

WIRRAL COUNCIL

CABINET 16 October 2008

REPORT OF THE CHIEF EXECUTIVE

TRANSFORMING WIRRAL - STRATEGIC ASSET REVIEW

1. EXECUTIVE SUMMARY

- 1.1 This report describes progress to date on the Council's Strategic Asset Review and recommends proposals for taking forward the Review. The Strategic Asset Review is an opportunity to enhance service delivery for local people through better, more fit-for-purpose facilities that are more energy efficient and less costly to maintain and operate. The Review is a key project underpinning two of the Council's corporate priorities for improvement for 2008/09: to improve the use of the Council's land and assets and to create a sustainable and stable budget, providing value for money.

2 BACKGROUND

- 2.1 In March 2008 the Council agreed a new Corporate Plan. This identifies five strategic objectives for the period 2008-11 and a number of priorities for improvement for 2008-09. One of the five strategic objectives is to create an Excellent Council. One of the priorities for improvement identified as underpinning this strategic objective is to improve the use of the Council's land and assets. A second priority is to create a sustainable and stable budget, providing value for money.
- 2.2 On 9 July 2008 Cabinet considered proposals for a Strategic Asset Review of the Council's land and buildings. This set out a mechanism of area asset reviews to begin the process of improving the quality and efficiency of the Council's use of assets to ensure that the authority's limited resources are used in the best interest of local people. Cabinet approved the methodology and actions set out in the Strategic Asset Review and endorsed the concept of undertaking seven area-based asset reviews to cover the whole Borough. Four reviews were to commence immediately, covering respectively:
- Birkenhead, Tranmere and Rock Ferry, Bidston and Claughton, and Oxton and Prenton;
 - West Wirral;
 - Leasowe, Moreton and Saughall Massie; and
 - New Brighton, Wallasey, Liscard and Seacombe.
- 2.3 Cabinet also authorised work to commence immediately on reviewing the Council's office and administrative buildings as outlined in the Strategic Asset Review.
- 2.4 In undertaking a Borough-wide Strategic Asset Review, it is important to use a consistent methodology and to underpin even preliminary findings by reference to universally applicable key principles. This report will set out those guiding principles that have emerged from the work undertaken to date. Members are asked to consider whether they agree that these principles provide a valid set of criteria to inform the further stages of the Strategic Asset Review.

- 2.5 This report will then set out officers' initial conclusions emerging from the four geographical areas, forming the first phase of the Strategic Asset Review. Finally, this report will summarise the work undertaken to date on reviewing the Council's office and administrative buildings.
- 2.6 The initial four area reviews identified some preliminary findings for consideration. However, it must be emphasised that these are preliminary views at this stage and that further analysis and thorough public engagement will need to take place before any firm decisions are made.
- 2.7 In addition to the actions described above, in 2007 Cabinet authorised the Director of Regeneration to commission a Cultural Facilities Development Plan. This is the subject of a separate report on this Agenda which sets out a Strategic Development Plan for Leisure and Cultural Services. In view of the fact that leisure and culture account for approximately half the Council's portfolio of assets, it is particularly important that this work is considered in parallel with this report and integrated into a joined-up Council wide approach to the strategic management of all its land and buildings.

3. DRIVERS FOR CHANGE

- 3.1 In 1974 Wirral Council inherited a large number of facilities from its five, smaller, predecessor authorities. Thirty four years later, many of these buildings are still in Council use and are proving increasingly costly in terms of routine maintenance and necessary major structural repairs. Moreover, even with the Council's existing programme of planned preventative maintenance, the age of many of the buildings means it is inevitable that unforeseen problems will emerge causing unplanned restrictions on use. Members and local people will be aware of recent examples where a falling skylight at Birkenhead Central Library and a leak at West Kirby Swimming Pool caused the unplanned closures of the facilities.
- 3.2 In August 2007 Cabinet received a report on Planned Maintenance for 2007-08 which informed members that the then backlog of property repairs was in excess of £10 million. In March 2008 Cabinet received a further report on Property Performance Management which advised members that the repairs backlog then stood at £9.89 million. The latter report also explained that of the 148 Council buildings inspected (during the first two years of a five year rolling programme of building condition surveys) 15 per cent (by gross internal area ('GIA')) showed minor deterioration and 17 per cent (by GIA) showed major defects. It is proposed to report to a future meeting of Cabinet to update members on these statistics.
- 3.3 In addition to concerns about the future repairs and maintenance costs of the Council's aging and fragmented portfolio of assets, the Strategic Asset Review has been given added urgency by the combination of rising energy costs and the current difficulties facing the local, regional, national and global economies. Energy costs have risen very significantly in the past year and the Director of Finance has indicated that this is likely to add up to nine million pounds to the Council's annual expenditure (which would be approximately equivalent to a nine per cent increase in Council Tax unless mitigated by savings elsewhere in the authority's budget). A large part of the authority's energy consumption is buildings related.

- 3.4 The wide-ranging economic difficulties are causing major challenges for local people with rising levels of unemployment and rising food, fuel and other prices, coupled with increasing restrictions on the availability of credit facilities. One consequence of these challenges may be falling income levels in Council owned leisure and cultural facilities, although, to date, the only area this has been experienced is in reduced usage of golf courses (and these facilities still make a surplus). Moreover, historical precedent suggests that the Council will face increasing problems in collecting local taxes as the economic situation deteriorates. In addition, as the economy declines, central Government's tax revenue will also reduce and this is likely to lead to increasingly challenging budget settlements for local authorities. All these factors are likely to add significantly to the authority's growing budget pressures. In turn, this will increase the need to expedite and successfully conclude the Strategic Asset Review in order to ensure that the Council's budget remains sustainable and the Council Tax burden on financially hard-pressed local people does not become unacceptable.
- 3.5 Finally, the Council will be judged by Government on its ability to reduce its carbon footprint and the carbon footprint of the Borough as a whole. It is therefore imperative that in managing its assets the Council demonstrates best practice in the effective use of modern technology and good design to optimise energy efficiency. If the Strategic Asset Review is delivered successfully, the Council will be able to set a positive example in the efficient use of energy to (and share best practice with) the wider community.
- 3.6 All these issues must be addressed responsibly and effectively, but with the involvement and engagement of local people.

4. STRATEGIC ASSET REVIEW – METHODOLOGY AND EMERGING PRINCIPLES

- 4.1 A Working Group of senior managers initially compiled an extract from the list of assets detailed in the Cabinet Report of 9 July for each of the geographical areas to be reviewed. The Council assets were then divided according to their existing function/s. The principle categories were:
- Public access and information points (e.g. One Stop Shops and libraries);
 - Community and youth services;
 - Art, museum and theatre services;
 - Sports and recreational services (including allotments, parks and sports grounds);
 - Administrative buildings (including depots);
 - Adult and children's specialist services (e.g. day care units, schools and children's centres); and
 - Investment properties.
- 4.2 The Working Group took an initial decision to focus on public facing assets for the area-based reviews and not to include the Council's administrative offices and investment properties. A consequence of this approach was that the bulk of the more specialist DASS and CYPD assets were not considered and it is important that these assets are fully integrated into the Council's approach to asset management in this strategic review. The potential for these assets to be used more innovatively is noted in the Strategic Development Plan for Leisure and Cultural Services which recognises that many DASS and CYPD assets provide important potential areas for joint working with cultural services provision.

- 4.3 Both libraries and One Stop Shops provide an open access public information service. Developing cross working between the services and extending their co-location will assist with developing the concept of a community hub. Potential benefits could include extending opening hours, wider service provision and better use of existing buildings. One Stop Shops are co-located with libraries at West Kirby Concourse, Heswall Library, Eastham Library and adjacent to Rock Ferry Library and information points are operated by library staff in eight libraries.
- 4.4 One of the five objectives of the Corporate Plan is 'to raise the aspirations of young people'. Cultural facilities are already used extensively by young people but improved partnership working between the Youth and Play Service and Cultural Services would ensure that existing assets are used as effectively as possible to assist in raising young people's aspirations. This would be achieved by:
- commissioning (i.e. the Youth and play Service utilising existing leisure provision to deliver their outputs);
 - joint working (e.g. Youth and Play staff being based in libraries and leisure centres);
 - joint policy development (i.e. ensuring that service provision, pricing etc in cultural facilities supports the youth and play policies and targets).
- 4.5 Informal discussions have taken place with the Police and PCT to explore where there may be areas of common interest and potential for shared use of assets. Initial responses have been constructive and further efforts will be made to develop opportunities for joint working with these and other partners.
- 4.6 Merseyside Police are intending to create a new Area Command Centre in Wirral. It is intended that discussions on shared locations or facilities are continued as a key strand of the Strategic Asset Review. The PCT are intending to develop a range of facilities over the forthcoming years. Their plans include the St Catherine's Hospital site in Birkenhead, their site at Moreton, the possible shared use of a development at Europa Pools and the potential greater use of Westminster House.
- 4.7 The opportunity for a joint development at Europa pools is particularly exciting. The PCT have significant funds available to invest in the joint development of this site and if the obvious and significant benefits of joint working are to be optimised it is important that the Council moves quickly to firm up its proposals for the site. It is therefore recommended that this option is developed in more detail as a matter of high priority and is the subject of a detailed report to Members later in the year. It is intended that further discussions take place with the PCT to develop other possible schemes for joint working with a view to bringing appropriate specific proposals to the Cabinet and the PCT Board for approval.
- 4.8 Areas that remain to be reviewed in detail cover the centre and south of the Borough including the wards of Bebington, Bromborough, Clatterbridge, Eastham, Greasby, Frankby, Irby, Pensby, Thingwall and Upton.

4.9 The following principles have emerged from the asset review work undertaken to date.

4.9.1 **Assets must be fit for purpose.** This will mean that assets should:

- Provide high quality facilities meeting the needs and expectations of local people;
- Be well maintained, clean and safe, with all repair and maintenance requirements met in a risk assessed, planned and adequately resourced manner;
- Use modern technology and good design to optimise energy efficiency; and
- Be located in the right place so as to be accessible by local people (by public and private transport) and be Disability Discrimination Act ('DDA') compliant.

4.9.2 **The Council must use its land and buildings strategically and where appropriate collaborate with its partners.** This will mean that:

- Assets are used to promote delivery of the Sustainable Community Strategy and the Council's priorities;
- Assets are used to promote the social, economic and environmental wellbeing of local people;
- Multi purpose buildings and multi agency solutions are employed where practicable to optimise (a) accessibility and ease of use by local people; (b) value for money; and (c) cross-agency service delivery;
- Assets are transferred to the community where appropriate;
- Asset acquisition, investment and disposal decisions are based on option appraisals and whole-life costing to optimise value for money; and
- Benchmarking is used to evaluate the effectiveness of asset use/management compared with other local authorities.

4.9.3 **Consultation and community engagement is essential.** This will mean:

- Consultation with Area Forums to assess the needs, expectations and priorities of local people;
- Seeking the views of users as to the facilities they would like and the opinions of the wider community as to optimum value for money for all local people;
- Recognising that some exceptional buildings may contribute significantly to local people's 'sense of place' and that not all asset related decisions can be determined by financial factors alone; and
- Understanding that changes to the Council's assets portfolio may have challenging consequences for the staff employed at the existing buildings.

4.10 Applying the principles set out in paragraph 4.9 above to the four area-based reviews led officers to draw the following conclusions.

4.11 In each area a Local Service Centre ('LSC') must be reasonably accessible to the population of Wirral by car and public transport (and DDA compliant), provide an appropriate range of services and excellent value for money.

4.12 Co-location of One Stop Shops and libraries will be likely to facilitate the creation of LSCs and advance the Council's aim (set out in the Customer Access Strategy) of providing access to information for all local people.

- 4.13 The Strategic Development Plan for Leisure and Cultural Services recommends that there should be better swimming facilities in the Borough. The Working Group consider that the principles articulated in paragraph 4.9 will probably be best met by a sports provision that adopts a number of enhanced 'anchor' locations providing Borough-wide swimming pool facilities, with other facilities continuing at a local level of provision.
- 4.14 The Quirk Review of community management and ownership of public assets encourages local authorities to optimise community benefit through considering greater transfer of asset ownership and management to community groups. Officers propose to adopt this approach and consider how community centres (and similar facilities) can be transferred to the community in an appropriate and sustainable manner. Such community ownership of facilities is most likely to be successful where it is part of joint working with the PCT and/or a Local Asset Backed Vehicle ('LABV') transfer to a housing association. (LABVs are funds combining locally owned public sector assets and equity from non-Council sources, usually private sector institutional investors. LABVs are particularly suited to financing the delivery of major regeneration schemes.)
- 4.15 The concept of community management and ownership of public assets is beginning to become a subject of debate in the Borough and a number of local groups have begun to make enquiries with both members and officers. The Working Group believe that it would be both sensible and cost-effective to develop a Council policy on community management and ownership of public assets and it is recommended that this is the subject of a subsequent report to Cabinet.
- 4.16 Some of the Council's assets are listed buildings and this is likely to restrict the Council's ability to consider options involving alternative uses, development or disposal of these.
- 4.17 The four reviews have been based on geographic areas and it will now be necessary to link this work with the Borough-wide picture of services that is emerging from the Plan for Leisure and Cultural Services and the work emerging in respect of Adults and Children's Services. A key recommendation in this Plan for Leisure and Cultural Services is for a hierarchy of provision across the Borough. For example, in the Plan it is recommended that Wirral has one central library, with a number of satellite libraries plus a third tier of local provision of library/information points.
- 4.18 As indicated above, a key principle of good asset management is that acquisition, investment and disposal decisions are based on option appraisals and whole-life costing to optimise value for money. As part of this costing analysis it is important to have regard to all relevant factors. These include the current (and likely future) maintenance, repair and operating costs of existing assets; the likely costs of any enhancement of current assets (or development of new assets); the IT implications for all options (including the availability of resources to develop and install new systems) and current and potential future levels of income generation from assets. This information has not always been available to inform the initial phase of the area-based reviews and will need to be incorporated as part of the next phase of this Review.

- 4.19 Another key principle of good asset management is that assets should be used to promote delivery of the Sustainable Community Strategy and the Council's priorities. Where assets are surplus to the Council's direct requirements, this might involve community management and ownership. Alternatively, it might mean disposing of the asset at an undervalue (or even without payment) to a public/ voluntary sector partner.
- 4.20 An example is where land is transferred for reduced or nil consideration to a Registered Social Landlord to facilitate the provision of affordable housing. Presently, such transfers are assessed on a case-by-case basis. Whilst there is a clearly demonstrated need for affordable housing in Wirral, every such disposal also means the Council forgoing a capital receipt that could be invested in any of its priority areas for improvement. The Working Group therefore believes that it would be appropriate to develop a Council policy on asset disposal and it is recommended that this is the subject of a subsequent report to Cabinet.

5. THE PROPOSED WAY FORWARD

- 5.1 The Review Group recommends that:
- 5.1.1 The area reviews for the remainder of the Borough (including the wards of Bebington, Bromborough, Clatterbridge, Eastham, Greasby, Frankby, Irby, Pensby, Thingwall and Upton) be commenced and expedited with a view to the Strategic Asset Review progressing on a Borough wide basis;
- 5.1.2 The provisional findings that emerge from the area reviews and the Strategic Development Plan for Leisure and Cultural Services are subject to cost benefit analysis to assess the viability of the emerging proposals;
- 5.1.3 Staff who may be affected by any proposed changes are kept appropriately promptly informed of emerging proposals; and
- 5.1.4 Once the further cost benefit analysis referred to above has been completed for the review areas, consultation is undertaken with: (a) Area Forums; (b) service users (as to their needs and the facilities they would like); and (c) the wider community (as to optimum value for money for all local people).

6. REVIEWING THE COUNCIL'S OFFICE AND ADMINISTRATIVE BUILDINGS

- 6.1 Appendix 1 to the 9 July 2008 Report to Cabinet categorised 42 buildings as administrative. This list included some obvious examples, such as Wallasey Town Hall and Westminster House, and some less visible premises such as Bridge Court in West Kirby.
- 6.2 The Review Group considers that a separate detailed examination is required to develop comprehensive options for meeting the Council's needs for administrative buildings. This examination should include the complexes in Birkenhead, Wallasey and Bebington to arrive at options that provide the Council with modern, efficient buildings in tandem with increased agile working where appropriate.
- 6.3 This review will need to assess the current cost of the Council's administrative buildings; the potential for rationalising the existing portfolio to meet the Council's needs more efficiently; and the potential for delivering additional efficiency gains through exploring more radical and innovative options.

- 6.4 The innovative options that will need to be explored include the possibility of the Council moving to a much smaller number of buildings and disposing of the existing assets that would be surplus to requirements. Any such scheme would have the potential for synergy with existing or proposed larger regeneration schemes in the Borough.
- 6.5 The Review Group also recommends that in the short term the Facilities Management of the Council's administrative buildings is reviewed to establish whether centralising the function would deliver savings. Facilities Management ('FM') functions include opening and closing buildings, cleaning, co-ordinating day-to-day repairs, office moves and other associated processes. Historically the Council has devolved responsibility for FM of its administrative buildings to the user directorates.
- 6.6 There is no central co-ordination of the FM function or budget allocation across various facilities of the Authority. The creation of an amalgamated corporate fund for planned strategic maintenance would help in the delivery of an appropriate standard level of service across these buildings and is likely to help create opportunities to rationalise the Council's overall accommodation.
- 6.7 Moving from localised FM to a centrally managed FM operation would be likely to produce significant savings. Similar reviews undertaken by other Merseyside Local Authorities have shown that a centralised approach leads to a reduction in costs.
- 6.8 Drawing together all the issues and challenges discussed above, the Working Group concluded that it would be in the best interest of both the Council and local people for the pace of work on the Council's office and administrative buildings part of the Strategic Asset Review to be increased. It is the belief of the Review Group that there are too many office and administrative buildings, that many require significant financial investment; that most are very energy inefficient (and are therefore financially burdensome) and that many fail to provide the high quality facilities that local people using the buildings deserve.

7 FINANCIAL IMPLICATIONS

- 7.1 The Efficiency Fund presently contains £4.2 million that is unallocated and, subject to Members' approval, this could provide funding to support the expedited delivery of the Strategic Asset Review. The Strategic Asset Review is a key corporate project for the delivery of greater value for money.
- 7.2 The preliminary findings emerging from the four area-based reviews need to be costed and detailed financial implications will be set out when the Strategic Asset Review's proposals are further developed. The Strategic Asset Review is intended to improve the cost effectiveness of the Council's portfolio of buildings. As such, where investment is required to facilitate the Review it may be appropriate to consider Prudential Borrowing.
- 7.3 No account or estimates have been made as regards the market or potential for generating capital receipts at this stage.
- 7.4 A provision in the Capital programme of £250,000 exists for building modernisation.

7.5 The staffing implications alluded to below may also have a financial impact if staff numbers were to be reduced.

8. STAFFING IMPLICATIONS

8.1 There are no direct staffing implications as a result of this report; however, changes to the Council's assets portfolio may have significant consequences for the staff employed at the existing buildings.

9. EQUAL OPPORTUNITIES IMPLICATIONS

9.1 There are no Equal Opportunity implications as a result of this report.

10 COMMUNITY SAFETY IMPLICATIONS

10.1 There are no direct Community Safety implications as a result of this report.

11 LOCAL AGENDA 21 IMPLICATIONS

11.1 The Strategic Asset Review will have positive Agenda 21 implications as the Review will help reduce energy costs across the Authority.

12 PLANNING IMPLICATIONS

12.1 There are no direct Planning implications as a result of this report.

13 ANTI-POVERTY IMPLICATIONS

13.1 There are no direct Anti Poverty implications as a result of this report.

14 HUMAN RIGHTS IMPLICATIONS

14.1 There are no direct Human Rights implications as a result of this report.

15 SOCIAL INCLUSION IMPLICATIONS

15.1 There are no direct Social Inclusion implications as a result of this report.

16 LOCAL MEMBER SUPPORT IMPLICATIONS

16.1 Although there are no immediate direct Local Member support implications as a result of this report, adopting the review's eventual proposals will affect citizens in many wards and thereby have implications for Local Members.

17 BACKGROUND PAPERS

- Cabinet Report 16 August 2007 - Planned Maintenance 2007/08
- Cabinet Report 13 March 2008 - Property Performance Management
- Cabinet Report 9 July 2008 - Strategic Asset Review

18 RECOMMENDATIONS

18.1 It is recommended that:

18.1.1 The principles set out in paragraph 4.9 of this report guide and inform the future phases of the Strategic Asset Review.

18.1.2 Co-location of One Stop Shops and libraries (to facilitate access to information for local people) is explored further where possible.

18.1.3 The area reviews for the remainder of the Borough (including the wards of Bebington, Bromborough, Clatterbridge, Eastham, Greasby, Frankby, Irby, Pensby, Thingwall and Upton) are commenced and expedited, with a view to the Strategic Asset Review progressing on a Borough wide basis.

18.1.4 The provisional findings of the area reviews are subjected to cost benefit analysis to assess the viability of the preliminary findings.

18.1.5 The area reviews be linked with the decision of Cabinet on the associated Report (elsewhere on this Agenda) on the Strategic Development Plan for Leisure and Cultural Services.

18.1.6 That staff who may be affected by any proposed changes are kept informed of emerging proposals; and that, following completion of the cost benefit analysis referred to above, consultation is undertaken with: (a) Area Forums; (b) service users (as to their needs and the facilities they would like); and (c) the wider community (as to optimum value for money for all local people).

18.1.7 Reports are brought to future meetings of the Cabinet on:

- An update on backlog maintenance (together with an action plan);
- A draft policy on community management and ownership of public assets;
- A draft policy on asset disposals (with particular reference to disposals at an undervalue to promote the delivery of affordable housing).

18.1.8 Discussions continue with the PCT and Police (and other potential public and voluntary sector partners) to explore opportunities for shared use of assets; and that the opportunity for a joint development with the PCT at Europa Pools is given high priority and is the subject of a detailed report to Members.

18.1.9 The review of the Council's office and administrative buildings (including Facilities Management arrangements) is expedited with a view to moving to a smaller number of buildings and optimising value for money for local people.

S. MADDIX

Chief Executive