



Campbeltown Office Rationalisation

Outline Business Case Strategic Change

Author	Fraser Harper
Owner	
Date	September 2014
Version	2.19

1.0 Executive Summary

1.1 Background

This project is to rationalise the existing office accommodation within Campbeltown.

The project offers the opportunity to provide modern workplaces to support the cultural shift towards the widespread adoption of new ways of working, such as desk sharing, enabling the workplace to become a much more dynamic and responsive environment. This will ensure the provision of a complete and 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 electronically.

The project will also allow the opportunity to implement the principles of Workforce Deployment, ensuring that the benefits and advantages of having a flexible workforce are fully realised.

As part of the office rationalisation project there is also a requirement to consider Health (NHS Highland) and Social Care (Argyll and Bute Council) Integration which is anticipated by 2015 and is expected to deliver benefits which will include an improved customer experience and more efficient working.

The Old Quay Pier Building, located on the Old Quay, links directly to the aspirations contained within the Campbeltown element of the wider CHORD regeneration project. This building, through its close proximity to both the marina and harbour could provide the opportunity to accommodate enhanced facilities relating to business and leisure maritime activities.

1.2 Existing Customer Service Provision

The current location of the Customer Service Point (CSP) in Campbeltown is within the Burnett Building. The facility currently deals with enquiries relating to the following services:

- Registrar
- Council Tax
- Council Tax Benefits
- Payments and Complaints

It also provides a first point of contact for a variety of other Council Services including:

- License Applications
- Clothing Grants and School Meal Applications
- Blue Badge Enquiries
- Passport Interviews
- All other general enquiries about any council service

1.3 Buildings within Scope

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)

The properties at Kinloch Road (Unit 6), 3 Harvey's Lane and Kintyre Community Education Centre (CEC) were considered for inclusion but excluded for the following reasons;

- Kinloch Road (Unit 6) accommodates 2 Council staff (Employability Team) but the facility also provides welfare, storage and workshop accommodation associated with the training of clients.
- 3 Harvey's Lane accommodates 3 Council staff engaged on the Campbeltown Townscape Heritage Initiative. The lease of this property expires in November 2014.
- Kintyre Community Education Centre (CEC) provides office accommodation for 9 Council staff, however the primary purpose of the CEC is to provide various facilities for use by the wider community.

As a result there is a requirement to provide accommodation for 154 staff based in Campbeltown.

1.4 Accommodation of Social Work Staff

Presently Council social work staff are located within the following offices;

- Old Quay Head Building (29 staff)
- Offices, Hazelburn Business Park (7 staff)

As part of the office rationalisation there is a requirement to consider the integration of Health (NHS) and Social Care (Argyll and Bute Council). This is anticipated by 2015 and is expected to deliver benefits which include an improved customer experience and more efficient working.

Therefore this office rationalisation project provides the Council the opportunity to accommodate social work staff within the following distinct offices, in anticipation of the Health and Social Care Integration by 2015;

- Old Quay Head Building (29 staff) – as currently exists and as proposed in Options A to C and Option G.
- Campbeltown Hospital (7 staff) – as proposed in Options A to C and Option G.
- Campbeltown Hospital (36 staff) – as proposed in Option D.
- Campbeltown Hospital (21 staff), Campbeltown Police Station (11 staff) and DWP office (4 staff) – as proposed in Options E-F.

Note: ACHA staff are currently accommodated in the Old Quay Head Building. The rent currently received from ACHA is **£19.9k**.

1.5 Discussions with Community Partners

The following community partners were contacted regarding their existing office accommodation within the Campbeltown area and possible future co-location of office accommodation;

- Police Scotland
- NHS Highland
- Highlands and Islands Enterprise (HIE)
- Department of Work & Pensions (DWP)
- Scottish Fire & Rescue Service
- Forestry Commission
- Scottish Natural Heritage (SNH)
- Machrihanish Airbase Community Company Developments Ltd (MACC)
- Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB)

Following positive dialogue with **Police Scotland**, office space suitable to accommodate 10-12 Council officers was identified within the new Campbeltown Police Station.

NHS Highland are keen to continue exploring options and to build on existing working arrangements, especially within Campbeltown Hospital.

- *1 no. ward* - NHS Highland have identified a redundant ward, together with 3 no. offices as potential accommodation suitable for use by Council officers. The identified areas, approximately 80 m², could accommodate approximately 21 officers.
- *2 no. wards* - NHS Highland also identified an additional adjacent ward, which may become available in the future following further NHS Highland reviews, at Campbeltown Hospital. The 2 no. wards, together with 3 no. offices, could accommodate approximately 36 officers, in areas of approximately 130 m².

During dialogue with **HIE**, the Council was offered the opportunity to purchase Kintyre House, a modern office development owned by HIE, located at Kintyre Business Park. The asking price is **£350k**.

DWP identified office space within their existing office accommodation. A ground floor office could accommodate approximately 14-18 officers, together with a first floor office which could accommodate approximately 20 officers.

Scottish Fire & Rescue Service have confirmed that they are not in a position to consider co-location of accommodation at this time.

Forestry Commission have advised that there is little scope for co-location at this time.

Scottish Natural Heritage are unable to confirm their current position at this time.

The **Machrihanish Airbase Community Company Developments Ltd (MACC)** owns and manages the former NATO airbase located at Machrihanish. **MACC** have identified

that the former US Navy Administration Building (known as Building 71) could be offered to the Council to lease.

Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB) currently occupy space within Witchburn Road Office, which is used solely for storage. No DABVJB staff are located in Witchburn Road Office. This occupation is part of a User Rights Agreement stemming from Local Government Reorganisation in 1996 when DABVJB was in occupation of the office. No rent is payable. The agreement can be terminated by mutual consent.

It should be noted that both **Police Scotland** and **DWP** are keen to progress dialogue, especially regarding co-location of office accommodation with Council social work staff to fully utilise existing accommodation. The opportunity to fully realise the potential benefits associated with this arrangement will only be determined as the anticipated Health and Social Care Integration progresses. Whilst options for co-location exist, the prime objective, in the short-term, is to locate social work staff in distinct buildings in preparation for the integration of Health and Social Care in 2015.

1.6 Appraisal of Options

As part of the appraisal process the following variables were taken into account, prior to listing the advantages and disadvantages:

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

The following options have been considered in this appraisal and are outlined within the various tables in Appendix 1;

- 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)

1.7 The advantages and disadvantages arising from each option are outlined within Appendix 1 along with the resultant office closures and staff migration.

1.8 As a number properties may be sold as a result of the rationalisation process this may affect the market values in the short to medium term.

1.9 Potential benefits

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
- Carbon emissions reduction

1.10 Preferred options

The purchase and associated remedial works/ refurbishment of Kintyre House together with the lease of accommodation within Campbeltown Hospital (**Option A(i)** or **Option A(ii)**) offer the Council the opportunity to accommodate the majority of Council staff, currently located in Campbeltown, in modern environments. The costs associated with the purchase of Kintyre House (plus required works) is significantly less than the costs identified as required to refurbish the existing Witchburn Road Offices (**Option B**), which would only address condition issues. **Option A(i)** and **Option A(ii)** also ensure that the impact on customer and staff experience is minimal during the construction phase as both Kintyre House and Campbeltown Hospital are currently unoccupied which would facilitate refurbishment being completed with minimal disruption to staff prior to office moves.

Option A(i) and **Option A(ii)** also provide the opportunity to deliver similar potential capital receipts through the sale of Witchburn Road Offices, Customer Service Centre and Old Quay Pier Building (part).

Both of these options would provide the opportunity to accommodate Council social work staff in two distinct offices i.e. Campbeltown Hospital and Old Quay Head Building.

If the Council decide not to relocate from the existing Witchburn Road Office then **£804k** of capital expenditure would be required to address identified condition deficiencies. This investment would not address known suitability issues. Therefore from a cost perspective the options which require the least capital investment is the purchase and refurbishment of Kintyre House either **Option A(i)** or **Option A(ii)**.

From the net revenue savings of £8.1k, prudential borrowing of £97k could be made, which would necessitate the need for £471k of capital investment. This could be further reduced to **£382k** by use of £89k of capital funding already allocated for roof repairs at Witchburn Road Office. This resultant cost is considerably lower than the capital investment required if Witchburn Road Office is to continue in operation.

There would also be scope to utilise potential capital receipts, generated from the sale of surplus properties as part of an overall funding package. The capital receipts could amount to **£287k**.

2.0 Project Background, Objectives and Scope

2.1 Introduction

The object of this project is to rationalise the existing office accommodation within Campbeltown.

The project offers the opportunity to provide modern workplaces to support the cultural shift towards the widespread adoption of new ways of working, such as desk sharing, enabling the workplace to become a much more dynamic and responsive environment. This will ensure the provision of a complete and 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 electronically.

The project will also allow the opportunity to implement the principles of Workforce Deployment, ensuring that the benefits and advantages of having a flexible workforce are fully realised.

2.2 The Business Case Process

The Business Case will follow the following process:

- a. Establish current staffing and buildings within scope
- b. Enter dialogue with Community Planning Partners to establish opportunities for co-location / asset sharing
- c. Establish further pertinent background information.
- d. Identify options for office rationalisation
- e. Assess options for Impact/ Affordability/ Deliverability/ Risk

2.3 Buildings within Scope

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)

The properties at Kinloch Road (Unit 6), 3 Harveys Lane and Kintyre Community Education Centre were considered for inclusion but excluded for the following reasons;

- Kinloch Road (Unit 6) accommodates 2 Council staff (Employability Team) but the facility also provides welfare, storage and workshop accommodation associated with the training of clients.
- 3 Harvey's Lane accommodates 3 Council staff engaged on the Campbeltown Townscape Heritage Initiative. The lease of this property expires in November 2014.
- Kintyre Community Education Centre (CEC) provides office accommodation for 9 Council staff, however the primary purpose of the CEC is to provide various facilities for use by the wider community

As a result there is a requirement to provide accommodation for 154 staff based in Campbeltown.

2.4 Dialogue with Community Partners

The following community partners were contacted regarding their existing office accommodation within the Campbeltown area and possible future co-location of office accommodation;

- Police Scotland
- NHS Highland
- Highlands and Islands Enterprise (HIE)
- Department of Work & Pensions (DWP)
- Scottish Fire & Rescue Service
- Forestry Commission
- Scottish Natural Heritage (SNH)
- Machrihanish Airbase Community Company Developments Ltd (MACC)
- Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB)

Following positive dialogue with **Police Scotland**, four offices have been identified within the new Campbeltown Police Station (on the first floor) which would be suitable for use by Council officers. These offices could accommodate approximately 10-12 officers and are adjacent to a shared kitchen/ staff area and toilets. Access to these offices can be achieved directly by lift access from the main reception area. Access to other areas of the police station is restricted by controlled security doors.

Police Scotland are keen to progress dialogue, especially regarding Child/ Adult Protection services to fully utilise existing accommodation within Campbeltown Police Station.

NHS Highland are keen to continue exploring options and to build on existing working arrangements, especially within Campbeltown Hospital.

- *1 no. ward* - NHS Highland have identified a redundant ward, together with 3 no. offices as potential accommodation suitable for use by Council officers. The

identified areas, approximately 80 m², could accommodate approximately 21 officers.

- *2 no. wards* - NHS Highland also identified an additional adjacent ward, which may become available in the future following further NHS Highland reviews, at Campbeltown Hospital. The 2 no. wards, together with 3 no. offices, could accommodate approximately 36 officers, in areas of approximately 130 m².

During dialogue with **HIE**, the Council was offered the opportunity to purchase Kintyre House, a modern office development owned by HIE, located at Kintyre Business Park. The asking price is £350k.

DWP have recently identified office space within their existing office accommodation. A ground floor office could accommodate approximately 14-18 officers, together with an first floor office which could accommodate approximately 20 officers. DWP are keen to progress dialogue, especially regarding co-location with learning/ employability services to fully utilise existing accommodation.

However it should be noted that DWP do not own the building which they occupy and lease the accommodation and associated services from Trillium.

Scottish Fire & Rescue Service have confirmed that they are not in a position to consider co-location of accommodation at this time.

Forestry Commission have advised that there is little scope for co-location at this time.

Scottish Natural Heritage are unable to confirm their current position at this time.

The **Machrihanish Airbase Community Company Developments Ltd (MACC)** owns and manages the former NATO airbase located at Machrihanish. **MACC** have identified that the former US Navy Administration Building (known as Building 71) could be offered to the Council to lease.

Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB) currently occupy space within Witchburn Road Office, which is used solely for storage. No DABVJB staff are located in Witchburn Road Office. This occupation is part of a User Rights Agreement stemming from Local Government Reorganisation in 1996 when DABVJB was in occupation of the office. No rent is payable. The agreement can be terminated by mutual consent.

2.5 Further Background Information

2.5.1 Witchburn Road Office

Witchburn Road Office currently accommodates 79 staff and consists of three two-storey buildings linked by two single storey buildings. This layout of the property, on two different levels, in three distinct areas, with multi numbered changes in floor levels make compliance with the access requirements of the Equality Act difficult.

DABVJB currently occupy space within Witchburn Road Office, which is used solely for storage. However, DABVJB currently pays a service charge of circa **£6.8k** per annum to the Council.

An analysis of red risk elements at Witchburn Road Office, undertaken in 2011, identified the need for the following works to address known condition deficiencies;

- Re-roofing, replacement of external doors and external decoration (£364k)
- Services, internal redecoration and sanitary ware (£440k)

It should be noted that this total, **£804k** would address only the condition of Witchburn Road Office and not the suitability. As part of the user agreement, DABVJB would be required to contribute approximately 8% towards this capital cost.

- **Condition** - The condition rating of Witchburn Road Office is 'poor' (C).
- **Suitability** - The suitability rating of Witchburn Road Office is 'poor' (C).
- **Size** - Due to the number of staff currently accommodated within Witchburn Road Office (total 79) it would be difficult to relocate all these staff within other existing Council office accommodation.

In addition, within the 2013-14 Asset Sustainability Capital Funding there is **£89k** allocated to carry out roof repairs at Witchburn Road Office. This sum is being held back until a decision is made regarding the future of the office. In the interim, minor maintenance and repairs are being undertaken.

2.5.2 Social Work staff (NHS Highland, Police Scotland & DWP)

As part of the office rationalisation there is a requirement to consider the integration of Health (NHS) and Social Care (Argyll and Bute Council). This is anticipated by 2015 and is expected to deliver benefits which include an improved customer experience and more efficient working.

The Council currently accommodate social work staff within Old Quay Head Building (29 staff) and Hazelburn Business Park (7 staff).

The accommodation offered by both Police Scotland and DWP, in conjunction with accommodation within Campbeltown Hospital, would provide the opportunity for Council social work staff to be co-located.

This would provide the opportunity to relocate Council social work staff currently located in Old Quay Head Building (29 staff) as follows;

- Campbeltown Police Station (11 staff, Child Health/Children and Families)
- DWP accommodation (4 staff, Criminal Justice)
- Campbeltown Hospital – 1 no. ward option (14 staff, Adult Care).

Campbeltown Hospital -1 ward option would also accommodate the Council social work staff (7 staff, Adult Care) currently located in Hazelburn Business Park as outlined in the option appraisals.

In addition it should be noted that both **Police Scotland** and **DWP** are keen to progress dialogue, especially regarding co-location of office accommodation with Council social work staff to fully utilise existing accommodation. The opportunity to fully realise the potential benefits associated with this arrangement will only be determined as the anticipated Health and Social Care Integration progresses.

The above proposal would facilitate the closure of Old Quay Head Building, providing both reduction of revenue costs and the potential for capital receipt. However, it would lead to both increased revenue and rental costs associated with accommodation at DWP and Campbeltown Police Station. In addition, it would also require the termination of the current lease to ACHA.

Whilst the above options exist, the prime objective of the options considered, in the short-term, is to locate social work staff in distinct buildings accommodating only social work staff in preparation for the integration of Health and Social Care in 2015.

2.5.3 Kintyre House, Kintyre Business Park

During dialogue with HIE it became apparent that Kintyre House could be offered to Argyll and Bute Council to purchase. Kintyre House is a single storey building owned by HIE located on the Kintyre Business Park, adjacent to the A83 main roadway approximately 1.6km from Campbeltown town centre. The property was built in 2001 and is currently vacant having been previously used as a call centre. HIE consider that there is no market for the use of the building in its current layout.

The overall floor area of the property is approximately 1090m², with usable office floor space of 900m². The open plan layout with raised access flooring provides maximum flexibility of use. The building is air conditioned throughout with electric heating. An existing adjacent car park provides 41 car parking spaces and 6 accessible car parking spaces. An existing external on-site generator (200KvA) with oil storage tank can provide emergency power to the facility in the event of a power outage. An uninterrupted power supply (UPS) with 120KvA capacity provides 10 minutes of back up.

HIE have offered the Council the opportunity to purchase the property for **£350k**.

Following the completion of recent testing, it has been ascertained that both the generator and UPS are beyond economic repair. The costs associated with the replacement of these together with budget costs for refurbishment works to allow the Council to operate this property are **£207k**, as outlined in Appendix 2.

Kintyre House can accommodate 105 workstations along with 4 no. touch-down desks, 2 meeting rooms and the necessary welfare facilities.

2.5.4 Old Quay Pier Building

This building currently accommodates 8 Council staff, however office accommodation and storage units within the building are leased as indicated in Appendix 3.

The total rental income received, as detailed in Appendix 3 is **£7.8k** per annum.

The location of this building, on the Old Quay, with close proximity to both the marina and harbour could provide the opportunity to accommodate enhanced facilities relating to business and leisure maritime activities. In addition this would directly link to the aspirations contained within the Campbeltown element of the wider CHORD regeneration project.

2.5.5 Machrihanish Airbase Community Company Developments Ltd (MACC)

The **Machrihanish Airbase Community Company Developments Ltd (MACC)** owns and manages the former NATO airbase located at Machrihanish. There are over 200 buildings on this site.

MACC have identified that the former US Navy Administration Building (known as Building 71) could be offered to Argyll and Bute Council to lease. Building 71 is a two storey 'L' shaped building, located close to the entrance of the former NATO airbase at Machrihanish, approximately 7.7km from Campbeltown town centre. The property was built in 1992.

The overall floor area of the property is approximately 2612m² over two floors. However, the layout of accommodation is mainly of a cellular nature, comprising of offices, bedrooms, laundries, kitchens and multiple toilet/showering facilities. The building has an oil fired central heating system. The layout of the building is capable of sub-division on the following approximate areas;

Ground or first floor 1306 m² each

An existing car park provides 20 car parking spaces, with adjacent ground suitable for expansion.

The property has an EPC Rating of D.

MACC have offered the Council the opportunity to lease the **whole** property for **£84k** per annum, on a Full Repairing and Insuring (FRI) basis, or on a pro-rata cost according to area taken. Similarly, additional costs would include rates of **£19.3k**, insurance of **£4k** and water/sewerage of **£4k** with electricity invoiced on metered consumption. However, **MACC** have stated that they would let the building, or part of the building, to the Council at a *'reduced rent or free period for a substantial period of time to directly offset any refurbishment costs required by the Council'*. These costs would in effect be halved as only one floor would be required to accommodate relocated Council Staff. To comply with access requirements the preference would be for the ground floor to be used but even at that the size of this floor would be greater than the accommodation required by the Council to accommodate relocated staff members. There could be an opportunity to take only part of the ground floor but this would create difficulties with secure access and sub-division of utilities.

The cellular nature of the layout of existing accommodation within Building 71 means that significant internal alterations would be required to adapt the property to become a much more dynamic and responsive environment able to provide the opportunity to implement the principles of Workforce Deployment, ensuring that the benefits and advantages of having a flexible workforce are fully realised.

Due to its location approximately 7.7km north of Campbeltown it is considered to be too far from the town centre to provide reasonable access to both staff and customers. Its out of town location would also inhibit staff networking and collaborative working between community partners located within Campbeltown.

There are 5 bus services per day which pass the entrance of the former airbase, operated on behalf of Argyll & Bute Council. Bus timings are primarily to facilitate the

transport of both secondary school pupils and members of the public both to and from Campbeltown Grammar School/Campbeltown at both the start and end of the school day/working day. Therefore additional bus services may be required to transport Council staff to this location to better reflect normal office working hours. The Council would be required to fund any additional bus services – the cost of which would be approximately **£35k** per annum based on information provided by the local bus operator.

3.0 The Options

3.1 Introduction

As part of the appraisal process the following variables were taken into account, prior to listing the advantages and disadvantages:

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

3.2 Office Rationalisation Options

The options considered are;

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

In considering the options it is recognised that the Council are committed to rationalising storage space. The existing storage space will not be replicated in new accommodation, therefore Services are requested to consider storage requirements.

3.2.1 Option A(i) Kintyre House & Campbeltown Hospital (1 no. ward)

Kintyre House: The purchase of Kintyre House and associated refurbishment works would allow the relocation of staff from both the Customer Service Centre (17 staff) and Witchburn Road Office (79 staff) to Kintyre House. Additionally non CSP staff (6 staff) currently located within the Burnett Building would relocate to Kintyre House.

Staff currently located in the Old Quay Pier Building (8 staff) would relocate to the Burnett Building.

No provision is made for DABVJB to have their storage requirements within Kintyre House and therefore they would require to make alternative arrangements.

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This option would facilitate the closure of Witchburn Road Office, Customer Service Centre and the Old Quay Pier Building (part). The relocation of staff from Hazelburn would allow termination of the lease of this property.

3.2.2 Option A(ii) Kintyre House & Campbeltown Hospital (1 no. ward)

Kintyre House: The purchase of Kintyre House and associated refurbishment works would allow the relocation of staff from both the Witchburn Road Office (79 staff) and the Old Quay Pier Building (8 staff) to Kintyre House. Additionally non-CSC staff (5 staff) currently located within the Customer Service Centre and non-CSP staff (6 staff) currently located within the Burnett Building would relocate to Kintyre House.

Call centre staff currently located in the Customer Service Centre (12 staff) would relocate to the Burnett Building.

No provision is made for DABVJB to have their storage requirements within Kintyre House and therefore they would require to make alternative arrangements.

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This would facilitate the closure of Witchburn Road Office, Customer Service Centre and the Old Quay Pier Building (part). The relocation of staff from Hazelburn would allow termination of the lease of this property.

3.2.3 Option B: Witchburn Road Office & Campbeltown Hospital (1 no. ward)

Witchburn Road Office: The refurbishment of Witchburn Road Office would include re-roofing, services upgrade including electrical rewire and heating upgrade, redecoration and internal refurbishment. However, this proposal would only address the condition rating, not the suitability. The condition rating would be raised to B.

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This option would not facilitate the closure of existing office accommodation within Campbeltown. The relocation of staff from Hazelburn would allow termination of the lease of this property.

3.2.4 Option C: New Build Office & Campbeltown Hospital (1 no. ward)

New Build Office: The construction of a new purpose built office facility to accommodate Council staff within Campbeltown.

Consideration has been given to the possibility of rationalising all offices in Campbeltown into a purpose made new build office facility. The optimum location for this facility would require further investigation. The estimated capital cost of such a facility would be in the region of £5.4million (excluding any site acquisition costs).

This would be offset by capital receipts, from the sale of surplus assets. Whilst this proposal could generate significant annual revenue savings as well as potential operating efficiencies, the result in the short to medium term would be a legacy of empty buildings, or gap sites, within Campbeltown with no immediate alternate uses. In addition the challenges in securing funding for the new facility would be considerable.

No provision is made for DABVJB to have their storage requirements within a new build office facility and therefore they would require to make alternative arrangements.

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This would facilitate the closure of Witchburn Road Office, Customer Service Centre, Burnett Building, Old Quay Head Building and the Old Quay Pier Building (part).

The relocation of staff from Hazelburn would allow termination of the lease of this property.

3.2.5 **Option D: New Build Office & Campbeltown Hospital (2 no. ward)**

New Build Office: The construction of a new purpose built office facility to accommodate all Council staff (non-social work) within Campbeltown. Consideration has been given to the possibility of rationalising all offices in Campbeltown into a purpose made new build office facility. The optimum location for this facility would require further investigation. The estimated capital cost of such a facility would be in the region of £4.6million (excluding any site acquisition costs).

This would be offset by capital receipts, from the sale of surplus assets.

Whilst this proposal could generate significant annual revenue savings as well as potential operating efficiencies, the result in the short to medium term would be a legacy of empty buildings, or gap sites, within Campbeltown with no immediate alternate uses. In addition the challenges in securing funding for the new facility would be considerable.

No provision is made for DABVJB to have their storage requirements within a new build office facility and therefore they would require to make alternative arrangements.

Campbeltown Hospital - (2 no. ward option): The lease of accommodation and associated refurbishment works to enable the relocation of Council staff from Hazelburn (7 staff) and Old Quay Head Building (29 staff) to Campbeltown Hospital.

Outcomes: This would facilitate the closure of Witchburn Road Office, Customer Service Centre, Burnett Building, Old Quay Head Building and the Old Quay Pier Building (part).

The relocation of staff from Hazelburn would allow termination of the lease of this property.

3.2.6 **Option E: Campbeltown Police Station, DWP Office & Campbeltown Hospital (1 no. ward)**

Campbeltown Police Station: The lease of accommodation would enable the relocation of Council staff from Old Quay Head Building (11 staff) to office accommodation within Campbeltown Police Station.

DWP Accommodation: The lease of accommodation and limited refurbishment works would enable the relocation of Council staff from Old Quay Head Building (4 staff) to office accommodation within DWP Office.

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Old Quay Head Building (14 staff) and Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This would facilitate the closure of Old Quay Head Building. The relocation of staff from Hazelburn would allow termination of the lease of this property.

However this option does not address the identified condition and suitability deficiencies at Witchburn Road Office.

3.2.7 **Option F: Kintyre House, Campbeltown Police Station, DWP Office & Campbeltown Hospital (1 no. ward)**

Kintyre House: The purchase of Kintyre House and associated refurbishment works would allow the relocation of staff from both the Customer Service Centre (17 staff) and Witchburn Road Office (79 staff) to Kintyre House. Additionally non CSP staff (6 staff) currently located within the Burnett Building would relocate to Kintyre House.

Staff currently located in the Old Quay Pier Building (8 staff) would relocate to the Burnett Building.

No provision is made for DABVJB to have their storage requirements within Kintyre House and therefore they would require to make alternative arrangements.

Campbeltown Police Station: The lease of accommodation would enable the relocation of Council staff from Old Quay Head Building (11 staff) to office accommodation within Campbeltown Police Station.

DWP Accommodation: The lease of accommodation and limited refurbishment works would enable the relocation of Council staff from Old Quay Head Building (4 staff) to office accommodation within DWP Office

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Old Quay Head Building (14 staff) and Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This option would facilitate the closure of Witchburn Road Office, Customer Service Centre, Old Quay Pier Building (part) and Old Quay Head Building.

The relocation of staff from Hazelburn would allow termination of the lease of this property.

3.2.8 **Option G: MACC (Building 71) & Campbeltown Hospital (1 no. ward)**

MACC Building 71 - (ground floor only): The lease of accommodation within Building 71 and associated refurbishment works would allow the relocation of staff from both the Customer Service Centre (17 staff) and Witchburn Road Office (79 staff) to Building 71 at Machrihanish. Additionally non CSP staff (6 staff) currently located within the Burnett Building would relocate to Building 71.

Staff currently located in the Old Quay Pier Building (8 staff) would relocate to the Burnett Building.

No provision is made for DABVJB to have their storage requirements within this option and therefore they would require to make alternative arrangements.

Campbeltown Hospital - (1 no. ward option): The lease of accommodation and associated refurbishment works would enable the relocation of Council staff from Hazelburn (7 staff) to Campbeltown Hospital.

Outcomes: This would facilitate the closure of Witchburn Road Office, Customer Service Centre and the Old Quay Pier Building (part).

The relocation of staff from Hazelburn would allow termination of the lease of this property.

4.0 Impact on Council Plans

4.1 Introduction

The business case process provides the opportunity to consider the impact of each option in relation to the Council's corporate objectives. In order for an option to be considered favourably it needs to link to the following Council Plans and Objectives;

- Corporate Plan 2013-17
- Customer Services Service Plan
- Customer Services Service Asset Management Plan
- Argyll & Bute Community Plan and Single Outcome Agreement 2012-13
- Process for Change

4.2 Corporate Plan 2013-17.

This Business Case links directly to the following Corporate Objectives as outlined in the Corporate Plan 2013-17.

Corporate Objective 2: *Working together to improve the potential of our communities*

This is achieved through "The places where we live, work and visit are well planned, safer and successful and 'We create opportunities for our partners and communities to fully engage in the way our services are delivered'

Corporate Objective 3: *Working together to improve the potential of our area*

This is achieved through 'We contribute to a sustainable environment' and 'We make the most use of our built and natural environment'.

Corporate Objective 4: *Working together to improve the potential of our organisation*

This Corporate Outcome will be achieved through 'Working in close partnership with the NHS to deliver improved and more integrated care' and by 'Improved management of and rationalise the Councils assets

This project will help to ensure that council offices are functional and efficient thus providing staff with the correct environment within which to deliver services in line with the aspirations of the council and the expectations of the local communities.

4.3 Customer Services Service Plan.

This project also links to the **Customer Services Service Plan** outcome of communities being safer and more successful through improved facilities and the associated success measure of the Council having maintained public buildings which are safe, efficient and fit for purpose.

The proposals to relocate to modern office accommodation offer the opportunity to reduce running costs in line with the Council's Carbon Management Plan and as such will contribute to the achievement of the Council's carbon reduction targets. This project also accords with The Climate Change (Scotland) Act 2009 Part 1 in contributing to reaching targets for the reduction in greenhouse gas emissions and will enhance the Council's position with regard to Part 4 of the legislation.

4.4 **Customer Services Service Asset Management Plan.**

The Business Case links to the **Customer Services Service Asset Management Plan**, which has direct links to the Council's Corporate Plan Objective 3 'Working together to realise the potential of our area' and in particular 'The Places where we live, work and visit are well planned, safer and successful' and 'We contribute to a sustainable environment'. The **Corporate Improvement Plan** has direct relevance to this Plan in that it relates to asset management to ensure the Council is making best logistical and economic use of its assets by improving asset performance throughout the office rationalisation programme. It also addresses Process for Change via improved Workforce Deployment. This business case demonstrates that the improvements will ensure that the workplace will become a much more responsive environment, providing the appropriate technology and equipment suitable to deliver Council Services.

This Plan also deals with the disposal of surplus property assets to fund investment per the Corporate Asset Management Plan (CAMP)

Service targets seen as significant in the context of Asset Management include:

- Provide and manage safe, efficient, fit for purpose public buildings which enhance service delivery through statutory legislation, informed testing and maintenance
- Achieve reductions in energy and utility consumption and carbon emissions reduction of 20% through council-wide capital and revenue based energy and carbon management programmes.
- Management of the investment portfolio and leased properties by the Estates Section. Properties which are surplus to requirements are processed for disposal by the Estates Section. These functions drive forward the maximisation of income through good property management and through the disposal of surplus assets and reinvestment of sale proceeds into the remaining property portfolio.

Asset Management is integral to the **Scottish Government's Efficient Government** agenda and is a key element of achieving Best Value which the Council has a statutory duty to deliver.

The following requirements and priorities are addressed, amongst others;

- Fire (Scotland) Act 2005, as amended
- Health & Safety at Work etc. Act 1974
- Electricity at Work Regulations 1989, ensuring compliance with BS 7671
- Management of Health & Safety at Work Regulations 1999
- Control of Asbestos Regulations

- Legionella – Approved Code of Practice & Guidance Document

4.5 **Argyll & Bute Community Plan and Single Outcome Agreement 2012-13**

This Business Case also links to **Argyll & Bute Community Plan and Single Outcome Agreement 2012-13** addressing the following CCP Themes;

Argyll & Bute Community Partnership to achieve *National Outcome 15* – ‘Our public services are high quality, continually improving, efficient and responsive to local peoples needs’.

Environment to achieve *National Outcome 10* – ‘We live in well designed, sustainable places where people are able to access the amenities and services they need’ which also achieves *Local Outcomes CPP 5, CCP 6 and CCP 7*

Environment to achieve *National Outcome 14* – ‘We reduce the local and global environmental impact of our consumption and production’.

Social Affairs to achieve *Local Outcome CCP 14* – ‘The places where we live, work and visit are well planned, safer and successful, meeting the needs of our communities’.

Third Sector and Communities to achieve *Local Outcomes CCP 17-* ‘Our partners and communities are able to be fully engaged in the way our services are delivered’ and *CPP 18* – ‘We engage with our partners, our communities and our customers to deliver’.

4.6 **Process for Change**

This Business Case also directly responds to the Process for Change programme, which is part of the Council's wider Transformation programme and comprises Workforce Deployment and Customer Management projects.

4.7 **Impact for the Options**

Options A(i), A(ii), C, D, E and F link favourably to Council Plans and Objectives. However both Option B and Option E do not address known suitability deficiencies at Witchburn Road Office and do not deliver benefits associated with a reduction in the number of buildings being occupied. Due to its location, 7.7km north of Campbeltown town centre, Option G limits the access to Council services and therefore does not link as favourably to the Council Plans and Objectives.

5.0 Affordability

5.1 Introduction

The affordability of the project is assessed by consideration of the costs associated with the implementation of each of the options as follows;

- anticipated project capital cost
- revenue savings/costs achieved through the closure of offices
- rental savings/costs
- potential capital receipt generated from sale of surplus properties

5.2 Project Costs

There is no capital funding allocated to this project, at this time. However there is currently **£89k** allocated to carry out roof repairs at Witchburn Road Office.

There is no external funding available for this project.

NOTE: revenue costs include the following;

- utilities (electricity, gas, heating oil and water as applicable)
- maintenance (statutory, emergency and planned)
- cleaning costs

5.3 Anticipated Project Costs

The anticipated project costs associated with the implementation of each of the options are shown in detail in sections 5.3.1 to 5.3.8. As far as the revenue savings/costs and rental savings/costs for each option are concerned, these are provided relative to the status quo and are therefore the nett effect.

The options considered are;

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

5.3.1 Option A(i): Kintyre House & Campbeltown Hospital (1 no. ward)

Kintyre House - The purchase of Kintyre House and associated refurbishment works.

The capital cost of this element of the option is estimated at circa **£557k** (inclusive of purchase cost), as indicated in Appendix 2.

However, as both the existing generator and UPS systems require replacement there is an opportunity to negotiate the purchase price of £350k downwards to reflect this (or for HIE to replace the generator and UPS systems on a like for like basis with no increase on the purchase price).

The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Kintyre House are as indicated in Table 5.3.1 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Kintyre House	-£69k (i.e. cost)	£0 (N/A)	£0 (N/A)
Total	-£69k (i.e. cost)	£0 (N/A)	£0 (N/A)

Table 5.3.1

Note: The anticipated revenue costs associated with Kintyre House have been estimated using Witchburn Road Office information as a basis, however heating and air conditioning use will be related to variables such as insulation levels and management controls.

Campbeltown Hospital - The lease of accommodation from NHS and associated refurbishment works within one ward of Campbeltown Hospital.

The capital cost of the refurbishment works within the hospital is estimated at **£11k**.

The rental of accommodation within Campbeltown Hospital is likely to be **£6k** per annum together with a service charge of **£5k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Office (1 ward) are as indicated in Table 5.3.1a below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Hospital (1 ward)	-£5k (i.e. cost)	£0	-£6k (i.e. cost)
Total	-£5k (i.e. cost)	£0	-£6k (i.e. cost)

Table 5.3.1a

Option A(i) would facilitate the closure of Old Quay Pier Building (part), Customer Service Centre and Witchburn Road Office, together with facilitating the termination of the rental of office accommodation within Hazelburn Business Park.

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the closure of these offices, including the loss of income from DABVJB are as indicated in Table 5.3.1b below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Old Quay Pier Building (part)	£15,092	£112k	£0
Customer Service Centre	£6,679	£75k	£0
Witchburn Road Offices	£58,729	£100k	£0
Total	£80.5k	£287k	£0

Table 5.3.1b

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the termination of the lease at Hazelburn are as indicated in Table 5.3.1c below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Offices, Hazelburn Business Park	£2,423	£0	£5,200
Total	£2.4k	£0	£5.2k

Table 5.3.1c

This indicates that the overall annual revenue and rental savings associated with the termination of the lease of Hazelburn are expected to be in the region of **£7.6k**.

The anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option A(i), are as indicated in Table 5.3.1d below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Kintyre House	£557k	-£69k	£0	£0
Offices, Hazelburn Business Park	£0k	£2.4k	£0	£5.2k
Campbeltown Hospital (1 ward)	£11k	-£5k	£0	-£6k
Office Closures (3 number)	£0	£80.5k	£287k	£0
Option A(i) Kintyre House and Hospital (1 ward)	£568k	£8.9k	£287k	-£0.8k

Table 5.3.1d

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be savings in the region of **£8.1k**

In addition potential capital receipts from the sale of surplus properties could be **£287k**.

5.3.2 Option A(ii) Kintyre House & Campbeltown Hospital (1 no. ward)

As far as costs/savings are concerned Option A(ii) is broadly similar to Option A(i) and the anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option A(ii), including the loss of income from DABVJB, are as indicated in Table 5.3.2 below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Kintyre House	£557k	-£69k	£0	£0
Offices, Hazelburn Business Park	£0k	£2.4k	£0	£5.2k
Campbeltown Hospital (1 ward)	£11k	-£5k	£0	-£6k
Office Closures (3 number)	£0	£80.5k	£287k	£0
Option A(ii) Kintyre House and Hospital (1 ward)	£568k	£8.9k	£287k	-£0.8k

Table 5.3.2

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be savings in the region of **£8.1k**.

In addition potential capital receipts from the sale of surplus properties could be **£287k**

5.3.3 Option B: Witchburn Road & Campbeltown Hospital (1 no. ward)

Witchburn Road - The refurbishment of the existing Witchburn Road Office.

The capital cost of this element of the option is estimated at **£804k**.

This option would not facilitate the closure of any offices within Campbeltown, therefore there is no opportunity to achieve capital receipts from the sale of surplus properties. The revenue savings/costs, potential capital receipt and rental savings/costs for continuing to provide office accommodation within the existing offices is the status quo so annual revenue savings/costs are set to zero. These are as indicated in Table 5.3.3 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Witchburn Road Office	£0	£0 (N/A)	£0 (N/A)
Total	£0	£0 (N/A)	£0 (N/A)

Table 5.3.3

Heating costs at Witchburn Road Offices would potentially reduce slightly due to the upgrade of the heating system. However the current overall revenue costs are likely to continue to increase year on year due to the rising energy costs of the utility companies.

Campbeltown Hospital - The lease of accommodation from NHS and associated refurbishment works within one ward of Campbeltown Hospital.

The capital cost of the refurbishment works within the hospital, the revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Office (1 ward) are as indicated in section 5.3.1. Therefore the anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option B are as indicated in Table 5.3.3a below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Witchburn Road Office	£804k	£0	£0	£0
Offices, Hazelburn Business Park	£0k	£2.4k	£0	£5.2k
Campbeltown Hospital (1 ward)	£11k	-£5k	£0	-£6k
Option B Witchburn Road and Hospital (1 ward)	£815k	-£2.6k	£0	-£0.8k

Table 5.3.3a

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be additional costs in the region of **£3.4k**.

Within this option there is no opportunity for potential capital receipts from the sale of surplus properties.

5.3.4 Option C: New Build Office & Campbeltown Hospital (1 no. ward)

New Build Office - The construction of a new purpose built office facility to accommodate 147 Council staff within Campbeltown.

The capital cost of this element of the option is estimated at **£5.4 million**.

Note: The anticipated capital cost of a new build office is based on the floor area required to accommodate 147 Council staff and by utilising the construction cost rates of the new Helensburgh Office Rationalisation Project. However, this capital cost does not include for site acquisition costs.

The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation in a New Build Office are as indicated in Table 5.3.4 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
New Build Office	-£78.3k (i.e. cost)	£0 (N/A)	£0 (N/A)
Total	-£78.3k (i.e. cost)	£0 (N/A)	£0 (N/A)

Table 5.3.4

Note: The anticipated utilities revenue costs associated with a New Build Office have been estimated using CIBSE guidance notes.

Campbeltown Hospital - The lease of accommodation from NHS and associated refurbishment works within one ward of Campbeltown Hospital.

The capital cost of the refurbishment works within the hospital, the revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Office (1 ward), along with the termination of the lease of Hazelburn are as indicated in section 5.3.1.

Option C would facilitate the closure of Old Quay Pier Building (part), Customer Service Centre, Witchburn Road Offices, Burnett Building and Old Quay Head Building. Therefore the revenue savings/costs, potential capital receipt and rental savings/costs associated with the closure of these offices, including the loss of rental income from ACHA and the loss of income from DABVJB, are as indicated in Table 5.3.4a below;

office	revenue saving	potential capital receipt from sale	rental savings
Old Quay Pier Building (part)	£15,092	£112k	£0
Customer Service Centre	£6,679	£75k	£0
Witchburn Road Offices	£58,729	£100k	£0
Burnett Building	£30,070	£150k	£0
Old Quay Head Building	£23,798	£120k	-£19.86
Total	£134.4k	£557k	-£19.9k

Table 5.3.4a

The anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option C, are as indicated in Table 5.3.4b below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
New Build Office	£5.4m	-£78.3k	£0	£0
Offices, Hazelburn Business Park	£0	£2.4k	£0	£5.2k
Campbeltown Hospital (1 ward)	£11k	-£5k	£0	-£6k
Office Closures (5 number)	£0	£134.4k	£557k	-£19.9k
Option C New Build Office and Hospital (1 ward)	£5.411million	£53.5k	£557k	-£20.7k

Table 5.3.4b

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be savings in the region of **£32.8k**.

In addition potential capital receipts from the sale of surplus properties could be **£557k**.

5.3.5 Option D: New Build Office & Campbeltown Hospital (2 no. ward)

New Build Office - The construction of a new purpose built office facility to accommodate all Council staff (non-social work) within Campbeltown.

The capital cost of this element of the option is estimated at **£4.6 million**.

Note: The anticipated capital cost of a new build office is based on the floor area required to accommodate 118 Council staff and by utilising the construction cost rates of the new Helensburgh Office Rationalisation Project. However, this capital cost does not include for site acquisition costs.

The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation in a New Build Office are as indicated in Table 5.3.5 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
New Build Office	-£62k (i.e. cost)	£0 (N/A)	£0 (N/A)
Total	-£62k (i.e. cost)	£0 (N/A)	£0 (N/A)

Table 5.3.5

Note: The anticipated utilities revenue costs associated with a New Build Office have been estimated using CIBSE guidance notes.

Campbeltown Hospital – (2 no. ward option) - The lease of accommodation from NHS and associated refurbishment works within Campbeltown Hospital.

The capital cost of the refurbishment works within the hospital is estimated at **£23k**.

The rental of accommodation within Campbeltown Hospital is likely to be **£11k** per annum together with a service charge of **£9k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Hospital (2 ward) are as indicated in Table 5.3.5a below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Hospital (2 ward)	-£9k (i.e. cost)	£0	-£11k (i.e. cost)
Total	-£9k (i.e. cost)	£0	-£11k (i.e. cost)

Table 5.3.5a

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the termination of the lease at Hazelburn are as indicated in Table 5.3.5b below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Offices, Hazelburn Business Park	£2,423	£0	£5,200
Total	£2.4k	£0	£5.2k

Table 5.3.5b

This indicates that the overall annual revenue and rental savings associated with the termination of the lease of Hazelburn are expected to be in the region of **£7.6k**.

Option D would facilitate the closure of Old Quay Pier Building (part), Customer Service Centre, Witchburn Road Offices, Burnett Building and Old Quay Head Building. The revenue savings/costs, potential capital receipts and rental savings/ costs associated with the closure of these offices including the loss of rental income from ACHA and the loss of income from DABVJB are as indicated in Table 5.3.5c below;

office	revenue saving	potential capital receipt from sale	rental savings
Old Quay Pier Building (part)	£15,092	£112k	£0
Customer Service Centre	£6,679	£75k	£0
Witchburn Road Offices	£58,729	£100k	£0
Burnett Building	£30,070	£150k	£0
Old Quay Head Building	£23,798	£120k	-£19.86k
Total	£134.4k	£557k	-£19.9k

Table 5.3.5c

The anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option D are as indicated in Table 5.3.5d below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
New Build Office	£4.6million	-£62k	£0	£0
Offices, Hazelburn Business Park	£0	£2.4k	£0	£5.2k
Campbeltown Hospital (2 ward)	£23k	-£9k	£0	-£11k
Office Closures (5 number)	£0	£134.4k	£557k	-£19.9k
Option D New Build Office and Hospital (2 ward)	£4.623million	£65.8k	£557k	-£25.7k

Table 5.3.5d

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be savings in the region of **£40.1k**.

In addition potential capital receipts from the sale of surplus properties are expected to be **£557k**.

5.3.6 Option E: Campbeltown Police Station, DWP Office & Campbeltown Hospital (1 no. ward)

Campbeltown Police Station - The lease of office accommodation, from Police Scotland within Campbeltown Police Station, to accommodate Council staff from Old Quay Head Building (11 staff).

The rental of accommodation within Campbeltown Police Station is likely to be **£6.9k** per annum together with a service charge of **£4.3k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Police Station are as indicated in Table 5.3.6 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Police Station	-£4.29 (i.e. cost)	£0	-£6.87k (i.e. cost)
Total	-£4.3k (i.e. cost)	£0	-£6.9k (i.e. cost)

Table 5.3.6

DWP Office - The lease of accommodation and associated refurbishment works within DWP Office, Campbeltown to accommodate Council staff from Old Quay Head Building (4 staff).

The capital cost of the limited refurbishment works within the DWP Office is estimated at **£3k**.

The rental of accommodation within DWP Office, including service charges is likely to be **£13.6k** per annum (for non-customer facing accommodation). The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at DWP are as indicated in Table 5.3.6a below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
DWP Office	£0	£0	-£13.6k (i.e. cost)
Total	£0	£0	-£13.6k (i.e. cost)

Table 5.3.6a

Campbeltown Hospital - The lease of accommodation from NHS and associated refurbishment works within one ward of Campbeltown Hospital to accommodate Council staff from Old Quay Head Building (14 staff) and Hazelburn (7 staff).

The capital cost of the refurbishment works within the hospital is estimated at **£16k**. This higher cost is to provide additional electrical and data points to accommodate the higher number of Council staff within this option.

The rental of accommodation within Campbeltown Hospital is likely to be **£6k** per annum together with a service charge of **£5k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Office (1 ward) are as indicated in Table 5.3.6b below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Hospital (1 ward)	-£5k (i.e. cost)	£0	-£6k (i.e. cost)
Total	-£5k (i.e. cost)	£0	-£6k (i.e. cost)

Table 5.3.6b

Option E would facilitate the full closure of Old Quay Head Building, together with facilitating the termination of the rental of office accommodation within Hazelburn Business Park.

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the closure of these offices, including the loss of rental income from ACHA are as indicated in Table 5.3.6c below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Old Quay Head Building	£23,798	£120k	£19.86k
Total	£23.8k	£120k	£19.9k

Table 5.3.6c

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the termination of the lease at Hazelburn are as indicated in Table 5.3.6d below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Offices, Hazelburn Business Park	£2,423	£0	£5,200
Total	£2.4k	£0	£5.2k

Table 5.3.6d

This indicates that the overall annual revenue and rental costs associated with the termination of the lease of Hazelburn are expected to be in the region of **£7.6k**.

The anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option E are as indicated in Table 5.3.6e below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Offices, Hazelburn Business Park	£0k	£2.4k	£0	£5.2k
Campbeltown Police Station	£0k	-£4.3k	£0	-£6.9k
DWP Office	£3k	£0	£0	-£13.6k
Campbeltown Hospital (1 ward)	£16k	-£5k	£0	-£6k
Office Closures (1 number)	£0	£23.8k	£120k	-£19.9k
Option E Police Station, DWP Office and Hospital (1 ward)	£19k	£16.9k	£120k	-£41.2k

Table 5.3.6e

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be increased costs in the region of **£24.3k**

In addition potential capital receipts from the sale of surplus properties could be **£120k**.

It should be noted that this option can be delivered in isolation, but does not address the identified condition and suitability deficiencies at Witchburn Road Office.

5.3.7 **Option F: Kintyre House, Campbeltown Police Station, DWP Office & Campbeltown Hospital (1 no. ward)**

Kintyre House - The purchase of Kintyre House and associated refurbishment works.

The capital cost of this element of the option is estimated at circa **£557k** (inclusive of purchase cost), as indicated in Appendix 2.

However, as both the existing generator and UPS systems require replacement there is an opportunity to negotiate the purchase price of £350k downwards to reflect this (or for HIE to replace the generator and UPS systems on a like for like basis with no increase on the purchase price).

The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Kintyre House are as indicated in Table 5.3.7 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Kintyre House	-£69k (i.e. cost)	£0 (N/A)	£0 (N/A)
Total	-£69k (i.e. cost)	£0 (N/A)	£0 (N/A)

Table 5.3.7

Note: The anticipated revenue costs associated with Kintyre House have been estimated using Witchburn Road Office information as a basis, however heating and air conditioning use will be related to variables such insulation levels and management controls.

Campbeltown Police Station - The lease of office accommodation from Police Scotland within Campbeltown Police Station to accommodate Council staff from Old Quay Head Building (11 staff).

The rental of accommodation within Campbeltown Police Station is likely to be **£6.87k** per annum together with a service charge of **£4.29k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Police Station are as indicated in Table 5.3.7a below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Police Station	-£4.29 (i.e. cost)	£0	-£6.87k (i.e. cost)
Total	-£4.3k (i.e. cost)	£0	-£6.9k (i.e. cost)

Table 5.3.7a

DWP Office - The lease of accommodation and associated refurbishment works within DWP Office, Campbeltown to accommodate Council staff from Old Quay Head Building (4 staff).

The capital cost of the limited refurbishment works within the DWP Office is estimated at **£3k**.

The rental of accommodation within DWP Office, together with a service charge is likely to be **£13.6k** per annum (for non-customer facing accommodation). The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at DWP are as indicated in Table 5.3.7b below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
DWP Office	£0	£0	-£13.6k (i.e. cost)
Total	£0	£0	-£13.6k (i.e. cost)

Table 5.3.7b

Campbeltown Hospital - The lease of accommodation from NHS and associated refurbishment works within one ward of Campbeltown Hospital to accommodate Council staff from Old Quay Head Building (14 staff) and Hazelburn (7 staff).

The capital cost of the refurbishment works within the hospital is estimated at **£16k**. This higher cost is to provide additional electrical and data points to accommodate the higher number of Council staff within this option.

The rental of accommodation within Campbeltown Hospital is likely to be **£6k** per annum together with a service charge of **£5k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Office (1 ward) are as indicated in Table 5.3.7c below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Hospital (1 ward)	-£5k (i.e. cost)	£0	-£6k (i.e. cost)
Total	-£5k (i.e. cost)	£0	-£6k (i.e. cost)

Table 5.3.7c

Option F would facilitate the closure of Old Quay Pier Building (part), Customer Service Centre, Witchburn Road Office and Old Quay Head Building, together with facilitating the termination of the rental of office accommodation within Hazelburn Business Park.

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the closure of these offices, including the loss of rental income from ACHA and the loss of income from DABVJB are as indicated in Table 5.3.7d below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Old Quay Pier Building (part)	£15,092	£112k	£0
Customer Service Centre	£6,679	£75k	£0
Witchburn Road Office	£58,729	£100k	£0
Old Quay Head Building	£23,798	£120k	-£19.86k
Total	£104.3k	£407k	-£19.9k

Table 5.3.7d

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the termination of the lease at Hazelburn are as indicated in Table 5.3.7e below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Offices, Hazelburn Business Park	£2,423	£0	£5,200
Total	£2.4k	£0	£5.2k

Table 5.3.7e

This indicates that the overall annual revenue and rental costs associated with the termination of the lease of Hazelburn are expected to be in the region of **£7.6k**.

The anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option F are as indicated in Table 5.3.7f below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Kintyre House	£557k	-£69k	£0	£0
Offices, Hazelburn Business Park	£0k	£2.4k	£0	£5.2k
Campbeltown Police Station	£0k	-£4.3k	£0	-£6.9k
DWP Office	£3k	£0	£0	-£13.6k
Campbeltown Hospital (1 ward)	£16k	-£5k	£0	-£6k
Office Closures (4 number)	£0	£104.3k	£407k	-£19.9k
Option F Kintyre House, Police Station, DWP Office and Hospital (1 ward)	£576k	£28.4k	£407k	-£41.2k

Table 5.3.7f

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be increased costs in the region of **£12.8k**

In addition potential capital receipts from the sale of surplus properties could be **£407k**.

5.3.8 Option G: MACC (Building 71) & Campbeltown Hospital (1 no.ward)

MACC Building 71 – (ground floor only): The lease of Building 71 and associated refurbishment works.

MACC have stated that they would let the building, or part of the building, to the Council at a reduced rent or free period for a substantial period of time to directly offset any refurbishment costs required by the Council.

The Council would be required to fund any additional bus services to allow staff to access their place of work and members of the public to access Council services at this location. The cost to provide an additional bus service between Campbeltown and MACC Building 71 is likely to be approximately **£35k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Building 71 are as indicated in Table 5.3.8 below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Building 71 (including cost of bus service)	-£97.66k (i.e. cost)	£0 (N/A)	-£42k (i.e. cost)
Total	-£97.7k (i.e. cost)	£0 (N/A)	-£42k (i.e. cost)

Table 5.3.8

Note: The anticipated revenue costs associated with Building 71 have been estimated using Witchburn Road Office information as a basis, however heating will be related to variables such as insulation levels and management controls.

Campbeltown Hospital - The lease of accommodation from NHS and associated refurbishment works within one ward of Campbeltown Hospital.

The capital cost of the refurbishment works within the hospital is estimated at **£11k**.

The rental of accommodation within Campbeltown Hospital is likely to be **£6k** per annum together with a service charge of **£5k** per annum. The revenue savings/costs, potential capital receipt and rental savings/costs for providing office accommodation at Campbeltown Office (1 ward) are as indicated in Table 5.3.8a below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Campbeltown Hospital (1 ward)	-£5k (i.e. cost)	£0	-£6k (i.e. cost)
Total	-£5k (i.e. cost)	£0	-£6k (i.e. cost)

Table 5.3.8a

Option G would facilitate the closure of Old Quay Pier Building (part), Customer Service Centre and Witchburn Road Office, together with facilitating the termination of the rental of office accommodation within Hazelburn Business Park.

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the closure of these offices, including the loss of income from DABVJB are as indicated in Table 5.3.8b below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Old Quay Pier Building (part)	£15,092	£112k	£0
Customer Service Centre	£6,679	£75k	£0
Witchburn Road Offices	£58,729	£100k	£0
Total	£80.5k	£287k	£0

Table 5.3.8b

The revenue savings/costs, potential capital receipt and rental savings/costs associated with the termination of the lease at Hazelburn are as indicated in Table 5.3.8c below;

office	Annual revenue savings/costs	Potential capital receipt from sale	Annual rental savings/costs
Offices, Hazelburn Business Park	£2,423	£0	£5,200
Total	£2.4k	£0	£5.2k

Table 5.3.8c

This indicates that the overall annual revenue and rental savings associated with the termination of the lease of Hazelburn are expected to be in the region of **£7.6k**.

The anticipated capital costs, annual revenue savings/costs, potential capital receipt and annual rental savings/costs associated with option G, are as indicated in Table 5.3.8d below;

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Building 71	£0k	-£97.7k	£0	-£42k
Offices, Hazelburn Business Park	£0k	£2.4k	£0	£5.2k
Campbeltown Hospital (1 ward)	£11k	-£5k	£0	-£6k
Office Closures (3 number)	£0	£80.5k	£287k	£0
Option G Building 71 and Hospital (1 ward)	£11k	-£19.8k	£287k	-£42.8k

Table 5.3.8d

The overall impact on annual revenue savings/costs and annual rental savings/costs from these proposals are expected to be increased costs in the region of **£62.6k**

In addition the Council will need to reimburse for a period of 4 years any excess travelling expenses incurred by an employee not forced to move home but whose place of work has changed.

In addition potential capital receipts from the sale of surplus properties could be **£287k**.

5.4 Financial Summary

The anticipated costs together with the revenue savings and potential capital receipt of each option are summarised in Table 5.4. It can be seen that the anticipated costs of both *Option A(i)* and *Option A(ii)* will be circa **£568k** and each option will generate similar revenue savings and anticipated capital receipts from sales of surplus property.

The anticipated capital cost of *Option B* is more expensive than both *Option A(i)* and *Option A(ii)* and will increase annual revenue costs. As this option does not facilitate the closure of office buildings there is no opportunity to achieve any capital receipts from the sale of surplus properties.

The anticipated capital costs of *Option C* and *Option D* are significantly higher than the other listed options, however they have the ability to generate the greatest revenue savings and potential capital receipts from sales of surplus property. On the assumption that potential capital receipts were fully realised and that annual revenue savings could be used to support prudential borrowing there remains a funding shortfall of £4.14M and £3.26M respectively.

The anticipated capital cost of *Option E* is significantly lower than both *Option A(i)* and *Option A(ii)* and will reduce annual revenue costs, however, this option will result in significantly increased annual rental costs. This option facilitates the closure of only one office building and therefore provides only a limited opportunity to achieve capital receipts from the sale of surplus property. Additionally this option does not address the identified condition and suitability deficiencies at Witchburn Road Office. The anticipated capital cost of *Option F* is slightly higher than both *Option A(i)* and *Option A(ii)*. *Option F* has the ability to generate greater revenue savings but there are significant increases in annual rental expenditure, resulting in a net increase in annual revenue costs. In comparison to *Option A* and on the basis that the additional capital receipt of £120k would be realised, the Council would be in a financially worse position after approximately 6 years. As *Option F* has a net increase in revenue costs, there is no scope for prudential borrowing associated with this option.

The anticipated capital cost of *Option G* is significantly lower than both *Option A(i)* and *Option A(ii)*. However, there is an annual revenue cost of £62.6k. In comparison to *Option A* and on the basis that there is no additional capital receipt, the Council would be in a financially worse position after approximately 8 years.

Option	Anticipated capital costs	Annual revenue savings/costs	Potential capital receipt from sales	Annual rental savings/costs
Option A(i) Kintyre House and Hospital	£568k	£8.9k	£287k	-£0.8k
Option A(ii) Kintyre House and Hospital	£568k	£8.9k	£287k	-£0.8k
Option B Witchburn Road and Hospital	£815k	-£2.6k	£0	-£0.8k
Option C New Build Office and Hospital	£5.411million	£53.5k	£557k	-£20.7k
Option D New Build Office and Hospital	£4.623million	£65.8k	£557k	-£25.7k
Option E Police Station, DWP Office and Hospital	£19k	£16.9k	£120k	-£41.2k
Option F Kintyre House, Police Station, DWP Office and Hospital	£576k	£28.4k	£407k	-£41.2k
Option G Building 71 and Hospital	£11k	-£19.8k	£287k	-£42.8k

Table 5.4

If the Council decide not to relocate from the existing Witchburn Road Office then **£804k** of capital expenditure would be required to address identified condition deficiencies. This investment would not address known suitability issues. There are other options relating to Kintyre House that require less capital expenditure and at the same time generate revenue savings. The New Build Office options would require significant capital investment of between £4.6 and 5.4 million.

Therefore from a cost perspective the options which require the least capital investment is the purchase and refurbishment of Kintyre House either Option A(i) or Option A(ii). From the net revenue savings of £8.1k for these options, prudential borrowing of £97k could be made, which would necessitate the need for a further £471k of capital investment. There would be scope to utilise potential capital receipts, generated from the sale of surplus properties as part of an overall funding package. The capital receipts could amount to £287k. In addition there would be an opportunity to utilise the £89k already identified to carry out roof repairs at Witchburn Road Office.

6.0 Deliverability

6.1 Introduction

The nature of work required within this project, to rationalise existing office buildings that currently accommodate Council staff within Campbeltown, is such that deliverability of the project is considered high. The design team is highly experienced in delivering projects of a similar nature and in managing contractor performance to produce the outcomes required. In addition, substantial knowledge exists regarding the condition of the fabric of the various buildings within the scope of the project.

6.2 Project Sponsor & Leadership

The Project Sponsor is the Head of Facility Services

6.3 Project Considerations – Deliverability

The nature of the project is such that deliverability of the project is considered high. A similar project has already been successfully delivered in Oban and significant relevant experience has been gained from successful local relocation in the Lochgilphead area.

The contracts will be delivered primarily by experienced in-house teams/ personnel who are experienced in work of this nature and have a proven track record with previous/ on-going projects within both the wider Office Rationalisation and Workforce Deployment programmes.

A number of factors dictate that as early a start date as possible (within financial year 2014/15) is achieved and these are:

- Start to revenue savings as early as possible.
- Opportunity to deliver Carbon Management Plan carbon reduction targets within timelines.
- The requirement to allocate suitable Argyll and Bute Council staff resources to support the project is covered within the OBC risk section. However, if required resources shall be supplemented by suitably experienced external consultants

6.4 Benefit Measurement

The primary indicators will be;

- Reduction in the number of buildings occupied

- The reduction in the average space occupied by each staff member

6.5 Conclusion

Irrespective of the option to be delivered, the design team have considerable experience in delivering similar type projects. As a result the deliverability of all options is high.

7.0 Risk

7.1 Generally

Failure to implement this project will result in continuing expenditure on buildings which are no longer necessary and will prolong the use of working practices that can no longer be supported. In addition excessive revenue costs will continue to be incurred.

Whilst investment would address condition issues, it would not deal with suitability issues relating to the existing properties identified.

7.2 Risk Log Worksheet

Refer to the Risk Log Worksheet (Appendix 4), which sets out the chance, impact and mitigating actions with regard to the following;

- Failure to secure funding approval
- Revenue Savings not realised
- Appropriate staff resources, including supplementary external consultants
- Design or installation deficiencies
- Poor consultant/contractor performance
- Building Control /Planning Consent Issues
- Under-estimated project costs
- Inadequate contingencies

7.3 Risk of not proceeding with the project

The risks of not proceeding the project are listed below;

- Failure to meet Council Strategic Objectives within Corporate Plan 2013-2017
- Council remains reliant on renting office accommodation within Campbeltown - cost.
- Failure to meet Corporate carbon reduction targets - project can reduce number of buildings/properties currently in use
- Failure to reduce revenue costs through disposal of property
- Failure to meet National/ Government targets and requirements - asset management and profile property portfolio

7.4 Conclusion

Irrespective of options, the risks identified with the project could be mitigated as outlined within the Risk Log Worksheet (refer to Appendix 4).

The design team is highly experienced in delivering projects of a similar nature and in managing contractor performance to produce the outcomes required. In addition, substantial knowledge exists regarding the condition of the fabric of the various buildings within each identified option.

Options A(i), A(ii), C, D, E and F link favourably to Corporate Objectives as outlined in the Corporate Plan 2013-17, including reducing revenue costs through the disposal of surplus property. However both Option E and Option F will incur increased annual rental costs and additionally Option E will not address the identified condition and suitability deficiencies at Witchburn Road Office.

Option G does not link as favourably to Council Plans and Objectives, mainly due to its location 7.7km from Campbeltown town centre which is considered too far from the town centre to provide reasonable access to both staff and customers. In addition Option G will increase revenue costs through the provision of an additional bus service between Campbeltown and MACC.

However, Option B fails to deliver the benefits associated with a reduction in the number of buildings being occupied and also fails to meet National/ Government targets and requirements relating to asset management.

Additionally within Options A(i), A(ii), C, D, F and G a number properties may be declared surplus within a similar time period, as a result of the rationalisation process. This may adversely impact on the market values in the short to medium term.

There is a requirement for a suitable site to be identified for the successful delivery of Options C and D. Should such a site not be available then there is significant risk that these options cannot be delivered.

8.0 Conclusions

8.1 Appraisal Process

The appraisal process which examined the Impact, Affordability, Deliverability and Risk of each the options presented within this Business Case has demonstrated the following outcomes;

Impact

Options A(i), A(ii), C, D, E and F link favourably to Council Plans and Objectives. Option G does not link as favourably to Council Plans and Objectives, mainly due to its location 7.7km from Campbeltown town centre which is considered too far from the town centre to provide reasonable access to both staff and customers. However Option B does not address known suitability deficiencies at Witchburn Road Office and does not deliver benefits associated with a reduction in the number of buildings being occupied.

Affordability

From a cost perspective the options which require the least capital investment is the purchase and refurbishment of Kintyre House within either Option A(i) or Option A(ii).

There would also be scope to utilise potential capital receipts, generated from the sale of surplus properties. However, as a number of properties may be declared surplus within a similar time period, this may adversely affect market values in the short to medium term.

Deliverability

Irrespective of options, the design team have considerable experience in delivering similar type projects and as a result the deliverability of all options score favourably.

Risk

Irrespective of options, the risks identified within the project could be mitigated. Options A(i), A(ii), C, D, E and F link favourably to Corporate Objectives as outlined in the Corporate Plan 2013-17, including reducing revenue costs. However, Option B fails to deliver benefits through the disposal of surplus property. Option G does not link as favourably to Council Plans and Objectives, mainly to its location 7.7km from Campbeltown town centre which considered too far from the town centre to provide reasonable access to both staff and customers.

8.2 Summary

The purchase and associated remedial works/ refurbishment of Kintyre House together with the lease of accommodation within Campbeltown Hospital (Option A(i) or Option A(ii)) offer the Council the opportunity to accommodate the majority of its staff, currently located in Campbeltown, in modern environments. The costs associated with the purchase of Kintyre House (plus refurbishment works) is significantly less than the costs required to address identified condition deficiencies within the existing Witchburn Road Offices (Option B). This investment would not address known suitability issues.

Option A(i) and Option A(ii) ensure that the impact on customer and staff experience is minimal during the construction phase as both Kintyre House and the accommodation at Campbeltown Hospital are currently unoccupied which would facilitate refurbishment being completed with minimal disruption to staff prior to office moves.

Option A(i) and Option A(ii) also provide the opportunity to deliver similar potential capital receipts through the sale of Witchburn Road Offices, Customer Service Centre and Old Quay Pier Building (part).

Both of these options would provide the opportunity to accommodate Council social work staff in two distinct offices i.e. Campbeltown Hospital and Old Quay Head Building.

The accommodation outlined in Option E offered by both Police Scotland and DWP, in conjunction with accommodation within Campbeltown Hospital, would provide the opportunity for Council social work staff to be co-located and also provide the opportunity to deliver potential capital receipts through the sale of Old Quay Head Building. However this would result in significantly higher annual rental costs. However this option will not address the identified condition and suitability deficiencies at Witchburn Road Office.

If the Council decide not to relocate from the existing Witchburn Road Office then **£804k** of capital expenditure would be required.

The lease of accommodation within Building 71 at **MACC** together with the lease of accommodation within Campbeltown Hospital outlined in Option G offers the Council the opportunity to accommodate its staff in modern environments, but would result in higher annual rental costs. However, its location, 7.7km from Campbeltown is considered too far from the town centre to provide reasonable access to both staff and customers. The provision of an additional bus service between Campbeltown and **MACC** will result in additional revenue costs.

The anticipated capital costs of the New Build Office (Options C and D) of between £4.6 and £5.4 million are significantly higher than the other listed options, however these options have the ability to generate the greatest revenue savings and potential capital receipts from the sale of surplus property.

9.0 Appendices

Appendix 1	Advantages/ Disadvantages of Options
Appendix 2	Kintyre House Costs
Appendix 3	Old Quay Pier Building – Existing Use/Rent
Appendix 4	Risk Register

APPENDIX 1
Advantages/Disadvantages of Options

Option A(i) – Kintyre House & Campbeltown Hospital (1no. ward)	
Estimated Capital Cost of Option (inclusive of Fees): £568k	
Kintyre House	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Increased staff networking and collaborative working • Good accessibility with Equality Act compliance (single storey) • Enables closure of surplus office buildings. • Vacating/selling of existing properties leading to reduced revenue expenditure and potential for capital receipts • Good parking • Reasonable public transport links • Assists with migration of staff from existing offices • Reduced risks during construction period due to vacant building • Existing ‘on-site’ generator would enable Council staff (including CSC) to function in event of power outage ensuring continuity of service 	<ul style="list-style-type: none"> • Cannot be funded from currently identified capital allocations • Potential for negative publicity for Council if vacated buildings remain unoccupied.
Campbeltown Hospital	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to Hospital • Accommodation identified exceeds space required to accommodate Council staff

<ul style="list-style-type: none"> • Increased staff networking and collaborative working between Council and NHS • Reduced expenditure through termination of existing lease 	
---	--

Resultant Office Closures for Option A(i)

- Witchburn Road Office
- Customer Service Centre (CSC)
- Old Quay Pier Building (part)
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 102 staff relocated to Kintyre House from Burnett Building (6 staff), Witchburn Road Office (79 staff) and Customer Service Centre (CSC) (17 staff).
- 8 staff relocated to Burnett Building from Old Quay Pier Building
- 7 staff relocated to Campbeltown Hospital from Hazelburn Business Park

Note: The number of staff relocated as a result of the proposals is affected by the requirement to form team zones in accordance with the requirements of workforce deployment.

Impact on Revenue Costs

The net effect of this option is a revenue saving of **£8.1k**, including the loss of income received from DABVJB for use of storage space in Witchburn Road Office

Potential Capital Receipts

There is a potential capital receipt of **£287k** from the sale of surplus properties as follows

- Witchburn Road (£100k)
- Customer Service Centre (£75k)
- Old Quay Pier Building (part) (£112k)

Option A(ii) – Kintyre House & Campbeltown Hospital (1no. ward)

Estimated Capital Cost of Option (inclusive of Fees): £568k

Kintyre House

Advantages

- Reasonable public transport connections
- Good accessibility with Equality Act compliance (single storey)
- Good parking
- Increased staff networking and collaborative working
- Assists with migration of staff from existing offices
- Reduced risks during construction period due to vacant building
- Vacating/selling of existing properties leading to reduced revenue expenditure and potential for capital receipts
- Existing ‘on-site’ generator would enable Council staff (including CSC) to function in event of power outage ensuring continuity of service

Disadvantages

- Cannot be funded from currently identified capital allocations
- Potential for negative publicity for the Council from vacated buildings remaining unoccupied

Campbeltown Hospital

Advantages

- Reasonable public transport connections
- Good accessibility with Equality Act compliance

Disadvantages

- Reduced Council presence in town centre through relocation of staff to Hospital
- Accommodation identified exceeds

<ul style="list-style-type: none"> • Good parking • Increased staff networking and collaborative working between Council and NHS • Reduced expenditure through termination of existing lease 	<p>space required to accommodate Council staff</p>
---	--

Resultant Office Closures for Option A(ii)

- Witchburn Road
- Old Quay Pier Building (part)
- Customer Service Centre
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 98 staff relocated to Kintyre House from Burnett Building (6 staff), Witchburn Road Office (79 staff), Customer Service Centre (5 staff) and Old Quay Pier Building (8 staff).
- 12 staff relocated to Burnett Building from Customer Service Centre
- 7 staff relocated to Campbeltown Hospital from Hazelburn Business Park

Note: The number of staff relocated as a result of the proposals is affected by the requirement to form team zones in accordance with the requirements of workforce deployment.

Impact on Revenue Costs

The net effect of this option is a revenue saving of **£8.1k**, including the loss of income received from DABVJB for use of storage space in Witchburn Road Office.

Potential Capital Receipts

There is a potential capital receipt of **£287k** from the sale of surplus properties as follows

- Witchburn Road (£100k)
- Customer Service Centre (£75k)
- Old Quay Pier Building (part) (£112k)

Option B– Witchburn Road Office & Campbeltown Hospital (1no. ward)

Estimated Capital Cost of Option (inclusive of Fees): £815k

Witchburn Road Offices

Advantages

- Reasonable public transport connections

Disadvantages

- Cannot be funded from currently identified capital allocations
- Poor accessibility with very limited Equality Act compliance
- Poor parking
- Increased risks during construction period due to required staff accommodation
- Difficulties in migration of staff due to required phasing of works
- Impact on service delivery and staff experience during construction period
- Refurbishment would only address condition issues not suitability issues

Campbeltown Hospital

Advantages

- Reasonable public transport connections
- Good accessibility with Equality Act compliance

Disadvantages

- Reduced Council presence in town centre through relocation of staff to Hospital.
- Accommodation identified exceeds

<ul style="list-style-type: none"> • Good parking • Increased staff networking and collaborative working between Council and NHS through co-location • Reduced expenditure through termination of existing lease 	<p>space required to accommodate Council staff</p>
---	--

Resultant Office Closures for Option B

- Offices, Hazelburn Business Park

Resultant Staff Migration

- 7 staff relocated to Campbeltown Hospital from Hazelburn Business Park

Note: The number of staff relocated as a result of the proposals is affected by the requirement to form team zones in accordance with the requirements of workforce deployment.

Impact on Revenue Costs

The net effect of this option is additional revenue costs of **£3.4k**.

Potential Capital Receipts

There is no opportunity for capital receipts within this option.

Option C – New Build Office & Campbeltown Hospital (1no. ward)

Estimated Capital Cost of Option (inclusive of Fees): £5.411 million

New Build Office

Advantages

- Results in very efficient building with low running and maintenance costs
- Significant savings in running and maintenance costs
- Presents a modern, efficient image for the Council
- Purpose built facility, designed to make optimum use of modern technology
- New building would enhance staff morale and could improve public confidence
- Increased staff networking and collaborative working
- Enables closure of surplus office buildings.
- Vacating/selling of existing properties leading to reduced

Disadvantages

- High capital cost estimated at some £5.4 million
- Cannot be funded from currently identified capital allocations
- Potential for negative publicity for Council if vacated buildings remain unoccupied and sites remain undeveloped.
- Availability of sites of sufficient size is limited
- Potential of adverse publicity for the Council by demonstrating in a highly visible manner, a significant expenditure at this time.
- Would take significant time to implement, estimated at 3 years from approval of IBC

<p>revenue expenditure and potential for capital receipts from sale of surplus assets</p> <ul style="list-style-type: none"> • Good parking • Assists with migration of staff from existing offices • Reduced risks during construction period due to vacant building 	
Campbeltown Hospital	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council • Reduced expenditure through termination of existing lease 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to Hospital • Accommodation identified exceeds space required to accommodate Council staff

Resultant Office Closures for Option C

- Witchburn Road Office
- Customer Service Centre (CSC)
- Old Quay Pier Building (part)
- Old Quay Head Building
- Burnett Building
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 147 staff relocated to new office building from Burnett Building (14 staff), Witchburn Road Office (79 staff), Customer Service Centre (CSC) (17 staff), Old Quay Head Building (29 staff) and Old Quay Pier Building (8 staff).
- 7 staff relocated to Campbeltown Hospital from Hazelburn Business Park

Impact on Revenue Costs

The net effect of this option is a revenue saving of **£32.8k**, including the loss of income from ACHA from rental of office accommodation in Old Quay Head Building and the loss of income received from DABVJB for use of storage space in Witchburn Road Office

Potential Capital Receipts

There is a potential capital receipt of **£557k** from the sale of surplus properties as follows

- Witchburn Road (£100k)
- Customer Service Centre (£75k)
- Old Quay Pier Building (part) (£112k)
- Old Quay Head Building (£120k)
- Burnett Building (£150k)

Option D – New Build Office & Campbeltown Hospital (2no. ward)	
Estimated Capital Cost of Option (inclusive of Fees): £4.623 million	
New Build Office	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Results in very efficient building with low running and maintenance costs • Significant savings in running and maintenance costs • Presents a modern, efficient image for the Council • Purpose built facility, designed to make optimum use of modern technology • New building would enhance staff morale and could improve public confidence • Increased staff networking and 	<ul style="list-style-type: none"> • High capital cost estimated at some £5.4 million • Cannot be funded from currently identified capital allocations • Potential for negative publicity for Council if vacated buildings remain unoccupied and sites remain undeveloped. • Availability of sites of sufficient size is limited • Potential of adverse publicity for the Council by demonstrating in a highly visible manner, a significant expenditure at this time.

<p>collaborative working</p> <ul style="list-style-type: none"> • Enables closure of surplus office buildings. • Vacating/selling of existing properties leading to reduced revenue expenditure and potential for capital receipts from sale of surplus assets • Good parking • Assists with migration of staff from existing offices • Reduced risks during construction period due to vacant building 	<ul style="list-style-type: none"> • Would take significant time to implement, estimated at 3 years from approval of IBC
<p>Campbeltown Hospital</p>	
<p>Advantages</p>	<p>Disadvantages</p>
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council and NHS through co-location • Reduced expenditure through termination of existing lease 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to Hospital • The second ward identified may only become available following further NHS reviews.

Resultant Office Closures for Option D

- Witchburn Road Office
- Customer Service Centre (CSC)
- Old Quay Pier Building (part)
- Burnett Building
- Old Quay Head Building
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 118 staff relocated to new office building from Burnett Building (14 staff), Witchburn Road Office (79 staff), Customer Service Centre (CSC) (17 staff), Old Quay Pier Building (8 staff).
- 36 staff relocated to Campbeltown Hospital from Hazelburn Business Park (7 staff) and Old Quay Head Building (29 staff)

Impact on Revenue Costs

The net effect of this option is a revenue saving of **£40.1k**, including the loss of income from ACHA from rental of office accommodation in Old Quay Head Building and the loss of income received from DABVJB for use of storage space in Witchburn Road Office.

Potential Capital Receipts

There is a potential capital receipt of **£557k** from the sale of surplus properties as follows

- Witchburn Road (£100k)
- Customer Service Centre (£75k)
- Old Quay Pier Building (part) (£112k)
- Old Quay Head Building (£120k)
- Burnett Building (£150k)

Option E – Police Station, DWP Office & Campbeltown Hospital (1no. ward)	
Estimated Capital Cost of Option (inclusive of Fees): £19k	
Police Station	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance (single storey) • Good parking 	<ul style="list-style-type: none"> • Potential for negative publicity for the Council from vacated buildings remaining unoccupied • Increased rental costs for office accommodation outwith Council ownership.

<ul style="list-style-type: none"> • Increased staff networking and collaborative working • Assists with migration of staff from existing offices • Vacating/selling of existing property leading to reduced revenue expenditure and potential for capital receipts 	
DWP Office	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council and DWP • Assists with migration of staff from existing offices • Vacating/selling of existing properties leading to potential for capital receipts 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to DWP Office • Potential for negative publicity for the Council from vacated buildings remaining unoccupied • Increased rental costs for office accommodation outwith Council ownership.
Campbeltown Hospital	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council and NHS • Assists with migration of staff from existing offices • Vacating/selling of existing properties leading to potential for 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to Hospital • Potential for negative publicity for the Council from vacated buildings remaining unoccupied

capital receipts	
------------------	--

Resultant Office Closures for Option E

- Old Quay Head Building
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 11 staff relocated to Campbeltown Police Station from Old Quay Head Building.
- 4 staff relocated to DWP Office Building from Old Quay Head Building.
- 21 staff relocated to Campbeltown Hospital from Old Quay Head Building (14 staff) and Hazelburn Business Park (7 staff)

Note: The number of staff relocated as a result of the proposals is affected by the requirement to form team zones in accordance with the requirements of workforce deployment.

Impact on Revenue Costs

The net effect of this option is increased revenue costs of **£24.3k**, including the loss of income received from ACHA from rental of office accommodation in Old Quay Head Building.

It should be noted that this option does not address the identified condition and suitability deficiencies at Witchburn Road Office.

Potential Capital Receipts

There is a potential capital receipt of **£120k** from the sale of surplus property as follows

- Old Quay Head Building (£120k)

Option F – Kintyre House, Police Station, DWP Office & Campbeltown Hospital (1no. ward)
Estimated Capital Cost of Option (inclusive of Fees): £576k
Kintyre House

Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance (single storey) • Good parking • Increased staff networking and collaborative working • Assists with migration of staff from existing offices • Reduced risks during construction period due to vacant building • Vacating/selling of existing properties leading to reduced revenue expenditure and potential for capital receipts • Existing 'on-site' generator would enable Council staff (including CSC) to function in event of power outage ensuring continuity of service 	<ul style="list-style-type: none"> • Cannot be funded from currently identified capital allocations • Potential for negative publicity for the Council from vacated buildings remaining unoccupied
Campbeltown Police Station	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance (single storey) • Good parking • Increased staff networking and collaborative working • Assists with migration of staff from existing offices • Vacating/selling of existing properties leading to reduced revenue expenditure and potential for capital receipts 	<ul style="list-style-type: none"> • Potential for negative publicity for the Council from vacated buildings remaining unoccupied • Increased rental costs for office accommodation outwith Council ownership
DWP Office	

Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council and DWP • Assists with migration of staff from existing offices • Vacating/selling of existing properties leading to potential for capital receipts 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to DWP Office • Potential for negative publicity for the Council from vacated buildings remaining unoccupied • Increased rental costs for office accommodation outwith Council ownership

Campbeltown Hospital

Advantages	Disadvantages
<ul style="list-style-type: none"> • Reasonable public transport connections • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council and NHS • Assists with migration of staff from existing offices • Vacating/selling of existing properties leading to potential for capital receipts 	<ul style="list-style-type: none"> • Reduced Council presence in town centre through relocation of staff to Hospital • Potential for negative publicity for the Council from vacated buildings remaining unoccupied • Increased rental costs for office accommodation outwith Council ownership

Resultant Office Closures for Option F

- Witchburn Road Office
- Customer Service Centre (CSC)
- Old Quay Pier Building (part)
- Old Quay Head Building
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 102 staff relocated to Kintyre House from Burnett Building (6 staff), Witchburn Road Office (79 staff) and Customer Service Centre (CSC) (17 staff).
- 8 staff relocated to Burnett Building from Old Quay Pier Building
- 11 staff relocated to Campbeltown Police Station from Old Quay Head Building.
- 4 staff relocated to DWP Office Building from Old Quay Head Building.
- 21 staff relocated to Campbeltown Hospital from Old Quay Head Building (14 staff) and Hazelburn Business Park (7 staff)

Note: The number of staff relocated as a result of the proposals is affected by the requirement to form team zones in accordance with the requirements of workforce deployment.

Impact on Revenue Costs

The net effect of this option is increased revenue costs of **£12.8k**, including the loss of income received from ACHA from rental of office accommodation in Old Quay Head Building and the loss of income received from DABVJB for use of storage space in Witchburn Road Office.

Potential Capital Receipts

There is a potential capital receipt of **£407k** from the sale of surplus properties as follows;

- Witchburn Road (£100k)
- Customer Service Centre (£75k)
- Old Quay Pier Building (part) (£112k)
- Old Quay Head Building (£120k)

Option G – MACC (Building 71) & Campbeltown Hospital (1no. ward)

Estimated Capital Cost of Option (inclusive of Fees): £11k

MACC Building 71 (ground floor only)

Advantages

- Enables closure of surplus office buildings.
- Vacating/selling of existing properties leading to reduced revenue expenditure and potential for capital receipts
- Increased staff networking and collaborative working
- Assists with migration of staff from existing offices
- Reduced risks during construction period due to vacant building

Disadvantages

- Distance from town centre (approximately 7.7km)
- Reduced opportunities for networking and collaborative working with community partners
- Reduced Council presence in town centre through relocation of staff to Machrihanish
- Cannot be funded from currently identified capital allocations
- Potential for negative publicity for Council if vacated buildings remain unoccupied.
- Limited public transport links
- Limited parking
- Council would be required to reimburse excess travelling expenses incurred by employees *(refer to NOTE below)
- Accommodation identified exceeds space required to accommodate Council staff
- Increased rental costs for office accommodation outwith Council ownership
- Existing cellular layout of accommodation inhibits implementation of Workforce Deployment.

Campbeltown Hospital

Advantages

- Reasonable public transport connections

Disadvantages

- Reduced Council presence in town centre through relocation of staff to

<ul style="list-style-type: none"> • Good accessibility with Equality Act compliance • Good parking • Increased staff networking and collaborative working between Council and NHS • Reduced expenditure through termination of existing lease 	<p>Hospital</p> <ul style="list-style-type: none"> • Accommodation identified exceeds space required to accommodate Council staff
--	--

Resultant Office Closures for Option G

- Witchburn Road Office
- Customer Service Centre (CSC)
- Old Quay Pier Building (part)
- Offices, Hazelburn Business Park

Resultant Staff Migration

- 102 staff relocated to Building 71 from Burnett Building (6 staff), Witchburn Road Office (79 staff) and Customer Service Centre (CSC) (17 staff).
- 8 staff relocated to Burnett Building from Old Quay Pier Building
- 7 staff relocated to Campbeltown Hospital from Hazelburn Business Park

Note: The number of staff relocated as a result of the proposals is affected by the requirement to form team zones in accordance with the requirements of workforce deployment.

Impact on Revenue Costs

The net effect of this option is increased revenue costs of **£62.6k**, including the loss of income received from DABVJB for use of storage space in Witchburn Road Office. This cost also includes the additional costs associated with the provision of an additional bus service between Campbeltown and MACC.

Potential Capital Receipts

There is a potential capital receipt of **£287k** from the sale of surplus properties as follows

- Witchburn Road (£100k)
- Customer Service Centre (£75k)
- Old Quay Pier Building (part) (£112k)

***NOTE**

The Council will reimburse for a period of 4 years, any excess travelling expenses incurred by an employee not forced to move home but whose place of work is changed.

Appendix 2 Kintyre House Costs

Kintyre House, Kintyre Business Park	
Remedial & alteration works required	Budget Cost
Replacement generator	£32k
Replacement UPS	£32k
Replacement fire alarm system	£15k
Replacement intruder alarm system	£5k
Relocation of TRS system (from Witchburn Road Office)	£1k
IT installation costs (inc relocation, cabling and new switches)	£28k(*)
Additional electrical power installation	£7.5k
Service of existing air conditioning system	£4k
Installation of access control unit	£1k
Replacement floor covering (partial)	£12k
Internal alterations (to form meeting rooms/ offices)	£15k
Pathfinder connection (Vodafone)	£8k(*)
External lighting	£3k
Works Cost	£163.5k
Contingencies (10%)	£16.3k
Fees	£27k
Total Remedial/Alteration Works Cost	£207k
Purchase of Kintyre House	£350k
Total Cost of purchasing/altering Kintyre House	£557k

Note: Costs provided by ICT (*)

Appendix 3 Old Quay Pier Building – Existing Use/Rent

This building currently accommodates 8 Council staff, however office accommodation and storage units within the building are leased as indicated in Table A.3.1;

	unit location	accommodation	rent received (p.a)
Employability Team	1,2,8,9,10 and 11	office	£4,000
Carradale Fishermen	3 and 4	office	£2,640
Scottish Fisheries Protection	5	storage unit	£1,200

Table A.3.1

The total rental income received, as detailed is **£7.8k** per annum.

Appendix 4

Risk Register

Argyll & Bute Council								
Project: Campbeltown Office Rationalisation								
			RISK ASSESSMENT					
Ref	Category	Risk Description	Chance	Impact	Score	Risk Level	Risk Lead	Mitigating Action
1	strategic & financial	Capital funding for programme is not approved.	4	4	16	Red	Head of Service	The project is supports the Council's Corporate Plan.
2	financial	Predicted revenue savings not realised	4	4	16	Red	Property Manager	The information provided is based on the best available information. There is no doubt however, that closure of existing office accommodation will realise annual savings (utility costs and maintenance costs etc).
3	strategic & financial	Property Closure/ Termination of lease	3	3	9	Amber	Property Manager	Engage with Service to agree phasing of property closure/lease termination and obtain Asset Management Board project approvals.
4	project	operational	2	3	6	Yellow	Property Manager	Appropriate staff resource to be afforded to support the project, supplemented by suitably experienced external consultants. In addition substantial knowledge exists regarding the condition of the fabric of the various buildings.
5	project	Poor consultant/contractor performance.	2	3	6	Yellow	Property Manager	Appropriate staff resource to be afforded to support the project, supplemented by suitably experienced external consultants.
6	project	Poor contractor performance.	3	3	9	Amber	Property Manager	Robust procurement process to ensure engagement of best possible providers - track record of successful project delivery and outcomes required. The design team is highly experienced in delivering projects of this nature, and in managing contractor performance.
7	project	Higher than expected construction costs	2	3	6	Yellow	Property Manager	Risk mitigated by advance design work already undertaken. In addition substantial knowledge exists regarding the condition of the fabric of the various buildings. Through previous tenders, the estimated costs of the proposed works can be predicted with reasonable accuracy.
8	project	Level of Contingencies/design risk provision inadequate	2	3	6	Yellow	Property Manager	Contingency provision has been set at 5%. This risk could be mitigated by an increase to 10%, however substantial knowledge exists regarding the condition of the fabric of the various buildings.
9	statutory	Planning/Building Control issues	1	2	2	Green	Property Manager	Early consultation shall take place with the statutory authorities.