

ANGUS COUNCIL

ANGUS COUNCIL – 9 FEBRUARY 2017

TRANSFORMING ANGUS: AGILE WORKING AND ESTATES REVIEW

REPORT BY THE STRATEGIC DIRECTOR – CHILDREN & LEARNING

ABSTRACT

This report seeks approval for the proposed implementation plans for the locality hub and democratic functions, which form key components of the agile working and estates review programme.

1. RECOMMENDATIONS

It is recommended that the Council:

- (i) consider the progress that has been made in relation to service transition to agile working;
- (ii) agree the proposed implementation plan for the various services' transition to agile working relating to locality hub and democratic functions;
- (iii) note the exit strategy proposals;
- (iv) agree to:
 - use Kirriemuir Reform Street ACCESS office for a locality hub;
 - use Gowanlea in Arbroath for a locality hub (in lieu of the existing Arbroath ACCESS office);
 - retain Brechin Business Centre (Leased) for operational purposes;
 - remove Gowanlea and Brechin Business Centre from the register of properties surplus to the Council's operational requirements;
- (v) remove William Wallace House and St. Margaret's House from the register of properties surplus to the Council's operational requirements; and
- (vi) note the financial implications emerging from the updated business case for the agile working and estates review programme.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/ SINGLE OUTCOME AGREEMENT/ CORPORATE PLAN

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013 - 2016:

- Angus being a good place to live and work in and where our carbon footprint is reduced.

3. BACKGROUND

3.1 Reference is made to Reports 480/15 and 481/15, approved by Angus Council at its meeting on 10th December 2015. These reports set out the proposals and outline business case in relation to the Council's agile working and estates review programme.

3.2 An implementation plan was included in report 480/15 for the back office element. That report highlighted that further development work was required to establish the

implementation plan for the localities and democratic aspects of the programme. This included detailed engagement with the relevant services to ascertain their needs.

- 3.3 Report 480/15 identified 32 properties (out of 42 properties 'in-scope') as being surplus to Council needs and an overall 5-year programme to address the exit strategy in relation to these properties. It also recognised proposals for locality hubs were at an early stage and further work was to be undertaken.
- 3.4 The properties identified in Report 480/15 as likely being most suited for retention to deliver the three service functions (i.e. back office, locality hub and democratic) were specified as follows:
- back office: Angus House and Bruce House (dual use);
 - locality hub: Arbroath ACCESS Office; Bruce House (dual use); Brechin Municipal Buildings; Montrose ACCESS Office; Montrose Road (Forfar); County Buildings; Kinloch Care Centre; and Carnoustie ACCESS Office; and
 - democratic: Municipal Buildings (Forfar).
- 3.5 The approved outline business case included key assumptions and dependencies, and these aspects are managed as part of the programme governance arrangements.

4. CURRENT POSITION

4.1 Back Office Implementation

- 4.1.1 The implementation of the back office element of the programme is progressing to schedule and progress to date includes:
- approximately 500 Council staff, 32% of staff identified in scope for agile working, are now working in different ways from an agile workspace
 - all Resources directorate back office staff are now operating from a modernised and efficient agile workspace; and
 - 6 of the 32 buildings identified in Report 480/15, are no longer in operation (these are: Peasiehill, Park Place, St Drostans, Damacre Centre, Invertay House and Castle Street), thus freeing up 4,789m² of floor area being used.
- 4.1.2 The target of £108k for financial year 2016/17 has been achieved. The projected benefits of £1.25m for financial year 2017/18 will be taken into account in the budget setting process for financial year 2017/18.

4.2 Locality Hub and Democratic Function Planning

- 4.2.1 The planning work for implementation of agile working in relation to locality hub and democratic functions has taken slightly longer than originally set out in Report 480/15. This has been due to the need to address the needs of the various services and customers whilst taking cognisance of other interdependent Council priorities and initiatives.
- 4.2.2 Five detailed engagement workshops have taken place with stakeholders. These workshops included participants from Communities, Resources, Children & Learning, AHSCP/ NHS Tayside and Angus Alive. Discussions have also taken place with representatives from the Angus Community Planning Partnership (Accommodation) group.
- 4.2.3 A key principle supporting the locality hub development has been to build on the area based services model in the four identified localities of Arbroath, Brechin/ Montrose, Carnoustie/ Monifieth and Forfar/ Kirriemuir. This is consistent with the locality approach to operational services.
- 4.2.4 Another important element of the planning has been to dovetail the agile programme with the Library/ ACCESS integration plans, including aligning the timetabling of improvements to existing library buildings.

4.2.5 The outputs from these workshops, discussions and library/ ACCESS integration plans are set out in this report. The detailed work has identified some necessary ‘service led’ changes to the original position set out in report 480/15. The key changes are summarised as follows:

- (i) Forfar/ Kirriemuir locality: while service teams have affirmed there is no on-going operational requirement for Fairlie House, there still exists the requirement for suitable alternative accommodation to deliver services within the Kirriemuir area. It is proposed that the current shared arrangement with Police Scotland at Kirriemuir Reform Street ACCESS Office be used for this purpose. It is proposed that the facilities at this site are expanded to include the relocation of the surplus modular building from Lochside Leisure Centre. To support this approach, Angus Alive has confirmed it can re-locate to the library building to create an integrated library/ ACCESS service from that location. Minor improvements to the existing library may be required to support this and the associated minimal costs will be contained within the agile programme budget.
- (ii) Arbroath locality: service teams have identified an on-going operational requirement to utilise Gowanlea and it is recommended to use this facility as a locality hub. This replaces the original proposal to utilise the current Arbroath ACCESS Office. This aligns with Angus Alive’s requirements that currently reflect a continued operational need for Arbroath ACCESS Office, as Arbroath library is not currently part of the physical library/ ACCESS integration plans.
- (iii) Brechin/ Montrose locality: Brechin Business Centre is currently a leased building used by parks and waste management operational staff. The financial benefits for withdrawing from this property are insignificant and it is therefore intended to remove this location from the scope of the project.

5. PROPOSALS

5.1 Library/ ACCESS Office Integration Update

5.1.1 A key dependency for the locality hub and democratic function implementation is aligning with the timetabling of the Library/ ACCESS integration. The updated position with the Library/ ACCESS plans is summarised as follows:

Updated library/ ACCESS Office Integration Proposals	Original ‘Fitting Out’ Date	Revised ‘Fitting Out’ Date
Carnoustie Library building	August 2017	August 2017
Monifieth Library building	June 2021	September 2019
Forfar Library building	June 2020	February 2019
Brechin library building	September 2021	March 2019
Montrose Library building	May 2018	May 2018

5.1.2 It has been identified that by bringing forward relevant funding from the capital plan to support the revised dates, benefits can be realised sooner. The Chief Executive of Angus Alive has been consulted and fully supports this approach.

5.1.3 As the respective programmes are further developed and refined, any additional opportunities to realise the Agile programme benefits more quickly will be taken.

5.2 Locality Hub and Democratic Implementation Plan

5.2.1 Report 480/15 set out the implementation plan in relation to the back office moves up to November 2017, with details of the associated temporary decant moves to support this.

5.2.2 The locality hub and democratic function implementation plans have been developed to ensure momentum beyond November 2017 up to completion in 2019/20. This represents an

earlier delivery date of one year in comparison to the business case approved by Council in December 2015 (Report 481/15).

- 5.2.3 Full details of the services moves to agile working are included in Appendix 1. The phasing of the implementation plan between the four localities and the associated date for services to operate from the various buildings is summarised as follows:

Phase	'Go-Live' Date
Phase 1 - Carnoustie & Monifieth (locality hub) <ul style="list-style-type: none"> Kinloch Care Centre Carnoustie Municipal Buildings (former ACCESS Office) 	<ul style="list-style-type: none"> March '18 March '18
Phase 2 – Arbroath (locality hub) <ul style="list-style-type: none"> Bruce House Gowanlea 	<ul style="list-style-type: none"> December '18 November '18
Phase 3 - Forfar & Kirriemuir (locality hub) <ul style="list-style-type: none"> County Buildings Montrose Road (Forfar) Kirriemuir Reform Street (former ACCESS Office) 	<ul style="list-style-type: none"> December '18 May '18 August '18
Phase 4 – Brechin & Montrose (locality hub) <ul style="list-style-type: none"> Brechin Municipal Buildings (former ACCESS Office) Montrose Town House (former ACCESS Office) 	<ul style="list-style-type: none"> September '19 June '19
Phase 5 – Forfar (Democratic) <ul style="list-style-type: none"> Municipal Buildings (Forfar) 	<ul style="list-style-type: none"> December '19

5.3 Exit Strategy Proposals for Surplus Properties

- 5.3.1 In parallel with the development of the above implementation plans, a further examination of the potential exit strategy options for the surplus properties has been undertaken. A summary of the most likely exit strategy outcomes, along with the earliest availability date for progressing such options is included in Appendix 2.
- 5.3.2 The management of the most likely exit strategy outcomes will be undertaken in accordance with the Council's Financial Regulations and other related Council policy and processes. These outcomes may also be directly influenced by external factors and the requirement to comply with legislation related to the potential for giving due consideration to Community Asset Transfer requests.
- 5.3.3 These aspects are being actively monitored as a risk to achieving the full potential benefits from the outline business case – in particular achieving the value of capital receipts to support the full investment required to deliver the programme. For example, the value of a Community Asset Transfer, or the value to purchase a property/ site for the Housing Revenue Account may be significantly less than the open market valuation of a property, albeit there are potentially qualitative and wider community benefits to be gained.
- 5.3.4 Report 480/15 also highlighted that both William Wallace House and St Margaret's House are surplus to Council needs for agile working. However, NHS Tayside contributed financially to the establishment of St. Margaret's House, therefore this will require to be accounted for in any future arrangements. Additional office capacity at St. Margaret's House is currently being used as decant space while back office works take place at Angus House. On completion of these works in November 2017, spare office capacity will exist at St. Margaret's House. Options are being explored to utilise this accommodation for other partner agencies or 3rd party income generation. Similar opportunities exist to utilise the spare office accommodation at William Wallace House, however, as William Wallace House is on the Housing Revenue Account (HRA) any additional income would accrue to that account.
- 5.3.5 Accordingly, it is now recommended that St. Margaret's House and William Wallace House are both removed from the register of properties surplus to the Council's operational requirements, and all options explored to provide opportunity for new income generation.

5.4 Next Steps

5.4.1 The next steps to progress the agile working/ estates review programme include:

- develop design details of the improvements required to the locality hub and democratic function facilities to meet the needs of the various services;
- finalise relationship of service delivery between Locality hubs and Library/ ACCESS;
- develop efficient operational management arrangements for back office, locality hub and democratic functions in relation to business support functions;
- progress the implementation plans in accordance with the timelines set out in this current report and Report 480/15;
- develop further opportunities for enhancing partnership working with Community Planning partners; and
- explore opportunities for new income generation at William Wallace House and St. Margaret's House.

6. FINANCIAL IMPLICATIONS

6.1 The original business case (Report 481/15 refers) has been refreshed to reflect the changes and updated position set out in this report. A number of adjustments and revisions have also been made to original benefit assumptions regarding project costs, level of capital receipts, revenue savings and phasing of benefits. As a result, the return on investment is accelerated by 12 months. The overall projected revenue savings per annum reduce from £4.9m to £4.4m. This is due to the reinstatement of Gowanlea to the programme and the transfer of savings which have now been accounted for within phase 2 of the internal efficiencies element of the Help to Live at Home programme.

6.2 Savings from the Agile programme of £1.25m will be built into the Council's 2017/18 budget process. Some £1.16m of this is made up of staff costs savings in Directorate budgets with the balance of £0.09m being savings in non-staff costs net of anticipated transition costs which will be accounted for through the Other Services budget.

6.3 The £1.735m capital budget for library/ ACCESS integration (Report 292/16 refers) which is currently in later years as part of the overall £3.335m net capital funding package, will now come into the new 5 year funding period up to 2020/21. This allows the re-phasing of the libraries/ ACCESS integration to support the implementation of the agile working programme and the associated benefits to be realised at an earlier date. This re-phasing for period 2017/18 to 2020/21 will not affect the previously identified overall funding of £4.200m (3.335m net) for libraries/ ACCESS integration. In the event that members decide not to agree the related capital budget to support the phasing presented in this report as part of the 2017/18 budget setting process, then a new proposal will be brought back to members for further consideration.

7. OTHER IMPLICATIONS

7.1 Risks

7.1.1 The business case set out in Reports 480/15 and 481/15 took a cautious view about the potential capital receipts that might be generated from the disposal of surplus properties and capital receipts of £1.2m were assumed at that time. This figure was based on an assumed yield of only 50% of the estimated market value of the relevant properties.

7.1.2 As outlined in Section 5.3.2 above, the potential disposal route for the various buildings reflects a mix of commercial sale, appropriation to the HRA and Community Asset Transfer with many of the higher market value sites likely to be sought for HRA or CAT purposes. In light of this updated position there exists a significant risk that the value of capital receipts requiring to be generated over the 5 year implementation plan will not meet the previously assumed sum required to part fund the investment in this spend to save programme. Should this risk materialise it will be necessary to cover any resulting funding shortfall by curtailing other projects in the General Fund capital programme or utilising the capital budget contingency. This possibility is being taken into account in the finalisation of the proposed

capital budget for 2016–2021, which will be brought to the Special Budget setting meeting of the Council on 16 February 2017.

- 7.1.3 Report 509/13 sets out the policy for the appropriation of surplus general fund assets to the housing revenue account for affordable housing. This enables any surplus General Fund land and buildings to be appropriate to the Housing Revenue Account for an “affordable housing” value which can be significantly less than the potential commercial open market disposal value. Members will appreciate the dilemma here with the need to expand housing provision in Angus and/ or the desire to support communities which have CAT aspirations being in conflict with the benefits of maximising capital receipts from the sale of surplus assets to support the Council’s General Fund capital programme and wider financial challenges. Given these potential competing benefits members agreement through relevant committees will be sought prior to any final decisions on the disposal route for individual properties being taken. This will incorporate a strategic assessment of the implications in line with existing policy and legislative requirements.
- 7.1.4 The programme plan has been developed taking cognisance of the available resource and capacity of the Agile Implementation Team and Technical & Property Services to support the change. As other aspects of the change programme increase in scope over the next period, there is a risk that this capacity may be insufficient to support the delivery of the plan. Accordingly, this risk will be actively monitored and managed by the Agile Programme Board.
- 7.1.5 The Library/ ACCESS integration programme includes works to Brechin Library and Montrose Library which are both listed buildings. Any changes to these buildings will require approval from Historic Environment Scotland through the Council’s Planning processes. This approval can require some negotiation which can result in the necessary approvals taking longer than anticipated. Although Technical & Property Services will ensure information is provided at the appropriate time, there is a risk that the programmes for these two buildings may slip which could also affect the Agile implementation programme.
- 7.1.6 There is a risk to achieving the full financial benefits of this programme should a lengthy period elapse between the surplus buildings having no operational requirement and the proposed exit strategy being concluded. This risk will be actively monitored and managed by the Agile Programme Board.

7.2 Equalities Implications

- 7.2.1 The proposals in this report have been considered from an equalities perspective and an equality impact assessment has been undertaken.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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Implementation Plan /Moves Schedule

Locality	Services Delivered	From	New Base	“Transition to Agile” Begins no later than	Move to Agile Date
Arbroath	Communities: <ul style="list-style-type: none"> • Environmental Protection • Business Support • Food and Health • Regulatory Environmental Health • Trading Standards • Housing 	Dewar House/ Academy Lane	Bruce House	March '18	December '18
	Children & Learning: <ul style="list-style-type: none"> • Criminal Justice Service 	Catherine Street	Bruce House	April '18	December '18
	Chief Executive's: <ul style="list-style-type: none"> • Economic Development 	61 Marketgate	Bruce House	April '18	December '18
	Children & Learning: <ul style="list-style-type: none"> • FW1 and FW2 	Dewar House/ Academy Lane	Gowanlea	April '18	December '18
	Resources: <ul style="list-style-type: none"> • Registrars 	69 High Street (Leased)	ACCESS Office	February '18	October '18
	Children & Learning: <ul style="list-style-type: none"> • Family support team 	West Grimsby	Gowanlea	April '18	December '18
Forfar/ Kirriemuir	Children & Learning: <ul style="list-style-type: none"> • Criminal Justice Service 	Fergus Square	County Buildings	April '18	December '18
	AHSCP: <ul style="list-style-type: none"> • Community Care (includes community meals) 	Lunan Park	County Buildings	January '17	June '17
	AHSCP: <ul style="list-style-type: none"> • Community Care • Learning Disability 	Ravenswood	County Buildings	May '18	January '19
	Children & Learning: <ul style="list-style-type: none"> • Intake 	Ravenswood	County Buildings	May '18	January '19
	Resources: <ul style="list-style-type: none"> • Registrars 	9 West High Street	Forfar Municipal Blds	April '19	December '19
	AHSCP: <ul style="list-style-type: none"> • Homelessness 	Carseview Road (Leased)	Montrose Road	October '17	June '18
	Children & Learning: <ul style="list-style-type: none"> • Criminal Justice Service 	Carseview Road (Leased)	County Buildings	April '18	December '18

Locality	Services Delivered	From	New Base	“Transition to Agile” Begins no later than	Move to Agile Date
	AHSCP: • Community Meals	Carseview Road (Leased)	County Buildings	May '18	January '19
	AHSCP: • Homecare • Community Care (including community meals)	Fairlie House	County Buildings	May '18	January '19
	Communities: • Community Planning	Fairlie House	Kirriemuir locality hub	December '17	August '18
	Chief Executive's: • Executive Support	The Cross	Forfar Municipal Blds	May '19	January '20
Brechin/ Montrose	AHSCP: • Community Care	Panmure Street	Brechin Municipal Blds	January '18	September '19
	AHSCP: • Community Care • Homecare	Park Place (decanting to Panmure Street 1 st March '17)	Brechin Municipal Blds	January '18	September '19
	AHSCP: • Services already relocated	St Drostan's	Brechin Municipal Blds	January '18	September '19
	AHSCP: • Community Care Learning Disability	208 High Street, Montrose	Town House Montrose	November '18	July '19
	Resources: • Registrars	John Street, Montrose	Town House Montrose	November '18	July '19
	Communities: • Community Planning	John Street, Montrose	Town House Montrose	November '18	July '19

In addition to these moves, the following service delivery teams are already in-situ, still require to be supported through the transition to agile working process while the buildings are adapted to locality hubs.

Locality	Services Delivered	From	New Base	“Transition to Agile” Begins no later than	Move to Agile Date
Arbroath	AHSCP: <ul style="list-style-type: none"> • Adult Mental Health (under 65) • Angus Substantive Service • Community Care 	Locality hub (Gowanlea)	Gowanlea	March '19	December '18
Carnoustie/ Monifieth	Children & Learning: <ul style="list-style-type: none"> • Family Support Team (Carn/ Arb) 	Carnoustie Municipal Buildings (currently in Arbroath)	Gowanlea	June '17	March '18
Carnoustie/ Monifieth	Communities: <ul style="list-style-type: none"> • Community Planning 	Carnoustie Municipal Buildings	Carnoustie Municipal Buildings	June '17	March '18
Carnoustie/ Monifieth	AHSCP: <ul style="list-style-type: none"> • Community Care • Home Care 	Kinloch Care Centre	Kinloch Care Centre	June '17	March '18
Forfar/ Kirriemuir	Communities: <ul style="list-style-type: none"> • Community Planning • Housing 	Montrose Road	Montrose Road	September '17	June '18
Brechin/Montrose	Communities: <ul style="list-style-type: none"> • Housing 	Town House Montrose	Town House Montrose	September '18	June '19

Exit Strategy Proposals for Surplus Properties

Phase	Building	Most Likely Exit Strategy Outcome	Available From	
Phase 1 - Carnoustie & Monifieth	Invertay House	Community Asset Transfer; and/or HRA Social Housing; and/or Commercial Sale	February '17	
	Monifieth ACCESS Office	Commercial Sale	September '19	
	Panmure Centre*	Commercial Sale	March '20*	
Phase 2 – Arbroath	Peasiehill	Termination of Lease	Completed	
	Academy Lane/ Dewar House	Commercial Sale	January '19	
	Catherine Street	Commercial Sale	December '18	
	61 Marketgate	Termination of Lease	January '19	
	West Grimsby	Commercial Sale	December '18	
	Fergus Square	HRA Social Housing; or Commercial Sale	December '18	
	115 High Street	Lease Terminated	Completed	
	69 High Street	Termination of Lease	October '18	
	Kinnaird Street	Commercial Sale	Completed	
	Lunan Park	HRA Social Housing; or Commercial Sale	May '17	
	Phase 3 – Forfar & Kirriemuir	Castle Street	Lease already terminated	Completed
		Ravenswood	Commercial Sale	January '19
The Yard*		Commercial Sale	See note below	
William Wallace House		Retained for income generation	Available for income generation from Dec '17	
St Margaret's		Retained for income generation	Available for income generation from Dec '17	
The Mart*		Commercial Sale	See note below	
Carseview Road		Termination of Lease	December '18	
Fairlie House		Community Asset Transfer; or Commercial Sale	January '19	
Phase 4 – Montrose & Brechin	Kirriemuir ACCESS Office (Bank St)*	Termination of Lease	From 2018, but no later than March '20	
	Panmure Street	Commercial Sale	September '19	

Phase	Building	Most Likely Exit Strategy Outcome	Available From
	Park Place	HRA Social Housing; or Commercial Sale	March '17
	St Drostan's	HRA Social Housing; or Commercial Sale	March '17
	Damacre	HRA Social Housing	Available now
	208 High Street, Montrose	Commercial Sale	July '19
	John Street, Montrose	Commercial Sale	July '19
Phase 5 – Democratic	9 West High Street	Termination of Lease	February '20
	5/7 Cross	Commercial Sale	January '20

* The following should be noted with regard to the above:

- the commercial sale of the Panmure Centre Carnoustie is dependent upon establishing a new location for the Early Years provision which is currently delivered from this location.
- alternate arrangements are identified for the Council's archive collection currently stored at The Yard (Angus Alive HQ) and The Mart.
- the lease at the former Kirriemuir ACCESS Office (Bank St) is in place to June 2020, and is currently sublet until 2018. Any further sublet will not extend beyond March 2020 to allow early termination of this lease at end of financial year 2019/20.