

**COMMERCIALISATION SCRUTINY PANEL
23RD JANUARY 2020**

Report of Democratic Services/various officers

ITEM 9 STAFF CONSULTATION - OFFICER FEEDBACK

Purpose of Report

To provide the Panel with the feedback from relevant officers regarding ideas put forward by members of the Council's Staff Forum.

Background

At its informal meeting held on 5th November 2019 the Panel requested that staff from Charnwood Borough Council be consulted to obtain suggestions for how the Council may generate commercial income and to feed back the responses obtained to the Panel at its next meeting on 28th November 2019. It was agreed that officers would investigate if this was possible within the short timeframe and consider approaching the Staff Forum at one of its meetings. As the Staff Forum would not be meeting until the New Year it was decided that an email would be circulated seeking suggestions. 4 responses were obtained (from 15 Staff Forum members) and were collated anonymously in a report to the Panel.

At its meeting held on 28th November 2019, the Panel requested that officers be provided with the staff consultation responses to provide their views regarding the viability of the suggestions.

Staff Consultation Responses

Suggestion 1:

"My idea is to co-invest with private developers for office development projects that will boost the local economy

With the long term decline of town centre retail nationally we need to be more creative in how we use potential development sites around Loughborough and the rest of Charnwood e.g. former Limehurst Depot

Experience has shown that there is little point in investing in more retail, but high quality modern office developments would help bring footfall into the town centre and help boost the local economy. We could do this by co-investing with private developers to regenerate key sites.

In an ideal world we would be looking at attracting large companies or Government relocation offices into the local area. For smaller development sites we should be looking at smart working hubs that would attract smaller businesses. Travel plans would need to be carefully considered but the right developments would improve demand for public transport and build capacity.

If we don't look to co-invest with private developers, they will continually look to develop easy options that don't boost the local economy, like more student flats on the Lemyngton Street Office development."

Response by the Head of Planning and Regeneration:

The respondent's proposal is a sound one in principle, however, the Council's current policy for Loughborough town centre, in Policy CS9 of the Core Strategy and explained through the 2018 Town Centre Masterplan, says we will support major retail, leisure and other 'town centre' developments (this includes offices), which amongst other things maintains a continuous street frontage activity in and around the retail core. New development should be focused towards the areas identified for regeneration – Baxter Gate and Devonshire Square with office development at upper floor level. Within the retail core area (shown on a plan in the Core Strategy) office development is unlikely to be acceptable at street level, as it is not considered to provide an active street frontage. Therefore, large scale office development in the town centre core area will be challenging given the policy framework; however, smaller scale development may be more realistic at upper floor level subject to market demand.

Limehurst depot is not in the retail core area but, subject to flood risk being acceptably mitigated, might present an opportunity site for redevelopment for offices at ground floor and housing at upper floors (either as a joint venture or other arrangement).

It's worth noting that new office accommodation will not increase footfall in the town centre unless it is occupied and so market conditions and demand will be important factors to consider when looking to invest. There is a shortfall of existing vacant office premises in the town centre but significant vacant floorspace above retail premises. This space is not necessarily well-configured to market needs and is not always actively marketed by property owners. The council's economic development function responds to requests and promotes vacant floorspace to business to match end users to available floorspace and to increase occupation of vacant floorspace generally. However, property owners can be difficult to contact and many are content with rent yields from ground floor activity and are not reliant on rents from upper floors. In these circumstances, costs to fit out upper floors and provide separate accesses in an uncertain market may also be a barrier to realising the potential of our town centre.

If the Council is looking to lead investment in new office floorspace in the town it will need to understand the market demand for that floorspace and why the private sector has not responded to it already. It will want to be sure that its investment will be repaid over the project's lifetime and it is a commercially viable scheme. The same would apply if the private sector approached the council with an investment proposal.

Members may also wish to bear in mind that existing offices are able to change their use to residential under permitted development rights recently introduced by government. This has led to offices such as Pennine House being redeveloped for residential use without the need for planning permission subject to the 'prior notification' process.

Suggestion 2:

“My suggestion would be to consider how ideas contribute to the Council’s objectives as well as generate income. Making use of the housing development company to potentially speed up the delivery of housing as well as generate income would be an example.”

Response by the Head of Strategic and Private Sector Housing:

A report was approved by Cabinet in December 2018 for the Council to investigate the establishment of Charnwood Housing Development Company.

The detail of the delivery objectives of any Housing Development Company would be agreed as part of the Draft Business Plan, however it is expected that the Company could help address the challenges facing the Council by proactively supporting:

- the maintenance of a five year supply of housing – the Company will focus on the delivery of additional new homes across the Borough to support the supply of plan led housing development;
- the supply of affordable housing for rent and where appropriate for affordable home ownership to meet local housing needs (see Appendix A);
- revenue generation for the Council from providing and charging for housing management services in relation to affordable homes for rent and shared ownership and privately rented properties owned by the Company;
- development of Council owned assets – the Company will develop a Strategic Asset Management Plan to deliver outcomes in line with the Council’s vision; and
- deliver growth, new homes and new job opportunities in the Borough – develop a pipeline of regeneration projects through a business plan, setting out a pipeline of projects over a short, medium and long-term.

Suggestion 3:

(a) “Garage sites –

Sell off some of these sites as many of the sites are in a poor condition and are either not been let and are empty or used to store contents from void properties. The revenue generated from garages is small about £10 per week, compared to the on-going cost of repairs such as new garage doors £500 plus. In addition many of the garage roofs are in a poor state and made from corrugated asbestos sheets where are costly to replace and have to be deposed of as hazardous waste.

Response by the Head of Landlord Services and Head of Strategic and Private Sector Housing:

A review has been completed of all the Council HRA owned garage sites and parking spaces. The HRA stock consists of 64 garage sites and 6 parking space areas across the Borough.

The review is looking at the:

- Future use of the sites

- Redevelopment of sites
- Allocation of garages
- Rent Charge Policy
- Garage Tenancy Agreement
- Planned Maintenance Programme to repair the retained Parking Sites and an asbestos survey has been completed as part of this work

The review is based on a desktop study, an initial high-level assessment by Planning Services to provide a steer of the sites that have the potential for redevelopment for housing.

The redevelopment of garage sites tends to be small and expensive and often have restricted access to the sites. This review considers sites with the potential for building 4 or more properties on them.

The annual revenue generated from garages is around £237,000 per annum, a significant income stream. The review is expected to be completed in Quarter 4 of 2019/20 and will support decision making around the future of the sites.

(b) Planned maintenance

At the moment planned maintenance works is out sourced to an external contractor. Cost savings could potentially made if this service was brought back in-house, this would give the Council greater control over quality, costs and time scales and provide better value for money.”

Response by the Head of Landlord Services / Head of Strategic and Private Sector Housing:

Currently, investment in the Council's housing stock varies each year between £4 and £7 million pounds depending on the level of work necessary.

Maintaining a directly employed workforce and mobilising an operation able to service the top end of the investment requirement across multiple workstreams with all the associated costs (e.g. vehicles, IT, training, co-ordination of materials, and works scheduling etc) would likely be significantly more expensive over a period than contracting the works out. That said, there may be some opportunity to self-deliver some limited elements of planned work in the future.

All work is checked by the Council to make sure that it meets the quality standards before it is accepted as handed over and payment is made.

Suggestion 4:

“I'd like to see the Council offer more services for residents such as an energy supply from a sustainable source or what about collecting out of date stock from local supermarkets and having a Council run market stall? The Council could keep the money from the sales and the tenants and residents get more products available at a lower cost.

In terms of housing what about investing in a B&B to provide temporary accommodation to homeless applicants but that could also be used for paying guests? With Charnwood being close to the University and other locations there is the demand.”

Response by the Head of Leisure and Culture, Head of Neighbourhood Services and Head of Planning and Regeneration:

The notion of the council investing in energy supply has some potential and it might wish to consider solar farming or wind turbines, as a commercial enterprise, subject to suitable land being found and permissions obtained.

There is currently a Food Poverty Group that meets, with representation from a range of agencies – this group has links with local supermarkets and much of the surplus food stocks are distributed via this network to a range of organisations that support vulnerable individuals and food banks etc

The market has a policy of releasing a weekly market stall for the use of registered charities bookable through the market and fairs office. The use of a charity stall to promote the work of the Food Poverty Group would be in line with the markets policy.