

**SCRUTINY REVIEW PANEL- THE COUNCILS PROPERTY PORTFOLIO-
THE NEXT 5/ 10 YEARS**

Report of the Strategic Head of Estate & Asset Management

1.0 Matter for Consideration

1.1 This report considers the existing provision of operational premises and considers the suitability of operational real estate assets against existing known financial pressures, changing service delivery methods and other key priorities such as decarbonisation in response to the declared climate emergency.

2.0 Key Priorities.

2.1 The role of the Estate & Asset Management team is to deliver safe and sustainable high quality operational estate to support the deliver of key council services for both residents, members and colleagues.

2.2 In the role as landlord SMBC must seek to protect the assets within it's estate and deliver sustainable financial and environmental outcomes for Stockport residents. The council has an opportunity to lead by example for other asset owners within the borough.

2.3 The operational estate must be considered through 3 key lenses Operational Suitably, Capital and Revenue Cost, Climate Action Now (CAN) Objectives

2.4 Operational suitably – is the asset of the correct type and in the right location to deliver the best outcomes for residents and create the best environment for Staff and Members.

2.5 Capital and Revenue Costs – does the asset fit within modern budget profiles. Does it represent efficient use of resources. What are the future financial commitments related to the asset.

2.6 CAN Objectives – what is the carbon footprint of the property. What actions can reasonably be taken to move the asset towards net zero.

3.0 Existing Operational Portfolio

3.1 There are currently 192 Operational buildings across the borough, ranging in size an complexity from modest Sports Pavilions to complex heritage assets such as the Town Hall.

3.2 These include:-

- Children's Centres (Start Well Hubs)
- HM Coroners Court
- Children's Homes
- Museums & Gallery
- Community Centres

- Depots
- 13 Libraries
- 14 Leisure Centres
- Sports & Park Pavilions
- Office & Administrative premises

3.3 Revenue costs of the Operational Estate are met from the Single Property Budget (SPB) of circa £4.55m per annum.

3.4 The current value of the operational estate is circa £621m

3.5 Areas of activity funded by the SPB include:-

- Soft Facilities Services (Cleaning, Waste, Security, Caretaking/ Portage etc)
- Hard FM Services
 - Statutory Compliance, Fire Safety, control of Asbestos, Legionella, Gas & Electrical Safety etc
 - Planned Maintenance- servicing to ensure correct operation and optimised equipment lifecycle
- Reactive Maintenance
- Energy & Utilities

3.6 Estate & Asset Management facilitated 4200 planned maintenance tasks and 6300 reactive tasks in the 2020/21 year, excluding Covid 19 related activity.

3.7 Significant works of refurbishment, renewal or lifecycle replacement that cannot be met from the SPB cash limit budget are funded by the Capital Programme Asset Management Plan (AMP). An example of the AMP report is attached in appendix A.

3.8 The range of condition data across the portfolio shows that a significant proportion of the assets are approaching the end of their economic life cycle and require significant expenditure just to maintain them in their current state. However these works do not represent a medium/long term solution and the council will need to consider investment into better quality, modern and 'fit for purpose' accommodation.

4.0 Corporate Landlord

4.1 Stockport Council adopted a Corporate Landlord model as part of its then Estate Strategy in 2010.

4.2 A corporate Landlord approach to Asset Management, centralises the management, control and responsibility for all operational assets with Estate & Asset Management.

4.3 The key principles of the Corporate Landlord model are:-

- Central strategic approach
- Single point of accountability for building performance
- Corporate Management and control of property assets

- Centralised and consistent commissioning of maintenance works
- Single approach to statutory compliance
- Investment decisions based on strategic objectives rather than short term operational need.
- Asset Challenge & review

4.4 This model provides the flexibility for the council to deliver its own objectives as well as working closely with partner organisations and allowing a joined up approach to service delivery for Stockport residents.

4.5 Stockport Council lead the Stockport Strategic Estates Group (SEG), which seeks to co-ordinate and share assets for service delivery among other public sector property owners. Participation in this group includes, NHS agencies, Registered Social Landlords (RSL's), GM Fire, GM Police and education sector partners.

5.0 Do we have the right property in the right place? Office Accommodation

5.1 The first phase of the Town Centre Office review was focused on the Stopford House and Fred Perry House. This was approved by Cabinet in December 2021 and will see Stopford House refurbished during 2022. Following refurbishment Stopford House will become the principal administrative centre for the Council, as the Council continues to embrace digital and hybrid working surplus accommodation at Stopford House will be let to partner organisations to minimise the financial impact of operating such a large building.

5.2 The completion of the refurbishment of Stopford House will enable Fred Perry House to be vacated and made available for lease by partner organisations or on the open market. This will transform Fred Perry House from a drain on the SPB cash limit budget to a net contributor of revenue.

5.3 As the Council continues to become a radically digital council, Stopford House can conceivably remain the main administrative hub for the medium term. The building refurbishment is optimised to enable hybrid working. The refurbishment will eliminate backlog maintenance and install more efficient Mechanical Heating systems, meaning that it is likely to be able to continue to provide economically useful space for at least 25 years.

5.4 The next phase of the Town Centre Asset Review will focus on Stockport Town Hall. As this is a landmark heritage building, with limited opportunities for rationalisation or disposal, the asset review will focus on ensuring that the Town Hall remains functionally relevant to service delivery and receives sufficient investment to ensure that it is affordable to occupy in a sustainable way.

5.5 This review is in progress and is expected to be reported to CRMG Scrutiny and Cabinet in summer 2022.

5.6 The program will be further supported by a review of council assets located outside of Stockport Town Centre. A rolling review of assets located in the districts will seek to find opportunities for co-location of services both within the council and with partner organisations.

5.7 This work will seek to further rationalize the asset to deliver operational cost and carbon savings whilst moving services into the most sustainable assets.

6.0 Library Estate

6.1 The current library estate consists of Central Library as well 13 assets directly delivered by the council and 3 co-located with community centres managed by Stockport Homes.

6.2 The library estate consists of a mix of buildings on various age and type. The estate has a mix of condition.

6.3 The estate is currently under review with initial site visits under way to be followed by condition surveys as required.

6.4 The library estate has a number of backlog maintenance issues and required capital investment.

6.5 There are opportunities within the estate to improve council services by offering more services from the same assets.

6.6 The type and the location of the assets must be considered. Whilst there is a reasonable geographic spread of Libraries within more established communities, there is currently no planned provision for new communities such as Woodford Garden Village,

7.0 Leisure Estate

7.1 The Leisure estate is currently leased to the Stockport Sports Trust (Life Leisure) with the majority of routine maintenance devolved to them with the council retaining responsibility for lifecycle replacements of building fabric and Mechanical & Electrical services.

7.2 Whilst the Council has invested heavily in the last five years to arrest a sharp decline in condition of these leisure Centres, this has been targeted to minimise business disruption, as Life Leisure remains the primary provider of accessible sports provision in borough and is a key partner delivering public health objectives.

7.3 Whilst targeted capital investment has ensured the facilities remain fit for purpose, these interventions have modernised and improved on a like for like basis. Energy efficient equipment has been installed where possible, but so far no detailed plan for decarbonisation has been developed. In addition, investment to ensure the business remains resilient to competition from competitor providers has been lacking.

7.4 The previous inflexible lease arrangements have meant that the investment focus has been at operational level rather than at strategic level that challenges and addresses the business need for leisure provision and the location of that leisure provision.

- 7.5 The transfer of the Life Leisure business from Stockport Sports Trust to the Stockport Active Community Interest Company will see more flexible lease structure put in place. This will enable asset challenge linked to the company objectives and public health objectives, with investment targeted accordingly.
- 7.6 The Leisure Estate is ageing, but with continued maintenance and investment should continue to provide reasonable standard of premises in the medium term.
- 7.7 It should be noted that Marple Baths is not included in this assessment as it has already ceased trading as a result of poor condition and functional obsolescence. The significant investment required to reopen Marple Baths cannot be justified, the focus has shifted to deliver a new modern facility for Marple, the design development is ongoing and opportunities to co-locate existing office and library facilities in the neighbourhood are being explored. A funding source for the delivery of the project is yet to be identified.

8.0 Heritage Assets.

- 8.1 The Council is the custodian of a number of heritage assets and listed buildings ranging from Stockport Town Hall, Central Library, to schools, park buildings and Chapels
- 8.2 As the owner of these assets it is important to note that the capital and revenue costs and the carbon footprint of these assets will be higher than a modern equivalent.
- 8.3 It is also important that SMBC acts as a responsible landlord to ensure that these assets are protected for residents.
- 8.4 The future of such assets must be carefully considered and this will be reflected in the review of Town Hall and Central Library. Targeted investment to address disrepair and functional obsolescence to ensure that these assets remain suitable for modern service delivery is key to the sustainability of these assets.
- 8.5 It is worth noting the work undertaken on assets such as Gatley Hill House where capital investment has allowed diversified use of the building securing the longer term use of the asset. In this case, underutilised Community space has been repurposed to provide a local office base for Social care staff and District Nurses within the Cheadle and Gatley area. Provision of office space at Gatley Hill has enabled the rationalisation of inefficient rented offices at Ashlea House. The retained Community rooms at Gatley Hill House are being improved as part of this investment.
- 9.0 Depots-** The Council has a number of small operational depots located in Cemeteries and Parks, which support maintenance delivery either locally or on a hub and spoke model.
- 9.1 In addition, there is large depot provision at Bird Hall Lane and Adswold.
- 9.2 The office buildings on the Bird Hall Lane site are life expired, Sanderling House has already been vacated and decommissioned, Phoenix House will close later

this year when it becomes surplus to the operational requirements of the Covid-19 response. These buildings will be demolished as part of planned redevelopment of the wider site to provide a new business park as part of the Cheadle Towns Fund initiative.

- 9.3 The remainder of uses at Bird Hall lane will consolidate on a reconfigured Adswood site or at the Totally Local Co Bredbury site. Adswood is currently leased from a private land owner, negotiations are ongoing to obtain security of tenure by way of a new lease or an outright purchase of this site.
- 9.4 Failure to obtain security of tenure at Adswood represents a significant risk to service delivery and potentially the progress of the redevelopment of Bird Hall Lane if services cannot be relocated to suitable alternatives. Land suitable for depot use is in short supply within the Borough, this scarcity is reflected in relatively high land values, despite poor quality land conditions.

10.0 Climate Emergency & Carbon Reduction Commitments

- 10.1 Since the council has declared a Climate Emergency, it has commissioned a number of experts in this field to formulate a carbon reduction and renewable energy strategy.
- 10.2 It is important to draw a distinction between carbon reduction and cost savings. Where opportunities exist to reduce overall consumption there is an opportunity to deliver cost savings. However the decision to invest in green technology to decarbonise may often lead to added capital and revenue costs.
- 10.3 Successful grant bids have been made which obtained funding from the Low Carbon Skills fund to make an initial assessment of high energy use buildings which supported a successful application from the Public Sector Decarbonisation Fund to facilitate the investment programme into building retrofit measures, including passive measures such as windows and insulation together with low carbon heat such as Heat Pumps.
- 10.4 Whilst these measures will increase the scale and pace of carbon reduction activity on the estate, there are likely to be areas where the council will have to fund some of these projects which do not qualify for funding and to meet the carbon reduction targets within the GM 5 Year Plan for the Environment and the Councils own Stockport Climate Action Now (CAN) objectives.
- 10.5 The Leisure and School Estates are areas where the council has a large Carbon footprint. There are significant opportunities to deliver carbon savings within these properties and work is underway in conjunction with the Stockport CAN team to ensure CAN objectives are embedded in the property decision making process.
- 10.6 Where capital decisions are taken either investment, acquisition or disposal, within the Estate we will seek to prioritize de carbonization opportunities.

11.0 Recommendation

CRMG Scrutiny review Panel is recommended to-

- i) Note the contents of this report.
- ii) Endorse the recommendation to carry out further asset challenge of the Council's operational real estate assets to ensure that they contribute to service delivery in a sustainable way.
- iii) Note that a report on the Commercial estate (Tenanted non-residential property) will follow.
- iv) Support the review of district assets to deliver the CAN agenda.
- v) Note and endorse the review of the Library estate to ensure the assets are in the best location and property to support the service.

BACKGROUND PAPERS

Scrutiny Panel Scoping Report

Final Business Case- review of Town Centre Operational Office Portfolio- Cabinet report 7 December 2021

Anyone wishing to inspect the above background papers or requiring further information should contact James Kington by email at james.kington@stockport.gov.uk

Appendix

- 1- AMP 2020/21
- 2- AMP 2021/22
- 3- Education Amp 2022/23
- 4- Gatley Hill House Business Case & Update report