AGENDA ITEM

REPORT TO EXECUTIVE
SCRUTINY

4 JANUARY 2010

REPORT OF HEAD OF FINANCE &
ASSETS

BUILDING ASSET REVIEW

SUMMARY

This report outlines the baseline information and the principles and methodology to be used in the review.

RECOMMENDATION

That the report be noted and principles and methodology agreed.

BACKGROUND

1. The review will focus on the Council's building estate to ensure that properties are being utilised efficiently and effectively. The aim of the review is to develop a strategic overview of facilities in the Borough and to consider opportunities for rationalisation, re-location and combining of facilities. The potential opportunities linked to any known or planned service developments will also be considered.

2. The review will consider current and future service delivery models and link with other service reviews. It is important that service reviews concentrate on service requirements across the Council and within communities, and that this review considers the most appropriate and efficient accommodation to enable those services to be delivered.

3. The Council's building stock has evolved over the years and has also been reactive to funding opportunities, which have in some instances restricted cross – service working. Generally, buildings have been managed and strategically developed by individual services (alongside the budgets associated with their maintenance, refurbishment and development). The implementation of the Facilities Management EIT review will put in place a framework and structure which means that all assets are corporate assets and are not 'owned' by individual services. The removal of ringfencing of funding will assist with cross service working and potential rationalisation.

4. The review will aim to:

    - Determine a methodology as to where, why and how the Council chooses to retain and invest in its building stock.
    - Look more closely at the overall (rather than just the department-specific) effectiveness with which building stock is managed – covering issues such as occupancy levels, building efficiency and duplication of function.
    - Develop an asset rationalisation plan which could result in asset disposals or transfers to community organisations.

Baseline

5. The Council operates from a significant number of buildings and these are summarised below:

Building Type	Number
Secondary Schools	14
Primary Schools	62
Special Schools	3
Social Care Establishments	18
Libraries	12
Youth & Community Buildings	28
Childrens Centres	11
Administrative Buildings	15
Depots	3

There are a number of other buildings such as estate shops, commercial properties which the Council own where information is still being finalised.

6. The review will not assess the position on schools, given that a separate exercise is being undertaken to develop a school capital strategy. It will however link closely with that review and look for opportunities for utilising school space for delivering services, particularly outside of the school day.

7. The Council has a significant amount of information available in relation to the buildings including:

- GIS mapping of facilities (by postcode and OS reference). This is extremely useful as it aids understanding of the proximity of buildings to one and other.
- Premises costs analysed by building and category of spend (e.g. NNDR, Utility costs etc)
- Asset condition data
- Ownership (freehold / leasehold)
- Levels of Emissions (CO_2)
- A simple, graded breakdown of future investment commitments/requirements.

Details are still been gathered on building usage and occupancy arrangements. When presenting options and details to members throughout the review, we will use graphical illustrations utilising the GIS system.

8. A summary of the baseline financial information for the key categories of buildings is shown attached at **Appendix A** and this shows that the Council spends approximately £7m on our buildings. There is also however a substantial amount of maintenance work outstanding which is estimated at approximately £12m and this includes approximately £3m works of a higher priority. This information should however be treat with caution and requires further scrutiny as it is based on assumptions on the component parts of building life expectancy and survey data which requires refreshing and further details will be provided throughout the review. It does however indicate that there are a number of the Council's buildings may require significant work in the future.

Considering 'portable services or functions'

9. This is a key facet of the review. To date, facilities have been occupied and categorised according to the needs and demands of the Council department that uses them. The essence of the review is that many SBC services are potentially 'portable'; in other words they can take place at, or be delivered from a relatively flexible range of buildings or locations and while they may need to involve private spaces and discrete use in different forms, do not necessitate specialist spaces or separate buildings. Services or functions that could fall into this category include:

- Children's centres (and the services delivered therein).
- Local 'branch' libraries.
- Community facilities.
- 'Other' centres that accommodate certain forms of youth assembly/activity.
- Training venues.

Many of the Council's buildings incorporate flexible space which could be utilised to deliver a range of the services outlined above and this review will explore opportunities for improved usage. A key aspect will be to match the service requirements in an area with the most efficient and appropriate space available.

A number of services are currently reviewing the level and methods of service delivery in the future and this will need to be considered as part of the review. There will therefore be close links with EIT reviews of the Youth Service, Surestart and consideration of the library service.

There may also be opportunities for improved utilisation of school buildings, and opportunities to consider where/how investment in schools can support SBC's future asset portfolio, levering in optimum benefit in educational outcomes and improved community access to schools-site based amenities and services

Evaluation Criteria and Methodolgy

10. The development of principals and evaluation criteria will be essential in undertaking the review. The following criteria will be considered:

- Current asset condition
- Current Running Costs
- Present occupancy.
- Use of existing space.
- Value
- Potential to release space or value in other buildings.
- A building's capacity to accommodate additional and multiple functions.
- Links to regeneration initiatives
- Potential for disposal/replacement to enable other developments
- Opportunity and Suitability for Asset Transfer
- Location to and opportunities for integration into other Council buildings/providers (including schools)

11. It is expected that we the review will result in identifying 4 categories of building.

***Level 1 – Buildings t*hat accommodate essentially 'fixed' services which we would wish to retain**
Those where services that ***must*** take place in the building they presently occupy (or will, if replaced, need to be accommodated in/on a purpose built/designed premises). These include:

- Schools
- Leisure Centres
- Main Libraries
- Social Care Establishments

The Council should ensure that for 'level 1' buildings, that that need to be retained, are being utilised to their maximum. When considering the categorisation of all other buildings and services, the process needs to consider whether and how these facilities could absorb or accommodate any of the functions of other Council premises.

Level 2 – Identification of a clear need for the building in a location to deliver community based services. (Note – could be different or more services than currently delivered)

These are buildings where we would require the building to provide the Councils 'portable services or functions' in that area and we would wish to retain the building. Community buildings within this category would be considered as part of the Council's Asset Transfer Strategy.

Level 3- No clear rational for retention of building

Buildings about which further analysis of the rationale for their retention or disposal may be required because of, for example:

- Level of usage may question viability
- Potential contribution to oversupply of buildings
- Services provided are portable and can be delivered at either a Level 1 or 2 building

These assets will be considered for disposal, or alternatively could also be considered as part of the Asset Transfer Strategy which will be developed.

Level 4

These are buildings where there would be a benefit of disposal e.g.

- Buildings that are in poor condition and will, if retained, cost a substantial amount to retain at a serviceable level.
- Buildings/sites with a high or good sale value.

The review will also consider associated land located on or around the current facilities.

NEXT STAGES

12. Officers will review the current asset base and report to Executive Scrutiny in March with an options analysis and also the draft Asset Transfer Strategy**.**

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