

# North Lanarkshire Council Report

## Policy & Strategy Committee

Agenda item \_\_\_\_\_  approval  noting    Ref JMCK/EH    Date 28/02/19

## Asset Review and Rationalisation

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### Executive Summary

The purpose of this report is to outline an opportunity to radically change how we utilise our office accommodation portfolio which will result in a much reduced requirement for many of the existing premises through improved and more flexible working practices and space utilisation. This will be achieved in conjunction with the development and introduction of community campus initiatives in our localities and also the roll out of the benefits of DigitalNL which will enable Digital Touch Bases to be provided in our Town Centres.

It supports our strategic priority of improving the council's resource base.

It is imperative that the council has a property estate which meets the needs of our communities and services, whilst also ensuring that the ongoing costs of the property portfolio are sustainable. The council has been successful in delivering £2.66m of asset management savings through a variety of activities in the last 2 years, including property rationalisation, reduction in energy costs, disposals and demolitions.

In keeping with this approach, a high level review of the office accommodation portfolio has been undertaken to ascertain where further utilisation efficiencies can be achieved to enable accelerated rationalisation of the office accommodation footprint across North Lanarkshire. This exercise has identified a proposal to reduce our main office portfolio from 24 current office bases to 6 key locations (on a phased basis), which would be our main operational locations for office based staff, with potential revenue savings in the order of £1.2m.

This report will provide an overview of the council's current office accommodation portfolio and highlights the potential savings and timescales for the delivery of a radical rationalisation programme across the portfolio.

This proposal would retain Fleming House, Dalziel Building, Civic Centre, Coats House, the Buchanan Centre and the Houldsworth Centre providing a geographical spread of high quality accommodation across North Lanarkshire. It has the potential to generate estimated revenue savings of £1.2m once all surplus buildings have been closed and disposed of as part of an integrated approach to town centre regeneration. It should be noted that at the Houldsworth and Buchanan Centres, there is an existing long term (25 years) partnership agreement with the NHS in place. The council owns the Buchanan

Centre and is a tenant under a participant interface agreement to occupy at the Houldsworth Centre.

In addition to the anticipated savings that would be generated from the rationalisation programme, the review also took account of the potential capital receipts and provisional capital costs to demolish the vacated office buildings in the event that sale or community asset transfer is not achievable.

The report also sits within the context of We Aspire, where North Lanarkshire is the place to Live, Learn, Work, Invest and Visit. In this regard having an office accommodation portfolio which is efficient, effective and sustainable is critical to the delivery of our ambition within the reduced financial envelope available to the council.

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## **Recommendations**

It is recommended that the Policy & Strategy Committee;

- (1) approve the proposal detailed in this report including the savings generated; and
- (2) note that if approved we will develop an implementation strategy for the council's office accommodation portfolio and move towards a delivery stage.

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## **Supporting Documents**

**Council business plan to 2020**    Improve the council's resource base

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## 1. Background

- 1.1 The purpose of this report is to provide a high level overview of the council's current office accommodation portfolio and to highlight the potential savings from the delivery of a radical rationalisation programme across the office accommodation portfolio.
  - 1.2 A major consideration in rolling out such an asset rationalisation programme is the acknowledgement that a rationalisation of our property portfolio forms part of the major transformational change process underway in the council and must be considered in conjunction with the development of town centre regeneration, community campus initiatives in each locality and the roll out of DigitalNL which will significantly change how we operate and deliver services with our community partners. With that in mind a high level disinvestment plan can assist in forecasting the achievement of savings and help fund these linked objectives.
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## 2. Report

### 2.1 Current Position

2.1.1 Currently within the council there are 24 office accommodation properties of varying size, use and location which in 2018/19 have a combined property accommodation budget of £3.1m. Significant savings have been made in the office accommodation budget over the last few years.

2.1.2 It should be noted that in addition to the properties owned directly by the council, there are three leased offices which have different arrangements in place with regards to financing. Scott House, Motherwell, is financed from the £3.1m office accommodation budget mentioned above and the other two offices, Emma Jay Road, Bellshill and Kings House, Wishaw are financed by the occupying Service, via the Integration Joint Board (IJB), at a combined cost of c £410k which gives a total budget of £3.51m.

2.1.3 For information the end dates for the 3 leased in properties are shown in Table 1.

**Table 1**

<b>Property</b>	<b>Occupier</b>	<b>Budget Holder</b>	<b>Lease end date</b>
Emma Jay Rd Office, Bellshill	IJB	IJB	December 2019
Kings House, Wishaw	IJB	IJB	March 2020
Scott House, Motherwell	IJB	Asset & Procurement	March 2026

2.1.4 A high level review of the office portfolio has been carried out to ascertain how we can significantly rationalise the portfolio but still meet the needs of our communities and services. This review has concluded that it is viable to reduce the portfolio from 24 to 6 council occupied properties. Two NHS/NLC partnership properties at Houldsworth Centre and Buchanan Centre would remain (these are included in the 6). This would reduce the operational cost of maintaining these office bases and

enable investment in our office accommodation to be better utilised and concentrated on the key facilities.

2.1.5 The purpose of the proposal is to ensure that the services provided are being delivered in as efficient, effective and sustainable manner as possible in light of the continuing financial challenges across the public sector and managing our assets in conjunction with service change and modernisation as we move to the community campus model, which is firmly based on a shared, joint campus approach.

## 2.2 Financial Savings

2.2.1 The proposal has been designed on the assumption of a flexible utilisation model for our office accommodation, with a reduction in the number of desks allocated, and sharing of accommodation by services and partners.

2.2.2 The financial savings are outlined in Table 2, indicating the savings possible after vacating, and then after disposal. The demolition costs are provided as a worst case indication if no transfer or sale is possible.

**Table 2**

<b>Net Anticipated Saving (Year of vacating)</b>	<b>Net Anticipated Additional Saving (Year of disposal)</b>	<b>Total Saving once properties disposed of</b>	<b>Potential Capital Costs (Demolitions)</b>	<b>Comments</b>
£580,554	£713,587	£1,294,141	£1,990,000	Demolition costs only apparent if no capital receipt

2.2.3 Note – Figures only include the costs which have not already been offered as an asset management saving in the office accommodation portfolio, but as yet are still to be realised. These existing proposals exclude the leased in properties at Emma Jay Road and Kings House.

2.2.4 It should also be noted that the timescales to dispose of the vacated properties, either from sale or demolition will be variable on a site by site basis, and it is anticipated that this will be a medium-long term programme for some of the premises and be encompassed within our town centre regeneration proposals.

## 2.3 Current and Proposed Office Estate

2.3.1 The properties included in this review are detailed in Table 3 below, and those which are proposed to be retained as our key operational facilities are detailed in Table 4.

**Table 3 - Office Rationalisation – Current Estate**

1	Kildonan Street, Coatbridge
2	Bron Way, Cumbernauld
3	Fleming House, Cumbernauld
4	Civic Centre/43 Civic Square/Civic Theatre
5	Registration Office, Willowbank House, Airdrie
6	453 Main Street, Coatbridge
7	Registration Office, Bellshill
8	Registration Office, 183 Main Street, Coatbridge
9	Former Housing Office, 195 Main Street, Coatbridge
10	Moodiesburn FSS, 19 Blackwoods Crescent
11	Former Wishaw First Stop Shop
12	Bellshill First Stop
13	Viewpark First Stop Shop
14	Shotts First Stop Shop
15	Coats House, Airdrie
16	Scott House, Motherwell
17	Emma Jay Road, Bellshill
18	Kings House, Wishaw
19	Dalziel Building, Motherwell
20	Buchanan Centre, Coatbridge
21	Kilsyth First Stop Shop
22	Airdrie First Stop Shop
23	Former Housing Office, 124 Main Street, Coatbridge
24	Houldsworth Centre, Wishaw

**Table 4 - Office Rationalisation – Proposed Remaining Estate**

1	Fleming House, Cumbernauld
2	Civic Centre / 43 Civic Square / Civic Theatre
3	Coats House, Airdrie
4	Dalziel Building, Motherwell
5	Buchanan Centre, Coatbridge
6	Houldsworth Centre, Wishaw

2.3.2 Whilst it is planned to rationalise our office portfolio it is recognised that we will still require to maintain access locations in our localities for both staff working locally, and for communities and residents to access services. We will be developing community campus locations in each of our towns, based as close to the point of service delivery as possible and where practicable designed around our school/community estate, as this is where we will be prioritising investment in development and provision of new, accessible built assets. In addition, it is proposed that we develop a Digital Touch Point provision in shop units in our town centres during development of the campus estate to provide facilitated, digital access to services to ensure no direct detriment to service access and provision and assisting transition to our new model of service provision.

## 2.4 Guiding Principals

2.4.1 In accordance with the principles established in Smarter Working, the guiding principals to be applied in the operation of our office buildings are summarised as follows:

- Style of offices to be, where practical, open plan flexible space;
  - Private offices to be provided where possible in accordance with overall efficiency but limited to Head of Service and Executive Director level;
  - When investment is taking place offices are to be freshly decorated, carpeted and lit in accordance with modern standards;
  - Meeting Rooms to be made available and bookable across the council and partners and not allocated to individual occupiers; and
  - Open plan offices to operate on the basis of 6.5sqm per desk based on the net internal arm and where practical adopting a utilisation ratio of 3:5 (3 desks for 5 staff).
  - Break out and private areas to be provided in all offices.
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### **3. Equality and Diversity**

#### **3.1 Fairer Scotland**

3.1.1 This report is not subject to the requirements of Fairer Scotland.

#### **3.2 Equality Impact Assessment**

3.2.1 An equality impact assessment has been completed and will be reviewed as part of the forward programme of work.

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### **4. Implications**

#### **4.1 Financial Impact**

4.1.1 The proposals in this report will assist in delivering challenging revenue savings as well as possibly generating capital receipts as properties are disposed of in due course.

4.1.2 Investment costs will require to be covered by the Capital Programme 2018/19 to 2022/23. This will require ongoing review and realignment of the capital plan.

#### **4.2 HR/Policy/Legislative Impact**

4.2.1 Consultation with Trade Unions will take place in order that they are aware of the reasons for this updated approach and the benefits that it will have for council staff in reducing the office accommodation footprint and generating savings.

4.2.2 The delivery of the savings identified will be a significant project for the council, over a number of years that will require dedicated resources to ensure that efficiencies can be driven in line with an agreed project implementation plan.

4.2.3 The staff affected by the proposed changes will be managed in accordance with the council's policies and procedures. Any employee who is required to move work

location as a result of a Service re-structure or redeployment arising from redundancy will receive excess travelling expenses for a period of up to 18 months.

#### 4.3 **Environmental Impact**

4.3.1 By reducing the council's Office Accommodation portfolio this will reduce the carbon footprint of the portfolio by a similar manner.

#### 4.4 **Risk Impact**

4.4.1 Risks will require to be managed in the delivery of revenue savings and capital planning. In addition, service specific risks, will require to be managed at that level.

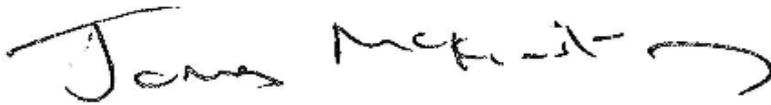
4.4.2 The estimated savings included in the attached appendix will be delivered in part when a property is vacated and part when disposed or existing leases are ended. This means that savings will likely be delivered over a multi-year time period.

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### 5. **Measures of Success**

5.1 Reduction in revenue costs;  
Generation of capital receipts as buildings are closed and sold;  
Improvement to our office accommodation conditions; and  
Reduced Carbon Footprint.

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