

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	5 February 2014
3.	Title:	Use of Land and Property Assets to Maximise Growth
4.	Directorate:	Environment & Development Services

5. Summary

The purpose of this report is to ask Cabinet to agree an updated approach to the use of Council land and property that will focus on supporting the Council's priorities, particularly in relation to the generation of economic activity and growth.

6. Recommendations

Cabinet is asked to agree the approach and principles set out in this report for using the Council's land and property.

7. Proposals and Details

7.1 Background

Rotherham Council uses 170 operational properties, excluding schools, as summarised below:

Category	Total
Children's Centres (some within School premises)	24
Office Buildings (including Riverside House)	23
Community Centres	22
Care Establishments	22
Libraries	11
Youth Clubs	6
Depots and Workshops	5
Investment Property	5
Joint Customer Service Centres	3
Markets	3
Museums and Galleries	1
Public Conveniences	1
Theatres	1
Leased Premises	18
Surplus Assets	25
Grand Total	170

Riverside House accounts for more than half of the cost of property, at £5m per year, with the remaining assets collectively costing £4.4m per year (total annual cost = £9.4m).

In recent years the Asset Management Service has successfully disposed of properties that have become surplus to requirement, generating over £20m in capital receipts in the last 3 years. The revenue benefit of these disposals is over £2m per year, which has helped the Council soften the impact on front line services of the unprecedented cuts the Council has been facing.

The service continues to dispose of surplus assets, in line with Cabinet approvals.

7.2 Future Priorities and Opportunities

There are a number of factors that mean we should now be re-looking at our need for land and property and how we meet the needs of citizens and current and prospective businesses in the borough. We have an opportunity to use our estate more proactively to support our corporate priorities, particularly in relation to economic growth. The factors now influencing our future requirements include:

- Economic growth remains suppressed in the area, and we should look at any new actions we can take to stimulate economic activity and development.
- Citizen's requirements are steadily but determinedly shifting towards on-line 24/7 services. As an organisation we will be failing to meet the demands of citizens if we do not focus more on enabling digital interaction with the Council, while ensuring we support the diminishing minority who will still require assistance with their transactions.

- Partly as a result of the above, we are not maximising the use of the service centres and, without action, there is a real risk the service centres could become uneconomic.
- The housing growth plan will require sites to be identified.
- Like the Council, our partners are critically assessing their property needs, with a view to consolidating provision and reducing costs and this could involve the withdrawal of services currently delivered through our premises.
- We will continue to need to reduce the cost of property, to help the Council with its budget challenge.

7.3 Future Direction

There has already been a successful and beneficial asset management programme, for example with regard to the town centre office accommodation redevelopment, the creation of service centres and the substantial capital receipts programme referred to earlier.

However, in bringing forward updated principles for approval by Members it is recognised that there is opportunity to respond to evolving Citizen's expectations and requirements, and use our assets better to support our corporate priorities. Crucially, in considering the new principles, it should be recognised that if we **do nothing**, we run the risk of:

- Failing to take opportunities that may exist through the use of land and property to stimulate local economic activity.
- Failing to contribute to other corporate priorities and requirements, for example relating to housing development.
- Inefficient use of our estate.
- Inefficient use of service centres.
- Incurring unnecessary costs.

Principles for Estate Management

In order to meet the challenges described in this report, Members are asked to agree an overall approach and key principles for determining our future approach to estate management, which puts the achievement of corporate priorities at their core.

The relevant corporate priorities are:

- Priority 1; "*Stimulating the local economy and helping local people into work*".
- Priority 4; "*Helping people to improve their health and wellbeing and reducing inequalities within the borough – We will ensure that people are able to live in decent affordable homes*". Around 36% of new housing is taking place as a result of the Council making land available.
- Priority 3; "*Ensuring all areas of Rotherham are safe, clean and well maintained – We will improve the quality of public spaces*".

The Council as a major land holder can stimulate new development on its land by making best use of Council owned land and buildings.

The overall approach proposed is that:

- Central services that can be arranged and delivered effectively and efficiently from Riverside House will be, to maximise the use of our mostly costly asset
- Services that need to be accessed in communities should be provided at ‘area’ level, where an area might cover 2 or 3 neighbouring wards – service centres should be used as the base for locally delivered services.
- Other properties held in localities should be made available to local organisations or freed up for development except where they are needed to house key services.

The key principles that flow from this overall approach and the way in which these will support corporate priorities are summarised below:

Key Principles	Benefits Relating to Corporate Priorities
Optimise the use of Riverside House, by maximising Council Services provided from it and / or sub-letting parts of it.	<ul style="list-style-type: none"> • Efficient use of key assets • Potential to generate income • Increased footfall in the town centre, thereby supporting economic activity and growth
Consolidating area based services into service centres, including with partners where relevant	<ul style="list-style-type: none"> • Access to better, joined up, services for citizens • Better use of assets • Retains important offices in each area of the borough • Potential to generate income (Partner contributions) • Supporting economic activities in areas
Releasing other properties to stimulate local development.	<ul style="list-style-type: none"> • Enabling development, encouraging the use of local contractors and by doing so assisting citizens and local businesses • Improving the local environment by replacing old & unfit buildings • Potentially providing housing development sites

In the past sites have been identified only when services declared them as being surplus to operational requirements. Following a review of the surplus building or land it would then be brought back into use or disposed of – to produce capital receipts. However, the full potential for growth will not be achieved by only using sites as they are freed up by services declaring them surplus, the council must actively seek to identify and make available assets to support growth.

The new principles would, therefore, involve a more proactive approach to the use of the Council's Land and Property assets both in terms of how assets are used and how assets can be provided to enable growth.

7.4 Land and Property Strategy

The implementation of the approach and principles included in this report will identify sites to support growth. Any such plans will be subject to a full business case and agreement with the relevant service Director, Cabinet Member or Cabinet as appropriate.

It is proposed that a single Land & Property Strategy (LPS) is created to include all the Council's interests in land and property, including property held for both operational and non-operational purposes, and to include all forms of tenures (where the Council are landlords or tenants). The purpose of the LPS will be to ensure that all the Council's land and property assets are utilised as effectively as possible to support the approach and principles set out in this report.

Current asset strategies already in place will be supporting documents to the LPS and will also link their future plans to the priorities within the LPS.

8. Finance

All rationalisation, growth projects and asset maintenance that cannot be funded by existing budget lines, plus asset creation, acquisitions or disposals shall be subject to a business case which will require agreement through Finance, legal and CSART before progressing to the relevant officer or Member group for approval.

It is envisaged that this rigorous business case based approach will assist in reducing pressure on the capital programme and ensure that all future costs are identified in the MTFS

9. Risks and Uncertainties

The implications of failing to maximise the use of our assets are set out in the report.

10. Policy and Performance Agenda Implications

Contribution to corporate plan priorities are detailed in the report.

Report Author:

Paul Smith – Corporate Property Manager, ext 54061, paul.smith@rotherham.gov.uk