

The Highland Council

Agenda Item	5
Report No	RDB/16/24

Committee: Redesign Board

Date: 5 December 2023

Report Title: Asset Management Programme Update

Report By: Executive Chief Officer, Housing and Property

1. Purpose/Executive Summary

1.1 This report provides Members with a progress update on the Asset Management workstreams that are underway. It specifically relates to the existing Asset Management Programme that has been reported on regularly to the Redesign Board. Other separate, but related, work is underway to consider an overall review of the Council's property assets and how they are managed and this will be presented to Council.

2. Recommendations

2.1 Members are asked to:

- i. **AGREE** that the Ardross Street sandstone building at Headquarters in Inverness is retained for use as office accommodation to allow the potential demolition of other blocks that are in poorer condition and that would require significant capital and maintenance investment in the coming years.
- ii. **NOTE** the progress on the other workstreams outlined in this report.

3. Implications

3.1 **Resource:** The Asset Management programme is an ongoing initiative to deliver revenue budget savings through a reduction in the Council's building estate footprint.

3.2 **Legal:** There are no legal implications to report at this stage.

3.3 **Community (Equality, Poverty, Rural and Island):** The programme aims to deliver a reduction in building accommodation while taking account of the specific needs of each community and working with Members, partners, and other stakeholders at a local level.

3.4 **Climate Change/Carbon Clever:** The planned asset rationalisation initiatives and Place-Based reviews will have a positive contribution to the reduction in the Council's energy usage and carbon footprint, as well as Net Zero targets.

- 3.5 **Risk:** Risk items are under regular review and are managed on both individual workstreams and across the entire programme.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** No specific risks at this stage; any potential impacts arising from the workstreams referred to in this report are reviewed with individual Team Managers.
- 3.7 **Gaelic:** There are no Gaelic implications to report at this stage.

4. **Asset Management Programme**

- 4.1 This programme seeks to deliver improvements in the Council's built estate by reviewing the use of General Fund properties to reduce the number of assets and deliver ongoing revenue savings through lower operating costs, while continuing to meet corporate objectives and service delivery requirements. It should be noted that Housing Revenue Account Properties and the School Estate are not included in the scope of the programme, although there are other associated workstreams underway, such as the future use of former schoolhouses.
- 4.2 The report on the 2023/24 revenue and capital budgets that was approved at the Council meeting on 2 March 2023 reiterated the need to reduce the Council's asset base and energy usage, develop wider projects such as depot rationalisation, and work with public sector partners to support co-location.
- 4.3 All future rationalisation proposals will continue to be based around the position agreed by the Redesign Board in November 2022 that the Council would focus on retaining 5 key buildings (Headquarters, Inverness; County Buildings, Dingwall; Caithness House, Wick; Charles Kennedy House, Fort William; and Tigh-na-Sgìre, Portree). The intention is to develop Place-Based masterplans for all settlements and/or areas to inform decisions on which buildings to retain or dispose of, ensure the most cost effective and efficient use of these properties, and to help identify opportunities for potential co-location with other partners.
- 4.4 The Redesign Board Members assigned to this project are Councillors Calum Munro and Marianne Hutchison and regular liaison meetings will continue.

5. **Inverness Offices/Headquarters**

- 5.1 Following the relocation of Council staff from the Town House to Headquarters by the end of March 2023, the project team has continued to work on relocating staff internally at HQ to co-locate service teams and create service zones to accommodate the planned relocation of other teams. This work has been hindered to some extent by both the lack of a dedicated New Ways of Working resource and the uncertainty over the future of the Ardross Street sandstone building at Headquarters in Inverness.
- 5.2 The feasibility work carried out on the potential conversion of the sandstone building at HQ into residential units has concluded that the cost of the work involved means that this is not a financially viable project. Since the last meeting of the Redesign Board, an assessment has been made of the potential for selling the building on the open market, with a view to a developer carrying out a conversion on a commercial basis. The conclusion is that the cost and technical challenges facing the Council would be faced by a developer to such an extent that the project would not be commercially viable. It is therefore proposed that this building should be retained for use as office accommodation to allow the potential demolition of other blocks that are in poorer

condition and that would require significant capital and revenue maintenance investment in the coming years. This approach to the overall site at HQ will seek to ensure that the retained accommodation is fully utilised to provide the necessary office space, service zones, staff welfare facilities and other ancillary space.

5.3 A strategic Action Plan for the Inverness area is being prepared with the aim to identify potential savings in future years, establish the actions required to deliver on corporate targets, identify the related resources required to deliver these improvements, and identify priorities to feed into service team workplans. The key actions are likely to be as follows:

- Dochfour Drive Hutted Accommodation – vacate and demolish.
- Trading Standards Office, Harbour Road – utilisation review underway to accommodate incoming services.
- Culcabock Child Guidance Centre – vacate and transfer to Housing Revenue Account
- Library Support Unit, Harbour Road – review accommodation and consider alternative options.
- Education & Learning and Health & Social Care – review provision across Inverness and future service delivery requirements.
- Office Buildings Generally – utilisation surveys and assessment; review of accommodation to identify colocation opportunities; assessment of maintenance requirements and improvements required in respect of Net Zero targets; improve information on property assets.

5.4 The expected benefits from the Action Plan include:

- Service colocation opportunities – bringing services together to achieve space reduction and closer working between service teams.
- Financial benefits – including revenue savings from property costs (utilities, rates, rent), capital receipts, capital and revenue costs avoided (maintenance/improvement works)
- Net Zero – a rationalised estate will contribute to reducing energy usage and reduce the number of buildings that require upgrades and adaptations to achieve Net Zero targets.

5.5 The key risks related to the Action Plan include:

- Workforce planning and hybrid working policy changes need to be factored in to determine the size of the future office estate.
- Forward planning for support services including ICT and Property Maintenance.
- Capital Plan – options that require capital funding will require a robust business case, an identified funding source, and resulting revenue implications.
- The office estate must provide services with suitable space and locations to deliver their services effectively and efficiently.

5.6 To achieve the desired benefits and timescales the Action Plan will require to be support with adequate staff resources and the necessary capital, and revenue funding. This will require a strong mandate and support from Members and Senior Management to ensure that service teams cooperate and actively work with Asset Management to develop solutions.

6. Council Depots

- 6.1 This workstream is focussed on improving the depot and stores facilities, identifying opportunities for rationalisation, and releasing capital receipts, all based on strategic regional needs and the best use of the available estate.
- 6.2 A proposed layout has been developed for a potential Super-Depot as part of a feasibility study that is nearing completion. A report will be considered at the Strategic Improvement Board meeting on 1st December to consider the initial findings, some of which relate to matters that are beyond the original scope of the Super-Depot workstream.
- 6.3 A total of 23 depot sites have been identified that could potentially be disposed of. Two sites have been declared surplus to requirement so far: the Craigwood Store at Avoch and the Whinhill Quarry Sub Depot at Rosemarkie, and the disposal process for both has commenced. Further discussions are ongoing with the owning Services to establish that the remaining sites are surplus to operational requirements.
- 6.4 As reported to the meeting of this Board in August, further condition surveys are being undertaken for the additional sites and 8 of these have been completed to date. This exercise will inform decisions on the extent of the investment/dis-investment that is required.
- 6.5 Following the approval of the revised 5-year capital programme in September, an exercise is underway to establish the investment priorities over this period. It should be noted that significant investment is required this financial year and in 2024/25 to deal with the immediate priorities.

7. Other Workstreams

7.1 Portree Place Demonstrator Project

The Council have been awarded a grant of £800,000 from the Scottish Government's Place Based Investment Programme (PBIP) supplemented by a further £100,000 each from Highland Council and Highlands and Islands Enterprise (HIE). The PBIP aims to link and align place-based funding initiatives and ensure that all place-based investments are shaped by the needs and aspirations of local communities. A project team has been assembled to take forward the project in two phases as outlined below, and a Project Board has been established with representatives from HIE and other potential partners.

- **Phase 1:** Preparation of a Strategic Masterplan and Concept Design based on a longer-term investment programme to be delivered in a phased manner, and that could be the subject of further bids to the PBIP or other external funding opportunities.
- **Phase 2:** Delivery of a capital project within the available funding, possibly as a first phase of investment in line with the Strategic Masterplan.

A proposed Strategic Masterplan is being developed that outlines the potential sequence of works for the planned capital investment project and potential future phases. Once complete, this will be discussed at the Project Board meeting prior to wider stakeholder engagement taking place.

7.2 **Dingwall Properties**

Several meetings have taken place with Ward Members to discuss an approach based on increased utilisation of the County Buildings and to consider options for the other buildings in Dingwall with a view to developing a Dingwall-wide masterplan. The engagement with Ward Members identified the need to vacate the “Portakabin” building opposite the County Buildings as the immediate priority, and this has now been completed. Further engagement with Ward Members on potential options for the wider approach will take place in December.

7.3 **Other Locations**

Work to assess the current utilisation and potential future rationalisation of the properties listed in Paragraph 4.3 is underway. There has been initial engagement with Ward Members in Badenoch & Strathspey and Caithness, and this will continue and be extended to other Wards as the work progresses.

Designation: Executive Chief Officer, Housing and Property

Date: 13 November 2023

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