

**The Highland Council**  
**Resources Committee – 26 November 2014**

Agenda Item	28
Report No	RES/83 /14

**North Highland Archives: Land at Wick Airport Industrial Estate**

**Report by Director of Development and Infrastructure and Director of Care and Learning**

**Summary**

To update the Committee on the progress of relocation of North Highland Archive to a new National Nuclear Archive Facility in Wick and to demonstrate best value has been obtained.

**1. Background**

- 1.1 The Highland Archive Strategy calls for Archive Services to be delivered by means of a Hub & Spoke Strategy, the commitment to this was re-affirmed as part of an application for Heritage Lottery Funding for the Highland Archive Centre.
- 1.2 It was previously agreed by Resources Committee in 20 February 2008 that the Council would dispose of the site at Wick Airport Industrial Estate to the Nuclear Decommissioning Authority (NDA), facilitating the construction of a joint National Nuclear Archive (NNA) and North Highland Archive with officers to ensure best value is obtained and report back.
- 1.3 The site is owned by the Highland Council and held on the Property Account. It extends to 4.9 ha/12.15 acres, with an estimated Market Value of £200,000 capital or £36,500 per annum.
- 1 4 A new NNA has been identified as a priority by the Caithness and North Sutherland Regeneration Partnership as it helps diversify the economy away from reliance on Dounreay and is seen as an important legacy project

**2. Current Position**

- 2.1 The North Highland Archive (NHA) is currently operated by Highlife Highland. It is based in Wick Library and the neighbouring Bruce Building, with both properties reaching capacity. The physical standards of these properties fall short of BS5454, preventing additional records (such as Church of Scotland Records for Caithness) being released from NRS in Edinburgh.
- 2.2 The NDA is progressing the NNA project to centralise all UK nuclear records in Wick with an estimated investment of £20m. The project awaits final UK

Government approval, however tendering has commenced for a facility operator, who will also provide archive services to Highland Council, secured by a 30 year contract between NDA & HC. HLH have been working closely with the NDA to ensure that the physical and operational needs of the North Highland Archive are met. It is expected the construction contract will be tendered by the end of this year

- 2.3 The cost to THC for the provision of archive services (including running costs of the facility) will be the cash-equivalent of 4 FTE (£120,000 approx pa), which includes the two existing Highlife Highland posts at the Archive being subject to TUPE transfer. The net budget pressure will be the cash equivalent of two new posts (£60,000 approx.pa) for minimum 30 years subject to index linking. This contribution is subject to agreement by NDA.
- 2.4 HC will transfer the land to NDA at nil cost, preferably on a 125 year ground lease ensuring HC retains an element of control over the future of the site. The details of this transfer are subject to agreement by NDA.
- 2.5 Draft contracts for both Archive Services and land transfer have been provided by NDA, with Legal currently reviewing. The existing THC/HLH specification for archive services will be incorporated to ensure THC interests are protected, however, the exact details depend on the specification agreed by the successful bidder for the operation of the facility.

### 3. Options Appraisal

3.1 The options for consideration are:

	Option 1 Do nothing	Option 2 New build	Option 3 NNA co-location
Revenue	£63,490 pa	Up to £120,000 staff cost  £10,000 running cost	Up to £120,000 (staff)  £36,500 (forgone rental)
Capital	Nil	Build cost of -£4.1m to £5.25m, financed at average annual cost of £211,305 - £270,574 over 40 years  +£50,000 sale Bruce building	Nil  +£50,000 sale Bruce building

3.2 **Option 1:** The least-cost option is to do nothing, however this is only a short term option at best. The NHA has reached capacity, inhibiting its future growth and effectiveness, as additional archives would be stored in the Highland Archive Centre at Inverness, contrary to the Highland Council Hub & Spoke archive strategy. Additionally, Caithness archives held in Edinburgh cannot be released to the Archive whilst it does not meet BS5454. These factors

represent a risk that the NHA will decline in importance and reputation.

Given the age of the properties, investment will be required over the medium-long term to keep in existing condition, and the fact Archives are stored between two buildings is not conducive to efficient operation.

- 3.3 **Option 2:** HC has no suitable premises at present to relocate the archive. A new build in line with BS5454 would require capital expenditure of up to £5.2m, with the financing of build cost over a 40 year period would be up to £360,000 pa for the first 20 years, and £186,000 pa for the remainder of the term. Lottery funding could be available, which would be linked to improved community outreach. This is likely to require up to 2 new posts, the costs of which have been included.

The costs are indicative based on QS estimates and not been subject to detailed designs or competitive tenders.

HC would be procuring the building, with a resultant demand on management time, and any cost over-runs borne solely by THC.

- 3.4 **Option 3:** This option has no capital investment for THC and delivers a high quality, £17m iconic building in Wick, providing up to 20 long term jobs.

Numerous socio-economic benefits will be gained for Caithness, including new job creation and contracts to SMEs. Caithness will gain a new visitor attraction and the profile of the North Highland Archive will be increased, benefitting from the community outreach and publicity generated by the NNA. Provision will be made for school & community groups to utilise the facility.

- 3.5. Should Option 3 not be progressed there is a real risk the NDA will choose to relocate to another region, to the detriment of Wick and Caithness as a whole. This would see the lost potential of up to 20 jobs, a high quality visitor attraction and the reputation of holding the UK National Nuclear records.

#### 4. **Resource Implications**

- 4.1 The NNA option will require HC to fund the equivalent cost of 4 archivists posts at £120,000 per annum, in lieu of staffing and running costs.
- 4.2 HC will forego the potential rental income from the leased site of £36,500 pa, however, given the low demand for sites within Wick it can be assumed it will be many years before this would be realised.
- 4.3 Relocation of the North Highland Archive will allow the Wick Library and Bruce Building to be declared surplus. The Library may be transferred to the Community, whilst approx. £50,000 realised from disposal of the Bruce Building.

#### 5. **Legal Implications**

5.1 Legal are reviewing the Service Level Agreement to ensure the current HLH specification is incorporated to ensure a comparable standard of service for HC. HLH have also been consulted on this.

## 6. **Equalities Implications**

6.1 There are not believed to be any equality considerations.

## 7. **Climate Change/Carbon Clever Implications**

7.1 The Energy & Sustainability Team will be notified of the changes and will advise on the resulting climate change implications for the Council.

## 8. **Risk Implications**

8.1 The provision of the NNA is dependent on various UK Government approvals. Whilst the NDA is confident it will progress, there is no guarantee. In the event it does not proceed, the options for the North Highland Archive will require to be reassessed.

8.2 Partnering with NDA will remove the risk of cost over-runs as the procurement of the property will lie entirely with them.

## 9. **Gaelic Implications**

9.1 There are not believed to be any Gaelic implications.

## 10. **Rural Implications**

10.1 The new archive centre will support jobs and tourism in Caithness and particularly Wick which are council priorities.

### **Recommendation**

- i. **NOTE** the National Nuclear Archive provides the Best Value option for the North Highland Archive
- ii. **AGREE** that the negotiations of lease for land and contract for archive services are delegated to the Director of Development and Infrastructure and Director of Care and Learning

Designation:

Date: 6 November 2014

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Background Papers: