



MEETING: Corporate Resources Scrutiny
Date: 14th March 2019

ITEM 6

Report sponsor: Dinesh Kotecha, Director of Property
Report author: Jayne Sowerby-Warrington,
Head of Strategic Asset Management & Estates

Corporate Asset Management Plan (2018-2023) - An Update

Purpose

- 1.1 To provide an overview and updated position of progress made since the formal adoption of the Corporate Asset Management Plan (2018-2023) in September 2018.

Recommendation

- 2.1 To note the background and information contained within this report regarding progress made around the implementation of the Corporate Asset Management Plan.

Reason

- 3.1 To provide an overview to Corporate Services Scrutiny Board regarding the Corporate Asset Management Plan and associated work undertaken to date.

Supporting information

- 4.1 It is recognised that Property provides the physical fabric which enables the Council to deliver its strategic objectives. The failure of this fabric could lead to the severe disruption to the Council's ability to deliver its objectives and increase strain on the Council's financial resources; however, an effectively managed portfolio can make a positive contribution to the Council's financial position through reduced operating cost, the generation of capital receipts and the creation of a sustainable source of revenue income.
- 4.2 DCC has adopted a corporate approach to the planning and management of the property portfolio to support the delivery of the Council's service needs and achieve corporate objectives. This is led by the Property Team located within Corporate Resources directorate.

- 4.3 A new Corporate Asset Management Plan (AMP), covering the period of 2018-2023 was formally adopted by Cabinet in September 2018. This sets out the strategic direction for the use, management and development of Derby City Council's property assets.
- 4.4 The AMP is a Council Plan, it emphasises that property is owned corporately by the Council and not the services who occupy them. This concept forms the basis of the Council's "Corporate Landlord" approach to the management of its property portfolio. The AMP seeks to further develop the Council's Corporate Landlord model.
- 4.5 The Corporate AMP and associated Delivery Programme also provide key inputs into the Council's Capital Strategy; Medium Term Financial Plan and Capital programme. This input allows the Council to agree the prioritisation of work and associated resources in order to undertake the relevant changes to the Council's property portfolio. A visual representation of the Corporate Asset Management Plan is included within Appendix 1.

4.6 **Progress following the formal adoption of the Corporate Asset Management Plan (208-2023)**

a) Property Review & Rationalisation

Asset Review

The overall objective of Property Review and Rationalisation is to drive service efficiencies and to ensure that services areas within the Council occupy fit for purpose property assets to deliver their valuable services.

Property assets are subject to continuous review and rationalisation, as a result of asset challenge by the Property Team. Examples of projects include; Vacant Properties Management, Review of Non-Operational Properties (such as Estates Shops and non-public open spaces).

Service Review

In addition, this work stream covers the changing needs of the services including any transformational change and subsequently these reviews will be service driven. Examples of projects include; Community Management of Libraries and the Review of Care Homes.

The outputs of the two review processes outlined above includes achieving Capital Receipts together with a reduction in running costs (including maintenance/utilities) from the disposal of surplus assets.

External Partners

In addition, progress continues to be made regarding strengthening relationships with external public sector partners to ensure a more collaborative approach to how the Council utilise property assets. Such initiatives include Central Government's One Public Estate (OPE) initiative.

4.7 **b) DCC's Retained Properties**

Investment Approach

Following asset/service review, those retained properties considered fit for service delivery will undergo investment via the Property Capital Programme.

Since adoption of the AMP, the Property Capital Programme is now considered in a more systematic way, utilising a 5 year approach as opposed to 1 year view previously used.

The formation of the Capital Programme now involves an improved, collaborative approach between the service areas of Strategic Asset Management & Estates and Property Design & Maintenance ensuring it is closely aligned to the 5 year Corporate Asset Management Plan

Opportunities to reduce CO₂ emissions and to invest in Energy Generation are now carefully considered to ensure property assets are as energy efficient as possible. This work is now funded by "top slicing" the Property Capital Programme.

4.8 **c) Property Projects Group**

Since the adoption of the Asset Management Programme in September 2018, a Property Projects Group has been established to ensure that the key projects from the plan are successfully delivered. The group ensures that all property related projects are collated in one central place and provides an overview and robustness to project governance.

The Corporate Landlord role has been strengthened and the property department now has a corporate grip and improved overview of service area requirements.

Public/stakeholder engagement

5.1 None required

5.2

Other options

6.1 None

6.2

Financial and value for money issues

- 7.1 The development of a systematic Corporate AMP and delivery of the work programme will have a positive impact on the Council's finances. These will be dealt with on an ongoing basis.
- 7.2 The disposal of surplus property and the subsequent maintenance savings will contribute towards the required budget savings for the period of 2019-2023.

Legal implications

- 8.1 There is the overriding responsibility under Section 123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable from all property transactions.

Other significant implications

- 9.1

This report has been approved by the following people:

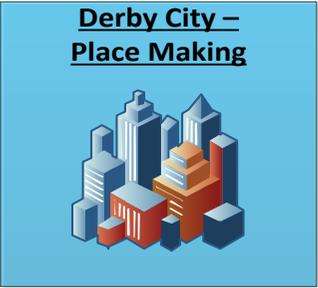
Role	Name	Date of sign-off
Legal Finance Service Director(s) Report sponsor Other(s)	Jayne Sowerby-Warrington, Head of Strategic Asset Management and Estates	05.03.19

Background papers:

List of appendices:

Appendix 1

Corporate Asset Management Plan
Visual Representation



Housing Growth Regeneration



Changing Needs of Services including transformation



Asset challenge
Performance Monitoring
Rationalisation

Changes to the Portfolio – Performance; Improvement, Rationalisation and Fitness for purpose.

- Existing Needs**
- Building Improvements
 - Maintenance Programme
 - Disposals

- Future Needs**
- Commercialisation
 - Additions to the Portfolio

