

Budget Option 2019/20 – 2020/21

Cumulative Net Savings

Reference: RE 14

ASSET MANAGEMENT SAVINGS	2018/19 £'000	2019/20 £'000	2020/21 £'000
A. Further Income from Academy FM work		15	29
B. Reduce premises fund		50	100
C. Energy efficiency projects		26	31
D. Property saving by closing Bailey House			50
E. Review of Business Rates on Council Buildings (net after 25%)		25	50
F. Increase Commercial Estate Income		15	30
G. Building Consultancy Trading Account Fee growth		50	100
TOTAL		181	390

Director Responsible for Delivery

Strategic Director Regeneration and Environment

Cabinet Portfolio Holder

Cllr Denise Lelliott

Finance Business Partner

Julie Copley

Proposal Description

Asset Management and Property Savings

Details of

Asset Management has an existing saving of £1m (£0.5m for 2017/18 and £0.5m for 2018/19) as well as various other itemised

Proposal (including implications on service delivery)

property savings. These savings are currently behind-schedule due to delays in closing buildings, service re-design etc. However a schedule of property savings has been produced in order to achieve the existing savings. This suite of options is over-and-above the existing savings.

A. Further Income from Academy FM work

As more schools become academies there is a real opportunity to develop the building management service which is highly regarded by many schools and which if marketed in the right way could bring in significant additional income in support of the Council budget.

The service has already secured SLA's with schools. There are currently 62 schools with SLA's, with a total income £138,200 (Note: 9 of these schools are external to the Council's boundaries).

There are a further 14 schools (Note: 3 of these schools are external to the Council's boundaries), that could potentially sign up to the SLA which would equate to potential income of £29,000 over 2019/20 and 2020/2021.

B. Reduce Premises Fund

The Premises Fund is a revenue fund used to pay for essential health & safety and compliance works following servicing works or elemental breakdown. In previous years working closely with finance the extent of the works has been analysed and a proportion of the works have been capitalised thus making a saving to the revenue budgets. This proposal is continuing this capitalisation of the works and reducing the premises fund revenue budget by £50k 2019/20 and a further £50k 2020/21. This proposal is subject to continued availability of property condition capital funding.

C. Energy Efficiency Projects Energy Efficiency Projects

- Riverside House Water reduction – test toilet/urinal flow rates and seals and adjust/replace as necessary.
- Riverside House Building Energy Management System (BEMS)– full technical assessment and basic improvements to the system. External expertise required.
- Wellgate Car Park – basic adjustment of timers.
- LED replacement – switch to LED replacement as standard where feasible.

Total savings 2019/20 = £25.8k

Total savings 2020/21 = £5.8k

Project	Actual Year on Year Savings – (£000)	
	19/20	20/21
RH Water	2	0
RH BEMS	19	1
Wellgate Car park	3.4	3.4
LED Replacement	1.4	1.4

D. Closure of Bailey House

	<p>Bailey House currently costs in the region of £328,199 per annum. The Council have been successful in an OPE6 bid whereby it has been agreed to review storage requirements across the Sheffield City Region. It is anticipated that alternative provision would be found to manage the storage requirements across the region allowing the closure of Bailey House. Asset management have allowed a reduced budget in the event that contributions are required for shared accommodation/other storage solutions.</p> <p>E. Review of Business Rates on Council Operational Buildings (net after 25% business rates retention and external contractors costs) – During the 2010-2017 rating list, considerable saving were achieved by the reduction in Business Rates payable by the Council on its operational property. Taking into account effects of the Localism Act and Business Rates Retention Scheme, this resulted in an overall saving over the duration of the rating list period in excess of £2.7m. However, due to an improvement in accuracy by the Valuation Office in compiling the 2018 rating list, along with an increasing number of Academy School conversions, it would be difficult to make the level of savings as identified and made in the previous rating list period.</p> <p>F. To increase the Non-Operational Commercial Investment Property Portfolio gross rental income by 2.5% annually over the next 3 years - The current gross rental income of the Non-Operational Commercial Investment Property Portfolio for 2017/18 equated to £577,859. In previous financial years the annual target was to increase the income by £5,000 per annum, though it is proposed to increase the existing rental income by 2.5% annually above the 2017/18 income as an initial benchmark, which in the first year would equate to £15,000. This increase would be achieved by addressing a number of outstand rent reviews and lease renewals, whilst conducting effective marketing of its existing vacant units to secure additional income.</p> <p>G. Building Consultancy Trading Account Fee Growth- The Building Consultancy Team within the Asset Management Service operates a trading Account with an existing net surplus target of £595k. The team has been successful in obtaining additional commissions which will result in an £100k increase in fee income.</p>
<p>Implications on other Services (identify which services and possible impact)</p>	<p>C. Premises fund-this saving is put forward on the assumption that the Council continue to provide an “Operational maintenance capital fund” to support maintenance projects year on year going forward.</p> <p>D. Closure of Bailey House- currently there are a number of services being delivered from Bailey house which include records management, elections, corporate post and print facility, museum store and Streetpride town centre team. Alternative provision would have to be found to support these services going forward. The review of storage</p>

	facilities has been identified as a project under OPE6 to be delivered over the next couple of years.
Support required from Corporate Services – Finance, HR, Legal, ICT (please specify)	<p>A. Academy Income-from an internet marketing perspective the Council would further benefit from the development of a proper marketing campaign.</p> <p>D. Closure of Bailey House – There are various services based in Bailey House and this proposal will need close working for alternative accommodation.</p>
Reduction in Staffing Posts (FTEs)	None
Reduction in Head Count	None

Decision Maker : Either Cabinet or Officer/Management Action	
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