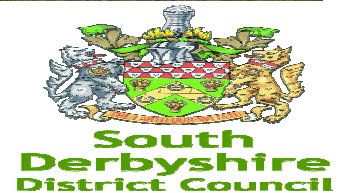


South Derbyshire District Council

CORPORATE ASSET MANAGEMENT PLAN 2009/2014



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**FINANCE AND PROPERTY SERVICES
CORPORATE SERVICES DIRECTORATE**

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1. INTRODUCTION

Purpose and Expectation

1.1 The Asset Management Plan (AMP) is a property strategy document which seeks to align the Council's non-housing asset base with our corporate objectives to ensure services are delivered efficiently. It therefore identifies the existence of gaps between the current position of the asset base and where we want it to be, and the strategy to achieve this alignment.

1.2 Asset management is a process that needs continuous review as our corporate objectives evolve to account for changes in our service requirements, Government expectations and the market. The AMP must therefore:

- Reflect Government expectations,
- Address the four themes for improvement within our 2009-2014 Corporate Plan,
- Be consistent with our Capital Investment Strategy,
- Maintain our strategic organisational approach to asset management,
- Collate, measure and benchmark relevant property data,
- Consider the evolving service needs identified within individual Service Plans and consultation with service managers,
- Achieve efficiencies through partnership, investment and disposal,
- Identify and process potentially surplus land in accordance with our Disposals Policy, and
- Identify outcomes which comply with the Key Lines of Enquiry within the Use of Resources Assessment.

2. OBJECTIVES

National Position

2.1 Along with Procurement and ICT, Asset Management is identified as one of three key areas for meeting the Government's Value for Money agenda.

2.2 The Government continues to stress the significant impact that a good quality, effectively managed property estate can have on enhancing and enabling service delivery. Consequently, the Performance Assessment Framework for Local Authorities will continue to give asset management a high profile within the annual Use of Resources Assessment (UoRA).

2.3 The Key Line of Enquiry within the UoRA against which asset management will be assessed is whether 'the organisation manages its assets effectively to help deliver its strategic priorities and service needs'.

2.4 We will need to identify that we:

- Have a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes,
- Manage our asset base to ensure assets are fit for purpose and provide value for money, and
- Work well with partners and community groups to maximise the use of assets for the benefit of the local community.

2.5 This AMP has been drafted with these Key Lines of Enquiry in mind to provide an evidence base when needed.

2.6 In June 2009 the Audit Commission published a further report entitled “Room for Improvement – A Review of Strategic Asset Management in Local Government.” This report advises that, in view of the likely squeeze in public expenditure, Councils will need to approach asset management strategically and, in particular:

- Improve their knowledge of their estate by collecting data on condition, running costs, etc,
- Seek to rationalise and share property with other public bodies,
- Maximise capital receipts, and
- Enhance the estate to deliver better services.

2.7 In addition, the Government continues to promote the recommendations set out within the “Quirk Review” into the Community Management and Ownership of Public Assets (May 2007). The review encourages Councils to make better use of assets in conjunction with their local communities to improve service provision.

The Council’s Vision and Priorities

a) The Corporate Plan

2.8 The Council’s vision is identified in its Corporate Plan (2009 to 2014) as “*Making South Derbyshire a better place to live, work and visit.*”

2.9 To enable this vision to be delivered, the Corporate Plan has also set out 4 key themes:

- Sustainable growth and opportunity,
- Safe and secure,
- Lifestyle choices, and
- Value for money.

2.10 The priorities within each theme are summarised in the following table:

Theme 1	Sustainable Growth and Opportunity <ul style="list-style-type: none"> • Economic development – skills, training and job creation • National Forest – tourism and industry • Sustainable development – affordable housing, environment and planning
Theme 2	Safe and Secure <ul style="list-style-type: none"> • Promoting independence, security and inclusion through the provision of decent housing • Safer Neighbourhoods
Theme 3	Lifestyle Choices <ul style="list-style-type: none"> • Promoting healthy facilities and lifestyles • Supporting cultural events and activities • Helping the community to reduce its environmental footprint
Theme 4	Value for Money <ul style="list-style-type: none"> • Meeting community needs • Increasing efficiency • Development of staff and Members • High standards of corporate governance • High performing services

2.11 This AMP progressively explains how its strategies contribute to the Corporate Plan's objectives throughout the document. However a tabled summary of this alignment is detailed in **Appendix 1**.

b) Capital Investment Strategy

2.12 This strategy sets out the framework for capital investment at the Council. The Council adopted this strategy in October 2009 in order to help deliver the Council's priorities as identified in its Corporate Plan. The document defines capital expenditure, explains how projects are prioritised and assessed and identifies the available funding resources.

2.13 The Capital Investment Strategy is a significant framework document for the AMP because:

- Capital expenditure primarily relates to the purchase and enhancement of the Council's assets,
- The prioritisation of capital schemes is undertaken with the benefit of information collated through the AMP, such as condition surveys,

performance indicators such as energy costs and using techniques adopted within the AMP such as Whole Life Costing and Option Appraisal, and

- The disposal of surplus assets is a key source of funding for the capital projects. Thus, as the capital investment is planned over a 5 year rolling programme, this needs to be compatible with the AMP Disposal Strategy over the same period.

Property Services Vision

2.14 The Council's Property Services Unit has the vision of:

- Maximising the value and use of the Council's land and property holdings through the use of proactive property management initiatives, minimising voids and maximising rental income,
- To ensure that property space utilisation meets corporate service objectives,
- Working with the Council's Public Buildings Officer, Energy Officer and Procurement Officer to minimise running costs and investigate opportunities for savings that can be reinvested into the improvement of services,
- To identify and dispose of surplus Council assets on a rolling programme, and using the capital receipts to either improve the existing property portfolio or to reinvest into other services and priorities,
- To provide professional, internal advice to deliver Council services, and
- To provide an efficient service to members of the public.

3. OUR CURRENT POSITION

The Area

3.1 South Derbyshire has a population of approximately 92,400 (ONS mid 2008 estimate). The District continues to be one of the fastest growing districts in the East Midlands. In fact, it was the 6th highest in population growth nationally between 2001 and 2007 compared to all other local authorities.

3.2 This has attracted substantial development in housing and the growth of business activity in the area. Although currently slowing due to the economic climate, this development is on going.

3.3 As at August 2009, the district had an unemployment rate of 2.9% compared with 4.2% nationally. However, some parts of the District (mainly former coalfield communities) had rates closer to the national average.

3.4 The District continues to be a main destination for inward investment, with organisations such as Toyota, JCB and Nestle all having major sites in South Derbyshire. East Midlands Airport also borders its boundaries.

3.5 Swadlincote is currently the main urban centre of the district. The town is located on the former South Derbyshire Coalfield where substantial regeneration continues.

3.6 The rest of the District is predominantly rural in character, with a number of villages being of architectural and historic importance. A total of 22 Conservation Areas have been designated throughout the area, including one for Swadlincote Town Centre.

3.7 A third of the National Forest lies within the District and this major initiative is creating a new landscape for work, recreation and wildlife.

3.8 Indeed, substantial investment has been generated in recent years to develop the Rosliston Forestry Centre, which is becoming a major recreational and educational facility in the District.

Opportunities and Challenges

3.9 The high levels of growth in recent years have been a catalyst for the improvement of services and facilities within the District.

3.10 However, in accordance with national trends, the recession has undermined the local property market and thus impacted on our disposals and the performance of our non-operational investment portfolio.

3.11 Our small industrial units are particularly vulnerable in the current market and a number of incentives have been introduced in an effort to minimise voids. The performance of this portfolio is detailed later in the AMP.

3.12 Nevertheless the current market presents an opportunity to prepare surplus sites for future disposal through planning applications and longer term planning promotion. Grant opportunities are also being pursued including funds from the Homes and Communities Agency to develop affordable housing on our sites and Growth Point funding for town centre improvements. A number of works have already been completed in accordance with a 10-year master plan to improve the physical fabric of the town.

3.13 Despite the recession the Council is in a position to pursue three fundamental opportunities which will have a significant, positive impact on the Council's services and assets in the short and medium term:

- a) The Council's Depot site and adjacent, potential residential land on Darklands Road offer an opportunity to deliver an efficient, replacement Depot and significant capital receipt.
- b) There is encouraging private sector interest in our Corporate Services Partnership Project. From an asset management perspective such a partnership offers the potential to generate short-term investment in our Civic Offices to make more efficient use of space and thus accommodate a growth in jobs. In the longer-term it is hoped this Partnership could result in the development of a Civic and Regional Business Centre involving partnership with other Local Authorities and investment from other sectors.
- c) The Council has a substantial property holding within the town centre and can therefore play a major role in the regeneration of the town and development of this targeted Regional Business Centre.

Organisational Structure for Asset Management

3.14 The Council has an established Property Services team managed by the Head of Finance and Property Services, who acts as the Council's Corporate Property Officer (CPO). Property Services itself comprises a Corporate Asset Manager, Property Surveyor and Property Technician.

3.15 The Corporate Asset Manager's duties ensure property is managed strategically across the Council. Monthly meetings of the Capital Programme and Asset Monitoring Group are held with Service Managers to discuss property issues and ongoing service and capital investment needs. This ensures we deliver a consistent and strategic approach towards our property strategy and capital investment to address service needs.

3.16 In addition, monthly Property Meetings are held with the Chief Executive to ensure our property strategy meets corporate priorities and objectives.

3.17 All property transactions (with the exception of commercial leases with a term less than 7 years) are reported to the relevant Service Committee and Finance and Management Committee for Members consideration. These Committees therefore have overall control over the Council's property transactions, with their decision-making based generally on the adopted Corporate Disposals Policy.

Consultation

3.18 The Council is committed to consulting relevant stakeholders on the best use of assets. Key stakeholders include:

- Heads of Services as users of Property Services,
- Council staff, particularly as occupiers of Civic Offices and Depot,
- Other users of the Civic Offices,
- Those who use the Council's other directly held assets such as the Town Hall, Sports Pavilions and Parks, Toilets, Car Parks, etc,

- Users of facilities managed on behalf of the Council by private sector contractors i.e. Market, Leisure Centre and Forestry Centre, and
- Tenants of commercial premises.

Partnerships

3.19 The Council's strategic approach to asset management through its organisational structure is enhanced by joint working with other Authorities and organisations, including:

- Working with the **Institute of Public Finance (IPF)** in the development of our Asset Register system,
- Maintaining membership of the **Local Authority Midlands Benchmarking Group (LAMB)**, which meets twice yearly to benchmark indicators and discuss asset management issues,
- Contracting with **private sector management companies** to manage assets (e.g. the Green Bank Leisure Centre).
- Working with **Business Link East Midlands** to provide advice and support to small and medium sized enterprises. This company has a dedicated business development advisor covering South Derbyshire and an office at the George Holmes Business Centre. We expect this partnership to develop further following the introduction of our Discretionary Grant initiative, with Business Link reviewing the prospective tenants' business plans. Further information on this scheme is detailed in paragraph 4.4 below.
- Working in partnership with the **Forestry Commission** in the management of the Rosliston Forestry Centre, with land from each party being used to provide the facility. This partnership will now be developing new business units which will provide local employment, encourage visitors to the centre and generate revenue.
- Embracing opportunities to work with **other Authorities** who may already have resources that can be utilised to deliver services. Property Services have been working closely with a number of other Authorities including Derbyshire County Council.
- Working with **the Community** in the management of assets, e.g. 'Friends of' groups have been established for several of the local Parks.
- Devolving assets to a local level. Examples include **Parish Councils** managing public toilets and the transfer of some village halls and community centres, and

- Embracing the **East Midlands Regional Improvement and Efficiency Programme** (EMRIEP) initiative on property rationalisation. This initiative is explained in more detail later in this AMP in paragraphs 4.10 and 4.11.

Property Records

3.20 The Section continues to improve and update property records held in the computerised asset management system (the Asset Register). The Council now has a good database of property ownership and condition, complemented by Legal Services' voluntary registration of all Council land. By April 2010 we will have reached the milestone whereby this database will comprise details of every Condition Survey, Fire Risk Assessment, CAD Drawing and Disability Discrimination Act compliance report for every relevant property.

3.21 The key development this year was the inclusion of our 3,000 Council dwellings in the Asset Register. This has been essential to maintain Housing accounts as required under current legislation.

3.22 Overall, the continuous improvement and update of the Council's property records will remain an ongoing exercise.

The Property Portfolio

3.23 The Council owns a mixture of operational (properties held for the delivery of services) and non-operational (investment/surplus) properties. The portfolio includes Leisure Centres, Civic and public buildings, sports facilities together with shops and industrial units leased to tenants.

3.24 The Council had a total (non-housing) property portfolio valued at £14.88m within its Asset Register as at 31st March 2009. In April 2009, the district's housing stock stood at approximately 38,000, including 3,099 Council dwellings and a hostel. Information detailing the Council's housing portfolio can be found in the Housing Business Plan.

3.25 The current Asset Register shows 143 individual properties as summarised in the following table.

ASSET	NUMBER
Town Hall	1
Civic Offices	1
Depot	1
Leisure Centres	2
Village Halls	3
Community Rooms	10
Forestry Centre Bungalow	1
Forestry Centre – other units	7
Off Street Car Parks	20
Public Conveniences	9
Pavilions and Changing Rooms	15
Cemetery Sites	2
Industrial Site	1
Industrial Units (on 2 sites)	41
Town Centre Shops Units	12
Restaurants and Cafés	2
Other Shop Units (Linton)	3
Bus Station	1
Market Hall	1
Other Properties comprising: Coton in the Elms former Band Room, Eureka Park tool shed, Former Winding House, Woodh'se St, Snooker Annexe, Store to r/o of Snooker Hall, Bank House, Garage rear of Bank House, Offices for the Job Centre, The Delph, Boxing Club building, Higgins Lane, Grove Hall (now separate from Greenbank Leisure Centre).	10

3.26 In addition, the Council owns 370 acres of parks and open spaces and approximately 20 acres of land with development potential ranging, for instance, from small plots at Coton-in-the-Elms to major sites such as land off William Nadin Way, subject to planning consent.

Condition Surveys and Planned/Backlog Maintenance

3.27 Local Authorities are required to assess the maintenance backlog for its property holdings and also establish an annual programme of planned maintenance, based upon a rolling programme of property surveys. The survey information also enables Authorities to benchmark the condition of their portfolio against other Councils, and the conclusions from our current benchmarking within the 'LAMB' group are reported in paragraph 3.45 within the 'Current Property Performance' section below.

3.28 During 2005/06, the Council commissioned stock condition surveys on a rolling programme basis. A pilot covering 10% was completed in the first year and the aim was to cover the entire portfolio over 5-years.

3.29 The final tranche of surveys will be completed by March 2010 and the Council will then have comprehensive records on every relevant property comprising Condition Survey, CAD drawing, Fire Risk Assessment and Disability Discrimination Act compliance where appropriate. These records will be kept up to date by a rolling programme of re-surveys during future years.

3.30 With this information a work plan has been produced to address the potential backlog maintenance that the Council could face based upon the surveys. Capital resources have been set-aside in a planned maintenance programme to deal with the maintenance liability.

3.31 Consequently, some works have been commissioned and completed over the last 3 years. This includes work to make Council buildings and the services within more accessible and energy efficient.

3.32 Performance Indicator 1B in **Appendix 3** identifies the Priority 1-3 works which should ideally be undertaken within the next 2 years. However, in light of the nature of these works and the fall in capital receipts, we have elected to retain the majority of funds within the Planned Maintenance budget.

Current Property Performance

3.33 Property performance is assessed against a variety of performance indicators, depending upon the type of property. Our non-operational portfolio of industrial units and shops, for instance, are held to generate an investment return and provide accommodation for local businesses to encourage economic development. Thus the relevant indicators for these properties are rates of return, the number of voids and condition.

3.34 Conversely our operational assets are held to efficiently deliver services, and performance indicators such as property condition and energy consumption are therefore appropriate. The current Performance Indicators are detailed in **Appendix 3**, and are used as a tool to support investment or de-investment decisions.

Non-Operational Property Performance

3.35 The investment portfolio comprises 86 industrial and retail units and generates a total income of approximately £400,000pa. The recession has inevitably impacted on performance and the small industrial units have been particularly affected, with an increase from 2 to 5 units empty for more than 6 months. However we have maintained high occupancy levels within our shops, with only one empty unit at 5 Midland Road. In November 2009 we had a total of 8 empty industrial and retail units (including the 5 long-term units above).

3.36 The overall void percentage has only increased from 10.6 to 11.6% from the previous year and the rates of return of 8.7% industrial, 9.6% retail remain relatively healthy compared to alternative forms of investment return.

3.37 Indeed there have been notable successes during the year. The 80,000 sq ft industrial premises previously occupied by Trelleborg on Hearthcote Road represent the single largest investment property held by the Council. The re-letting of these premises in March 2009 to Dellner on a 7-year lease with no break option not only retained a significant number of jobs within the District, but also secured this rental income until 2016. As this rental equates to nearly 50% of our total industrial rental income the completion of this lease is significant to the Council's future budgets.

3.38 Our overall investment portfolio has therefore performed satisfactorily despite the recession. Whilst only 75% of the non-operational portfolio is deemed to be in good or satisfactory repair (Condition A or B), this does not appear to be affecting the investment return, and the strategy for maintaining and improving this performance is detailed later in this AMP.

3.39 Whenever an investment unit becomes void we need to commission an Energy Performance Certificate (EPC), and these require renewal every 10 years. An analysis of the available ratings is shown in the following tables:

Property	Actual *	Similar Age *
Unit 4 George Holmes BC	F	C
Unit 5 George Holmes BC	D	C
Unit 12a George Holmes BC	E	C
Unit 14 George Holmes BC	F	C
Unit 18 George Holmes BC	F	C
Unit 27 George Holmes BC	F	C
Unit 5a Boardmans BC	F	C
5 Midland Road	E	C

* Ratings from A – G, with A being the most efficient.

3.40 Despite the majority of assessments relating to similar units at George Holmes Business Centre, the ratings vary because the assessments reflect differing uses. Premises such as Unit 5 GHBC, for instance, comprise predominantly workshop accommodation and the required room temperature is lower than that assumed necessary for office

accommodation. As a consequence the rating for Unit 5 (D) is better than similar, adjacent units (E-F) which are fitted out for office use.

3.41 As the need for improved energy efficiency will depend on the occupier's use we do not propose that the Council undertake works to the currently void premises. Instead these certificates are made available to prospective tenants to inform them of the energy efficiency of the unit they are proposing to lease. The report also advises on how they could improve this efficiency by addressing specific matters, such as time control to the heating system.

Operational Property Performance

3.42 Our operational portfolio comprises all other, non-surplus property assets, and their performance is monitored by an assessment of condition and backlog maintenance. Relevant service-orientated premises are also assessed for compliance for disabled access, and our primary assets – the Civic Offices, Depot, Town Hall and Greenbank Leisure Centre – are also assessed in terms of energy consumption.

- Condition

3.43 Property Management Indicator 1A in **Appendix 3** identifies that 73% of the floor space for our operational assets is classified as Category A, good condition, with the remainder generally deemed to be good. However backlog maintenance in excess of £1m has been identified within Priority Levels 1 and 2 (essential within 2 years), and this will need to be progressively reviewed in line with available resources and liabilities.

3.44 It should be noted however that £455,000 of this sum relates to the Civic Offices and Depot. This AMP later identifies our long-term strategy for these buildings, and they are prime examples of the Council undertaking effective asset management. The combination of the completed condition surveys and our strategic awareness of their alternative development potential ensures we make appropriate and informed short-term investment decisions on these premises. Thus related works are generally only undertaken if they are compatible with their anticipated future lifespan. Energy initiatives, for instance, must generate savings which are self-funding over this period.

3.45 The current Condition categorisation of our Operational assets compares favourably with other benchmarking Authorities within the LAMB group. Data produced by Blaby, Cannock Chase, East Staffs and North Warwickshire Councils indicate that we potentially have the greatest proportion of floor space in Category A condition. However, accurate benchmarking is currently proving difficult as few Authorities appear to have data of similar quality to our own or comparable premise against which fair comparison can be made. Developing our benchmarking is therefore a key development point for the forthcoming year, as highlighted in the Work Plan in **Appendix 2**.

- The Disability Discrimination Act

3.46 The Council has adopted an Equality and Fairness Scheme. An identified action within this is to deliver a phased programme of works to ensure that Council buildings and services are suitable and accessible to people with disabilities.

3.47 Consequently, the Council has committed funding to the improvement of its buildings used by members of the public in order to meet the requirements of this Act and improve public service.

3.48 As a result of the works undertaken we are now achieving a compliance rate of 71%, with the Civic Offices, for instance, rated at 95%. The key underperforming buildings are the pavilions and changing rooms.

3.49 Having regard to their lifespan and the temporary nature of their construction, prioritising the access works are both difficult to justify and on occasions, difficult to implement.

3.50 The current 71% compliance rate will therefore continue for the foreseeable future, increasing when these underperforming buildings are replaced.

3.51 The Council is only required to survey operational, owner occupied buildings. The percentage compliance ratings for these are as follows:

Civic Offices	95%
Town Hall	88%
Green Bank Leisure Centre	80%
Market Hall	80%
Rosliston Forestry Centre	100%
Eureka Park Pavilion	100%
Oversetts Road Pavilion	40%
Woodhouse Street Pavilion	35%
Maurice Lea Pavilion	77%
Newhall Park Changing Rooms	15%

- Energy Consumption and Efficiency

3.52 The European Union Energy Performance of Buildings Directive (EPBD) was introduced in the UK from January 2006. Its objective is to improve energy efficiency and reduce carbon emissions as part of the government's strategy to achieve a sustainable environment and meet climate change targets under the Kyoto Protocol.

3.53 The Council's Corporate Plan recognises that we all have a role to play in combating climate change. In addition, as property owner, the Council has responsibilities for complying with new legislation and minimising cost.

3.54 Energy performance continues to be surveyed in accordance with legislation, and initiatives have been undertaken at the Civic Offices, Depot

and Greenbank Leisure Centre. These works comprise pipework insulation (Apr 08), movement sensors (Sept 08) and regular evening inspections (since Jan 08) to ensure equipment is switched off at the Civic Offices, boiler controls (Feb 09) at the Depot and boiler controls (Feb 09), power perfectors (Apr 09) and efficient lighting (Sept 08) at Greenbank Leisure Centre.

3.55 These works are viable despite the potentially short future lifespan of the Depot and Civic Offices as the equipment can be relocated. The benefit of these initiatives is already apparent in the energy performance figures detailed below and consideration will need to be given to any further works to improve performance elsewhere.

3.56 We are also obliged to annually procure Display Energy Certificates (DECs) for our public buildings over 1,000 sq m. Each building is given an operational rating which assesses how well it has operated based on actual energy consumption information and an analysis of the ratings and performance is shown in the following tables:

Property	Energy	CO2
Civic Offices	D	D
Darklands Depot	F	F
Green Bank LS	E	E
Melbourne LS	G	G

* Ratings from A – G, with A being the most efficient

Energy Performance Benchmark

Property	Gross Internal Area (m ²)	Actual Consumption ^{*1}		Benchmark Typical Consumption ^{*2}		Difference Typical ^{*3}	
		Gas (kWh /m ²)	Elec (kWh /m ²)	Gas (kWh /m ²)	Elec (kWh /m ²)	Gas (%)	Elec (%)
Civic Offices	4785	64	88	143	81	-48%	9%
Darklands Depot	2035	262	34	311	39	-16%	-13%
Green Bank LC	4961	342	124	1321	258	-74%	-52%
Melbourne LC	1139	170	20	343	105	-50%	-81%

*1 2008/9 consumption figures

*2 Benchmarked using Energy Consumption Guide (ECG) 087

*3 Negative differences indicate lower consumption, positive indicate higher consumption

3.57 Overall the four key buildings consume less gas and electricity than typical buildings with the exception of electricity at the Civic Offices. Measures have been put in place to reduce the electricity usage at the Civic Offices such as lighting sensors and regular checks on electrical equipment usage. As the lighting sensors were installed Sept 2008 the full benefit of

this work is more likely to become apparent during 2009/10, although a saving is already apparent in comparison with 2007/8.

Energy Performance – Comparison to Previous Year

Property	Gross Internal Area (m ²)	Actual Consumptn 2008/9		Actual Consumptn 2007/8		Difference	
		Gas (kWh /m ²)	Elec (kWh /m ²)	Gas (kWh /m ²)	Elec (kWh /m ²)	Gas (%)	Elec (%)
Civic Offices	4785	64	88	79	93	-19%	-5%
Darklands Depot	2035	262	34	199	47	32%	-28%
Green Bank LC	4961	342	124	385	133	-11%	-7%
Melbourne LC	1139	170	20	151	16	13%	25%

3.58 Reductions have been achieved compared to the consumption the previous year with the exception of Melbourne Leisure Centre – where no energy saving initiatives have been undertaken – and gas at Darklands Depot. Here the boiler controls were not installed until Feb 2009 and thus the benefit of this improvement will not become apparent until next year. It is of course intended to generally address the inefficiencies within these premises through the anticipated redevelopment scheme.

3.59 Finally, our Procurement and Business Improvement Team are reducing our energy costs by a procurement exercise through a Local Authority consortium. This involves expert buyers acting on behalf of a range of Councils and purchasing advance blocks of supplies when the best market conditions become available.

3.60 A new contract was effective from 1st October 2009 and the price per unit has almost halved compared to the previous year. This will result in a projected saving compared to budget of £12,000 in 2009/10 and the potential for greater savings in 2010/11 when the benefits are enjoyed over the whole year.

Disposal of Assets Deemed Surplus to Requirements

3.61 The identification and disposal of surplus assets is central to our asset management strategy. Disposal of assets that meet no service objective and generate no return delivers immediate and direct efficiency and value for money outputs, and is a clear demonstration that the Council is making best use of its resources.

3.62 Disposals at market value also generate capital receipts and, as the Council requires receipts of £1.9m by 2014, it is critical that our rolling programme of sales is maintained despite the recession. Potentially surplus sites up to this value have been identified, although the disposals are subject to a variety of significant risks.

3.63 The Council has adopted a Corporate Disposals Policy, with each disposal subject to prior consultation with appropriate stakeholders and approval from the relevant holding Committee and Finance and Management Committee. Since 2007 in excess of £300,000 has been generated from such disposals, primarily through the sale of former garage sites.

3.64 In its simplest form our disposal strategy has identified unused assets, sold them at auction and reinvested the receipt to meet service and capital needs. As an example, an area of open land was identified off the High Street in Melbourne, planning consent secured for residential development and the site subsequently sold at auction for £72,000 in July 2009. The Finance & Management Committee subsequently directed this receipt to our Disabled Grant budget.

3.65 We are also progressing disposals to the local community groups and Parish Councils. The transfer of such assets can create a sense of community ownership generating social benefits and potentially offering opportunities to lever in external grants. These benefits were highlighted in the Government's 'Quirk Review' in which Councils are actively encouraged to pursue such disposals where appropriate.

3.66 As an example we have transferred Sutton on the Hill Village Hall to the Village Hall Trustees having initially undertaken works to the premises to ensure they are fit for purpose.

3.67 Our commitment to progressing further community asset transfers is underlined by the £100,000 capital budget created to undertake pre-disposal works such as those detailed above, and discussions with Parish Councils and other community groups are ongoing.

3.68 We continue to progress the disposal of unused assets in a manner which maximises their value. We have recently levered in HCA grant for a potential residential site which will hopefully enable development to commence in the short term and maximise our ultimate capital receipt. In addition, sites such as the former band room at Coton-in-the-Elms are currently the subject of planning applications to identify their maximum development potential, with a view to marketing and disposal upon approval.

3.69 In addition to unused assets we are now adopting a more strategic approach, by focusing on our under-used property and assets with significant, alternative use values. Primary examples include our Depot and Civic Offices, and our future strategy for these and other surplus assets is detailed within the Operational Assets sub-section in Section 4, 'Future Asset Strategy'.

4. FUTURE ASSET STRATEGY

4.1 To manage our assets effectively in the future we need to identify gaps between our asset base and corporate objectives and evolving service needs. This section therefore assesses whether each asset category is aligned with these priorities and identifies areas for improvement. These improvement areas are summarised in the Work Plan in **Appendix 2**.

Non-Operational Assets

4.2 The satisfactory rates of return compared to alternative forms of investment and relatively low void numbers demonstrate that these assets continue to deliver value for money. As their performance is market tested by the need to secure new lettings and retain tenants, it can be demonstrated that they are generally fit for purpose, despite only 75% being classified in good or satisfactory repair.

4.3 Nevertheless their condition and its impact on lettings will be monitored. Repairs can for instance be undertaken (either directly, or by the tenant subject to an appropriate rent-free period) as a condition of a new letting, to ensure maintenance expenditure is proportionate to the immediate investment opportunity.

4.4 To ensure these units meet our Corporate Plan's economic development objective and reflect current market conditions we have introduced a Discretionary Grant Scheme for prospective small business tenants. This will provide capital finance for new business start-ups, funded from Industrial revenue budgets. However it is expected to be self-funding from the minimum lease term commitment secured from the tenant. The need for concessions in these terms to reflect market conditions such as rent-free periods, break options etc will also be reviewed on an ongoing basis.

4.5 Whilst our decision-making over the future retention of these assets is likely to be based on comparative investment returns, we need to benchmark our related performance indicators against any compiled by other Local Authorities for contextual purposes. There may for instance be a correlation between rates of return and condition, and this may inform our future decisions on planned maintenance for our units. We will therefore be liaising with our fellow Benchmarking Authorities in this regard during the course of this year.

Operational Assets

4.6 Improving the efficiency of our assets in accordance with our Corporate Plan 'value for money' objective is achieved through a combination of *paying* less, by the efficient use of energy, minimising rates liabilities etc, and *using* less through consolidation, redevelopment and shared use arrangements.

4.7 We are currently at the stage of exploiting the 'quick wins' achievable under the 'pay less' category, predominantly through the energy initiatives identified previously. However opportunities may also arise next year to appeal the 2010 Rating Revaluation assessments and reduce our current rates liability.

4.8 As previously mentioned we need to develop our benchmarking to compare performance of assets against other Authorities. This data could help identify other 'quick wins' by, for instance, comparing energy costs and discussing joint procurement of utility services.

4.9 However, greater efficiencies can be achieved by using less accommodation by partnership with other organisations, the introduction of open plan, flexible working environments and ultimately replacement with modern accommodation.

4.10 To develop shared use opportunities we have embraced the East Midlands Regional Improvement and Efficiency Programme (EMRIEP) on property rationalisation. Members of this group comprise the County Council and other Authorities, and the objective is to share information on vacant accommodation, property needs and development projects. A short-term objective, for instance, is to identify and encourage shared use of available meeting rooms and hot-desking facilities across the County. Thus, when the Derbyshire Area Wide IT Network is in place, anyone can access their system from any other Council site, providing a real alternative to home-working.

4.11 A website will be created to publicise the availability of this accommodation. Future meetings have also been organised to progress this initiative and discuss more specific opportunities for rationalisation and shared use.

4.12 It is anticipated that the service needs from the Civic Offices will change significantly in the future, and their suitability will need to be constantly reviewed. The Corporate Services Partnership Project is likely to create additional accommodation needs in 2010 and this Project presents an ideal opportunity to undertake a spatial review of the existing offices. In the short-term it is hoped that the Partner will provide investment to create a more efficient office environment by the introduction of open plan, flexible-working arrangements. This could deliver the initial extra space needed to accommodate the targeted growth in jobs, deliver costs savings and ensure the offices are fit for purpose. Longer-term proposals for both the Civic Offices and Depot are detailed in the 'Disposals' section below.

Service Needs

4.13 The Council's asset requirements continue to evolve as service priorities change to adapt to the needs of the community.

4.14 Consultations are therefore undertaken with service managers to assess their service requirements for property both monthly at the Capital Programme and Asset Monitoring Group and annually during the AMP review. As a consequence the following property needs have been identified to deliver alignment with service objectives:

Cemetery space

4.15 A review of cemetery space identified that existing cemetery space within Church Gresley and Etwall will be close to capacity sooner rather than later. Consequently, there is a service need to identify additional space for burials. The requirement for any additional space at both locations is being progressed with the advice and support of Property Services. For Etwall the identification and development of additional space is being undertaken in liaison with the Parish Council.

4.18 Additional land has already been allocated to extend the cemetery at Newton Solney, which was taken out of a larger piece of surplus land that the Council has sold at public auction.

Allotments

4.19 The Council currently directly manages eight allotment sites. Other sites in the District are provided by Parish Councils or are privately managed. In the last year waiting lists have risen significantly and there have been requests for support in providing new or additional allotment space from Melbourne, Dalbury Lees, Hilton and Overseal and the Swadlincote urban area. In addressing this latent demand, which is also national in character, the Council will need to consider partnering with developers and public bodies, possibly using its own land assets in certain locations and offering support to attract external funding and advise on best practice for managing and developing sites.

Capital Requirements

4.20 Service Managers have identified that the ongoing disposal of surplus assets is needed to fund the following capital needs for our services:

- Disabled Facilities Grants. Whilst the Council is under a statutory obligation to grant assistance the Government does not fund the whole contribution. Annual demand is increasing as people live longer and our capital resources are unable to meet the ongoing demand.
- Undertake further Town Centre Public Realm Improvements, and

- Consider future bids for the Swadlincote Conservation Area Partnership Grant Scheme (PSiCA). Members will recall that we have withdrawn from this English Heritage partnership scheme due to lack of funding.

Disposals

4.21 Due to the extensive nature of the Council's land and property holdings, areas of unused land continue to emerge from reviews and discussions with service managers. Whilst inevitably these opportunities are diminishing over time they continue to be progressed as they arise.

4.22 Sites which have already been declared surplus, are currently being processed through Planning to identify their maximum development potential and value, and will be auctioned thereafter.

4.23 Other sites with longer-term development potential are currently being promoted through the Strategic Housing Land Availability Assessment (SHLAA) planning process. If any such sites receive a favourable review by our Planning Policy team these opportunities will be presented to future Committees for consideration.

4.24 We are now also adopting a strategic approach to disposal by focusing on the potential for our operational assets to deliver redevelopment and replacement facilities, which are more cost efficient and better aligned to service needs.

4.25 Subject to planning consent the Council owns valuable commercial and residential development land on the site of the current depot and adjacent land. A key target for the Council is therefore to unlock the value of this land by disposal to finance the development of a new, fit for purpose Depot in an accessible location, and additionally generate a significant capital receipt. The successful completion of this project would deliver mixed-use development that makes best use of our assets and meets the needs of our LDF planning strategy.

4.26 A new Depot will require the acquisition of alternative land and the preparation of a specification for the new building. This will be procured with whole life costing in mind and using option appraisal techniques, having undertaken detailed consultations with all relevant stakeholders.

4.27 The site of the Civic Offices forms a key part of our future town centre redevelopment plans, and the aforementioned accommodation review will also inform the specification for future replacement accommodation. This redevelopment would create an opportunity to deliver a Civic and Regional Business Centre in accordance with our vision for the Corporate Services Partnership Project, and offer an opportunity to work in partnership with other Authorities to deliver shared use accommodation.

Acquisitions

4.28 Unless existing Council land can be utilised we may need to acquire land to address future service needs. All potential acquisitions are initially considered at the Capital Programme and Asset Monitoring Group to assess their priority, funding sources and whole life costs. Whilst grant and other external funding sources can render capital projects viable and attractive, such schemes usually involve future revenue and capital liabilities which must be understood before acquisition.

4.29 The AMP has already identified that land would be needed to site a new Depot as part of this redevelopment strategy. However it is anticipated that the new Depot land and build costs will be funded from value within the overall scheme.

4.30 The Council will be imminently be swapping land with the Forestry Commission for the development of business units at Rosliston Forestry Centre. These units will continue the sustainable growth at the Centre, provide accommodation for small businesses and generate revenue for the SDDC/Forestry Commission partnership.

5. FUTURE ASSET MANAGMENT REVIEW

5.1 The objectives of the AMP are subject to constant review through regular Capital Programme and Asset Monitoring and Property Meetings during the year. Individual asset decisions will be referred to Committee as necessary and the AMP itself will be reviewed at least annually to reflect the key developments and changes.

APPENDIX 1

THE AMP'S ALIGNMENT TO THE CORPORATE PLAN

Corporate Plan Theme	AMP Strategy's Compliance
Sustainable Growth and Opportunity	<ul style="list-style-type: none"> • Encouraging inward investment through the provision of industrial and retail accommodation, and introduction of the Discretionary Grant scheme. • Land swap to develop new business units at Rosliston Forestry Centre to provide accommodation for small businesses. • Identifying and disposing of surplus assets to provide development and growth opportunities and capital receipts for investment into further corporate objectives. • Working with developers and Housing Associations on surplus Council sites to lever in grant and develop low cost housing. • Ensuring development on surplus assets is sustainable and encourages 'Building for Life' standards for new homes. • Adopting a strategic asset management approach to our Depot and adjacent land to deliver a new Depot, commercial and residential development (subject to planning) and a capital receipt to fund future growth opportunities. • Working with potential partners in the Corporate Services Partnership Project to increase occupancy efficiency within the Civic Offices and accommodate a targeted growth in jobs. • Working with businesses and developers to regenerate and redevelop the town centre. • Promoting Council sites through the SHLAA/LDF planning process to deliver future growth and development.

Safe and Secure	<ul style="list-style-type: none"> • Negotiating with developers during the sale of Council land to ensure 'Building for Life' standard is adopted for new homes. • Generating capital receipts to fund relevant Council strategies such as home improvement initiatives, provision of youth facilities and safer neighbourhood projects. • Ensuring the Council's assets are maintained and further improvements made where funding is available.
Lifestyle Choices	<ul style="list-style-type: none"> • Generating capital receipts to fund new leisure and recreational facilities. • Generating 106 planning contributions from the disposal and subsequent residential development of Council land.
Value for Money	<ul style="list-style-type: none"> • Identifying and disposing of surplus assets to relinquish ownership costs and generate capital receipts. • Improving the performance of services by ensuring assets are aligned to service needs and are fit for purpose. • Managing the investment portfolio to maximize revenue. • Ensuring the performance of assets is managed efficiently by: <ul style="list-style-type: none"> ❑ Collating, measuring and benchmarking relevant property data from which informed investment/de-investment decisions can be made, ❑ addressing energy efficiency, ❑ minimising other occupation costs through joint procurement of utility services, Rating appeals, etc, ❑ ensuring space is used efficiently by accommodation review and partnership with other organisations to maximize shared use and rationalisation opportunities. • Ensuring capital expenditure delivers value for money by assessment using Whole Life costing and option appraisal techniques.