

## **AGENDA ITEM**

### **REPORT TO EXECUTIVE SCRUTINY COMMITTEE**

**6<sup>th</sup> JUNE 2012**

### **REPORT OF HEAD OF FINANCE & ASSETS**

## **ASSET REVIEW - UPDATE**

### **SUMMARY**

This report provides an update on the Asset Review and builds on previous reports to Members in July, September and November 2011.

The report highlights progress in rationalising the office accommodation estate and summarises developments regarding the use of Children's Centre properties and a number of other buildings.

Progress regarding the review of Libraries is set out in the report and in particular the approach to a forthcoming consultation process.

An update is provided on work that Catalyst are undertaking with respect to the development of a Community Asset Trust.

The report also sets out proposals to take forward the work on the Facilities Management Review. In particular, this puts forward proposals for a review of arrangements for property-related functions including Caretaking, Cleaning, Utilities and Alarm Systems and Monitoring.

### **RECOMMENDATIONS**

1. That members consider the update
2. That, once vacated, the Wrensfield Office building be advertised for asset transfer and/or disposal by sale.
3. That the work to progress the Facilities Management aspects of the review is endorsed.
4. That options regarding the future use and funding of the Abbey Hill (Hardwick) Pool and Gym be explored and considered in the next report.
5. That a further report be prepared for consideration in October 2012.

### **DETAIL**

#### **Background**

1. The last report to Executive Scrutiny Committee in November 2011, and presented to Cabinet in December 2011, sought Members approval to explore options and opportunities relating to the utilisation of assets in the context of ongoing service reviews

and opportunities for Community Asset Transfer, including the creation of a Community Asset Trust. This report provides an update on progress to date.

## **Governance**

2. The internal governance arrangements for the Asset Review have been reviewed and specific work strands have been formed covering the following areas:-
  - Office Accommodation and Facilities Management
  - Libraries Review
  - Community Asset Transfer and development of a Community Asset Trust
  - Community Centre leases and associated issues
  - Youth and Community Centres and Ragworth Neighbourhood Centre
3. Representatives from Finance, Human Resources and from Communications and Consultation provide cross-cutting support to the work strands. Overall project governance is provided by the EIT Asset Board.

## **Office Accommodation**

4. Significant progress continues to be made in the review of the office accommodation portfolio. This reflects the changing service requirements arising from EIT reviews and addresses the agreed aim to rationalise space and vacate a number of buildings.

### Gloucester House

5. The previous report in November highlighted that it may be possible to release this building earlier than originally anticipated and for a use compatible with the regeneration of the Town Centre. The sale of this property is in the process of being negotiated and, if successfully concluded, the building will operate as the headquarters to an expanding local business. This development would represent a further boost to the regeneration of the Town Centre.
6. A sale would provide a significant capital receipt and this would be added to the resources available to support the Council's ambitious development plans and capital programme.

### Other Office Accommodation

7. In addition to Gloucester House, the following buildings are expected to be vacated within the next three months:-
  - Wrensfield House – This property should be vacated by end of September 2012. It is then recommended that it should be offered for community asset transfer and/or sale disposal.
  - Billingham Council Offices – This property occupies the site of the planned Library/Access to Services developments in Billingham Town Centre and will therefore be vacated prior to those developments commencing.
8. Plans are also in place to facilitate the vacation of the Alma Street Offices by the end of the financial year.

9. Following the EIT Review of Children's Social Care there will be a need to provide suitable accommodation for the newly reconfigured children's social care teams and their supporting staff. It is proposed that the teams supporting the South of the Borough are located in Stirling House, Thornaby and plans are in place to facilitate the required moves. Location options are currently under consideration for those teams supporting the Northern areas of the Borough.
10. The utilisation of office space will be kept under regular review and further work will include a review of meeting and conference facilities.
11. A summary of the savings achieved to date from this strand of the Review is set out in the table below:-

<b>Building</b>	<b>Expected Savings 2012/13 (£)</b>	<b>Expected Savings 2013/14 and ongoing (£)</b>
Gloucester House	59,000	71,000
Wrensfield House	37,000	74,000
Billingham Council Offices	15,000	30,000
Alma House, Stockton	0	63,000
<b>Total</b>	<b>111,000</b>	<b>238,000</b>

## **Review of Facilities Management - Phase 2**

12. An earlier review, the EIT Review of Facilities Management, agreed an operating model that consolidated management arrangements and responsibilities for all buildings (excluding schools). It also recommended a clear distinction between the delivery and strategic arms of Facilities Management. As a result the Facilities Management function was consolidated within the Technical Services Division of DANS and Strategic Asset Management is now located within the Finance and Assets function in Resources. Annual savings amounting to £300,000 were achieved as a result of this first phase of the Review and have been incorporated into the Medium Term Financial Plan.
13. As a result of the previous review, budgets for Repairs and Maintenance have been consolidated under the management of the Head of Technical Services, with responsibility for the development of the Planned Maintenance programme now being with the Strategic Asset Management function.
14. It was recommended that a further stage of the process should review the arrangements for the following services:
  - Caretaking Services
  - Building Cleaning Services
  - Alarm Systems/Security
  - Waste Collection and Recycling from buildings
  - Utilities
15. It is proposed that the review of these arrangements is considered as a strand of the current Asset Review. Where the review may impact on staffing structures, then appropriate consultation with staff and unions will be a fundamental part of the process.

## EIG Review/Childrens Centres

16. The provision of services associated with Children's Centres has been the subject of a separate review, the outcomes of which were reported to Cabinet in November 2011.
17. Core services are to continue to operate from a number of Council owned and operated buildings, namely:-
- High Fliers, Thornaby
  - Footsteps, Billingham
  - Sunrise Centre, Stockton Borough Council
  - Redhill (Roseworth), including a core service at Ragworth Neighbourhood Centre
18. Outside of the core service areas, the earlier report had identified a number of geographical areas where the Council will commission services from partner organisations, with those organisations having the option to deliver services from the current buildings, or from elsewhere in that area. The procurement exercise is now complete and the following arrangements agreed to be implemented with effect from 1st June 2012.

<b>Tendered Arrangements</b>		
<b>Children's Centre</b>	<b>Organisation</b>	<b>Arrangements for use of Asset</b>
Riverbank, Thornaby	4Children	Full occupation - Lease
New Life, Billingham	4Children	Part occupation - Licence to occupy pending potential asset transfer
Elm Tree, Stockton Borough Council	4Children	Part occupation - Licence to occupy
Barleyfields, Ingleby Barwick	4Children	Full occupation - Lease
Frederick Nattress, Stockton	The Big Life Company	Full occupation - Lease
Newtown, Stockton	The Big Life Company	Part occupation - Licence to occupy
The Star, Stockton	The Big Life Company	Full occupation - Lease

19. The Thornaby Family Centre will close in line with the agreed recommendations of the EIG Review and the property will be offered for disposal by means of asset transfer and/or sale as agreed in the report to Cabinet in December 2011. A number of initial enquiries have already been received relating to this property.
20. It is recognised that there are opportunities to explore enhanced community use of these children's centre facilities, whether operating to the core service model or to the tendered arrangement, and opportunities will be considered as a part of the ongoing asset review.
21. Savings in building running costs amounting to £153,000 per annum (full year effect from 2013/14) are expected to arise from the developments summarised above.

## Community Asset Transfer

22. The Councils' Community Asset Transfer Strategy was approved by Cabinet in September 2011. The subsequent Asset Review Report in November 2011 informed members that Catalyst, as the local infrastructure organisation, were bidding to the Transforming Infrastructure Fund. This bid was successful and one aspect of this funding is to provide some dedicated resource to facilitate the development of a self sustaining Community Asset Trust. The use of such a trust would potentially provide all of the

benefits of transfer, whilst retaining the use of community buildings by management committees. There are also opportunities to develop capacity within the sector to improve and enhance the management of the facilities.

23. Catalyst have procured a package of support to take forward the development of the Community Asset Trust model. The Council and Catalyst are committed to working in close partnership to maximise the benefit from these developments. Once the support package is fully in place the two organisations will work closely together to drive this work forward. The key task is to equip communities to develop, run and deliver sustainable community assets.
24. When reviewing assets all relevant opportunities to consider community asset transfer will be considered and explored.
25. As reported to Members previously, the New Life Church have registered an interest in an asset transfer for the New Life Family Centre that they currently lease. Officers are working with representatives of the Church to progress the necessary processes in line with the Council's Community Asset Transfer Strategy.

### **Community Centre – Audit of Lease arrangements**

26. The Council leases a number of community centre properties to trustees of community groups/management committees. It is recognised that there are inconsistencies and issues with a number of these leases, and in some cases the lease arrangements are out of date, with the leases then classed as being in a "hold over" position. It should be stressed that the rights of existing tenants are protected in such circumstances.
27. It is recommended that a process of communication and consultation now be undertaken with management committees and trustees with a view to the development of a new, standardised form of lease agreement for such properties. It would be the intention that this updated lease would incorporate current best practice with regard to leases for such facilities and would be supported by high quality guidance documentation. Proformas for use in circumstances such as the granting of sub-tenancies will also be developed.
28. There may also be opportunities to incorporate any relevant findings from the work that Catalyst are undertaking on the development of a Community Asset Trust.
29. A list of the properties is attached at Appendix A

### **Youth and Community Centres/Ragworth Neighbourhood Centre**

30. As previously reported, there are a number of community based centres (known as Youth and Community Centres) where activities are overseen by management committees, with costs largely met from Council funds. In addition, Ragworth Neighbourhood Centre is operated directly by the Council. It was suggested in the report to Cabinet, dated December 2011, that consultation is undertaken with the management committees around reviewing the arrangements with a view to removing the council subsidy over a three year period with appropriate support. A list of the properties is attached at Appendix A.
31. Initial meetings have now been held with each of the management committees, or their representatives, and agreements are in place for Council officers and those management committees to work together to assess options in the context of the previous recommendation. A further, more detailed, update will be presented to Members in the next report.

## **Education Development Centre, Norton**

32. The previous report identified the need to consider the long term use and viability of the Education Development Centre. This review was to consider:-

- The current financial position and future options around income generation
- The current use of the Centre, including:
  - Education training courses
  - Courses and Conferences by Council services
  - Tees Achieve
  - 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

33. The review is progressing and a detailed update will be included in the next report.

## **Libraries**

34. A previous report to Cabinet outlined the approach to future Library provision. This set out a differential approach on the basis of a hub and spoke model, with the potential to co-locate some services within community facilities. Major investment in Thornaby and Stockton Central Libraries has resulted in enhanced facilities and increased usage by the public. In addition, as a part of a programme of investment in Billingham, there is an opportunity to create a new library and customer service base on the site of the former Billingham Art Gallery.

35. In order to develop detailed proposals around the hub and spoke model and deliver the target saving of £400,000, it is important that we clearly understand the priorities for the future of the Service. A period of public consultation will soon commence that will seek such views and give residents the opportunity to provide comments on what they consider to be the most important elements of a modern library service, both within town centre locations and in community settings.

36. The information obtained from the period of consultation will be used to inform the development of detailed options and a further report will be presented to Members setting out those proposals. In line with previous reports on the use of Council assets, options may include those which consider opportunities to co-locate services with other community services. A further period of consultation would then be undertaken on any such specific proposals.

## **Other Properties**

### **98 Dovecot Street**

37. As reported previously, this Grade 2 listed building was formally used as the Stockton International Family Centre. It was recommended that the building be vacated and then offered for sale or asset transfer under the provisions of the Community Asset Transfer Strategy. The property is now vacant and all of the previous occupants have relocated to other properties. The building is now in the process of being offered for sale or asset transfer.

## Hardwick Pool and Gym – Abbey Hill School Site

38. A Swimming Pool and Gym are located in a free standing block adjacent to the buildings of Abbey Hill School. The operational running of the Pool and Gym is undertaken by the School with funding of around £63,000 per annum from the Local Authority. The Local Authority has retained responsibility for building maintenance and payment of Non-Domestic Rates. Previously the facility had been used by the Youth Service and by the Primary School Swimming Programme, but use for these purposes has now ceased. Current use is mainly by the School and a small number of local groups, including a number operated by Tees Achieve.

39. In the context of the changing use of the facility and the recent investment in swimming pool provision at Splash and the Forum it is recommended that options be reviewed in partnership with the School and their representatives and that the findings and recommendations be presented in the next report to Members scheduled for October 2012.

### **Next Steps/Planned Work**

40. A further report will be presented to Executive Scrutiny Committee and Cabinet in October 2012.

### **FINANCIAL AND LEGAL IMPLICATIONS**

This update report has highlighted progress in achieving cost savings in a number of areas. These can be summarised as follows:-

<b>Category</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
Office Accommodation	111,000	238,000
Childrens Centres Premises	115,000	153,000
Other properties	79,000	88,000
<b>Total</b>	<b>305,000</b>	<b>479,000</b>

Further savings are expected to arise from the second phase of the review of facilities management and from the review of Libraries Services and Youth and Community buildings.

### **RISK ASSESSMENT**

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

### **COMMUNITY STRATEGY IMPLICATIONS**

Contributing to the Council's support mechanisms to community sector organisations.

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

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

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