



Council Excellence Overview and Scrutiny Committee

Date:	Tuesday, 31 January 2012
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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SUPPLEMENTARY AGENDA

11. OFFICE RATIONALISATION - UPDATE (Pages 1 - 34)

At the request of the Chair, the report of the Director of Law, HR and Asset Management to be presented to the Cabinet on 2 February 2012 is attached for Members' consideration.

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WIRRAL COUNCIL

CABINET

2 FEBRUARY 2012

SUBJECT:	OFFICE RATIONALISATION
WARD/S AFFECTED:	ALL
REPORT OF:	THE DIRECTOR OF LAW, HR & ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES (CORPORATE RESOURCES)
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks decisions to guide further rationalisation of the Council's administrative accommodation. It reviews progress made to date and seeks confirmation of the strategy that has been developed over the past three years as a basis for further decisions on the retention or vacation and disposal of individual buildings.
- 1.2 The report draws upon lessons learned from work to date and considers the likely context within which further rationalisation will be required. It reviews the current stock of 'core' administrative accommodation, makes recommendations to vacate specific buildings and seeks a decision on options for the further vacation of core administrative buildings.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that:
- 2.2 Progress to date in vacating and disposing of administrative accommodation be noted.
- 2.3 The principles guiding rationalisation and workplace design set out in this report be confirmed as the basis for planning and implementing the vacation of buildings and the intensified use of remaining administrative accommodation.
- 2.4 Those buildings listed in Appendix B be retained for use as administrative accommodation and the Director of Law, HR & Asset Management be instructed to report to a future meeting of Cabinet with an action plan for their improvement
- 2.5 Liscard Municipal Building, Bebington Town Hall and Bebington Town Hall Annexe be vacated, declared surplus to the future needs of the Council, demolished and the sites cleared pending future proposals for their re-use
- 2.6 The former Birkenhead Town Hall be re-used in part to provide office accommodation for the Council, within an overall facility that provides meeting and events space and supports community and cultural use.
- 2.7 An initial series of building works and staff moves be undertaken as proposed in section 4.6.10 of this report

- 2.8 That Cabinet identifies its preferred option for the vacation of a further core building or buildings and instructs the Director of Law, HR and Asset Management to take the necessary action to implement the preferred option.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 To establish an agreed basis for the further rationalisation of the Council's administrative buildings and provide a consistent corporate framework for future office design to maximise building efficiency.
- 3.2 To set out an agreed programme of building reduction and a confirmed list of retained buildings so that planned investment can be made in their improvement.

4.0 BACKGROUND AND KEY ISSUES

4.1 Background and achievements to date

- 4.1.1 On 9 July 2008 Cabinet considered a report on its built estate that identified the need for a thorough and comprehensive review of all administrative buildings. It was noted at that time that consideration should be given as to whether a business case existed to replace existing office accommodation with a new purpose built facility.
- 4.1.2 Between 2008 and 2011 five buildings have been sold. These are Beechcroft, Bridge Court, 4 Cavendish Road, 19 Heath Road and Westminster House. A further six are currently being vacated and prepared for sale or potential re-use. These are Esher House; 4 Rocky Lane, Heswall; Liscard Municipal Building; Oakenholt, Moreton; The Old Courthouse and Willowtree. Approximately 674 staff will have been relocated in the process of vacating these buildings.
- 4.1.3 £1.68m has been raised in capital receipts with consequent savings in annual running costs and future costs of repairs that the Council would otherwise have had to incur for these buildings.
- 4.1.4 The major sale was that of Westminster House. This required the relocation of some 347 staff; produced a capital receipt for the Council of £1.025m and will result in gross annual revenue savings of £350,000. In addition the Council will avoid the need to address a backlog of repairs to the building and future life cycle repairs that were estimated to cost £95,500 and £655,500 respectively.
- 4.1.5 This period has also seen co-location of Council staff with healthcare staff in health service premises where appropriate, and further development of arrangements for locality working. In this respect a new base for locality staff has been completed in a retained facility at Pensby Park, which is allowing the vacation and disposal of other buildings. Where appropriate, opportunities have been taken to increase agile working for those staff being relocated.

4.2 Development of a strategy

- 4.2.1 A strategy for office rationalisation has been developed over the period of review, strongly influenced by changing circumstances.
- 4.2.2 To consider the case for new, purpose-built accommodation, specialist external consultants were commissioned to develop a business case for the Council's future office needs. It was reported to Cabinet in June 2010 that the business case recommended a 'mixed' solution for future provision as the preferred option. This was based on the retention of a small number of existing 'core' buildings with investment in their fabric for the long term, supplemented by new-build accommodation. The business case emphasised the need to deal with the backlog of repair and maintenance across the estate and to adequately fund future maintenance.
- 4.2.3 Cabinet endorsed the recommended approach in principle but recognised that further work was required to refine alternatives.
- 4.2.4 Subsequently, the financial environment for the Council has worsened significantly. With a change of national government in 2010 a review of public spending resulted in funding reductions that affected the Council. The budget projections for 2012/13 presently indicate a shortfall of £25m and, over the period 2012/15 the gap is over £85m. This reduction in public sector funding has combined with the recession and lack of economic activity in the local property market to limit the Council's ability to radically change its administrative accommodation base.
- 4.2.5 The Council has also been going through a period of organisational change and contraction. Together with potential service changes this means that the Council's future accommodation requirements remain unclear and further change is anticipated.
- 4.2.6 Since the consideration of the business case and as a result of the pressures for change affecting the Council and its services a strategy has been developed for rationalisation based on the following principles:
- The Council will not pursue options for new-build accommodation in the short to medium term (up to five years) given financial and other constraints facing the Authority. The option will be further reviewed at the end of that period. The only exception to this will be where an opportunity is presented by external market interest that can be shown to deliver service improvement and reduced costs to the Council.
 - The Council will rationalise its corporate administrative accommodation by contracting its use of office space within an identified core group of buildings
 - In exceptional circumstances office space may be taken within accommodation occupied by a partner organisation where this facilitates efficient working and releases accommodation elsewhere
 - The Council will invest in the repair and improvement of retained buildings from within currently available budgets (repair and maintenance and agreed capital programme)
 - The Council will take account of opportunities presented by the external market or by its strategic partners in prioritising buildings for disposal

- The priority for the rationalisation programme is the achievement of annual revenue savings from the cost of occupying office space, rather than the achievement of capital receipts
- The Council's corporate headquarters will be Wallasey Town Hall
- The Council will consolidate its office accommodation in Wallasey and in Birkenhead town centre, seeking to maximise operational efficiencies and cost savings by co-locating staff, operating from the minimum number of buildings and vacating outlying buildings
- The Council will seek to drive forward agile working wherever practical within available resources to increase the efficient use of buildings, reduce the need for office space and modernise working arrangements
- Where appropriate staff will be based in localities rather than in central offices. In such cases the presumption will be that agile working is maximised.

4.2.7 Relocation of staff and the intensification of building use will be based on a corporate approach to workplace planning which has been agreed by Chief Officers. This will be underpinned by the following principles and standards, which will be applied consistently across all departments:

- In any alteration of existing workspaces and in new provision, open plan offices will be provided. There will be no individual offices below the level of Departmental Management Team members
- In designing new areas adequate provision will be made for shared meeting rooms, breakout space, confidential space for meetings, 'phone calls etc.
- Use of floor areas will be designed for maximum efficiency, with an overall target level for space occupancy of 10 sqm per person in converted or old buildings and 7.5 sq.m. per person in modern purpose built offices
- Where agile working can be introduced the minimum target ratio of people to desks will be 8 desks to every 10 persons.
- A corporate standard will be adopted for workstation provision
- Existing furniture will be re-used where appropriate with new furniture provided where this is necessary to maximise the efficient use of space.

These principles have been discussed at and endorsed by Executive Team. Chief Officers are of the view that the optimum solution for the Council's future administrative accommodation would be delivered through new-build and the vacation of existing space. Pursuing new-build would also give the Council the opportunity as an occupier to underpin new development and 'kick-start' regeneration activity. It is recognised however, that a new-build approach would be difficult at the present time, given the Council's circumstances. Cabinet's views on this issue are sought.

4.2.8 Subject to any amendment arising from the approach to new-build accommodation, it is recommended that the principles set out above be confirmed as the basis for planning and implementing further office rationalisation

4.3 The Context for further rationalisation

- 4.3.1 Further change is anticipated over the coming years in the delivery of Council services. The Council's Strategic Change Programme will improve efficiency in a number of areas but will take a considerable time to reduce requirements for office space. Given pressure to see an early reduction in building stock potential project outcomes will therefore not be taken into account in current planning for space rationalisation.
- 4.3.2 Significant reductions in space usage should be obtained through a corporate approach to workplace change, of which building and accommodation change will be a component. Such an approach would be expected to be driven from the Council's Strategic Change Programme and would deal on a corporate basis with the development of agile working. In the absence of such a programme agility will be addressed and prioritised within existing limited resources where staff are moved within a building-led rationalisation programme.
- 4.3.3 The Council's ICT Strategy provides for the development of systems and corporate infrastructure to support office rationalisation, with identified funding for both infrastructure and desktop equipment. ICT staff are working closely with those from Asset Management to deliver agreed changes. This was shown to greatest effect in the successful relocation of staff from Westminster House. To avoid the pace of change being constrained by current staff resources within IT Services prioritisation of the ICT work-plan is required. This will be addressed as plans develop and any implications reported to members.
- 4.3.4 No significant opportunities to share core administrative buildings with partners have been identified, although discussions around locality working are continuing. It is intended to pursue discussions with partners to seek opportunities for shared property use in the future but, in the meantime, to proceed with the rationalisation of the Council's core accommodation independent of others.
- 4.3.5 The local commercial property market is currently very weak, with constraints on development funding and an absence of speculative development. Given the national economic situation these circumstances are unlikely to change in the short to medium term. Even in the current conditions however there are some end-users seeking sites that fit their criteria. When acting as purchasers or tenants they will enable a developer to secure funding, and such end users may provide opportunities for the disposal of certain Council assets (as was the case with Westminster House). Any such interest will be pursued and will be taken into account in recommendations for the retention or disposal of buildings.

4.4 Lessons learned

- 4.4.1 Implementation of the first stage of rationalisation has highlighted issues from which lessons can be learned to inform the next steps in the programme. These include the following:
- Ambitions for the next phase of rationalisation need to be realistic having regard to available resources. The vacation of Westminster

House demonstrated that such an exercise can be carried out relatively quickly, given appropriate prioritisation and the commitment of resources. However the next stages of rationalisation will be addressed by a reduced workforce that will face increased pressures to support service change and modernisation. Capacity within the wider project team – including IT Services and support for business change – is limited. If greater speed is required substantially increased resources will be necessary.

- To maximise the use of a reduced number of buildings further financial provision will need to be made to address building condition on a phased basis. There is a substantial repair and maintenance backlog across all administrative accommodation with the exception of the rented space at Old Market House.
- Staff should be moved out of accommodation before significant alteration and upgrading work takes place. Intensified use of office space will require accommodation works to be undertaken. These may include significant internal remodelling (removal of walls etc) and upgrading of ICT and power infrastructure. Experience has shown that doing such work whilst accommodation is occupied is difficult for both staff and contractors. It also increases the complexities of managing the work, and the associated risks (particularly where asbestos and other hazards are present).
- Some double moves of staff will be required within a large scale rationalisation programme, although every effort will be made to move staff once into their new location.
- Agile working will be driven by changes in working practices. Whilst desirable to support office rationalisation it requires substantial resources to implement and commitment from management and staff to achieve. The current approach to delivering agile working is driven by closure of buildings or by individually identified needs that are agreed on a case-by-case basis. As noted above, in the absence of an overall corporate approach to the transformation of work styles the office rationalisation project will continue to focus available resources to deliver agility where appropriate to services in buildings that have been identified for closure.
- New furniture will be required in many cases to make the most efficient use of space, although existing furniture will be reused where possible.

4.5 The current position

4.5.1 The core group of administrative buildings now in scope for the rationalisation project is listed in Appendix A. This list identifies the proposed treatment of buildings (retain/vacate/review) which is expanded upon below.

4.5.2 Appendix A also indicates the current position in terms of the occupancy of those buildings, taking account of the recent voluntary retirement and severance exercise and recent staff moves. The figures show average overall space occupancy of 15.6 sqm. per person. Whilst office space is now less densely occupied, that under-occupation is spread in 'pockets' across all buildings. To achieve a further reduction in building numbers in the short to medium term it will be necessary to relocate large groups of staff – sometimes with a requirement for double moves – to vacate a whole building or buildings.

4.6 The Way Forward

- 4.6.1 Certain buildings are identified at this stage for retention by the Council. Further information on these is given at Appendix B. Appendix B also identifies key issues to be addressed in those buildings, and notes their maintenance backlog and energy performance.
- 4.6.2 It is recommended that the retention of the buildings listed in Appendix B be confirmed and the Director of Law, HR & Asset Management be requested to develop an action plan for their improvement and to report to a future meeting of Cabinet with proposals. That action plan should be underpinned by the principles that use of the building will be intensified wherever possible, backlog maintenance will be addressed, energy efficiency improved and CO2 emissions reduced. In view of the extent of the identified maintenance backlog it is further recommended that a bid be submitted in due course for inclusion in the future capital programme to support improvement and more intensive use.
- 4.6.3 For the remaining buildings already identified for disposal in Phase 1 of the rationalisation project (The Old Courthouse and Willowtree) work is proceeding to relocate staff.
- 4.6.4 In respect of the Professional Excellence Centre (PEC) at Acre Lane, the business case considered by Cabinet in June 2010 recommended that further consideration be given to the future of this facility in a later stage of the accommodation review programme and through a separate and specific review. The Acre Lane facility is costly to run and has a substantial repair backlog.
- 4.6.5 With the vacation of the former Rock Ferry High School buildings the opportunity has arisen to consider whether this site would be appropriate for the relocation of the PEC. External consultants have been engaged to advise on this. They have also been asked to consider whether the PEC could be relocated to use the Council's Bebington Complex of buildings or the Conway Centre. This work is in progress, but early feedback is that relocation to the separate Council buildings at Bebington is not a viable option as there is insufficient accommodation that could be suitably configured to meet service needs.
- 4.6.6 Further information is given at Appendix C in respect of Liscard Municipal Building, Bebington Town Hall and Bebington Town Hall Annexe. Whilst these buildings have been provisionally identified for vacation in Phase 2 of the rationalisation project confirmation is now sought that they should be vacated, declared surplus to the Council's requirements and demolished pending an agreed future use for the sites.
- 4.6.7 Decisions in respect of Appendices B and C leave the following properties for further consideration:
- Pennant House – together with the associated buildings Mayer Hall and 65 The Village referred to as the Pennant House Complex
 - The former Birkenhead Town Hall
 - Hamilton Building
 - Finance Municipal Building
 - North and South Annexes, Wallasey

4.6.8 A special meeting of the Bebington and Clatterbridge Area Forum took place on 6 December 2011 to discuss these buildings. Options for their future will be further discussed at the next Area Forum Meeting on 7 February 2012 and a separate report on these buildings will be brought to a future Cabinet meeting.

4.6.9 Birkenhead Town Hall, is dealt with in Appendix D. There remains a need to find a sustainable future use for the former town hall, not only to bring a significant historic asset back into use but also to support the regeneration of Hamilton Square. On balance it is therefore recommended that the former town hall be re-used in part to provide office accommodation for the Council, within an overall facility that provides meeting and events space and supports community and cultural use.

4.6.10 By way of further action, It is recommended that – in addition to the building closures identified earlier in this report - an initial series of building works and moves be undertaken that will result in the vacation of the South Annexe. This will then provide the starting point for the implementation of a preferred option for the closure of a further building or buildings.

The initial series of building works and staff moves to be undertaken will be as follows:

Action	Comments
Refurbish and upgrade first floor accommodation in Birkenhead Town Hall.	Rationale and costs set out in Appendix D.
Move Regulatory Services from Wallasey Town Hall	If Birkenhead Town Hall is used parking will need to be made available to allow for the mobile nature of the service.
Refurbish second and third floor accommodation in Wallasey Town Hall	Partitions to be removed to allow more intensive use of space, together with upgrading of power and ICT cabling
Relocate HR staff from South Annexe to refurbished accommodation in Wallasey Town Hall	New accommodation will be used as far as possible on an agile basis. South Annexe will then be vacant, from which point a preferred option for building vacation can be implemented.

4.6.11 Consideration then needs to be given to the remaining buildings – Hamilton Building, Finance Municipal Building and the North and South Annexes. The closure of one or more of these core buildings would significantly reduce the amount of accommodation occupied, running costs incurred and maintenance costs to be addressed. Options together with estimated costs are set out in Appendix E.

4.6.12 In the cases of options 1, 2, 3, and 5(a) it is estimated that the cost of borrowing to fund the necessary capital works would cancel out any revenue savings to be made.

4.6.13 Option 4 would deliver the greatest reduction in floor space, but considerable further work would be required to confirm and bring forward any market interest in Hamilton Building. The future of this building will also need to be

considered in the context of wider development and regeneration opportunities in Birkenhead Town Centre. In addition there are uncertainties as to the future service and staffing requirements affecting Hamilton and Finance Municipal buildings. For these reasons it is suggested that the issues and opportunities affecting these two buildings should be further explored, but that potential closure of one or both buildings is seen as a medium to long term option.

4.6.14 Option 5 (b) shows the biggest estimated net revenue savings, with no requirement to fund the capital refurbishment of the North and South Annexes. Accommodation will need to be identified and prepared for the relocation of the Regeneration, Housing & Planning department.

4.6.15 The final decision on the location of that department may depend on service and staffing changes that take place in other buildings. Timing of the move may also depend on any preparatory works required. In the meantime, and on the basis that the South Annexe would ultimately be demolished, it would be possible to temporarily locate Regeneration, Housing & Planning in a vacated South Annexe with minimal preparatory works and on the basis that the asbestos within the building continued to be managed in line with existing arrangements.

4.6.16 If both Annexes were demolished in a single contract the Council would expect to secure a more favourable price from contractors than if it dealt with them separately. The amount of any such saving would be quantified through a tender process. Continued temporary use of one of the Annexes would forego such a saving. There would also be some additional costs in a double move.

4.6.17 Pursuing option 5(b) would produce a programme of short, medium and long term actions. An indicative programme is summarised in the following table:

Timescale	Actions
Short (0-2 yrs.)	<ul style="list-style-type: none"> • Complete improvements to access and means of escape in Wallasey Town Hall • Vacate and demolish Liscard Municipal, Bebington Town Hall and Bebington Town Hall Annexe • Complete sequence of moves to vacate and demolish North Annexe • Agree a preferred option for the future of the Pennant House complex
Medium (3-5 yrs.)	<ul style="list-style-type: none"> • Vacate and demolish South Annexe • Agree proposals for greater use of Wallasey Town Hall • Clarify future requirements for Birkenhead buildings and identify further building(s) for vacation

Long (5yrs+)	<ul style="list-style-type: none"> • Review new build option • Vacate and dispose of further building(s) in Birkenhead • Develop and implement exit strategy for Cheshire Lines
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4.6.18 The instructions of Cabinet are required as to the preferred option for further building rationalisation.

5.0 RELEVANT RISKS

5.1 Financial implications are in some cases based on estimated costs which are subject to variation. Figures will be confirmed through competitive quotations and tenders as appropriate and every effort will be made to minimise costs. Costs and savings will be monitored within the office rationalisation project and through the Strategic Change Programme Board.

5.2 Project timescales are subject to variation. The overall rationalisation project will rely on a series of interlinked staff moves, and unexpected problems may arise during buildings works. Delay in one area may affect the timing of other moves, building works etc. This risk will be addressed by the use of appropriate project management and monitoring arrangements.

5.3 Services affected by building closures and office moves may be reluctant to relocate. This will be addressed by effective communication of the reasons for change and resulting benefits; leadership within departments and within the rationalisation project and engagement with affected staff. New accommodation that is provided will also be suitable and fit for purpose.

5.4 Services may be disrupted by the impacts of the rationalisation project. Whilst some double moves of staff may be required every effort will be made to keep these to a minimum. Consultation and engagement with affected staff will try to ensure that service needs and concerns are taken into account where appropriate when planning moves or new accommodation. In addition, major building alterations and repairs will not be undertaken with staff in occupation.

5.5 Staff resources currently assigned to this project are limited and, as a result, the pace of change is restricted. It is proposed to review the existing level of resources and if necessary bring forward proposals for additional support.

6.0 OTHER OPTIONS CONSIDERED

6.1 The option of retaining all of the current stock of administrative buildings has been dismissed. Analysis of their current use shows that the Council is occupying more office space than it needs, and the repair and maintenance backlog is unsustainable.

6.2 The option of retaining office use in the existing Bebington buildings has been dismissed as it is inconsistent with the strategy of consolidating office use in Wallasey and Birkenhead supplemented by the outlying core locations for CYPD at Acre Lane and Solar Campus.

- 6.3 The option of not re-using Birkenhead Town Hall has been considered but on balance has been dismissed. This is because there are considered to be no realistic prospects of commercial re-use in the current market and no sustainable and funded alternative has been brought forward. The alternative to re-use by the Council would be either to 'mothball' the building in whole or in part with the risks that would entail for the building fabric or to invest in its maintenance and repair (given its historic and architectural significance) without deriving any direct benefit from the money spent.
- 6.4 An alternative option for the town hall would be to re-offer the building to the market with a commitment from the Council to meet the costs of outstanding repairs and provide revenue funding to meet running costs. Whilst this may improve the prospects of securing an alternative use the Council would be required to make a substantial and continuing investment in the building but would expect to lose control of it and of the benefits (e.g. income) from its future use.

7.0 CONSULTATION

- 7.1 Detailed consultation will be undertaken with staff whose accommodation is affected by the proposals, and with those services and staff who are required to relocate. The intention will be to minimise disruption to services during change.
- 7.2 A special meeting of the Bebington & Clatterbridge Area Forum on 6 December 2011 considered the proposals for the Pennant House complex, and the matter will be discussed at the next meeting of the Forum on 7 February 2012.
- 7.3 The views of Directors and Service Heads have been taken into account in these proposals. There will be further consultation with Departments in developing the preferred option for building closure(s).

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 Mayer Hall is used by the voluntary, community and faith sector. Users will be consulted before a final decision is taken on the future of the buildings.
- 8.2 Re-use of Birkenhead Town Hall will provide improved opportunities for use by voluntary and community groups.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

FINANCIAL IMPLICATIONS

- 9.1 The following provisions have been made in the Capital Programme and are available to support the rationalisation programme in this report:
- ICT Infrastructure £6.0m
 - Wallasey Town Hall – access and fire precautions £1.6m
 - North & South Annexes – refurbishment £2.3m
 - Relocation of Bebington One Stop Shop £1.3m
 - Rock Ferry One Stop Shop – integration with library £0.6m

- 9.2 Scheme and estimate reports will be brought forward separately in each case for building related projects where funding has been allocated.
- 9.3 Savings from the closure and vacation of The Old Courthouse and administrative accommodation within the Willowtree facility have already been taken into account in the Strategic Change Programme.
- 9.4 Closure, vacation and demolition where appropriate of buildings as recommended in this report will deliver estimated net annual revenue savings as follows:

Building	One-off costs of vacation, closure and demolition (where appropriate)	Estimated net annual revenue saving	Estimated future repair & maintenance costs avoided
Liscard Municipal Building	£147,000 *	£70,700 **	£496,320
Bebington Town Hall and Annexe	£231,500 *	£110,200 **	£574,000

* Plus any necessary works to new locations.

** Premises budget 2012/13 less increased annual ICT costs

- 9.5 A policy needs to be agreed to recharge schools for the increased cost of ICT provision where hubs are relocated.
- 9.6 One off costs to deliver building closures and staff relocations will be met in each case from existing budgets, with the costs of ICT infrastructure reprovision being met from the capital provision identified above.
- 9.7 One-off costs to bring vacant space in Birkenhead Town Hall into office use are estimated at £350,000. These will be met from existing asset management budgets and ICT capital provision as above.
- 9.8 Costs and savings arising from further building closures depend on the preferred option and are detailed in Appendix F.
- 9.9 Potential capital receipts have not been considered at this stage. For Liscard Municipal Building, Bebington Town Hall and Bebington Town Hall Annexe demolition of the vacated buildings and retention of the cleared sites is recommended. The same would be the case for the North and South Annexes. Further work would be required to confirm the best approach to disposal if Hamilton and / or Finance Municipal Buildings were to be vacated.

IT IMPLICATIONS

- 9.11 Identified in the report and appendices.

STAFFING IMPLICATIONS

- 9.12 Given agreement of the proposed way forward a review of staffing resources necessary to deliver the proposed programme will be undertaken to identify any additional resources required. If additional resources are considered necessary approval of their provision will be requested through the Strategic Change Programme Board.

- 9.13 Consultation will be undertaken with staff who are relocated as a result of the rationalisation programme.
- 9.14 The proposed programme allows for building and refurbishment works to be undertaken when accommodation is vacant, minimising the impact on and risks to staff.

ASSET IMPLICATIONS

- 9.15 Dealt with in the body of the report.

10.0 LEGAL IMPLICATIONS

- 10.1 None arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

- 11.1 An Equality Impact Assessment is required for the office rationalisation programme. Whilst an initial overall assessment was completed this will need to be reviewed and updated when the rationalisation programme is confirmed.
- 11.2 Individual assessments will be carried out for each phase of rationalisation.

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 The vacation and demolition or disposal of administrative buildings will help deliver the Council's Carbon Budget by reducing its CO2 emissions.
- 12.2 Consolidating accommodation in Wallasey and Birkenhead will reduce business travel and CO2 emissions from officers travelling between different locations. Further reductions in emissions from business travel may be delivered from increased agile working.
- 12.3 The North and South Annexes have been identified as locations for Solar PV installations within the scheme approved by Cabinet on 1 September 2011. If the Annexes are demolished alternative sites will be identified from a reserve list of buildings.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 In the Council's adopted Unitary Development Plan (UDP), Liscard Municipal Building is within a Primarily Commercial Area adjacent to Liscard Town Centre, where redevelopment for town centre uses falling within Class A1 (Shops), Class A2 (Financial and Professional Services), Class A3 (Food and Drink, now sub-divided into A3 (Restaurants and Cafes), A4 (Drinking Establishments) and A5 (Hot Food Takeaways)), Class B1 (Offices) and Class D1 (Non-residential institutions) is appropriate subject to criteria. However, the Central Liscard Area Residents' Association intends to prepare a Neighbourhood Development Plan for Central Liscard, which may supersede the policies of the UDP in this location, such that other uses may be appropriate.
- 13.2 Bebington Town Hall and Bebington Town Hall Annexe are similarly within a Primarily Commercial Area in the UDP, adjacent to an existing shopping

centre. There is no current Neighbourhood Development Plan for the Bebington Municipal complex and therefore no proposed alternative use for the sites through the Development Plan system. However, given the area, there may be potential interest for housing redevelopment, as has already occurred at the south of the Commercial Area adjacent to Church Road. Whilst any planning application would be considered against the Development Plan, other material considerations might apply. At present these material considerations include the Council's Interim Planning Policy for New Housing Development, which restricts new housing development outside the Council's priority areas and limits the potential of sites in Bebington for new housing development.

- 13.3 The Old Court House in Liscard and Willow Tree Resource Centre in Moreton are both within the Primarily Residential Area, subject to Policy HS4 (addressing residential redevelopment) and Policy HS15 (addressing small-scale non-residential uses). In addition, Willow Tree is subject to the restrictions imposed by the Council's Interim Planning Policy for New Housing Development.
- 13.4 Of the review sites status in the UDP, Hamilton Building is within a Primarily Residential Area adjacent to Birkenhead Town Centre (subject to Policy HS4 and Policy HS15). The Finance Municipal Building is within a Primarily Commercial Area and within 100 metres of the Hamilton Square Conservation Area.
- 13.5 The North and South Annexes at Wallasey Town Hall are within the Primarily Residential Area but demolition and redevelopment should be considered against the need to preserve those elements of the setting of the Grade II listed building assets of Wallasey Town Hall and The Brighton Public House, that make a positive contribution to, or better reveal the significance of the asset. Any proposals will be considered against UDP Policy CH1 (Development Affecting Listed Buildings and Structures).
- 13.6 Pennant House is within the Primarily Residential Area in the Council's UDP, as is the built area of the Acre Lane complex. However, both of these sites are subject to the Council's Interim Planning Policy for New Housing Development, which restricts new housing development. Land to the south of Acre Lane is also identified as Urban Greenspace, subject to Policy GR1 (The Protection of Urban Greenspace) and national policy on the protection of sports fields from development. Land and buildings surrounding Pennant House are currently being assessed for their wider heritage value.
- 13.7 The heritage value of Birkenhead Town Hall (which is listed Grade II* but set within the context of Hamilton Square's Grade I listed terraces) is reflected in the assessment of options in Appendix D to this report. Any proposals for works to Birkenhead Town Hall will be considered against UDP Policy CH1 and national policy for heritage assets.

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APPENDICES

Appendix A - Buildings in Scope

Appendix B - Buildings to be retained

Appendix C - Buildings where vacation and demolition is to be confirmed

Appendix D - Birkenhead Town Hall

Appendix E - Buildings where a decision is required on future retention or disposal

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Office Accommodation	24 June 2010
Cabinet – The Former Birkenhead Town Hall	22 July 2010
Cabinet – Office Rationalisation	25 November 2010
Council Excellence Overview & Scrutiny Committee – Office Rationalisation and Agile Working	31 January 2011
Cabinet – Capital Programme & Capital Funding	21 February 2011
Council Excellence Overview & Scrutiny Committee – Office Accommodation Update Report	12 July 2011
Council Excellence Overview & Scrutiny Committee – Office Rationalisation - Update Report	15 September 2011
Council Excellence Overview & Scrutiny Committee – Office Rationalisation and Agile Working	17 November 2011

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BUILDINGS IN SCOPE

Building	Departments in Occupation	Net Internal Area (m2)	Staff Numbers	Area Occupied Per Person (m2)	Recommended Treatment – Retain, Vacate/Dispose, Review
Hamilton Building	CYPD	2,881	207	13.9	Review
Conway Building	CYPD Finance DASS Regeneration, Housing & Planning	2,952	59 32 11 29	22.5	Retain
Treasury Building	Finance	2,709	222	12.2	Retain
Finance Municipal	Finance District Audit	2,645	249 15	10	Review
Wallasey Town Hall	Chief Executives Office Regeneration, Housing, & Planning Law, HR & Asset Management	3,741	3 24 107	27.9	Retain
North Annexe	Regeneration, Housing & Planning	1,445	124	11.7	Review
South Annexe	Law, HR & Asset Management	1,493	84	17.8	Review
Liscard Municipal	CYPD DASS Law, HR & Asset Management	1,516	52 35 5	16.5	Vacate/Dispose
Moreton Municipal	Law, HR & Asset Management DASS Finance	696	2 7 10	36.6	Retain
Rock Ferry Centre	CYPD DASS Law, HR & Asset Management	801	51 52 2	7.6	Retain
Solar Campus – St Marys Building	CYPD	1.902	84	22.6	Retain
Pensby Park	CYPD	TBC	39	TBC	Retain

Building	Departments in Occupation	Net Internal Area (m2)	Staff Numbers	Area Occupied Per Person (m2)	Recommended Treatment – Retain, Vacate/Dispose, Review
Bebington Town Hall	CYPD	1,213	103	11.8	Vacate/Dispose
Bebington Annexe	CYPD DASS	707	31 22	13.3	Vacate/Dispose
Cheshire Lines	Technical Services Finance Law, HR & Asset Management Regeneration, Housing & Planning	3,367	136 69 71 82	9.4	Retain
Girtrell Court	DASS	271	22	12.3	Retain
Old Court House	Law, HR & Asset Management	1,191	53	22.5	Vacate/Dispose
Pennant House	Finance	431	11	39.2	Review
Birkenhead Town Hall	Law, HR & Asset Management	185	16	11.6	Retain
Old Market House	DASS	372	53	7	Retain
Acre Lane	CYPD	6,010	130	46.2	Review
Willowtree	CYPD	272	54	5	Vacate/Dispose
TOTAL	-	36,800	2,358	15.6	-

BUILDINGS TO BE RETAINED

Building	Backlog mtce.	Life cycle mtce.	Energy performance	Issues to be addressed
Cheshire Lines	To be confirmed	To be confirmed	D	<p>This building is leased from a private landlord with the lease expiring on 7 April 2024.</p> <p>It is assumed that it will be vacated when the Council's lease expires, and a plan will be developed to relocate staff and technical installations.</p> <p>In the meantime it should be used in the most appropriate manner and in the most intensive way, to maximise the benefits of its open plan layout, its accessibility for public transport and recognising the restricted on-site car parking provision. Whilst this is currently one of the most intensively used Council buildings there is some capacity for it to house additional staff.</p> <p>A review of the Archive function is required:</p> <ul style="list-style-type: none"> • to determine if it should continue to operate as at present or whether there is a case for separating the Council's record storage from the 'historical and cultural' archive • to develop options for the provision of additional capacity. <p>Given the assumption that the building is to be vacated on expiry of the lease:</p> <ul style="list-style-type: none"> • The traffic systems controls will need to be re-sited before the lease expires. • The CCTV control room needs to move before the lease expires. <p>The landlord is understood to have agreed a letting of the vacant accommodation next door on completion of which additional spaces in the shared car park will no longer be available to Council staff.</p> <p>This will increase pressure on available car parking and strengthens the case for a corporate car parking policy.</p>

Building	Backlog mtce.	Life cycle mtce.	Energy performance	Issues to be addressed
Old Market House	Not applicable	Not applicable	To be confirmed	No issues at present. Accommodation held on short term tenancy from the Primary Care Trust.
Wallasey Town Hall	1,377,000	1,093,000	D	<p>Identified as the `corporate headquarters' when Cabinet considered the business case in 2010. Occupiers should be appropriate to that function. Funding has been identified within the Capital Programme for improvements to fire safety and access.</p> <p>A scheme and estimate report for the necessary works was approved by Cabinet on 12 January 2012. When completed the scheme will allow more intensive use of the building.</p> <p>As well as increasing the number of staff based in the building longer term issues include:</p> <ul style="list-style-type: none"> • Consideration of potential to co-locate Seacombe library in the building with the One Stop Shop • Reviewing the use of the Civic Hall <p>Investment in the building will support its role in the development of future corporate resilience planning.</p>
Treasury Building	354,000	441,600	G	<p>Contains the Council's main data centre. There are no current proposals to move this. Arrangements for data management in local government are likely to evolve in the medium term, influenced by guidance from central government. It is judged likely by the Head of IT that the existing centre will be required for a period of up to 10 years (subject to any necessary operational improvements).</p> <p>This building will therefore be retained and maintained using existing budgets, with its use intensified as far as possible. Separately the Head of IT in liaison with the Head of Asset Management and</p>

Building	Backlog mtce.	Life cycle mtce.	Energy performance	Issues to be addressed
Treasury Building (cont)				other colleagues as appropriate will develop options for the provision of a back up data centre as identified in the recent review of the Council's data centres.
Solar Campus	683,600	1,064,352	D/E	<p>Contains both the Wirral Alternative Schools Programme school and administrative accommodation. Forms one of three core sites for CYPD functions. There are no proposals to relocate the school. Other occupiers of the complex are co-located complementary activities.</p> <p>Part of the complex is in listed buildings.</p> <p>It will be retained and maintained using existing budgets, with its use intensified as far as possible.</p>
Moreton Municipal Building	218,500	166,119	D	<p>Contains the One Stop Shop and administrative accommodation. It is one of several separate Council buildings in this locality including the Moreton day centre.</p> <p>The Council's aim is to bring Libraries and One Stop Shops together. It is recommended that this building be retained but that a further review be undertaken of the `campus' of buildings to develop options for their future improvement. This would include the potential for redevelopment to deliver new facilities from which improved and modernised services could be delivered.</p>
Conway Centre	604,500	448,380	C	<p>This is a listed building in a prominent and very accessible location on the edge of the shopping centre, very well served by public transport. It is the location of the Council's main One Stop Shop.</p> <p>The building is in need of significant upgrading.</p> <p>It will be retained and maintained using existing budgets, with its use intensified as far as possible.</p>

Building	Backlog mtce.	Life cycle mtce.	Energy performance	Issues to be addressed
Conway Centre (cont)				<p>One option could be to co-locate Birkenhead Central Library with the One Stop Shop in this building, but no detailed consideration has been given to this option.</p> <p>It is assumed that the financial situation precludes moving the One Stop Shop out of the building either to new build or rented accommodation. In the view of the Service no other Council building would offer suitable accommodation for the One Stop Shop that is so well-located.</p>
Rock Ferry Centre	150,000	120,000	E	<p>Administrative accommodation above the One Stop Shop and library is modern and lends itself to open plan working, although it is currently sub-divided.</p> <p>It will be retained and maintained using existing budgets, with its use intensified as far as possible.</p>
Girtrell Court	185,000	297,000	To be confirmed	<p>Space used is administrative accommodation within a larger care facility. It will be retained and maintained using existing budgets, with its use intensified as far as possible.</p>

OFFICE RATIONALISATION**BUILDINGS WHERE VACATION AND DEMOLITION IS TO BE CONFIRMED**

There are three administrative buildings that have been provisionally identified for vacation, and further details in respect of these are given below. In each case there are no immediate proposals for the re-use of the site, and it is recommended that the buildings be demolished and the cleared sites be retained by the Council.

LISCARD MUNICIPAL BUILDING

These are local offices in Liscard town centre currently occupied by locality social care teams from DASS and CYPD. The building also serves as a base for the Council's Pest Control team and for the external Connexions service. Alternative locations are being discussed with service managers from DASS and CYPD, whilst arrangements are being made for the pest control team to operate on a fully agile basis. Connexions are rationalising their office accommodation and have served notice to vacate their accommodation.

The adjacent Liscard community centre and community garden will be vacated as part of a community asset transfer agreed by Cabinet. Contracts have now been exchanged for the asset transfer. Clearance of all three sites can then be linked.

The building contains an ICT node, the functions of which will be transferred to the BT network.

Estimated building related costs are as follows:

One-off costs arising from the vacation of the building and relocation of staff

- One-off ICT costs £33,000
- Estimated demolition costs £100,000
- Works to new accommodation £Dependent on agreed locations
- Removal costs £14,000

Annual costs

- Increased annual ICT costs arising from the relocation of the ICT node £7,600

Savings

Annual building running costs £78,300
(premises budget 2012/13)

Backlog maintenance costs £201,000
Life cycle maintenance costs £295,320

Note: There is a rental budget totalling £83,700 from the Connexions Service and in respect of previous occupation by Wirral Partnership Homes included in the budget. If the building was retained by the Council this budget pressure would need to be addressed.

BEBINGTON TOWN HALL & ANNEXE

These two modern office buildings are situated close to Bebington Civic Centre and the Pennant House Complex. They are principally occupied by staff from CYPD and DASS, with some use of the Annexe by staff from the Council's partner organisations and as an office base for Unison staff.

Work is now under way to relocate CYPD staff from the Town Hall building to Acre Lane. Staff from the Annexe – both CYPD and DASS – will work from alternative bases including the new Pensby Park facility.

Withdrawal from these buildings is consistent with the principle of consolidating core office provision in Wallasey and Birkenhead. No alternative requirement for their use has been identified.

Bebington Town Hall contains an ICT hub, the functions of which will be transferred to the BT network.

The estimated costs arising from the vacation and demolition of the two buildings are as follows:

One-off costs arising from the vacation of the building and relocation of staff

- One-off ICT costs £73,000
- Estimated demolition costs £150,000
- Works to new accommodation £Dependent on agreed locations
- Removal costs £8,500

Annual costs

- Increased annual ICT costs arising from the relocation of the ICT node
£43,500

Savings

Annual building running costs (premises budget 2012/13)	£153,700
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Backlog maintenance costs	£251,000
Life cycle maintenance costs	£323,000

Note: Income of £76,900 is receivable in respect of Bebington Town Hall via a recharge to the Partial Hearing Unit. Relocation of that Unit will mean that income continues to be receivable.

OFFICE RATIONALISATION

BIRKENHEAD TOWN HALL

At its meeting on 22 July 2010 Cabinet considered a report on the outcome of a disposal exercise for the former town hall and a proposition from The Hamilton Partnership. Cabinet decided not to proceed with the proposal from the Hamilton Partnership at that time but asked that further work be undertaken to identify potential alternative uses.

The former town hall is an impressive Grade II* listed building within the Hamilton Square conservation area. It is physically run down and needs substantial investment to address disrepair. It is also difficult to alter to a significant extent internally because of its listed status, which limits the prospects for alternative uses. Those difficulties are compounded by the current economic situation which severely restricts the prospects of alternative commercial uses.

There are concerns about the economic vitality of the square and the decline in activity. Bringing the former town hall back into use would help bring life and activity back to the square and contribute to its regeneration.

Since the closure of the Wirral Museum the only occupier has been the Registrar's Service, with occasional uses for civic events and meetings. There is however evidence of potential demand for room hire, both to provide meeting space for Council and partners' activities and from external enquiries. If the building is to be used for these purposes on a regular basis investment in building systems and repairs must be made. Without that investment the building should be mothballed.

A group of Council officers met following the Cabinet resolution to consider options for the future use of the building. That group came to the conclusion that, in all the circumstances and in the absence of a viable commercial use, the Council's retention and management of the building offered the most appropriate basis to bring it back into use on a 'mixed' basis that would incorporate Council accommodation, function and meeting space for internal and external hire and arts and cultural activities with the involvement of the voluntary and community sector.

It is therefore proposed that the building is repaired and upgraded on a phased basis, with the Registrars Service remaining on the ground floor, the first floor brought into use as Council offices and the second floor remaining in use as high quality meeting and activity space available for civic use, Council use and to hire. Depending on room layouts the first floor could accommodate between 70 and 100 workstations.

The office space created would form part of the total accommodation available to facilitate the vacation of other Council buildings. Whilst the offices would not offer modern open plan space they would be no less suitable than those in Hamilton Building, Conway Centre or Wallasey Town Hall.

OFFICE RATIONALISATION

Such an approach gives priority to the continued use of the former town hall over other buildings based on its significance and potential contribution to the health of the wider conservation area. Re-use of the building on this basis would not prevent consideration of alternative uses in future.

Given the continued occupation of part of the building by the Registrar's Service work is already in hand to carry out necessary repairs and renew the fire alarm. The cost of this work will be met from existing maintenance budgets.

The estimated 'one-off' costs of bringing the first floor into use as offices are as follows:

Lighting/Electrical	£90,000
IT Infrastructure	£20,000
Structural & Decoration	£50,000
Lift Refurbishment	£40,000
Mechanical	£150,000

The Council would retain the responsibility to address the backlog and life cycle repairs to the building. These figures need to be confirmed. A conservation management plan prepared when the building was marketed estimated costs of disrepair in the region of £1.7m. Some repairs have since been carried out.

A constraint on the re-use of this building is the lack of car parking associated with it. If the Council accommodation is to be occupied by staff who are desk based this will not be a problem. If however the building users are mobile or agile staff some provision will be required. To address that situation it is recommended that the Elgin Way long stay pay and display car park (at the rear of the Treasury Building) is brought into use for staff based in the former town hall on a similar basis to current use of the car park at Hamilton Building. This would allow continued use for pay and display parking but with priority staff use in office hours. This car park is currently poorly used, producing annual net income of £7,000.

It would be intended to generate income from the hiring of rooms in the town hall for functions and events, although at present there is no estimate of the likely amount of income achievable.

OFFICE RATIONALISATION

BUILDINGS WHERE A DECISION IS REQUIRED ON FUTURE RETENTION OR DISPOSAL

Options for the vacation and closure of a further core building exist that involve the Hamilton Building and Finance Municipal Building in Birkenhead and the North and South Annexes in Wallasey. Comment on these buildings and estimated costs and savings for the identified options are set out below.

HAMILTON BUILDING, BIRKENHEAD

This former school building is situated opposite Europa Pools and on the edge of Birkenhead Town Centre. It provides the departmental headquarters for the Children and Young People's Department and is one of three principal accommodation sites for the department (the others being Acre Lane and Solar Campus).

As a former school it is inefficient in use when compared to modern open plan accommodation. However, the building has been well maintained and is on a site that provides 122 car parking spaces for staff, who have priority use of a pay and display car park that forms part of this total.

Within the basement of the building is a major ICT hub which acts as a core node on the Council's telecommunications network, providing links to the Internet for all schools and libraries, and houses computer systems that deliver curriculum services plus messaging systems to schools. Within the current approach to the networking of the ICT infrastructure the functions performed by the 'hub' installation within Hamilton Building can be reprovided by reconfiguring the network as currently provided by BT to make Wallasey Town Hall Complex the second core node on the network and transferring the computer equipment from the Hamilton Building to Wallasey. This would have the added advantage of increasing the bandwidth available at Wallasey, improving its ability to support a high density of staff occupancy. It is estimated that this reprovision could be completed within a period of five months from receipt of formal written notification to ITS that the building is to be vacated. There will be a 'one-off' cost for the work necessary estimated at £210,000 plus the cost of relocating the schools telecommunications services, server infrastructure, datacentre, workshop facilities and staff, estimated at £100,000, together with an increased annual cost for the future service of £80,000.

The Acting Director (CYPD) has expressed serious concerns at the negative impact that the vacation of Hamilton Building would have on his department, which has just had a very successful OFSTED inspection. In particular he says:

- The building is a good location, central for visitors from other agencies and with excellent public transport links and good parking provision.
- It is at the centre of the department's biggest core local area. This reduces travel costs and provides a central venue for meetings, monitoring etc.

OFFICE RATIONALISATION

- It is at the centre of a network of other facilities in central Birkenhead – both Council and partners – that are within walking distance.
- It functions well as a departmental headquarters

At this stage it is unclear what further changes may take place in the role and functions of the department and how these may reflect in accommodation requirements in the medium term.

An informal approach has been received and some initial discussions have taken place with a developer who has expressed interest in the site. The developer has said that the site is in turn of interest to an identified end-user who would be in a position to buy and develop it. The Head of Asset Management has discussed this approach with CBRE Richard Ellis (who provided advice in the disposal of Westminster House and act for the Merseyside Pension Fund). They have confirmed that the site will potentially be of interest to the market. However should the Council wish to explore the disposal of this building further work will be required to decide on the best way to market it in order to meet the Council's ultimate requirements. Whilst interest has been expressed there is no guarantee that a sale can be secured.

If this building were to be closed and sold the following estimated cost avoidance and savings would be achieved:

One-off costs arising from the vacation of the building and relocation of staff.

- One-off ICT costs - £310,000
- Works to new accommodation - £Dependent on agreed locations
- Removal / furniture costs - £32,000

Annual costs

- Increased annual ICT costs arising from the relocation of the ICT hub:
£80,000

Savings

- Annual building running costs (premises budget 2012/13) - £178,700
- Backlog maintenance costs - £395,000
- Life cycle maintenance costs - £438,000

FINANCE MUNICIPAL BUILDING, BIRKENHEAD

This building provides purpose-built administrative accommodation situated opposite the main Treasury Building and close to Hamilton Square. It is occupied almost entirely by Finance Department staff, and also provides an office base for District Audit.

OFFICE RATIONALISATION

The building houses the Revenues and Benefits Service which will be significantly affected by the proposed creation of the Unified Tax Credit system. The future implications of the new system in terms of staffing and accommodation requirements are at this stage unclear.

The building has a substantial repair and maintenance backlog. It has been subdivided in some areas but lends itself to the provision of open plan accommodation. It has 98 on-site car parking spaces for the exclusive use of Council staff.

Finance Department staff (other than those distributed in One Stop Shops and libraries) are all located in administrative buildings in central Birkenhead. As with Hamilton Building and CYPD, the Director of Finance's preference would be for those staff to remain closely located for reasons of operational efficiency, although there can be flexibility of location for staff within the existing sites.

There is currently no market interest in this site and in the short to medium term it is unlikely that it would be re-let or re-developed. If vacated it is therefore proposed that it be demolished and the site appropriately treated. If this were to occur the Interim Director of Regeneration, Housing and Planning has expressed concerns at the potential negative impact on Hamilton Square of the vacation and clearance of the site.

If this building is vacated and closed the following estimated costs and savings would arise:

One-off costs arising from the vacation of the building and relocation of staff

- | | |
|-----------------------------|----------|
| • Removal / furniture costs | £34,000 |
| • Demolition | £100,000 |

Annual costs

- | | |
|---|------|
| • | £Nil |
|---|------|

Savings

- | | |
|---|----------|
| • Annual building running costs (premises budget 2012/13) | £202,300 |
| • Backlog maintenance costs | £305,000 |
| • Life cycle maintenance costs | £360,000 |

NORTH AND SOUTH ANNEXES, WALLASEY

The North and South Annexes provide modern four storey office buildings located on either side of Wallasey Town Hall. As noted elsewhere in this report, Wallasey Town Hall has been identified for retention as the democratic centre of governance for the Council.

OFFICE RATIONALISATION

The buildings were identified for retention when it was decided to sell Westminster House.

They need significant refurbishment and there is currently provision of £2.3 m in the capital programme. Two floors of the South Annexe were vacated in case they were needed to relocate staff from Westminster House, and the electrical and ICT wiring within the building was improved to allow for its intensified use. Nevertheless, a comprehensive scheme of refurbishment is required to address disrepair and maximise the future use of both buildings. The cost of this is estimated at £2.24 m.

Both buildings contain asbestos. With the staff moves that will now be undertaken to facilitate the vacation of a major building, the opportunity should be taken to remove that asbestos from each building. The estimated cost of this totals £500k (which is included in the figure of £2.24 m above).

If the buildings were to be vacated to deliver savings previous reports have identified that they should be demolished and the sites cleared. When Cabinet decided to sell Westminster House there was an evaluation of the option of demolishing the Annexes. The following points – which remain valid – were reported to Members at that time:

- Vacation and demolition of the Annexes is considered likely to have a serious impact on the few local businesses in that area of Wallasey Town Hall that derive significant income from staff currently based there. The economic impact on the wider Seacombe area is considered insignificant.
- The Annexes are considered unattractive to the rental market and given their current condition and their location they are unlikely to be re-let as they stand. Disposal of the buildings would not be recommended, as in the long term the sites on which they sit have regeneration potential.
- Demolition of the Annexes would reinforce a perception of abandonment in the Seacombe area, where other recent demolition has further increased the amount of vacant land. (If the Annexes were to be left vacant as an alternative to demolition this would substantially increase the perception of abandonment).
- The setting of the town hall – which is a listed building and is to be retained as a core asset – would be more isolated with the removal of the Annexes and clearance of the sites.

Concerns as to the perception of abandonment and the setting of the town hall can be addressed by intensification of the use of the town hall (for which options will need to be developed) and a high quality landscaping scheme to incorporate the cleared sites.

OFFICE RATIONALISATION

OPTIONS

The following options have been identified for the vacation of a further building or buildings:

Option One

Complete sequence of moves as set out in paragraph 4.6.11 of the report to vacate the South Annexe. Undertake any necessary works to South Annexe before re-occupation, including removal of asbestos. Move Regeneration, Housing and Planning Directorate to three floors of South Annexe. Refurbish and upgrade North Annexe including removal of asbestos. Relocate CYPD from Hamilton Building to North Annexe. Demolish or dispose of Hamilton Building.

Estimated costs	£3,031,600
Estimated savings	£98,700 p.a. (net revenue) £831,000 (backlog maintenance) £1,443,000 (lifecycle maintenance)
Floor space removed	2,881 sq.m.

Option Two

Complete sequence of moves to vacate the North Annexe, as above. Relocate Finance staff from Finance Municipal Building to North Annexe. Demolish Finance Municipal Building.

Estimated costs	£2,823,600
Estimated savings	£202,300 p.a (revenue) £741,000 (backlog maintenance) £1,365,000 (lifecycle maintenance)
Floor space removed	2,645 sq.m

Option Three

Complete sequence of moves to vacate the North Annexe. Relocate Planning and Building Control into South Annexe and Technical Services staff from Cheshire Lines to North Annexe. Move Asset Management staff to Birkenhead Town Hall. Move Finance staff into Cheshire Lines from Finance Municipal Building. Demolish Finance Municipal Building.

Estimated costs	£2,869,600
Estimated savings	£202,300 p.a. (revenue) £741,000 (backlog maintenance)

OFFICE RATIONALISATION

£1,365,000 (lifecycle maintenance)

Floor space removed 2,645 sq.m.

Issues

- This option initiates the exit strategy from Cheshire Lines
- Estimated costs do not include moving CCTV and traffic system controls
- Planning and Building Control should move with agility – support and resources will need to be concentrated on this.

Option Four

(More ambitious)

Complete sequence of moves to vacate the North Annexe. Relocate Planning and Building Control staff to South Annexe and Technical Services staff from Cheshire Lines to North Annexe. Move Asset Management staff to Birkenhead Town Hall. Move Finance staff into Cheshire Lines from Finance Municipal Building. Demolish Finance Municipal Building. Relocate CYPD from Hamilton Building to Cheshire Lines. Demolish or dispose of Hamilton Building.

Estimated costs £3,211,600

Estimated savings £301,000 p.a. (revenue)
£1,136,000 (backlog maintenance)
£1,803,000 (lifecycle maintenance)

Floor space removed 5,526 sq.m.

Issues

- Numbers suggest all staff won't fit based on current figures. However, over the short to medium term this may be achievable if:
 - There are reduced service requirements
 - There are further staff reductions
 - Space is more effectively used in other buildings (e.g. Conway)
 - Agility is driven forward in the affected areas

Option Five

- a) Complete sequence of moves as set out in paragraph 4.6.11 of the report to vacate the South Annexe. Undertake any necessary refurbishment work to South Annexe before reoccupation including

OFFICE RATIONALISATION

removal of asbestos. Move Regeneration Housing and Planning Directorate to three floors of South Annexe. Demolish the North Annexe.

- b) More ambitiously, vacate North Annexe by moving Regeneration, Housing and Planning to Birkenhead (probably Cheshire Lines) and demolish both Annexes.

Estimated costs	(a) £1,783,200	(b) £1,188,000
Estimated savings annual revenue	(a) £77,900	(b) £158,300
Backlog maintenance	(a) £271,000	(b) £436,000
Life cycle maintenance	(a) £558,000	(b) £1,005,000
Floor space removed	(a) 1,445 sq.m	(b) 2,938 sq.m

Issues

- Demolition of the Annexes would remove a further 2 modern buildings from the Council's stock that are suitable for open plan office use.

Summary of costs and savings for each option

Option	Estimated One-off Costs	Estimated Net Savings (p.a.)	Estimated Repair and Maintenance Costs Avoided	Floor Space Removed (sq.m)
1	3,031,600	98,700	2,274,000	2881
2	2,823,600	202,300	2,106,000	2645
3	2,869,600	202,300	2,106,000	2645
4	3,211,600	301,000	2,939,000	5526
5 (a)	1,783,200	77,900	829,000	1445
5 (b)	1,188,000	158,300	1,441,000	2938

Notes

Estimated net annual savings are the budget figures for the buildings less any additional annual costs that will be incurred as a result of changes to ICT arrangements

It should be noted that options 1 to 4 assume the full refurbishments of the North and South Annexes, based on the assumption of their continued long term use. The estimated cost of this is £2.24 m. If the Annexes were to be retained the works would be brought forward as a capital scheme. Option 5 (a) assumes full refurbishment of the South Annexe at an estimated cost of £985,000.

OFFICE RATIONALISATION

Funding will need to be identified for the removal of asbestos and demolition of one or both of the Annexes if Option 5 is preferred. It is suggested costs could be met from the Invest to Save budget.

Where costs are treated as capital it is assumed that they will be met from borrowing. This will incur an additional annual cost of approximately 10% of the sum borrowed and will therefore result in reduced annual savings.

On balance, options 1 and 2 would not be recommended because of the resulting reduction in efficiency for CYPD and Finance departments respectively.