

AGENDA ITEM

REPORT TO EXECUTIVE SCRUTINY

22 NOVEMBER 2011

REPORT OF CORPORATE MANAGEMENT TEAM

BUILDING ASSET REVIEW - UPDATE

SUMMARY

This report provides an update on the asset review and builds on the previous report to Members in July 2011. It includes proposals to reduce the level of office accommodation which will make significant savings with no impact on front-line services.

The report considers the impact of the EIG review reported to Members in November 2011 on buildings, the principals for future delivery of the Library Service presented to Members in October 2011. It outlined areas where there are possibilities for co-location of services which could improve service delivery whilst enabling and supporting a reduction in asset utilisation. It also builds upon the Council's overall approach to involving the Voluntary and Community Sector by identifying opportunities for asset transfer, which could improve sustainability of community buildings.

The report is seeking Members approval to explore these options and opportunities and there will be thorough conversation and consultation and a further report will be prepared and presented outlining proposals.

RECOMMENDATIONS

1. Members agree that officers work with Community Groups to explore opportunities and options for asset transfer in line with the approved Asset Transfer Strategy. This includes working with Catalyst who are exploring the option of developing a Community Asset Trust.
2. Members agree to progress discussions on the transfer of the New Life Centre following the approach by the current leaseholder and to advertise the following assets for transfer and/or disposal:
 - Riverbank (this will include a condition of use as a childrens centre)
 - Thornaby Family Centre
 - 98 Dovecot Street
 - Wrensfield Community Centre
3. Members agree to explore the option for co-location of Services and rationalisation of facilities outlined in the report including consultation with stakeholders.
4. Members agree a review the current utilisation of the Education Centre and assess its future long term viability.

BACKGROUND

1. The Report to Cabinet on 17 March 2011 outlined the aims, principles and baseline information for the EIT Review of Assets. The overall aim of the review is to focus on the Council's building estate to ensure that properties are being utilised efficiently and effectively. This includes developing a strategic overview of facilities in the Borough and considering 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 has considered current and future service delivery models and has linked closely to other service reviews. The aim is 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
3. A subsequent report to Cabinet in September 2011 approved the Council's Community Asset Transfer Strategy following a period of extensive consultation.
4. Members are reminded that the review has a target saving of £1m by 2014/15 and this report outlines a series of proposals, some of which will require further extensive consultation with a range of stakeholders. There are some proposals however where, subject to cabinet approval, plans for implementation can begin immediately as they will not impact on the public or service delivery. The strategy aims to protect services provided in communities with savings delivered through co-location of services and vacation of back office buildings.
5. The review has considered and incorporated the outcome of the EIT Review into Children's Centres, the outcome of the Youth Review and also the principles of future library provision reported to members in October.
6. The proposals are intended to improve accessibility to services and facilities, improve viability of community venues and embrace the Council's approach to Community Asset Transfer as well as generate savings. The approach will also support elements of the Third Sector Strategy relating to capacity building and sustainability of the local Voluntary and Community Sector.

DETAIL

Office Accommodation Strand

7. Significant progress has been made in planning and delivering the accommodation moves required to reflect the changing service requirements arising from EIT reviews and to address the agreed aim to rationalise space and vacate a number of office buildings as outlined in the previous report to Cabinet. The anticipated timescales and cost savings are summarised in the table below:

Building	Timescale for Exit	Projected Cost Savings 2012/13 (£)	Projected Cost Savings 2013/14 Onwards (£)	Ongoing Cost Savings (£)
Alma House, Stockton	2012/13	63,000	63,000	63,000
Wrensfield House, Stockton	2012/13	74,000	74,000	74,000
Billingham Council Offices	2012/13	31,000	41,000	41,000
Gloucester House	See Paragraph 8 below	71,000	71,000	71,000
Total		239,000	249,000	249,000

8. The previous report in July highlighted the progress made in vacating Gloucester House, but recommended that a presence be maintained in the building until such a time that disposal was deemed appropriate. There may now be an opportunity to release this building earlier than originally anticipated for a use which is compatible with the regeneration objectives for the Town Centre. The proposals are subject to further negotiation and agreement, and it is therefore recommended that the position regarding vacation of this building be kept under review. If this could be achieved however, it would release the savings of £71,000 per year outlined above as well as generating a significant capital receipt and providing a viable use of the building.

Education Development Centre

9. The Education Development Centre (EDC), Norton is a large, multi-use facility with annual running costs exceeding £500,000. The Centre provides a venue for training and conferences, together with accommodation for approximately 90 members of staff.
10. Financial projections for the current year indicate a significant reduction in income, largely relating to a loss of external income from services that were previously funded from government grants. This reduction in income is expected to continue as further external grant streams are reduced or withdrawn. The total shortfall in income compared to budget is expected to exceed £100,000 in the current financial year. In order to address this issue all costs are under review with the aim of reducing the cost base where possible. In addition, opportunities to maximise utilisation of the Centre and income in the short term are being pursued. The centre also has a significant maintenance backlog (of approximately £500,000) and there are particular problems with the capacity of electricity supply within the building.
11. There is a need however to consider the long term use and viability of the centre which is currently used for a range of services :
- There are still some education training courses operated from the centre, albeit at a much reduced level.
 - Courses and conferences – although these are reducing the facility is still used by Council Services.
 - Office Accommodation – staff are currently located but this could be affected by a review and rationalisation of office accommodation.
 - Adult Education Courses.

The review will need to consider:

- The current financial position and future options around income generation
- The current use of the centre
 - Education training courses (although reduced in number)
 - Courses and Conferences by Council services
 - Adult Education
 - Office Accommodation
- The views of stakeholders and users of the centre
- The potential opportunities of relocating services to other facilities with capacity such as City Learning Centres, Community Centres etc

Community Buildings

12. Previous reports to members have outlined the approach to considering community buildings and the principle of developing co-located facilities. The current arrangements are that buildings are primarily seen as being for a single purpose, historically managed by different services within the Council and there is minimal joint usage and sharing of facilities. Many of the Council's services delivered in the community are potentially 'portable'; i.e. they can take place at or be delivered from a relatively flexible range of buildings or locations in the

community. Whilst some may require discrete space, there is no necessity for separate buildings, the key issue being the services delivered in the area. The buildings within this category are Community Centres, Childrens Centres and Libraries and the current budget is summarised below:

Category	£'000
Libraries	408
Community Centres	420
Childrens Centres	620
Total	1,450

13. Based on the principles agreed, the review is considering the utilisation of current buildings, the potential for improved utilisation and shared facilities and the most appropriate facility from which to deliver Council and Community based services. In line with previous reports, they will be considered in the following categories:

Level 1 – Buildings we would retain for delivering fixed / core services.

Level 2 – A clear need for the building to be maintained to deliver community services

Level 3 – No clear rationale for retaining the building due to level of usage, potential to utilise other buildings in the area etc.

Level 4 – Building identified for sale.

14. The Council have in recent months, however, started to move to models of integrated service delivery and joint use of buildings e.g.

- Co-located Library and Service Centre at Thornaby
- Co located Library and Service Centre opened in November in Stockton.

15. This significant investment is already showing increased levels of access and there are opportunities for exploring similar models of service delivery across the Borough and other service areas.

Community Centre Arrangements

16. The Council has differential arrangements for the support, funding and management of community centres.

Community facilities Leased to Management Committees and Trustees

17. There are 18 centres where there are lease arrangements in place with trustees of community groups who have responsibility for running and managing the centres. The Council have responsibility for funding capital maintenance of the centres but otherwise there is little annual financial support. Some initial work has been undertaken and this indicates the majority provide valuable facilities within communities.

18. The majority of centres therefore fall into the category of Level 2, i.e. evidence of need for the building to deliver community based services. There are however, maintenance issues for a number of centres which, given the pressure on Council resources, would compete with other priorities to enable investment.

19. The initial work has also identified some capacity and skills issues with regard to the management of the centres, e.g.

- Some centres have small numbers of volunteers running management committees which means that there are potential issues with viable future operation of the centres.
- There is a variation of skills of volunteers and the understanding of roles and liabilities.

- Whilst there are clearly a range of community activities being undertaken, there are also commercial activities (e.g. dance classes) in a number of centres and it is not always clear whether commercial rates are chargeable.
- There is significant capacity to improve utilisation within the many centres which would potentially increase revenue and improve viability.

21. There are opportunities to explore asset transfer which could deliver significant benefits to organisations involved with such buildings, not least the opportunity to bid for funding which is not available to the Council and could enable investment to help address maintenance and condition issues. Other potential benefits of transfer are:

- Improve long term future and viability of the centre
- Potential to create stronger, more sustainable community organisations

Any transfer would however need the express agreement of leaseholders and trustees. It is also of note that the majority of arrangements in place are with community groups who may struggle with the capacity to develop asset transfer proposals and would also struggle to meet the criteria within our agreed strategy. Catalyst as the local infrastructure organisation, are a lead partners on a bid for the Transforming Infrastructure Fund. One element of the bid, if successful, includes some dedicated resource to facilitate the development of a Community Asset Trust, and to develop a forward strategy to enable this to be self sustaining. This would potentially provide all of the benefits of transfer whilst retaining the use of centres by management committees, as well as developing capacity within the sector to improve and enhance the management of the facilities. It is recommended that the Council support this approach and work with Catalyst to explore opportunities. Any request outside of this process will be considered in line with the approved Strategy.

22. The work to date has suggested that there may be some opportunities to explore rationalisation of facilities where specific buildings fall into the level 3 category. It is recognised that some of our assumptions have been based on desktop information and therefore Cabinet approval is sought to allow detailed work and consultation to be undertaken with management committees in respect of the following areas:

Billingham

Chapel Road Youth and Community Centre is currently leased from the Durham Diocese and is run by the Council as a base for Youth Services in the area. This building is in close proximity to East Avenue Leisure Hall and initial work indicates there is capacity in both buildings to expand services delivered. There is the option therefore to transfer all activities to one centre which could help improve the vibrancy and sustainability of a facility providing Youth and community services in the area. This would save approximately £12,000 per annum as well as avoid maintenance work of approximately £100,000 over the next 5 years.

Portrack

From examining the diary of activities at the centre, it appears that there is limited activity. There is a maintenance backlog of £70,000 and the centre is in close proximity to the Willows centre. It is suggested that the consultation is undertaken to determine whether the functions currently undertaken could be relocated which could release the building for disposal or asset transfer.

Wrensfield Community Centre

This centre has closed previously and it is therefore suggested that this be advertised for asset transfer.

Community Facilities Directly Managed by the Council

23. There are a number of centres which are currently managed and their operations funded by the Council. Whilst there are management committees in place for all centres other than Ragworth, there are no formal lease arrangements and the committees oversee the activities of the centres as opposed to have direct responsibility for their management. Initial Work suggests that in the majority of cases, there is a demonstrable community need for a facility in the local area and these centres are:
- Elmwood Youth and Community Centre
 - Ragworth
 - Robert Atkinson Youth and Community Centre
 - Stillington Youth and Community Centre
 - Long Newton Youth and Community Centre
24. Initial work suggests that in the majority of cases, there is a demonstrable community need for a facility in the local area however the operation of these facilities involves a substantial subsidy from the Council (£360,000); The centres' management committees retain income generated and pay a small contribution towards the running costs. In the current financial climate it is suggested that consultation is undertaken with the management committees around reviewing the arrangements with a view to removing the Council's subsidy over a 3 year period with appropriate support. This could be a combination of reducing costs through reviewing building management, increasing the income from improved commercial arrangements or exploring asset transfer.
25. The benefits of asset transfer have already been outlined in the report, however in addition, these centres would benefit from a reduction in business rates which would contribute to the cost reductions.
26. Grangefield Youth and Community Centre's main focus is for youth based sporting activity with a significant demand for the playing pitches adjacent to the centre itself. The centre building itself, whilst used for some community activities is in poor physical condition with a significant maintenance backlog of approximately £450,000. The sporting facilities are also in need of investment, the bowls facilities and tennis courts are in need of repair and the playing pitches suffer from poor drainage. Given the focus of this facility on sport, there is an opportunity to explore a more radical solution which would support the Council's Playing Pitch Strategy, approved by Cabinet in October, and also potentially benefit the adjacent Grangefield School. The provision of an artificial, all weather pitch, with a building housing changing facilities and space for community use could be explored. This could be commercially managed with agreed provision for community and school use, would provide a facility which could allow the Council to relocate the community aspects of the community centre while offering significant enhancement to services in the area. It is therefore suggested that option should be explored with the centre and the school.
27. Staff employed at the centres will be involved in the consultation around potential developments and detailed consultation would follow if any firm proposals are agreed at a subsequent stage.

Childrens Centres

28. The provision of services associated with Childrens Centres has been subject to a separate review which was reported to Cabinet on 3 November 2011. The proposals do however have implications for buildings and these are summarised below.

The Review proposes that the Core Service would continue to operate from the following Council owned and run buildings:

- Footsteps (Ochill Terrace, Billingham)
- Redhill (Roseworth) (including core service at Ragworth)
- Sunrise (Yarm Road, Stockton)
- High Flyers (Tedder Avenue)

29. In line with the framework for this review, they are therefore classed as level 1 buildings, i.e. retained, managed and funded by the Council. In the case of Ragworth, as it is part of a wider community facility, an appropriate contribution to the running costs of the building will be paid for using the facility. There are also opportunities to explore enhanced community use of these facilities.

30. The Report identifies a number of geographical areas where the Council will no longer directly deliver services, but will commission services from partner organisations. Potential providers will have the option to deliver services from the current buildings or from elsewhere in the area, and the costs associated with these options will be considered as part of the procurement exercise. It is therefore currently unclear whether there will be any ongoing requirement for these buildings or whether they would be surplus to requirements. The buildings in question are:

- New Life Family Centre (Billingham)
- Frederick Natrass (Norton)
- Riverbank (Thornaby)

Should these buildings continue to be required for Childrens Centres, then in line with the principles of the Strategy, we would look to maximise community use.

31. We would seek to progress Asset Transfer for New Life Family Centre and Riverbank Family Centre, and ensure any agreement enables childrens centre use and look to maximise community use. The Council has received an application from the current leaseholder of New Life and this will be progressed in line with the Asset Transfer Strategy.

32. The situation for Frederick Natrass is however different. The Centre is close to the Primary school (it was formally part of the same building). A report to Cabinet in October outlined the Council's position around school places and capital and there were a number of examples where school buildings which had previously been surplus to requirements were needed to be brought back into use to manage increases in places. Given the potential growth and volatility of pupil projections, we would not wish to transfer this facility and depending on the outcome of the Childrens Centre procurement we would look at a short term lease / use arrangement to enable enhanced community based services to be delivered.

33. Following the review of Children's Centre the current building at Thornaby Family Centre will be surplus to Council requirements and will be made available for transfer, which will save £25,000 per annum in running costs.

Libraries

34. Against a backdrop of a growing usage and demand following investment of £2.5million in the improvement of main library sites at Thornaby and Stockton, the library strategy approved by Cabinet agreed that there is a need for a differential approach to service provision. This was a hub and spoke model with a core facility in each of the main urban conurbations complemented by community facilities within localities. The emphasis on enhanced main sites, open longer hours and providing a wider range of services, requires some capital investment but makes better use of resources through reduced future revenue costs. There are already examples of where co-location of library services with other services has proved successful and there are opportunities to explore this further which will potentially reduce revenue costs whilst ensuring that the overall service level is maintained or improved.

35. Based on the differentiated service model, libraries fall into two categories. The key locations for the main (hub) libraries are:

- Stockton
- Thornaby
- Billingham
- Yarm
- Ingleby Barwick
- Norton

Existing community branches are situated in:

- Fairfield,
- Thornaby, (Westbury Street)
- Roseworth
- Ragworth
- Eaglescliffe
- Billingham (Bedale Ave)

36. The Council has invested in a new facility in central Thornaby and in central Stockton, which is about to open, and these two facilities will provide state of the art library services. Evidence from Thornaby Central Library is that attractive and well laid out spaces in a convenient 'shop front' site, open for extended hours and incorporating self service technology, can attract more users (210% increase in Thornaby Central) and achieve efficiencies.

37. Members will be aware of the plans to combine the library provision with a range of services in Central Billingham as part of an integrated health scheme with PCT. Unfortunately, this scheme could not progress as it was reliant upon Government funding through PFI credits and the Council has been working with the PCT to explore options. The Council are still committed to developing a Town Centre facility which would incorporate a library and customer contact centre and demonstrate the Council's commitment to supporting the regeneration of Billingham Town Centre. The former Billingham Art Gallery and Cash Office are within the Town Centre, adjacent to Billingham Council offices (which would no longer be required for office accommodation) and it is proposed that the Council explore the option of redeveloping this site to provide such a facility. In creating an improved and enhanced library provision for Billingham the services provided at Billingham Central Library (known as Roseberry) and Bedale Library would be combined and relocated in a modern attractive setting with self service technology. This would also contribute to the ongoing regeneration of the Town Centre. Discussions are ongoing with PCT and once their position is clear, this will be considered alongside the Councils redevelopment. As part of the evaluation, there will be a need to assess the impact on communities within Billingham to understand whether any additional library services are needed within communities utilising either community buildings or outreach / mobile services.

Yarm Library occupies a key town centre site with high visibility and footfall, and the building is owned by the Council. There is scope to widen the range of facilities provided on the site, including the potential for extending the building with the possibility to share space with other services. Previous studies have shown a significant demand for extended hours opening on this site, particularly at weekends. The installation of self issue technology could provide support for this.

Ingleby Barwick library is part of a 25 year PFI arrangement linked to All Saints school.

Norton Library occupies a prominent shop frontage on the High Street, with high visibility and footfall. The Council is committed to a long lease on the building. We believe we should look to improve the range and quality of provision on this site.

38. There is a clear commitment as part of the Library Strategy to maintain a meaningful staffed library service presence in those communities currently served by a library, although there are opportunities to review whether in some areas these could be delivered within different buildings within the communities. This would both increase the vibrancy of the buildings through co location of services, result in cost savings of the buildings concerned and free up sites for potential disposal. A number of the current library sites are close to Council or Community buildings:

- Ragworth Community Centre includes a library provision.
- Roseworth Library is in close proximity to Redhill childrens centre, which is to be retained as a core centre following the review of SureStart.
- The current Westbury Library in Thornaby is close to Riverbank Childrens Centre
- Fairfield Library is adjacent to Ian Ramsey School. The School is currently awaiting the outcome of a funding bid which would allow the school to be rebuilt and if this is the case the library provision in this area could be considered as part of that development.
- Egglecliffe library is in close proximity to a Community Centre.

The next stage of the review, which will include detailed discussion and consultation, will assess options for co-location of services and consider the benefits and impacts prior to a further report to cabinet.

Other Properties

98 Dovecot Street

39. This Grade 2 listed building was formally used as the Stockton International Family Centre (SIFC) and was leased by the Council to that organisation. Following the demise of the SIFC, the day to day running of the building was temporarily taken over by the Housing Services Community Development Team (now the Resources Policy, Improvement and Engagement Team). Funding was identified on a temporary basis from the Housing Services Budget, but that funding will run out prior to March 2012.

40. An analysis has been undertaken of the current usage and costs associated with the building. Annual costs amount to c£40,000 and the income currently generated from users is very limited (c£8,000 per annum). The building is also in a poor state of repair and requires backlog maintenance of around £242,000.

41. The building does not feature in any short term funded proposals around the regeneration of the Town Centre or the Parkfield/Mill Lane area.

42. Two services have recently vacated the building and alternative (and more suitable) accommodation at the same or lower cost, has been identified for all remaining services. It is recommended that the building be vacated by December 2011 and then offered for asset transfer under the provisions of the Community Asset Transfer Strategy.

62 Dovecot St

43. 62 Dovecot Street is a further Grade 2 listed building located on Dovecot Street. The building was formally used by the Tees Achieve Service, but is currently vacant.

44. There is an opportunity to apply for ERDF funding to convert this building for use as a bespoke digital hub. The aim would be to increase the number of creative businesses operating in

Stockton Town Centre by a minimum of 12 and to provide direct growth support to a further 80. A sum of £350,000 in match funding has been agreed within the funding plans for investment in Stockton Town Centre. Under the proposals this will be used to lever in ERDF funding of c£475,000.

Youth Space – Skinner Street, Stockton

45. This building is leased from a private landlord until 2016 and was formally used by the Youth Service. Following the EIT Review, youth provision is no longer delivered from this location.
46. The Pupil Referral Unit (PRU), based at the Bishopton Centre, have identified a need for community based space from which certain of their activities with young people can be delivered. It is therefore proposed that the PRU utilise and fund the operation of this building on a temporary basis for the duration of the existing lease. The financial impact to the Council General Fund will be to generate an annual saving of approximately £56,000.

Youth Cafés

47. The Youth Café in Central Billingham is located in a building leased by the Council. There is however a provision within the lease to allow the Council or landlord to instigate a break clause in November of this year. We have been informed of the landlord's intention to instigate this clause which means we have no option other than to vacate the building by May 2012.

The Current annual operating costs (including lease costs) amount to approximately £24,000 and whilst the centre is utilised at various times throughout the week by Youth Services, it is not permanently occupied. There is a commitment to maintaining a service within Billingham and officers are currently exploring options for relocation.

48. Members will be aware of the funding allocation and development of a Youth facility in Stockton linked to the new Academy and this will incorporate a Youth Café for the area. In the meantime the Café will continue to operate from the One Stop Shop in Brunswick Street. Officers are continuing to explore options for a solution in Ingleby Barwick. Although it was anticipated that the Café at Thornaby Academy would cease following the Youth Review, the Academy has in fact re-opened the facility in November 2011.

NEXT STAGES

49. Detailed work will be undertaken to explore options for co-locating services, and evaluating asset transfer opportunities.
50. A detailed consultation and communications plan will be developed as part of the option analysis work.
51. A review is also underway of Council land and an asset disposal strategy incorporating this land, surplus assets identified by this review will be developed. A further report will be presented to Cabinet in the new year updating members on the outcome of the consultation and Asset Transfer position as well as the land and asset disposal strategy.

FINANCIAL AND LEGAL IMPLICATIONS

52. This report identifies a number of developments which will contribute to the overall EIT target saving:

Office Accommodation	£249,000
Billingham Youth Café	24,000
Change of use at Youth Space	<u>56,000</u>
	£329,000

Other savings will be dependant upon analysis of the options to be evaluated.

RISK ASSESSMENT

53. This is categorised as a low to medium risk and will be covered by existing management control mechanisms.

COMMUNITY STRATEGY IMPLICATIONS

54. Contributing to the Council's support mechanisms to Community Sector Organisations.

CONSULTATION INCLUDING WARD/COUNCILLORS

55. The options outlined in the report will be subject to full consultation with Ward Councillors and Community Groups.

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