

Agenda Item	5
Report No	RDB-02-24

# The Highland Council

**Committee:** Redesign Board

**Date:** 28 March 2024

**Report Title:** Asset Rationalisation Programme Update and Future Approach

**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 Rationalisation workstreams that are underway and advises on the implications of several recent reports to Council meetings in December 2023 and March 2024.

## 2. Recommendations

2.1 Members are asked to:

- i. **NOTE** the progress on the workstreams outlined in this report.
- ii. **NOTE** the impact of several recent reports on the future delivery of the programme and the proposed approach to reconfiguring the Council's asset base.

## 3. Implications

3.1 **Resource:** The Asset Rationalisation programme is an ongoing initiative to deliver a range of financial and operational benefits and outcomes through a reduction in the Council's building estate footprint. The additional staff resources required to deliver the programme in future in line with the revised approach set out in recent Council reports are being considered.

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. Inverness Offices/Headquarters

4.1 It was agreed at the meeting of this Board in December 2023 that the Ardross Street sandstone building at Headquarters in Inverness should be retained for use as office accommodation to allow the demolition of other blocks that are in poorer condition and that would require significant capital and maintenance investment in the coming years. Internal moves with the Headquarters building are now underway and a detailed programme for all necessary activities is being finalised. 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 Accommodation – vacate and demolish (target date for vacating all buildings is August 2024).
- Headquarters Block A – vacate and demolish. The detailed timeline for all necessary internal staff moves (both into HQ and from HQ into other buildings) has been prepared with a target date to fully vacate Block A of December 2024. There are around 90 individual sub-team moves that will need to be supported by colleagues in other teams, including Facilities Management and ICT. The demolition project will be tendered by the end of 2024 to allow asbestos removal and other advance works to commence in early 2025.
- Trading Standards Office, Harbour Road – utilisation review now completed, staff moves in progress.
- 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.

4.2 This approach is being applied to all other area reviews with the anticipated benefits listed below:

- 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 (on maintenance and 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. Other Workstreams

- 5.1 **Depots:** 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. Work is continuing to identify properties for disposal, complete the remaining condition surveys and establish capital investment priorities.
- 5.2 **Portree Place Demonstrator Project:** The Council has 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 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 as a first phase of investment in line with the Strategic Masterplan.

The Strategic Masterplan that is being developed will outline several options and the sequence of works for the capital project and potential future phases. The options are being assessed and it is anticipated that the preferred option will be identified for discussion at a meeting of the Project Board in April.

- 5.3 **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. The review has had to extend beyond just office buildings, with proposals for improvements to accommodation at St Clement's School one of the key factors to be considered. It is proposed that a meeting with Ward Members to discuss progress and agree next steps will take place in April.
- 5.4 **Other Locations:** Work is underway to assess the current utilisation and potential future rationalisation in other key office locations, including Fort William and Wick, as well as office provision in several other locations. 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. A meeting with Ward Members in Lochaber will be arranged in April.
- 5.5 **2023/24 Corporate Savings Target:** The target assigned to the Asset Rationalisation Programme for 2023/24 is £0.41M. There was a carry forward of £0.79M for savings not achieved in previous years that resulted in a cumulative target of £1.2M. The carry forward from 2022/23 is mostly due to the savings arising from the vacation of Inverness Town House and 12/13 Ardross Street, Inverness only being accounted for from 2023/24 onwards. The estimated final savings to be realised by the end of this financial year, by

vacating buildings or through income received from third party tenants, is £0.80M. The main reason for the remaining £0.40M balance that has not yet achieved is the revised programme for vacating properties in Inverness by moving staff into and out of Headquarters. Progress was affected by the need for an options appraisal to be undertaken on the future use of the Ardross Street building referred to in Paragraph 4.1, but which was resolved in December.

- 5.6 **Non-Domestic Rates:** We are currently reviewing Non-Domestic Rates (NDR) charges for all individual properties to ensure that the global NDR budget for 2024/25 is accurate and that any savings realised from property disposals or other changes can be allocated to future Corporate Savings Targets.

## 6. Future Strategic Approach

- 6.1 There have been several reports in recent months setting out proposed strategic approaches that will have an impact on the future direction of the delivery of Asset Rationalisation workstreams. Links to these reports are included in the Background Papers section and the key elements of each are set out in Paragraphs 6.2 and 6.3.

- 6.2 **Draft Council Delivery Plan 2024-2027 – Portfolio 3 Reconfiguring our Asset Base:** The report to the Council meeting on 14 March identifies the proposed approach to implementing the Council's strategic priorities over the next 3 years. Portfolio 3 is one of the key workstreams and is set out in Paragraph 8.3 and Appendix 1 of that report. Extracts from the report are included below to provide a summary of the key elements of the proposed approach.

- Activity: Actions that ensure we have a sustainable estate for housing and property, delivering investment.
- 3 Workstreams – The creation of a Single Property Service; Asset Rationalisation Strategy; and Strategic Capital Investment Programme are supported by 11 projects – many of which have overlapping aims and priorities. This Portfolio will also link closely to the Net Zero and Energy Investment portfolio to deliver a reduction in Council carbon emissions.
- A comprehensive review of assets, with a view to reducing the overall estate, releasing capital and reducing revenue costs, while also sustaining Highland communities through delivering investment in housing and property where we need it.

- 6.3 **Place Based Approaches to Strategic Capital Planning and Asset Management:** The purpose of this report to the Council meeting on 14 March, along with the previous report on this subject that was approved on 14 December, is summarised below.

- Provide an update on the review of our assets.
- Set out a proposed strategic corporate and Service specific asset management approach for all Council assets, consistent with the corporate restructuring exercise approved through the Council's annual budget setting process.
- Provide an update on the next steps with regards to strategic capital prioritisation and investment priorities including governance arrangements.
- Introduce area asset mapping and develop community facilities networks, setting out how these link to the Council's approach to property asset management and asset rationalisation and a future target operating model for the Council.
- Update on the Single Property Service.

- 6.4 The implementation of the overall approach set out in these reports as summarised in Paragraphs 6.2 and 6.3 will provide a clear direction for all Asset Rationalisation workstreams going forward. All workstreams currently underway will be reviewed to ensure that they fully align with the proposed approach, including area asset mapping and development of community hub facilities.
- 6.5 A detailed update on all workstreams will be provided to the next meeting of this Board, including programme timescales, capital investment required, estimated financial savings, and other anticipated benefits and outcomes.

**Designation:** Executive Chief Officer, Housing and Property

**Date:** 14 March 2024

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### **Background Papers:**

Report to Highland Council meeting on 14 March 2024: Draft Council Delivery Plan 2024-2027

[https://www.highland.gov.uk/download/meetings/id/83021/item\\_12\\_our\\_future\\_highland\\_council\\_delivery\\_plan\\_2024-2027\\_-\\_14\\_march\\_2024](https://www.highland.gov.uk/download/meetings/id/83021/item_12_our_future_highland_council_delivery_plan_2024-2027_-_14_march_2024)

Report to Highland Council meeting on 14 December 2023: A Review of Property Assets Maintained by Highland Council and a Future Approach to Strategic Capital Planning

[https://www.highland.gov.uk/download/meetings/id/82663/item\\_10\\_a\\_review\\_of\\_property\\_assets\\_maintained\\_by\\_highland\\_council\\_and\\_a\\_future\\_approach\\_to\\_strategic\\_capital\\_planning](https://www.highland.gov.uk/download/meetings/id/82663/item_10_a_review_of_property_assets_maintained_by_highland_council_and_a_future_approach_to_strategic_capital_planning)

Report to Highland Council meeting on 14 March 2024: Place Based Approaches to Strategic Capital Planning and Asset Management

[https://www.highland.gov.uk/download/meetings/id/83023/item\\_13\\_place\\_based\\_approaches\\_to\\_strategic\\_capital\\_planning\\_and\\_asset\\_management\\_14\\_march\\_2024](https://www.highland.gov.uk/download/meetings/id/83023/item_13_place_based_approaches_to_strategic_capital_planning_and_asset_management_14_march_2024)