

Report to Cabinet

Meeting to be held on Thursday, 12 May 2016

Report of the Head of Asset Management

Electoral Divisions affected: All

Property Strategy (Neighbourhood Centres) - Consultation Proposals

(Appendices 'A' to 'D' refer)

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Executive Summary

The Council is facing an unprecedented financial challenge. The Medium Term Financial Strategy reported in the November 2015 forecast that the Council will have a financial shortfall of £262 million in its revenue budget in 2020/21.

This is a combination of reducing resources as a result of the government's extended programme of austerity at the same time as the Council is facing significant increases in both the cost (for example as a result of inflation and the national living wage) and demand for its services.

The revised position following the financial settlement for 2016/17 is now a budget gap of £200.507m by 2020/21. This revised gap takes into account the impact of the settlement, new financial pressures and the savings decisions taken by the Full Council in 2014/15, 2015/16 and 2016/17 regarding the future pattern of council services.

A key element in the delivery of continuing Council services is the property portfolio from which services can be directly accessed by citizens or from which the Council's employees can deliver outreach services into the community. This report sets out proposals for the future configuration of the Council's property portfolio. The proposals are designed to ensure that all Lancashire's residents can continue to be provided with high quality services. How individual Council services are delivered varies considerably; many are delivered directly to people's homes, others require fixed infrastructure and others involve digital delivery. The property proposals are designed to provide a flexible response to the future patterns of service delivery.

The Council's property portfolio (excluding schools) comprises in the order of 500 operational sites. As part of the approved property strategy a total of 222 premises have been identified to form part of the review. This has excluded those premises which are clearly unsuitable for front facing service delivery, for example children's homes.

The proposals have been developed around the Neighbourhood Centre model set out in the Council's Property Strategy, approved by Cabinet in November 2015. The Property Strategy sets out a methodology to achieve a sustainable long term reduction in the Council's property portfolio to align with the aspirations in the draft Corporate Strategy and to enable the future delivery of public facing services through a range of multi-functional Neighbourhood Centres.

The proposals set out at Appendix 'C' in relation to the future configuration of the Council's property portfolio are designed to ensure that all Lancashire's residents can continue to be provided with high quality services from a reduced number of properties. The proposals are designed to provide a flexible response to the future patterns of service delivery.

The proposals are the result of a review process that has consisted of the following components:

- Data analysis based on the weighting and scoring methodology previously agreed by Cabinet (set out at Appendix 'C', Annex 1);
- Dialogue with elected members and partners; and
- Consideration of how proposals align with service delivery strategies and delivery of approved budget options, in particular; the Library Services, Children's Centres and the Young People's Service

Consultations in relation to the Library Service carried out in January 2016 and the Wellbeing, Prevention and Early Help (WPEH) Service in February 2016 have also been used to develop the service offer/strategies for the Library and WPEH services. These have then in turn been an integral part of the review undertaken as part of the Property Strategy and are presented at Appendices 'A' and 'B' respectively for approval.

Whilst the report sets out proposals based upon the review process referred to above, it is now important that a comprehensive consultation takes place with service users and the wider community before a final set of proposals can be considered by Cabinet at its meeting in September 2016. Cabinet are therefore requested to agree to a 12 week consultation process commencing on 18 May 2016. The proposed consultation document is attached at Appendix 'D' (note that for the purposes of illustration, the Burnley specific information is presented in the Appendix)

In order to fully comply with the Council's Public Sector Equality Duty it is important that the Council, in making its decision as to the future pattern of service delivery provided through the property portfolio, is fully informed of the potential impacts on citizens with protected characteristics. The Equality Analysis published with the Property Strategy in November 2015 will therefore be reviewed and updated to take account of the outcomes of the consultation process and will be reported to Cabinet in September.

Once Cabinet have considered final proposals taking account of the response to the consultation exercise it is proposed that the implementation of the property strategy should commence with effect from 1 October 2016.

Overall, the proposals involve a reduction in the corporate property portfolio of some 106 premises although not all currently provide services directly to citizens; many are office base for employees.

The Council has made provision within its capital programme for investing £20m in the future property portfolio, to ensure it is fit for purpose to provide high quality services for Lancashire's residents.

Recommendation

Cabinet is asked to:

- (i) Approve the service delivery models in relation to the Library Service and Wellbeing, Prevention and Early Help Service at Appendices 'A' and 'B' respectively, and
- (ii) Approve a 12 week consultation be undertaken on the Property Strategy proposals set out in this report which will include the statutory consultation requirements with respect to designated children's centres. The sample consultation documents is set out at Appendix 'D'. The outcomes to be reported back to the Cabinet meeting to be held in September.

Background and Advice

In the context of the ongoing period of public sector austerity, characterised by increasing demands on services and major reductions in central government support, the Full Council, as part of its budget decisions in 2014/15, 2015/16 and 2016/17, has made decisions as to the future pattern of council services.

A key element in the delivery of those services is the property portfolio from which Lancashire's residents can access those services and from which the Council's employees can deliver outreach services into the community. It is important therefore that the property portfolio is reconfigured to align it with the services that the council will be providing in the future.

A review has therefore been carried out, on the basis of the Property Strategy approved by Cabinet in November 2015, of the current property portfolio. The results of the review and the proposal for the future configuration of the portfolio are set out at Appendix 'C' (Annexes 1 to 6).

The proposals are designed to ensure that all Lancashire's residents can continue to be provided with high quality services. The way in which individual Council services

are delivered varies considerably; many are delivered directly to people's homes, others require fixed building infrastructure and others involve digital delivery. The property proposals are designed to provide a flexible response to the future patterns of service delivery through a network of multi-functional Neighbourhood Centres.

A total of 222 premises have been selected from the total property holdings of the County Council to be considered in the review. The review has involved:

- consideration of a range of property data relating to the portfolio of buildings within scope;
- recognition that councillors have a key role to play in determining the selection of premises to become Neighbourhood Centres and in exploring opportunities for co-location and sharing service delivery with partners including District Councils;
- the need to align new Neighbourhood Centres with various service delivery plans eg the Library Strategy and the Wellbeing, Prevention and Early Help (WPEH) Strategy which are vital components in future service delivery through the property portfolio

The locations of 28 externally commissioned children's centres have also been considered as part of the ongoing process of determining which buildings are most suited to ensuring sufficiency of both 'access' and 'reach' within the future WPEH delivery model.

In the process of the review, a range of LCC property data sets have been scored and weighted to give an indication of the benefits each building offers from a property perspective. The scoring and weighting methodology is set out in the report at Appendix 'C', Annex 1.

This scoring approach does not however give the whole picture and so the review has also taken into account local context, community need and service requirements in order to provide a range of preferred building options.

As the review has developed, findings have been 'sense checked' against local intelligence from communities, councillors and partners to ensure that there is a good understanding of the current role that County Council buildings play locally and how the right ones can be retained to deliver a more flexible range of services in neighbourhoods. The information has been gained through:

- engagement with public sector partners to explore opportunities for co-location and sharing of service delivery
- engagement with county councillors on how the Property Strategy has been formulated and identification of where there may be opportunities for working differently with partners and communities in local areas

The proposed 12 week consultation will provide further opportunity for councillors, partners and local communities to provide additional important input to proposals.

Proposal

The review has identified a total of 130 premises as preferred for retention as neighbourhood centres that will form the basis for service delivery. This includes premises from the county council's holdings and 16 buildings currently accommodating externally commissioned children's centre services. The premises identified for retention are set out at Annex 2 of Appendix 'C'.

The consequence of the proposal is that 106 premises have been identified as no longer being required to deliver the council's future pattern of service delivery. Of these 12 are buildings that currently accommodate externally commissioned children's centre services and are identified at Annex 3 of Appendix 'C'.

14 premises which have been taken out of the review in the conduct of normal business processes or being subject to service budget options and are set out at Annex 4 of Appendix 'C'.

Two further LCC premises remain under consideration as they provide an opportunity to accommodate public facing services are set out at Annex 5 of Appendix 'C'.

Buildings currently delivering WPEH (children's centre) services and those proposed to deliver WPEH (statutory children's centre) core offer services are set out at Annex 6 of Appendix 'C'.

Implementation

The proposals will not be implemented until the Cabinet has had the opportunity to consider the outcome of the consultation and any amendments which may be proposed as a result.

A report recommending the final proposals will be considered by Cabinet in September. Following Cabinet's consideration and decision with respect to a final set of proposals, it is proposed that the implementation of that decision should commence with effect from 1 October 2016.

Given the need to consider the proposals in the light of the consultation, it is possible that not all financial savings planned from the 1 October 2016, will be achieved. In order to mitigate budget slippage as far as possible, officers will undertake preparatory work to be in a position to implement the proposals, including the closure of premises and reductions in employee numbers, with effect from the 1st October 2016.

It is important to note, however, that none of this preparatory work will fetter the discretion of the Cabinet with respect to its final decision and preparatory work may need to be modified to give effect to that final decision.

Consultations

In developing the proposals discussions have been held with county councillors and public sector partners.

The separate service consultations with respect to the future Library service and the Age 0-19 Wellbeing Prevention and Early Help Service has informed the service requirements that have been taken into account as part of the review and the proposals set out in Appendices A and B.

As part of the consultation on the budget a number of expressions of interest in relation to external organisations taking over surplus properties, have been received and these have considered as part of the review. There will be further opportunities for interested parties to express interest in potential surplus premises as part of the 12 week consultation.

Any organisation or group interested in taking over a potentially surplus building can register that interest through the County Council's 'have your say' website where they can complete the expression of interest form. This principle upon which the Council would consider an expression of interest would be on the basis of a 'whole transfer' with no financial support from the County Council once the transfer is complete.

Implications

This item has the following implications, as indicated:

Financial

Retention of the corporate property portfolio as it stands will result in a failure to realise revenue budget savings in total premise running costs that have previously been agreed as part of the current financial strategy including, most significantly, £5m in 2017/18.

The County Council's Medium Term Financial Strategy is based upon the delivery of £5m of revenue savings in relation to the property portfolio. The proposals set out in the report make a major contribution to delivery of those savings.

The Property Strategy also facilitates more substantial service expenditure reductions approved by Full Council, most notably in relation to the Wellbeing Prevention and Early Help Service (c£8.4m over 16/17 and 17/18) and the Library Service (c£6.1m over 16/17 and 17/18).

The following figures are based on property within scope of the Property Strategy (Neighbourhood Centres) review:

<ul style="list-style-type: none">• Total running costs of 222 premises within the scope of the review	£6.4 million
<ul style="list-style-type: none">• Estimated running costs reductions resulting from the proposed closure of 106 premises	c£2.0 million

The running costs of the 28 externally commissioned children's centre building are contained within operational budgets and the running costs savings in respect of these premises will materialise within the reduced budget envelope for the Wellbeing Prevention and Early Help Service.

The disposal of surplus property has the potential to raise significant capital receipts. However, there will be potential off-setting charges in respect of dilapidations in respect of leasehold premises where the lease is surrendered.

<ul style="list-style-type: none"> Estimated capital receipt from sale of vacated premises 	£8-11 million
<ul style="list-style-type: none"> Estimated dilapidations costs (Terminated or surrendered leases) 	£1-1.5 million

In order to ensure that the future property portfolio is fit for purpose to provide high quality services and to accommodate building modifications in the move to Neighbourhood Centres, the County Council has made capital resources of £20m available within its approved budget for investment in Neighbourhood Centres.

In line with new Government legislation taking effect from 1 April 2016, capital receipts are included in the Medium Term Financial Strategy to support revenue. The estimated figures for capital receipts detailed above could change as a result of:

- Open market conditions at the point of sale of individual properties;
- The outcome of the consultation and decision making process;
- Proposals to transfer surplus properties to third party organisations at a nominal sum as an alternative to sale on the open market.

The timeline for implementation of the Property Strategy is underpinned by the need to achieve further revenue budget savings within the Asset Management service identified in Money Matters - The Financial Strategy for 2016/21 (BoP12).

Risk management

The County Councils Corporate Risk and Opportunity Register identifies at CR1, "Failure to implement the council's Medium Term Financial Strategy including delivery of planned budget reductions" as carrying a maximum risk score. Appropriate consultation is identified as one of the key risk mitigation measures in ensuring delivery of the budget savings.

The delivery of the County Council's Property Strategy is key to the delivery of significant elements of the Council's financial strategy and failure to undertake effective consultation in a timely manner will put the savings programme at risk.

There are 36 children's centre properties identified within Annex 3 to Appendix 'C' that are identified as no longer being required to deliver the Council's future pattern of service delivery of WPEH services within the Neighbourhood Centre model. There is a potential risk of financial claw back in respect of government funding used to develop these premises when they were first established. The maximum risk of clawback for these is £10.1m. Any one-off clawback that materialise needs to be judged against the ongoing revenue savings.

Legal

The Council has reviewed its statutory obligations in respect of the services delivered through the proposed property portfolio and is satisfied that the proposals set out in Appendices 'A' and 'B' enable the Council to fulfil its statutory obligations.

It is considered the Library Service offer which is proposed by the Council meets the requirement under the Libraries and Museums Act 1964 to provide a “comprehensive and efficient library service for all persons desiring to make use thereof”. Indeed it is considered that the full extent of the Library Service provision which is proposed far exceeds a minimum level of sufficiency to meet the needs of the population under the 1964 Act.

With respect to children’s centres the Council has a duty under the Childcare Act 2006 and the statutory guidance for children's centres, to secure sufficient children's centres which are accessible to all families with young children, and targeted evidence based interventions for those families in greatest need of support.

Statutory guidance provides that local authorities should ensure that children's centres and their services are within reasonable reach of all families with young children in urban and rural areas taking into account distance and availability of transport.

The future Wellbeing Prevention and Early Help Service has been designed on an evidence base to meet the needs of children and families, particularly those in need of more intensive support. The new service is designed on the basis of fixed locations and outreach provision with the specific intension of providing effective “reach” to all families in need of support.

Legal Services are also continuing to review the property title to each of the properties where there is a proposed change of use or where properties are being declared surplus to establish whether there are any legal issues which potentially affect a proposal to transfer or sell the premises to a 3rd party. This is a significant piece of work that it has not yet been able to complete but it is hoped to be able to do so in advance of the September Cabinet meeting so that any implications can be taken into account when final decisions are made.

Where expressions of interest are received in relation to surplus properties it will be necessary to consider any implications regarding procurement, state aid and the potential disposal of property at an under-value in the context of the requirement under section 123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable where assets are disposed of.

Equality and Cohesion

In order to fully comply with the Council's Public Sector Equality Duty it is important that the Council, in making its decision as to the future pattern of service delivery provided through the property portfolio, is fully informed of the potential impacts on citizens with protected characteristics.

The Equality Analysis published with the Property Strategy in November 2015 will therefore be reviewed and updated to take account of the outcomes of the consultation process and will be reported to Cabinet in September.

The current revised version of the Equality Analysis is attached at Appendix 'C', Annex 7.

Also attached at Appendix 'A', Annex 1 and Appendix 'B', Annex 1 are the Equality Analysis documents relating to the Library and WPEH services. These will also be updated in light of the outcomes of the consultation and reported to Cabinet in September.

List of Background Papers

Paper	Date	Contact/Tel
Property Strategy (Neighbourhood Centres)	26 November 2015	Mel Ormesher/01772 536966
Proposals for Transforming Wellbeing, Prevention and Early Help Services in Lancashire	26 November 2015	Debbie Duffell
Property Strategy Consultation Process	4 February 2016	Mel Ormesher/01772 536966
Lancashire County Library Service Consultation	4 February 2016	Mike Walker/01772 533445