



Report to Policy Committee

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Report of: Ajman Ali, Executive Director Operational Services
Report to: Finance Sub Committee
Date of Decision: 7th of November 2022
Subject: Accommodation Review

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

The purpose of this report is to provide background and contextual information highlighting the issues facing the Council's corporate estate; whilst seeking committee approval for the Accommodation Review's scope, approach, targets and short term actions.

Recommendations

Finance Sub-Committee are recommended to:

1. Endorse the programme scope, priorities and targets set out in this report.
2. Approve vacating Moorfoot and seek to maximise the usage of Town Hall and Howden House.
3. Identify and deliver any quick wins across the programme such as the closure/disposal or reuse of vacant, underutilised and non-contentious buildings and reviewing the occupation and potential exit of the few remaining buildings which are leased, such as Solpro.
4. Authorise the Director of Direct Services to identify those buildings in localities which offer the best basis for targeted future investment from an operational cost and condition perspective, to feed into a wider review.
5. Approve the development of a robust process to conduct the review of community buildings.
6. Approve the development of a business case for the next stages of the Town Hall's repairs, maintenance and refurbishment.
7. Approve the development of a business case for the next stages of the rationalisation of the Council's depots.
8. Approve the development of a business case for how Facilities Management Services use their allocated budget to fund repairs and maintenance.
9. Approve the development of the Accommodation Review's medium to long term programme plan.
10. Agree the high level principles for the review of the community buildings in section 3.3 of this report.

Background Papers:

Sheffield Land and Property Plan:

<https://democracy.sheffield.gov.uk/documents/s47987/Sheffield%20Land%20and%20Property%20Plan%20v24%20FINAL.pdf>

Policy for the Disposal of Council Owned Land and Property:

<https://democracy.sheffield.gov.uk/documents/s54258/14%20-%20Disposals%20Framework%20V6%2030082022%20TW.pdf>

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Kerry Darlow
		Legal: Nadine Wynter
		Equalities & Consultation: Louise Nunn
		Climate: Jessica Rick
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	Ajman Ali
3	Committee Chair consulted:	<i>Councillor Bryan Lodge</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Tom Smith	Job Title: Director of Direct Services
	Date: 27/10/2022	

1. Background

- 1.1 The Council currently owns, manages and maintains a significant portfolio of buildings across the city. This includes iconic and historic buildings such as the Town Hall, large office buildings such as Moorfoot, but also 182 community and locality buildings.
- 1.2 Whilst the Council is meeting its legal and statutory responsibilities, there is a risk that without significant investment the Council will have to close or partly close some of its buildings. Our initial estimates indicate that the current estate requires around £200m of future maintenance investment over the next 5 years and £48m of this has been highlighted as critical and essential maintenance. Furthermore, an estimated £300m will be needed to maintain our current estate over the 10 years.
- 1.3 In 2020/21 the Council spent £5.0m on energy across its estate and is expected to spend around £10.5m in 2022/23. Early analysis of increased energy costs indicated that the cost across the Council's

estate could increase by £10m in the 2023/24 financial year to around £20.7m.

1.4

It is clear therefore that the Council cannot afford to maintain or retain its current estate.

1.5

Covid-19 has changed the way the Council and partners use our buildings. Hybrid working and the development of online systems have reduced the use of many Council buildings significantly. Many of our buildings are now underoccupied and underused.

1.6

The Council has declared a climate emergency and is working towards Sheffield becoming a zero-carbon city by the start of the next decade. Investment in our estate will be required to meet this commitment.

Given the above, the Council needs to move to a smaller, more cost-effective, well-maintained and better used estate, that meets the needs of our services and communities.

1.7

Sheffield City Council's Cooperative Executive approved the Sheffield Land and Property Plan on 20th October 2021. The Sheffield Land and Property Plan sets the strategic direction and broad principles for the Council's land and property holdings. It:

"provides local people, Members and officers with a clear statement of how the Council's estate will be used to maintain and enhance service delivery and contribute to the wider ambitions of the City balanced against the financial constraints within which the Council now operates."

1.8

The Plan outlines a set of guiding principles for use of the Council's assets. Our assets will be used to:

- Support the delivery of good services for people
- Join-up key services for communities
- Improve the quality of life for all communities in Sheffield
- Tackle climate change and support a low carbon economy
- Support a stronger inclusive city economy that works for all
- Unlock money to support new investment

1.9

These principles will underpin our work in terms of the future of the Council's buildings.

2.0

Strategic Review of Accommodation and Buildings

2.1

Given the above the Council has begun a strategic review of its accommodation and buildings across the city. The Sheffield Land and Property Plan set out that, over the next five years the Council would seek to reduce the running costs of its operational estate by 25%. The review will set out how this will be achieved with further aims to:

- Reduce annual operating costs by £5.3m.
- Reduce future maintenance by £30m.

- Facilitate capital receipts of £8m.
- Reduce carbon emissions to support net zero by 2030.
- Reduce energy costs by £3m.

2.2

The Sheffield Land and Property Plan also sets out the principle of “Right Asset, Right Place, Right Time, Right Decision”. The review will support this principle and seek to support organisational and partnership service changes to deliver better services for Sheffield’s communities, for example through locality working and co-location.

2.3

The review will seek to support our communities in terms of the cost of living crisis and will support warm spaces and other policy outcomes for our communities via targeted investment in the retained estate.

2.4

It will enable the release or disposal of properties to generate savings and enable reinvestment in the remaining estate, with the ultimate aim of delivering fewer, better quality, more environmentally friendly buildings, that better meet the needs of the Council and our communities.

3.0

Programme Scope and Priorities

3.1

The main elements and aims of the programme are as follows:

City centre office accommodation

- Vacate Moorfoot to deliver savings on maintenance and energy.
- Maximise the use of the Town Hall and Howden House.
- Develop business cases for the next stages of the Town Hall’s repairs, maintenance and refurbishment.
- Reduce the size of the city centre office portfolio and a move to hybrid working.
- Support the decision about the future of the Graves building through work to understand compliance needs and through development of an interim maintenance plan.

3.2

Operational portfolio

- Develop the business case for the consolidation of Manor Lane and Staniforth Road, as well as reviewing the use of other depot sites.
- Review to determine the future of the Solpro building at lease end.
- Review Council locality office buildings to:
 - Maximise the use of available space and opening hours.
 - Increase co-location and collaboration with public sector partners and the Voluntary, Community and Faith Sectors.
 - Reduce costs & release capital.
 - Release budget to invest and enhance the estate.

- Support delivery of enhanced 'joined up' public services within communities that most need them.
- Support hybrid working and alternative locations for service delivery.
- Review Parks and Countryside service lodges to support the "Better Parks initiative", increase income, reduce costs and improve service delivery.

3.3

Community Buildings

As outlined above, many of the Council's community buildings are underused, not fit for purpose and could be better maintained. The review will therefore aim to deliver a smaller number of better quality and better used Council-owned community buildings that meet the needs of our communities.

Using the knowledge and data stored for the Council's assets, all of the Council's community buildings will be reviewed. The review will be governed by clear principles in terms of:

- The financial viability of the building in terms of its current condition (including compliance), operating costs, maintenance, investment need, and potential future use.
- The environmental sustainability of the building in terms of the ability for it to become net zero and the required investment to do so, including its current and future potential energy performance and carbon emissions.
- The current and potential future utilisation of the building and the availability of other similar facilities in the local area. This will also include whether the building is currently fit for purpose in terms of its intended use.
- How the current or future use of the building contributes to the Council's strategic ambitions and those of Sheffield's communities.
- The context of any legal ownership, covenants and restrictions of the building and ensuring appropriate decision making and governance.

3.4

A detailed and standardised approach to the evaluation of each property will be developed to ensure consistency in decision-making. This will include consultation with Elected Members, Local Area Committees, building users and key stakeholders. The approach will result in a recommendation for each building to:

- **Invest:** Target investment to improve the quality of the building and deliver better outcomes for our communities.

- **Divest:** Dispose of surplus buildings to create savings, that could be re-invested into the Council's remaining estate. Any building disposals would be undertaken through the Council's Policy for the Disposal of Council Owned Land and Property.
- **Re-purpose:** Explore options for co-location, repurposing or asset transfer of buildings to deliver better value for communities and maximise usage.

3.5

The detailed evaluation approach will be developed following Finance Sub-Committee in November and will be proposed for agreement at a future Finance Sub-Committee in early 2023.

4.0 Short Term Actions

4.1 Given the above, there are a number of short-term actions that the programme proposes to take. These will ensure that the Council is dealing with any urgent safety and compliance issues and will allow the team to bring momentum to the programme of work to deliver urgently needed savings, given the Council's overall budget position. This work will also begin to develop longer term business cases and feasibility work to inform the long-term plan for the large-scale aspects of the programme, for example the Town Hall.

4.2 The identified short terms actions for the programme are:

- Vacate Moorfoot and seek to maximise the usage of Town Hall and Howden House.
- Identify and deliver any quick wins across the programme e.g. closure/disposal or reuse of vacant, underutilised and non-contentious buildings and reviewing the occupation and potential exit of the few remaining buildings which are leased, such as Solpro.
- Identify those buildings in localities which offer the best basis for targeted future investment from an operational cost and condition perspective, to feed into a wider review.
- Develop and agree the detailed approach to the review of community buildings.
- Develop business cases for the next stages of the Town Hall's repairs, maintenance and refurbishment.
- Develop business cases for the next stages of the rationalisation of the Council's depots.
- Develop business cases for how Facilities Management use their allocated budget to fund repairs and maintenance.

- Develop the Accommodation Strategic Review's medium to long term programme plan.

5 How Does This Decision Contribute?

- 5.1 The Council has declared a climate emergency and agreed an ambitious deadline for net zero by the end of the decade. During 2021/22 we agreed the Ten Point Plan setting out our broad objectives that will help meet our response to the climate crisis. As part of the property review highlighted in the scope of this programme, there will be opportunities to reduce our carbon footprint by reducing our overall energy usage, decommissioning energy inefficient buildings and investing in energy improvements for our remaining property.
- 5.2 The Council estimates indicate that the current estate requires around £200m of future maintenance investment over the next 5 years and £48m of this has been highlighted as critical and essential maintenance.. We have developed a corporate asset management plan to help us reduce this backlog through rationalising the size and cost of our estate. Furthermore, an additional £2.5m of savings have been identified associated with vacating Moorfoot.
- 5.3 Our approach to asset management should be about more than just budget savings. There is an opportunity ensure our accommodation is fit for purpose and meets the requirements of our services and communities into the future.

6 Has There Been Any Consultation?

- 6.1 In relation to the vacating of the Moorfoot building, high level discussions with Trade Unions at Corporate Joint Committee, Corporate Strategy Group, Place Operational Group and Facilities Management Service Operational Group have taken place.
- 6.2 Furthermore, contents of this report have been submitted to Strategic Leadership Board, Corporate Leadership Team and Corporate Membership Team.
- 6.3 Should approval to proceed be given further and significant consultation will take place with stakeholders across the programme, in particular in the short-term with colleagues based in Moorfoot.

7 Risk Analysis and Implications of The Decision

7.1 Equality Implication

- 7.1.1 The Accommodation Review is proposing to carry out a full review of the Council's corporate estate. Furthermore, the Accommodation Review is proposing to vacate Moorfoot and utilise space in Town Hall, Howden House and other Council owned buildings.

For services affected by the decant of Moorfoot, full consultation and engagement will be carried as governed by the corporate office move framework.

Additionally, this is an opportunity to improve the support we provide to employees to eliminate discrimination and advance equality of opportunity through improvements to the guidance and communications of policies, such as reasonable adjustments.

7.2 Financial and Commercial Implications

- 7.2.1 In the short-term (2023/24) the revenue budget saving arising from the first year of reduced operating costs are planned to be used to mitigate pressures in the Council's General Fund. In subsequent years, any revenue benefits are intended to be used to fund the programme.

As the programme develops, further updates and business cases will be brought to the Committee and these will quantify the financial implications at each stage.

7.3 Legal Implications

- 7.3.1 There are no direct legal implications resulting from approval of this report at this stage. Each Council building will have its own set of legal implications depending on but not limited to use, structural design and tenure. Therefore, specific legal implications that cover each building will be considered as and when each is brought through for consideration.

7.4 Climate Implications

- 7.4.1 The Accommodation Strategic Review programme will have a significant effect on the Council's ambition to move to net zero. We are currently in the initial development stage and details are not yet available, but we know that the programme will have short term negative and longer-term positive impacts.

In the initial phases of most of the larger capital projects, construction and maintenance will generate negative carbon impacts from the transport, use of materials and work of operatives and energy usage needed. There are, however, opportunities to work with partners and contractors to mitigate some of these impacts and reduced embodied carbon arising from construction works, raise awareness and show climate leadership, as we have demonstrated in other major schemes.

In the longer term the design of new buildings and significant investment in capital works to existing buildings offer opportunities to seek energy/water/waste efficiencies and energy demand reduction through the inclusion of lower carbon and more energy efficient heating and lighting, better building management systems etc. There is likely

to be grant and other funding available for the installation of infrastructure and facilities to encourage active travel.

Reducing the size of our estate will also help to directly reduce overall energy use and carbon emissions as we will have fewer, more energy efficient buildings. Furthermore, making key decisions around the future of our estate will help remove barriers for energy efficient investment, funding applications and grants.

Whilst it is possible that there may be some negative impact arising from changes to locations and working arrangements, there may also be positive impacts e.g. from a reduced need for staff to travel to central buildings and a focus on locality working and localised service delivery for customers.

The details of the climate impact of this programme will be assessed in each project as it is developed.

7.5 Other Implications

- 7.5.1 Guidance for hybrid working may need to be updated as part of the work and we will assess the need for that as the work progresses.

8 Alternative Options Considered

8.1 Option 1: Do nothing

This is not a realistic option because our buildings no longer meet the requirements of our services and communities; and without investment, our buildings will continue to deteriorate and there is a significant risk that buildings would have to be closed. Furthermore, early analysis estimates that energy costs for our estate will increase by £10m in 2023/24 creating further pressures to our budget.

9 Reasons for Recommendations

- 9.1 Vacate Moorfoot and maximise the usage of Town Hall and Howden House.

Outcome: The current usage of the Town Hall and Howden House are extremely low. By vacating Moorfoot and utilising Town Hall and Howden House there are estimated savings of £2.5m per annum.

- 9.2 Identify and deliver any quick wins across the programme e.g. closure/disposal or reuse of vacant, underutilised and non-contentious buildings and reviewing the occupation and potential exit of the few remaining buildings which are leased, such as Solpro.

Outcome: The programme will review and evaluate all buildings in scope and provide business cases to any investment, divestment and

repurposing of buildings; and quickly identify any financial savings that can be made in the 2023/24 financial year.

- 9.3 Identify those buildings in localities which offer the best basis for targeted future investment from an operational cost and condition perspective, to feed into a wider review.

Outcome: The programme will review and evaluate all buildings in scope and provide business cases for any future investment required in the 2023/24 financial year.

- 9.4 Develop and agree a standardised approach to how we review and evaluate community buildings.

Outcome: The programme will provide a framework to how we will invest, divest and repurpose the Council's community buildings; and how these decisions strategically fit with the rationalisation of the Council's corporate estate.

- 9.5 Develop business cases for the next stages of the Town Hall's repairs, maintenance and refurbishment.

Outcome: The programme will develop business cases to make informed decisions to how we fund, maintain, develop and invest in Town Hall; and how these decisions strategically fit with the rationalisation of the Council's corporate estate.

- 9.6 Develop business cases for the next stages of the rationalisation of the Council's depots.

Outcome: The programme will develop business cases to make informed decisions to how we rationalise the depots; and how these decisions strategically fit with the Council's overarching strategy for our corporate estate.

- 9.7 Develop business cases for how Facilities Management use their allocated budget to fund the Council's buildings repairs and maintenance.

Outcome: The programme will develop business cases to make informed decisions for how we fund our buildings that require any critical, essential and backlog maintenance; and how these decisions strategically fit with the Council's overarching strategy for our corporate estate.

- 9.8 Develop the Accommodation Strategic Review's medium to long term programme plan.

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