

**DERBYSHIRE COUNTY COUNCIL**  
**IMPROVEMENT AND SCRUTINY – RESOURCES COMMITTEE**

**19 SEPTEMBER 2013**

**Report of the Director of Legal Services**

**Review of the County Council's Non-Operational Property**

**1. Purpose of the Report**

To inform the Committee of the progress made by the Review of the County Council's Non-Operational Property Working Group.

**2. Information and Analysis**

The Committee, at its meeting on 25 July, agreed to undertake a review of proposals to streamline the Council's Non-Operational Property holdings.

A review working group was appointed to conduct the review (Cllrs Moesby, Dunn, Marshall-Clarke, Kemp and Lomax) and so far the working group has held 3 meetings.

***Meeting with Director of Property and Assistant Director of Property (Asset Management) – 30 July 2013***

The working group discussed the current position with Jeremy Goacher (Director of Property) and Simon West (Assistant Director of Property – Asset Management).

Non-Operational property was defined as that which was not used for direct service provision (eg **not** DCC offices, libraries, residential homes etc.). A list of all property which fell into this category was considered. It included agricultural land, woodland, parkland, highways verges, industrial estates and business units, reclamation land and residential properties.

The working group asked for more details to be provided on the Council owned industrial premises. A briefing report on the status and future options for use of the Council's industrial portfolio had been produced in May 2012 and a copy was sent to the working group Members for their information. The findings and recommendations of this report will be considered further during this review.

The working group intended to ensure that the disposal of any property was preceded by a rigorous examination of the options available which considered alternatives to outright disposal. In the event that disposal by sale was the best course of action, methods of disposal should be used which achieved the best income.

Particular emphasis was placed on Council owned dwellings. Most of these had been used, historically, to accommodate Council employees (for example, school houses) and were now surplus for that purpose. Other disused land and buildings were suitable for housing development and could potentially be sold on the open market for that purpose.

It was noted however, that, during the current economic climate, the housing market was at a low and the sale of houses and development land could achieve higher income if sales were delayed until the market improved.

The meeting concluded that the Director of Property would consult all Strategic Directors on the property identified for possible disposal. Those properties which were still considered surplus would then be circulated to all Councillors for their input to help determine the future of properties in their Electoral Divisions.

***Meeting with District and Borough Councils' Housing Officers – 15 August 2013.***

During the working group meeting on 30 July, it was noted that the non-operational properties owned by the County Council currently included 57 individual dwellings. Some of these were empty and some were inhabited by tenants, but all incurred management and maintenance costs for the Council. The age and condition of some of these properties added to the costs and it was noted that, even when properties were empty, a certain amount of maintenance was required to keep them safe and secure.

The provision of adequate housing, particularly affordable homes, was the responsibility of the District and Borough Councils. A meeting was held with representative officers from the Housing Departments of Amber Valley Borough Council, Derbyshire Dales District Council and Erewash Borough Council to explore the best way to utilise the 57 homes owned by the County Council.

There is increasing concern, nationally, on the number of empty properties which could be returned to the housing stock. There was a growing need for affordable housing and District/Borough Councils, in partnership with local housing organisations, were continually looking to provide sufficient housing

for the local population. As well as managing the traditional social housing stock, homes were increasingly being provided through small, new build developments and shared ownership schemes.

Most of the District and Borough Councils in Derbyshire were pro-active in bringing empty homes back into residential use. Owners of such properties were identified and contacted and encouraged to bring their homes back into use, either through selling or improving and renting. Loans, and in some cases grants, could be obtained for this purpose and the District and Borough Councils, with their housing organisation partners, sought to work with property owners in this respect.

One option which the working group agreed to explore further was a leasing scheme where a housing association leased disused homes from the owners, repaired the property to an appropriate standard and managed tenancies. A percentage of the rental income was paid to the property owner.

In addition to considering such schemes further, the working group Members and the District and Borough Council officers identified a mutual benefit in more partnership working to ensure the County Council's surplus dwellings contributed to the local housing stock. This was identified as a recommendation for the review's final report.

### ***Meeting with the Director of Finance – 5 September 2013***

In order to assess the financial implications of the future of the Council's non-operational property, the working group met with Peter Handford, the Director of Finance. The following points were noted;

- Given the current, and projected, budget situation, it is sensible to review the Council's need to retain properties which are no longer required
- However, consideration should be given to the long term potential for each property – and weigh up any benefits to retain against the immediate benefits of disposal. To facilitate this, a more structured asset management system should be adopted by which each individual property (above a certain value) should be measured.
- Such an assessment over a projected 25 year period would be reasonable and, if no demonstrable benefit exists to support retention over that period, disposal would be appropriate
- The assessment should ensure that the Council is getting the best value out of any property, whether it is retained or offloaded
- Closer partnership working with District and Borough Councils over their local plans (especially for housing development needs) would assist

decisions in respect of DCC land and property held for potential access or future development

- If a structured “asset assessment” facility is devised, this should also be applied on a regular basis to **operational** properties to give a continual appraisal of their requirement and suitability for purpose. Such an assessment, undertaken with the operational services’ senior management, would keep a check on all property holdings and identify any surplus properties at an early stage.

Although out of the scope of this review, reference was also made to the concept of Corporate Landlord. This is the practice of placing *all* operational properties under the *total* management of a central point (eg the Director of Property Services) rather than each service head managing their own premises. The consolidation of property management, rather than a piecemeal approach, should make savings for the Council through pooling of resources and removing the burden (and cost) of responsibility from service managers. It was agreed that this should be considered further in consultation with the Director of Property.

### ***Further work***

The working group will oversee consultation with all County Councillors on the properties identified as surplus in each electoral division. Members will be given the opportunity to make suggestions for the future of those properties in their division, and their help in identifying local solutions will be welcome.

Members will be asked to submit their responses in time to be included in the final report of this review, but the working group will seek to ensure that local Members’ opinions, and those of the appropriate District and Borough Councils, will be taken into account when the future of each property is decided.

The legal implications on the future of the Council’s property holdings are also being sought by the review working group and these will be included in the final report.

It is intended that the final report of this review will be submitted to the Committee at its meeting on 14 November.

### **3. Considerations**

The considerations for Property and Finance are set out in the body of this report.

The relevance of the following factors has also been considered in preparing this report; Human Relations, Legal and Human Rights, Prevention of Crime and Disorder, Equality and Diversity, Environmental, Health and Transport.

#### **4. RECOMMENDATIONS**

The Improvement and Scrutiny – Resources Committee is asked to note;

- (1) the investigations already undertaken by the Review of Non-Operational Property Working Group,
- (2) the further consultation with local Members which the working group proposes to undertake in order to finalise the review.

**John McElvaney**

**Director of Legal Services**