

# North Tyneside Council Report to Cabinet Date: 16 April 2012

## ITEM 6(f)(ii)(c)

Title: North Shields  
Customer First Centre

Portfolio(s): Elected Mayor  
Finance  
Leisure, Culture, Tourism and  
Safer Communities

Cabinet Member(s): Mrs. Linda Arkley  
Cllr. Judith Wallace  
Cllr. Glynis Barrie

Report from Directorate: Community Services

Report Author: Paul Gowans, Head of Cultural and  
Customer Services Tel: 0191 6437401

Wards affected: Riverside Ward/All

### PART 1

#### 1.1 Purpose

The Implementation Plan agreed by Cabinet on 28<sup>th</sup> March 2012, proposed a report to Cabinet on 16<sup>th</sup> April 2012 to consider the Council Strategic Plan and 2012/13 Budget Proposals in relation to deferral for 12 months of the North Shields Customer First Centre. This report outlines the implications associated with the deferral of this project and the extended use of the temporary arrangements, costs and implications for customers. The report also requests Cabinet to determine what actions should be taken.

#### 1.2 Recommendation(s)

It is recommended that Cabinet:

- 1) Consider the impact of the proposed delay in relation to the extended use of the temporary arrangements, cost implications and service delivery issues arising for customers;
- 2) Determine what action Cabinet may wish to consider taking to mitigate these.
- 3) (a) As appropriate, authorise the Head of Cultural and Customer Services, in consultation with the Strategic Director of Finance and Resources, the Head of Legal, Governance and Commercial Services, the Elected Mayor and the Cabinet Member for Finance, to explore alternative funding options for the North Shields Customer First Centre project; and

- (b) In the event that such alternative funding is identified, without the need for borrowing by the Council in 2012/13, authorise the Head of Cultural and Customer Services, in consultation with the Strategic Director for Finance and Resources, the Head of Legal, Governance and Commercial Services, the Elected Mayor and the Cabinet Member for Finance, to implement the North Shields Customer First Centre project in accordance with the scheme described in the report to Council dated 24<sup>th</sup> November 2011 (as cross referred to the Customer Services Centres Delivery Plan approved by Cabinet in November 2007 and the Customer First Strategy agreed by Cabinet in December 2010), and in this report; or, if appropriate funding is not available;
  - (c) Refer the matter to Council for further consideration of Cabinet's request for authority for the Council to undertake prudential borrowing, in accordance with the report to Council of 24 November 2011 referred to above; or
- 4) As an alternative to recommendation 3, proceed forthwith to refer the matter to Council for further consideration of Cabinet's request for authority for the Council to undertake prudential borrowing in accordance with the report to Council of 24 November 2011.

### **1.3 Forward Plan**

The report did not appear in the current Forward Plan for the period 1 March to 30 June 2012. It is required to be considered at this Cabinet Meeting in accordance with Cabinet decision of 28 March 2012.

### **1.4 Council Plan and Policy Framework**

The report relates to the Budget 2012/13 and the Council Strategic Plan for 2012/15.

### **1.5 Information**

#### **1.5.1 Background**

On 13 November 2007 Cabinet agreed a Customer Service Centre Delivery Plan for the period 2007-2011, which outlined the development of a network of Customer Service Centres which would deliver high quality, integrated services based in the 4 main areas of the borough.

The Delivery Plan agreed in November 2007 included providing a Customer Service Centre in North Shields with full library and customer service facility, together with community space.

The owners of the Beacon Centre, Baronsgate Estates, proposed to incorporate provision for a Customer First Centre in the Beacon Centre as part of reinvigoration plans for the Shopping Centre, to take ownership of the existing library building and incorporate it into the shopping centre.

This option was approved on 8 February 2010, when Cabinet agreed that the town centre location was an essential requirement for the Customer Service Centre.

Unfortunately, due to adverse retail sector conditions, the proposal became economically unviable for Baronsgate Estates, resulting in the offer being withdrawn.

On 14 November 2011, Cabinet agreed the North Shields Library site as the most viable and cost effective option to facilitate the provision of the Customer First Centre within North Shields Town Centre. Cabinet was asked to approve £2.7 million in prudential borrowing to develop the new centre on the existing North Shields Library site. This development was to be funded from existing premises budgets. Cabinet subsequently approved the prudential borrowing at its meeting of 28 November 2011.

In December 2011, as a result of serious concerns that the building would fail during the winter, the Library was relocated into a temporary facility at the former North Shields Business Centre.

Customer Services and the Housing Advice team were relocated to a temporary facility at 105 Howard Street from 28 March 2012, due to the expiry of the lease on Unicorn House, pending determination of the Customer First Centre for North Shields.

It has been proposed within the agreed Budget for 2012/13 and the Council Strategic Plan for 2012/15, that the expenditure on the North Shields Customer First Centre is deferred for a further 12 month period.

#### 1.5.2 North Shields Town Centre Regeneration

The proposal to develop the new Customer First Centre on the current library site would have put Council services at the heart of the town centre, supporting the reinvigoration of the Beacon Centre shopping area through increased footfall where it is needed, in the commercial core. The development is expected to deliver significant regeneration benefits, is consistent with the ongoing work of the Retail Centres Task Group to attract greater footfall into the borough's town centres, to support the local economy, businesses and employment.

Deferring the proposed redevelopment of the library site as originally proposed would impact upon the visual aspect of a key site at a main entry/exit point to the Beacon Centre, reduce footfall to the Centre for significantly longer than had been originally anticipated and as a consequence of the temporary locations for the Library and Customer Services, have a negative impact upon the wider retail strategy.

#### 1.5.3 Position Relating to Unicorn House

The North Shields Customer Service function was previously based in Unicorn House along with a range of other Council services until the end of March 2012, when the short term lease on the site expired.

The building was originally occupied as an interim measure whilst a long term option was identified and delivered. Unicorn House was not seen as a long term viable site for Customer Services due to the overall size of the premises and its location. Although Unicorn House is close to the Central Library site it is outside the main town centre commercial area, resulting not only in inefficiencies in the operation of two separate buildings with increased costs, but a fragmented service to customers.

The North Shields Customer Service office dealt with over 36,000 enquiries from customers in 2011/12. This is in addition to 50,000 customers who paid just over £3.4million in income to the Council via the cash office. The Housing Advice team who deal with all homelessness enquires for the borough are also co-located with the Customer Service team.

Following the expiry of the lease on Unicorn House Customer Services and the Housing Advice team have relocated on a temporary basis to 105 Howard Street, North Shields.

#### 1.5.4 Issues with the Existing North Shields Central Library

The North Shields Central Library was the largest library facility in the borough, including the popular and well used Local Studies Centre. The Library attracted 316,322 visitors during 2010/11.

However, the building's mechanical and electrical engineering system had exceeded its design life and began to fail. The mechanical ventilation system no longer works and has been condemned. Whilst still structurally sound, the general building condition has deteriorated over time and requires investment to extend its life, including removal of asbestos-containing materials. Some investment is also required to make it a fit for purpose modern library, with different service delivery needs and health and safety requirements.

As a result of serious concerns that the building would fail during the winter the library was relocated into a temporary facility at the North Shields Business Centre in December 2011.

#### 1.5.5. The Plan for the Development of a North Shields Customer First Centre

Cabinet agreed on 14 November 2011 that the existing North Shields Library site was the most viable and cost effective solution for the development of a Customer First Centre in the Town Centre.

The option to develop the Customer First Centre on this site has the following advantages:

- It is cost neutral and delivers high quality refurbished accommodation, within existing budgets;
- It provides the Council with the opportunity to realise significant cost savings in terms of sustainable building management, especially energy efficiency. It will contribute towards achieving the Council's Carbon reduction targets; and
- It supports the regeneration of North Shields Town Centre by maximising footfall where it is needed in the commercial core.

The design for the new Centre incorporated the following:

- A new main entrance and a supplementary entrance within the Beacon Centre;
- A large customer lift to facilitate easy access for customers between the floors;

- Space for exhibitions on the ground floor and first floor with flexible community space on the second floor;
- A new Library based on the ground floor and part of the first floor; and
- A new Customer Service facility on the first floor.

Subject to approval of Council of the prudential borrowing required to fund the project, the works were initially intended to commence on site in December 2011 and were expected to be completed by the end of June 2012.

#### 1.5.6 Temporary Arrangements

The Council has utilised two of its smaller assets in North Shields Town Centre to accommodate the Library, Customer Service function and the Housing Advice team.

The Library has been relocated to the former North Shields Business Centre. Customer Services and the Housing Advice team have been relocated to 105 Howard Street, North Shields.

The relocations have been planned on a temporary, short term basis and the level of investment in refurbishing the sites has therefore been kept to a minimum.

##### North Shields Library

A limited amount of the same range of services provided at the Central Library are available at the temporary facility:

- Due to space limitations, approximately 8,000 of the 25,000 books and other items in stock are on public access;
- There are 15 PCs for public use, which is half of the number that were available in the old library; and
- There is one small meeting room on the second floor, but there is limited space for activities compared to those in the old building.

In the first two full months of operation (January and February 2012), usage statistics show that there were approximately half the amount of visitors and half the number of items issued compared to January and February 2011.

Usage of other libraries across the borough has not increased significantly, suggesting that customers are not using another library, but are either no longer using a library at all or not using the library as regularly.

##### Customer Services

The accommodation at Howard Street is substantially smaller than Unicorn House and the planned re-development within the library building. There are therefore fewer informal and formal interview spaces and a smaller waiting area.

There were six informal booths and fourteen private interview rooms at Unicorn House. There are 5 informal interview booths and 3 small interview rooms within the temporary site.

Access and space within the waiting area is also more limited than Unicorn House or the planned re-development.

This is having the following impacts:

- Customers are waiting longer to be served;
- The potential for increased aggressive behaviour due to lack of space and fewer safety features for staff;
- Fewer options to continue with partnership working, both internally and with other organisations such as Citizens Advice Bureau;
- Customer Services is unable to continue with the joint project with the Revenues and Benefits team involving assessing benefit applications at the frontline;
- The Housing Advice team are having to utilise interview facilities at other customer service centres within the borough which has cost and time implications for staff travelling between sites;
- Customers who need to seek advice from the Housing Advice team may need to travel to alternative sites; and
- Potential health and safety issues for staff arising from the use of small and cramped interview facilities. This would give rise to ongoing concerns for staff health and safety because of the poor security arrangements and difficulties in securing compliance with Display Screen Equipment legislation.

#### 1.5.7 Implications of Deferral

The delay in agreeing the development of the existing North Shields Library site, or finding a suitable alternative, will have the following implications:

- Unable to support the Council's commitment to provision of a Customer First Centre within each area of the Borough;
- Potential negative impact on the regeneration of the North Shields Town Centre;
- A continued lack of community space and limited options for partnership working;
- The Library and Customer Services will not be able to develop services as planned due to a lack of space and facilities, therefore will not be able to meet the objectives for continued development and delivering excellent customer service;
- Additional costs based on the need to upgrade elements of work at Howard Street based on the issues raised in this report linked to health and safety issues;
- Extra running costs associated with two buildings, no efficiency savings regarding using one building or carbon reduction associated with enhanced design;
- Unable to deliver planned efficiencies in existing premises costs and building management savings;
- Two buildings, North Shields Business Centre and 105 Howard Street, are taken out of the commercial property portfolio business support provision in an area of economic need;
- Potential loss of rental yield associated with the two properties;
- Detrimental impact on Baronsgate proposals for redevelopment of Beacon Centre via the loss of a robust anchor tenant; and
- General loss in business confidence.

## North Shields Library

Any delay in an alternative and improved site being completed will have a direct impact on customers in that the Library Service in North Shields will be much more limited than previously.

There is a concern that the longer the Library is in temporary accommodation, the more likely it is that a proportion of customers will not return. This will also impact on income for the service, as North Shields Library had the biggest collection of DVDs and CDs for hire in the borough.

## Customer Services

It is anticipated that changes arising from the Welfare Reform Act 2012 may lead to an increase in the number of customers seeking advice in relation to Benefits and Housing. The need to increase rent collections from a higher percentage of current tenants could also have a significant impact on the increase of customers accessing the frontline service. This would further exacerbate the current shortage of space.

The inability to continue with the scheme to assess benefit applications at the frontline will have a detrimental effect on the provision of services to customers and on the Council's commitment to 'get it right first time' and deal with issues at the 'first point of contact'.

Although the current facilities are adequate in the short term, the Council's Health and Safety team have outlined that use of the premises for longer than six months may require additional spend, to address ongoing concerns for staff health and safety because of the poor security arrangements and difficulties complying with Display Screen Equipment legislation, which would increase the cost of the overall project.

Utilising 105 Howard House and the Business Centre as separate facilities longer term would permanently split the various Customer Service functions over separate buildings, negating the objective of a Customer First Centre and the principles set out in both the 2007 Customer Service Centres Delivery Plan and subsequent 2011-15 Customer First programme.

### 1.5.8 Alternative Funding Options

A number of alternative methods for financing this project may be available to the Council, Cabinet may wish to consider requesting officers to explore funding options that do not require Council borrowing in 2012/13.

## **1.6 Decision options**

### Option 1

To take no action in relation to the proposal set out in the Strategic Plan and Budget for 2012/13 to defer the proposed redevelopment of the North Shields Library site for 12 months.

## Option 2

To consider the implications of deferring the decision to proceed with the North Shields Customer First Centre as outlined in Sections 1.5.2, 1.5.3, 1.5.6 and 1.5.7 of the report and determine what action, if any, they may wish to take in order to mitigate these, in accordance with the recommendations listed.

### **1.7 Reasons for Recommended Option**

Option 2 is the recommended option for the reasons set out in Sections 1.5.2, 1.5.3, 1.5.6 and 1.5.7 of the report.

### **1.8 Appendices**

None.

### **1.9 Contact Officers**

Paul Gowans, Head of Cultural and Customer Services. Tel: (0191) 6437401.  
Paula Harvey, Group Manager, Customer Services. Tel: (0191) 6435225.  
Andrea Stephenson, Group Manager - Libraries, Community Centres and Tourist Information Centres (East). Tel: (0191) 6435291.  
Alison Campbell, Finance Business Manager. Tel: (0191) 6437038.

### **1.10 Background Information**

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- Report to Cabinet 28 March 2012: Council Strategic Plan and 2012/13 Budget – Implementation Plan;
- The Council's Budget 2012/13 and Council Strategic Plan 2012/15;
- Report to Cabinet 14<sup>th</sup> November 2011 - Options Appraisal for an Alternative Delivery Model for Cultural and Customer Services;
- Report To Cabinet 8<sup>th</sup> February 2010 - North Tyneside Local Development Scheme;
- Report to Cabinet 13<sup>th</sup> November 2007 - North Tyneside Customer Service Centres Delivery Plan;
- Briefing Note to all Members – Local Authority Governance and Decision Making – 26 March 2012; and
- Addendum Note dated 16 April 2012 to the Briefing Note to all Members -.Local Authority Governance and Decision Making – 26 March 2012.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and Other Resources**

The Alternative Budget approved by Council for 2012/13 includes £0.115m of revenue savings arising from a reduction in the revenue cost of borrowing due to delay of capital schemes and of this £0.055m relates to the North Shields Customer



Service Centre. Any recommendation to Council to reconsider this scheme would require funding for 2012/13 to be re-provided in the budget.

There may be additional refurbishment costs to the accommodation at 105 Howard Street that will be required if the site is occupied longer term. This is estimated to be under £0.100m however this is subject to a further Feasibility Study being undertaken. If a decision is taken to remain in temporary accommodation additional funding would be required. One option would be to seek to fund any works required under health and safety rules through the council's property repairs budget but this may mean that other scheduled work under this programme may have to be deferred. The financial implications will be considered as part of any subsequent report to Cabinet and/or Council.

Cabinet should also be minded of a wider financial implication. The Kier North Tyneside Joint Venture budget assumes delivery of this project during 2012/13. Any reduction in the Joint Venture's turnover that cannot be replaced with alternatives will have an impact on their financial position.

## **2.2 Legal**

A decision to proceed with the North Shields Customer First Centre project may be made by Cabinet, or may be subject to a delegation from Cabinet, in the event that no borrowing is required to implement the project.

If no borrowing is required, it is relevant that the Council's budget is essentially a financial envelope which is not in itself prescriptive on a line by line basis and is governed by the requirements of the law in relation to the separation of powers between the Council and Cabinet. However, Cabinet are bound to take Council's views (as expressed in the agreed Budget 2012/13 and Council Strategic Plan 2012/15) in relation to this matter into account as a relevant consideration in its decision making.

If borrowing is required, the matter must be referred to full Council for a decision on whether borrowing can take place.

Legal advice will be provided as appropriate, dependent on the decisions taken by Cabinet pursuant to this report. In particular full legal implications will be identified and fully considered in the event of any proposed exercise of a delegation pursuant to this report.

## **2.3 Consultation and Community Engagement**

Regular consultation has been undertaken at North Shields Area Forum events regarding the plans for a new North Shields Customer Service/First Centre. Consultation has also taken place as part of the preparation of the Town Centres Regeneration Strategy, which has seen significant support from the community.

Following the decision at the Council meeting on 25 October 2011 to defer this report to allow further consultation with South East Ward councillors, three drop in sessions were held on the 1st, 2nd and 3rd of November 2011. These dates were selected in order to maximise opportunities for attendance by members to complement existing events in the Council calendar.

As well as the South East councillors, all other North Tyneside councillors were invited to the events. Layout plans, furniture designs and initial artistic impressions were displayed and a number of Council officers were available to explain the project proposals and the financial business case. Additional information has since been provided regarding the cost of prudential borrowing and the practicalities of alternative development.

Over the three consultation sessions four Council members attended the events and noted that the proposals would provide an increase in service provision, enhanced building efficiency and capacity for community events and interaction.

## **2.4 Human Rights**

There are no human rights implications directly arising from this report.

## **2.5 Equalities and Diversity**

The layout of the proposed new development has been designed to be fully accessible and inclusive, catering for all users. The current temporary facilities are more limited in terms of access for all users and do not meet the standards required for the delivery of modern council services.

## **2.6 Risk Management**

Any significant delays would potentially increase the health and safety risks to staff arising from the use of small interview rooms. This could only be mitigated by the need to carry out further alterations to the temporary accommodation at Howard Street. Achieving this may be difficult due to the physical layout and costs involved.

## **2.7 Crime and Disorder**

There are no crime and disorder implications directly arising from this report.

## **2.8 Environment and Sustainability**

All efforts have been made in the Council's specification for the refurbished site to incorporate energy efficiency measures. These improvements would make the North Shields Customer First Centre one of the most energy and cost efficient buildings in the North Tyneside Council property portfolio.

The temporary facilities are older and not designed to the same level of specification therefore the anticipated benefits in terms of energy efficiencies and reduced carbon emissions will not be achieved within the timescales.

**PART 3 - SIGN OFF**

- Strategic Director(s)  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Strategic Manager for Policy and Partnerships  X