

# ITEM No ...5.....

**REPORT TO:** FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 18 NOVEMBER 2024

**REPORT ON:** CORPORATE PROPERTY ASSET MANAGEMENT PLAN

**REPORT BY:** EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 320-2024

## 1 PURPOSE OF REPORT

1.1 This report is to present the Property Asset Management Plan 2025 – 2030. The plan summarises the purpose, performance and plans for the council’s non-residential property portfolio and its role in supporting service delivery for the people of Dundee.

## 2 RECOMMENDATION

2.1 It is recommended that the Committee:

- a approves the Property Asset Management Plan for 2025 – 2030;
- b remits the Executive Director of City Development to continue to review all aspects of property provision for service delivery and economic development; and
- c remits the Executive Directors of City Development and Corporate Services to explore and take all reasonable actions to reduce the amount and improve the efficiency of the retained portfolio.

## 3 FINANCIAL IMPLICATIONS

3.1 A number of Council wide budgets are managed by City Development including Corporate Property, and the Service is significantly dependent on income for a large part of its operational budget. Cyclical economic issues relating to the national and local economies and wider factors including global issues impact on earned income including property income.

3.2 There has been a historic pattern of the City Development controlled corporate budgets set out above resulting in a pattern of financial out-turns which exceed budget. The factors vary from year to year and will particularly be influenced by the extent of essential reactive maintenance together with works required to meet legislative health and safety compliance. The table below highlights the actual overspends in the previous 3 financial years:

### City Development

#### Repairs and H&S Maintenance Costs

Financial Year	Annual Budget	Actual Costs	Variance	% Age Over Spend
2021/2022	5,934,215	6,764,246	830,031	13.99
2022/2023	5,964,642	7,414,575	1,449,933	24.31
2023/2024	5,341,293	6,821,541	1,480,248	27.71

3.3 The cost of cyclical maintenance and reactive maintenance is increasing. Health and Safety compliance is evolving to promote safer buildings and working environments, which often

require sophisticated building management systems and controls which, in turn, require specialist servicing and maintenance. Weather conditions amongst other environmental changes are having a significant impact on the wear and tear of building fabric with storm and flood damage becoming a more regular feature of daily maintenance. Each of these challenges puts additional pressure on the corporate property budget managed by the City Development Department.

- 3.4 At present, and as indicated in the above table, the corporate property revenue budget is insufficient to cover the expected cost of essential repairs and maintenance and Health and Safety contracts. As such, there is no additional budget for building improvements, or cosmetic works.

#### **4 BACKGROUND**

- 4.1 Reference is made to Article II of the City Development Committee of 28 October 2019 wherein members approved the previous iteration of the property asset management plan, in relation to budgetary pressures.
- 4.2 The City Development Management Team has been working with Council Services and the Council Leadership Team to reduce the amount of property held, reduce carbon footprint and improve the quality and the efficiency of the retained portfolio. This is an ongoing process.
- 4.3 The Property Asset Management Plan also highlights the importance of the Council's role in working and consulting with the public, 3rd sector and local and national organisations. This may facilitate the transfer of property assets to key partners outwith the Council.

#### **5 PROPERTY PORTFOLIO**

- 5.1 By comparison and benchmarking with other local authorities, evidence suggests that Dundee City Council has more property assets than other councils and therefore the Council has an opportunity to reduce the amount of operational property that it owns, while continuing to improve outcomes for service delivery, carbon emissions and service users.
- 5.2 Partnership and sharing with other public and private organisations is key to increasing income and maximising use of the property portfolio.
- 5.3 The 2025 – 2030 Property Asset Management Plan has been written by of the council's Royal Institution of Chartered Surveyors asset management surveyors and property managers.

#### **6 ENERGY EFFICIENCY INVESTMENT**

- 6.1 In the last 4 years, the Council's "Invest to Save" approach has retrofitted energy conservation measures into 50 of its highest energy consuming properties. These energy conservation measures include installation of LED lighting, heating and ventilation controls, water saving devices and building fabric improvements.
- 6.2 In the past year, photovoltaic solar roof mounted arrays have added over 690kWp to our existing significant electrical generation portfolio.
- 6.3 Combined Heat & Power engines (CHP) have been installed in a number of properties generating significant financial savings and carbon reduction. The latest of these is a 50kWe Combined Heat & Power in the Dundee Ice Arena improving energy efficiency.

#### **7 POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

**8 CONSULTATIONS**

8.1 The Council Management Team were consulted in the preparation of this report.

**9 BACKGROUND PAPERS**

9.1 None.

Neil Martin  
Head of Design and Property

Author: Colin Craig and Alastair Kay

Robin Presswood  
Executive Director of City Development

Dundee City Council  
Dundee House  
Dundee

RP/NM/CC/AK/KM

7 November 2024

*This page is intentionally left blank*



**2025 – 2030  
Corporate Property  
Asset Management  
Plan Update**

City Development  
Design and Property Service

 **CHANGING**  
FOR THE **FUTURE**



*This page is intentionally left blank*

## **Contents**

- 1 Introduction**
  - 2 Policy Context**
  - 3 Benchmarking with other Scottish Councils**
  - 4 Review and Looking Forward**
  - 5 Property Management Approach**
  - 6 Energy Management, Climate Change and Carbon Reduction**
  - 7 Future Investment Needs**
  - 8 Rationalisation of Property**
- Appendix 1 - Property Rationalisation Review - Phase 4 - All Operational**

**7 November 2024**

*This page is intentionally left blank*



# 1 INTRODUCTION

Dundee City Council is a service-led organisation and exists to deliver the best services possible for the people of Dundee.

This Corporate Property Asset Management Plan provides guidance on the core strategic approaches and aspirations of our property services to ensure efficient delivery in challenging financial circumstances. It covers General Services and property occupied by Leisure & Culture Dundee, and a separate asset management plan has been produced for the Housing Revenue Account.

This plan provides a review of the Council's core operational buildings and property assets and is the basis for implementing the Council's overall Council property objectives. The Corporate Property Asset Management Plan is under constant review and is, therefore, a 'living document' which will continually change as circumstances evolve and progress in its implementation dictates. This document should, therefore, be regarded as a current assessment based on the most accurate available information and analysis at the time of its preparation.

The Dundee City Council Corporate Property Asset Management Plan has been prepared having considered the Royal Institution of Chartered Surveyors "Roundtable" report on public sector asset management and CIPFA guidance on local authority asset management.

The age and condition of some of the properties presents a challenge for maintenance and repairs budgets. Increased requirements to provide safe and suitable buildings, together with more complex building management systems in newer facilities increases the cost of keeping the stock in an appropriate condition.

Climate change affects every part of our lives, and the built environment is no different. Frequent storm conditions and high humidity levels accelerate the deterioration of building fabric.

The Council faces fundamental challenges in managing the property portfolio in an efficient and compliant manner. Costs for maintenance and repair have increased and the amount of property required for the delivery of services needs to be rationalised to enable more efficient use of expensive assets. Large parts of the estate comprise ageing buildings which are expensive and difficult to maintain. These buildings are also often inefficient in terms of energy use. Significant investment in the schools' estate has resulted in a number of newer buildings, free from asbestos and reinforced autoclaved, aerated, concrete, (RAAC), energy efficient and flexible in use.

Utilising Local Government Benchmarking Framework (LGBF) 22/23, DCC'S gross operational property internal floor area per 1,000 head of population is the highest in the family group at 3,273m<sup>2</sup> with the family group average 2,314m<sup>2</sup>, therefore Dundee City Council has 41.5% more than the average.

The use of LGBF data is important to demonstrate comparable costs with other local authorities and the cost of property may be a factor in this. For example, LGBF data shows that the overall cost per visit to museums, leisure and library facilities in Dundee is generally higher than our benchmark family. This data will be used by the Director of Leisure and Culture Dundee as part of the L&CD services review.

Sustainability is another important factor in considering future opportunities for closure, merger or relocation of facilities, and where opportunities are identified for review. The need for improved energy efficiency is considered to help reduce carbon emissions. The final aspect which is considered as part of the review process by the relevant Executive Director is usage of the facility. It is clear that in a number of customer facing facilities, usage has diminished considerably in recent years, and this may provide an opportunity for relocation, merger or cessation of services.

The property investment portfolio is managed by the Council's Estates Team, offering a range of commercial properties, to assist economic development, inward investment, supporting the retention and creation of jobs within the City, as well as creating a revenue income for General Services.

Regeneration projects continue to stimulate economic growth in Dundee, providing international coverage of opportunities for visitors and investors. The Design and Property Service has been a key part of the city's transformation, leading the development of the Council's own properties, and facilitating other projects such as the new BT office through land transactions.

Letting of the new "Grade A" office development at the Central Waterfront was achieved in 2020, providing headquarters for the Scottish Social Security Agency. Progress is also being made on other Central Waterfront development opportunities, with strong demand for high quality office space despite other economic challenges.

The Council's waterfront investment has sparked private investment within the Waterfront Site 1 at Greenmarket which includes a new office of 76,000 sq. ft pre let to BT plc as part of its Better Workplace Programme hosting around 1,000 people, and two ground floor café units which have been pre-let. The office is BREEAM excellent – one of the highest levels of sustainable development. A second building provides a further two retail units and 16 flats.

Development of the new East End Community Campus is progressing well. This "Passivhaus" facility brings new design and environmental standards to the built environment providing a replacement school for Craigie and Braeview pupils as well as community facilities for the locality.

V&A Dundee provided an opportunity to make Dundee one of the most recognisable small cities and providing a platform to allow plans to bring the Eden Project to Dundee, further underlining the ambition of the city for its people and visitors, with planning now consented for the project.

There has been significant investment in the last decade, with newly built sports, community and education facilities. The current investment programme includes the East End Community Campus development and further Grade A office development at the Central Waterfront demonstrating Dundee City Council's continued commitment to investment and management of property assets for the benefit of the City and delivery of front-line services.

In summary:

Done – Dundee is now a recognisable destination city with modern public and private buildings.

Doing – Developing modern energy efficient buildings to enhance the operational property portfolio and providing excellent office space for private investment.

Next - Continue to modernise and rationalise the property portfolio to make it suitable for the needs of the people of Dundee.

## 2 POLICY CONTEXT

### 2a Objectives

Dundee City Council has launched its Council Plan setting out its key priorities through to 2027.

The Council is a key member of the Dundee Partnership and as such the Council Plan adopts priorities and targets detailed in the City Plan for Dundee 2022-32 and sets out how Dundee City Council can support delivery of these.

The Council Plan, like the City Plan, is built on engagement with local communities and incorporates the findings of the Engage Dundee initiative and a range of other surveys over the last two years.

The Council Plan sets out a commitment to five strategic priorities; reduce child poverty and inequalities in incomes, education and health, deliver inclusive economic growth, tackle climate change and reach Net Zero emissions by 2045, build resilient and empowered communities, and design a modern Council.

The diagram below sets out the five strategic priorities This incorporates the three City Plan priorities to show how we will play our part in achieving the vision for the city The Corporate Property Asset Management Plan plays a vital part to support the vision.



### 2b Design a Modern Council

#### The Council's Transformation Programme as set out in the Council Plan

##### Project Themes:

- Digital

A digital by default Council, increasing and improving the range and accessibility of online services and reducing the need for face-to-face contact.

Maximising the use of Office 365 across services and the streamlining and digitisation of internal processes. Savings will arise from automation and reduced employee costs.

- Property Rationalisation

The Council has adapted hybrid working to reduce the amount of required office space. Savings will arise from the disposal of surplus assets, operational (including reduced energy use) with some cost savings from vacant buildings and income from any accommodation consequently rented to third parties.

The Council will implement the 365 schools' model across the city for the delivery of school and community-based services reducing the Council estate, and associated costs.

- Service Redesign

Structure of the Council - The Council will have an effective and dynamic leadership structure with clear roles and responsibilities and will align common services for maximum efficiency.

Children & Families Service – The Council will ensure best use of all resources available across this service due to its importance in delivery of key priorities (e.g. child poverty, closing the attainment gap and our Promise commitments), demographic pressures and the substantial budget associated with this service.

Waste Services - The Council will consider options to improve the efficiency of waste services across the city including route optimisation, fleet review and collections which ensure compliance with statutory responsibilities. Changes deployed will also take learning from other Councils to deliver improvement on our performance on recycling.

Leisure & Culture Dundee – in partnership with the LACD Board will develop a new model of delivery of services that reflects the move to 365 schools and ensures sustainability of services in the future.

- City and Regional Shared Services

Working with our neighbouring Councils, partners and the 3rd sector on collaborative projects, initiatives and opportunities to deliver efficiencies across the city and region.

- Payments and Income Generation

Review all third-party payments in light of the City and Council priorities. Explore any new or additional income generating opportunities.

## **2c Asset Management**

The Council's ownership of assets is wide and varied. However, these can be categorised into six key areas of asset ownership.

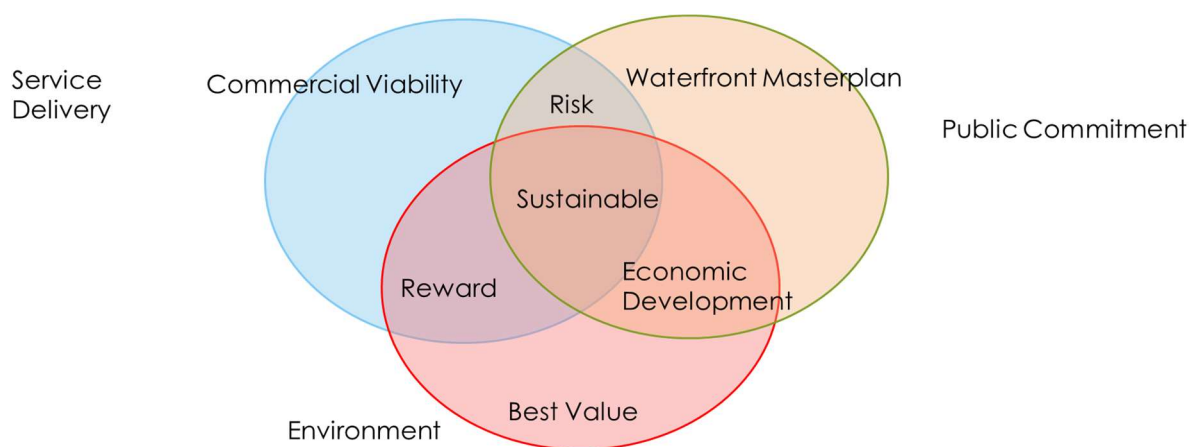
- Buildings and Property
- Roads Infrastructure
- Council Housing
- Open Space
- Vehicle Fleet
- Information and Communications Technology

The overarching management of these assets is guided by the Corporate Asset Management Strategy approved by the Policy & Resources Committee in June 2023. This ensures that all assets are optimally structured and financed to provide best value and efficient service delivery. Asset Management Plans have been prepared for each of the above key asset areas which detail how the Council will

achieve its overall objectives, improve the performance of its assets and yield the required efficiencies. The Corporate Property Asset Management Plan deals with all the Council's operational buildings and property assets, excluding its domestic housing stock, and succeeds the Corporate Property Asset Management Plan of 2012 and 2019.

Strategic Asset Management seeks, through a better planned alignment of assets with service demand, to achieve the best possible match of assets with the Council's service delivery strategies. This is best ensured by the systematic management of all decision-making processes taken throughout the useful life of assets. This strategy will guide the acquisition, use and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their life cycle.

Good property asset management for Dundee City Council requires balancing of competing demands to ensure responsibility to the public and service delivery is maintained and improved, while meeting best value obligations and also contributing to the future shape of the city.



The main benefits of a Corporate Asset Management Strategy are it:

- aligns asset plans with organisational objectives;
- ensures overall efficient and effective use of assets in the medium/long term;
- provides a platform for structured and rigorous forward planning and a basis for future decision making;
- gives an explicit description of the direction that the Council wishes to take with its assets; and
- brings clarity to the way assets are managed in the Council.

The Corporate Property Asset Management Plan aligns with the Corporate Asset Management Strategy.

### 3 BENCHMARKING WITH OTHER SCOTTISH COUNCILS

Officers from the Chief Executive's Service have carried out a detailed analysis of Dundee City Council's Corporate Assets with respect to the Local Government Benchmarking Framework (LGBF) Performance Data

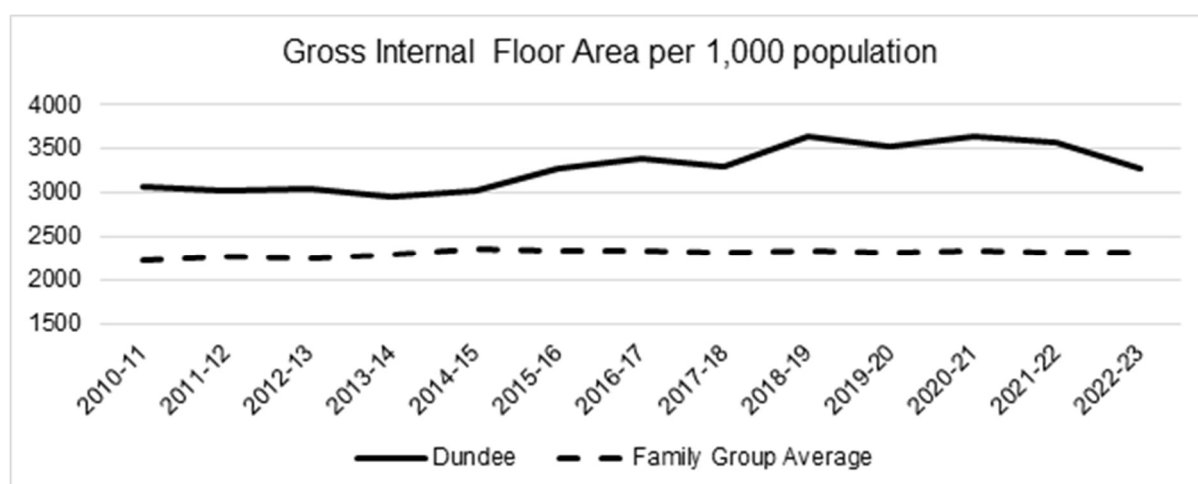
Key issues have been identified through this analysis:

- A The gross internal floor area per 1,000 population of 3,273m<sup>2</sup> in Dundee is 41.5% more than the family group average of 2,314m<sup>2</sup>.
- B The proportion of gross internal floor area in satisfactory condition of 81% in Dundee is 9.7% lower than the family group average of 90.7%.
- C The number of operational buildings per 1,000 population of 1.31 is 3% more than the family group average of 1.27.

#### A Gross Internal Floor Area per 1,000 population

Gross Internal Floor Area per 1,000 population (m <sup>2</sup> )	2021/2022	2022/2023	% Change
Dundee City	3,559	3,273	-8.0%
LGBF Average	2,307	2,314	0.3%
Dundee compared to LGBF average	54.2%	41.5%	-

The table above shows that the Gross Internal Floor Area per 1,000 population in Dundee has decreased by 8.0% between 2021/2022 and 2022/2023. Despite this decrease, Dundee still has an above average number of operational buildings compared to the rest of the family group. There are encouraging signs in performance as Dundee's figure compared to the average has decreased from 54.2% to 41.5% between 2021/2022 and 2022/2023. However, Dundee's total Gross Internal Floor Area is still exceptionally high by 41.5% compared to the family group average, which it has consistently been since 2010/2011, per the graph below:



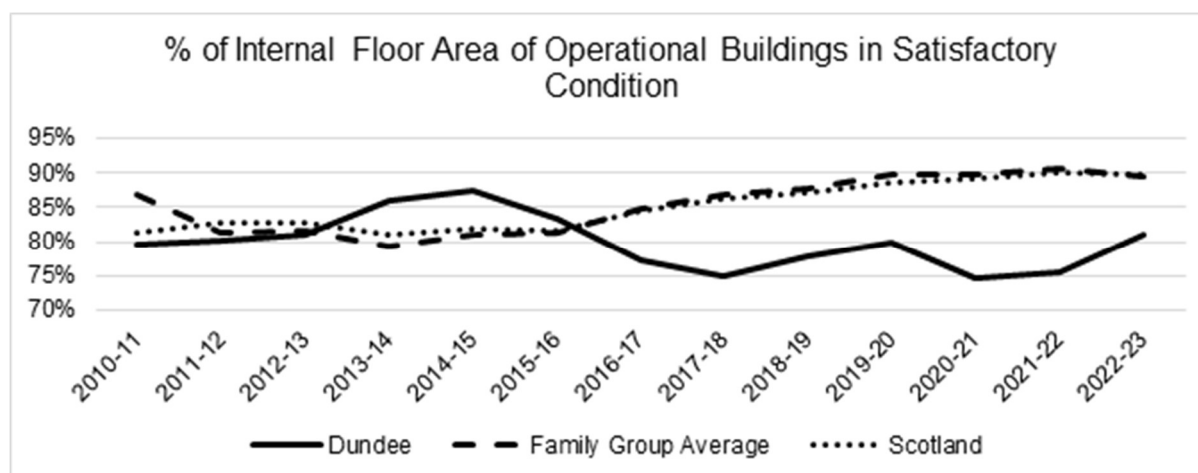
The table overleaf shows Dundee's operational gross internal floor area (GIFA) relative to population compared with all Local Authorities, in family group below. This shows that DCC's gross internal floor area, despite a decrease from 3,559m<sup>2</sup> to 3,273m<sup>2</sup> between 2021/2022 and 2022/2023, remains an outlier compared to other similar local authorities.

Gross Internal Floor Area	Gross Internal Floor Area 2022/23 Per 1,000 Population (m <sup>2</sup> )
<b>Dundee City</b>	<b>3,273</b>
West Dunbartonshire	2,664
East Dunbartonshire	2,558
Glasgow City	2,466
Aberdeen City	2,436
Falkirk	2,348
<b>LGBF Average</b>	<b>2,314</b>
North Lanarkshire	2,085
Edinburgh City	1,638

## B Proportion of Gross Internal Floor Area in Satisfactory Condition

Proportion of Gross Internal Floor Area in Satisfactory Condition	2021/22	2022/23	Difference
Dundee City	75.5%	81.0%	5.5%
LGBF Average	92.9%	90.7%	-2.2%
Dundee compared to LGBF average	-17.4%	-9.7%	-

The Table above shows that the Proportion of Gross Internal Floor Area in Satisfactory Condition in Dundee has increased by 5.5% between 2021/22 and 2022/23. While this reflects good performance, the figure for Dundee is lower than the rest of family group average by 9.7%, although this is an improvement on the 2021/22 of 17.4% percentage difference.

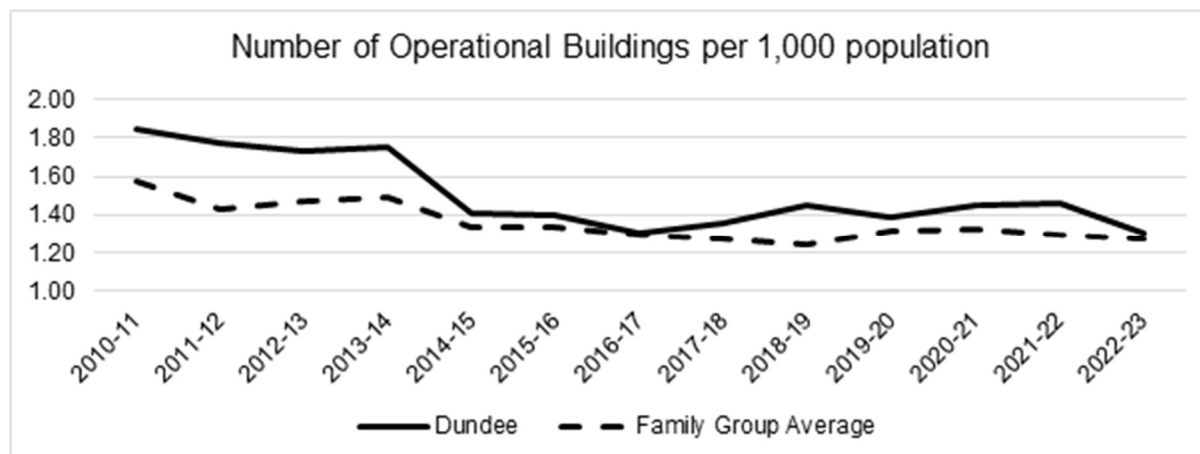


## C Number of Operational Buildings per 1,000 population

Number of Operational Buildings per 1,000 population	2021/22	2022/23	% Change
Dundee City	1.47	1.31	-10.6%
Rest of LGBF Family Group Average	1.29	1.27	-1.5%
Dundee compared to LGBF average	13%	3%	-

The table above shows that the Number of Operational Buildings per 1,000 in Dundee has decreased by 10.6% between 2021/2022 and 2022/2023. Despite this decrease, Dundee still

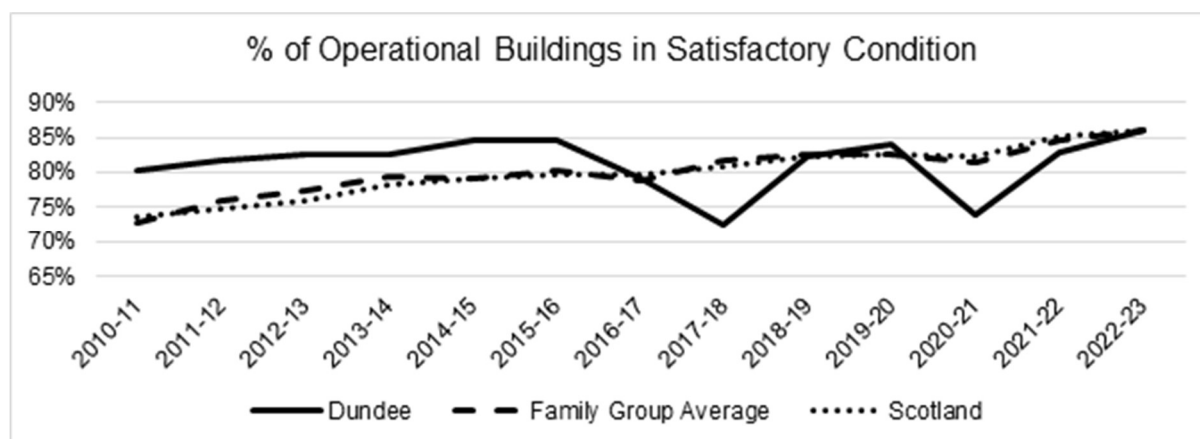
has an above average number of operational buildings compared to the rest of the family group. However, the difference between Dundee’s figure and the Rest of Family Group average figure has also decreased from 13% to 3% between 2021/2022 and 2022/2023, showing that Dundee’s number of operational buildings has become much closer to the family group average.



#### D Proportion of Operational Buildings in Satisfactory Condition

Proportion of Operational Buildings in Satisfactory Condition	2021/22	2022/23	Difference
Dundee City	83.0%	86.1%	3.1%
Rest of LGBF Family Group Average	84.9%	85.9%	1.0%
Dundee compared to LGBF average	-1.9%	0.2%	-

The Table above shows that the Proportion of Operational buildings in Satisfactory Condition in Dundee has increased by 3.1% between 2021/2022 and 2022/2023. This increase has resulted in the figure for Dundee being higher than the Rest of Family Group average by 0.2%.



These following comments use the most recent LGBF data to outline Dundee’s performance for the number of corporate assets per head of population and the proportion of corporate assets that are in a satisfactory condition between the years 2021/2022 and 2022/2023.

- The performance data from the LGBF for corporate assets show that the figures for Dundee City Council has moved in the right direction between 2021/2022 and 2022/2023. This includes a 10.6% decrease in the number of operational buildings per 1,000 population and an 8% decrease of gross internal floor area per 1,000 population.



- A key positive is that both LGBF corporate asset indicators, which measure the proportion of corporate assets in satisfactory condition, have increased between 2021/22 and 2022/23:
- 86.1% of operational buildings are now in satisfactory condition, following an increase of 3.1% between 2021/2022 and 2022/2023. As a result of this increase, the figure for Dundee is now above the family group average for the first time since 2019/2020, as well as being the highest it has been since the LGBF was established in 2010/2011.
- 81% of gross internal floor area is now in satisfactory condition, following an increase of 5.5% between 2021/2022 and 2022/2023.

## **4 REVIEW & LOOKING FORWARD**

To address the challenges of managing a portfolio of this scale, the Council is reviewing the entire estate occupied by the City Council and L&CD to make most effective use of property assets allowing surplus property to be disposed of. Property rationalisation has realised some revenue budget savings in previous years, and to enhance this a senior, strategic Transformation Programme Officer will project manage this work. Actual property expenditure (excluding schools and HRA) splits approximately 75%/25% between DCC and L&CD occupied properties.

### **Proposed Mitigation Measures**

A Property Rationalisation Board was previously established as part of the Transformation Programme led by the Head of Design and Property to oversee the rationalisation process.

Senior officers from all Council Services and L&CD are represented, and the group will continue to develop a strategy to optimise the Council and L&CD use of property and reduce the property footprint, delivering savings in Non-Domestic Rates, planned and reactive maintenance, cleaning, energy consumption and Health & Safety compliance expenditure.

An ongoing assessment is being carried out by the group to ensure all Services for each client will continue to be delivered combined with developing a strategy to:

- a deliver historic unimplemented closure.
- b merge and close properties where service delivery can be amalgamated in one facility.
- c transfer standalone support service functions to other buildings; and
- d identify surplus and vacant properties with capacity to accommodate teams from other services.

Investment in City Square and Dundee House has maximised flexible office space in Dundee City Centre, with on-going monitoring of property usage across the portfolio. This will facilitate consolidation of the office estate.

The relocation of services from their existing locations is challenging and requires support from the service providers recognising that staff assets are prioritised over property assets. All proposed changes will be subject to a full, integrated impact assessment.

The Corporate Property Asset Management Plan is continually reviewed to ensure that the provision of suitable, good quality property is sustainable, affordable and aligned to the operational priorities of Dundee City Council.

As such, the following areas outline the strategic approach to continual review and improvement.

Core Strategic Approaches to:

- 1 Asset information (Standards/Quality/Process/Technology)
- 2 Asset management decision making (Metric/Measures/Value)
- 3 Training and Education (People)

Purpose of Dundee City Council owning property assets:

- 1 To support the provision of legislative services and other high profile services.

- 2 To support community empowerment.
- 3 To stimulate economic development.
- 4 To generate revenue income.

Aspirations of property services:

- 1 To provide the best possible operational properties, focused on core operational activity, whilst remaining flexible to be used for a wider range of shared and people focused services.
- 2 To provide best value in terms of developing new property assets and maintaining existing property assets.
- 3 Improved data collecting and reporting through a modern asset management database.
- 4 Disposal of surplus assets

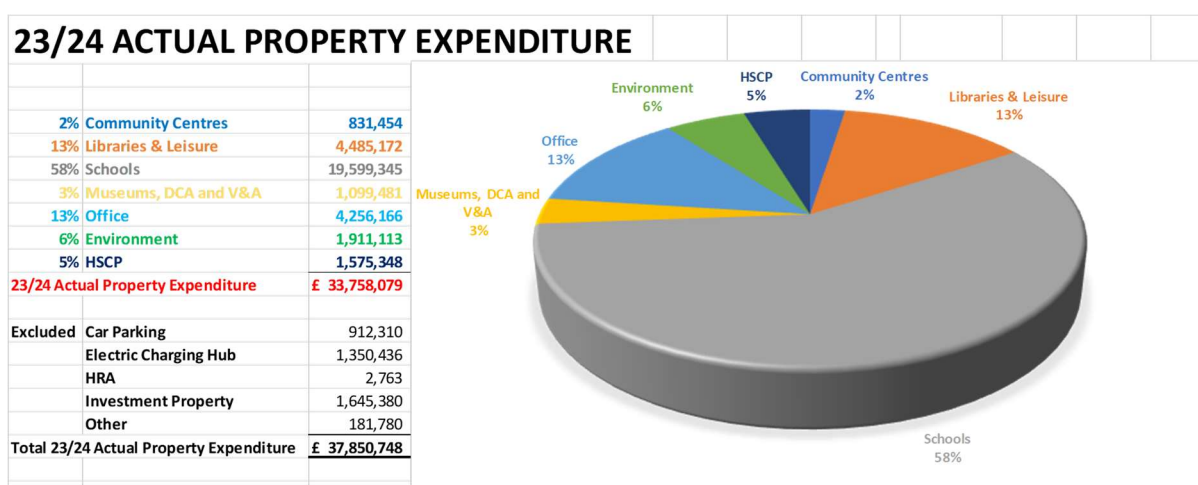
The Council's approved Long-Term Financial Strategy states that services will be expected to operate within the limits of their overall revenue budget allocation and that cost pressures which emerge in-year should, where possible, be accommodated within the relevant service revenue budgets. Whilst City Development is taking action to address the projected overspend, it is evident that it will not be possible for the service to achieve a break-even position without significant reduction in the size of the operational property portfolio.

## 5 PROPERTY MANAGEMENT APPROACH

### Operational Property Management

The Council's property portfolio will continue to be managed to ensure that these assets are used in an efficient manner commensurate with the needs of the Council, the users of Council services and its staff. The current asset value of Dundee City Council's built environment (property and infrastructure) is in excess of £1.032 billion with a further £525m worth of Housing Revenue Account property assets. City Development currently manages over 600 operational assets for the Council and L&CD, and is responsible for the repair and maintenance costs, energy, cleaning and non-domestic rates of these properties. Total budgeted gross expenditure for the Council and L&CD occupied properties is circa £19.69m in 2024/25. Overall, there is a 3% reduction to the property budget from 2023/24. The property budget was reduced, in part, due to a successful contract agreement for the provision of utilities (5% reduction in energy costs) and an assumption that Kirkton Community Centre would be sold, or demolished.

The 23/24 actual property expenditure for all operational properties was £33.8m (as detailed below), the budget was £31.8m, creating a 23/24 overspent of £2m (6.3%).



The Council's commercial portfolio of properties has continued to perform well as an important financial income stream for the Council despite difficult economic conditions, as well as providing suitable business premises for commercial organisations to operate in the City. Current income generated from the Council's investment portfolio is circa £6m per annum.

City Development Property Officers hold regular client liaison meetings with departmental clients and other property users to ensure their current and future property requirements are met, as far as practically possible. These clients are:

Neighbourhood Services: split into 3 client groups:

- Housing
- Environment
- Communities

Children & Families Service: split into 2 client Groups:

- Education
- Social Work

Dundee Health & Social Care Partnership (DHSCP)

Leisure & Culture Dundee (L&CD)

DCA (Dundee Contemporary Arts)

V&A

The City Development Property Section also manages the Council's commercial portfolio totalling over 500 properties with the majority leased out to third parties to help create employment and provide neighbourhood services in district centres and communities. This portfolio includes 232 shops, 174 industrial units and 25 offices, and is actively managed to maintain occupancy levels at or above normal industry standards of around 90%, with the remainder representing natural turnover of tenancies. In the financial year 2023 - 2024, the revenue income achieved from the commercial portfolio was circa £6m, with the team reviewing rental levels each time a letting occurs to ensure that they do not fall behind open market values. This income is used to maintain the remainder of the Council's property portfolio. Where properties are harder to let, third sector organisations may be offered concessionary rentals to help maintain occupancy levels and delivery of their social objectives.

The Council also owns a number of long-term investment properties, and these include the Wellgate Centre ground lease. Due to trading conditions nationally, the return on this retail investment has diminished significantly. Other historic property income issues will be offset by future property income as new properties secure tenants. Within Whitfield, although the Crescent ground floor accommodation was slower to let than was originally anticipated, growth of the local GP practice has resulted in higher footfall and greater demand. Where properties are harder to let, an enhanced focus on marketing commercial property is delivered:

- new commercial properties are typically completed to a basic shell level, to provide flexibility for an incoming tenant. An appropriate contribution to fit-out may be required to make the units viable and secure rental income. The Council may contribute towards this to ensure the units are economically attractive for prospective tenants.
- other long-term investment properties in the Central Waterfront have been developed including Agnes Husband House at Site 6 and the railway station; and
- successful letting of Agnes Husband House and the private development at Central Waterfront Site 1 (Greenmarket) to BT has increased market confidence in both demand and viability of Grade A office development in Dundee. Together with support of the Scottish Government Growth Accelerator funding, Dundee City Council has embarked on a new development adjacent to Agnes Husband House and opposite the V&A. The James Thomson House development comprises 5 floors of Grade A office space with 2 ground floor retail units and is due for completion in 2025. All of the office suites are under offer to high quality tenants with legal work to conclude the deals in advanced stages. The office market is growing rapidly in the city, and it is anticipated that future demand for Grade A offices in the city centre will continue to outpace supply, necessitating further development in the future.

In the last 5 years City Development's property section has disposed of surplus property and land realising over £12m of capital receipts. During this period, the Service has overseen the demolition of 14 surplus properties, contributing to a reduction in overall revenue running costs.

The Corporate Property Asset Management Plan relating to operational properties provides a framework to inform the decision-making process for property and provides measurable indicators upon which the performance of the assets can be judged from a corporate, strategic and financial viewpoint.

The overriding objective relating to the Council's operational property assets section is to promote efficiencies and provide strategic advice, guidance, direction and support to the Council, service area clients and all relevant stakeholders in:

- 1 Effective property asset management which provides clear linkages between corporate objectives and property asset management decisions.
- 2 Ensuring assets are fit for purpose and that best value is obtained from the Council's property resources.

- 3 Leading and supporting the Council and all service areas to make best use of retained assets and to forward plan and prepare for future property requirements and property services.
- 4 The efficient management of the Council's commercial property portfolio to maximise revenue and capital income.

### **Programme for Investment**

Due to rising property costs and an estimated £2m per annum shortfall it is paramount that we accelerate the rationalisation programme.

In summary, we require to rationalise our buildings, to improve the sustainability and suitability for service delivery through a focussed and progressive rationalisation strategy, to reduce the burden of expenditure.

The technology in our newer buildings is advanced and, as with any new technology, requires a higher frequency of lifecycle investment.

As such, we will require increased budget investment to allow for competent planned maintenance and rationalisation strategies to meet statutory requirements and desired environmental targets.

### **Commercial Properties – Planned Maintenance and Budgeted Refurbishment**

The commercial estate is an important income provider and catalyst for economic development. To ensure that the estate continues to deliver the quality of property required by the market and to maintain rental values, regular maintenance and refurbishment is essential.

The industrial estate is ageing with many properties requiring significant refurbishment which includes, removal of asbestos roofing and investment in energy efficient fabric, plant and services. Investment in commercial properties will be based on a 'spend to save' basis.

### **In-house Professional Skills to Deliver Best Value**

Dundee City Council employs a range of professionals to ensure that our property assets can be planned, built, managed, maintained, valued and, where appropriate, sold or leased.

Chartered engineers, architects, registered valuers, general practice, quantity and building surveyors, work together to assist in the delivery of a design and property service.

The Scottish Government promotes the use of asset management databases and currently all Council property and related records are held on the current asset property database. This provides a means of storing and analysing relevant information regarding.

- 1 the existing property estate.
- 2 future property requirements.
- 3 opportunities to work with partner organisations.
- 4 property related capital and revenue programmes and budgets.
- 5 responsibilities for management and maintenance.

- 6 asset management plans.
- 7 asset management performance reports; and
- 8 asset valuations.

The asset management system enables and facilitates key tasks such as:

- 1 Development, management and monitoring of property related capital and revenue programmes and budgets.
- 2 Provision of a customer-focused service to cultivate and maintain a strong interface between the Property Service and service area-based clients.
- 3 Identification of surplus and under-performing assets and recommend appropriate improvement and/or disposal plans.
- 4 Identification of opportunities for continuous improvement and the production of regular and routine performance monitoring and benchmarking.
- 5 Management of the Council's investment property portfolio to ensure the revenue income stream continues to be maximised.
- 6 Strategic management of property acquisitions and disposals to promote economic development and maximise capital income.
- 7 Auditing and monitoring of the Council's property health and safety regime.
- 8 Provision and delivery of a full maintenance and repair scheme for the Council's property portfolio including schools.
- 9 Implementation of an energy management strategy to promote efficiencies, reduce the Council's carbon footprint and maximise savings.
- 10 Exploration of opportunities for co-location of Council operations and investigate shared service provision with neighbouring local authorities and other public bodies

A review for the replacement of the current asset management data base has been undertaken recommending a replacement property database system.

The greatest benefit from a value-added perspective in introducing a new system was found to be improvement in process to delivering service. The benefits realised include the following:

- improved efficiency of allocated staff resource.
- allow development of systematic and costed planned maintenance and capital plans, with the purpose of promoting the balance of planned maintenance over reactive maintenance.
- allow increased accountability of Property Officers in respect of costs committed and incurred in respect of unplanned maintenance works carried out on properties responsible for.
- better placed to respond to customer needs with real time data being exchanged over cloud environment.
- creating an open and transparent service with emphasis on shared digital information and removing inefficient silo working.
- providing more informed and effective decision making with relevant information being readily available and meaningful; and

- enabling a consistency over the service provided within the council that use the same processes and strategy such as fee recovery.

There is correlation between improved processes and efficiencies that would result in efficiencies, enabling professional staff to better utilise their skills.

Further internal investigations have resulted in research of available systems and engagement with neighbouring authorities to understand how their products work. As a result of this work, the capital plan has allocated funding for a new system to be procured. It is expected that further progress will be made in 2025 to progress planning and procurement of the replacement system.



## 6 ENERGY MANAGEMENT, CLIMATE CHANGE AND CARBON REDUCTION

Energy Management has a central role in both financial terms and addressing climate change, by developing and implementing of an energy management strategy to reduce Greenhouse Gas Emissions from the Council's estate by promoting the efficient use of energy, the identification and installation of energy conservation measures, elimination of avoidable costs and installation of renewable energy sources.

Energy Management provides a significant contribution to the development and implementation of a city-wide Local Heat and Energy Efficiency Strategy and delivery plan and Local Area Energy Plan.

The Council aims to reduce its CO<sub>2</sub> emissions from its properties' energy consumption by 5% per annum by 2030. The Council continually quantifies and reviews its performance to identify areas that require action.

This approach has improved the properties' energy consumption performance thereby reducing avoidable costs and CO<sub>2</sub> emissions. CO<sub>2</sub> emissions from properties have reduced by 49% since 2012.

In the last 4 years, the Council's "Invest to Save" approach has retrofitted energy conservation measures into 50 of its highest energy consuming properties. These energy conservation measures include installation of LED lighting, heating and ventilation controls, water saving devices and building fabric improvements.

In the past year, 9 photovoltaic solar roof mounted arrays have added over 690kWp to our existing significant electrical generation portfolio.

Combined Heat & Power engines (CHP) have been installed in several properties generating significant financial savings and carbon reduction. The latest of these is a 50kWe Combined Heat & Power at the Dundee Ice Arena.

Procurement for the majority of this work has been in conjunction with the Scottish Government and Scottish Future Trust using the Non-Domestic Energy Efficiency (NDEE) procurement framework. This allows faster installation of energy efficient technologies in existing buildings, using a wide range of measures whilst minimising the financial and technical risks to the Council. To date three phases of work have been completed costing approximately £7m, realising annual savings of approximately £1m and 2,500 tons CO<sub>2</sub>. Mitigating the impact of future cost pressures from energy price increases.

Dundee City Council was a "pathfinder partner" from the introduction of the Scottish Government's Non-Domestic Energy Efficiency (NDEE) procurement framework initiative. The framework is being reviewed to support the Net Zero Transition aspirations. We are currently providing advice, via the Scottish Government's Users Intelligence Group (UIG), in the preparation of the proposed replacement NDEE framework i.e. "Non-Domestic Energy Efficiency, Heat Network, Clean Heat and Small-Scale Energy Generation".

The NDEE framework is to procure Energy Performance Contracts (EnPC) with a partner to support, develop and deliver a suite of Energy Conservation Measures (ECMs). The partner identifies, designs, installs and guarantees all proposed ECMs. This approach transfers financial risk to the contractor and complies fully with our "Invest to Save" principles. The previous three phases of the NDEE programme installed ECMs in 45 properties for a total expenditure of £6.95m, providing guarantee annual savings (verified by an independent third party) of £738,554 (at installation date tariff rates) and 2,293 tCO<sub>2</sub>.

The 20-year Present Net Value was estimated to be over £1m for each project based on an inflation rate well below values currently experienced in the energy markets. ECMs include replacing existing luminaries with new LED type, lighting & HVAC controls, Boiler replacement/upgrades, ventilation upgrades, fabric insulation and roof mounted solar PV arrays.

A further two phases with similar aspirations to the previous phases plus suitable Net Zero Transition measures e.g. Heat Network, Clean Heat and Small-Scale Energy Generation are to proceed as soon as the new framework is available.

Via the “Invest to Save” initiative, the Energy Management team has been able to work in partnership to offer a range of educational experiences through the Developing Young Workforce Initiative. This initiative is designed to provide opportunities for employers and education to link more easily. Experiences were offered through the “Marketplace” website putting together opportunities such as “behind the scenes” visits which local groups including Dundee & Angus College and Rockwell Learning Centre accepted. Groups were able to visit the £25m biomass energy centre, which was created for the University of St Andrews, take a tour and learn more about careers in the energy and building services sectors.

Aspirations:

- To maintain and improve the property’s fabric and building services installations to ensure optimum use of energy by the retrofitting of energy conservation measures.
- Continue with the “Invest to Save” initiative and the use of NDEE procurement framework to retrofit energy conservation measures until all prescribed measures are complete.
- Identify low carbon energy local generation opportunities and ensure all our properties have renewables where technically feasible.
- Retrofitting more Solar PV arrays.
- Contribute to the investigation of the potential for larger District Heating projects.
- Continue to raise awareness among staff and use the current improvement culture to cut avoidable costs, reduce carbon emissions and enhance the Council’s reputation.
- Continue to analyse data collected to identify potential improvements in energy consumption and to implement no cost/low-cost energy conservation measures.
- Contribute to the ongoing efforts to decarbonise our heating network.

In 2019, a climate emergency was declared in the UK. Unprecedented global challenges such as a pandemic, foreign policy tensions and other external factors magnified the importance of decarbonisation.

The goal of 100% low-carbon heating by 2050 is not just for domestic properties: non-domestic properties such as schools, leisure centres and Council buildings account for 9% of total UK emissions, and have additional complexity compared to a standard domestic property.

The Scottish Government also plans to introduce regulations in 2025 to reduce greenhouse gas emissions from heat in non-domestic buildings in line with the legally binding target to achieve net zero greenhouse gas emissions by 2045.

Many organisations are combating the lack of quality data and have developed models for heat decarbonisation planning, but these models are based on domestic properties. Non-domestic buildings are different in their size, floor plans and energy use needs, so a different approach is required. This is difficult for a number of reasons - organisations don’t have energy knowledge and data is fragmented in local platforms; each non-domestic property is unique and manual planning is too time-consuming; grid constraints cost opportunities and money. In addition to this, consultants with the required expertise are too expensive and in short supply to support a rapid Net Zero journey.

The direct emissions (heating) from the buildings sub-sector accounted for 54% of total Dundee City Council emissions in 2020. By achieving net zero direct emissions from buildings, Dundee City Council will have reduced 54% of emissions by 2038 from its 2020 level. Electricity use in the building sub-sector accounted for 25% of total emissions. Where possible staff input and suggestions will be sought to accelerate reduction in carbon emissions and utility usage.

## 7 FUTURE INVESTMENT NEEDS

Future investment in operational assets will be driven primarily by the need to match the portfolio with service delivery needs and aspirations. This process will be driven by the future departmental service plans and their detailed requirements for service delivery.

Aligning these indicators with the individual visions for the required estate will identify the priorities for investment within the operational Property Asset Management Plan. From the identified priorities will flow any requirements to invest capital to aid mergers and rationalisation of properties and collaborative working practices whilst driving down associated revenue expenditure.

This will also be driven by statutory requirements as has been the case with the expansion of free meals within schools and the provision of nursery care for children.

Growth in residential development may require additional service provision for the residents, including new schools. Land assets require to be managed carefully, to ensure that the Council can meet its obligations to deliver these services in the future.

Operational Property Repairs & Maintenance (deficit currently to be projected c £2m).

The cost of maintaining Council properties in an appropriate condition has risen significantly in recent years through a combination of factors including global economic conditions, inflationary pressures and increased statutory requirements.

Recognising these trends which increase property maintenance costs year on year, the Council can only carry out emergency and essential repairs to the property portfolio over recent years. This level of expenditure ensures that properties are maintained at a compliant level but leaves limited budget for general property maintenance and improvements.

Council operational properties are covered by ongoing contracts to verify compliance with relevant Health and Safety criteria. These contracts ensure that suitable and sufficient health and safety management systems are in place for the management and maintenance of the Council's properties.

The current cost of essential repairs and maintenance along with Health and Safety compliance, is typically greater than the current property revenue budget. The ongoing overspend is summarised in the following table:

### City Development – Repairs and H&S Maintenance Costs

Financial Year	Annual Budget	Actual Costs	Variance	% Age Over Spent
2021/2022	5,934,215	6,764,246	830,031	13.99
2022/2023	5,964,642	7,414,575	1,449,933	24.31
2023/2024	5,341,293	6,821,541	1,480,248	27.71

### **Reactive/Essential Repairs**

The deficit of over £1.4m per annum is likely to increase year on year, and the lack of planned maintenance creates greater pressure on reactive repairs. Due to budget pressures only essential repairs and maintenance are carried out and the £6m annual expenditure will not improve the overall condition scoring. Combined with restricted capital investment of c £5m pa against identified defects of c £15m the Council's approach could be described as managing decline. There remains a significant shortfall in budget for essential health and safety contracts, which are necessary for building compliance and the protection of the building users.

In order to improve the condition of the Council's property estate to provide a better experience for staff and service users, we require to move from reactive maintenance to planned maintenance.

	Budget	Actual	Variance	Main drivers of expenditure
(11117) Repairs & Maintenance Planned	298,000	124,458	173,542	
(11118) Repairs & Maintenance Unplanned	2,110,982	2,631,119	-520,137	Braeview Acadamey (£115k), City Square Complex (£108k), Menzieshill House (£90k), Olympia (£88k), St John's HS (£78k)
(11916) H&S Inspections Contracts	880,141	1,333,456	-453,315	V&A (£97k), Morgan Academy (£73k), City Square (£73k), RPC (£61k), Olympia (£45k), Dundee House (£43k)
(11917) H&S Remedial Works	1,502,170	1,903,481	-401,311	Olympia (£209k), DICA (£109k), Harris Academy (£106k), St John's HS (£102k), Dundee House (£77k)
(11918) H&S Priority 2 3 & 4	550,000	829,027	-279,027	Olympia (£89k), City Square (£79k), Harris Academy (£46k), DCA (£46k), V&A (£28k)
	<b>5,341,293</b>	<b>6,821,541</b>	<b>-1,480,248</b>	

Continual monitoring of quality and evidencing of best value from contractors is required to maximise delivery of repairs and maintenance. Steps towards improving this process have commenced with the planned use of Total Mobile and the proposed introduction of a new Asset Management Database to efficiently monitor quality and cost of our contractors, including Dundee City Council's Contract Services.

### Review of Procurement Contracts

Best value and efficiency are achieved through producing a comprehensive specification, with relevant weightings for price and quality, competitive tendering and achieving a good supplier/contractor working relationship. Efficiency is achieved through regular contract management and working in partnership to seek innovative methods of working. Value for money is the optimum combination of whole life costs and quality.

### Procurement Strategy – Obtaining Best Value and Efficiency

The Council has several key objectives for procurement as follows:

- to obtain value for money from every purchase;
- to make Dundee City Council a prized customer;
- to be lean and efficient in our procurement;
- to achieve social, economic, and environmental goals; and
- to trade only with suppliers who behave ethically.

A sourcing strategy is developed for each individual contract (or group of similar contracts). The sourcing strategy will assess specific opportunities and risks.

The strategy also will recommend a methodology for maximising any opportunities for community wealth building or community benefits to be delivered via the procurement.

Dundee City Council currently has a wide and varied portfolio of contracts in place which facilitate delivery of its statutory duties. The contracts are completed in line with the Public Procurement (Scotland) Regulations 2015. Supplier development activity, along with contract management activity is undertaken to explore opportunities for obtaining the best value that is available from the external marketplace, throughout the lifetime of the contract.

The Council currently has 75 Facility Management contracts in place, which typically run for a period of 5 years. Working with Procurement they will review these contracts through different

ways of working, which might include rationalising or tiering the supply base to achieve maximum efficiency and added value.

A number of predictable cost pressures can be outlined and planned for with sufficient resources and budgeting which can be summarised thus:

Staffing: greater resource is required in the Property section providing compliance and include Property Officers, fire risk assessors, asbestos advisers and building surveyors. Property rationalisation may assist with efficiencies and use of staff going forward.

Environmental Impact:

- Storm damage and higher base level humidity shortens the life expectancy of building fabric. Greater investment in roofing, rainwater goods and painting of exteriors would save the Council from invasive weather conditions and associated fabric deterioration.
- Lack of budget for preventative measures results in greater cost of reactive repairs. These measures include cleaning, painting and weatherproofing building fabric.
- Low carbon targets will increase the demand for insulation, low and non-carbon-based heating systems and other resources which, in the short to medium term, will be more expensive than traditional systems.
- Building Management Systems are common in modern buildings, and they increase the flexibility and controllability of the buildings environment. These systems are complex and expensive. With a life expectancy of around 10 to 15 years and a cost of circa £150,000 per building, a sinking fund approach to funding property assets is recommended.
- Implementation of the proposed new Asset Management Data Base should enable better management of data and better planning and reporting of building component life cycles and associated costs.

### **Proposed Mitigation Measures**

Over recent years, savings have been made by reviewing opening hours of key buildings like Dundee House. Flexible working has reduced the demand for office space for Council workers which has allowed space to be made available for other users. Prior to occupying Agnes Husband House, the Scottish Social Security Agency (SSSA) consolidated their Headquarters in Dundee by utilising a floor of Dundee House. This floor has now been leased to the Dundee branch of the international N-Able Technologies Limited, and BT agreeing to a short-term lease for floor 3, providing rental income and a share of operational costs, making Dundee House a flexible, viable and useful property asset. Further work will be carried out to ensure that Council properties can be viable spaces for shared use and to allow public sector partners to work together. Marketing of Dundee House as a public sector hub continues.

A number of steps are being taken to mitigate the increasing cost pressures on property budgets including:

- developing a collaborative approach to ensure capital and revenue budgets are utilised most effectively to reduce the reactive maintenance recurring cost pressure; and
- a business case for an improved Property Asset Management system has been completed with appropriate funding inclusion in the Capital Plan, and this will improve property data management and efficiencies. Better quality systems will result in efficiencies related to Freedom of Information requests, reporting to management teams and elected members and will improve planning and decision making related to planned maintenance, shared buildings use and rationalisation.

The focus of work on property asset management continues to be seeking to maximise the performance of the Council's operational properties and to continue the programme of improving/replacing or disposing of operational accommodation.

All of the Council's operational properties are assessed, routinely monitored and documented under the following criteria:

- Suitability and Sufficiency: whether the property is the right size, layout and location for the function that it must perform.
- Condition: the physical condition of the property.
- Accessibility: to ensure that the property complies with current accessibility standards.
- Health and Safety: to ensure that the property complies with current requirements.

Sustainability and Energy: To measure the property against best practice benchmarks and seek to minimise the cost and environmental impact of energy use.

## 8 RATIONALISATION OF PROPERTY

### Progress to Date

Since 2010, the Council has been reducing its property footprint, thereby reducing costs, reducing carbon emissions, and ensuring a more modern workplace for its staff and customers alike. This has seen the closure of assets such as those outlined below:

Property	Use
Dudhope Castle	leased to social enterprise The Circle as a business centre
Mitchell Street	vacant and being marketed for social enterprise or other beneficial outcomes.
Lynch Centre	leased to social enterprise Street Soccer
Lochee Child & Family Centre	buildings demolished. Site allocated for residential development
Downfield House	sold, demolished and now redeveloped as private residential.
Queen Street car-park toilets Broughty Ferry	leased and repurposed for business use
Bell Street Music Centre	sold and being redeveloped as an arts/education centre
Castle Green Pavilion Broughty Ferry	leased to Braw Tea Cafe (social enterprise supporting vulnerable women)
Riverside Pavilion	currently under offer to local third sector youth organisation.
Dundee House	vacant space has been leased to external bodies including Social Security Scotland, N-Able and a range of small employability agencies.
Rainbow House	currently occupied by The Yard.

Dundee City Council has a long and successful relationship with third sector organisations. Property has been sold and leased to support a range of charities, community groups and social enterprises.

Currently, Dundee City Council leases over 50 properties to third sector organisations, ranging from small shop units to a large charitable hub within a historic building. Although the Community Empowerment Act enables organisations to obtain property from the public sector, Dundee City Council has managed to transact with many organisations on a voluntary basis.



## **Review of Property Rationalisation - August 2024**

The Council has achieved a significant reduction in costs for occupied property in recent years, but substantial further reductions in both customer facing and administrative/operational depots will be required in the future to meet budgetary challenges.

Some of the properties which have been community asset transferred, leased, sold or vacated are as follows – Dudhope Castle, Lynch Centre, Bell St Music Centre, Mitchell Street, Riverside Pavilion, Rainbow House etc.

Due to diminishing funding for the Council, a significant reduction in property occupied by the Council and Leisure and Culture Dundee will be required to reduce property costs.

City Development is leading a Property Rationalisation Review Group to oversee the Property Asset Management Plan which will influence Council decisions around stock condition/investment needed to modernise assets and deliver energy efficient buildings. The remit of the working group is attached as Appendix 1.

City Development is actively promoting further rental opportunities within Dundee House and other Council owned facilities, that can potentially generate income, e.g. marketing of Camperdown House and Golf Course.

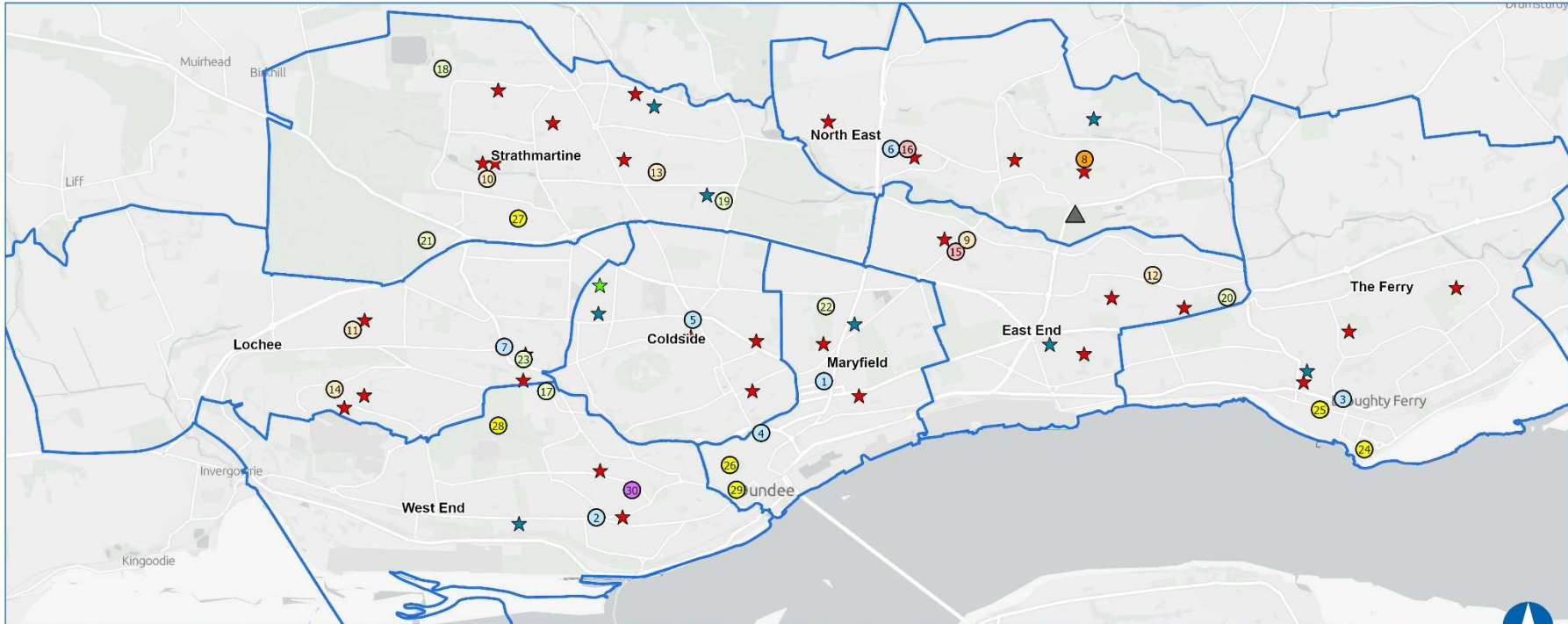
The £100.8m East End Community Campus is scheduled to open in August 2025, which will allow two secondary schools to merge. Through the consultation process, local community services may also be provided from the new campus. The 365-school is the Council's preferred optimum model to deliver services to communities. A public consultation has commenced late 2024 on any proposed services transferring to the new Campus.

It is recognised that the Council has a significant provision of operational space, and this offers the potential for greater efficiency.

Working as part of the Transformation Programme, a revised strategy of shared service provision, is being considered, which may result in further opportunities to rationalise property and improve streamlined service provision.

While having a range of property options can be beneficial, the operating cost is high and the current revenue budget pressures for operational property, require rationalisation and mergers, to enable best value for the maintenance, repair and corporate contracts for the remaining subjects. This is also essential to allow the Council to progress from emergency and reactive maintenance towards providing some planned preventative maintenance across the estate.

# The location of the council's schools, libraries, leisure and community centres



© Crown copyright and database rights 2024 AC0000849497. You are granted a non-exclusive, royalty free, revocable licence solely to view the Licensed Data for non-commercial purposes for the period during which Dundee City Council makes it available. You are not permitted to copy, sub-license, distribute, sell or otherwise make available the Licensed Data to third parties in any form. Third party rights to enforce the terms of this licence shall be reserved to OS.

Libraries (Stand Alone)	Libraries (Within the Crescent)	14 Menzieshill Community Hub	20 Douglas Sports Centre	27 McManus Collection Store
1 Arthurstone Library	8 Whitfield Library	Community Centres	21 Dundee Ice Arena	28 Mills Observatory
2 Blackness Library	Library/Community Centres	15 Brooksbank Centre	22 DISC	29 St Marys Tower
3 Broughty Ferry Library	9 Hub Library & Learning Centre	16 Finmill Centre	23 Lochee Leisure Centre	Other
4 Central Library	10 Ardlar Community Centre	Leisure Centres	Art Galleries & Visitor Attractions	30 Scientific Services Lab & Offices
5 Coldside Library	11 Charleston Community Centre	17 Ancrum Outdoor Education Centre	24 Broughty Castle	★ Primary Schools
6 Fintry Library	12 Douglas Community Centre	18 Brackens Farm Clatto	25 Burgh Halls	★ Secondary Schools
7 Lochee Library	13 Kirkton Community Centre	19 Dick McTaggart Gymnastics Centre	26 McManus Collection Unit	★ Special School
				▲ Community Campus (East Opening Aug 2025)

A number of reviews are currently ongoing, and these are led by Executive Directors as set out below. A programme with key milestones for the Review, Decision and Implementation phases for each workstream requires to be developed by the relevant senior lead for each service.

<b>Review Title</b>	<b>Review Scope</b>	<b>Review Date</b>	<b>Senior Lead</b>
Current Leisure and Culture Dundee consultation	Consultation on the options for Broughty Ferry Castle Museum, Caird Park golf and Mills Observatory.	Q1 2025	Director of Leisure and Culture Dundee
L&CD new model for service delivery and associated use of properties	External consultant led review to identify new service delivery plan to ensure a sustainable model for L&CD.	Q2 2025	Director of Leisure and Culture Dundee
East End Community Campus - community facilities consultation	Consultation currently being carried out to review services delivery with the potential transfer of services to the new East End Community campus.	In progress	Executive Director of C&Fs, Director of Leisure and Culture Dundee, Executive Director of Neighbourhood Services
Kirkton 365 School	Implementation stage for the relocation of community centre services and neighbourhood library facilities into adjacent schools.	In progress	Executive Director of C&Fs, Director of Leisure and Culture Dundee, Executive Director of Neighbourhood Services
Office rationalisation	Requirement for offices will vary as hybrid working policies are updated with the requirement to be in the office more frequently. Two floors of Dundee House are currently leased out and other public sector organisations have co-located into the building. Claverhouse is also being marketed	August 2023 – December 2025	Head of Design and Property
External marketing of Camperdown House & Golf Course	Continue targeting potential tenants for the golf course and Camperdown House	In progress	Head of Design and Property

One of the key parts of the property rationalisation process is to identify any other opportunities for reviews which should be carried out by the relevant Executive Director to help address the following key issues:

- maintain our overall quality of service delivery.
- ensure that services are delivered from modern facilities where appropriate, which have lower maintenance costs and do not require significant capital investment in the future; and
- assist in reducing the Council's carbon emissions by ensuring that retained buildings are sustainable.

## Future Reviews

It is proposed that the following reviews be carried out over the next 3 years to assist in the improvement of service delivery and cost reduction:

High Impact > £250k		Medium Impact £50k to £250k		Low Impact <£50k		
REVIEW TITLE	REVIEW SCOPE		CARBON IMPACT	POTENTIAL SAVING	REVIEW CONCLUSION	SENIOR LEAD
Future Learning Estate	Consider how the cost, capacity and modernisation of Douglas primary schools can be reviewed.		High	Medium	Q3 2026	Executive Children & Families Service
North West primary Schools	Consider options to address condition and capacity of primary schools in the Strathmartine Ward, including addressing Reinforced Autoclaved Aeriated Concrete in two schools		High	Medium	Q1 2026	Executive Children & Families Service
Dundee Ice Arena	To carry out a study to consider how operational costs and income can be improved		Medium	Medium	Q2 2026	Executive Director City Development & Director L&CD
Other L&CD properties	Other properties where services can be relocated or transferred to third sector out with above workstreams e.g. Ancrum Outdoor Centre; Burgh Hall.		High	Medium	Q2 2026	Director of Leisure and Culture Dundee
Linlathen and Mid Craigie	There are currently 4/5 Council run or funded community facilities in the Linlathen and Mid Craigie area. This review will consider consolidation of these while maintaining the same quality of service delivery		High	Medium	Q2 2026	Multi services review
Minor Commercial Lettings	Usage of small commercial facilities including, pavilions, crazy golf, starters boxes etc to consider whether these could be operated by the private sector in the future for coffee and ice cream facilities or commercial delivery of existing functions.		Low	Low	Q1 2026	Executive Neighbourhood Services/Head of Design and Property
Review of Mental Health Estate	The Council works closely with NHS to deliver services. Proposed closure of Constitution House and Alloway Place properties. In this instance both closures will		Low	Low	Q1 2026	Jenny Hill - Head of Service Dundee Health and Social Care Partnership

REVIEW TITLE	REVIEW SCOPE	CARBON IMPACT	POTENTIAL SAVING	REVIEW CONCLUSION	SENIOR LEAD
	benefit the NHS Estate while the Council will host the service. Overall, there should be consideration of a fair share of property costs associated with these partnership shared services.				
Kennels	A review of options for the use of Brown Street Kennels will potentially be carried out, exploring whether the service could be delivered by third sector partners reducing delivery costs and freeing the current facility for commercial letting for industrial use.	Low	Low	Q4 2025	Executive Director of Neighbourhood Services/Head of Design & Property
Belmont Estate	Conclude legal process and dispose of this estate which sits out with the Council's boundaries	Low	Medium	Q1 2026	Head of Design and Property/Head of Democratic & Legal Services
Service Storage in Commercial Premises	Services should pay appropriate commercial rental on lettable property to incentivise a reduction in storage and generate income for the Council.	Low	Low	Q2 2025	Head of Design and Property/Head of Corporate Finance
Other opportunities	Council leadership Team and Heads of Services are asked to identify any further opportunities within their remit	tbc	tbc	Q1 2025	

## **Public and Staff Consultation**

For all public service proposed changes, planned consultation is essential to understand the needs of the community, their views and suggestions, and consultation with staff affected by any proposed changes.

## **Proposed Disposal & Demolition Programme**

Land and buildings which have been identified as surplus to the Council's requirements are included within an appropriately phased disposal programme.

Operational property is continually evaluated against need. Where it can be shown that the Council no longer requires operational use of property, there are a range of possible outcomes.

Commercial disposal by lease or sale will be considered, in consultation with other Council services, including the Planning and Economic Development Service. Discussions are held with other public sector organisations to establish alternative public sector uses. Consideration is given to third sector uses for surplus property.

Where there is no pending use for surplus property, demolition will be promoted to remove holding costs and protect the neighbourhood from decaying property. The Council has a demolition protocol in place to ensure the premises are maintained in a secure and safe state, including removal of fire loadings during the period prior to demolition. The protocol ensures the premises are demolished in the shortest timescale possible, from the date of becoming surplus, therefore reducing holding costs to a minimum. Thereafter, the site may be sold for the most appropriate development.

A reduction in revenue cost pressures was realised through the recent demolition programme including the old sawmill at Camperdown Park, Law Nursery, former housing offices at 101 Whitfield Drive, Weigh Bridge and Wash Bay at Marchbanks Depot.

Further demolition proposals include MOT buildings at Marchbanks Depot, Contracts Services House Clepington Road, part of old Baldovie Depot Plant and the two high schools at Craigie and Braeview.

Surplus property at Rockwell Secondary School is under offer for housing development, and Bell Street Music Centre has been sold to become an arts centre. Further progress with these projects will remove the costs associated with keeping these properties vacant.

Disposal of surplus assets provides a range of benefits to the city. Firstly, and perhaps most obviously, the disposal of assets provides valuable capital receipts which can be reinvested into the Council's general services, for the operation budget, or where the asset is on the housing revenue account, the budget is ring fenced for the provision of affordable homes. Either way, this is an important source of funding for the Council.

The requirement to obtain best value:

Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public.

This statutory guidance is issued by the Scottish Ministers under s2(1)(a) of the Local Government Scotland Act 2003. It tells local authorities what they are expected to demonstrate in fulfilment of the statutory duties which make up the Best Value "regime" provided by the Act.

These statutory duties are:

- The duty of Best Value, to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.
- The duty to achieve break-even in trading accounts subject to mandatory disclosure.
- The duty to observe proper accounting practices.
- The duty to make arrangements for the reporting to the public of the outcome of the performance of functions.
- Service providers should review their property needs with an awareness of the associated cost of providing appropriate property, on a regular basis. Service users should be aware of their corporate responsibility to drive value from property assets and reduce unnecessary costs where property efficiencies can be made. Currently Children & Families Services and Leisure & Culture Dundee are evaluating their assets to offer appropriate savings. Neighbouring Local Authorities are doing similarly, with Angus Council marketing a former library in Monifieth.

Officers responsible for the disposal of assets ensure best value by utilising the skills of in-house professional, registered valuers, by exposing assets held for sale, on the open market, by engaging with stakeholders, whether commercial, operational, or third sector.

The disposal strategy informs how to make best use and to obtain best value from our surplus property assets. Whilst there is a requirement to secure capital receipts and stimulate regeneration and support population and economic growth, it is essential that strategic land assets are retained where they may be required for future development by the Council, e.g.:

Future Large Projects: - School provision for the next 25 years

Future Housing Needs – Disposal of land and buildings for redevelopment, supplying private and social housing demand.

A phased approach to disposal of land assets requires to be planned, to avoid flooding the market and to ensure that the Council can maximise returns on these valuable assets.

Future development is becoming increasingly challenging with greater regulatory requirements to enhance the impact of development on the environment. As such technically complex and expensive drainage solutions are required prior to planning consent being granted, for the majority of developments. This has an impact on the value of land and the deliverability of new developments. Early engagement with our internal surveyors and engineers is necessary as well as engagement with stake holders including planning, SEPA and Scottish Water.



## APPENDIX 1

### Review of Property Rationalisation Phase 4 - All Operational Property – 15 August 2024

#### 1 Remit

The group's purpose is an overall service-led review and implementation of a reduced estate for future services delivery, to reduce costs and ensure a more modern estate with fewer delivery points and maximum usage of existing delivery points.

Workstreams as following:

- offices and depots following the transformation to hybrid working.
- EECC consultation review and implementation of recommendations.
- operational property in the community, taking account of the development of 365 schools for community facilities; and
- support L&CD review of property and service delivery and implement transfer of services and disposal of surplus properties.

#### 2 Group Membership

Neil Martin (Chair)	Head of Design & Property Services
Jacque Anderson (Project Manager)	Transformation Programme Officer
Colin Craig	Property Manager
Al Kay	Service Manager (Asset & Operational Property)
Paul Thomson	Head of Corporate Finance
Marie Dailly	Service Manager (Communities)
Audrey May	Executive Director (Children & Families)
Gordon Laidlaw	Education Officer
Judy Dobbie	Director of Leisure & Culture
Dave Berry	Acting Chief Officer (DHSCP)
Graeme Quinn	Senior Service Manager (IT)
Lindsay MacInnes	Head of People
Susan Bruce	Service Manager (H&S)
Andrea Wilson	Service Manager (Architectural)

#### 3 Aims

Reduce current revenue running costs to align with budgets. The current budget is insufficient to maintain the existing property portfolio.

Improving the suitability and condition of the estate in line with achieving net zero and co locating services. Surplus properties will be made available for community asset transfer/lease as appropriate, or commercial sale/ lease, prior to demolition and land disposal being considered.

## **4 Key Information**

The Council has achieved a significant reduction in costs for occupied property in recent years, but it is clear that substantial further reductions in both customer facing and administrative/operational depots will be required in the future to meet budgetary challenges.

Some of the properties which have been community asset transferred, leased, sold or vacated are as follows – Dudhope Castle, Lynch Centre, Bell St Music Centre, Mitchell Street, Riverside Pavilion, Rainbow House etc.

Due to diminishing funding for the Council, a significant reduction in property occupied by the Council and Leisure and Culture Dundee will be required to reduce property costs.

City Development is currently finalising the Property Asset Management Plan which will influence Council decisions around stock condition/investment needed to modernise assets and deliver energy efficient buildings.

City Development Services is actively promoting further rental opportunities within Dundee House and other Council owned facilities, that can potentially generate income, e.g. marketing of Camperdown House and Golf Course for external use.

The £100.8m East Community Campus is scheduled to open in August 2025, which will allow two secondary schools to merge and subject to consultation, local community services to potentially transfer to the new campus. The 365-school is the Council's preferred optimum model to deliver services to communities. A public consultation will commence late 2024/early 2025 on any proposed services transferring to the new Campus.

A number of reviews are currently ongoing, and these are led by Executive Directors as set out below. A programme with key milestones for the Review, Decision and Implementation phases for each workstream requires to be developed by the relevant senior lead for each service.

One of the key parts of the property rationalisation review is to identify other opportunities for reviews which should be carried out by the relevant Executive Director to help address the following key issues:

- Maintain our overall quality of service delivery.
- Ensure that services are delivered from modern facilities where appropriate, which have lower maintenance costs and do not require significant capital investment in the future.
- Assist in reducing the Council's carbon emissions by ensuring that retained buildings are sustainable.

## **5 Resources**

The Asset & Operational Property Team will continue to lead the rationalisation programme supporting service's requirements. Each relevant service which will require to identify adequate resources to successfully complete each proposed workstream.

While it is recognised that resources across the council are stretched, working together will achieve a smaller, more efficient property estate supporting service delivery for the people of Dundee.