

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.