

## Proposed Property Strategy (Neighbourhood Centres) for Lancashire County Council for Consideration by Cabinet 26 November 2015

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### **1.0 Introduction and Purpose**

The Corporate Strategy and the County Council's financial position budget options have significant implications for the approach to the commissioning of council services in the future. A key element for consideration is the location and accommodation from which services will be delivered. The Property Strategy (Neighbourhood Centres) proposes a process by which the public facing service delivery premises within the corporate property portfolio could be rationalised. The proposed strategy will require the optimisation and management of corporate premises to provide a range of flexible spaces from which the reconfigured services can be delivered. Service planning activity will determine the scale and extent of service delivery based upon the availability of budget.

The proposed Property Strategy (Neighbourhood Centres) will achieve revenue savings through a planned programme to reduce the amount of operational property and seeks to utilise the remaining estate more efficiently. A smaller property portfolio would deliver sustained annual revenue savings by reducing running costs including rent, rates and utilities etc. Rationalising the portfolio will provide the opportunity to remove premises where backlog maintenance exists and also reduce maintenance costs overall. Necessarily this will require some targeted investment to address outstanding maintenance in properties that are retained. Changes in work practice

and planned changes to the scale and extent of services to be delivered from these buildings, will also create a need for a targeted investment programme for suitability and sufficiency of ongoing LCC premises.

Although consideration will be given to explore opportunities for co-location with other public service providers, recognising the challenging aspirational timescale, it is proposed that the initial focus should be on the County Council's own portfolio. It should also be noted that the proposed Property Strategy (Neighbourhood Centres) seeks only to address a proportion of the County Council's non-schools premises in the first instance. However, in the future further opportunities will be explored to maximise the potential, amongst others, for school premises to play a greater role in delivery of other County Council services and extended community activities.

## **2.0 Vision**

The remainder of this report will provide detail on a proposed vision for a new corporate public facing property portfolio, describe the proposed process for recommendation of premises to become Neighbourhood Centres and suggest future operational management strategies. An outline Implementation Plan is also included within this report to describe how property identified as surplus could be managed. The subsequent implementation of the strategy in terms of disposal would be by the County Council's Estates Service, whether that be through outright sales or asset transfers (providing there is no ongoing liability), or lease terminations/surrenders.

In short, the proposed Property Strategy (Neighbourhood Centres) seeks to deliver:-

1. A smaller and more affordable property portfolio.
2. A move away from service specific premises to a corporately managed property portfolio offering flexibility of use in order to ensure future efficiency savings can be coordinated and realised.
3. A network of Neighbourhood Centres which provide community focussed multi-functional buildings tailored to deliver specific services within identified areas.

## **3.0 Premises Included Within the Proposed Property Strategy (Neighbourhood Centres)**

The LCC operational property portfolio is the term used to refer to LCC premises that are not surplus to requirements (LNIOU – Land not in Operational Use) or schools (in the region of 600) premises. The operational portfolio consists of 453 buildings at present.

The Asset Management Service is working to consider the most efficient use of the LCC portfolio and is undertaking a series of reviews to deliver a rationalised portfolio to meet the future requirements of LCC. Reviews currently underway include:

- Offices
- Stores
- Depots/Fleet
- Countryside

- Public facing service delivery premises

This report focusses on the review of public facing service delivery premises. In broad terms the rationale used to identify premises within scope is centred around the following questions:-

1. Do the residents of Lancashire visit the building to access services? (not including residential services)
2. Is the premises the subject of another review?

This resulted in the premises providing the following front facing services being proposed to be included in the review:

- Youth Offending Team
- Disability Day Service
- Supporting Carers of Children and Young People
- CAPSS Centre
- Community Association
- Conferencing
- Library
- Registrar's
- Older People's Day Centre
- Transport
- Community Mental Health Team
- Adult Social Care
- Scientific Services Lab
- Trading Standards Lab
- Children's Centre/Early Years' Service
- Young People's Centre/Youth Zone
- Leaving Care Outreach
- Children Missing Education
- Pupil Attendance Team
- Records Office
- Welfare Rights
- Short Stay School (Temporary use)

Therefore by exception the following premises would be out of scope and not included in the Neighbourhood Centre review:

- Short Break Units (both for Adults and for Children & Young People)
- Children's Homes
- Homes for Older People
- Depots & Fleet
- Outdoor Education
- Countryside Assets
- Transport Interchange
- Stores
- Gypsy Traveller Sites
- Household Waste Recycling Centres
- Landfill Sites
- Waste Plants and Waste Transfer Centres

- Park and Rides
  - Coroners
  - Schools
  - Swimming Pools
  - Highways Land
  - Surplus sites
  - Agricultural Estate
  - LCDL Estate (except LCC occupation)
3. In addition, due to the specialist and generally historic nature of the premises delivering Museums services, these have been removed from the scope of this review. Museums will be considered at a later stage.
4. Where the County Council's interest in a premises is only as a commissioner of services delivered by others (e.g. Children's Centres delivered by schools or external bodies), these premises have been removed from the scope of the review and will be considered separately.

A list of 220 'in scope' premises has consequently been compiled. Some of these premises deliver multiple services, either as separate units or already 'sharing' Property. Each premise appears only once on the list of 220, with exceptions being where the occupation is a totally separate arrangement within a larger premises.

#### **4.0 Neighbourhood Centres**

It is proposed that, rather than occupy a large number of (in many cases) single purpose premises the County Council considers the option to provide a range of targeted services from a smaller number of multi-purpose premises located in areas of demand around the county.

It is proposed that these 'Neighbourhood Centres' be the focus of public facing service delivery located in priority areas of demand (see 4.2). The following table provides a suggested summary of how a Neighbourhood Centre might appear and operate.

#### **4.1 Neighbourhood Centres – Definition**

<b>Neighbourhood Centres</b>
Neighbourhood Centres will generally be selected from existing local service delivery buildings. They will:
<ul style="list-style-type: none"> <li>• Be located in areas of priority need</li> </ul>
<ul style="list-style-type: none"> <li>• Have extended opening hours – where required</li> </ul>
<ul style="list-style-type: none"> <li>• Have flexible use of space; co-location and sharing of facilities will result in the need for some changes in service delivery, as rooms become multi-purpose</li> </ul>
<ul style="list-style-type: none"> <li>• The delivery of a more flexible portfolio intends to create additional opportunities to rationalise the portfolio in terms of service delivery premises whilst endeavouring to maintain a County Council presence across the county, particularly in areas of need. The Corporate Strategy and the potential accompanying changes to service delivery will provide a clearer view of the requirements of the portfolio in terms of 'Neighbourhood' centres</li> </ul>

<ul style="list-style-type: none"> <li>• The Asset Management Service will work closely with other Commissioning services to identify service delivery requirements in individual SPAs and explore the feasibility of creating multi-use spaces.</li> </ul>
<ul style="list-style-type: none"> <li>• An energy efficiency performance in line with the County Council's wider aspirations.</li> </ul>
<ul style="list-style-type: none"> <li>• Provide suitable physical access i.e. wheelchair or pram access for customers/clients/staff with a physical impairment.</li> </ul>

#### **4.2 Determination of Proposed Distribution (Based Upon Demand)**

To support the Corporate Strategy, Neighbourhoods Plan and future service delivery, 34 Service Planning Areas (SPAs) have been created. The design of these areas has been based on relative material need, using the 2015 English Indices of Multiple Deprivation (IMD) and population distribution and natural communities. The areas have been drawn using combinations of middle-layer super output areas (MSOAs), as they are a recognised statistical geography for which data is readily available or can be built out of existing data sets. Each area has been given a name, based on its location and also a number. The number relates to the rank of its IMD score

Whilst IMD provides relative need, it does not factor in the different population numbers in each of the service planning areas, as both need and the number of people living in each area will dictate demand for services. Therefore population has been applied to the IMD to create an overall population weighted need. A standardised index has then been created, where 1 is the mean, and this has been applied to the number of public facing service delivery premises to identify provision in terms of number of premises across the 34 areas.

For the purposes of establishing a baseline provision (modified for each SPA by the calculated variance from the mean), a minimum of 1 property has been proposed in each service planning area. The table of proposed distribution is attached at Appendix 1, and calculates the number of proposed Neighbourhood Centres as 112 from the original 220.

#### **4.3 Proposed Criteria for Selection**

Previous approaches to the review of Property have generally focussed on the demand determined by the individual service's needs and have often been for the provision of single or limited use premises. The intention of this review however, is to make sure that a sufficient number of potentially suitable premises are provided from which the newly designed services can, possibly with some adaptation, be delivered. In order to achieve this outcome an assessment of key criteria including location, accessibility, running costs and size is proposed and also that each of the premises in the 'long' list for consideration be assessed and ranked.

A description of the data for each of the premises is attached at Appendix 2.

#### 4.4 Proposed Method for Scoring

The Asset Management Service is working closely with the Business Intelligence Service to ensure that the available information and collected data can be interpreted appropriately for the purposes of informed decision making.

The data types have been reviewed and assessed as to how they could be used as selection measures. This has resulted in a limited number of relevant criteria being devised to measure the suitability of premises as candidates to become Neighbourhood Centres.

The criteria to be used and the proposed measures to be applied are as follows:

##### Accessibility

(scores of 1-4, where 1=0- 5mins, 2=5-15mins, 3=15-30mins, 4=+30mins)

- walking time to nearest bus stop;
- walking time to nearest railway station;
- walking time to nearest car park ranking;

##### IMD

- index of multiple deprivation;

##### Finance

- total condition cost (£/m<sup>2</sup>)
- annual running cost based on 2014/15 actuals (£/m<sup>2</sup>)
- notional DEC rating (A=1,B=2, C=3 etc.)

##### Legal

- if subject to claw back (yes/no)
- tenure (e.g. scores of Freehold=0, Leasehold and Licence=5)

##### Sufficiency

- the gross internal area (m<sup>2</sup>)
- the usable space within building(m<sup>2</sup>)

##### Suitability

- the number of floors
- if currently multi-service delivery (yes/no)

##### Status (based on knowledge)

- possible exit strategy already identified (yes/no)

Some of these measures have an absolute value (e.g. running cost per square metre), whilst some have a relative score applied to them (e.g. walking time to nearest bus stop score of 1, 2, 3 or 4) and others are binary (e.g. if an exit strategy has been identified or not). To make analysis possible, each measure should be given a numerical score. However, the absolute value of each measure makes it difficult to compare them, and so an index score should be used, which standardises the score around a mean. Therefore a mean score would be 100, with anything below 100 representing a measure with a better score, and anything above a 100 giving an index worse than the mean.

It is suggested that the Asset Management Service then apply a weight to each score to reflect its overall importance in relation to the other measures. Weighting is suggested as follows:-

Weighting	Measure	For identification of:
10	IMD	Premises that are available to deliver in target areas for LCC services
7	Accessibility	Premises that are accessible in terms of location
6	Finance	Financially efficient premises
5	Legal	Premises 'more straightforward' to vacate
5	Sufficiency	Larger premises to deliver multiple services
5	Suitability	Premises more suited to flexible multi service delivery
5	Status (exit strategy)	Those premises LCC may already be in negotiation to vacate.

From the index scores, it is proposed that a mean be created for each property using each measure that has a value. This will provide each of the properties with an overall score, based on the measures available.

Each SPA can be considered in turn, and sorted on score. The present number of service delivery premises for each SPA can be applied, and a list of premises which can be classed as preferred or less preferred candidates to become a Neighbourhood Centre produced, based purely on the data exercise.

#### 4.5 Considerations for Proposed Analysis

As the list of premises from the data exercise will use only the assessment of physical location, cost and premises condition criteria, it is proposed that the Asset Management Service use knowledge and experience along with information regarding future service delivery based on approved budget options in order to ensure the most coherent recommendations of premises appropriate to become Neighbourhood Centres. As part of this further work key equality impact issues will also be considered. Appendix 3 provides a SPA by SPA identification of proposed premises to be considered as candidates to be Neighbourhood Centres.

Other issues that should be considered in producing recommendations:

- Service plans regarding future service delivery.
- Premises in neighbouring SPAs.
- Partners may have more suitable premises for service delivery and there are distinct benefits of sharing accommodation across the public sector. It is suggested that it is expedient to limit initial consideration to County Council premises to ensure deliverability however where possible within the required timescales this could be considered.
- Cultural identifiers – whilst the IMD measure in the proposed calculation would take travel horizons into account to some extent, the calculation would not allow for the fact that communities recognise and take ownership of places through cultural identifiers. This can provide a barrier to needy communities in the ownership and access of services, and where possible this will be taken into account in making recommendations.
- Legal title.
- Planning restrictions.
- Potential for capital receipt/development/alternative use.

## **5.0 Capital Investment**

Adoption of the proposed Accommodation Strategy (Neighbourhood Centres) would create a requirement for investment in the existing property portfolio to address condition related works to the future Neighbourhood Centres. In addition, further analysis will be required to identify the investment needed to target suitability and sufficiency works to ensure premises are large enough and fit for purpose. The construction of a completely new service delivery building should not be ruled out as it may in certain circumstances represent the best use of resources.

A scoping exercise to determine a likely selection of Neighbourhood Centres for the future suggests that the investment required to address urgent and high priority condition based works on the 112 premises required would be in the region of £8.4 million. It should also be noted that if 108 premises are therefore vacated the need to invest in condition works will be avoided (from the scoping exercise this was estimated to be in the order of £8.6 million). The Gross Internal Area of the example 112 Neighbourhood Centres is estimated to be about 90,000 m<sup>2</sup>. Assuming that in the region of 20% of these buildings would require investment in suitability related works to ensure that they are able to deliver the required range of services, a further £20 million could be necessary to complete the transformation into Neighbourhood Centres. These figures should be treated with caution as they are based upon very high level assumptions of relative requirements and the sample premises determined by the scoping exercise.

It should also be noted that investment would be required in the termination of leases to deal with dilapidations. The level of investment required will only become evident on survey at the termination of each lease and through negotiation. An estimate of the cost to LCC of dilapidations works is approximately £1-1.5m and rests on the wording of each lease, works undertaken over the years, improvements, the landlords intended use of the building, negotiation/legal strength of the County Council's position, building condition etc.

## **6.0 Running Cost Savings**

The total running cost for the 220 premises proposed as within scope is some £6.4 million. The proposed reduction in the sample calculation, of 108 premises to a new total of 112 could deliver an estimated full year saving of £1.95 million once they are vacated and disposal has been possible.

## **7.0 Future Refinements**

As described above, whilst the initial aspects of the proposed Property Strategy (Neighbourhood Centres) are being delivered in order to achieve the required savings, concurrent work-streams should run to investigate and exploit where possible opportunities for co-location with other public service providers.

In addition there are approximately 600 primary and secondary schools in total across the county which represents a significant property resource. They are generally located in areas where the county council would wish, along with other public service providers, to operate. A number of LCC front facing services already co-locate with



schools, for example Children's Centres and Libraries, and there are also less formal arrangements for Children's Social Care in school premises. The schools estate represents a further significant opportunity for co-location where appropriate. However, achieving the best use of premises by including schools, amongst other premises, will require careful consideration as many schools are not under the direct ownership of the County Council. Schools operate from wholly delegated operational budgets so any savings identified would not directly benefit the county council and works required would have to be funded.

## **8.0 Implementation and Timeline**

The delivery of the future recommendations of the proposed Property Strategy (Neighbourhood Centres) will require the deployment of staff and other resources from a number of support service areas as well as the Property Review Team within the Asset Management Service. It is essential that these areas are properly tasked to be able to deliver support as and when needed.

A suggested timeline:-

- Neighbourhood Centres identification and consultation work will begin as soon as approval for the strategy is obtained.
- Redesign of service delivery within approved budget options and alignment with Property Strategy (Neighbourhood Centres).
- Review of co-location opportunities with Police, LFRS, other public sector partners e.g. CCGs, District Councils discussions will need to be further developed and run concurrently with Neighbourhood Centres project.
- Review of opportunities for co-location within schools also to be further developed and run concurrently with Neighbourhood Centres project
- Condition and suitability works to be undertaken.
- Withdrawal from those premises to be identified as surplus to commence as soon as possible until final completion at a date to be determined (following consultation and approval).

## **9.0 Facilities Management**

If the Property Strategy (Neighbourhood Centres) is adopted the resulting Neighbourhood Centres will require consistent management irrespective of the services which operate from them. It is suggested that the Asset Management Service retain responsibility for the strategic management for all the County Council's corporate premises, and the Facilities Management Service act as the Premises Manager for each property.

Premises would be handed over for management in an ordered manner with (as close as possible) seamless transfer from present service area management. If this is agreed, a pilot scheme to transfer the Premises Management responsibility for Children and Parenting Support Service Centres (CAPSS) to the Facilities Management Service will be considered. Determination and monitoring of statutory compliance will also fall to the Asset Management Service and hard FM will be carried out by the Design and Construction Service.

## **10.0 Risk Management**

The successful implementation of the proposed Property Strategy (Neighbourhood Centres) will depend upon a number of concurrent work-streams progressing in a timely and effective fashion and failure to do so would represent a key organisational risk.

It is to be expected that the various Project Teams that will be needed to deliver each element of the Property Strategy will compile and manage their own relevant risk register. However, the following table, although not intended to be exhaustive, summarises some of the main elements of risk to the County Council.

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Technology and accommodation not able to provide necessary resources for service delivery	Interruptions to service delivery at critical time in transformation.	Project Teams will need to address.
Disposal/lease termination of surplus premises doesn't progress apace.	Delay in obtaining capital receipts and continued revenue consequences.	Estates Service to work as part of the Project Team.
Timescales for disposal of surplus property do not allow for maximising opportunities.	Capital receipts are not maximised.	Estates Service to maximise timely opportunities.
Change of service delivery locations leads to increased expenditure, in terms of excess travel costs, staff time and expenses.	Target savings not achieved; impact on effective service delivery	Asset Management Service to work closely with other Commissioning services to identify service delivery requirements in individual SPAs.
Timing alongside delivery of outcome of budget options approvals and Office Rationalisation project affects staff morale	Impact on effective service delivery	Project Team will address.
Claw-back of funding for premises; Children's Centres possibly up to £32 million at risk	Target savings not achieved. Timescales extended. Compromise regarding location of premises, leading to compromise of property strategy and/or service delivery	Project Team to investigate and address.

Risk	Impact	Mitigation
Inadequate capital allocation for condition, sufficiency and suitability works to be undertaken where required	Neighbourhood Centres are unable to deliver required level of service(s)	Collection of suitable and sufficient data streams to ensure investment undertaken achieves maximum value for money.

## **11.0 Conclusion**

If approved the Property Strategy (Neighbourhood Centres) would be a cornerstone of the County Council's rationalisation of the public facing service delivery property portfolio in response to the challenging times ahead. Successful delivery of this strategy would support the changes in the way the County Council delivers services and how the residents of Lancashire interact with it. Neighbourhood Centres will provide local points of access for a range of services to be delivered through integrated teams addressing the range of health, social, economic and environmental problems faced in each Service Planning Area. This will support the Corporate Strategy in order to influence better outcomes for the people of Lancashire.