

**Asset Management Rationalisation  
Dalkeith Town Centre Feasibility Study****Report by Garry Sheret, Head of Property and Facilities Management****1.0 Purpose of Report**

The purpose of this report is to quantify the cost of a Feasibility Study regarding the regeneration of Dalkeith Town Centre and to provide Council with a programme overview of the continued rationalisation of the office estate and consequential building closures within the property portfolio currently occupied by Midlothian Council.

This report provides further information on the Effective Working in Midlothian (EWiM) Review of Council Headquarters Options Briefing which was presented to a Council briefing in October 2014.

**2.0 Background**

**2.1** At the Council Briefing on 7 October 2014, the Head of Property and Facilities Management was requested to report to Council on the cost of a full Feasibility Study into the opportunities to regenerate Dalkeith Town Centre and detail the scope of the feasibility.

**2.2** Midlothian Council currently has a significant presence in the centre of Dalkeith across its largely office based work force. In addition, the Council owns a number of commercial units and residential dwellings. The intention is to consolidate these assets and to acquire others through Compulsory Purchase Orders and create a new town centre attracting investors, partners and tenants in addition to existing occupiers.

**3.0 Regeneration Review Team**

**3.1** External commercial and development expertise is required to provide a robust review of the regeneration options which will be managed and complemented by the existing officers within the Council's EWiM Team.

Sections 3.1.1 to 3.1.6 below outline the outcomes/aims of the roles necessary to produce the Feasibility Study report for the Council.

**3.1.1 Master Planner/ Architectural Consultant**

This role, appointed through the existing Term Consultant Framework contract, will be to enhance the options presented at the Council Briefing with sufficient detail to financially appraise the design options which will be limited to new Council Headquarters, Library/Arts Centre, Contact Centre, Retail, Offices, Residential and Leisure opportunities. The phasing of the works will also be considered as part of the design process which will ultimately be a critical element of the financial modelling as part of the final Feasibility Study Report.

### **3.1.2 Structural Engineer Consultant**

Appointed through the existing Term Consultant Framework contract, the Structural Engineer will provide a desk top Site Investigation, advice on utilities provision / diversions, phasing on the demolition strategy with associated risks, and advice on the structural requirements for the Architectural design.

### **3.1.3 Building Services Consultant**

Using the existing Term Consultant Framework contract, the Building Services Consultant will provide advice on buildings' energy consumption and investigate the options available to reduce building running costs through the use of renewable energy as part of the coordinated design process. The consultant will also provide data for forecasting the revenue costs through the phased delivery process, which will consequently feed into the life cycle costing process and options appraisal.

### **3.1.4 Quantity Surveying Consultant**

From the existing Term Consultant Framework contract, the Quantity Surveying Consultant will be responsible for providing cost planning advice on the Architectural and Engineering design options and whole life costing for the proposed options in line with the phased strategy. They will also be expected to report on the viability of potential partner's specific requirements.

### **3.1.5 Estates Consultant**

A Term Consultant Framework will require to be procured through an OJEU process, which will be carried out using internal Midlothian Resource. This would provide professional advice on the likely market demand and opportunities for office, retail and residential properties. Providing expertise through market knowledge, current/future industry trends in target markets and the expected rental values, lease terms, sales prices and incentives will be required to ensure the viable success of the Feasibility Study.

They will also provide necessary impact assessments and bring specific knowledge of any potential partnership investments.

### **3.1.6 Environmental Consultant**

This role will be procured using Scotland Excel Framework contract for Consultants. There will be a project specific mini competition will between Consultants listed on the existing Framework. The role will provide expertise and advice on the environmental impact of the proposals to the Dalkeith Town Centre and surrounding areas/infrastructure.

The costs for providing these services set out above are detailed in section 5.1.

## 4.0 Programme

### 4.1 Feasibility Study

4.1.1 The programme for delivery of the study shown in Table 1 below:

**Table 1 – Feasibility Study Timetable**

	2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Council approval												
Define Feasibility scope												
Procurement of consultants												
Develop brief												
Consultation process												
Commence feasibility												
Complete feasibility												
Report to Council												

### 4.2 Delivery Programme- Post Approval

4.3.1 The phased delivery programme of the potential regeneration proposals are as shown in table below:

**Table 2 – Regeneration Delivery Programme**

	2015/6	2017	2018	2019	2020	2021	2022	2023
Approval by Council								
Consultation process								
CPO process								
Procurement of design team								
Detailed Design								
Decant; Phase 1								
Demolition; Phase 1								
Build; Phase 1								
Occupy; Phase 1								
Decant; Phase 2								
Demolition; Phase 2								
Build; Phase 2								
Occupy; Phase 2								
Decant; Phase 2								
Demolition; Phase 3								
Build; Phase 3								
Occupy; Phase 3								

## 5.0 Report Implications

### 5.1 Resource

#### 5.1.1 Capital Costs

There are no direct capital cost implications attributable to the preparation of the feasibility report.

However Council is asked to note that from time to time opportunities may arise to acquire assets with the Town Centre and such opportunities will be reported to Council on an individual basis where it is considered that such acquisitions would be prudent.

### 5.1.2 Revenue Costs

The following table sets out the anticipated costs associated with completion of the feasibility study.

**Table 3 – External and Internal Fees Costs**

External Fees			Internal Fees		
Master planner/ Architect Consultant	<i>capped</i>	35,000	Project Manager	Budget	22,500
Structural Engineer Consultant	Budget	20,000	Procurement of consultants	Budget	5,000
Building Services Consultant	Budget	20,000	Asset Management	Budget	38,000
Quantity Surveying Consultant	Budget	15,000	Planning Fees	Budget	5,000
Estates Consultant	Budget	15,000			<b>70,500</b>
Environmental Consultant	Budget	5,000			
	<b>External</b>	110,000			
	<b>Internal</b>	70,500			
	<b>Total</b>	<b>180,500</b>			

## 5.2 Risk

- 5.2.1** The proposals regarding the effective use of property accommodation is required following reductions in budgets for the forthcoming years. The key risk associated with this proposal is having committed money on the feasibility it does result in a viable business case.

## 5.3 Policy

### 5.3.1 Strategy

The proposals are required following the approval of the EWiM principles and the ongoing proactive move to a more efficient and effective property estate within the Council.

### 5.3.2 Consultation

Consultation with Human Resources, IT, Planning, Building Standards, Property Strategy, Building Maintenance, Financial Services, Scottish Futures Trust, Local Businesses/ Residents and consultant bodies will be carried out as part of the project delivery process. Each service impacted will also be involved in detailed discussions going forward.

### 5.3.3 Equalities

No Equality Impact Assessment has been carried out at this time but will be addressed as the project strategic options are progressed.

#### **5.3.4 Sustainability**

Significant reduction in the Council's carbon foot print, in terms of building and vehicle use, should be achieved. This will have financial benefits in relation to the CO<sub>2</sub> Climate Change Levy as of April 2012.

#### **5.4 IT Implications**

The main IT implications arising from these proposals include:-

- Potential to upgrade servers IT infrastructure
- The expansion of further flexible and mobile working patterns through the use of modern technology

#### **6.0 Recommendations**

Council is asked to:-

- Note this report and progress made to date following the Council briefing
- Agree to instruct the further investigation of Dalkeith Town Centre Regeneration Options which will include a New Council Head Quarters, Library/Arts Centre and Contact Centre
- Approve a supplementary estimate in 2014/15 of £180,500 as set out in section 5.

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**Background Papers:**

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