

Mayoral Combined Authority Board

21 March 2022

Disposal of Midland Road Former Bus Depot

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Policy Decision
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:

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Executive Summary

This report seeks delegated authority for the statutory officers of the Authority to enter into arrangements for the disposal of the former bus depot site at Midland Road, Rotherham.

What does this mean for businesses, people and places in South Yorkshire?

Efficient management of the MCA's asset-base is an important part of the MCA's overall approach to ensuring that resource is targeted at key priorities.

Recommendations

- Delegate authority to the statutory officers to make arrangements for the disposal of the Midland Road site in the most efficient manner possible
- Note the proposal to give due consideration to the regeneration plans of Rotherham MBC

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

- 1.1 As part of its legacy asset portfolio the MCA owns a former bus depot at Midland Road, Rotherham.
- 1.2 The site consists of aged office accommodation and bus sheds and was constructed over 40 years ago. The site came into the hands of the MCA following the liquidation of the former SYITA Properties Ltd company.
- 1.3 Following bus de-regulation the site was leased to a number of private operators, generating a financial return that was re-invested into transport activity helping to support the levy.
- 1.4 In 2017 First Group vacated the site to move to new premises and despite extensive marketing the site has largely been vacant since that time, with only sporadic use as a Covid testing site and for police firearms training.
- 1.5 The inability to let the site on the open market reflects the scale and specialist nature of much of the design of the asset, but also the poor state of the infrastructure.
- 1.6 Over time the vacant site has suffered from vandalism and theft and is now in a seriously dilapidated state exposing the MCA to both reputational and liability risk. The site also continues to be a drain on the revenue budget, with the costs of rates, security, and responsive repairs having to be met.
- 1.7 Following an internal review it has been determined that the MCA has no strategic rationale for retaining the site and as such should seek to mitigate the identified risk and cost by divesting itself of the asset.
- 1.7 This report seeks delegated authority for the statutory officers to make the necessary arrangements for the disposal of the site in the most efficient means possible.
- 1.8 Disposal could be affected as an open-market sale of the asset in either its current state or as a cleared site. Valuations have been sought to help determine an appropriate open-market price.
- 1.9 The report also notes the ongoing engagement with Rotherham MBC and the importance of ensuring collaboration with the authority on next steps. In considering how best to divest itself of the asset it is proposed that the MCA give due consideration to Rotherham's local regeneration plans and any future policy requirements.

2. Key Issues

- 2.1 The Midland Road former bus depot site was transferred to the MCA in 2016 as part of the liquidation process for the former property holding subsidiary – SYITA Properties Ltd.
- 2.2 At this stage the property was generating leasehold income that covered the MCA's costs and provided a contribution towards the transport authority budget. In 2017

First Group vacated the site to move new premises in Wortley. The site was mothballed at that stage and marketed for lease. However, despite extensive marketing the site has largely remained vacant.

- 2.3 Whilst security for the site has been put in place the asset has been the subject of repeated break-ins, vandalism, and asset-stripping. This has led to an already dilapidated site further deteriorating.
- 2.4 The annual costs of the site remain material at c. £160k p/a. This covers business rates and security but does not include the costs of officer-time and reactive repairs/maintenance that continue to be required.
- 2.5 The 2021/21 business plan reflected the need to address the future of the site with budget providing the MCA with resource to demolish the should a buyer not be found for a sale of the site in its current state.
- 2.6 Rotherham MBC have been engaged in discussions on the future of the site throughout the year, particularly in relation to wider regeneration plans within the town and latterly around the potential uses of the power capacity on the site to support electric vehicle charging.
- 2.7 Whilst MCA officers have determined that there is no strategic fit between the site and future policy objectives – including as a reconfigured bus depot – discussions with Rotherham MBC do remain ongoing.
- 2.8 This report recommends that the Board delegate authority to the statutory officers to affect a disposal of the site in the most efficient means possible whilst giving due consideration to option involving the local authority. It is recommended that this delegation include authority to use previously identified resource to clear the existing site to enable a more efficient sale.
- 2.9 Any capital receipt received from a sale would be available for reinvestment into the region's transport infrastructure, whilst revenue savings would support the significant budget pressures.

3. Options Considered and Recommended Proposal

3.1 Option 1

Delegate authority to the statutory officers to make arrangements for the efficient disposal of the asset.

- 3.2 This option will allow the MCA to quickly resolve the divestment of the asset and realise any capital receipts and/or revenue savings.

- 3.3 Interest has been expressed in the site during 2021 which suggests an active market exists.

3.4 Option 1 Risks and Mitigations

Disposal of the asset will reduce the MCA's asset portfolio and could be at the expense of as yet unidentified future policy requirements.

3.5 **Option 2**

Retain the site in its current state.

3.6 This would mitigate the risk of the MCA requiring the site for future objectives.

3.7 **Option 2 Risks and Mitigations**

Retaining the site in its current state would leave the MCA exposed to the reputational and liability risk inherent in the ownership of a deteriorating site.

Retaining the site would also require the MCA to continue to make budget provision for revenue costs of c. £160k p/a.

3.8 **Option 3**

Clear the site and retain.

3.9 Clearing the site would remove some of the reputational and liability risk associated with the building infrastructure.

3.10 The cost of demolition is expected to be >£0.50m and could be resourced from the resource previously identified.

3.11 **Option 3 Risks and Mitigations**

Clearing the site but then retaining would require the MCA to commit material capital receipts and continue to pay revenue costs through at least business rates.

Whilst some of the reputational and liability risk would be mitigated, owning a cleared site could still lead to risk around unauthorised access, occupancy, and anti-social behaviour.

3.12 **Recommended Option**

Option 1

4. **Consultation on Proposal**

4.1 Rotherham MBC officers have been engaged on this matter since early 2021.

5. **Timetable and Accountability for Implementing this Decision**

5.1 The Group Finance Director would be responsible for implementing this decision.

5.2 The decision would be implemented as soon as practicably possible to limit ongoing revenue cost.

6. **Financial and Procurement Implications and Advice**

6.1 This report notes the ongoing revenue budget provision for the costs of the site, and the potential to avoid them into the future through a sale.

6.2 The report notes that resource that was made available through the budget in 2020/21 to support the potential costs of a demolition exercise. This resource is yet to be called on.

6.3 Finally, the report notes that any receipt received from a sale would be available for reinvestment into transport infrastructure.

7. Legal Implications and Advice

7.1 S.123 Local Government Act 1972 requires any disposal to be for a consideration not less than the best that can reasonably be obtained.

8. Human Resources Implications and Advice

8.1 None

9. Equality and Diversity Implications and Advice

9.1 None

10. Climate Change Implications and Advice

10.1 None

11. Information and Communication Technology Implications and Advice

11.1 None

12. Communications and Marketing Implications and Advice

12.1 None

List of Appendices Included

None

Background Papers

None