opportunities facing Falkirk town centre are Residential, Culture/Tourism/Leisure, Hotel, coworking/serviced offices and Student accommodation.

9.3 Both developers are interested in discussing the prospects for their properties including the potential for redevelopment, including, for some, disposal, on a site only basis, to the Council.

9.4 Initial discussions are now underway, with owners of significant land holdings in the town centre to ascertain the appetite for a site disposals only option which would accelerate the delivery of the scheme. This approach may offer some opportunities to the Council as it would enable greater certainty on the project's delivery and negates the requirement for a lengthy procurement process to secure a developer. It is suggested therefore that the Council convenes a workshop with developers and landowning interests to learn of their current concerns and consider if site/purchase could be pursued as a means to deliver the project successfully.

9.5 Delivery of the previous proposal for the HQ and arts centre project was assessed by the Council's economic advisers (EKOS) in terms of its economic impact. This suggested that:

- an estimated £1.98m annually is spent currently by office based users of the Municipal Buildings complex
- this would increase to:

- £2.76m annually if the new development (with 500 workstations) were located on the existing site
- £3.92m annually if located on or close to the High Street
- The projected construction impact jobs person year equivalents (PYE) are:

Scenario	Gross PYEs	Net Additional PYEs	Net Additional GVA	Net Additional Wages
£45.3m	330 PYEs	160 PYEs	£11.7m	£3.9m
£50.4m	360 PYEs	180 PYEs	£13.0m	£4.3m

DCA suggested that the Falkirk arts centre would enable expenditure of more than £7.3m in the local economy annually from opening – of which the consultants estimated that more than £5.5m would be new. This reinforces the additional economic benefits that would result for the town centre from the development.

10. Financial Implications

10.1 A budget of £45m is contained in the General Services Capital Programme for delivery of the office HQ and arts centre. The high level financial implications of the HQ&AC project and business case are articulated in this report. These set out the various options, capital costs and revenue consequences. They have been prepared by the project team, with external technical support and checked by Finance officers to ensure as much diligence as possible has been undertaken at this stage. The tables do not take into account the potential for external funding support, which may reduce the capital or revenue costs for the project.

10.2 The options being considered have been examined in terms of their capital and revenue implications.

The Capital expenditure includes:-

- an offsite data centre solution at Block 4,
- an allowance to create an Out of Hours Hub,
- site investigations and client side professional fees for the preferred site
- costs for fit out of the new and upgraded offices, and
- works at Falkirk Stadium to provide the additional workspace capacity needed,

10.3 The business case also captures the potential receipts that might accrue from withdrawal from surplus premises (Rossvail, Abbotsford, Sealock, Denny Town House, Burgh Buildings, etc) along with a contingency and risk fund for unforeseen issues that arise during construction.

Please note – where a building is help on the Common Good Account, any receipt will accrue to the Common Good for reinvestment to community benefit rather than directly to the project e.g. Denny Town House & Burgh Buildings.

10.4 On the revenue side, there are allowances for relocations/move management, the dilapidations in vacating Callandar Square, along with the running costs savings from the buildings being relinquished and the new allocations for running the new/adapted buildings. The table at para 5.23 indicates that a total of £1.6m of savings is achievable by vacating existing office premises which, if running costs of £707k are deducted for the Block 4 premises and the Stadium, creates a fund of **£917k** for re-investment in the HQ & arts centre project to help meet HQ & arts centre running costs and loan charges.

10.5 The table below provides summary details of the anticipated capital costs and revenue consequences for each option along with the underlying assumptions for the project.

HQ & ARTS CENTRE : FINANCIAL SUMMARY

		Option 5 (Exec Jan 20) with FOH Library
		<i>New Build HQ (520 work/ns), Arts Centre 550 seats & Library FOH only on MB test site</i>
CAPITAL COSTS	Gross Capital costs	£m
	Office HQ & Arts Centre	45.24
	Library (Front of House only)	2.89
	Other Capital costs:	
	Stadium Upgrade	1.500
	Office upgrade - Forum	
	IT & Data Centre	1.2
	FFE	1.5
	Fees	1.5
	Acq'n & Demols	1.11
	Inflation - TBC	0
	Total Gross Capital Cost	54.94
	Available Capital Funds:	
	Accommodation budget	
Capital Receipts	(1.2)	
External Grant		
Total Capital Funds	(1.2)	
Net Capital Cost	53.735	
REVENUE COSTS	Revenue Costs p.a.	
	Revenue Saving from Closed Buildings	(2.016)
	Loan Charges	2.948
	Operating costs	1.275
	Net Revenue costs	2.207

New Build Summary Construction Costs

10.6 The appraisal of the delivery costs for the 500 workstation HQ, 550 seat theatre and library presented in January 2020 is summarised as follows:-

Date	Total Project Costs	Total Construction Costs	Total Building Area	Council Office Costs @ £3,500 per sqm	Council Office	Shared Area Cost @ £3,500 per sqm	Shared Total	Arts Centre Costs @ £5,410 per sqm	Arts Centre Total	Library Costs @ £3,500 per sqm	Library Total
Jan 2020	£53.735M	£48,134,400	11996	£21,385,000	6110	£6,380,500	1823	£17,474,400	3236	£2,894,500	827

10.7 Supporting this summary table are detailed staff lists, accommodation requirements etc., that influence the floorspace 'budget', along with a new build construction cost model. It should be noted that in each of the options considered, partner space has been removed, as it is envisaged that the cost of utilising their space will be self financing.

10.8 It should be noted that the further options identified at section 8 of this report and their cost implications are as follows:

PLEASE NOTE – ALL BUSINESS CASE OPTIONS HAVE BEEN PREPARED USING THE MUNICIPAL BUILDINGS SITE AS THE TEST SITE

		Option A <i>New Build Micro HQ, Arts Centre and Hub/Library (Front of House only) on MB test site plus using TC & Stadium</i>	Option B1 <i>Standalone New Build HQ & Back Office for all Council needs on MB test site</i>	Option B2 <i>Standalone Arts Centre, Central Hub and Library (Front of House, no storage) on MB test site</i>
CAPITAL COSTS	Gross Capital costs	£m	£m	£m
	Office HQ & Arts Centre	37.357	29.559	27.08
	Other Capital costs:			
	Stadium Upgrade	1.5		
	Thomas Cook Upgrade	0.75		
	IT & Data Centre	1	1.0	0.1
	FFE	1.5	1.5	0.2
	Fees	1.5	1.5	0.5
	Acq'n & Demols	1.105	1.125	0.18
	Inflation on other non construction costs			
Total Gross Capital Cost	44.712	34.68	28.06	
Available Capital Funds:				
Accommodation budget				
Capital Receipts	(1.25)	(1.25)		
External Grant				
Total Capital Funds	(1.25)	(1.25)		
Net Capital Cost	43.462	33.434	28.06	
REVENUE COSTS	Revenue Costs p.a.			
	Revenue Saving from Closed Buildings	(1.831)	(1.768)	(0.063)
	Loan Charges	2.377	1.834	1.539
	Operating costs	1.517	0.845	0.598
	Net Revenue costs	2.063	0.911	2.074
Notes				

10.9 In summary the capital costs and revenue implications for each option are as follows:

Option	Capital cost	Net revenue cost (annually at year 7)
Original proposal (January 2020)	£53.73m	£2.2m
Option A	£43.46m	£2.06m
Option B1	£33.434m	£0.91m
Option B2	£28.06m	£2.07m
Option B Total	£61.494m	£2.98m
Transitional works:		
- Block 4, Larbert	£919k	(£747k)
- Falkirk Stadium	£1.5m	
Note – all transitional works Capital & Revenue costs are included within Option A		

Attracting external funding

10.10 It is worth noting that, subject to the approach adopted to deliver the project there will be a number of means where it may be possible to access external funding to deliver the project. These might include:

- Discussions have been ongoing with both the Scottish & National Government in relation to the Council's Investment Zone announcement, awarding the Council £90m over the next 15 years. There are provisions in the initial business case for the arts centre project to be supported from the 'Creating Great Places' funds sought within the bid. While the details of the deal with UK & Scottish Government are still to be finalised it is hoped that the contribution of £6m from these funds can be secured on the basis that the project will contribute significantly to the area's tourism, town centre regeneration and cultural sector offer.
- The Scottish Government has established capital funds for the regeneration of town centres and has allocated £1.9m in 2019-21 for capital projects across town centres in the Falkirk area. A further £700k award has recently been announced for the area to be committed in 2021-22. In addition, the Programme for Government contains a commitment to the provision of £275m for the regeneration of town centres. It will be important to prepare a town centre masterplan and bring forward regeneration projects with full support of business, the local community and partners, such as is proposed for the HQ & AC project, in order to access these funds. Proposals for the development of a town centre masterplan are contained in the Economic Recovery Plan, considered at the September 2020 Emergency Executive and, if it is agreed to proceed with the HQ&AC project it is proposed that this be included in the bid for financial support with a request for support towards elements which will

enhance the wider town centre such as public realm works, access provisions and measures to support the night-time economy.

- £1.6 billion investment funds has been announced by the Scottish Government for the delivery of green infrastructure and decarbonise the homes and buildings. Scottish Futures Trust has agreed to work with the Council on the delivery of the HQ&AC project as an exemplar in the delivery of net zero public buildings and there is potential to target support through this approach.
- The approach to the HQ&AC building will need to be accompanied by green travel measures and the Scottish Government has advised that it will provide new funding of over £500 million over five years for active travel infrastructure, access to bikes and behaviour change schemes, which might be pursued as part of the project.

10.11 It is important to note at this stage there is no commitment of external resources to the project, however if a commitment to the project is secured work can be undertaken to target and access some of these funds.

10.12 Should the Council determine not to proceed with the project, the capacity to access these external funds would be significantly reduced.

11. Other Implications

Resources

- 11.1 Appropriate legal, financial, procurement and technical resources will be identified and responsibilities defined across the Council to support the delivery of this project. In addition, external design and procurement support will be engaged to assist the Council in the delivery of the project. Where appropriate, the Council can call upon the support of East Central Hubco to enable delivery of its preferred project.

Legal

- 11.2 The Council will require to comply with the European procurement rules and any agreement will be subject to conclusion of contract documentation in appropriate terms. The Council's external legal advisers will give assistance on the next steps for delivery of the project, in particular in relation to the proposal to seek an appropriate town centre location for the project.

Risk

- 11.4 The deteriorating condition of the Municipal Buildings and Falkirk town hall complex requires that the buildings be replaced. Built in 1965, it has reached the end of its serviceable lifespan and condition surveys rate the buildings as Condition C status – poor. The risk of failure of the main elements of the buildings (roofs, external cladding, windows, heating, mechanical and electrical systems) remains high, and all require replacement or refurbishment which has been demonstrated not to be cost effective. The intrusive surveys undertaken in 2017, of the structure of the building have highlighted that the robustness of the structure gives cause for concern, given that structural design of buildings prior to the Ronan Point incident in 1968 did not allow for the risk of progressive collapse in the event of a fire.

In view of the time that has passed since the above, the risks associated with continued occupation of the Municipal Buildings premises need to be reinforced. It is strongly recommended that measures to relocate activities from the Municipal Buildings complex are now progressed to mitigate the risk of failure of major building systems, disruption to business continuity and to improve staff working conditions.

While the risk to business continuity remains high, the impact of Covid-19 has demonstrated that most office operations at the Municipal Buildings can be successfully relocated with staff working from home or other locations. There are demands for access to IT support and the use of civic accommodation at the Municipal Buildings which, were the buildings to experience a failure, would require alternative measures to be secured.

For reasons of resilience it has previously been suggested that work at the Falkirk Stadium should proceed. The introduction of the Block 4 building presents a further resilience option available for early delivery, even as part of

a short term transition plan. As a consequence it is suggested that the Municipal Buildings should not be re-occupied for mainstream office functions and that its activities should be run-down on a phased basis as the projects at Central Park and the Falkirk Stadium come forward.

Risk matrices will be maintained for the town centre and HQ & Arts Centre project as the project progresses.

Members are also alerted to the risks of not proceeding with the project. It has been emphasised in the past that a 'do nothing' approach is not an option. If the Council decides against proceeding with the project the following risks are evident:

- There is a significant risk to business continuity should failure in key systems be experienced at the Municipal Buildings or other locations
- Staff presently working from home will require options for returning to work post-Covid-19 lockdown measures being lifted. These options will be limited due to social distancing measures and will involve higher cost.
- The delivery of modernised ways of working as expressed in the Council of the Future initiative will be delayed
- The Council is likely to incur an empty non-domestic rates liability of £120k annually at Block 4
- There will be uncertainty and delay in the prospects for regeneration of the town centre. This could potentially lead to a further loss of facilities, a failure to realise potential investment opportunities and longer term blight and decline
- The opportunity to access external funding and investment (including private investment) for town centre regeneration aligned to delivery of the Investment Zone will be reduced
- It will limit the job creation potential of the project (through construction jobs and other induced job creation) and reduces capacity for return to economic growth
- The continued lack of decision and uncertainty over the project will cause reputational risk with developers, local business and the wider community. This will have adverse effects for other investment projects being pursued by the Council.

Equalities

- 11.5 An equality and poverty impact assessment will be completed at the appropriate stage for these developments.

Sustainability/Environmental Impact

- 11.6 The Executive in August 2019 agreed to establish measures to address the global climate emergency and at its October meeting, agreed that climate adaptation requirements be embedded in all Council projects & initiatives. Carbon reduction was to be a fundamental principle for future Council

investment and a basis for action to rationalise the property estate. The Municipal Buildings currently has an EPC rating of G and is one of the Council's top 80 "worst emitters" for tonnes of CO2. Any transitional arrangements will therefore also demonstrate the Council's commitment to reaching this aspiration

The Council has agreed to work with SFT to deliver the project as an exemplar in the application of net zero carbon building techniques. A consultancy team was appointed to assist in delivering net zero carbon design requirements. This commission has been put on hold until the Council have a clearer project outcome confirmed. This initial work is being funded by SFT.

The works proposed at Block 4 and the Falkirk Stadium will significantly enhance the EPC rating with a consequent reduction over time in carbon emissions from the Council's office estate.

12. Consultation

- 12.1 A programme of consultation with staff, partners and the wider community on the proposed design and approach to delivery of the HQ & arts centre project will require to commence once a decision has been reached on the project.
- 12.2 It will be important to engage a range of stakeholders in the project including employees, partners, town centre businesses, developers and customers of the Council's services.
- 12.3 A town centre stakeholder group was involved in the development of the *Revitalising Falkirk* town centre action plan and this has reinforced the value of locating the new facility in the town centre. Initial consultation was undertaken last year with the local arts community in relation to the approach being proposed for delivery of the arts centre facility and this work would require to be re-activated. This approach to consultation will be an important element of accessing external funding support..

13. Conclusion

- 13.1 The HQ&AC Project is pivotal to how the Council currently does, and more importantly how it wishes to carry out its business going forward. It is a fundamental driver for the cultural change process and an important strand of transitioning Falkirk to becoming a “Council for the Future”.
- 13.2 The project also has the potential to be genuinely catalytic for the fortunes of Falkirk town centre, particularly given the impact experienced as a consequence of Covid-19.
- 13.3 A clear way forward is needed for the project. This report recommends that the Council should proceed with the project and that it should take advantage of the opportunities for the interim solutions at Block 4, Larbert and the Falkirk Stadium. These will enable an early transition to cost-effective, more sustainable and transformative office solutions. These projects can also deliver significant cost savings which can be used to reinvest in a revised HQ & Arts centre model (Option A in Section 8 of this report). By committing to deliver this project in Falkirk town centre, the Council can help to attract new investment and footfall which will aid in re-purposing and revitalising the town centre.

Acting Director of Development Services

Authors – Lesley Malkin/Douglas Duff

Date: 7 September 2020

Appendices

Appendix 1 – Covid Implications in Rethinking the Brief

Appendix 2 – HQ & Back Office Staff Numbers

Appendix 3 – Concept Layout of Block 4, Central Park, Larbert & Visualisations

Appendix 4 – Further Option Appraisal Work

Appendix 5 - Comparison Table of Back Office/Replacement Office Buildings

Covid Implications for rethinking the HQ & arts centre brief

Faster Transition to Agile Working

Since Covid 19, the Council has moved to agile working and delivering services as far as possible online. It is focussing its face to face interactions with those most in need through community hubs and other dedicated facilities.

From an HQ/back office perspective, where previously, moving from having more desks than staff, to a 0.6 ratio of workstations per FTEs was considered ambitious, Covid 19 has demonstrated this to be possible and agile/home working is anticipated to become much more the norm. The recent Pulse Employee Survey, in June 2020, suggested that only 20% of staff felt that they required to return to the office as they cannot work from home, with over 50% considering that they could work 2-3 days from home, with the remainder of time in the office. It is important therefore to now reduce the working assumption ratio of 0.6 workstations per FTE, down to 0.5, as this will require significantly less office space.

The Type of Spaces

Our Vision is that offices will become more of a collaboration space, with workstations and a series of flexible spaces, not a call centre arrangement that many fear in the image shown here.



Offices will still be required for staff to come to gain support, to work on specific tasks that benefit from face to face interaction and will be less at about transaction processing.

Falkirk's requirements will be very different to what we currently have, with little cellular accommodation but more of a series of touchdown spaces, breakout spaces, quiet areas, video conferencing hubs, meeting spaces and of course some desks. The following images capture our aspiration.





Central Hub

It is likely that there will still be a requirement for a Central Hub, to sit alongside the East and West facilities but serving the Falkirk area and offering more Council wide services. Throughout lockdown, the Council has still continued to engage with the most vulnerable but there is an acceptance that a more blended approach of outreach and face to face will be required moving forward. The use of cash has diminished and more customers are paying on line, over the phone or at paypoint more locally and it is therefore considered that the Council should embrace this change, rather than resorting back. Further work will require to redesign a new Hub facility but it is likely that it will be more of a series of meeting spaces to service appointments for appointments, for gaining information and there is likely to be further synergy with any new library facility.

Arts Centre & Town Centre Impact

For the Arts Centre component, it is also going to be fundamental to understand how we will socialise, how we will gather and how we will use our town centre going forward. After the 1918 Flu Pandemic, and probably linked by the post war boom, there was a rapid expansion in theatre and Arts Centre activity. FCT believe that the outline business case for the Arts Centre is still valid and as development of any new facility, will be 3+ years away, decisions made now will stand Falkirk Council in a positive position to meet the potential growth in the cultural sector when a vaccine is forthcoming. Additionally, the Arts Centre could be a key component in our regeneration of Falkirk town centre, showing the Council's commitment to cultural and a revisioning of the town centre away from retail, building confidence for other investors.

Use of Technology

The transition to more agile working and working from home, has an impact on the IT requirements for staff. Within, the HQ&AC business case sums that were envisaged to equip the offices may no longer be necessary as many staff have already been provided with laptops and other equipment. While investment in ancillary IT equipment such as additional video conferencing facilities and office occupancy/booking systems will be needed, the requirements are likely to need updating. It is therefore imperative that the Council's office and IT requirements are considered at the early design phase of any new or refurbished facilities.

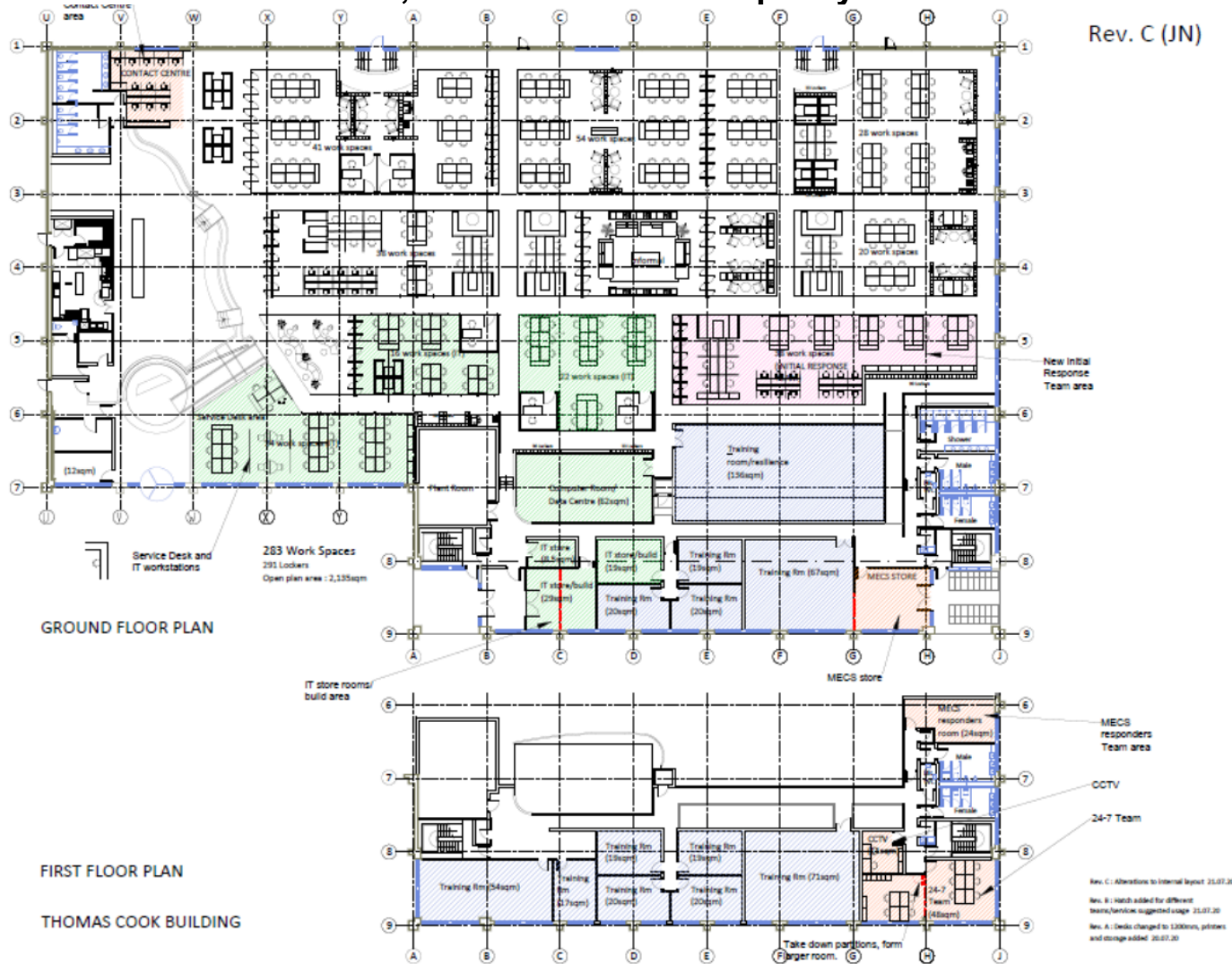
Appendix 2

HQ & Back Office Staff Numbers (excluded Members)

Directorate/Team Name	Existing Location	Staff Nos FTE	Moderated Alloc of W/stations Jan 20	Office Reallocation at 0.6	Office Reallocation at 0.5	Office Reallocation at 0.4	Office Reallocation at 0.3
C&HS - Business Support Team Financial Transactions	Rossvail	22.6	18	14	11	9	7
C&HS - Licensing	Muni	11.50	8	7	6	5	3
C&HS - Internal Audit, Risk & Corporate Fraud	Muni	7.81	5	5	4	3	2
C&HS - Communications & Participation	Muni	17.83	10	11	9	7	5
C&HS - Corporate Finance (Acc, Cap & Treas, inc man)	Muni	37.21	22	22	19	15	11
C&HS - Pensions	Muni	13.85	8	8	7	6	4
C&HS - Caretaking & Mail	Muni	6.00	4	4	3	2	2
C&HS - Records	Muni	7.30	5	4	4	3	2
C&HS - Business & Members Services & Democratic	Muni	17.64	11	11	9	7	5
C&HS - Policy & Improvement	Muni	20.07	10	12	10	8	6
C&HS - PMO	Muni	7.00	4	4	4	3	2
C&HS - Legal	Muni	17.00	10	10	9	7	5
C&HS - C&BS, HR Systems & Payroll	Muni	38.67	26	23	19	15	12
C&HS - Human Resources	Muni	30.45	17	18	15	12	9
C&HS - Directorate & Support Muni	Muni	11.80	8	7	6	5	4
C&HS - Registration & Hub	Burgh, Cal Sq	28	14	17	14	11	8
C&HS - Directorate & Support Forum	Forum	3.00	2	2	2	1	1
C&HS - Strategy & Private Sector	Forum	24.6	15	15	12	10	7
C&HS - Customer & Business Support Forum	Forum	20.77	12	12	10	8	6
C&HS - Procurement & Housing Property	Forum	28.54	17	17	14	11	9
C&HS - Revenues & Benefits	Forum	79.92	48	48	40	32	24
C&HS - Housing Needs	Forum	43.00	26	26	22	17	13
C&HS - Fairer Falkirk & Community Planning	Forum	7.01	4	4	4	3	2
C&HS - Central Housing Team	Forum	24.6	15	15	12	10	7
C&HS - ICR Team	Forum	27	15	16	14	11	8
C&HS - Strat&Perf/ComEng/ConfRes/Prv Sec/Perf&Comp	Forum	41	23	25	21	16	12
C&HS - Customer & Business Support Laurieston	Lauries	11.25	6	7	6	5	3
Dev - Directorate & Support	Abbots	7	5	4	4	3	2
Dev - Environmental Health & Trading Standards	Abbots	24.74	13	15	12	10	7
Dev - C&BS	Abbots	16.62	12	10	8	7	5
Dev - Dev Control, Blg Standards & Plg & Environ	Abbots	39.21	25	24	20	16	12
Dev - Assets	Abbots	10.7	7	6	5	4	3
Dev - Systems Dev	Abbots	3	2	2	2	1	1
Dev - Transport Plg	Abbots	15	9	9	8	6	5
Dev - FM, Prop Inspectors, Gas Safety etc	Abbots	16.58	7	10	8	7	5
Dev - Building Design, QS, CoW, architectural techs	Abbots	57.9	30	35	29	23	17
Dev - Prop Standards, Climate Change & Energy	Abbots	10.4	6	6	5	4	3
Dev - Roads	Abbots	38.5	21	23	19	15	12
Dev - Growth & Investment	Stadium	17.19	11	10	9	7	5
FCT	Stadium	77.32	47	46	39	31	23
FCT - Directorate & Support	Stadium	4.00	3	2	2	2	1
IJB - Directorate & Support	DTH	6.77	5	4	3	3	2
IJB	DTH	29.5	18	18	15	12	9
Children's - Childcare Review Team	Laurie	4.5	3	3	2	2	1
Children's - Adoption & Fostering Inc Bus Support	Cam SWO	14.60	9	9	7	6	4
Adult Learning & Disabilities/SW Team	Cam SWO	23.20	15	14	12	9	7
Children's - Directorate & Support	Sealock	7.00	5	4	4	3	2
Children's - Ed Psychology	Sealock	6.50	4	4	3	3	2
Children's - Customer & Business Support	Sealock	14.54	11	9	7	6	4
Children's - Catering & Cleaning	Sealock	10.00	6	6	5	4	3
Children's - Service Pln. Policy & Infrastructure	Sealock	2.60	2	2	1	1	1
Children's - CLD	Sealock	5.00	3	3	3	2	2
Children's - Service Support, Resources & Infrs	Sealock	12.00	7	7	6	5	4
Children's - Service Managers	Sealock	8.00	5	5	4	3	2
Children's - Perform&Inf, Serv Plg, Curric, vacancies	Sealock	16.00	9	10	8	6	5
TOTALS		1103.8	661	662	552	442	331
Exclusions							
Childs & Adult - (new team) Initial Response Team	Forum	20	12	12	10	8	6
New CCTV Operation from Falkirk Police Station	Police Station						2
C&HS - Technology & Infrastructure	Muni	57	34	34	28	23	17
C&HS - Contact Centre	Forum	24	16	15	12	10	7
Dev - Resilience Planning	Abbot	4	2	2	2	2	1
Children's - Literacy Service	Cam Ed	2	2	1	1	1	1
Children's - Intensive Family Support	Cam Ed	22	13	13	11	9	7
Evelyn Kennedy training team	Rossvail	18	10	11	9	7	5
Children's - Early Years Team (Rhona Jay)	CamEd&Ross	32	21	19	16	13	10
Children's - David Wells Teams	CamEd&Seal	19	10	11	9	7	6
Exclusions Total		197	120	118	98	79	61

Block 4, Central Park – Concept Layout & Visualisations

Rev. C (JN)



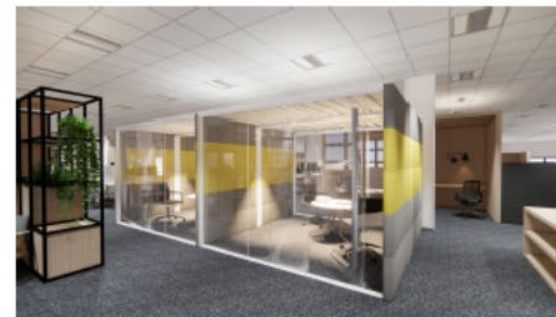
Concept visualisations for proposed fit-out of Block 4, Central Park, Larbert (former Thomas Cook Call Centre)



Informal meeting or waiting area



Touchdown desks



Private meeting rooms



Informal meeting area



Quiet working area



General workstations

Further Option Appraisal Work

The following options have been produced as requested by February Council, and have been further reviewed in light of the Covid implications on our requirements.

OPTION A – MICRO HQ, ARTS CENTRE, LIBRARY & HUB NEW BUILD & REFURBISHMENT OF OTHER OFFICES AT LARBERT/THE STADIUM.

Option A is a reduced scope option for the HQ/back office, delivering the office requirements across 3 sites and uses the former Thomas Cook building, in addition to the Stadium accommodation, to allow a micro HQ to be the only new build office component. It has all the same components for the Arts Centre, the share studio spaces, the Library and Central Hub as the February 2020 scheme. The elements of new construction in this option would include:

- new HQ office (130 workstations, plus touchdown and Members accommodation),:
- 550 seats Arts Centre
- studio space that will be shared and used for civic/democratic purposes
- shared cafeteria
- Central Hub
- Library (excludes storage and back office functions)

While refurbished accommodation at the former Thomas Cook building would provide 280 workstations plus touchdown and can accommodate our new out of hours hub, training, IT data centre, etc. The refurbished accommodation at Falkirk Stadium would provide around 210 workstations plus touchdown and could accommodate more mobile users with its proximity to the roads network.

Workstations	Touchdown	Total	Recommendation to Falkirk Council based on post COVID Culture, Continued Transition to AA Wkg & Service Redesign for Sept 2020 Under £45M option
27	6	33	Management Hub in New Build HQ in Town
100	40	140	New Build HQ (inc Hub) in Town Centre
-	-	0	Arts Centre/Library Office (inc in Accom)
30	0	30	Elected Members in New Build in Town Centre
210	20	230	Stadium - Refit of 4 Suites
280	24	304	Utilise Block 4 Larbert for Misc Services & some back office functions
647	90	737	
0.47			<i>Equates to ratio for 1300 FTE, plus Member Space</i>

This option enables a significant cost saving on the delivery of the office accommodation and, if agreed, could be progressed rapidly, with steps taken to establish the office functions at Thomas Cook, within 6-9 months. It would not have the benefit of concentrating staff together in a single town centre location (with attendant regeneration benefits) and would reduce the scope to achieve the carbon reduction targets anticipated with the new build scheme. Commercial Energy Audits are currently underway at both the Stadium/Larbert building to ascertain the additional cost implications of improving these buildings.

This option does enable the delivery of the town centre office HQ (130 workstations) and arts centre proposal within the £45m budget. However further work would be required on the specification of this facility, particularly the Arts Centre, to establish a detailed business case and give greater certainty on the design requirements, benefits and costs, including the likely level of subsidy required for the theatre and studio spaces.

If necessary, this option can be initiated quickly, with withdrawal from existing properties such as Denny Town House, Municipal Buildings, Rossvail, etc, generating savings earlier. An 'in-principle' decision from members would enable further work to be undertaken on this option and a relocation and works programme defined. The entire project can be delivered at an estimated cost of £43.5m (£2.063m revenue annually), which is within the existing budget allocation of £45m.

OPTION B – DECOUPLING OF THE OFFICE & ARTS CENTRE COMPONENTS INTO 2 STANDALONE BUILDINGS (Phased Project)

Option B has been created to demonstrate the effect of splitting the HQ & Arts Centre components into separate or phased projects:

Option B1 - involves delivering the office elements in isolation in a single building. The office requirement and a reduced proportion of ancillary office spaces are provided on the basis that there is no sharing with the Arts Centre. This option allows the Council to implement its office rationalisation, move to a 650 workstation solution plus touchdown, within the town centre. The cost for this option is around £33.5M (£911k revenue annually) and assumes that a serviced site would be available at a later date for the Arts Centre, as part of a Phase 2 project.

Option B2 - assumes that the Arts Centre is constructed as a Phase 2 to the office project outlined above with the 550 seat theatre and associated studio spaces, library and central hub. The construction costs for this would be c£28M (£2.07m annually). As the site and servicing costs for this option have also been met in Option B1, if the Arts Centre was for example constructed initially, then there would be additional costs at the outset, probably around £3-5M.

Members will note that the costs of options B1 & B2 together are £61.5M and highlight the duplication of floorspace that is eradicated by co-location and sharing of accommodation. It may be that if one location is to be selected, and the Council design the elements as single scheme, that can be constructed in 2 phases, that some of the duplicated floorspace can be eradicated and thus reducing the costs.

Summary of New Build Areas & Costs						
Component Schedule	Option A - Micro		Option B1 - Office		Office B2 - Arts Centre, etc	
	Area m ²	Costs £	Area m ²	Costs £	Area m ²	Costs £
HQ/Back Office/Hub	3,032	10,610,945	8,445	29,559,071	0	0
Arts Centre	3,236	17,472,510	0	0	4,500	21,899,310
Library	827	2,894,211	0	0	827	2,894,500
Shared	1,823	6,379,800	0	0		
Hub Only (B2)	0	0	0	0	653	2,286,890
Total New Build Cost	8917	37,357,466	8445	29,559,071	5981	27,080,700
<i>Comment</i>	<i>Excludes TC & Stadium areas</i>					

The above is a snap shot of the possible options available. Further options can be created once Members are clear on their fundamental requirements in terms of :-

- Site Preference
- Workstation Numbers and degree of centralisation
- Arts Centre & Studio components
- Central Hub and Library requirements

PLEASE NOTE – ALL BUSINESS CASE OPTIONS HAVE BEEN CONSTRUCTED USING THE MUNICIPAL BUILDINGS SITE AS THE TEST SITE

		Option A <i>New Build Micro HQ, Arts Centre and Hub/Library (Front of House only) on MB test site plus using TC & Stadium</i>	Option B1 <i>Standalone New Build HQ & Back Office for all Council needs on MB test site</i>	Option B2 <i>Standalone Arts Centre, Central Hub and Library (Front of House, no storage) on MB test site</i>
CAPITAL COSTS	Gross Capital costs	£m	£m	£m
	Office HQ & Arts Centre	37.357	29.559	27.08
	Other Capital costs:			
	Stadium Upgrade	1.5		
	Thomas Cook Upgrade	0.75		
	IT & Data Centre	1	1.0	0.1
	FFE	1.5	1.5	0.2
	Fees	1.5	1.5	0.5
	Acq'n & Demols	1.105	1.125	0.18
	Inflation on other non construction costs			
	Total Gross Capital Cost	44.712	34.68	28.06
	Available Capital Funds:			
	Accommodation budget			
Capital Receipts	(1.25)	(1.25)		
External Grant				
Total Capital Funds	(1.25)	(1.25)		
Net Capital Cost	43.462	33.434	28.06	
REVENUE COSTS	Revenue Costs p.a.			
	Revenue Saving from Closed Buildings	(1.831)	(1.768)	(0.063)
	Loan Charges	2.377	1.834	1.539
	Operating costs	1.517	0.845	0.598
	Net Revenue costs	2.063	0.911	2.074
Notes				

Comparison Table of Back Office/Replacement Office Buildings

Building	Condition	EPC	Current Capacity W/Statns	Staff/ (FTE)	Running Costs £000	Operability for NWW	Saleability	Comments
<i>Properties for phased rundown and closure</i>								
Municipal Buildings, Falkirk	D	G	304	358 (318)	695	Cellular	Yes	Risk to business continuity
Abbotsford House	B	E+	273	280 (263)	266	Open Plan	Yes	
Rossvail Site	B	D	123	87 (103)	32 (Part)	Cellular	Yes	
Forum, Callendar Park	B	E	228	280 (260)	0	Open Plan	Yes/Lease	
Camelon Educ. Centre (Op)	D	E	52	54 (50)	115 (Part)	Cellular	Yes/Split	
Falkirk Burgh Buildings	B	G	15	7 (7)	56	Cellular	CGD	Common Good
Callendar Square	B	D	N/A	15 (15)	300	Open Plan	Leased In	Potential closure of centre
Denny Town House	C	F	23	32 (32)	49	Cellular	CGD	Common Good
Sealock House	B	E	106	118 (108)	207	Open Plan	Yes	
Laurieston (SW)	B	E	16	22 (20)	N/a	Cellular	NHS	NHS Building that we utilise
Grahams Rd	B	-	N/A	N/A	27	Cellular	Yes	
<i>Properties to retain and invest</i>								
Stadium Current (3 Suites)	A	C	97	108 (95)	N/A	Open Plan	Lease Out	
Stadium Proposed (4 Suites)	A	B	225+	-	TBC	Open Plan	Lease Out	
Block 4, Larbert	N/A	D	300+	-	450	Open Plan	Lease Out	Includes Data Centre/Training/CCTV/24 Hr Hub

Notes

In terms of EPC and Council's LHEES objectives buildings require to be brought up to a Minimum EPC rating of B

Block 4 building has not been assessed for Condition as it is not currently an operational building but after surveys, assume a C+/B rating