

Council Building rationalisation and Housing redevelopment.

Report by Kevin Anderson, Executive Director - Place

Report for Decision

1 Recommendations

Council is recommended to;

- i. Agree to reducing the number of buildings and maximise the value of surplus properties through the options outlined in the disposal of assets where the buildings are no longer occupied, or suitable or required; and
- ii. Agree to a housing led redevelopment opportunity being progressed as detailed in this paper, with a design concept and funding being reported back to Council.

2 Purpose of Report/Executive Summary

The speed at which the Council has responded to the Covid pandemic resulted in a complete transformation of how the council works including remote working, digital by default and delivering services on a locality basis.

Whilst we are developing the work settings on a locality basis, as the pandemic persists and services are redesigned in response, the key considerations include business continuity, improvement of the working environment and, as a consequence, reducing the number of properties which are surplus through their disposal where these are no longer occupied, or fit for purpose, or required by the Council.

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3 Background

- 3.1** Following the Council Seminar held on 23 June, 2021, it was recognised after more than a year of enforced remote working due to the pandemic restrictions that the best elements of transformation that took place have been implemented on a permanent basis as we adopted the themes from the Listen & Learn exercise and new ways of working.

These new ways of working are being supported through engagement and co- designing with staff and communities and how these are approached are being valued. The workforce have been given a commitment that the current working practices will continue and we do not expect people to return to offices and other work settings if they have been successfully able to work from home during the pandemic as many have found advantages of working remotely.

Consequently, alternative working practices and arrangements remain relevant as we see other employers and organisations are offering remote working and divesting from buildings in post- pandemic planning.

Whilst not all individuals may change their workstyle, their work colleagues will work differently. For that reason, everyone is included in the programme and there will be preferred workstyles for roles throughout the Council as defined at the Seminar. The building rationalisation initiative is based around improving customer focused services, increased productivity, improving employer profile, asset management and sustainability.

3. 2 Buildings Rationalisation

To support, sustain and scale these new ways of working the infrastructure and asset management is focused on providing the physical resources required to achieve them, while making best use of the Council's assets and resources in such a way as to be effective, efficient and economically viable.

The property strategy aims to provide fit for purpose buildings and workspaces for customers and employees. Work is ongoing to establish generic adaptable workspaces which support the wider adoption of mobile and flexible working practices including desk and space sharing and reduce the Council's carbon footprint through the development and implementation of environmentally sustainable practices and travel.

Whilst developing the work settings on a locality basis key considerations include business continuity, improvement of the working environment, reducing the number of buildings and maximise the value of surplus properties through disposal of assets where the buildings are no longer occupied, or suitable, or required.

In rationalising our existing and traditional office estate, these town centre assets can support housing led regeneration, with social and affordable housing replacing mostly empty office space to address housing needs as well as primary and secondary employment opportunities.

If office rationalisation does not proceed, the condition of the Council's property portfolio together with the town centre retail, residential and community facilities and environment will continue to deteriorate.

Council property assets in Dalkeith town centre are generally ageing, are in a declining state of repair and do not meet current standards in terms of efficiency and sustainability. In addition, the environment of the town centre requires improvements in its vibrancy and sense of community and council office rationalisation provides an opportunity for redevelopment.

A housing led regeneration opportunity would involve the change, improvement and sustainability of the public realm focussed on residential, retail and commercial premises within the area, with an indicative approach outlined at the Seminar.

A Housing Revenue Capital project can provide financial viability in achieving the main outcome of the need to address the decline and deterioration of the environment and sense of community in the area. Housing Services have made acquisitions where opportunities arise to purchase properties within Dalkeith town centre to form the basis of strong asset strategy, where the acquisition has been shown to;

- Enhance service delivery and accessibility
- Realise operational savings
- Maximise utilisation of existing/adjacent premises
- Increase investment value of existing properties

Crucial to the success of retaining existing businesses and continuity of work, would be a phased decant for demolition and construction as new accommodation and premises are completed.

If agreed by Council; further detailed design work and funding proposal would be undertaken to explore the possibility of developing a number of sub phases following any initial acquisition phase.

Council Properties Affected by Redevelopment

Building	Use	Previous occupancy	Option
Midlothian House	Main Council Headquarters including Council Chambers	316 Staff/Elected Members	Demolition or repurpose or disposal
Fairfield House	Secondary Council office including Registrars and old Fairfield House	321 staff	Rationalise or repurpose or disposal
Eskdail Court	Council offices	20 Staff	Demolition for redevelopment of residential; retail; one-stop shop; community space.
Library/Art Centre	Public library and art centre containing two bookable spaces for community activities	4 Staff	Demolition for redevelopment of residential; retail; one-stop shop; community space.
Building	Use	Previous occupancy	
Residential	Council housing of various sizes	23 Council owned properties	Demolition for redevelopment of residential; retail; one-stop shop; community space.

Retail/commercial	Variety of units of various size	33,294ft ² of Council properties	Demolition for redevelopment of residential; retail; one-stop shop; community space.
Jarnac Court	Council offices conversion	0 Staff	Demolition for redevelopment of residential; retail; one-stop shop; community space.
Buccleuch House	Council offices and Contact Centre	83 staff	Demolition for redevelopment of residential; retail; one-stop shop; community space.

3.3 Placemaking

A place based approach is essential in redevelopment with all those responsible for providing services and looking after assets in a place need to work and plan together, with local communities, to improve the lives of people, support inclusive growth and create more successful places.

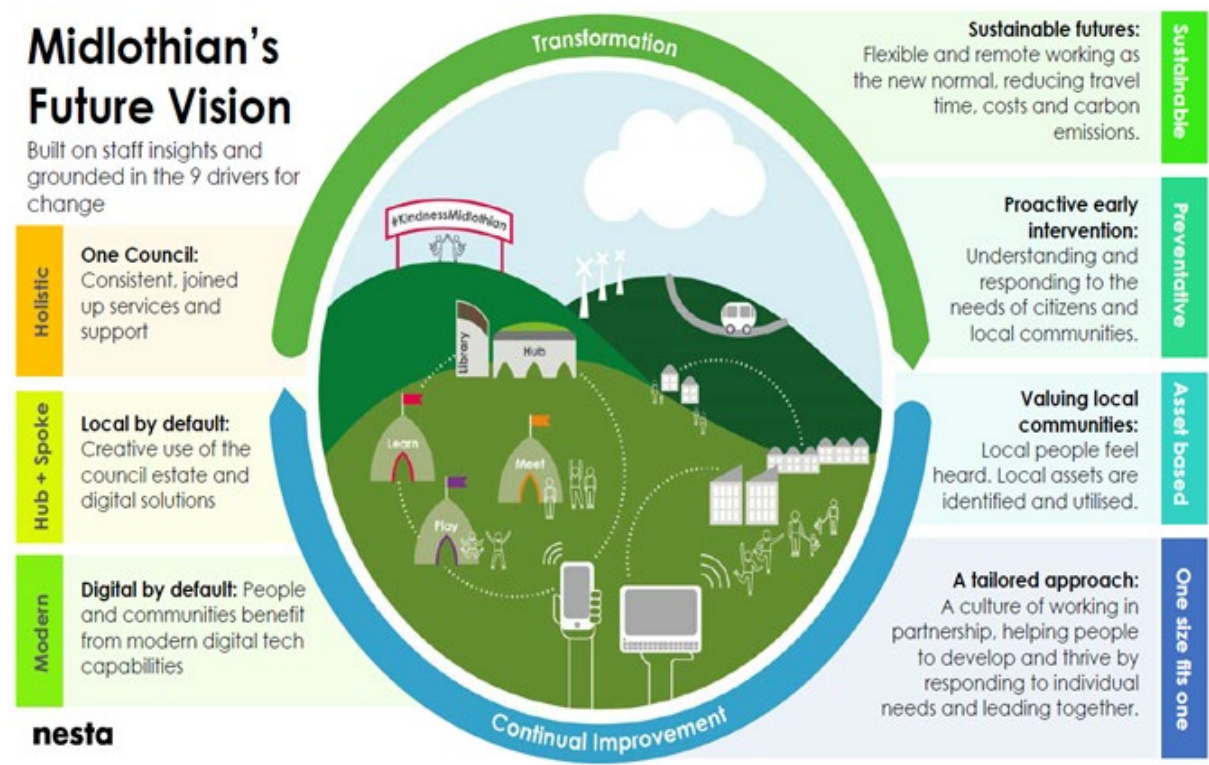
It is an approach the service will adopt to change based upon a shared understanding of what that place is for and what it wants to become with partners and communities collaboratively agreeing the joint actions required to make that happen and doing them. A more joined-up, collaborative, and participative approach to services, land and buildings, across all sectors within a place, enables better outcomes for everyone and increased opportunities for people and communities to shape their own lives, realising their full potential.

3.4 Drivers for Change

As a consequence of the Covid pandemic services have refocused their activities to provide a range of new services and supports to communities whilst maintaining and adapting the way essential services are provided. Services have been introduced and adapted to support digital and remote working at a pace never before experienced. The recommendations arising from the Nesta, Listen and Learn report were approved and articulated Midlothian's Future Vision, built on staff insights and grounded in the nine drivers for change.



The challenges which the COVID 19 pandemic brought have reinforced the need to transform the way services are provided with the key drivers and Nesta recommendations providing a strong foundation on which to redesign and reshape services at pace. Accordingly it is in this context that the proposals in this report are based.



4 Report Implications

4.1 Resource

These actions are in response to the initial costs of rapidly introducing new services, adopting alternative and innovative delivery methods required for services and support arrangements to communities across Midlothian. Accordingly an assessment will be made of additional costs that are expected to be incurred to understand and address financing as work progresses to report back to Council.

4.2 Digital

Digital by default is also fundamental this strategy, as defined in the Digital Strategy also proposed on the Council agenda today. Significant steps were taken to transform remote working during the Covid-19 Pandemic and the Council aspires to be a leader in digital by default.

4.3 Risk

Failure to report these decisions would lead to a lack of governance to implement the strategic recovery phase. Key risks associated with the proposals are –

- If office rationalisation does not proceed, the condition of the Council property portfolio together with the town centre retail, residential and community facilities and environment will continue to deteriorate
- Meeting recommendations and standards is expressly linked to the closure of existing buildings
- Delay in building closures will significantly increase the backlog maintenance on existing assets
- Programme for asset sales is reliant on early constructive dialogue with external markets
- Realisation of capital receipts is dependent on prevailing market conditions

4.4 Ensuring Equalities

It is considered that these actions underline the Council's commitment in the Midlothian Equality Plan to tackle inequality and promote inclusion with the resources available. No Equality Impact Assessment has been carried out at this time but will be addressed as the project strategic options are developed and agreed.

The Midlothian Route Map will continue as far as is possible to reflect Midlothian Council's commitment to the ethos of the Equality Act 2010 with careful consideration of the interests of the most vulnerable in our communities through the preparation of service specific Integrated Impact Assessments (IIAs) to examine the impact of our decisions in relation to equality, human rights, poverty, the economy and the environment.

4.4 Additional Report Implications

See Appendix A

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The route map outlines the phases of service recovery and transformation which will underpin the Single Midlothian Plan.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☒ Holistic Working
- ☒ Hub and Spoke
- ☒ Modern
- ☒ Sustainable
- ☒ Transformational
- ☒ Preventative
- ☒ Asset-based
- ☒ Continuous Improvement
- ☒ One size fits one
- ☐ None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious
- ☐ None of the above

A.4 Delivering Best Value

The report aims to deliver best value.

A.5 Involving Communities and Other Stakeholders

The report outlines options and has been based on feedback gathered during consultation and strategic planning groups which have been taking place across the Directorates and also undertaken by NESTA in the Listen & Learn exercise.

A.6 Impact on Performance and Outcomes

The report aims to measure progress through outcomes.

A.7 Adopting a Preventative Approach

The report is based on a wellbeing economy which prioritises prevention, fairness for people, the economy and the environment.

A.8 Supporting Sustainable Development

This phase aims to promote our commitment to being Carbon Neutral by 2030 through the impact of activities on the environment such as reducing travel to work, mileage, reducing premises costs for lighting and heating.