



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 6 SEPTEMBER 2022

SUBJECT: DEPOT AND STORE REVIEW

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 The purpose of this report is to update committee on the progress with undertaking a review of the Council's operational depots and stores, in accordance with the Council's Property Asset Management Appraisal (PAMA).
- 1.2 This report is submitted to Committee in terms of Section III (F) (3) of the Council's Scheme of Administration relating to industrial and commercial development.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

- (i) considers and notes the work undertaken to date;**
- (ii) notes that Officers have identified opportunities and are working to deliver early savings as outlined in paragraph 4.7; and**
- (iii) notes that a further update on progress will be provided once the outline business case is developed.**

3. BACKGROUND

- 3.1 The Council on 12 December 2018 approved a report which detailed recommendations aimed at improving how the Council manages and maintains its property assets (para 6 of the minute refers). The Policy and Resources Committee on 29 October 2019 approved a report detailing the Property Asset Management Appraisal (PAMA) Improvement Plan with the status of actions (para 13 of the minute refers). The Council meeting of 30 June 2021 approved a report which outlined progress and indicated that delays to progress had been sustained due to the COVID-19 pandemic and changes of senior lead officers (para 14 of the minute refers).

- 3.2 Within the PAMA report, there were two recommendations - to undertake a review of Council Depots and Council Stores. Work commenced on both reviews. However, this work was delayed by the onset of the COVID-19 pandemic and then with the change in lead officers within the Housing and Property Service. Since the appointment of the Property Asset Manager within Housing and Property a critical appraisal of the work previously undertaken has been progressed along with considering the impact of changes of working practices due to COVID-19 and the Council's Routemap to NetZero.
- 3.3 It is acknowledged that significant groundwork has been undertaken and identification of a number of key themes around the Depot property assets. However during the review of the work undertaken it has highlighted a narrowness of scope with the recommendation to undertake two separate reviews for depots and stores. On review of the asset occupiers this was particularly highlighted as on occasion the same service has a depot and a store, at times doing very similar functions. To that end, the decision has been made to combine both the Depot and Store review into a widened review looking at the properties the Council uses to support the delivery of services. This was noted in the updated PAMA report approved at the Corporate Committee on 30 August 2022.

4. PROGRESS AND NEXT STEPS

- 4.1 As indicated above a review of the work commenced prior to the COVID-19 pandemic has been undertaken. This established a lot of good sound evidence gathering had been undertaken with clear challenges being identified in relation to the property assets which apply to both stores and depots.
- 4.2 The impact of the pandemic, changes in senior personnel, service capacity and the alignment with emergent strategic objectives in relation to decarbonising the fleet have all impacted on the progress of the review.
- 4.2 The challenges identified for the properties can be summarised as:
- The footfall in some locations is substantial with current layouts restricting how the depots can be used;
 - Space within some properties could be maximised if they were redesigned;
 - The general condition of the properties are poor, significant spend required to bring properties to a general adequate standard;
 - Staff welfare facilities are poor and require to be upgraded;
 - Utility costs are higher than normal due to the condition of the properties;
 - Limited parking at some locations which will restrict transition to electric vehicles; and
 - A number of the properties are "let" by the service occupying it resulting in a revenue cost to the service. These units could be let on the open market to generate "real" income to the Council.

- 4.3 Taking these as the challenges faced by the staff using the property assets and also the staff managing the portfolio some initial draft objectives for the review have been identified:
- i) Reduction in number of buildings services operate from.
 - ii) Reduction in need for emergency/ad hoc repairs to remaining property assets.
 - iii) Reduction in carbon consumption from remaining properties to assist in achieving Council's net zero objective.
 - iv) Removal of services from properties that are held by the Council to generate income and/or provide economic opportunities for the local community (i.e. remove services from industrial units within industrial estates).
 - v) Reduction in overall property holding costs, measured on a rate per square metre.
- 4.4 The initial phase of work was predicated on detailed information gathering and service engagement and this will now provide the foundation to inform an outline business case in accordance of the Councils project management procedures. During the additional data gathering exercise it has become clear there are a significant number of properties located within the Elgin area which provide a similar function.
- 4.5 There is potential for financial savings by bringing together as many as possible of these services onto one single site. The benefit of this could be to reduce the number of assets held, identify synergies and seek efficiencies from shared services and deliver more physically connected services.
- 4.6 Housing and Property officers are developing, with engagement from key stakeholder services, an outline business case for the Depot and Store review. Appraisal will also take account of the developing Electric Vehicle (EV) Charging Strategy for the Council's fleet. Officers would look to complete this outline business case as a priority and look to have further recommendations on this prior to the end of the financial year.
- 4.7 Officers have identified a number of opportunities to delivery early savings for financial year 2023/2024 within the portfolio of secondary depots/stores and are working with Services with a view to being in a position to deliver these concurrent with development of the overarching business case.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This project forms part of the Improvement and Modernisation Programme of Work that supports the Council priority of a financially stable Council.

(b) Policy and Legal

None

- (c) **Financial Implications**
Officers have identified the potential for cashable saving of approximately £86,000 by financial year 2024/2025 as part of the early assessment of the depot and store estate, however the extent to which these can be delivered will be subject to the business case as there will be capital investment required to meet future service needs.
- (d) **Risk Implications**
The main risks of the review is the engagement of Services and the completion of the project. Housing and Property officers are working with Services to ensure they have buy in to the work being undertaken and remain engaged in a process that has been running for a while. The review will look to deliver early quick wins if possible to demonstrate delivery which should support engagement.
- (e) **Staffing Implications**
Housing and Property staff will progress the full business case and until recommendations on potential relocation of staff are made there are no specific staff implications however it is recognised that staff will be interested and impacted on any final decisions.
- (f) **Property**
The property implications are as detailed in this report, with particular reference to paragraph 4.7, officers will seek to deliver further opportunities from the secondary depots and stores concurrently with the development of the business case.
- (g) **Equalities/Socio Economic Impact**
There are no equalities or socio economic issues arising from this report. However, these will be appraised within the full business case.
- (h) **Climate Change and Biodiversity Impacts**
No climate change or biodiversity implications have been identified relating to the recommendations of this report. However, any decisions on the future of property assets will be heavily influenced by the Council's Climate Change Strategy including the EV Charging Strategy for our fleet.
- (h) **Consultations**
The Head of Housing and Property Services, Chief Financial Officer, Legal Services Manager, the Head of Environmental and Commercial Services, the Equal Opportunities Officer and Lissa Rowan, Committee Services Officer have been consulted and their comments incorporated in this report as appropriate.

6. CONCLUSIONS

- 6.1 Work commenced on the Depot review pre COVID-19. Following the departure of the lead officer and subsequent appointment of new lead officers in Housing and Property the existing work on the Depot review has been critically appraised.**
- 6.2 Principal outcomes of that appraisal is that the Depot Review should be combined with the Store Review to ensure maximum opportunities for rationalisation.**
- 6.3 Initial findings indicate that an outline business case for the review of depots and stores is required taking account of the Covid 19 changes to working practices and also the net zero strategy and this is being progressed by Housing and Property Officers with assistance from key stakeholder services.**
- 6.4 While the business case work is progressed actions will be taken to speed up delivery of financial savings and staff benefits within the secondary depot and stores estate.**

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Background Papers: None

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