

Estate Management Strategy

2022-2025

Foreword

Our Asset Management Strategy is a robust and forward thinking strategy for the management of our land and assets is critical to ensure that the right decisions are made regarding their future use, management, development or disposal. It sets the framework for managing our corporate property portfolio for the next five years, including how we make strategic property decisions which support our corporate objectives and ensure that our estate is sustainable, efficient and fit for the purpose of delivering excellent service.

The Asset Management Strategy is supported by the following suite of documents which further align the management of property and assets to deliver the Council, Departmental and Asset Management objectives:

- Property Maintenance Strategy
- Estate Management Strategy
- Facilities Management Strategy
- Disposal and Acquisition Protocol

These strategies define how we, using a corporate landlord approach, not only support frontline service delivery, but respond to and plan for future changes in the way that we deliver those services and also meet the needs of an increasingly flexible and agile workforce, embracing opportunities to collaborate with services across the Council and with partners. The Council's corporate responsibilities are at the forefront of all our activities.

After our people, our property assets are our biggest resource and are key to transforming the way in which we deliver our services. Shrewd and effective asset management will not only ensure that our estate is sustainable and able to support future service deliveries, but that it can drive, support and contribute to wider Council priorities, including our carbon reduction agenda.

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2. Introduction

Derbyshire County Council has an extensive and diverse land and property estate (the Estate) which offers opportunity to reimagine the asset base from which Council services are delivered. The Asset Management Strategy 2022-2025 sets a framework for the strategic management of the Estate to support our Corporate objectives and ensure that the Estate is sustainable, efficient and fit for the purpose of delivering excellent service.

The Asset Management Strategy has set the following objectives:

- Ensuring that we have the right buildings in the right place to support excellent and dynamic service delivery.
- Creating the right kind of flexible spaces that work effectively and efficiently for everyone who uses them.
- Being ambitious and enterprising in how we manage our buildings to maximise value for money, income and savings.
- Strengthening partnerships to support colocation, co-delivery of services and more resilient communities.
- Responding to the climate change agenda by reducing our carbon footprint.
- Underpinning all - Planned and preventative maintenance, asset challenge, performance benchmarking and performance monitoring.

All land and property within the Estate will be subject to an asset challenge on a 5-year rolling programme. Asset Challenge is a systematic challenge and review process of the Estate appraising all assets against the above objectives and at the right cost.

3. Approach and Process

3.1.1 Estate Management Strategy

The purpose of the Estate Management Strategy is to align the Estate Management function to deliver Council, Departmental and Asset Management Strategy objectives. The Strategy will deliver Estate Management excellence by protecting and maximising value from the Estate throughout the full life cycle of assets. The strategy covers the following:

- Essential, accurate and reliable asset valuations
- Maximising income generation opportunities
- Proactive lease management including expert Landlord and Tenant advice
- Positive management of the Estate to enable effective service delivery
- Protecting and challenging land and property

3.1.2 Asset Valuations

Our strategy is to deliver timely detailed, accurate and auditable asset valuations within often complex moving statutory framework. Approximately 20% of all assets will be valued per annum with the full asset-base being valued at least once every 5 years.

Our team of experts understand the dynamics that impact on a valuation and have vital local market knowledge to deliver the accuracy and confidence required to support our financial reporting.

3.1.3 Optimising Value

The seam running through our strategy is to optimise value of the Estate at every opportunity by aligning Estate Management to corporate and financial objectives. An asset is categorised as one of the following outcomes in an Asset Plan, as detailed in the Asset Management Strategy.

- Retain and manage in current form
- Retain and remodel
- Retain and redevelop
- Lease out (state whether commercial or community)
- Dispose – in short term (within 5 years)
- Dispose – in medium term (within 5-10 years)
- Dispose – in long term (10+ years)
- When delivering Asset Plans we will look to provide bold and value for money outcomes aligned to corporate objectives through use of appropriate delivery models

3. Approach and Process

The Strategy focuses on:

- Reducing the time property or land is vacant
- Maximising income generation and cost reduction opportunities.
- Full cost recovery on new lettings, where possible
- Enabling efficient and effective service delivery or social returns
- Challenging inefficient assets
- The Council has an obligation under the Local Government Act 1972 (as amended) to obtain Best Consideration when letting land and property. This includes any right in, to or over land
- The Council preferred method of demonstrating Best Consideration marketing is to expose a land or property to market conditions for a minimum 6 weeks through appropriate channels

- Where a letting may be less than Market Rent or not on market terms a supporting business case with qualitative and quantitative assessment of the benefit to Derbyshire residents will be required. Where the proposed use is non-statutory, where possible, full cost recovery will be required
- Given pressures on resources within the Council individual approaches for land and property will only be progressed if there is a supporting asset plan

3.1.4 Managing and Protecting the Estate

The Council has a vast estate over a large geographical area which requires dynamic management. The Strategy focuses on the following:

- Reducing property management costs
- Reducing the Council's exposure to risk associated with property and land
- Protecting the value of the retained Estate
- Preventing adverse possession claims
- Enabling Service delivery

The Strategy is delivered by providing excellent commercially minded professional services in the following disciplines:

- Property Asset Management
- Landlord and Tenant matters
- Commercial property advice
- Property transaction management
- Property negotiations

3. Approach and Process

- Lease management
- Rent roll management
- Business Rates
- Land management
- Valuation and option appraisals

We will ensure property is suitably managed and maintained within budget constraints and aligned to the Property Maintenance Strategy.

3.1.5 Governance

Performance of the Strategy is reported, monitored and challenged at Strategic Asset Review Board (SARB) to ensure maximised value is being delivered. Processes and decisions are reviewed and approved at SARB to ensure a consistent and considered approach is maintained.

Quarterly updates are provided to Corporate Asset Management Group. This forum monitors revenue savings, income generation and capital receipts realised from land and property rationalisation schemes and other property initiatives.

3.1.6 Data and Processes

Current processes and information management will be reviewed to seek greater efficiency, effectiveness and transparency.

Using the Council's asset management system to align to operational and corporate objectives. Prioritising data validation to enable real time and accurate data for transparent reporting/monitoring tools through a 'dashboard' linked to operational and corporate objectives.

3.1.7 Scheme of Delegation

The Council's constitution delegates some issues and decisions to officers. The following have been delegated to the Director of Property:

- Accept, grant, surrender or review any interests and rights over the Council's existing land and premises as may be deemed necessary or appropriate, subject to the value of the interest not exceeding £100,000

- Agree payments or compensation up to the value of £100,000 due to landowners in respect of creation agreements, creation orders or compulsory purchase orders. A quarterly report is issued to the Cabinet Member for Corporate Services detailing the delegated approvals which have been sought in the relevant period

3.1.8 Commissioning

The Council may, from time to time, commission external consultants in connection with the management of land and property. This will be procured through the relevant framework or partner.

3.1.9 Fee Recovery

- We will ensure full cost recovery, where possible, in respect of the provision of non-statutory discretionary services and those statutory services that permit the charging of a fee
- We will ensure that fees and charges reflect market rates and are regularly benchmarked against other service providers and robustly reviewed each year through a systematic process that avoids simply making annual uplifts

3. Approach and Process

We will optimise procurement opportunities to ensure the right balance is obtained between cost against quality of service, expertise, delivery and specific requirements aligned to corporate objectives.

3.1.10 How We Measure Success

The successful implementation of this Strategy will be monitored alongside the Asset Management Strategy at the Strategic Asset Management Board monthly. The following measures will be monitored:

- Net Rent Roll
- Vacancy levels
- No external occupation of the Council Estate to be undocumented
- In year delivery of 20% of Asset Valuations
- No unactioned rent reviews
- No unactioned lease renewals
- Delivery of in year asset plan actions

- Programme of evidenced site inspections to prevent adverse possession claims

4. Implementation and Review

The Strategy will be circulated to all officers, stakeholders, Councillors and partners involved in managing the Estate and will be available on the Council's intranet to ensure there is a consistent message.

The Strategy will be reviewed in line with the Asset Management Strategy 2022-2025 cycle and any feedback and findings will be considered.