

Report to Cabinet

18 October 2023

Subject:	Update and decisions on the Asset Management Strategy – Income and Savings 2023-2026
Cabinet Member:	Cabinet Member for Regeneration & WMCA, Councillor Peter Hughes
Director:	Director for Regeneration & Growth Tony McGovern
Key Decision:	Yes
Contact Officer:	Luke Dove Assistant Director – Strategic Assets and Land Luke_Dove@sandwell.gov.uk

1 Recommendations

- 1.1 That approval be given that the Director of Borough Economy be authorised to declare the Tipton Library, Owen House, 17 Unity Walk, Tipton DY4 8QL surplus to Council requirements
- 1.2 That the Director of Borough Economy, subject to approval of recommendation 1.1 be authorised to relocate the library provision to the former Tipton Carnegie Library, Victoria Road, Tipton, DY4 8SR
- 1.3 That the Interim Director of Housing be authorised to relocate services from the Tipton Local centre at High Street, Princes End, Tipton, DY4 9JB to Glebefields Library and Family Hub Centre or other location as deemed appropriate.
- 1.4 That the Interim Director of Housing, subject to the approval of recommendation 1.3, prepare a business case for the reuse of the former Tipton Local Centre within the Housing Revenue Account Stock.



Should this not be viable the former Tipton Local Centre building will be disposed of subject to the appropriate authority being obtained.

- 1.5 That the Director of Borough Economy, subject to the identification of the necessary funding be authorised to declare the Smethwick Library and archive, High Street. Smethwick, B66 1AA surplus to the requirements of the Council
- 1.6 That the Director of Borough Economy, subject to approval of recommendation 1.5 be authorised to relocate the services provided from Smethwick High Street Library to Smethwick Council House.
- 1.7 Subject to the approval of recommendation 1.5 that the Director of Law and Governance and Monitoring Officer be authorised to dispose of the freehold interest of the Smethwick Library, High Street. Smethwick B66 1AA on terms and conditions to be agreed by the Director of Regeneration and Growth
- 1.8 That the Director of Law and Governance and Monitoring Officer be authorised to enter or execute under seal where necessary any legal documentation in connection with the disposal of land referred to in recommendation 1.5 and 1.7 of this report.
- 1.9 That the Director of Law and Governance and Monitoring Officer be authorised to enter or execute under seal where necessary any legal documentation in connection to the granting of a lease of 747 m2 (or thereabouts) to the Sandwell and West Birmingham Hospitals NHS Trust of the first floor of Sandwell Council House on terms and conditions to be agreed by the Director of Regeneration and Growth
- 1.10 That approval be given to offer all community centres not currently subject to a live Community Asset Transfer or FRI lease on a Community Asset Transfer basis where a suitable expression of interest and business case has been received subject to terms and conditions to be agreed by the Director of Regeneration and Growth.
- 1.11 That subject to 1.14 not producing any viable expressions of interest, approval is given to the Director of Regeneration and Growth to declare the assets surplus to Council requirements and to undertake an open market disposal of the same subject to terms and conditions to be agreed by the Director of Regeneration and Growth.



1.12 That the Director of Law and Governance and Monitoring Officer be authorised to enter or execute under seal where necessary any legal documentation in connection with the disposal of land referred to in recommendation 1.14 and 1.15 of this report.

2 Reasons for Recommendations

2.1 The recommendations in this report support delivery of the agreed corporate Asset Management Budget Savings targets 2023-2026 as detailed below:

- 2023/24 - £1.6million
- 2024/25 - £2.5million
- 2025/26 - £2.5million

2.1 The Tipton Library at Owen House, 17 Unity Walk. Tipton. This cabinet report scopes out the proposed action to March 2026 in achieving challenging savings and income targets in relation to the Councils asset base. The Tipton library at Unity walk is a leased building and the lease ends in March 2025. There is an opportunity therefore to comply with previous Cabinet approval not to renew leases.

2.2 Former Tipton Carnegie library. Victoria Road. Tipton. The former Library is an important building to the residents of Tipton. There is a wish to make sure the building is reused for the benefit of the community. The relocation of the library, in conjunction with the relocation of the Tipton local service centre will give the former library a productive future. It will also allow the Council to make more efficient use of resources.

2.3 Tipton local service centre, High Street Princes End. Tipton. Housing services wish to support a one stop approach to accessing Council services. By relocating to the former Library this can be achieved. It will also allow Housing Services to consolidate the Housing Revenue Account Asset base.


2.4 Smethwick Library, High Street, Smethwick. Cabinet have approved, subject to the identification of the required funding to relocate the Borough archive to the rear of Smethwick Council House. The current



Library requires significant building investment. It is sensible to relocate the library function to the Smethwick Council House. This means the link between the library service and archive service would be maintained. The Smethwick Council House can become the local service centre for Smethwick. The disposal of the Smethwick High Street library will remove a liability to the property maintenance account and generate a significant capital receipt for the Council.

- 2.5 The granting of a lease to the Sandwell and West Birmingham Hospitals NHS Trust demonstrates that since the initial Cabinet approval of the Corporate Asset Management Plan in November 2022 the Council has successfully agreed terms with key public sector partners, such as the NHS to let space within council buildings. This will mean securing longer term income for the Council from secure sources and increased partnership working opportunities. The proposed letting detailed in section 1.9 is proposed at an starting rental of £185,000 per annum for an initial 15 year terms subject to rent reviews.
- 2.6 All recommendations in this report support the delivery of the MTFs and ensuring the Council have a balanced budget moving forward alongside an efficiently operating estate to deliver Council services. Should decisions not be taken to declare identified assets surplus to requirements, the Council will not be able to achieve the assets savings targets as identified in section 2.1 and section 4 of this report respectively
- 2.7 The recommendations align with the responses received from the public budget consultation held in 2022 which supported the disposal or development of Council assets.

3 How does this deliver objectives of the Corporate Plan?

	<p>The Best Start in Life for Children and Young People</p> <p>The Council is engaging with partner organisations, such as Barnardos, the NHS and the Children’s Trust to ensure the Council built resources are correctly targeted to support wider initiatives, such as the emerging family hub agenda.</p>
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	<p>People Live Well and Age Well</p> <p>It is likely that the further creation of surplus council assets will improve services to residents by targeting resources, this has been demonstrated by the recent Community Asset Transfer of Two under used Community centres.</p>
	<p>Strong Resilient Communities</p> <p>The reuse of Council buildings or making space available to communities in buildings or on Land should improve community capacity and resilience</p>
	<p>Quality Homes in Thriving Neighbourhoods</p> <p>The generation of surplus assets, buildings or land for residential redevelopment will provide new and good quality homes.</p>
	<p>A Strong and Inclusive Economy</p> <p>Increasing commercial activity from Council buildings will have a positive impact on the Borough economy, particularly Town Centres</p>
	<p>A Connected and Accessible Sandwell</p>

4 Context and Key Issues

The Corporate Asset management strategy (CAMS) was approved by cabinet in 2022.

It acknowledged that The Council is committed to maintaining an effective and efficient property portfolio which supports the delivery of services to residents, provides value for money, reduces our environmental impact and maximises opportunities to generate value. The strategy is underpinned by asset savings targets a summary of which is detailed in section 2.1 with a number of key achievements to date provided below.

- Freehold disposal of Providence Place to DLUHC and capital receipt received



- Thimblemill Former Leisure Centre– marketed on open market (subject to separate report)
- Langley Swimming Baths – being redeveloped for Council HRA new build following vacation of Leisure Services
- Jack Judge House – Leased out in full with tenants including Coroner / Police / Enterprise Business Hub
- The Big House – leased on commercial terms to professional service tenant for initial 15-year term

Good progress has been made for 2023/24 with the savings target of £1.6 million expected to be achieved by year end. It should however also be noted that the variance in 2024/25 and 2025/26 is far more challenging as a result of a number of savings being achieved in 2023/24 being non-recurring. This leaves a current savings target variance of £1.86 million for 2024/25 and £2.05 million for 2025/26 and emphasises the importance of effective and significant decisions being made around the Council’s corporate property estate to ensure delivery of the savings targets moving forward.

The strategy consists of 7 strategic objectives. This report seeks to report on progress to date on the 9 work-streams and decisions required to move forward.

Strategy Workstream Updates

4.1. Community Centres

The Sandwell based Community and Voluntary sector operate services from a network of Council owned Assets, with only one of the Boroughs Twenty-Two community centres being directly managed by the Council. Over time this has resulted in different legal agreements being in place on building use, conditions of use and length of agreement. This situation brings uncertainty to the community sector and is a non-efficient use of Council resources.

A working group has now been established encompassing multiple Council services including assets, community teams, housing and legal to holistically review and present decisions around the community centre portfolio. As part of the groups remit, a new Community Asset Transfer Strategy is being drafted to be presented for approval to Cabinet in due course.



Broadly speaking, the process that will be undertaken for community centres moving forward will be:

- Suitable group(s) identified for possible community asset transfer (CAT) current in occupation and taken forward as appropriate
- Asset advertised for expressions of interest and if suitable application received taken forward as appropriate for CAT
- If no suitable application received for continued community use, declaring the asset surplus and subject to the required approvals either for letting, development for social housing or disposal on the open market.

There are two community centres being Charlemont and Hurst Road that have previously been approved by Cabinet for CAT and are currently being progressed for completion.

4.2 Office Rationalisation Workstream

Procurement of a corporate digital desk booking system was conducted over the summer. A preferred supplier was appointed, and a project team is currently working on implementation and roll out. This project will provide the Council with a greater understanding of the occupancy metrics of Sandwell Council House and other office accommodation buildings. It will also enable Council staff / services to have greater control over collaboration opportunities and support the hybrid working re-balance project.

The council have appointed Avison Young through its procurement framework to undertake a comprehensive review of its surplus assets and land. The programme will provide the council with an overview of opportunities alongside anticipated capital/revenue values for the sites based upon the optimum use of the asset(s). The initial scoping exercise is now completed with recommendations being received on a staged basis, to allow the council to make informed decisions on the optimum method of disposal. These will be progressed as required subject to the required authority being obtained.

4.3 Commercial Estate Review Workstream



Due to the implementation of a revised property management database system the commercial estate review has been temporarily paused. It was felt that the level of data available to the successfully appointed company would drastically be reduced until such time the system was fully operational and all data sets checked and available. It is also felt that the surplus asset review as should be completed initially as there may be opportunity for commercialisation of assets as a result of the same. Once this has been completed and the property management database fully embedded, the commercial estate review will be revisited and actioned as appropriate.

4.4 Regeneration Workstream

Up to £2.8bn of investment between 2022 and 2027 will fund regeneration across the six towns, improving quality of life and making Sandwell a more sustainable, greener place. The £2.8bn Pipeline currently includes 67 live regeneration projects being delivered across Sandwell funded by a range of public and private sector investment.

The Regeneration Pipeline for the Borough was approved by Cabinet in March 2022 and delivers the long-term infrastructure and facilities for the Borough's residents. Flagship investments such as the Midland Metropolitan Hospital in Smethwick, the Wednesbury to Dudley metro extension, the Enfinium Waste from Energy Plant in West Bromwich and the world class Sandwell Aquatics Centre will provide services to residents from Sandwell and the wider West Midlands for decades to come alongside smaller projects in the Pipeline such as the creation of a Digital Den at Wood Lane Community Centre in Greets Green to equip excluded groups and individuals with the digital and language skills needed to operate in the online world. This investment programme also provides benefits to local businesses and local residents through employment opportunities in construction, supply chain and apprenticeships alongside multiple others.

The review of the asset portfolio and its targeted rationalisation alongside a more robust approach its management in future is therefore essential to support continued delivery of the regeneration pipeline to create a modern and sustainable place for Sandwell residents to work and live

4.5 Climate Change project delivery workstream



A new contract for provision of Energy Performance Certificates (EPCs) has been entered into with an additional 120 EPC's being provided. The EPC data set will allow for targeted programme of refurbishment, to ensure compliance with regulations and aims for refurbished buildings to have an EPC rating of C. Smethwick Library has an F rated EPC and is amongst the lowest rated buildings in the portfolio.

4.6 Assessment of Corporate Landlord approach

The Council currently operates a service led approach for the management of its property, with the Assets service broadly providing an overarching responsibility for property maintenance and centralised services such as FM alongside management of key corporate properties.

This has resulted over a period of time in various property related matters being delegated to non-property professionals and a non-cohesive approach being provided for the Council's portfolio from a holistic perspective.

A current report is being compiled to be presented at Cabinet in due course recommending that a Corporate Landlord model is adopted for the centralised management of all non-residential Council property to allow for a more efficient and streamlined approach to be implemented. This will allow a number of benefits to be realised including cost savings to be generated, a more targeted and cohesive planned maintenance programme to be implemented, better decision making around the required asset requirements and allowing non-property staff to focus on improved service delivery.

4.7 Implementation of new Asset Information Database.

The implementation and roll out of the Council's corporate asset management information system is in final project closedown stage. The system took over following close down of the previous system Atrium in December 2022. The project has been reported regularly to Grant Thornton as it featured as part of the Council Improvement Plan. Benefits realised include a single, dedicated database for asset information, system linkage to Oracle Fusion and improved creation and monitoring of capital accounting reporting and auditing.



5 Alternative Options

- 5.1 The Council general fund Asset base is initially placed in one of three options, that is to retain the asset in its current use, to re classify the asset as an investment property, such as Jack Judge House or to dispose of the Asset. This is done within the context of achieving a more efficient Asset base and/or increasing income for the Council.
- 5.2 It is possible that a large building, such as Sandwell Council House can serve a dual purpose, that is remaining in Council use but also generating more income. This is now the case at the Sandwell Council with the subletting of space to the NHS on the first and third floor of the building.
- 5.3 Option appraisals have been completed on the main Council buildings with the process providing an analysis of alternative options. The criteria used when considering alternative options are broadly:
- Is the building fit for purpose?
 - What level of investment is required in the coming years?
 - What is the capital value of the asset?
 - What contribution can the asset make to wider regeneration initiatives?
 - What social value does the asset provide?
 - What is the contribution of the asset towards the Council's climate change agenda?
- 5.4 In general, however if we do not achieve either significant savings and/or increased income from the Council Assets, the alternative is that those savings or increased income will have to come from front facing Council services.

6 Implications

Resources:	The Council needs to deliver £2.5m of recurring savings by 2026 from its Asset base and to transform the way it uses its assets. The recommendations in this report will support delivery of this ensuring the
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	Council can continue to operate effective delivery of its services.
Legal and Governance:	The Council will require appropriate authority to be obtained in line with the Sale of Land and Buildings Protocol alongside the Director of Law and Governance and Monitoring Officer being authorised to enter or execute under seal where necessary any legal documentation in connection to the granting of a lease or undertaking of a freehold disposal as required.
Risk:	The risk of not undertaking the required recommendations is that the Council will not be able to meet its asset savings targets as part of the MTFs requiring budget savings to be identified elsewhere.
Equality:	The continued review of the Council's asset portfolio and any associated rationalisation will ensure all vulnerable groups such as those with mental health issues & disabilities are considered and appropriate facilities are continued to be provided across the borough in a more targeted manner. This would be a thread running through all options being considered to ensure a fully inclusive approach to future asset use.
Health and Wellbeing:	The asset strategy and review will offer a range of health and wellbeing benefits alongside supporting delivery of the Regeneration Pipeline through improving and developing new sustainable homes and public spaces, providing associated infrastructure to support new communities being created and assets and places for people to go including improved cycling and walking opportunities
Social Value:	The repurposing and regeneration of the Boroughs assets will ensure that they serve as a key driver of the Boroughs economy and will create more employment, education and training opportunities for the residents of Sandwell.
Climate Change:	Multiple services operating from a single building will reduce fuel use and associated carbon emissions, contributing to our efforts to mitigate the effects of climate change.



Corporate Parenting:	No implications directly arising from this report
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7. Appendices

None

8. Background Papers

8.1 [CAMS Final Nov 2](#)

8.2 [Asset transfers of Charlemont and Hurst Road Community Centres, 21 June 2023](#)

