SCOTTISH FUTURES TRUST

WHAT CAN WE DO WITH OUR DEPOTS?

A REPORT TO SCOTTISH FUTURES TRUST

05/2016

CONTENTS

SECTION 1.0 INTRODUCTION

AIMS OF REPORT

1.1 Scottish Futures Trust (SFT) commissioned Ryden to provide consultancy support on depot remodelling among Scottish public bodies.

1.2 The work is timely. Remodelling of public sector estates including depots is emerging as a major property market theme. In response to a variety of critical influences, many Scottish public sector organisations are now delivering or appraising notable depot remodelling projects. The main drivers are:

- reduced revenue and capital budgets (for both services and premises)
- the requirement to secure operational efficiencies
- ageing property estates often requiring investment or abandonment; and
- organisational change including greater collaboration

An urgency is added by the current budgetary pressures facing the public sector. These programmes of change sit within the context of accelerating public service reform.

1.3 Even in the context of these financial, service and property pressures, it is legitimate to ask - *what opportunity is a depots initiative seeking to address?* At the heart of this lies the fact that the depots portfolio is **fragmented** by the roles and geographical territories of public services, rather than having been designed for operational efficiency in the delivery of services.

1.4 A designed approach to depots would imply a full consideration of the optimum mix of locations and services, which the portfolio would then be built around. As will be seen in Section 2 however, much of the depots portfolio reflects a **legacy** situation, where a wide range of local sites and buildings including purpose-built or otherwise have evolved to deliver often very localised and specific services.

1.5 This report captures the existing depot estate and examples, and emerging examples of portfolio remodelling. It identifies benefits and approaches to help organisations to start or accelerate depot remodelling initiatives. As the study has been conducted early in the remodelling cycle with few completed examples and a larger number at the planning stage, it is inevitably a work in progress which will benefit in future from emerging evidence of further initiatives and completed projects.

1.6 The report is structured into the following sections:

- **Section 2** presents a novel analysis of the **local authorities' depots portfolio** across Scotland. This is presented in order to understand the potential which many public sector organisations are seeking, or may consider seeking, to address.
- **Section 3** presents a set of **depots remodelling project examples**. These range from organisations which have completed depots remodelling projects through to those which are underway and others still at the business planning stage or under consideration. These projects provide ample material to demonstrate the rationale, process and anticipated benefits to be gained from depots remodelling.
- An **emerging approach** to depots is offered in **Section 4**. This is based upon the project examples described in Section 3, the baseline analysis of the depots estate in Section 2, and also wider findings and lessons which have emerged during this study. The requirement and opportunity will vary by organisation therefore a general process and modular approach to depots is provided here, rather than a fixed solution.
- **Section 5** provides conclusions based upon the research presented in this report.

SCOPE OF STUDY

1.7 A **depot** is used for the housing and dispatch of vehicles and/or large scale storage. For the purposes of this report, depots are likely to include both vehicle and storage functions. If they are of reasonable scale and modernity, depots are also likely to include purpose-built staff welfare facilities and supporting office accommodation for management and administration.

1.8 Although some depots may also incorporate waste facilities, through Ryden's inspection of the portfolio in Section 2 and remodelling projects in Section 3 it is assumed that most depots house waste/environmental vehicles only, rather than also being the sites for full waste handling/transfer/recycling facilities.

1.9 The **services** which operate from depots are largely dictated by these principal uses and will typically involve those which deploy fleets of vehicles (for example local authority environmental services, or emergency vehicles). The project examples in Section 3 expand upon the services concerned with depot remodelling at an organisational level.

1.10 The **public organisations** in scope are those which SFT classifies as forming part of the local civil estate. These are principally the Local Authorities, NHS Boards, Police Scotland, Scottish Fire & Rescue Service and the Scottish Ambulance Service. NHS Boards have not been engaged with for this study. National bodies - most notably the large repositories such as National Galleries, Museums and Records which have major storage requirements - are not in scope for this particular project, nor is the core Scottish Government.

1.11 Finally in terms of scope, the report deliberately uses the term **remodelling** rather than rationalisation to describe depots projects. While many projects will indeed seek to reduce the *number* of depots in their portfolio, this may not have a huge impact on the overall size of the asset base in floorspace terms. Undoubtedly some immediate and then incremental efficiency gains will be sought through service improvements and technical solutions such as vertical storage. Typically however, vehicles and storage are much less agile than people, meaning that the efficiencies realised in modern office projects – which can reduce floorspace by 50% or more if buildings were under-utilised – is not a reliable comparison for depots. Each portfolio will vary in terms of its potential to be rationalised as well as being remodelled.

SECTION 2.0
PUBLIC SECTOR DEPOTS

AIM OF ANALYSIS

2.1 In order to understand the remodelling potential inherent in the Scottish public sector's depots estate, it is important to establish a baseline position.

DEPOTS PORTFOLIO DATABASE

2.2 SFT provided Ryden with a database of premises listed as depots by Scottish local authorities[1] on EPIMS (the *Electronic Property Information Service* for public sector assets). Ryden has added layers to this EPIMS data such as building sizes, uses and occupancy from in-house databases, local authority reports and papers, Scottish Assessors' Association and CoStar.

2.3 The properties identified as depots in the database were inspected in detail and certain types of non-depot property were removed[2]. The next filter applied removed any properties where the sub-description revealed it to be surplus, vacant or occupied by a (non-depot) third party organisation.

2.4 Finally, a size filter was applied. Knowledge (from Section 3) of what types of buildings public organisations regard as depots suggest a higher size cut-off in order to exclude lock-ups, garages, bothies, sheds and small stores. Similarly, work around depot space requirements (in Section 5) also suggests a higher cut-off. However, public bodies in more dispersed geographies tend to have some smaller premises providing services in their towns, which really should be captured to present a full baseline of the depots estate. Sequential testing of different thresholds was undertaken, including examining which buildings would be in/out at different sizes. This process led to buildings smaller than 250 sq.m. (2690 sq.ft.) being set aside[3].

2.5 Applying the size filter leaves a final (mainland) local authorities depots estate of **279 properties**.

2.6 From this refined depots database, the examples selected and illustrated below are typical of the existing depots estate across Scotland:

- The Elm Road facility in Dumbarton is a local authority roads depot for West Dunbartonshire Council. The buildings extend to 1305 sq.m. (14,024 sq.ft.) and are owned by the Council. The Council is currently appraising a depots remodelling project (see Section 3).
- The Gartcraig Road facility in Glasgow is also a local authority roads depot which additionally provides a workshop facility and, pictured, a salt dome. The building extends to 2778 sq.m. (29,981 sq.ft.) and is leased rather than owner-occupied.

Elm Road Facility, Dumbarton.

Gartcraig Road, Glasgow

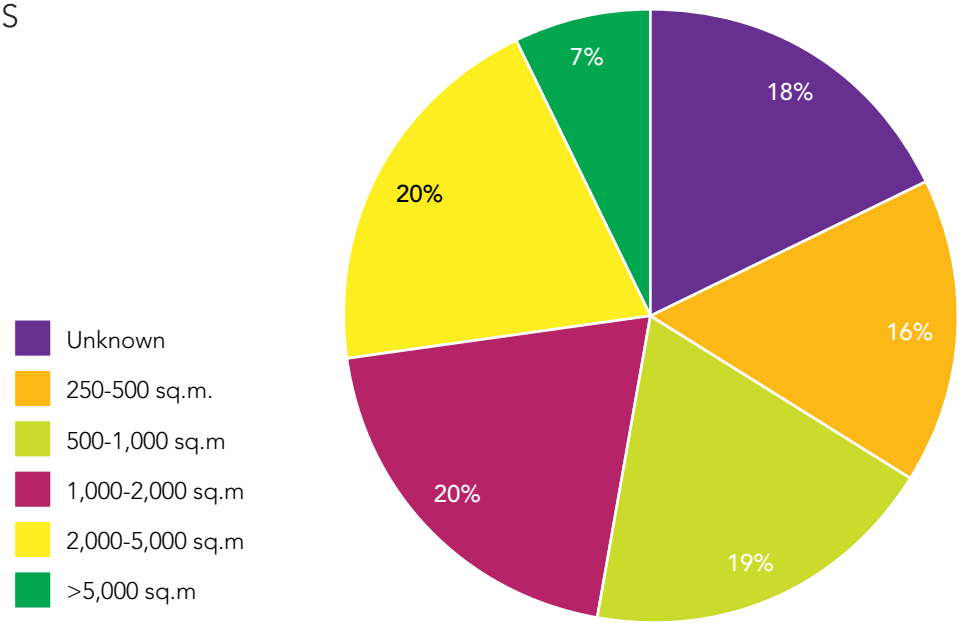
1. Mainland only, excluding island authorities and Argyll & Bute.
2. Categories removed were: recycling centres, waste transfer stations, skip & civic amenity sites; cemetery and crematorium stores; public conveniences; plant nurseries; golf course stores; landfill stores; quarry stores; buildings at car parks; parks and recreation stores; airfield/strip buildings; schools depots; sport centre buildings; small unit stores; stores in residential (eg. tower blocks); and yards. If however any of these forms part of a larger land use which might be classified as a depot, it has not been removed. Stand-alone domes are left in as these often form part of a remodelling project alongside vehicles.
3. The filter is not precise as sizes are only identified for 203 of the 245 (83%) of the records. Those of unknown size have been left in the database but are not used for any floorspace calculations; and of course some of those may also be smaller than 250 sq.m. The missing sizes are not random and relates mainly to clusters for the same local authorities, and therefore may be identified in future by further data-mining or by requesting the data from the relevant organisations.

DEPOTS PORTFOLIO ANALYSIS

2.7 The 279 local authority depots are analysed in this section. Figure 1 below illustrates the size ranges (larger than 250 sq.m. as noted above; buildings only excluding yard space) within the existing local authorities' depot estate. There is a broad spectrum of depots. The 500-1000 sq.m., 1000-2000 sq.m. and 2000-5000 sq.m. ranges each accounts for around one-fifth of the estate.

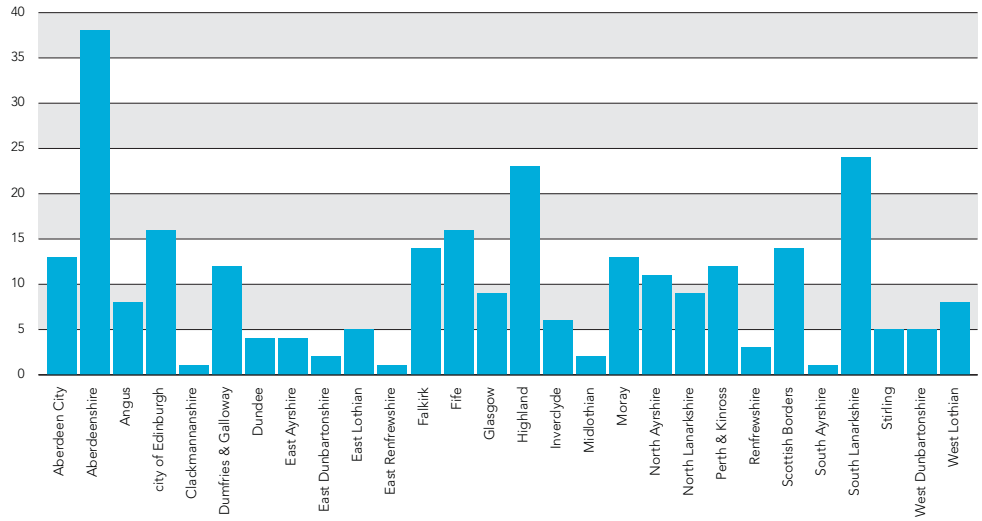
2.8 The known estate size is 0.45 million sq.m. The mean size of depots where the floorspace area is known is 1975 sq.m. (say approximately 2000 sq.m.). On average these are not small buildings and will also have significant site areas; comparable to stand-alone medium-sized industrial units similar to the two pictured above, rather than the more typical terraced industrial unit.

FIGURE 1
DEPOT NUMBERS
BY SIZE RANGE



2.9 The number of depots (larger than 250 sq.m.) operated by each local authority is illustrated on Figure 2. The average number of depots operated by a mainland Scottish local authority is 9.96 (say 10). The range of depots operated lies between 1 in Clackmannanshire and 38 in Aberdeenshire. There is a relationship between population dispersal and the number of depots required to service those populations, as second and third-most depots are in similarly scattered localities in South Lanarkshire (24) and Highland (23). There is occasional clustering within the portfolio; for example 4 of East Lothian's 6 depots are co-located at MacMerry Industrial Estate alongside the A1 trunk road.

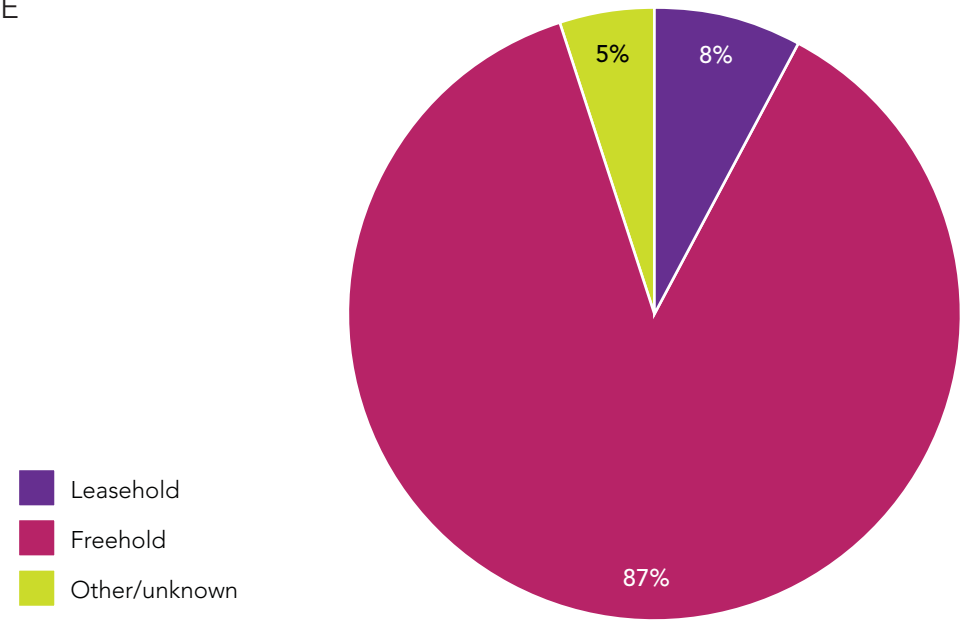
FIGURE 2
NUMBER OF DEPOTS BY LOCAL AUTHORITY



2.10 The mean depot floorspace per local authority is 16,088 sq.m. Allowing for unknown sizes, this is likely to be above 20,000 sq.m. Similarly the national portfolio of 0.45 million sq.m. is likely to exceed 0.5 million sq.m.

2.11 The large majority of local authority depots are owner-occupied rather than leased (Figure 3). Tenure has an impact upon remodelling options – owned buildings can potentially be sold to raise a capital receipt and reduce running costs, while leased buildings do not yield a receipt but have a greater impact in reducing revenue costs through the avoidance of rental and rates payments.

FIGURE 3
DEPOTS TENURE



SUMMARY OF ANALYSIS

2.12 Summarising the analysis of the local authorities' depots estate presented in this section:

- Data has been assembled and analysed for the 28 Scottish mainland local authorities.
- After removing non-relevant assets and applying a minimum size threshold of 250 sq.m., there are 279 local authority depots.
- On average each local authority has 10 existing depots.
- The mean depot size is approximately 2000 sq.m., although a wide spectrum of sizes is observed in ranges from smaller than 500 sq.m. to larger than 5000 sq.m.
- The total local authority depot estate in Scotland will exceed 500,000 sq.m.
- The average floor area of operational depot accommodation across local authorities is more than 20,000 sq.m.
- The large majority (at least 87%) of local authority depots are owner-occupied.

This analysis will be used to inform depots remodelling potential after the project examples in Section 3.

2.13 A potential additional data cut to this analysis would be to add the ***construction date*** of buildings. The date of construction can provide a proxy for all forms of building obsolescence – physical, functional and environment. This in turn can provide a guide as to whether there is a remodelling imperative for depots to be fit-for-purpose and potentially to avoid refurbishment and backlog maintenance spend. This would be a detailed analytical exercise which requires careful interpretation including anticipated building lifespans and a record of any periodic refurbishment which has taken place.

SECTION 3.0 DEPOTS REMODELLING IN PRACTICE

INTRODUCTION

3.1 As highlighted in the introduction, a number of public sector organisations are progressing depot remodelling projects. These projects can be used to provide lessons for the wider estate and particularly for other organisations which might wish to consider a depots remodelling initiative.

3.2 The project examples which follow in this section are classed as:

- **Completed or Underway**: the depot remodelling project has been executed and the depot(s) in scope are now operational, or the sites/buildings have been purchased and the project is underway. There may be lessons to learn about the approach, process and potential outcomes.

  Four examples of depots remodelling projects which are completed or underway are provided; two are from Scottish local authorities; one example is from an English local authority; and one is from a Scottish emergency service.

- **Business Cases or Options Appraisal**: there has been substantial progress in developing and appraising a depots remodelling project. The preferred option or shortlist of options is well understood and the project is moving towards a firm proposal, final approvals and implementation.

  Three live depots remodelling projects currently being pursued by Scottish local authorities are reviewed.

- **Proposals**: progress has been made in developing a proposal for remodelling the depots portfolio. The public sector organisation in question has identified some broad options and will now refine and appraise these.

  Two examples of emerging depots remodelling proposals by Scottish local authorities are presented.

3.3 These project examples have been selected to provide a mix of stages, locations and organisation types. The absence of a project example for a particular organisation does not mean that they are inactive; projects may be excluded for reasons of confidentiality.

3.4 The examples towards the end of this section include public sector organisations which have stopped short of undertaking a major remodelling project, for reasons which are discussed (for example dispersed population).

COMPLETED OR UNDERWAY

3.5 The depots remodelling projects reviewed over the following pages which are completed or underway are:

- The Scottish Fire and Rescue Service
- Fife Council
- West Lothian Council
- Wigan Council (*external example from outside of Scotland*)

SCOTTISH FIRE AND RESCUE SERVICE

Governance/Project Management:

An organisational imperative was created by the merger of the eight regional fire services into the single national **Scottish Fire and Rescue Service** (SFRS) in April 2013. The Fleet and Equipment depots business case was developed by senior management with external market advice and presented to the SFRS Board for scrutiny. There was a recognised opportunity to operate from a smaller number of modern buildings to service and maintain vehicles and support assets including operational equipment, personal protective equipment, information & communications technology, property and general storage.

Services in scope:

- Fleet Maintenance (Both LGV and Light Commercial Workshops)
- Equipment stores and logistical support
- Operational Equipment Workshops
- ICT Technical Repairs Workshops
- Regional Property base locations

Portfolio in scope:

SFRS had already contracted from eight regional fleet & equipment depots to seven (withdrawing from Dumfries), of which six were in use (Thornton in Fife had been decommissioned). The remaining operational sites used by the merged SFRS were at Newbridge in Edinburgh, Inverness, Cowcaddens in Glasgow, Maddiston in Falkirk, Dundee and Aberdeen.

Geography: national

SFRS aims to create a more efficient, effective and resilient approach to its depots. This includes standardisation, developing centres of excellence and ensuring front line access to services (within a 60-minute drivetime), and ensure legislative compliance, while reducing duplication and assisting in cost reduction. The preferred option was identified from a ***service operational perspective***, scoring the extent to which each option delivered the following benefits:

- Suitable modern facilities
- Logistics (road access to maximum locations with 60 minute drivetime)
- Suitable and flexible access to staff expertise
- Reduced operating costs (a score only; financial appraisal was separate)
- Enable development of centres of expertise

Depots solution: ARCs

(centres of excellence)

The optimum solution is 3-4 Asset Resource Centres (ARCs), including for example relocating activity from the discontinued Falkirk depot to the purpose-built Newbridge (Edinburgh) ARC. *Sub-optimal options were: do minimum (6 current premises); merge 2 sites; outsource.*

Benefits

The preferred option delivered the service benefits identified above.

The financial benefits have been extracted from the SFRS's Strategic Intent report. Separating fleet and equipment depots from multi-occupancy sites complicates any analysis (for example where offices and control centres are located on the same sites as depots there may be no separate revenue accounting and no potential for a disposal). The estimated benefits and costs of moving to a 3-depot/ARC solution are:

1 Property revenue costs fall by half from £0.8 to £0.4m pa.

2 Avoidance of £1.7m backlog maintenance

3 New-build acquisition and development cost of £6.0m (2 sites)

4 Fleet sites at mixed-use locations part-contribute to capital receipts totalling £9.0m

5 Fleet sites at mixed-use locations part-contribute to non-domestic rates saving of £1.4m pa.

In undiscounted cash terms, there is an 11-year payback of the new assets through reduced revenue and maintenance costs. Payback would be quicker if the depot elements of mixed-use site sales and rates reductions shown as 4 and 5 above could be separated out and included in the cashflow. Payback would also be expected to improve, potentially substantially, if service efficiency costs as well as property costs and savings were built into the model.

Comments

The Scottish Fire & Rescue Service's remodelling of their depot estate forms part of a wider integration of the support estate from the eight former regional fire services, creating the opportunity to establish centres of excellence in the form of Asset Resource Centres (ARCs).

This case study is based upon the Scottish Fire and Rescue Service's Strategic Intent, which was approved by SFRS Board in September 2013 and is currently being implemented. SFT was also involved with the Strategic Intent process and SFRS has kindly updated the information contained within this case study.

FIFE COUNCIL

Governance/Project Management:

The Bankhead Depot project was run by a Board comprising the relevant services, asset and finance departments. The project formed part of a wider corporate property agenda to improve efficiency and customer service around the office and depot portfolios, which deliver separate benefits but are interlocking projects.

Groups underpinning the project plan comprised operations, cost control, senior users, communications and engagement, construction and others. The strategic aims governing their activities were:

- Identify, design and deliver an integrated, fit-for-purpose facility
- Transformational change to integrate services, reduce duplication and deliver optimum business efficiencies
- Enable rationalisation of depot activity
- To provide depots where health & safety of public and employees is a priority
- Reduce carbon emissions as far as practicable

Bankhead Depot, Glenrothes

Services in scope:

- Building Services
- Community Services
- Environmental Services
- Fleet Services
- Transportation
- Procurement and Supplies
- Partnering (Police and NHS)

Portfolio in scope:

In 2008 there were 11 major depots across Fife; some single service; some multi-service; all Council (no partners). The total buildings area was 26,468 sq.m. plus land area for open storage extending to 4.9 hectares. The Council also operated 7 community services locations and 5 stores. An appraisal of the existing portfolio noted the poor physical condition and dispersed locations of these assets. A scored assessment of costs and fitness-for-purpose yielded 48%.

A number of previous business cases to rationalise the Council's depots portfolio had not met with success. The key change for the current project was to ***lead with business change and service benefits***, with property as the catalyst not the reason.

Geography: towns and rural

A mapping exercise in 2008 identified the opportunity for coalescence of services, firstly in Central/Mid Fife as a hub for the region.

Bankhead Depot, Glenrothes

Depots solution:

The 2008 review identified 8 of the 11 depots for closure (*this was a Fife-wide rationalisation whereas the completed project to date has concentrated upon Mid-Fife*).

A 2010 options appraisal considered 4 existing buildings and 1 new-build option (costed at £28 million). The preferred option to purchase and adapt the ADC/Amazon building delivered the required benefits and requirement to be fit-for-purpose and enable future change over a 25-year period. The particular building addressed both the depot and office modernisation projects in a single operations centre. The depot requirement was for 15,000 sq.m. and the building 30,000 sq.m., but this helped as it allowed flexibility rather than having a tight pre-specification for all services.

The project cost was £21.95 million which showed a 7-year payback against revenue savings and capital receipts.

Benefits

A benefits realisation plan was put in place. The anticipated benefits included service performance, staff experience, customer experience and financial returns. The plan was subject to a business case process. Catalytic impacts are:

- Stores rationalisation
- Procurement efficiencies
- Rationalisation of filing and archiving
- More flexible working
- Greater sharing of facilities, resources and expertise

These benefits were assessed as potentially realising £3m pa savings across Fife Council; this was treated as a spend-to-save using service budgets. Non-financial benefits included a reduced carbon footprint, increased employee satisfaction, reduced health & safety risks and providing the catalysts for further future efficiencies (including through the project gaining momentum over time).

Comments

The cost plan underwent numerous iterations between 2008 and 2012. Build/conversion costs between different options and capital receipts from site sales in a difficult property market were major variables as the project was developed.

Building works were costed and managed in-house as the degree of service change and uncertainty would have presented too much risk for a design-and-build contract. Specific external expertise was brought in 2010 to supplement in-house teams. The objective was to close-off risk in identified areas, the major areas being: logistics and efficiencies (Amey); cost modelling (Turner & Townsend); transport impacts and investment (Halcrow). The location was optimised for service delivery; greater economic benefit might have been achieved by choosing a less optimal service location in a regeneration area.

Purchase of the building in August 2010 was an important signal across the Council that the project was moving into delivery. It then became a corporate project bringing together departments, employees and unions. The office accommodation was delivered first and the full site including the depots was operational in late 2013. All of the services brought into Bankhead are operational in nature and are to be brought under a single director and management team.

Partners using the depot include Police Scotland, the NHS and maintenance for fire appliances. Scottish Ambulance Service is located on a neighbouring site with limited overlap. There is still some surplus accommodation within Bankhead Park which could potentially be leased to partners. Other potential partners spoken with about potential co-location include water and telecommunications utilities, trunk roads contractors and education bodies. The depot location in central Fife is remote from other local authorities and is not suitable for cross-boundary sharing of services; a potential rationalisation in Dunfermline (see below) may have more potential for discussions with other local authorities.

The project so far has achieved the co-location objectives and requires further appraisal to secure cross-service benefits. An example of a realised benefit is the double-shifting of refuse vehicles; an additional benefit is the opportunity to physically observe the condition and utilisation of these vehicles better than when they were dispersed (allowing optimisation of leasing contracts, vehicle numbers, servicing, resilience, staffing and day-to-day management). This advantage of better oversight and management applies to all services which have been centralised at Bankhead.

Fife Council is now reviewing the potential for a similar but smaller super depot in its West Fife area around Dunfermline where there are presently 4 legacy depots. The third area in Fife is the north-east, where 2 legacy depots in Cupar are not yet the subject of a business case. Small local stores for gritting, park keeping and the like will continue to exist.

WEST LOTHIAN COUNCIL

Governance/Project Management:

The Depot Modernisation project is led by the Council's Deputy Chief Executive and Head of Finance & Estates. Design work for the depots was progressed by the Council's in-house Construction Services, in full consultation with services, for example to determine requirements for vehicular movements and staff health & safety.

Services in scope:

See list of services in each new multi-function depot below.

Waste (Scotland) Regulations 2012 require a transfer/sorting facility and logistics require this to be within 1 mile of the depot, hence planned co-location at Whitehill Industrial Estate.

Portfolio in scope:

The Council's Property Asset Management Plan recognises that its depots and stores are legacy buildings rather than being designed to suit service delivery. The existing portfolio in Bathgate consists of Whitehill Depot (Building Services), Whitehill House (Operational Services admininstration and In-print), Guildiehaugh Depot (Highways and NETS and Land Services) and Waverley Street (NETS and Landservices). In Livingston the portfolio consists of Deans Fleet and Waste Depot, Dunlop Square (Archives and Records), Carmondean House (Facilities Management administration) and Deans Community Transport. In addition to these there are 5 smaller industrial properties at Livingston and Whitburn used predominately as muster points and storage.

Geography: Polycentric urban

Depots solution: Twin sites - Kirkton, Livingston - Whitehill, Bathgate

Kirkton Depot, Livingston

Acquisition and conversion of buildings at Lister Road, Livingston (now known as Kirkton Service Centre) to accommodate:

- Building Services
- Archives, museums and records management
- Community Inclusion

Whitehill Depot, Bathgate

Development of new depot for Operational Services at Inchmuir Road, Whitehill Industrial Estate, Bathgate (to be known as Whitehill Service Centre) (using existing Council assets plus adjacent vacant private sector building plus adjoining land plot, to provide workshops, depot and offices):

- Operational Services (fleet, community transport, facilities management, roads and transportation)
- Waste Transfer Facility & commercial recycling
- Salt Storage (covered storage for 30,000 tonnes)

Benefits

- Purpose-built in optimum service locations in main settlements rather than legacy depots portfolio.
- Improved service delivery through removal of duplication, obsolescence and statutory (health & safety) risks across 900 Council staff.
- Other service efficiencies to come from co-location affording opportunity for co-working.
- Committee papers note future-proofing/resilience also achieved, for example to accommodate projected growth in waste.

Comments

Both sites were acquired and planning consent secured. Kirkton Service Centre opened in October 2015. Whitehill is due for completion in spring 2017.

West Lothian Council considered a new-build super depot, but the cost was of the order of £50 million and could not be supported by the anticipated funding sources and benefits. The purchase of two second hand buildings at comparatively lower cost and investment to deliver these as modern depots cost £20.25 million, or approximately 40.5% of the new-build option. New-build and secondhand options showed similar revenue savings and service enhancements.

WIGAN COUNCIL

Governance/Project Management:

Wigan is a borough council area within Greater Manchester. It is an urban area with a population of approximately 300,000 people. Desk based research established external services were procured through a framework for implementation of the buildings and relocation works.

Services in scope:

Highway maintenance, waste collection, management, cleansing, building services, vehicle maintenance, street lighting, storage. In total 9 separate service teams were co-located through the project. 24-hour operations proposed.

Portfolio in scope:

Three existing depot sites at Sovereign Road (Wigan), Christopher Street (Ince) and Towns Yards (Hindley) were to be consolidated at one new site: Makerfield Way Operational Depot (Ince). A detailed options appraisal confirmed that services could be improved and costs reduced through this consolidation exercise.

Geography: Urban

Depots solution: Single depot

The preferred option was to acquire a former George (Asda) distribution warehouse extending to 17,000 sq.m. on a 3.3 hectare site. The acquisition was progressed in 2011 and taken through planning in 2012 and building handover achieved May 2013. The publicly-reported project cost is £3million however this is unlikely to reflect all purchase and rehabilitation costs for a project of this magnitude.

Benefits

Property revenue savings are £0.75 – 1.0 million per annum. Efficiencies have also been achieved through rationalisations and co-location of teams. The Council anticipates that the site capacity will provide for further service modernisation.

Comments

The Wigan Council project displays a common theme with other projects cited here such as West Lothian and Fife, where a private sector building was available during a weak property market and offered a depot consolidation opportunity. Also similar to Fife, the configuration of the distribution building allowed for the inclusion of office staff (approximately 150) as well as operational services staff and mobile staff within the remodelled solution.

BUSINESS CASES OR OPTIONS APPRAISAL

3.6 The depots remodelling projects reviewed in this section are sufficiently advanced to be appraising preferred options or proposing a solution. The project examples are:-

- City of Edinburgh Council
- Midlothian Council
- Renfrewshire Council

CITY OF EDINBURGH COUNCIL

Governance/Project Management:

City of Edinburgh Council's depots review and business case is led by asset management personnel. Heads of Service contribute their requirements into that process. The review process has been ongoing for 3 years. A business case has been prepared, submitted, and approved at Committee (Jan 2016). External advice from South East HubCo is being used to help ascertain service requirements and to provide resources. The target timetable for completions of depots remodelling is 2017/18. CEC has set out how the depot estate will be rationalised to both deliver savings and capital receipts, and enable investment into the retained estate.

Services in scope:

See 7 services listed under geography/solution below.

Portfolio in scope:

The existing depots portfolio operated by City of Edinburgh Council comprises:

- 5 are "core" multi-service depots
- 7 are "core satellites"
- 9 have change potential/are surplus

Geography: compact city urban

Depots solution: core portfolio

The required mix of depots and services across Edinburgh is:

- Waste: 2 depots (east and west)
- Fleet: 1 central depot
- Roads: 3 sites
- Task Force: 6 based on current neighbourhoods, 4 in future
- Parks & Greenspace: 3 sites
- Building Services: 1
- Archive: 1

Benefits

City of Edinburgh Council has specified a group of core objectives and a group of complementary objectives for its depots remodelling project. The ***core objectives*** are:

- an estate which is well maintained, fit for purpose, with improved working conditions and appropriate staff welfare
- an estate which supports the most efficient pattern of provision from a service logistics perspective
- reduce operational property costs to support reinvestment in a more efficient estate
- protect the health, safety and welfare of Council employees and members of the public
- optimise potential capital receipts from the surplus estate to support reinvestment.
- provide a depot estate and service which delivers value for money for the Council.

The Council's ***complementary objectives*** are to:

- deliver benefits which accrue in the wider CEC estate relative to both services and property solutions
- reduce environmental impact and support the Council's target reduction in carbon emissions
- enable services to remain resilient and responsive to operational need
- support recognition of potential future depot requirements/locations generated by new developments and awareness of Council controlled land holdings and facilities that could accommodate future need
- support the development of a mobile, integrated and responsive workforce.

Analysis of the Council's plans indicate that the project is expected to address obsolete depot buildings to mitigate a backlog maintenance requirement of £7.8 million. Remodelling will create property estate savings and service improvements (eg. overnighting of vehicles and tipping).

In summary, the strategy invests a potential £26.7m of capital investment into the new and retained estate whilst generating revenue service savings of £592k per annum and capital receipts of £5.85 million.

Comments

Services have different requirements for locations, hence the core portfolio approach adopted here is a more appropriate solution than a single super-depot (for example a city centre cleansing/environmental presence is essential for Edinburgh, while waste services require optimum access across the city hence the solution of two polar locations). Travel times within a compact and busy city mitigate against a single depot. The outcome of Edinburgh's services-based requirements review is a matrix of 7 services across 5 sites:-

Service:	A	B	C	D	E	F	G
Site 1	■			■		■	■
Site 2			■	■	■		
Site 3		■	■	■	■		
Site 4			■	■	■		
Site 5	■			■			

The main project challenge is the prohibitive cost of delivering an optimum solution of new, purpose-built depots. The portfolio approach helps mitigate this through a programme of (cheaper) refurbishment to accommodate capacity increases. City of Edinburgh Council has considered working with partners to deliver and operate depots. Working with Midlothian Council was not feasible as the shared location to the south-east beyond the city is not optimal for Edinburgh. Midlothian's preferred solution (see next project example) is around 5 miles south of Edinburgh. There has been some interest in depot co-location from blue light services: Scottish Fire & Rescue Service is now investing at Newbridge (see earlier project example); Police Scotland is potentially interested at Seafield; and Scottish Ambulance Service is currently based in Peffermill and will look at satellite options once the Council's depot strategy is confirmed.

Matrix created by Ryden; conceptual illustration of sites and services mix, does not represent actual solutions adopted

MIDLOTHIAN COUNCIL

Governance/Project Management:

Midlothian Council's project board comprises all of the relevant services represented and a project manager. It is part of the Efficient Working Midlothian (EWM) project. Phase 3 of this will be completed around 2018 when the depot and office projects are operational. The Council has a good understanding of their depot requirement and is currently working to future-proof this. All data on for example vehicles, storage needs and space requirements is in place.

Services in scope:

Services in scope for Midlothian Council's depots remodelling project are: fleet management, roads services, waste services, building services/property maintenance/DLO, stores/supplies, catering, facilities management, landscaping, archiving, maintenance, related business services (e.g. administration) and trades training.

Portfolio in scope:

The existing portfolio and remodelling proposals are:

- Stobhill, Newtongrange: this is the preferred existing site for consolidation of depot services; the location in north Midlothian on the A7 close to A720 and A68 is next to the new Waverley railway line and is within 8 minutes drivetime of 83,000 population (83% of the local authority total)
- heavy vehicles currently being sent to Livingston may be brought back to Stobhill
- Bonnyrigg transport depot will relocate to Stobhill
- At Penicuik the Council has already released one site which is now social housing and consolidated onto the other which is a small depot and amenity site and will also move to Stobhill
- Some uses currently located in industrial units rather than in depots will also come together

As with other authorities there is equipment elsewhere, for example in parks, which will not relocate to Stobhill.

Geography: towns and rural

Population concentration in north around trunk road network close to new rail line.

Depots solution: single

Single super depot on 5-6 hectare site; notionally 15,000 sq.m. required. Coordinated, effective, efficient workplace accommodating management and operatives.

Benefits

Revenue savings over a 10-year period are being confirmed; asset costs and disposals are upfront in the business case but revenue effects then become more important. Early estimates, not yet confirmed by a formal business case, are:-

- Capital receipts of approximately £8 million
- Property revenue cost saving targets of approximately 40% in comparison with current budgets
- Backlog maintenance and service savings not yet advised

Maximising service utilisation is a key objective, for example by operating 24-hour garaging and vehicle services, however this is not simply an HR consideration but also has logistical elements to resolve. Crucial matters including working conditions, health & safety and handling of confidential materials are not incremental but require a major solution.

Comments

The business case for Midlothian Council's depots remodelling project requires to be finalised and approved. No external advice has yet been taken but it will be required. Further development of the specification with affected services has been undertaken recently to review service delivery models. Process reviews have also been conducted for the ground floor of the proposed depot. Preparations for disposals of surplus sites have been commenced.

The Council has secured additional land from a developer at Stobhill to allow expansion, which would also provide scope to accommodate partners; however at the moment other organisations appear to be at a less advanced stage and face different challenges and barriers. Those considered include neighbouring local authorities, government departments, commercial partners, and health and emergency services (all three blue light services are engaged).

RENFREWSHIRE COUNCIL

Governance/Project Management:

The project is run by an internal Strategic Board comprising the Director of Community Resources, relevant Heads of Service and Senior Managers. The Project Board meetings are on a 3-weekly cycle. All relevant services affected by the Depots rationalisation came under the one service in April 2015. Initial work was conducted with a specialist partner to provide an outline design with options, capital costs and a recommendation. The Project will now move to the next phase of detailed design with a preferred solution being identified in 2016.

Services in scope:

See comments on services in existing portfolio, below

Portfolio in scope:

In scope are three Renfrewshire Council depots:

- Scott's Road (owner-occupied) will close. This depot houses land services, roads services including van storage, a weighbridge, portacabins and a salt dome.
- Clark Street (leased to 2020) accommodates DLO (building services), offices, car-parking and storage.
- Underwood Road: depot services will consolidate here. The Council has already invested here but dilapidated buildings require further investment. The site has canteen and showers for staff welfare, modular offices and storage space.

Not in scope are ancillary stores which have already been rationalised and grounds maintenance stores in four parks.

Geography: Compact urban.

Depots solution: Single site

Renfrewshire Council's area is centred largely upon Paisley, which offers good logistics and short travel distances/times in comparison with other examples reviewed here.

Benefits

To be confirmed by options appraisal and business case.

Comments

Phased migration, upgrade and expansion will create opportunities to collaborate with partners including emergency services and a neighbouring local authority.

The interim solution is for the Underwood Road and Clark Street sites to continue to operate until the detailed design has been concluded. The Scotts Road site is to be closed – facilitating migration from Scotts Road to Underwood Road.

The benefit of Underwood Road is improved logistics, as all consolidation is within a 3-4 mile radius. The main option is therefore evident but there is still need to test options within that in order to demonstrate best value.

HR issues in respect of depot-based services were dealt with by introducing a 4-on/4-off shift system in 2014.

PROPOSALS

3.7 In addition to the confirmed projects reviewed above, other local authorities are currently pursuing depots remodelling projects which are at an earlier stage (but have at least set a broad objective and considered how this might be met). These are discussed below.

3.8 **West Dunbartonshire Council**'s asset management team is leading a depot rationalisation options appraisal. The authority has a linear geography with two main urban areas at Dumbarton & Vale of Leven, and Clydebank. The A82 is the only trunk road in the area and the lack of diversion options could dictate that a two-depot solution is required to ensure service resilience. A main depot in Dumbarton supported by a satellite depot in Clydebank could meet this requirement and has been appraised, but requires further financial assessment. The Council is experienced in estates remodelling through its office modernisation programme and has commissioned external consultancy support to assess service and site options for its remodelled depot(s).

3.9 The environment department in **Dundee City Council** occupies various depots, managed by the asset management team within the City Development Department. The current task is to establish the operational requirements of the service and therefore the potential to invest-to-save within a remodelled depots portfolio. Identifying and agreeing solutions is detailed and time-consuming. Public sector reduced budgets will influence a need for radical operational and property solutions, to enable a positive outcome.

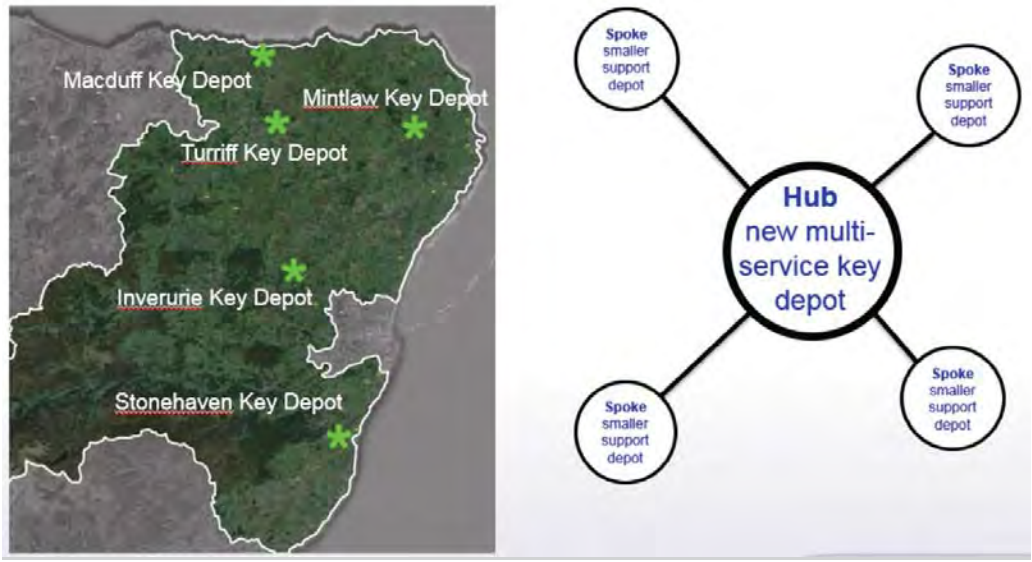
3.10 Dundee is undergoing large scale regeneration and the broad principle of creating primary depots supported by sub-depots is established and agreed. The status and future of some current depot sites is however still uncertain and there will be an approvals process to follow. Confidential partnering discussions are also ongoing.

3.11 **Aberdeenshire Council** operates the large, dispersed depots estate analysed in Section 2. The Council's depots strategy was approved at Committee in June 2013, with the Council recently appointing a contractor for the delivery of the strategy. A wide range of projects sit within the depots strategy, including refurbishments, small-scale new-build at existing sites, and new key multi-service depots in larger areas. In broad terms the programme seeks to implement a 2-stage reduction in depot numbers from 55 to 38 over 4 years, then to 32 over the subsequent 4 years.

3.12 The Council's preference for key depots supported by local secondary, or ancillary, depots was developed through consultation with the operational services. The model (shown below) recognises the wide geographical area covered and ensures a regional pool of depot staff. The depot strategy was developed along with key overarching policies and initiatives to be adopted to enable implementation. Implementation will lead to an overall reduction in property revenue costs from a reduced portfolio that meets the requirements of the services operating from the depots.

FIGURE 4
ABERDEENSHIRE COUNCIL
DEPOT MODEL

Proposed Key Depots Model



SECTION 4.0 EMERGING DEPOTS APPROACH

INTRODUCTION

4.1 The examples of depots remodelling projects in Section 3 highlight a number of important features of this public sector property sector. This section seeks to capture and develop these to create transferable lessons and propose a high level approach to remodelling depot estates.

TRANSFERABLE LESSONS

4.2 Individual organisations clearly recognise the challenges of **fragmentation** of service delivery across increasingly **obsolete** depots portfolios. Fragmentation is clearly demonstrated in the Section 2 analysis and by the approaches taken in the project examples, all of which seek to consolidate at fewer, multi-service locations. The drive to create modern, fit-for-purpose buildings for staff and services and the desire to avoid backlog maintenance costs evident in the examples testifies to the challenges of obsolescence.

4.3 The **benefits** of depot remodelling are the corollary of these challenges, chief among which is the ability to deliver modern, efficient and multiple services from purpose-designed depot premises. A table of potential benefits arising from depots remodelling is included at the end of this section.

4.4 The typical **scale** of depots remodelling is from an "average" of 10 sites to between 1 and 5 sites for a local authority. This is not universal and some authorities are adopting a more incremental approach to rationalisation. The implication is that the "average" depot will increase in size from around 2000 sq.m. to 5000 – 10,000 sq.m. or in some cases larger. The Scottish Fire and Rescue Service is reducing from 10 to 4 sites (the 10 includes 2 standalone stores which will close as well as the 8 former regional depots).

4.5 The ability to **reduce floorspace** by 50% or more through agile working in the office sector is more challenging for depots; vehicles and equipment are bulky and less agile than IT-enabled white collar workers. There is undoubtedly some space rationalisation achievable through removal of duplication, closer asset management and better stock-handling (supply chain re-engineering, vertical storage, JIT, et cetera) but the early stage of the project examples makes it difficult to establish a floorspace reduction benchmark.

4.6 Depot-based **services** typically in scope are vehicles/fleet, roads, building services/facilities management, landscaping, catering, and archives/stores. Completed examples and emerging business cases demonstrate a range of primary and secondary benefits in managing and delivering these services. There are also examples where additional in-house departments and partners have bolted-on to a depot solution after it has been delivered.

4.7 **Service delivery is the primary driver** and delivers the greatest benefits. Those bodies which set up boards comprising service heads and financial/asset heads have progressed better than property-led approaches which then attempt to corral services into a buildings-based initiative. A property-led approach is clearly not impossible, but can act as a drag on the process if services are not fully engaged at every stage of iteration. Effective remodelling requires detailed mapping and testing of services onto the existing and potential future depot portfolio (and all options for the portfolio).

4.8 **Property can be the catalyst**. Release of capital from site disposals, reduced revenue costs from consolidation and the avoidance of backlog maintenance costs are demonstrable, early benefits which can be captured. Property is also a beacon to demonstrate commitment to change. Service benefits are much greater than property benefits, but accrue over time. This is a challenge to business cases where these have identified property costs and savings but with the primary driver of service benefits (both costs and efficiencies) still to be fully confirmed, or subject to uncertainty or change.

4.9 The balance of long run costs between services (higher) and property (lower) means that only a **depot solution which works for the operational services** is likely to be viable. In simple terms the wrong site or location runs the risk of costing more than that it saves. This is evident in project examples where shared locations on territorial boundaries have been considered but rejected in favour of an optimum location in each territory.

4.10 **New-build** is *not* emerging as the universal preferred solution. Organisations have tended to appraise then reject these as unaffordable. All examples completed or currently making good progress concern **adaptation of secondhand buildings**. Typically these are within the existing depot portfolio, although some bodies (West Lothian Council, Fife Council, Wigan Council in England) have purchased buildings. There are no live examples in Scotland of an organisation identifying an optimum location, buying a site and procuring a new-build super depot, although specific examples do exist in England. Those who have considered this option are reporting that the capital costs are prohibitive even for the most basic portal frame buildings. The cost gap between new-build and secondhand has however have been exaggerated in recent years by the distressed property market disposing of buildings at very low prices. Market recovery may close this gap (although by increasing the cost of secondhand depot projects, rather than by making new-build more affordable).

4.11 **Misalignment with partners** is the principal reason for not pursuing shared depots. Misalignment is of timing, funding and optimum location(s). However, as local authorities have the largest, multi-service, continuously operational depots some are adopting a "first mover" role by meeting their own depot requirements while leaving options open for partners; for example Fife, Midlothian and Renfrewshire. However, early project collaboration could secure an additional rental stream to form part of a funding case.

4.12 **Additional external support** has been sought from a range of transport/logistics consultants, project managers and HubCo's. One organisation indicated that they had not found the ideal advisor, who would have experience in planning, delivering and operating depots (rather than simply adding more technical and business planning resource). It tends to be at the point of developing a full business case that outside assistance may be required; up to that point the project inception, options appraisal and outline/draft business case is typically undertaken in-house. Public sector organisations may also have external partners for the actual delivery of services, for example waste management.

4.13 The **stepwise, iterative approach** taken by organisations such as the Scottish Fire and Rescue Service, City of Edinburgh Council and Aberdeenshire Council is informative. All feasible options lying between the "do minimum" with the current portfolio (which should include rather than avoid maintenance and refurbishment costs) up to the idealised "super depot" should be tested. This is because the optimum service and financial solution may lie somewhere between the two extremes, and indeed it may be possible to move towards a preferred option via staged investment and dis-investment (i.e. closing and migrating one depot at a time).

4.14 **Funding is a major challenge** for depots remodelling project. This report does not assess how public bodies are funded and set their budgets, however based upon the project examples and the research programme a number of approaches are being applied to improve project affordability, in addition to the standard routes of capital programme and Public Works Loan Board (PWLB) funding:-

4.14.1 Pursuing refurbishment and extension projects on land which is already owned in the right location and has the capacity to accommodate migration from other operational sites.

4.14.2 Purchasing a large, modern secondhand building in the correct location if this is capable of acquisition and adaptation within budget (and perhaps significantly more affordable than new-build, although this gap may close a little as secondhand property values rise).

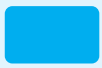
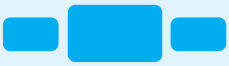
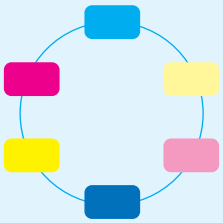
4.14.3 Incremental migration, refurbishment and expansion over time; a depots remodelling programme rather than a one-off project.

4.14.4 Revenue-funding of depots remodelling and migration through the budgets of the operational services concerned, property revenue cost-savings, reduced backlog maintenance and future refurbishment commitments.

4.14.5 Funding using capital receipts from land disposals merits particular comment here. The accepted model for this type of portfolio project usually includes land sales to help fund development. Some public bodies are undoubtedly able to secure site sales to raise capital. Depots however are often in lower value areas including secondary industrial sites, non-conforming greenbelt sites, or on Common Good land where alternative use potential may be constrained. Some surplus depot sites may be capable of generating worthwhile capital sums, for example through sale for housing, but many will not be able to contribute much and may in fact be better retained in another economic development use.

4.15 Based upon the depots remodelling projects reviewed within this report, a broad **emerging depots geography** is summarised in Table 1 on the next page. Three broad approaches are proposed: the single super depot; the super depot plus satellite depot(s); and the dispersed depots portfolio. As part of the research to inform this report, Ryden did examine population density as a potential driver of depots numbers and geography, but the relationship was found to be non-linear and affected by other factors such as transport networks and service delivery requirements.

TABLE 1
EMERGING DEPOTS GEOGRAPHY

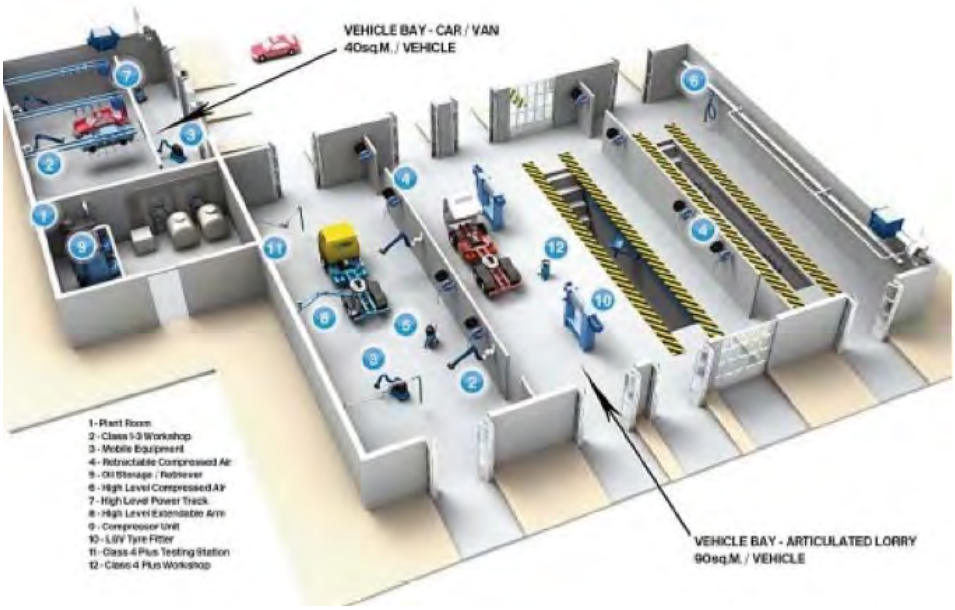
Depots Model:	Concept	Area Classifications	Examples
Super Depot		Compact town/urban area(s) with reasonable travel times	Renfrewshire Midlothian (Wigan as an English example) West Dunbartonshire (one option)
Super depot + satellite(s)		Dispersed area with accessible centre and outlying settlements/clusters	West Dunbartonshire (one option) Fife
Core Portfolio/Polycentric		Dense city urban population or fully dispersed urban/rural population The core portfolio/polycentric approach may be either an interim solution or an end point to remodelling	Edinburgh Dundee West Lothian East Ayrshire Aberdeenshire Scottish Fire and Rescue Service

DEPOTS PROPERTY REQUIREMENT

4.16 The research has demonstrated that the depots estate spans a very wide range of building sizes and accommodates a diverse mix of operational services. It further demonstrates that new-build solutions are uncommon in comparison with conversions, refurbishments and extension. For that reason the **physical property requirement** is discussed here in broad terms as a modular approach to depots, rather than a fixed one-size-fits-all solution.

4.17 Figure 5 on the next page illustrates the modular components for the vehicle/fleet servicing elements of a depot. Car/van/light axle vehicles are allocated bays of 40 sq.m. per vehicle. Lorries/heavy axle vehicles are allocated 90 sq.m. bays, with or without inspection pits (both options are shown). The number of each type of bay in a depot proposal would be determined by operational requirements as specifically determined by the services concerned. In addition to this operational space for vehicle repairs and servicing, covered internal garaging and external surface parking may also form a significant part of the depot requirement.

FIGURE 5
VEHICLE BAYS



4.18 Figure 6 below illustrates a modern depot storage solution. The specific storage requirement will be built up from the number of pallets required at the linear, vertical and floorspace ratios indicated on the plan. Alternatively some project examples are using individual boxes which allows closer stacking, narrower aisles and quicker handing. Case studies suggest that creation of bespoke storage space can release substantial areas of less efficient storage and archiving across wider public sector property estates.

FIGURE 6
DEPOT STORAGE

4.19 The staff welfare components of a modern depot are illustrated next on Figure 7. These provide changing areas, showers and WCs for different ranges of staff numbers. In addition, facilities such as a first aid station and catering would form part of the depot requirement.

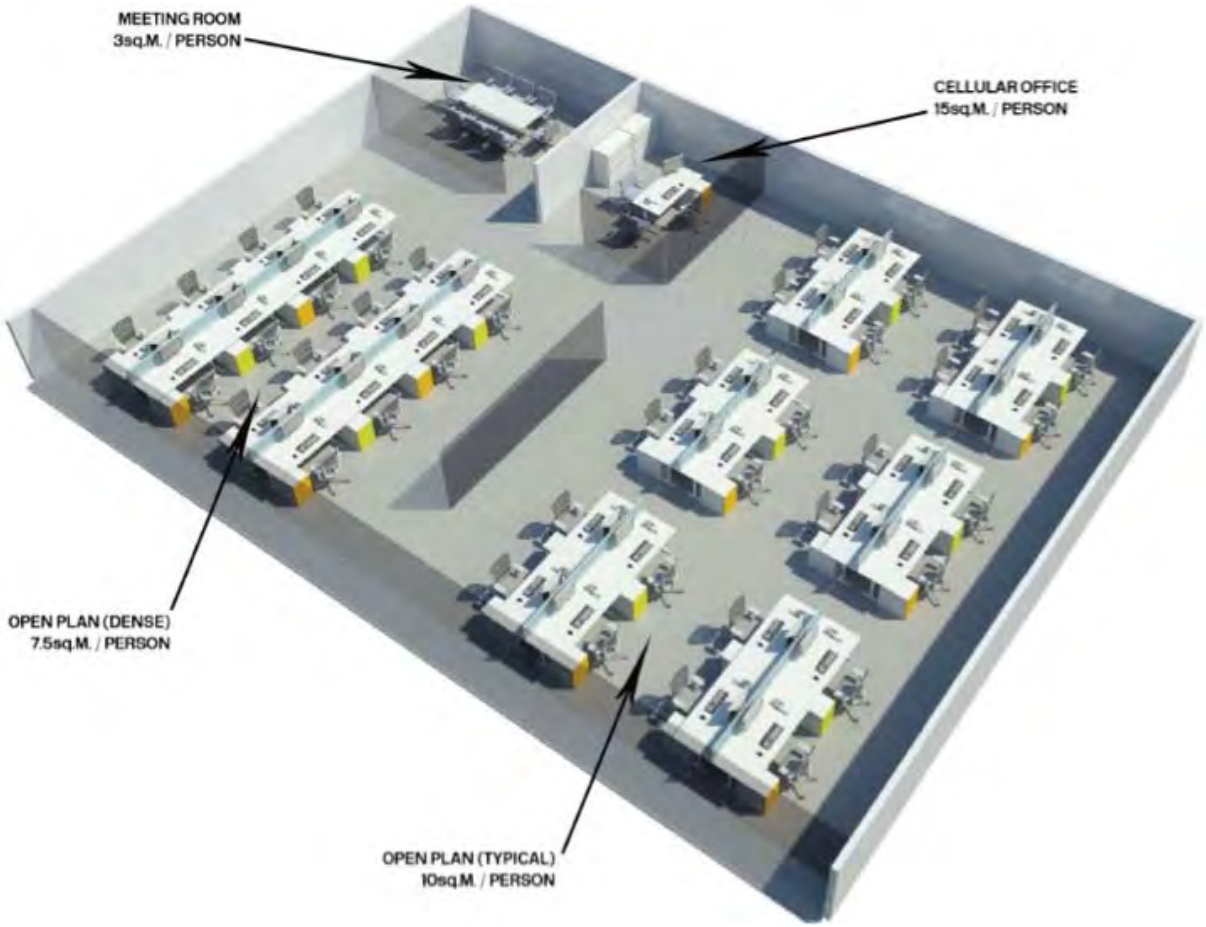
FIGURE 7
STAFF WELFARE

Sex	Staff Numbers	WC	WHB	Urinals
Male	1 to 15	1	1	1
	16 to 30	2	2	1
	31 to 45	2	2	2
	46 to 60	3	3	2
	61 to 75	3	3	3
	76 to 90	4	4	3
	91 to 100	4	4	4
	over 100	1 additional WC, WHB and urinal for every additional 50 males or part thereof		
Female (also male where no urinals are provided	1 to 5	1	1	
	6 to 25	2	2	
	Over 25	1 additional WC and WHB for every additional females (or males), or part thereof		

4.20 The final modular component shown is the office space on Figure 8. This houses the management and administration functions of the operational services located in the depot. It may also include additional office staff as noted in specific project examples earlier. Occupational densities of 1 person per 7.5 to 10 sq.m. are shown for open plan office space; meeting rooms and cellular offices are also illustrated. A depot would also contain a marshalling and dispatch "window" perhaps with a less formal office layout.

4.21 In terms of construction, the depot could be clad externally at roof and upper wall levels with composite insulated cladding panels, with lower sections of wall constructed with brick/block work to allow a degree of impact protection from vehicular traffic. Where supplied, vehicular doors could be either "roller shutter" doors or "up and over" sectional doors, at a minimum height of circa 5.5 metres and width of 3.5 metres and pedestrian pass doors of either timber or steel construction to ensure robustness.

FIGURE 8
DEPOT OFFICES



4.22 Internally, the depot could be constructed with clear spanning portal frame, with eaves height in the region of 6 metres, and load bearing concrete slabs with a minimum load bearing capacity of 7.5KN per sq.m. Where future conversion and rehabilitation works are required, works should be completed in accordance with current Technical Standards and in line with the CDM Regulations 2015.

4.23 The development costs for a depot will vary substantially by size, specification and whether the project is new-build or refurbishment. Vehicle depots are more expensive to construct than standard high bay warehousing. If a site or building is to be purchased and possibly serviced that would incur additional costs. The range of costs anticipated to provide a depot is indicated in Table 2 below. These are for depots of 2000 sq.m. or larger.

4.24 As a very broad analysis, on this basis a new-build depot of say 10,000 sq.m. split between vehicle fleet and storage with minimal office content would cost in the range of £7 - £12 million to provide. A conversion/rehabilitation project of the same size would cost in the range of £4 - £10 million. These costs are exclusive of any site or building purchasing, servicing, or any fit out or equipment. As noted this is for an indicative depot of 10,000 sq.m. and the estimated costs of "super depots" which were tested by West Lothian and Fife among others can be a multiple of these figures.

TABLE 2
DEPOTS COST RATES
(£ PER SQ.M) (BUILD COST ONLY)

Activity	Vehicle repair & maintenance		Warehouses/stores	
	Lower	Upper	Lower	Upper
New-build	900	1,250	550	1,100
Conversion/ rehabilitation	550	800	250	350

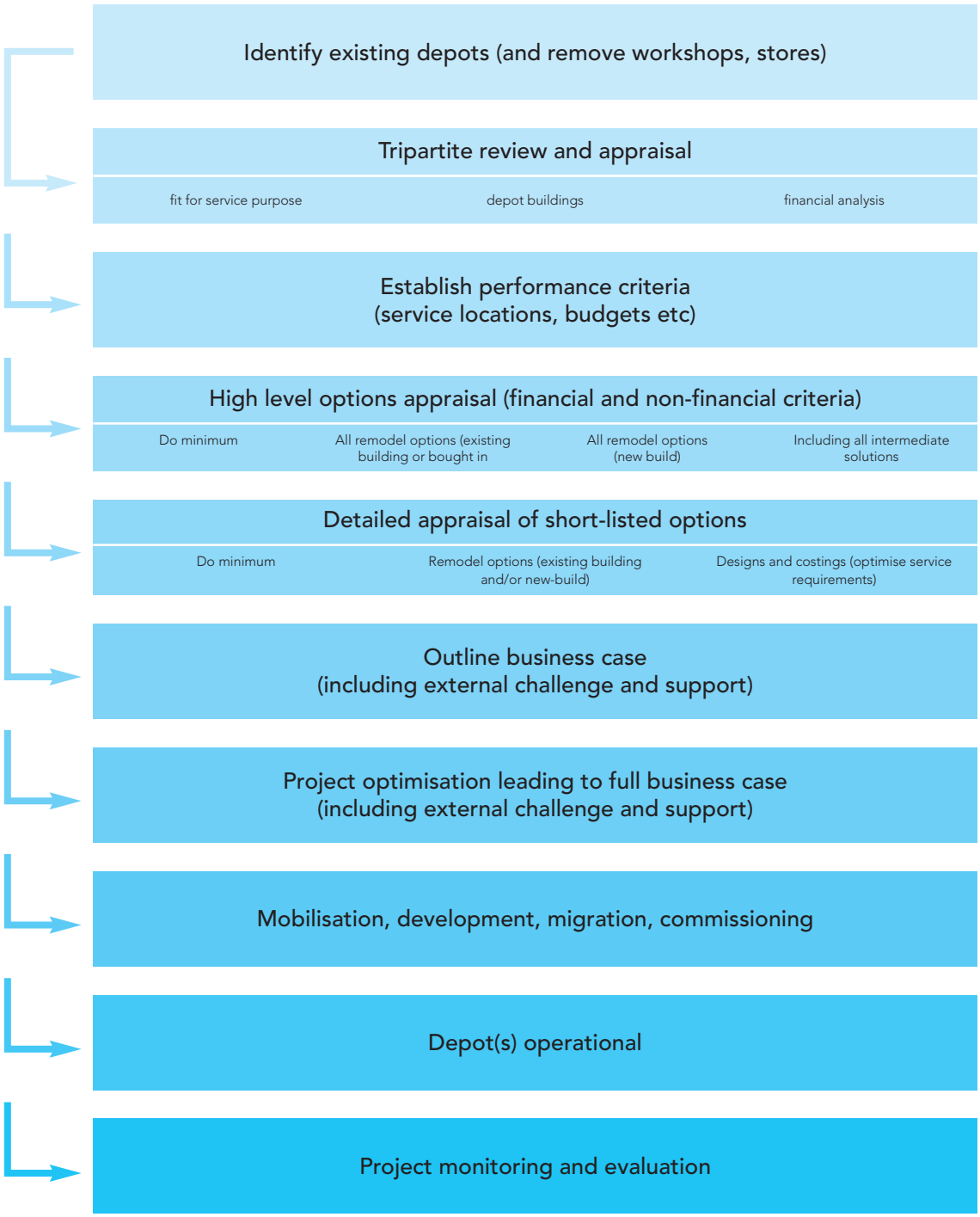
Source: Building Cost Information Service/Ryden, Q1 2015.

DEPOTS REMODELLING PROCESS (OUTLINE)

4.25 The flowchart on the next page (Figure 9) synthesises the lessons learned through the depots research programme with good practice in identifying options, conducting options appraisals and development business cases. The process is simply a basic outline approach and the actual stages and the details will vary by organisation, existing depots portfolio and the remodelling project objectives including critical constraints such as service delivery options and availability of funding. It may also be the case that an organisation undertakes some rather than all steps within the remodelling process, depending upon their starting point and whether a single or iterative remodelling (perhaps opening out the project to partners) is pursued.

FIGURE 9

DEPOTS REMODELLING PROCESS (OUTLINE)



SUMMARY OF BENEFITS

4.26 Table 3 on the next page summarises the benefits which can expected to arise from a depots remodelling project. These are blended from completed and live projects plus the range of business cases, appraisals and proposals reviewed for this report. These are the benefits which would be weighed against the project costs to determine the best value option. Better value for money from the depots estate is a cross-cutting benefit. The benefits are grouped into:

- Financial
- Service
- Property
- Organisation wide

The organisation wide benefits are those which may not necessarily be core objectives, but have been identified through review of completed projects or in the details of emerging business cases.

TABLE 3

DEPOTS REMODELLING: SUMMARY OF BENEFITS

Financial	Service	Property	Organisation wide
Reduced revenue costs of modernised, centralised and better-utilised depots estate.	Depots estate designed for optimum service response and resilience.	Create a fit-for-purpose (rather than legacy buildings) depots estate.	Help to facilitate and demonstrate wider organisational change.
Removal of backlog maintenance costs of legacy depots.	Improved staff working conditions, mobility, health & safety and welfare.	Better assets and planned maintenance will reduce reactive responses.	Procurement efficiencies through centralisation.
Better cost certainty over future planned preventative maintenance.	Improved access, facilities and health & safety for other services, suppliers & public.	Reduced dispersal improves efficiency of property management.	Better oversight of assets and services, improving management and deployment.
Opportunity to optimise service delivery costs.	Reduced duplication of (assets and) service provision.	Standardisation of property management through purpose-built assets.	Better sharing of resources and expertise within and across services.
Opportunity for capital receipts from site sales (to fund depots remodelling).	Improved flexibility of staff working through shifts and co-location.	Support wider estate modernisation and efficiency.	Create momentum for future change (by breaking the existing mould).
	Improved levels of employee satisfaction.		Establish platform for depot partnering opportunities.
	Opportunity to ensure legislative compliance.		Opportunity to develop/build upon a corporate approach to assets and services.
	Reduced environmental impacts.		
	Opportunity to future-proof to accommodate anticipated service change.		

SECTION 5.0 CONCLUSIONS

5.1 Scottish Futures Trust commissioned Ryden to provide consultancy support on depots remodelling among Scottish public bodies. The work is timely in the context of budgetary pressures, organisational change and ageing estates.

5.2 Although some public bodies are already pursuing depots remodelling projects, many are not active or are at an early stage. This report can help to **inform these emerging projects**. It would be appropriate to re-visit the work to establish progress and further evidence from these emerging depots remodelling examples.

5.3 Research presented here identifies a **fragmented, legacy estate** of depots across Scottish local authorities. Each mainland authority operates on average 10 depots, excluding smaller assets such as stores in parks. There is a wide spread of depot number by authority which to some extent reflects geographic dispersal of population. The scale of this fragmented depots estate, which is likely to exceed 0.5 million sq.m., represents a major opportunity for modernisation and improved efficiency. Emergency services reviewed here have already begun implementing depots projects.

5.4 Projects reviewed for this report confirm that many public bodies recognise this opportunity to move from legacy estates to **modern purpose-built depots** in locations which can optimise service delivery. Property can be the catalyst and help to support the business change and financial cases, but service efficiency is the driver. A staged approach can help to deal with the challenges of legacy estates and the costs of new development, and create the opportunity for partnering with other organisations.

5.5 **Funding** depot remodelling is challenging. Adaption of secondhand buildings can be more affordable than new-build. Phasing of the project may assist too. Funding from land sales can be uncertain as legacy depots may not be the type of assets to secure large receipts. Property revenue savings, avoidance of backlog maintenance and cost certainty over future maintenance and refurbishment contribute to the financial case. Service revenue savings may also contribute. Funding streams around waste and energy can be considered.

5.6 Three broad **geographic solutions** are identified. These are: the super depot; super depot + satellite(s); and the core portfolio/polycentric model. The specific solution for any public body will depend upon their geography, services, transport network and logistics, legacy estate and, where appropriate to the type of service being provided, population densities and clusters.

5.7 **Depot requirements** for new-build or for secondhand adaptations can be built up from modular components. These are: vehicle bays (light axle and heavy axle); storage; staff welfare; and office space. Cost rates indicate that for an indicative 10,000 sq.m. depot the capital outlay would be £7 - £12 million for new-build and £4 - £10 million for conversion/rehabilitation, excluding site or building purchase costs. Analysis indicated the mean local authority depot portfolio may be around 20,000 sq.m., i.e. twice this size and cost.

5.8 Section 4 of this report provided an outline **depots remodelling process**, from identifying the existing estate through to monitoring and evaluation of completed and operational depot(s) project(s). The process is not fixed and can be undertaken on a staged basis or partially, depending upon where the organisation is starting from and whether other opportunities (such as partnering, or new sites/locations) emerge during the process.

5.9 Although challenging to achieve, depot sharing creates opportunities over and above the direct benefits highlighted in this report. Public bodies should investigate sharing with each other whenever possible.

5.10 Finally, the report has identified a range of **financial, service, property and organisation wide benefits** which can be appraised by public bodies and incorporated into their business cases for depots remodelling.

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Gareth Davies, Midlothian Council
Michael Jackson, NHS Scotland
Craig Thorpe, Renfrewshire Council
Lesley Woolfries, West Dunbartonshire Council
Stuart Gibson, West Dunbartonshire Council
Paul Kettrick, West Lothian Council

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SFT is committed to saving taxpayers' money and works with the public sector to deliver the best possible value where money is being spent on bricks and mortar and during 2014/15, SFT helped secure £135m in savings and benefits.