

WIRRAL COUNCIL

CABINET – 7 NOVEMBER 2013

SUBJECT:	<i>ASSET MANAGEMENT & DISPOSALS</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>ASSISTANT CHIEF EXECUTIVE</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR ADRIAN JONES</i>
KEY DECISION?	YES

1. EXECUTIVE SUMMARY

The purpose of this report is to provide an update on Asset Management and the Council's Asset Management Plan and to set out proposals to generate £20m capital receipts. Members are asked to note the work in developing its Asset Management Plan and to declare a number of sites identified in this report as surplus to requirements and to proceed with disposal.

2.0 BACKGROUND AND KEY ISSUES

The financial challenges facing the Council require efficiencies in all areas. It is essential that the Council realises efficiencies from its estate, generates capital receipts, and has a clear plan for future accommodation needs across the borough, as the size of its workforce decreases.

Previous asset reviews gave a framework for the management of buildings, assets and land and there have been a number of positive outcomes from this such as Community Asset Transfer and a range of capital receipts have been generated. However, the Council still has surplus land and assets and in some areas such as office accommodation there has been a number of proposals which have not progressed as expected.

The new Asset Management structure brings all Council Facilities Management and Asset Management roles together (appendix 1). A key focus for the asset team is the identification and release of surplus land and buildings. The capital receipts resulting from sales will (1) support the Council's Capital Programme (2) facilitate new ways of working and (3) reduce operating costs.

Following the LGA peer review, Local Partnerships were commissioned to report on asset management and to align property strategy with growth and community development. Local Partnerships is a joint Treasury/LGA body and is continuing to offer support in the following area until Dec 13:

- Asset Disposals
- Office Rationalisation
- Area Reviews

The intended outcome is to “re-set” the council’s asset plans and to identify key buildings or those that will not be vacated such as Wallasey Town Hall and Birkenhead Town Hall. Alongside the office accommodation review there will be a strengthened approach to the use of council assets through area reviews. These reviews will work with other parts of the public estate such as police, health and fire and with local residents. It is proposed that the first review will take place in Moreton.

In order to maximise the use of funding and assets in the future there is the potential for:

- The introduction of agile working and improvements in the use of office space could result in running cost savings of circa £2m pa.
- A series of area review across the Borough could deliver (1) more coherent access to a range of public services for customers (2) reduction in estate costs and (3) provide capital receipts.
- A more strategic and pro-active approach to realising capital receipts could be developed. This would optimise proceeds and realise wider benefits for the borough, allowing for investment in remaining buildings, some of which have extensive repair and refurbishment needs.

An officer Capital Working Group has been set up to deliver the asset and capital programmes, with sub-groups planned for disposals, office accommodation and area reviews.

2.1 Key Issue - Asset Management Best Practice

A robust Asset Management Plan is at the heart of best practice. The plan should define actions that are consistent with the Council’s vision and strategy and capable of delivery. These challenges were recognised in a WBC Internal Audit Report (January 2013) which identified the need for:

- A clear asset management plan/strategy, including updated policies on property review, disposal and community asset transfer.
- A plan to intensify the use office space.
- That a delivery plan is be put in place and monitored.

Local Partnerships are working with officers to address these recommendations and will review comparable Council’s Asset Management Plans which have been recognised as good practice.

2.2 Key Issue – Support for Wider Objectives

From an organisational perspective land and property is an overhead on the cost of services provided and local authorities are increasingly taking savings from property running costs and investing in growth opportunities, mainly in homes and employment.

Asset Management can act as a catalyst for regeneration and community development, for example by investing directly in opportunities that include:

- Research and Development

- Offshore Wind
- Low carbon
- Advanced technology and manufacturing
- Biomedical

This approach will support proposals considered by Cabinet on 19 September 2013 proposing investigation of a Local Asset Backed Vehicle (LABV). A Local Asset Backed Vehicle combines private sector finance and skills and public sector land and property assets as a means of driving development and investment. Should a LABV be procured efficient asset management will work towards releasing those assets which can deliver value via a LABV.

3.0 CURRENT POSITION

As previously indicated three main work-streams are being developed; Capital receipts & Disposal, Office Accommodation and Proposed Area Reviews.

3.1 Realising Capital Receipts & Disposal Strategy

The organisational target is to generate £20m of capital receipts by March 2015. This demand is being driven by two specific needs.

Firstly, to reduce the impact of annual borrowing costs on the revenue budget. Maximising the use of capital receipts will minimise the council's need to borrow as new borrowing leads to new costs. The projected Capital Programme 2013-16 is estimated to be £79.3m of which £22.8m is to be funded through unsupported borrowing. Over the next three years, this will result in approximately £2.8m of additional revenue costs. The use of capital receipts will reduce the need to borrow and some of the additional revenue costs identified.

Secondly, the Government is considering allowing Councils some flexibility from 2015/16 to use capital receipts from asset sales to transfer and reform services. There is the potential in the future that the Council will be able to use part or even the whole of a capital receipt from new asset sales to be used for one off revenue purpose to support organisational change. This would enable reconfiguration of service areas, reducing on-going revenue costs and further improving services.

3.1.1 Previously Disposed Sites

The chart below demonstrates that the Council has been an active vendor of surplus sites since 2005:-

Year	Number of sites sold	Value of sites sold £000m	Comments
2005/06	27	8.0	Includes former school sites, sold at £6.64m
2006/07	25	3.6	Includes 1 school site sold for £2.6m
2007/08	40	2.6	Highest single disposal was £600k
2008/09	27	1.3	Highest single disposal was £277k
2009/10	23	2.1	Highest single disposal was £306k
2010/11	18	1.6	Highest single disposal was £500k

2011/12	14	1.4	Highest single disposal was £1.0m
2012/13	38	1.1	Highest single disposal was £274k
2013/14	24	1.6 to date	Highest single disposal to date is £310k
Total	231	£22.4m	

3.1.2 Future Disposal Sites

The table below provides a snapshot of a pipeline of surplus land and assets with 74 sites currently identified for possible disposal in the period 2013 – 2016. This pipeline will be dealt with through a variety of means and includes a corporate target of £20m in capital receipts to be achieved by March 2015. Achievement of this target is highly dependent on disposal of the three large sites, with the fourth site (Bebington) being considered for wider development.

Larger Sites	Brief Description
Acre Lane (Professional Excellence Centre), Bromborough	Site area 8.472 Ha with single storey former school, now used as training centre, comprising 8795m ² GIA with open space to rear. Most likely alternative use – residential, with open space provision.
Manor Drive, Upton	Site area 4.187 Ha, open space used for grazing and producing a rent of £4200 pa. Designated within UDP for housing since 2000.
Former Rock Ferry High School	Site area 8.235Ha. Former school site bisected by a public footpath with 9895m ² GIA of buildings to north, including a listed building & playing fields. Most likely alternative use – residential, with open space provision.
Bebington Complex (part centred on former Town Hall and Town Hall annexe and environs)	Consists of a number of buildings not all owned by the Council but includes: Bebington Town Hall, Town Hall Annex, Highcroft Day Centre, Library & Civic Centre, Police Station, Health Centre. Due to the development potential on part of this site which includes partners and other agencies, it is intended to explore the use of a LABV (Cabinet 19/09/13). Until this option is explored further this site is not included within the current disposal list.
Smaller Sites	
Sites earmarked for auction in December 2013.	21 sites. Provisionally includes industrial & office ground leases, vacant/overgrown sites, former children's home, car parks, woodland.
Sites earmarked for disposal in 2014.	15 sites to date, including cleared land, amenity land, former care home, car parks, former school etc.
Buildings currently held for operational purposes which will become surplus	Description
The potential pipeline of surplus sites will be derived from reviews of the non-operational estate and of operational land and buildings.	The Council owns a significant operational estate comprising circa 250 properties. This does not include land and commercial interests throughout the borough. Operational buildings will become vacant e.g. through a number of major initiatives, including Transforming

	Business Support, Shared Services and Re-modelling across the Organisation. Some operational premises will face challenges as a result of their condition and suitability.
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In order to realise and maximise these capital receipts, officers have undertaken a procurement process, through the Capital Working Group (disposals) which has resulted in the appointment of Lambert Smith Hampton to represent the Council in respect of the larger disposals.

Local agents specialising in residential land sales have expressed the view that although the market for land fell by 50%, it is now starting to recover (perhaps to as much as 75% of the previous high) with recovery initially centred on well-established locations around Chester and West Wirral. Generally speaking, flatted developments are attracting no interest, which is in contrast with smaller sites for which there is most demand. The larger sites will attract interest from volume house-builders, although sites such as Acre Lane may attract consortia bids. Bidders will be careful to take issues, such as social housing requirements into account when evaluating sites.

The conclusion to be drawn, therefore, in respect of the larger sites is that they are likely to attract interest from volume house builders but the Council will need to anticipate and deal with/cost-in issues that developers will regard as risks, such as land contamination, unstable ground conditions etc.

The Council's requirement for capital depends on the timely disposal of three sites and seeks members' approval to proceed with this exercise.

The Professional Excellence Centre (Acre Lane)

Although the building is well used it faces considerable life cycle issues and occupies a large site which has potential for residential development. The preparation for marketing this site will take into account planning requirements, provision of public open space and the requirement for various housing and infra-structure needs in-line with Council policy. The Council has alternative buildings including Birkenhead Town Hall which would meet the changing demands on the Professional Excellence Centre and an exercise to relocate these services is underway.

Former Rock Ferry High School

Following the merger of Rock Ferry High and Park High school to form the University Academy of Birkenhead, the site has been closed since 2011. Following the school closure one of the buildings has been listed as being of historical and architectural interest, which will have implications for any site redevelopments. A proposal to locate a Universal Technical College on the site, which resulted in the council incurring significant expenditure in building security whilst the project was being developed, has in recent months fallen through but there are still running costs for the redundant site. An alternative use which enhances open space provision and protects the listed building is being considered and the Secretary of State for Education will be asked to support redevelopment, which will include some residential uses.

Land at Manor Drive

This site was designated for residential development in 2000 in the council's unitary development plan. As the restriction on development has recently been lifted this opens the possibility for development of the site and realising a substantial capital receipt. However,

officers are mindful of the interests of the pony club who have occupied the site for approximately 40 years and whose lease has recently expired. The Council's preference is to work with Upton Pony Club over the next year or so to explore the suitability of suitable alternative sites. The current position is that the lease has not been renewed and proceedings for possession have been issued and the hearing is scheduled for 21 November 2013. An offer has been made to settle matters. Three e-petitions have been received but these have had to be rejected whilst court proceedings are pending, the Council is also aware of a petition on a Government web-site.

3.1.3 Capital Working Group (Disposals)

As set out above, officers have formed a programme board to scope and manage the disposal process, which is meeting on a regular basis. The proposed terms of reference are:-

- To act as the forum for all decisions relating to surplus and underperforming land, buildings and property interests and to manage the Council's governance process in relation to these matters.
- To identify, scope and evaluate viable alternative uses, having regard to material considerations and in consultation with stakeholders and bring forward proposals to optimise the use and value of property interests.
- To procure and manage external agents as required to support programmes, deal with the larger disposals and advise the council with regard to alternative uses and options for, including disposal, joint venture etc.
- To appropriate and manage all surplus council sites for development purposes, to manage the disposal programme and to be accountable for delivery.

3.1.4 Content of a Local Authority Disposal Strategy

Local Partnerships have advised that a robust disposal strategy will form part of the Asset Management Plan. These strategies will have the following characteristics:-

1. To monitor performance of assets to ensure they meet the operational, social, economic and investment requirements of the authority.
2. To eliminate liability, including holding costs.
3. To realise underdeveloped value.
4. To unlock growth opportunities.
5. To support corporate priorities.

Identification of surplus assets will arise from both internal stimulus through asset and service reviews, changes to the local plan and other initiatives. External parties such as joint venture partners, community organisations and speculative approaches will also give rise to opportunities to dispose.

Constraints – there are a wide variety of regulatory constraints, such as requiring Secretary of State consent to dispose of school playing fields. Also often as a consequence of the way

interests were originally acquired [public subscription, grant regimes and compulsory purchase etc.] local authority property interests are frequently fettered by covenants and other obligations which must be identified and discharged prior to disposal. Such situations may be further complicated by external regulation [EU procurement rules and state aid, for example], internal regulations and a desire to by the Council to attach conditions to disposals in order to mitigate against the risk of future uses which conflict with Council policies.

Under s123 of the Local Government Act 1972 except with the Secretary of State's consent, local authorities must not dispose of land for less than the consideration that is the best that can be reasonably obtained. For facilities matters the Secretary of State has issued a number of general disposal consents which can be applied in certain situations and are subject to conditions and ceilings.

3.2 Office Rationalisation

An initial project commenced in August in which Local Partnerships and the Claremont Group worked with council officers undertaking building inspections, interviews and questionnaires to capture headcount and accommodation issues/requirements, feedback and review. The objective was to look at the eight of the main buildings, establish departmental requirements and service adjacencies and consider which buildings the Council should keep and which it should dispose of in order to fulfil its immediate and medium term accommodation requirements.

Eight buildings were included in the scope for consideration; Wallasey Town Hall, North Annex, South Annex, Hamilton Building, Cheshire Lines, Treasury Building, Finance Municipal and Conway Centre. The scope of the project included; headcount, useable space, desk capacity, space efficiency, running costs, capital costs and IT.

Whilst the initial project has identified buildings such as Conway Centre and Finance Municipal as being the least favoured buildings to retain, further work is needed to assess service requirements, agile working capabilities, cost analysis of capital and maintenance for the buildings, the emerging requirements of the proposed Constituency Offices and regeneration opportunities for released sites.

Appendix 2 gives details of the work undertaken to date. It is intended that a comprehensive report will be brought to members early in 2014 which will recommend a strategic office accommodation rationalisation plan. Ahead of this, work is being undertaken to increase and maximise staff occupancy levels at Wallasey and Birkenhead Town Halls, two significant heritage buildings where continued long term use is envisaged by the council.

3.3 Area Review Process

Wirral's operational property is located around the Borough. This property includes libraries, one-stop shops, leisure centres, day centres, children's centres, schools, parks and gardens and much more. In addition, in common with other areas, there is an array of operational property owned and used by other public sector bodies, including GP surgeries and other NHS buildings, police and fire stations, further and higher education teaching facilities, job centres, courts and accommodation used by the voluntary and third sectors. Wirral also has office accommodation located outside Birkenhead and Wallasey, the main civic centres, mainly used to house adult and children's service teams.

The public are typically less concerned about how the Council rationalises its office accommodation, and consequently from where back office services are delivered. While significant savings can be made in rationalising operational estate, and capital receipts generated in the form of releasing surplus land and assets for sale, the process by which this is done needs to be more measured, to look at the whole public estate in a given area, and to include meaningful consultation with local residents. Specific operational areas may be subject to specific statutory consultation requirements.

Rationalisation of operational property may not only lead to savings in revenue and capital receipts for the public bodies concerned. It can also deliver better and more coherent access to public services for customers, by providing access to services from a range of providers at one location, and support attempts to secure channel shift to more cost-effective means of accessing services. It can also release land for re-use to meet current needs, including housing.

As part of the programme of driving more value from assets an area review workstream has been established. This is to pilot an approach in areas where local people and the public agencies owning property can collaborate to achieve cost savings, better ways of delivering services and an improved environment. Moreton has been selected by the Chief Executive's Strategy Group as the pilot area because of the wide range of public services offered from the area and to compliment the building work which has already commenced in the area to establish a Multi-Agency Safeguarding Hub (MASH).

Local Partnerships have met representatives from the other public agencies with property in and around Moreton centre, including the police, ambulance service, Magenta Living (formerly Wirral Partnership Homes), and Clinical Commissioning Group. All are keen to be involved in a process where the public property in the area could be rationalised and improved. It will be important to engage with local residents to collect their points of view and ideas, so that the project does not become a fait accompli before they are involved. Local Partnerships are engaging with a company, Glass-House, which is a national charity experienced in involving communities in collaborative design and place making. They will help facilitate an event where local people are invited to attend to contribute their ideas.

Local Partnerships are meeting with the local Moreton Members to agree how they will contribute to the review. Based on the outcome of this work, consideration would be given to the viability of this model to review, on an area by area basis the whole of the Wirral on a phased basis.

4.0 RELEVANT RISKS

- 4.1 In not delivering the asset targets outlined in the report this will increase the risk to the financial stability of the Council.
- 4.2 Limitations to the modernisation of Council Services and buildings are likely to occur if capital is not generated from the disposal of surplus assets.

5.0 OTHER OPTIONS CONSIDERED

- 5.1 Options for land and buildings are considered on a case by case basis during the review processes highlighted in this report.

6.0 CONSULTATION

- 6.1 As part of the whole asset review process a range of consultations will be undertaken
- staff, when considering office rationalisation
 - community and partners, when undertaking area reviews
 - secretary of state, when disposing of education buildings and/or playing fields

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 Where voluntary, community and faith groups use Council assets under consideration they will be fully consulted with as part of the asset review process. Where appropriate and feasible, it is proposed to continue to successful Community Asset Transfer programme.

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

- 8.1 Financial implications are highlighted within the main body of the report. The value of the Council estate at March 2013 was estimated at £710.9m.
- 8.2 IT implications are significant and will be assessed and dealt with as part of the project management of specific changes, rationalisation and disposal of the assets.
- 8.3 No direct staffing implications, any changes to ways of working for staff will be discussed with HR and unions.
- 8.4 Asset implications are dealt with within the main body of the report.

9.0 LEGAL IMPLICATIONS

- 9.1 None arising directly from this report. Individual disposals and development decisions will require legal advice and will need to comply with statutory constraints.

10.0 EQUALITIES IMPLICATIONS

- 10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?
- (a) Yes and impact review is attached – <http://www.wirral.gov.uk/downloads/6342>

11.0 CARBON REDUCTION IMPLICATIONS

- 11.1 Proposals would reduce Carbon usage and will be taken into consideration when identifying key building for retention. Other environmental issues will be dealt with as per planning requirements.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

Acre Lane (Professional Excellence Centre), Bromborough

- 12.1 The school buildings including the car park and garden area is designated as part of a Primarily Residential Area on the Council's Unitary Development Plan (UDP) Proposals Map where residential development is acceptable in principle, subject to UDP Policy HS4 'New Housing Development' and Policies WM8 & WM9 in the Joint Waste Local Plan. Development Management Policies in the emerging Core Strategy Local Plan will also be relevant in the determination of a future planning application.
- 12.2 The land to the rear is designated as Urban Greenspace on the UDP Proposals Map. Any future planning application affecting this part of the site would be assessed for compliance with UDP Policies GRE1 & GR1 'The Protection of Urban Green Space', the National Planning Framework (paragraph 74) and Policies CS31/32 in the emerging Core Strategy Local Plan. Open space should not be built on unless clearly surplus to requirements, or it can be replaced with better or equivalent provision in another suitable location.
- 12.3 Analysis of this site in context with existing open space elsewhere in the immediate area indicates that retention of at least 1.5ha of public open space (subject to final number of dwellings) including provision for children's' play within the site should be sufficient to comply with the Council's existing open space standards in UDP Policy GRE1 and Policies CS31 and CS32 in the emerging Core Strategy (that all households should be within 400m of an open space of 1.5ha or above).

Manor Drive, Upton

- 12.4 The majority of the Manor Drive site is allocated as a Housing Development Site on the UDP Proposals Map. The remainder to the west is designated as part of a Primarily Residential Area. Residential development is acceptable in principle, subject to UDP Policy HS4 'New Housing Development' Policies WM8 & WM9 in the Joint Waste Local Plan. Development Management Policies in the emerging Core Strategy Local Plan will also be relevant in the determination of future planning applications.

Former Rock Ferry High School

- 12.5 The land containing the main school buildings is designated as part of the Primarily Residential Area on the Unitary Development Plan (UDP) Proposals Map. This part of the site also contains a Grade II listed building. Residential development in this part of the site is acceptable in principle subject to UDP Policy HS4 and Policies WM8 & WM9 in the Waste Local Plan. Special regard must also be given to the long term use and setting of the listed building under UDP Policies CH01 and CH1. Development Management Policies in the emerging Core Strategy Local Plan will also be a material consideration.
- 12.6 The remainder of the site is designated a School Playing Field on the UDP Proposals Map and National Planning Framework, paragraph 74 would be relevant in the assessment of future development on this part of the site. Playing fields should not be built on unless clearly surplus to requirements, unless they can be replaced with better or equivalent provision in another suitable location. Analysis of this site in context with existing open space elsewhere in the immediate area indicates that this might be addressed through the provision of public open space including, children's play facilities

to meet the standards in UDP Policy GRE1 and Policies CS31 and CS32 in the emerging Core Strategy. Sport England will need to be consulted on any future planning application replacement off site facilities to be provided. If Sport England objects, any future application would need to be referred to the Secretary of State before approval could be granted.

12.7 Proposals would be required to demonstrate that there would be no detrimental change to the character of the area and address criteria for considering the protection to be given to existing natural features such as established trees in line with UDP Policies GR5, GR7, and Policy CS30 in the emerging Core Strategy Local Plan.

12.8 All sites above 0.5ha must be screened for environmental impacts as part of the determination of a relevant planning application.

12.9 Community safety implications will be considered as projects are agreed and drawn up.

13.0 RECOMMENDATION/S

It is recommended that:

13.1 Cabinet notes the work required to develop a new Council Asset Management Plan.

13.2 Cabinet declares the following sites surplus to operational requirements and instructs officers to dispose of them in accordance with S123 Local government Act 1972: Acre Lane, Professional Excellence Centre, the former Rock Ferry High School and land at Manor Drive.

13.3 Cabinet approves via the strong leader model to accept the purchase offers upon sale of identified sites.

13.4 Cabinet approves the outline terms of reference of the Capital Working Group (Disposals).

13.5 Cabinet agrees to the continued work relating to office rationalisation and agile working

13.6 Cabinet agrees to the pilot area review in Moreton.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The recommendations will release Council assets which have the potential to realise Capital Receipts and to allow investment to retained assets. By producing an updated strategic Asset Management Plan following best practice this will provide the Council with a considered approach to the management of assets going forward.

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APPENDICES

Appendix 1 Asset Management Structure

Appendix 2 Office Accommodation Review, Preliminary Findings October 2013

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council Excellence Overview & Scrutiny	12 July 2012
Cabinet	2 February 2012
Council Excellence Overview & Scrutiny	17 November 2011
Council Excellence Overview & Scrutiny	15 September 2011
Council Excellence Overview & Scrutiny	31 January 2011
Cabinet	25 November 2010