

# Derby City Council



## Corporate Asset Management Plan

2018-2023



Derby City Council

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# Foreword

We are pleased to introduce this Corporate Asset Management Plan which sets out the basis on which Derby City Council's property portfolio is managed, making a positive contribution to both the delivery of public services for citizens and also to the growth and development of Derby as a vibrant city.

This is a city we are proud of. As well as seeing it prosper we want to provide a safe and secure environment for service users, citizens and visitors alike.

Property is influential in the provision of suitable spaces and places from which to provide public services, either directly or together with our partners. Property is also vital for the creation of jobs, new housing and promoting economic growth through the social, economic and environmental regeneration of our city. Property can also generate income to invest towards supporting our public services.

As with other councils we face a multitude of economic, social and financial challenges that need be managed through careful allocation and use of scarce resources to provide exceptional services for citizens.

This Corporate Asset Management Plan sets out the framework for a prioritised delivery program aimed at improving the use of resources.

Councillor Mick Barker

Portfolio Holder for Governance and Licencing

Don McLure

Strategic Director for Corporate Resources



## **1.0 Introduction and Strategic Context**

### **1.1 Asset Management Planning**

The public sector continues to face considerable challenges arising from growth in demand for services, economic pressures and changes to government funding.

Derby City Council has been undertaking significant transformational changes to continue supporting the most vulnerable, improving public services for citizens and achieving growth and development of the City.

As well as prioritising services within affordable funding parameters, we have been actively working with partners and community organisations to seek innovative and alternative means for meeting the needs of citizens and making Derby a vibrant city.

Property is a key resource which is an integral part of service delivery. It can be leveraged to facilitate changes, service transformation and provide a catalyst for innovation. Used strategically Property assets can contribute significantly to our ambitions for growth and development of the city.

However, property also has a cost and failure to plan and poor management can make the portfolio a financial burden, as well as risk disruption to services.

Corporate business planning requires an integrated approach towards the planning of its resources. The Corporate Asset Management Plan (AMP) sets the strategic direction for the use, management and development of our property resources.

This AMP sets out the priorities for the Property Team's work programme. It will be reviewed on a regular basis so it remains relevant to changing needs and priorities.

### **1.2 Vision and Strategic Aims**

The existing Council Plan (2016-2019) sets out the vision for Derby to be “a safe, strong and ambitious city” and the overall strategic aim for DCC to be “a modern, flexible and resilient Council”. The outcomes set out are to:-

- Protect vulnerable children and adults
- Enable individuals and communities
- Promote health and wellbeing
- Raise achievement and skills
- Improve housing, supporting job creation and regeneration

The Plan further sets out that the Council will endeavour to:-

- Make the most of our assets
- Be more commercial and business like
- Deliver services differently

“Make the most of our assets” recognises that land, buildings and facilities are an integral part of service provision and contributes to the experience that customers,



service users, colleagues and visitors have when dealing with us. Therefore it is widely accepted that DCC will sell, transfer or exchange assets, depending on sound and practicable business cases and taking into account financial and social value. We will use any cash value to sustain future investment in our priorities.

The new Council Plan from 2019/20 is highly likely to have similar priorities in relation to effective asset management as our current Council Plan.

### 1.3 Corporate Asset Management Plan (AMP)

The Corporate AMP is a key part of the comprehensive suite of policies that guide our work in achieving the vision, outcomes and managing limited budgets.

The aim of the AMP is to **“ensure that the Council's property assets are effectively used and monitored in order to deliver the Council's objectives”**.

This means ensuring that each asset has an identified purpose and is maintained in a condition that ensures that it is fit for purpose and that provides a safe and secure environment for the users of the building”.

Property assets must be held strategically and be managed corporately to support;

- Efficient and effective service delivery;
- Regeneration, development and growth of the city;
- Value for money and use of financial resources through efficiency in use of property and income generation.

### 1.4 Capital Strategy

The AMP is linked to our Capital Strategy, Medium Term Financial Plan (MTFP) and Capital Programme. This input allows us to agree prioritisation of work and resources to undertake the relevant changes to our property portfolio.

Capital resources are managed corporately through the Capital Strategy and aligned closely with strategic asset management objectives. Property rationalisation is a key component for planning of capital investment. Bids for new capital projects are assessed corporately taking account of capital funding, including receipts from disposal of surplus property.

This approach ensures that any decision, either directly or indirectly involving property is a corporate decision rather than being driven by an individual service in isolation or based solely on available property solutions.



## **2.0 Service Strategies and Plans**

Service departments are supported by the Property Team to continuously review and consider their use of property assets as part of service planning.

The Property Team will actively engage with service departments through a scheduled programme, to capture and understand their current and future property requirements. This will enable the Property Team to maintain a corporate overview of the portfolio, establish a planned approach to property investment and drive property rationalisation plans. Furthermore, early engagement will allow the Property Team the opportunity to add sufficient value with regard to service reviews and fully assess the property implications of service changes.

An overview of some of our key services and future requirements are set out below.

### **2.1 Derby Development and Growth**

The Regeneration Projects Service promotes Derby's physical regeneration and economic development by supporting job creation, encouraging investment and promoting a thriving city.

This is undertaken in four ways:-

1. **Leading and co-ordinating** the Council's interests in relation to major strategic projects;
2. **Working in partnership** or joint ventures with private sector partners;
3. **Providing loans** through the Derby Regeneration Investment Fund and City Living Initiative;
4. **Undertaking Community Regeneration.**

#### **Service Requirements**

Key project areas are:-

1. **Derby City Centre Masterplan** - designed to generate 4,000 jobs, 1,900 homes and leverage £3.5bn in new investment between 2015 and 2030;
2. **Community and Place Regeneration** - to create better connected communities, access to sustainable transport and encourage low carbon travel choices;
3. **Infinity Park Derby** - a collaboration with the private sector to develop a world class science and industrial park;
4. **Connect Derby** - providing high-quality, flexible workspace for self-employed and start-up businesses.

Resource is required to support the delivery of the City Centre Masterplan through the acquisition of strategic assets, disposal of key sites and provision of strategic



property advice in relation to the development of key projects.

## 2.2 Care Homes

There are currently seven Care Homes owned by the Council.

Whilst there has been investment made over the years into the portfolio, this has been to ensure the portfolio can be operated in a safe and secure manner. It is recognised that given the age, design and layout of the various buildings substantial capital investment is required to modernise the portfolio.

To balance the pressure of the requirement for additional investment into the facilities, the wider budget position and considering the views of existing residents and service users an alternative service delivery model is being developed. This will ensure that an excellent standard of Care is provided to residents.

The first part of the Care Home Review resulted in the decision to dispose of three Care Homes (Merrill, Coleridge and Raynesway View) by way of a transfer to an alternative Care Provider. As at September 2018, this is subject to provision being made to ensure that the existing residents are provided with a quality care service for the remainder of their lifetime, at no additional cost to them.

## 2.3 Leisure, Culture and Tourism

Our Leisure, Culture and Tourism objectives include:-

- Building of a new Swimming Pool Complex, including Leisure Pool, by 2020;
- Helping children, young people and adults to learn to swim;
- Enabling 3000 people to live healthier lives by increasing physical activity losing weight and /or stopping smoking;
- Implementing the Move More Derby Physical Activity and Sports Strategy 2018-2023;
- Encouraging reading amongst children
- Agreeing the outcomes of the Options Appraisal Project for future delivery of Leisure, Culture and Tourism;
- Developing and implementing our Cultural Strategy;
- Providing a high quality programme of indoor and outdoor events including a Christmas offer;
- Delivering a Destination Management Plan for Derby.



The main service property requirements are:-

1. Provision of a new Swimming Pool Complex on the Moorways Sports Complex site.
2. The provision of performance space within the city centre by reopening a renewed Assembly Rooms.
3. Seek and secure Green Flag awards for our Parks.
4. Supporting any necessary requirements subject to the outcome of the Options Appraisal Project.

## 2.4 Derby Museums

Derby Museums Trust is an independent Trust operating the Museum Service on our behalf since 2012. The Trust manages the city's three museums and develops this offer for the benefit of citizens and visitors.

Key priorities are to work in partnership with the Museums Trust to facilitate the regeneration of the Silk Mill to progress the “Museum of Making” Project and optimise the use of the former Central Library premises to support the Trust’s objectives and business plan.

## 2.5 Libraries

Our recently adopted Library Strategy 2017 delivers an efficient and comprehensive Library Service. It includes the creation of a new service delivery model to maintain a modern, high quality statutory library service operated directly by the Libraries Service whilst transferring other libraries to be operated by a partner from the voluntary sector.

The statutory libraries offer is made up of the city centre Riverside Library and the Local Studies Library as well as Pear Tree, Mickleover and Alvaston libraries.

To provide a modern and efficient library offer for the city centre the former City centre library service was transferred this year to a newly created Riverside Library at the Council House. By being co-located with our Customer Service Centre and the DWP Job Centre, the new Riverside Library has helped to create a “community hub” for citizens and visitors to the city.

Direct Help and Advice (DHA) were successful in their expression of interest to operate 10 Community Managed Libraries (CMLs). The Sinfin, Spondon and Allestree libraries have transferred to DHA with the remaining in the planning stages of transfer.



## 2.6 Housing

The key priority of the Strategic Housing Service is to ensure that Derby has a housing stock of sufficient quantity and suitable quality to meet the needs of its current residents and potential new residents. In an urban area where developable land is scarce, the demand for housing exceeds the supply. The existing stock includes a large quantity of housing that requires investment to maintain the decent homes standard. This priority translates into three key objectives:

1. Accelerate the delivery of new homes construction.
2. Drive up property conditions and management standards across all tenures.
3. Supporting residents to remain safe and independent in their own homes.

Support will be required in respect of appropriate elements of the following projects:

- Realise the full housing potential of existing underused DCC land assets.
- Acquisition of individual properties or property portfolios. This will occur as our goal is to increase supply of certain scarce property types, and/or tackle blighting derelict properties through compulsory purchase, and/or support regeneration initiatives in targeted areas.
- Acquisition of land to enable increased affordable housing development.
- Housing development on the Infinity Park Garden Village.
- The processing of 'right to buy' (RTB) applications allowing the use of RTB receipts in new housing schemes

## 3.0 The Council's Property Portfolio

Our property portfolio includes approximately 1300 non Housing Revenue Account Assets and is a key resource which has a substantial capital valuation of £500 million.

Whilst the property portfolio is clearly a valued asset, its retention, use and management requires revenue expenditure of over £10 million per annum, so if it is not maintained efficiently and used effectively it can become expensive to operate and failure to maintain our assets adequately will create a risk of service disruption and breach of duties as a property owner and occupier.

### 3.1 Analysis of Portfolio

Our property portfolio includes a wide range of assets which reflect the many and various service delivery provide. Our portfolio can be divided into seven broad categories:

- **Operational - Public Services** - These are required to directly/indirectly support public services. Examples include Libraries, Community Centres, Leisure Centres;



- **Public Amenities and Facilities** - These assets are required for the purpose of further supporting public services. Examples include Bus Station, Car Parks, Parks, Cemeteries and Crematorium;
- **Economic Development and Social Regeneration** - These assets are required for the purpose of job creation or facilitating social regeneration. Examples include Business Centres/Connect properties;
- **Community Infrastructure Assets** - These assets comprise public infrastructure assets. Examples include Sub Stations, Gas Governors;
- **Leased Properties** - These assets are leased out to third parties, generating an income to the Council. Examples include Grazing Land, Garage Plots;
- **Ground Leases** - These assets are held to facilitate regeneration or generate income. Examples include those ground leases associated with the Castleward development site;
- **Sundry Land Holdings** - These comprise land left over from historic highways schemes and include assets held for the purpose of regeneration. Examples include Open Space, Various Land Holdings;
- **Community Schools** - These assets comprise schools that are controlled directly by the Local Authority;
- **Academy Schools** - These assets are long leases of state-funded schools which are independent of our control.



A visual representation of the portfolio is shown below (based upon the 2016/2017 financial year for the purpose of Capital Accounting):-

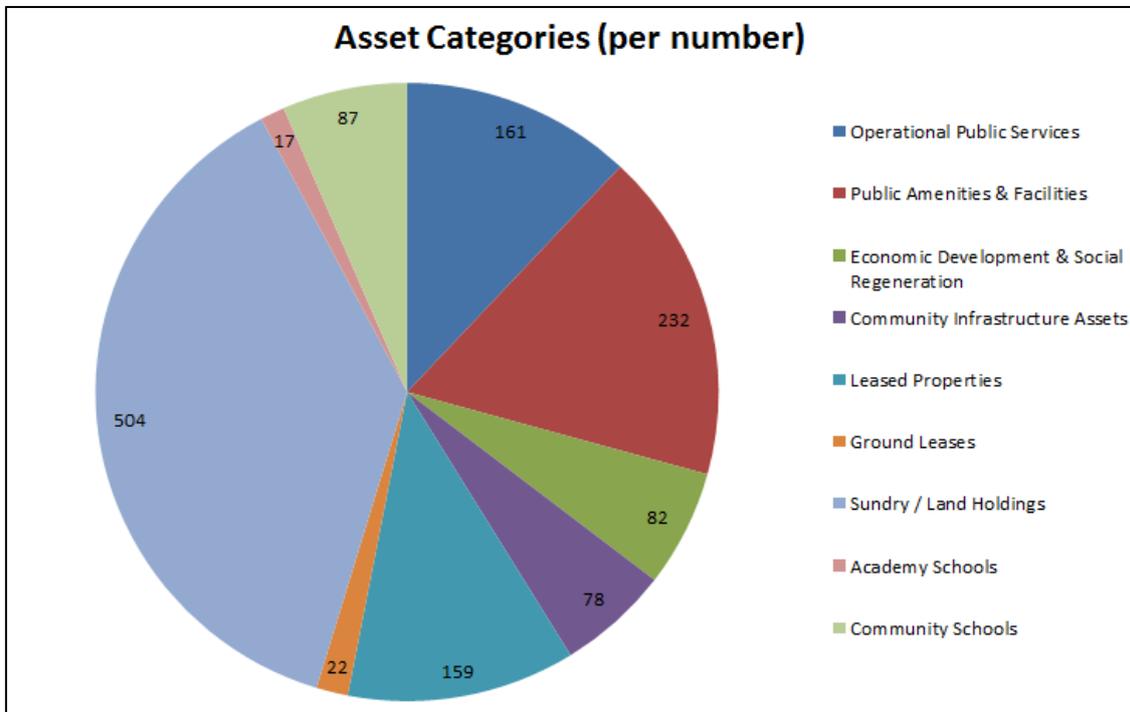


Figure 1 Property Asset Categories (per number)

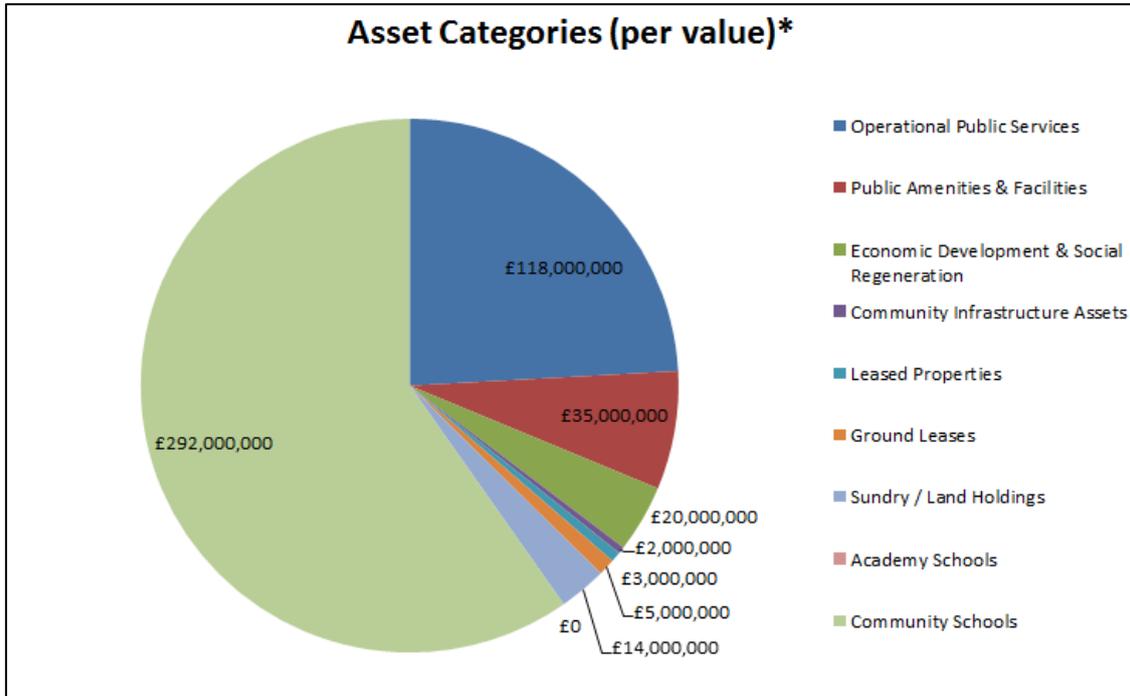


Figure 2 Asset Categories (per value) \*Academy schools - this asset category is not valued for the purpose of the Accounting process therefore they do not have a value associated with them

## 3.2 Portfolio Performance and Management

### Backlog Maintenance

Due to pressure on revenue budgets the maintenance of the portfolio has focused on “essential works” to ensure buildings can be used in a safe and secure manner. This has resulted in deterioration of the overall condition of the property portfolio with the current condition backlog of approximately £35 million (7% of our asset valuation).

This figure represents the cost of repairs and ensuring properties are fit for occupation; this does not reflect any remodelling or refurbishment. Repairs will be prioritised and planned over a number of years, which will be informed by the outcomes of the service and property reviews.

### Vacant Property

Currently a large number of vacant properties are held for a variety of reasons including awaiting regeneration or disposal.

The Property Team has prioritised the reduction of surplus vacant properties, ensuring those held pending future use are managed to minimise holding costs, control risks, seek opportunities for meanwhile use and are brought to use within agreed timescales.

### Property Performance Measures

Performance measures are being developed to evaluate suitability of the portfolio against service objectives and assist in the decision making process regarding investment or divestment of property assets. The AMP will ensure that further consideration is given to such performance indicators. Examples of property performance measures include:-

- Suitability of accommodation
- Utilisation of Space
- Premises Running costs
- Building Condition
- Future Maintenance Requirements



## **4.0 Governance and Corporate Management**

### **4.1 Property Decisions**

The Council's Cabinet is responsible for all key decisions relating to property. It also expects all service and other decision reports to consider and include Property and Asset Management implications.

As a Council, we have adopted a corporate approach to the planning and management of the property portfolio to support the delivery of our service needs and achieve our corporate objectives.

### **4.2 Corporate Management of Property**

Corporate Asset Management means the Council 'owns' all property assets corporately.

When the requirement for a property to be used for service delivery ceases, the property is returned to the corporate centre through an agreed exit strategy together with the relevant property budgets relating to that property.

The principle aims of the corporate approach are;

- to enable better planning of property resources to support organisational objectives and priorities;
- to set clear and consistent policies and procedures;
- to ensure skills and resources are best used;
- to understand performance of the portfolio and use to inform decision making;
- to give assurance that the property portfolio is fit for purpose and provides a safe environment for occupation and operational use.

### **Corporate Property Board**

The Corporate Property Board (CPB) is a senior officer group created to strengthen governance and bring transparency around the use and management of property. The CPB is to set the strategic direction for the Property portfolio and to undertake the role of governing body with the responsibility to act as the "owner and custodian of the Council's property portfolio"

The CPB scrutinises the strategic direction and performance of the portfolio, making recommendation to Cabinet regarding;-

- Changes that are needed to be made to ensure portfolio is structured in an efficient and effective manner to deliver the Council's objectives and
- Property implications of Council projects, highlighting risks associated with the proposals and any disparity between Service and property requirements/objectives.

The CPB is chaired by the Strategic Director of Corporate Resources and supported by the Director of Property who is the nominated Corporate Property Officer (CPO).



In addition the Strategic Director for Communities and Place together with a number of Service Directors are members of the CPB to provide a wider perspective and ensure current and future service needs are considered.

The Director of Property is responsible for ensuring service needs are reviewed and preparing the Property Delivery Programme so that the portfolio remains aligned to Council priorities and service requirements.

To enable focus in detail to take place in respect of certain aspects of the Board's remit, the following sub groups have been formed:-

- **Property Projects Delivery Group** - Monitors delivery of property projects to improve fitness for purpose, value for money and addresses property health, safety and compliance (including works identified to be carried out to enable us to meet our responsibilities under the Equalities Act 2010 as well as our Public Sector Equality Duty responsibilities).
- **Strategic Assets Group** – Monitors the progress those regeneration projects which involve Council owned assets.

### 4.3 Principles and Approach

The core principles and approach to Asset Management Planning are:-

- The property portfolio must remain aligned to Service area requirements. This gives consideration to sharing property assets with, for example, public sector partner organisations, through the Government led One Public Estate (OPE) programme.
- The property portfolio is continuously reviewed to ensure a fit for purpose property estate and factors such as location/condition/suitability/revenue costs, will be considered, resulting in:-
  - The retention of those assets performing well for the purpose of service delivery; with the potential of capital investment via the Capital Programme
  - The release and disposal of under-performing assets through the Capital Disposal Programme; further resulting in the extinguishment of liabilities.
  - The assets being managed via a systematic Maintenance/Compliance Programme undertaken by the Property Team.
- Property performance is continuously monitored to:-
  - Identify and address any disparity between Service and property objectives.
  - Highlight and address any associated property risks.
  - Prioritise financial resources for properties to be retained.
  - Reduce property management liabilities and associated operating costs.
  - Identify and release any properties that are no longer required.
- Vacant assets are risk assessed and continuously monitored and reviewed, resulting in the disposal of assets surplus to the Council's requirements via the Council's Capital Disposals Programme.



## **5.0 Delivering Property Improvements**

The AMP sets out the direction, priorities for investment and management of the portfolio to meet service requirements and achieve corporate objectives.

In addition to the efficient use and adequate management of the current portfolio, the Property Team is responsible for coordinating and planning the provision of facilities that will be required to meet future service delivery needs and developing assets to support wider regeneration priorities.

To inform the work programme the Property Team is undertaking 4 key work streams in which a senior responsible officer is allocated to ensure effective delivery. These are shown below:-

### **Work Stream One - Service Reviews**

This work stream covers the changing needs of the services including any transformational change. These reviews will be service driven. Projects include Adult Care Homes, Libraries, Markets and Children's Homes.

### **Work Stream Two - Property Reviews**

This work stream covers work which has been instigated through the process of asset challenge; performance monitoring or property rationalisation programme. This work will be driven /instigated by the Council's Property Team. Projects include Management of Vacant properties, Review of Depots, Community Buildings and Non-operational property.

### **Work Stream Three - Regeneration and Place Making**

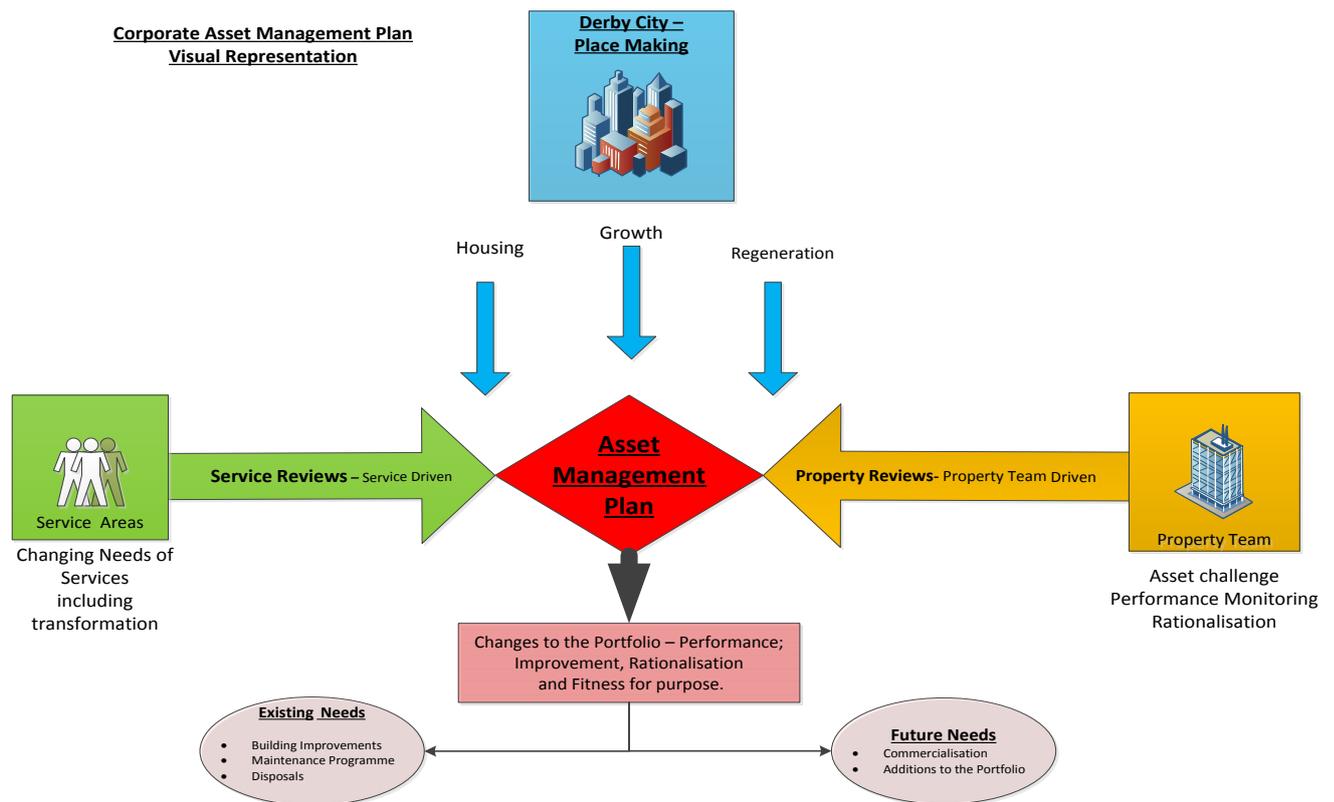
This work stream incorporates projects relating to supporting the delivery of the Council's Growth, Housing and Regeneration priorities. Projects include the Becketwell regeneration area; Identification of sites for housing development and the Our City and Our River Programme

### **Work Stream Four - Changes to the Portfolio**

This work stream comprises projects that will lead to the improvement both in the performance and fitness of purpose of the portfolio and reflect both the existing and future needs of the Council. This includes our Capital Programme and Property Disposals Programme



The interaction of these work streams and the AMP is set out in the diagram below:-



## 5.1 Monitoring and Review

Overall progress on the property improvement work streams will be reported to and monitored by the Corporate Property Board on a quarterly basis with regular briefings to the Cabinet Portfolio Holder for Governance and Licencing.

An annual property performance report will be presented to Cabinet with a review of the work stream and any required updates to the AMP.

**September 2018**