

ANGUS COUNCIL

ANGUS COUNCIL – 9 MAY 2024

AGILE WORKING AND ESTATES REVIEW

REPORT BY GRAEME DAILLY, DIRECTOR OF INFRASTRUCTURE AND ENVIRONMENT

1. ABSTRACT

This report seeks approval to market the under-occupied office property at Angus House, Sylvie Way, Orchardbank Business Park, Forfar for part lease, full lease or sale for a period of 18 months for the purpose of informing future estate rationalisation options. A further report will be brought to Council with the outcomes of the marketing exercise after the property has been marketed for a period of 18 months or earlier if necessary.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

2.1 This report contributes to the following local outcomes contained within the Angus Council Plan 2023-2028:

Caring for the Economy

- Support businesses to grow and invest in Angus through our employment land and commercial property.

Our Place

- Take action to mitigate against climate change by delivering our Transition to Net Zero Action Plan: 2022 to 2030 and leading on the delivery of a Sustainable Energy Climate Action Plan (SECAP) for Angus to reduce area wide emissions.
- Reduce our energy use through a reduction in our property estate coupled with good management to reduce wasting energy.

Angus Council is Efficient & Effective

- Continue to develop our approach to agile working.
- Deliver our change programme.

3. RECOMMENDATIONS

3.1 It is recommended that Angus Council:

- (i) Notes the outcomes of the Agile Working and Estate Rationalisation programme to date including the significant financial and carbon savings which have been achieved.
- (ii) Notes the current under-utilisation of Angus House and the opportunities for future use of the property.
- (iii) Approves the marketing of Angus House, Forfar for part lease if sub-divided into smaller suites, full lease or sale, all for a period of 18 months for the purpose of informing future estate rationalisation options.
- (iv) Notes that a further report will be brought to Council presenting the outcomes of the marketing exercise after a period of 18 months or earlier if necessary.

4. BACKGROUND

4.1 Angus Council's Plan 2014–2017 set out an 'Agile Working and Estates Review' as one of the four key work-streams of the Transforming Angus change programme. On 3 February 2015 the Policy & Resources Committee approved the Agile Working and Accommodation Strategy

(Report 48/15 refers) which aimed to create a sustainable property estate, improve service delivery and improve our organisational effectiveness through the successful adoption of agile working practices and workplace design.

- 4.2 Angus Council Committee on 10 December 2015 approved the Council's Agile Working and Estates Review programme (Reports No 480/15 and 481/15 refer). The proposals sought to rationalise our office estate reducing the number of operational properties within scope from 42 to 10 over a 5 year programme.
- 4.3 A further update report was approved at Angus Council Committee on 9 February 2017 (Report 46/17 refers) to retain three of the properties at that time and set out implementation plans for the locality hub and democratic functions.
- 4.4 The programme was well advanced when the Covid 19 Pandemic struck in March 2020, causing a UK-wide lockdown. Progress that had been made in our agile working strategy enabled many staff to quickly move to homeworking and then continue to do so throughout the pandemic with its restrictions on the use of buildings and gatherings of people.
- 4.5 During 2021 and 2022 our property estate planning considerations focussed on learning from the experience of working during the Covid 19 restrictions, examining future working opportunities/models and corresponding space requirements. During this period the Scottish Government encouraged employers to develop a model of hybrid working.
- 4.6 In late 2022 new staff working patterns and formal amendments to our agile and home working policies to provide hybrid working were introduced and would reduce the space required in offices specifically for back-office services in Angus House, Forfar and Bruce House, Arbroath. There was only limited reduction in space in the locality hubs as their main purpose is to provide local places to meet with customers and for the Council to continue to provide front-line services, particularly for our most vulnerable customers.
- 4.7 The reduced back-office space required at Bruce House provided the opportunity to relocate the front-line AHSCP service from Gowanlea, Arbroath into the property and this is planned to take place in the near future. This will enable Gowanlea to be declared surplus and deliver revenue savings and a potential capital receipt. A reduction in the space required at Montrose Town House provided the opportunity to relocate the front-line AHSCP service from Panmure Street in Brechin into the property. This enabled Brechin Municipal Building to be declared surplus and returned to the Common Good as agreed at Policy and Resources Committee on 30 January 2024 (Report 26/24 refers). A reduction in space required at County Buildings, Forfar enabled front-line Council teams at Montrose Road Centre, Forfar to move into the property and released the Montrose Road Centre to be leased to the NHS as a vaccination centre.
- 4.8 Since 2015 the Agile Working and Estate Rationalisation programme has delivered £3.68 million of revenue savings, Capital receipts of £1.33million and emissions savings of 298 tonnes of carbon dioxide (CO₂). This has been achieved through a reduction in the Council estate of 32 properties which have now either been returned to the Common Good, leased out, a successful Community Asset Transfer (CAT), disposed of or are currently in our process of disposal. The Council has therefore been pro-active in managing its estate, responding to new opportunities and delivering significant financial savings through its agile programme.
- 4.9 The Council's corporate back office services, locality hub and democratic functions now operate from 9 properties, reducing to 8 when Gowanlea, Arbroath closes.

These 8 remaining properties are;

- Bruce House, Arbroath – Back Office and Locality Hub (dual use)
- Carnoustie Municipal Building – Locality Hub
- Kinloch Care Centre, Carnoustie – Locality Hub
- Angus House, Forfar – Back Office
- County Buildings, Forfar – Locality Hub
- Municipal Building/Town and County Hall, Forfar – Democratic Function
- Former Access Office, Kirriemuir – Locality Hub
- Town House, Montrose – Locality Hub

5. CURRENT POSITION

- 5.1 All of the remaining 8 properties above are well utilised with the exception of Angus House, Forfar which houses the corporate back-office services of the Council and Angus Health and Social Care Partnership (AHSCP) and drop/in bookable desks/space for all staff.
- 5.2 Our adaption to new working arrangements has matured during 2023 to a point where only 2,491 square metres (Sq.m) are used in Angus House from a total available floor area of 4,518 Sq.m (55% being used). This requirement has been consolidated into three areas of the property allowing heating and lighting to be turned off in the unused areas. Further consolidation is likely to feature in future options.
- 5.3 Our change programme includes a project of further estate rationalisation with target savings of £375k. The annual operating costs (mostly non-domestic rates, energy and facilities management) of Angus House are approximately £412k per annum.
- 5.4 The underoccupancy of the property must be addressed and offers opportunities to share the property with other public sector organisations or businesses. It also offers the opportunity to consider further whether the corporate back-office services of the Council and Angus Health and Social Care Partnership (AHSCP) could be delivered from maximising the use of other properties still held within the Angus Council or NHS estate.
- 5.5 In order to establish the demand for these opportunities and direct any future options it is necessary to test the open property market. This will be done concurrently with engaging public sector partners to explore potential uses for the available space at Angus House.

6. PROPOSALS

- 6.1 It is therefore proposed to engage our commercial property consultants to advertise Angus House, Forfar on the open property market for part lease if sub-divided into smaller suites, full lease and sale for a period of 18 months for the purpose of informing future estate rationalisation options.
- 6.2 The outcomes of the marketing exercise will be reported to Council along with options for the future of the property after a period of 18 months. Should any matters requiring urgent attention occur during the 18 month period these will be reported to Council.
- 6.3 Angus House will continue to operate as the corporate back-office services base of the Council and Angus Health and Social Care Partnership (AHSCP) until the outcomes of the marketing exercise are known and any potential future options are considered and determined by Council.

7. FINANCIAL IMPLICATIONS

- 7.1 Decisions regarding the Council's office estate will have significant financial implications in the short and long term and it is therefore important to have fully analysed and tested options before committing to a future strategy.
- 7.2 The expected costs to market the property are £6,500 and will be met from an allowance in the agreed budget in the Infrastructure and Environment 2023/28 Capital Plan - Provision for Agile Angus / Estates Review Phase 2 project.
- 7.3 There are no additional financial implications for the Council at this point. Marketing of the property is essential to inform future strategy and options but this will impact on the timescale for delivering budget savings from further rationalisation of the Council's office estate.

8. RISK MANAGEMENT

- 8.1 There are no direct risk management implications arising from the recommendations of this report given it is only asking to market a property and to report back to committee on the outcomes of that exercise. It is accepted that any decision taken following the marketing exercise may have risk management implications and will be included in that committee report.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 There are no direct environmental implications arising from the recommendations of this report given it is only asking to market a property and to report back to committee on the outcomes of

that exercise. It is accepted that any decision taken following the marketing exercise may have environmental implication and will be included in that committee report.

10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

10.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason:

- The proposal has no impact on people because it is asking to market a property and to report back to committee on the outcomes of that exercise. It is accepted that any decision taken following the marketing exercise will affect people and at that point a full Equality Impact Assessment will be considered.

11. CONSULTATION

11.1 The Chief Executive, Directors of Finance and Legal, Governance and Change and all other members of the Council Corporate Leadership Team have been consulted in the preparation of this report.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are: (list them below)

- Report No. 48/15 - Transforming Angus: Agile Working and Estates Review – Angus Council Committee – 3 February 2015
- Report No. 480/15 – Transforming Angus: Agile Working and Estates Review – Angus Council Committee – 10 December 2015
- Report No. 481/15 – Transforming Angus: Agile Working and Estates Review – Angus Council Committee – 10 December 2015
- Report No. 46/17 - Transforming Angus: Agile Working and Estates Review – Angus Council Committee – 9 February 2017
- Report 26/24 – Surplus Properties – Policy and Resources Committee – 30 January 2024.

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List of Appendices:

Appendix 1 – Member Briefing – Exempt.