

B7 STRATEGY & RESOURCES

Ensuring that our operational estate and vehicle fleet comply with all legal and regulatory requirements, improving their functionality for our customers and employees wherever possible and maintaining them effectively through necessary repairs, investment, and renewal. We also want to reduce our environmental impact, energy, and fuel costs by prioritising energy efficiency at every opportunity, making the best use of the latest available technologies.

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1 Background and context

Facilities Management

The operational estate of Sheffield City Council is used by both the Council and the community to provide services and achieve strategic objectives. The estate consists of around 807 establishments and 873 buildings, as well as land, assets, and monuments. It does not include Council Housing and Schools.

Proper estate maintenance is essential to ensure that the sites function efficiently, meet statutory obligations, and support the delivery of various services. If a building's infrastructure or fabric fails, it can directly impact the ability of services to meet their objectives and impede service delivery. Neglecting maintenance can lead to financial burdens, health and safety hazards and legal liabilities.

Due to insufficient funding over many years, the Council struggles to provide necessary estate maintenance. The allocated amount is not proportionate to the size and condition of the estate, which presents a significant issue. As a result, the Council cannot take a life cycle approach to estate maintenance, which could ensure that the estate is kept in reasonable condition over the long term. This lack of adequate maintenance leads to further deterioration of the estate's infrastructure and facilities, potentially impacting the quality of life for residents and visitors alike. The limited budget has been used to support compliance with legal and regulatory requirements and urgent repairs, and as a result, the general condition of the estate has deteriorated.

Based on a range of data, an estimated amount of £200m is required to address building condition needs, while £48m is required to address the most pressing condition issues. However, it is possible that the actual costs could be higher due to a variety of factors, such as increased logistics costs, a resurgence in industry workload, and higher material expenses.

As well as the funding challenges, the Covid-19 pandemic has changed how the Council, our partners, and the community use our buildings. With the rise of hybrid working and the development of online systems, the usage of many Council buildings has significantly reduced. As a result, many of our buildings are now under-occupied and underused, presenting the Council with a significant opportunity to re-evaluate the size of the operational estate and move to a more affordable and sustainable model, including adopting a life cycle approach. On the 7th of November 2022, the Finance Sub-committee approved a series of recommendations to support the resetting of our asset strategy via a Strategic Accommodation review to reflect new norms, including a 25% reduction in the size of the estate, which may need to go further depending on the results of more detailed work.

As we evaluate and adjust our operational properties to match the Council's strategic objectives, we focus on using our limited budget wisely and efficiently. In March 2023, the Finance Sub-committee approved an approach of prioritisation via an Essential Compliance and Maintenance programme to ensure our decision-making is grounded in data obtained from condition surveys and risk assessments to ensure compliance with legal and regulatory requirements while also investing in the aesthetic appearance of significant assets such as historic and sensitive buildings and maximising carbon reduction initiatives.

The Essential Compliance and Maintenance Programme has an approximate budget of approximately £8 million up to March 2028 for urgent condition and compliance items. This amount is insufficient to cover all the necessary investments, so the programme prioritises short, medium, and long-term investments alongside the Strategic Accommodation review to avoid unnecessary spending and bids for external funding to maximise carbon reduction projects.

The Essential Compliance and Maintenance Programme will provide critical information to aid decision-making to support strategic property decisions with disposals, retentions, and budget setting to arrive at an operational estate the Council can adequately maintain to support the delivery of essential services.

Fleet

In 2019/20, we initiated a six-year investment programme to upgrade our fleet and plant to a more reliable, cleaner, greener fleet. Decarbonising the fleet refers to the process of removing carbon emissions from vehicles. By transitioning to electric or hybrid vehicles, we can significantly reduce the number of harmful pollutants released into the air, which is a major contributor to poor air quality in Sheffield. This will not only benefit the environment, but it will also positively impact public health, reducing the number of deaths caused by respiratory illnesses associated with air pollution. By taking action to decarbonise our fleet, we can help create a cleaner and healthier future for Sheffield.

Unfortunately, the programme is one year behind schedule due to Covid-19 related supply chain delays. However, by March 2024, we expect to replace 62% of our fleet, which amounts to 572 vehicles/units, including 72 fully electric vehicles. This will enable the Council fleet to comply with Sheffield's clean air zone standards. We are evaluating options with our services and finance colleagues before finalising the replacement of 161 vehicles and 34 plant items due for replacement in 2024/25.

2 How do these activities contribute to 'net zero'?

The Essential Compliance schemes identified will be developed on a like-for-like replacement basis plus a 'most deliverable' green option based on the funding available to contribute towards net zero. Green technologies cannot deliver carbon savings in isolation. A 'whole building' approach is often required to achieve net zero. Due to the age and construction of a significant amount of the estate, there will be occasions where a 'gas for gas' heating replacement will be the greenest option available for the building because the replacement heating plant will be considerably more efficient than the one being replaced.

Operating a £480k ring-fenced fund within the Essential Compliance and Maintenance programme continues for energy efficiency projects to maximise opportunities. The fund has provided £1.6 million worth of projects with over 1800 tonnes of CO₂e reduction per annum. The next planned scheme is the Town Hall, which is projected to achieve a reduction of 185 tonnes of CO₂e emissions and £60k revenue savings per year starting on-site in late 2023.

Several operational community sites will be identified to install renewable technologies, focusing on solar PV and wind turbines. These projects will be financed using the £3.5 million Local Renewable Energy Fund approved by the Committee in November 2022 to implement community renewable technologies.

We have a successful track record of securing funds bid from the Public Sector Decarbonisation Scheme for the operational estate. Thanks to these funds, we have executed Heat Decarbonisation works worth £1.4 million at three sites in the city. This has resulted in a significant reduction of CO₂ emissions by 187.58 tonnes per annum and a saving of around £39k per annum in energy revenue. We surveyed 30 additional sites to expand the programme, and we are currently developing proposals for these sites to advance to the feasibility and design stage. This will allow for bidding when future funding rounds become available in 2024 and beyond.

The fleet replacement has been identified in the Council's 10-point plan for climate action: section 4, "We will work towards reducing Council emissions to net zero by 2030." By decarbonising our transport, we can improve air quality and health and reduce the number of deaths associated with poor air quality in Sheffield.

3 Projects completed in 2023/24

	Project and value	Impact
1	Transport Efficiency 23/24 £1.8m (of total budget of £2.5m)	Replacement of vehicle fleet reducing emissions and maintenance costs
2	Public Sector Decarbonisation Schemes (3 x sites) £1.4m	Implementation of energy saving measures at Acres Hill, Moor Market and Town Hall
3	Town Hall Fuel Tank Replacement £0.16m	Safe, fit for purpose emergency fuel storage to support business continuity
4	Corporate Buildings Fire Risk Assessment Works x 6 sites £0.9m	Installation of Fire Safety Compliance measures at sites
5	Town Hall Emergency Lighting £0.2m	Improvement of emergency facilities at key corporate site

4 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Outputs
1	New GP Hubs	TBC Feasibility stage only	2023-2026	4 x new GP Hubs to be leased to health care providers
2	Corporate Buildings Fire Risk Assessment Works x 2 sites	£0.1m	2021-24	Installation of Fire Safety Compliance measures at sites
3	Abbeydale Dam Repairs	£0.6m	2021-24	Enhancement of infrastructure to prevent flooding

5 Potential investment pipeline over the next 10 years

	Priority / Project	Impacts	Potential funding source(s)
1	Fire Risk Assessment Mitigation	Deliver suitable fire precautions identified from periodic Fire Risk Assessments to meet statutory compliance and provide safe premises for our customers and staff.	Capital Investment Fund / Prudential Borrowing / Revenue
2	Essential Compliance & Refurbishment	Deliver a solution to identified defects from the annual compliance programme, for example, fire precautions, electrical installation, mechanical installation, structural repairs, and general refurbishment to provide safe premises for our customers and staff.	Capital Investment Fund / Prudential Borrowing / Revenue
3	Energy Efficiency and Renewable Energy Projects	Various energy efficiency and renewable energy projects on council buildings are working towards net zero for the start of the next decade.	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue
4	Redecorations	Internal & external decoration to ensure our buildings are clean and provide a welcoming environment for our customers and staff	Capital Investment Fund / Prudential Borrowing
5	External Areas	Repairs to hardstanding, drainage systems, gates, etc., to ensure it is safe for customers and staff to access our buildings	Capital Investment Fund / Prudential Borrowing
6	Central Library	To address significant building defects to the Structure, Fabric, Accessibility, Mechanical, Electrical and Fire Safety	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue
7	Town Hall	To address significant building defects to the Structure, Fabric, Accessibility, Mechanical, Electrical and Fire Safety	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue
8	Staniforth Rd & Manor Lane Depots	To address significant building defects to the Structure, Fabric, Accessibility, Mechanical, Electrical and Fire Safety and explore consolidation on one site.	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue
9	Building Energy Management Systems (BEMS)	Investing in BEMS to improve efficiency and improve the environment for building users.	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue
10	Abbey Industrial Hamlet	Repair the dam wall back to a decent condition to stop water escape into the adjoining listed properties.	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue

11	Reinforced Autoclaved Aerated Concrete (RAAC)	A survey program is needed to identify RAAC presence in the operational estate. If RAAC is found, conduct risk assessments and either replace or manage it.	Grant Funding / Capital Investment Fund / Prudential Borrowing / Revenue
12	Transport	Further charging infrastructure to enable us to transition to a fully electric Fleet of vehicles in order to meet the councils net zero target Continue with the year 5 and 6 vehicle replacement strategies	Capital investment fund/Prudential Borrowing/Revenue

6 Our forward look to the 2050s

The Covid-19 pandemic has brought about changes in the way organisations use buildings and how employees work. This means that the way the Council estate is used will be different. The Council will have more shared flexible space, with public bodies and the voluntary and private sectors. As a result, the requirements of those using the space will change. Therefore, the Council must continue to review its property requirements and factor this into future maintenance and investment programmes.

The Accommodation Review will determine which buildings the Council will require in the medium to long term. These buildings will receive focused attention in maintenance, including planned preventative and lifecycle maintenance, to ensure they are compliant and maintained to the required standard. The selected buildings will also receive the latest green technology installations and building fabric changes to support the 2030 net-zero targets.

We are making impressive strides towards the modernisation of our fleet, with a strong focus on reducing emissions. As we move towards the future, it is essential that our fleet is equipped with cutting-edge technology that ensures net-zero emissions, paving the way for a cleaner and more sustainable environment.

7 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Continuing to obtain granular data on the Condition, Utilisation, Suitability and Quality of buildings that make up the Council's estate	We have established an ongoing rolling programme of Condition Surveys, and the first round of these has contributed to identifying schemes for the first round of the investment programme. A cyclical programme is to be established in 24/25.

2	Strategic review of the Council estate to concentrate maintenance investment in viable buildings and divest those buildings that are surplus to core delivery	Working with Members and officers in Property Services and team undertaking the accommodation review to understand and support a Corporate Asset Management Strategy.
3	Insufficient funding to adequately maintain the existing corporate estate in a satisfactory condition	Ensure resources for the next five years are used to deliver works in line with our approach set out in section one, to prioritise works based on those elements with the highest probability for failure and where the consequences of that failure would have a significant or severe impact on service. We will continue to identify additional funding and judiciously invest it to maintain the core estate in a satisfactory condition, continuing to utilise the data from the Condition Survey and Compliance programmes.
4	Insufficient funding, resources, and expertise within SCC to impact the aim of achieving Net Zero and the decarbonisation of the estate	Utilise the existing and new funding streams and opportunities to maximise the impact on decarbonisation and draw down available loan or grant funding if it becomes available. Net Zero building schemes will be developed on the shelf to enable immediate funding applications and improve delivery timescales.

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