

Name of meeting: Cabinet
Date: 14th March 2023
Title of report: Asset Rationalisation Savings

Purpose of report: This Report is the first paper of a series of Cabinet Reports that will bring forward plans for the Asset Rationalisation of Council Assets including recommendations for the relocation of services allowing for reutilisation or disposal of assets.

Further asset related reports will follow throughout the year including reports outlining the Asset Disposal Plan and the Corporate Asset Strategy which will further develop the rationalisation of assets across the Corporate Estate including how future savings can be made.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes - Covers multiple Wards and has a financial implication of more than £250K.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision – Yes Public – Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name.	David Shepherd – Strategic Director for Growth and Regeneration – 2nd March 2023
Is it also signed off by the Service Director for Finance?	Eamonn Croston – Service Director for Finance – 2nd March 2023
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – Service Director for Legal, Governance and Commissioning – 2nd March 2023.
Cabinet member portfolio	Give name of Portfolio Holder/s Cllr Paul Davies – Corporate Cllr Graham Turner – Regeneration

Electoral wards affected: All Wards

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? Yes, considered and no implications.

1. Summary

- 1.1 The pandemic, and now national / global economic instability has created both challenges and opportunities for the Council's asset portfolio. Achieving reductions in its size will support our revenue budgets and create alignment to our investment and regeneration strategies.
- 1.2 This report starts the journey to ensure that all assets will support the Council's Vision in creating a great place to live, work and invest. Ensuring where possible a place-based approach to the management of assets, taking the opportunity to work with communities, partners and stakeholders to provide a platform for the delivery of shared outcomes.
- 1.3 All operational assets will support the delivery of a 21st century, effective and efficient service and we will support staff and partners to understand the Culture change required in terms of how and where we work – modernising working environments and practices and embedding hybrid working and the lessons learnt from recovery.
- 1.4 This report will outline the rationalisation that has already taken place across a number of assets in 2022/23 as part of the current realignment in working patterns to assist with changes in how the Council would like to work moving forward through Place Based Working.
- 1.5 The report will also outline firm proposals for the closure of assets in 2023/24 to ensure better utilisation of existing assets and to facilitate the delivery of the Corporate Landlord FM savings target for asset rationalisation during 2023/24. The proposed demolition of old, inefficient buildings and the investment in our remaining stock will contribute towards reducing the Council's carbon footprint and our commitment towards net zero by 2030.
- 1.6 Potential options for additional asset reutilisation changes to meet further savings targets for 2024/25 will also be outlined though these require further development and will return to Cabinet at a future date for approval if found to be feasible and deliver appropriate savings.

2. Information required to take a decision.

- 2.1 Prior to the COVID pandemic, the Council operated from eight key office accommodation bases in and around Huddersfield town centre plus a number of peripheral sites, providing around 3000 desk spaces each day. Better utilisation of space to meet the key outcomes of the Council has always been a key strategic objective of the office accommodation portfolio and tweaks and changes to our use of offices have occurred year on year.
- 2.2 However, the prolonged period of the pandemic created a step change in the approach of how many organisations work, including the Council and its partners. The shift to home working for many parts of the Council and the increased reliability and capability of technology has led to a seismic change in how the Council operates and has created the right environment in which significant structural changes can be made to how office accommodation is best used to deliver the Council's outcomes.
- 2.3 Post Covid, the Council has been working towards a new hybrid-based system of home and office working, with teams coming together for collaborative and restorative working within an office environment when required, mixed with the flexibility of home working. Greater use of placed based working is also occurring, with a wider selection of buildings such as libraries and town halls been used to deliver better outcomes at a local level.

- 2.4 This step change in approach has meant the Council's need for an extensive portfolio of office accommodation bases has significantly diminished, particularly in Huddersfield, leading to a number of buildings being empty or underutilised. These buildings continue to require significant revenue and capital expenditure to maintain and service.
- 2.5 The proposed rationalisation of the Council's office accommodation bases in and around Huddersfield town centre provides an opportunity to create a Civic Campus approach based around the core buildings of Civic Centre 1 (CC1) and Civic Centre 3 (CC3). CC1 has been extensively refurbished to create a modern, flexible building purposely designed for hybrid working. CC3 has had significant investment over the years and will continue to receive improvements to welfare, infrastructure and furniture.
- 2.6 The revamped Civic Campus will assist in changing the culture of how we, as a Council, use our assets. It will also allow the Corporate Facilities Management team to undertake a series of moves to fully utilise CC1 and CC3, thereby releasing other assets as described later in this report for alternative uses including demolition, disposal as capital receipts, and reuse as employment and housing land. This will help generate economic growth and regeneration, creating new jobs and housing opportunities.
- 2.7 It will also generate significant revenue savings that will contribute to the Growth and Regeneration Directorate's contribution to the Council's overall saving targets as outlined in the Council Budget report for 2023/24 and Future Years discussed at Cabinet on 21st February 2023 and recommended for Council approval at its meeting on 8th March 2023.
- 2.8 As well as this theme of work, the Cultural Heart Development has also progressed the closure of two key assets within Huddersfield Town Centre as described below, which are awaiting future redevelopment.

Rationalisation Schemes undertaken in 2022/23

- 2.9 A number of actions have already occurred during 2022/23 using existing delegated officer powers from previous cabinet reports or the Council's Scheme of Delegations. These are as follows:
- (a) Huddersfield Library – The closure of the main Huddersfield Library is part of the Cultural Heart Master Plan. The library closed in December 2022 and was temporarily relocated to Huddersfield Customer Service Centre in January 2023. The site is in the process of being fully mothballed and will be monitored by the Corporate FM team to ensure its ongoing security and to prevent deterioration of the asset in advance of its future repurposing and refurbishment as part of the Cultural Heart programme.
- (b) Queensgate Market, Huddersfield – The closure of Queensgate Market is also part of the Cultural Heart Master Plan. All traders have now been relocated or appropriately compensated, and the site is the process of being fully mothballed pending its forthcoming repurposing and refurbishment as part of the Cultural Heart programme. In the meantime, the asset will be monitored by the Corporate FM team for security purposes and to ensure that the asset does not deteriorate. Part of the site will be temporarily reutilised for vehicle storage as part of the wider rationalisation proposals contained in this report.
- (c) Perseverance House, Huddersfield – This office base was formally utilised by Homes and Neighbourhoods, but its age and form of construction meant that it was nearing the

end of its useful life, with significant cost required to refurbish it. Recent extensive damage following a break in resulted in a decision being taken to demolish the building as it was deemed beyond economic repair. Demolition started in January 2023 and will be completed by April 2023. It is proposed that the land will be disposed of as an employment opportunity that will create new jobs and bring the Council a significant capital receipt.

- (d) Former West Town Family Centre, Dewsbury – The Centre has been closed and mothballed for a number of years and was in a poor state of repair. An officer decision was taken to demolish the centre, with demolition starting in January 2023 and due to end in late March 2023. Consideration is currently being given to the future of the land, with disposal for housing use likely which will create growth, bring new housing and generate a capital receipt for the Council.

Proposed rationalisation schemes for 2023/2024

2.10 In order to deliver significant revenue savings in 2023/24, the following rationalisation proposals that will help create a core Civic Campus in Huddersfield are proposed for Cabinet consideration:

- (a) Kirkgate Buildings, Huddersfield – The asset is currently being utilised by the Elections Service who will move to an alternative town centre location in June 2023. It is proposed that the building will be mothballed and monitored for security purposes and to ensure the asset does not deteriorate until a decision is made about its long term future. The commercial estate that operates at the ground floor level of Kirkgate Building will not be impacted by these proposals.
- (b) Riverbank Court, Huddersfield – This asset has not been reoccupied since the Covid pandemic ended and now only houses a small bereavement depot on site. It is proposed that the main office site is mothballed and monitored for security by the Corporate FM team. Options for the re-location of the bereavement depot are being developed for implementation later this year which will then enable the full mothballing of the site. The Asset Strategy Team is exploring potential future uses for the site which could include disposal for employment or other uses.
- (c) Flint Street North Offices, Huddersfield – The opening of CC1 and the change in how the Civic Campus will be used by teams has enabled plans to be put in place to move a significant number of teams from the Flint Street North office block into the Campus. Flint Street North is beyond economic repair, and it is proposed that the site is cleared of storage, offices and other uses and demolished, with the site potentially delivering a capital receipt whilst being redeveloped for much needed housing growth as identified in the Council's Local Plan. Closure and demolition have been programmed, if approved, for summer/autumn 2023.

2.11 The above affected assets will assist the Growth and Regeneration Directorate meet its proposed savings target for 2023/2024. Members are requested to approve the above-named building closures and delegate authority to the Service Director - Development – Growth and Regeneration - to organise and implement all works required to deliver these savings.

Early proposals for consideration in 2024/2025

- 2.12 Further revenue savings are required in 2024/2025 and officers are undertaking exploratory works to identify a range of proposals that will be brought forward for cabinet consideration during the course of 2023.
- 2.13 As is the case in Huddersfield, consideration is being given as to how the Council can create a rationalised asset base within Dewsbury town centre that will deliver revenue savings whilst continuing to deliver the required outcomes for the residents of Dewsbury. The Council operates from four core assets in the town centre - the Town Hall, the Library, the Walsh Building and leased space within Empire House. Officers are currently looking at the utilisation, condition and suitability of these buildings and will explore a variety of options for future consideration by Cabinet.
- 2.14 In Batley, consideration is being given to the better utilisation of the upper floor of the library as office accommodation to assist in placed based working, creating areas of hot desking and 1-1 space.
- 2.15 The Council owns and operates a number of historic, heritage town halls that are revenue intensive to run and require significant capital in the short to medium term for refurbishment and maintenance. Some of these buildings are very well utilised, whilst others less so. Officers will undertake a strategic review of the function, utilisation and cost of these buildings and bring forward recommendations for consideration by Cabinet.

Request for Financial Delegations

- 2.16 The Council's' Approved Capital Plan contains a £943,597 allocation for Strategic Asset Utilisation Investment, which is currently unallocated, plus £159,019 within the existing Year 2022/23. In order to achieve revenue savings through the proposed rationalisation programme outlined in this report, limited upfront capital investment will be required to unlock the proposals. For example, demolition of unused assets or refurbishment of assets to be retained to facilitate the transfer of services to these buildings thereby allowing other buildings to be closed or costs incurred in mothballing assets.
- 2.17 In order to aid the implementation of the rationalisation programme outlined in this report, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.13 dated May 2022, to the Service Director – Development – Growth and Regeneration to manage the allocation of capital from the Strategic Asset Utilisation Investment line to achieve the rationalisation measures proposed. This includes the ability to:
- Transfer resources within a programme area without restrictions.
 - Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year.
 - Transfer resources within programme areas between any year within the approved capital plan, subject to compliance with Sections 3.14 and 3.16 of the Council's Financial Procedure Rules.
- 2.18 All capital allocations made under the proposed delegated powers will be reported to Cabinet through the Quarterly Financial Monitoring process, subsequent cabinet reports or through delegated decision notices on the Council's website.

3 Implications for the Council

3.1 Working with People

The rationalisation of assets across the Council will allow for services to work closer together to provide a more cohesive and collaborative service to the community.

3.2 Working with Partners

Where Partners are impacted, we will work to ensure that alternative accommodation solutions that increase working integration are developed and implemented.

3.3 Place Based Working

The rationalisation of Council Assets is assisting in the development of Place Based Working. Services and Teams will be working together across both town centre and locality-based assets. Whilst we are reducing some of the main town centre sites, work is also underway on smaller locality-based assets e.g., libraries whereby scheduled fabric capital investment schemes will also increase security and IT accessibility to allow for an increase in placed based working.

3.4 Climate Change and Air Quality

The proposed demolition of old, inefficient buildings and the investment in our remaining stock will contribute towards reducing the Council's carbon footprint and our commitment towards net zero by 2030.

3.5 Improving outcomes for children

No Impact

3.6 Financial

The proposed savings for 2023/24 identified in this report are expected to deliver revenue savings of £900k in 2023/24, in line with the target revenue budget savings set out in the 2023/24 annual budget report presented to Budget Council on 8th March 2023. When identifying the level of revenue savings to be made, these are net of user usage income i.e., they take into account the potential loss of income through the closure of the building. The closure, mothballing and/or demolition of sites will require some up front capital funding, which has already been identified in the Strategic Asset Utilisation line in the Council's existing approved Capital Plan.

3.7 Legal

Any disposals of land will need to be in accordance with the officer delegation scheme and the relevant statutory framework which applies to the particular asset. The Council has the legal power to dispose of non-housing assets under section 123 of the Local Government Act 1972 usually for best consideration. Other legislation may be applicable where an asset is disposed of at an undervalue such as the General Disposal Consent 2003 and the Subsidy Control Act 2022 and associated regulations. The Localism Act 2011 may be relevant to certain community right transfers where applicable. The Council may need to comply with appropriation of land rules in for example Section 122 of the Local Government Act 1972 where assets are used for a different statutory purpose for which they are held and no longer needed.

3.8 Financial implications for people living or working in Kirklees

None

3.9 Do you need an Integrated Impact Assessment (IIA)?

The Equality Act 2010 (Section 149) requires the Council to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

An Integrated Impact Assessment has been carried out for the Asset Rationalisation programme as part of the process for the 2023/24 Budget report to Council on the 8th of March 2023. The IPA considered that there are no adverse impacts arising from this proposal under the duty.

4. Consultees and their opinions

- 4.1 This report has been subject to consultation with the Council's Executive team and the Portfolio Holders for Corporate and Regeneration, and their comments have informed the contents of this report.

5 Next Steps and timelines

- 5.1 Following this report, work will continue with the 2023/2024 rationalisation of assets to achieve both a new way of working for the Council but also the revenue savings required in year. Future reports will be provided to Cabinet during 2023 outlining the proposed Corporate Asset Strategy, the Strategic Disposals Strategy and proposals for further rationalisation to generate revenue savings for 2024/25.

6 Officer recommendations and reasons

In order to change the Council's working model for office accommodation, create a vibrant and consolidated Civic Campus in Huddersfield, generate significant revenue savings and create opportunities for capital receipts, future economic growth and potential new employment and housing opportunities, Members are requested to:

- (a) Note the decisions previously taken with regards to the closures of Huddersfield Library and Queensgate Market as part of the preparation work for the delivery of the Cultural Heart;
- (b) Note the demolitions of Perseverance House and West Town Family Centre, which were authorised using delegated officer powers previously granted by Cabinet as part of the Corporate Landlord Baseline capital programmes;
- (c) Consider and approve the proposals in relation to Flint Street North Offices, Kirkgate Buildings and Riverbank Court so that savings targeted for 2023/24 can be achieved;
- (d) Delegate authority to the Service Director - Development – Growth and Regeneration to implement the closures and undertake any works required to achieve the stated proposals / savings;
- (e) Delegate authority to the Service Director – Development – Growth and Regeneration in relation to the use of the Strategic Asset Utilisation Investment capital programme line of the Council's Approved Capital Plan as outlined in Financial Procedure Rule 3.13 dated May 2022 and detailed in paragraphs 2.16 to 2.18 of this report;

- (f) Authorise officers to investigate and develop the proposals for 2024/25 as outlined in this report and to subsequently bring these proposals back to Cabinet for detailed consideration at a future date in 2023.

7 Cabinet Portfolio Holder's recommendations

As the Portfolio Holders for Regeneration and Corporate we are supportive of the proposals outlined in this report as they help contribute to alleviating the challenging financial position of the Council whilst delivering capital receipts and the potential for new employment and housing. The revamped Huddersfield Civic Campus will bring a new hybrid way of working for Council staff and partners, whilst facilitating the continued delivery of the Council's core outcomes. For these reasons we recommend that cabinet:

- (a) Note the decisions previously taken with regards to the closures of Huddersfield Library and Queensgate Market as part of the preparation work for the delivery of the Cultural Heart;
- (b) Note the demolitions of Perseverance House and West Town Family Centre, which were authorised using delegated officer powers previously granted by Cabinet as part of the Corporate Landlord Baseline capital programmes;
- (c) Consider and approve the proposals in relation to Flint Street North Offices, Kirkgate Buildings and Riverbank Court so that savings targeted for 2023/24 can be achieved;
- (d) Delegate authority to the Service Director - Development – Growth and Regeneration to implement the closures and undertake any works required to achieve the stated proposals / savings;
- (e) Delegate authority to the Service Director – Development – Growth and Regeneration in relation to the use of the Strategic Asset Utilisation Investment capital programme line of the Council's Approved Capital Plan as outlined in Financial Procedure Rule 3.13 dated May 2022 and detailed in paragraphs 2.16 to 2.18 of this report;
- (f) Authorise officers to investigate and develop the proposals for 2024/25 as outlined in this report and to subsequently bring these proposals back to Cabinet for detailed consideration at a future date in 2023.

8 Contact officers

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9 Background Papers and History of Decisions

None

10 Service Director responsible

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