
CAMPBELTOWN OFFICE RATIONALISATION, OUTLINE BUSINESS CASE

1.0 EXECUTIVE SUMMARY

The main purpose of this report is to provide an update on the Outline Business Case (OBC) for Campbeltown Office Rationalisation Project. In particular it provides a review of the options that have been explored and makes recommendations for the way forward. These have been developed having regard to the context set by the Council's Process for Change and Workforce Deployment initiatives together with the forthcoming integration of Health and Social Care.

The Policy & Resources Committee is asked to:

- Note that the preferred option which fully addresses the Council's Strategic Objectives, regarding Organisational Development, Process for Change and Workforce Deployment and the identified condition and suitability deficiencies at Witchburn Road Office, is the purchase and refurbishment of Kintyre House, Kintyre Business Park, Campbeltown and subsequent relocation of staff to both Kintyre House and one ward within Campbeltown Hospital.
- Note that Witchburn Road Office is a Red Risk Asset and there is an immediate need to invest £804k to address identified condition deficiencies. Additional investment would also be required to address known suitability issues.
- Consider the progression of the project by;
 - Agreeing prudential borrowing of £97k underpinned by revenue savings delivered through the preferred option;
 - Approving further capital investment of £382k to be used in conjunction with the £89k that was previously allocated for roof repairs at Witchburn Road Office which will no longer be required for this in view of the preferred option; and
 - Recommending that any capital receipts from the disposal of properties made surplus following this exercise are ring fenced to offset the cost of the project.

CAMPBELTOWN OFFICE RATIONALISATION, OUTLINE BUSINESS CASE

2.0 INTRODUCTION

2.1 This paper provides an update on the Outline Business Case (OBC) for Campbeltown Office Rationalisation Project. In particular it provides a review of the options that have been explored and makes recommendations for the way forward. These have been developed having regard to the context set by the Council's Process for Change and Workforce Deployment initiatives together with the forthcoming integration of Health and Social Care.

3.0 RECOMMENDATIONS

3.1 Based on the findings of the OBC, the Policy & Resources Committee is asked to:

- Note that the preferred option which fully addresses the Council's Strategic Objectives, regarding Organisational Development, Process for Change and Workforce Deployment and the identified condition and suitability deficiencies at Witchburn Road Office, is the purchase and refurbishment of Kintyre House, Kintyre Business Park, Campbeltown and subsequent relocation of staff to both Kintyre House and one ward within Campbeltown Hospital.
- Note that Witchburn Road Office is a Red Risk Asset and there is an immediate need to invest £804k to address identified condition deficiencies. Additional investment would also be required to address known suitability issues.
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- Recommending that any capital receipts from the disposal of properties made surplus following this exercise are ring fenced to offset the cost of the project.

4.0 DETAIL

4.1 **Background:** On 6th May 2014, the Strategic Management Team considered the latest version of the Outline Business Case (OBC) for Campbeltown Office Rationalisation.

Further to this, at the request of a local member, Property Services explored in more detail Option G, relating to the potential relocation of Council staff to accommodation at the former NATO airbase located at Machrihanish.

4.2 **Opportunities:** The project offers the opportunity to provide modern workplaces to support the cultural shift towards the widespread adoption of workforce deployment principles, enabling the workplace to become a much more dynamic and responsive environment. This will help to ensure the provision of an effective service to customers whether staff are working from home; on the move; or in a Council office by providing the appropriate technology and equipment to enable them to access all relevant documents. The OBC appraises the opportunities arising from other Council projects in the Campbeltown area and where possible in collaboration with partner agencies, including the integration of Health and Social Care.

4.3 Office Rationalisation:

The following properties were considered within the scope of the project, with staff numbers indicated based on analysis undertaken in July 2013;

• Burnett Building	(14 staff)
• Customer Service Centre (CSC)	(17 staff)
• Old Quay Head Building	(29 staff)
• Old Quay Pier Building	(08 staff)
• Witchburn Road Office	(79 staff)
• Offices, Hazelburn	(07 staff)
Total	(154 staff)

4.4 In determining the options available there has been recognition of both the requirements of CHORD and the integration of Health and Social Care. In addition opportunities for asset sharing/co-location of offices both now and in the future were explored with the following partners:

- NHS Highland
- Police Scotland
- Scottish Fire & Rescue Service
- Forestry Commission
- Scottish Natural Heritage (SNH)
- Department of Work & Pensions (DWP)

- Highlands and Islands Enterprise (HIE)
- Machrihanish Airbase Community Company (MACC)

4.5 **Appraisal of Options:** As part of the appraisal process the following variables were taken into account:

- Technical feasibility
- Financial assessment
- Impact on Council and project objectives
- Impact on Service delivery
- Impact on the Customer

The following options were considered:

- Option A(i), Kintyre House & Campbeltown Hospital (1 no. ward option)
- Option A(ii), Kintyre House & Campbeltown Hospital (1 no. ward option)
- Option B, Witchburn Road Office & Campbeltown Hospital (1 no. ward option)
- Option C, New Build Office & Campbeltown Hospital (1 no. ward option)
- Option D, New Build Office & Campbeltown Hospital (2 no. ward option)
- Option E, Campbeltown Police Station, DWP Office & Campbeltown Hospital (1 no. ward option)
- Option F, Kintyre House, Campbeltown Police Station, DWP Office & Campbeltown Hospital (1 no. ward option)
- Option G, MACC (Building 71) & Campbeltown Hospital (1 no. ward option)

4.6 **Outline Business Case:** The Outline Business Case for office rationalisation in Campbeltown is shown in Appendix 1 and scoring is summarised in table 4.1.

Criteria	Campbeltown Office Rationalisation	
OBC Impact Score	99.2%	(49.6/50)
OBC Affordability Score	52.0%	(13/25)
OBC Deliverability Score	93.4%	(11.67/12.5)
OBC Risk Score	90.0%	(11.25/12.5)
OBC Overall Score	85.5%	(85.52/100)
OBC Overall Rating	4 (i.e. maximum)	

Table 4.1

4.7 The Outline Business Case is scored using the assessment criteria and weightings agreed by the Strategic Assessment Management Board as indicated in Appendix 2. The overall score is then rated in accordance with table 4.2.

Business Case Score	Rating
80% -100%	4 (Max.)
70% - 79%	3
60% - 69%	2
Less than 60%	1 (Min.)

Table 4.2

Outline Business Cases should attain a rating of 4 for them to be considered for progression to the implementation stage.

4.8 **Preferred Option:** Based on the findings of the OBC the preferred option is Option A (either A(i) or A(ii)) which includes the following:

- The purchase and associated remedial works/refurbishment of Kintyre House;
- The lease of accommodation (1 ward) within Campbeltown Hospital; and
- The associated relocation of staff to both Kintyre House and Campbeltown Hospital.

This recommendation accords with the Town Centre First Policy which aims to keep our towns vibrant.

4.9 **Projected Costs/Funding of the Preferred Option:** The total anticipated cost of this option is £568k which could be funded from a combination of £97k of prudential borrowing from the net revenue savings for this option and a further £471k of capital investment. There would also be an opportunity to utilise the £89k already identified within the Asset Sustainability Capital Funding to carry out roof repairs at Witchburn Road Office. This figure could be further offset by ring fencing the £287k potential capital receipt from the disposal of the three surplus properties. However given the nature of the property market in Campbeltown this level of receipts may be difficult to achieve.

5.0 CONCLUSIONS

5.1 The option to do nothing would ignore the Council's Strategic Objectives, within the Corporate Plan, regarding Organisational Development, Process for Change and Workforce Deployment and the immediate need to invest £804k to address identified condition deficiencies would remain. Additional investment would also be required to address known suitability issues.

5.2 The option which fully addresses the Council's Strategic Objectives and the identified condition and suitability deficiencies at Witchburn Road Office is Option A, which is the purchase and refurbishment of Kintyre House, Kintyre Business Park, Campbeltown and subsequent relocation of staff to both Kintyre House and one ward within Campbeltown Hospital. The total cost of this option is £568k. Both the qualitative appraisal and cost appraisal indicate that this option provides the best outcome in both the short and long term.

- 5.3 With capital investment, this project offers; revenue savings through reduction in maintenance costs (emergency, planned and statutory) and utility costs (electricity, gas, heating oil and water); revenue savings through the termination of current lease arrangements; and carbon emissions reduction.
- 5.4 While Option E can be delivered in isolation it does not address the identified condition and suitability deficiencies at Witchburn Road Office.

6.0 IMPLICATIONS

- 6.1 **Policy:** The various options have been appraised within the context of the Council's Office Rationalisation Programme and have been informed by outcomes from corporate plans and policies including Workforce Deployment and Customer Management workstreams. The final recommendation also accords with the Town Centre First Policy.
- 6.2 **Financial:** The preferred option is also the least cost option and requires funding of £568k to be identified to allow it to be delivered. This could be funded from £97k of prudential borrowing from the net revenue savings, the £89k already allocated for roof repairs at Witchburn Road Office and a further £382k of capital investment. This requirement could be further offset by ring fencing the £287k potential capital receipt from the disposal of the three resultant surplus properties.
- 6.3 **Legal:** There is a requirement to conclude the purchase of Kintyre House to deliver the preferred option and to agree lease terms for one ward in Campbeltown Hospital.
- 6.4 **HR:** Staff will require to be relocated in pursuit of the preferred option.
- 6.5 **Equalities:** None.
- 6.5 **Risk:** The risks are as indicated in the risk register in Appendix 4 of the OBC.
- 6.7 **Customer Service:** An improved customer experience is anticipated as a result of co-location and more efficient working.

APPENDICES

Appendix 1 Campbeltown Office Rationalisation Outline Business Case

Appendix 2 Business Case Appraisal Assessment and Weightings

Executive Director of Customer Services

24 September 2014

For further information contact: Malcolm MacFadyen, Head of Facility Services
Tel: 01546 604412; E-mail – malcolm.macfadyen@argyll-bute.gov.uk

Policy Lead: Councillor Walsh

APPENDIX 1 Campbeltown Office Rationalisation Outline Business Case