

South Derbyshire District Council

CORPORATE ASSET MANAGEMENT PLAN 2012/2017



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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, budgets, 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 strategic priorities and service needs identified within individual Service Plans and consultation with service managers,
- Manage our asset base to ensure assets are fit for purpose and deliver value for money,
- Achieve efficiencies through partnership, shared use, investment and disposal,
- Ensure we work well with partners and community groups to maximise use of assets within the community, and
- Identify and process potentially surplus land in accordance with our Disposals Policy.

2. OBJECTIVES

National Position

2.1 The 2010 Comprehensive Spending Review (CSR 10) is having a fundamental impact on Local Authorities and, as property is second only to staff in terms of resource costs, it must play a vital role in maintaining services and delivering the necessary efficiencies and savings.

2.2 As the implications of the CSR 10 impact upon the Council it is important that our assets are managed in a flexible, innovative manner to respond to the budget pressures and changing service needs. Effective asset management can mitigate the related revenue and capital implications by:

- minimising revenue costs through shared use of operational property, efficient energy use, transferring community assets and selling surplus land and property,
- maximising revenue income from the investment property portfolio,
- generating capital receipts from the disposal of surplus assets to offset reduced external grant contributions, and
- optimising the benefits of the New Homes Bonus initiative through the disposal of residential development land.

2.3 The Government also continues to stress the significant impact that an effectively managed property estate can have on enabling and enhancing service delivery. Along with Procurement and ICT, Asset Management is identified as one of three key areas for meeting the Government's Value for Money agenda.

2.4 In June 2009 the Audit Commission published a report entitled "Room for Improvement – A Review of Strategic Asset Management in Local Government." This report advised that, in view of the 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.

2.5 In addition, the Government's 'Big Society' Plan – which features prominently in the CSR - continues to promote the recommendations previously set out within the "Quirk Review" regarding community ownership and management of public assets. 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

2.6 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.*"

2.7 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.

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

| | |
|--------------------|---|
| Theme 1 | <p>Sustainable Growth and Opportunity</p> <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 | <p>Safe and Secure</p> <ul style="list-style-type: none"> • Promoting independence, security and inclusion through the provision of decent housing • Safer Neighbourhoods |
| Theme 3 | <p>Lifestyle Choices</p> <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 | <p>Value for Money</p> <ul style="list-style-type: none"> • Meeting community needs • Increasing efficiency • Development of staff and Members • High standards of corporate governance • High performing services |

2.9 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

2.10 This strategy sets out the framework for capital investment at the Council and has been adopted 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.

2.11 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

2.12 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,
- Ensuring 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 which can be reinvested into the improvement of services,
- Identifying and disposing 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,
- Providing professional, internal advice to deliver Council services, and
- Providing an efficient service to members of the public.

3. OUR CURRENT POSITION

The Area

3.1 South Derbyshire has a population of approximately 93,900 (ONS mid 2010 estimate). The District continues to be one of the fastest growing districts in the East Midlands, growing by 6.8% between 2005 and 2010. 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 November 2011, the district had an unemployment rate of 2.2% compared with 3.8% 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. This has continued in the past year with the construction of five new business units, which are now managed by Property Services.

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 As a major landowner within the district, the Council is in a position to exploit this growth through the sale of development land. These disposals generate important capital receipts and also ensure the Council is well placed to benefit from the Government's New Homes Bonus.

3.11 However, in accordance with national trends, the recent recession has undermined the local property market and, to some degree, impacted on our disposals and the performance of our non-operational investment portfolio.

3.12 Nevertheless the Council remains in a position to pursue two 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 has substantial property holdings within the town centre and can therefore play a major role in the regeneration of the town and development of a Regional Business Centre. This Business Centre will deliver efficient civic accommodation which meets the

shared service needs of the District and County Councils and other partners.

In preparation for this new Business Centre an accommodation review has now been completed within the existing Civic Offices. As a result the offices are now being shared with Derbyshire County Council's Social Services and District Registry Office, Northgate and the CAB, delivering more accessible services to the public and more efficient use of our offices. Further information on this accommodation review is detailed in paragraphs 4.7 - 4.9.

This project also represents an important first stage towards the development of the Regional Business Centre. This initial shared use will help establish the partnership culture between these organisations and, through our operational experiences, identify our joint accommodation needs from the new development.

- b) The Council's Depot site and adjacent, potential residential land off William Nadin Way offer an opportunity to deliver an efficient, replacement Depot funded from the sale of our existing Depot and adjacent land. At the time of writing the Planning Committee has approved all aspects of this project. The new Depot specification is under constant review to reflect the changing service needs and maximise the efficiency of the facility. Negotiations with the developer are ongoing with a view to progressing this project despite the prevailing market conditions.

3.13 The extensive nature of the Council's land holdings has generated many opportunities to 'sweat' these assets to maximise the return. A number of sites have, for instance, been declared surplus and sold as residential plots, as detailed in the 'Disposal of Surplus Assets' section later in this AMP.

3.14 The success in achieving these sales despite the economic downturn is due in part to the quality locations of the sites, such as Melbourne and Cotton-in-the-Elms. Inevitably the number of potential Council plots in these locations is now diminishing and the remaining plots in less attractive locations will be more vulnerable to the current poor market conditions.

3.15 Nevertheless the land holdings are under continual review to identify potentially surplus sites, and these are being prepared for future disposal through planning applications and longer term planning promotion.

3.16 However in some instances the Council's wide-ranging property assets generate receipts without actually being sold. The Council is occasionally requested, for instance, to grant rights of way or easements to lay services across its land and, on one occasion, a Licence to tip inert material. Significant payments can be negotiated, together with terms which ensure the Council's longer-term interests in the land are protected or even enhanced.

3.17 The Council's land holdings have also enabled the Authority to pursue property-related grant opportunities, including funds from the Homes and Communities Agency to develop affordable housing and Growth Point funding for town centre improvements. As a consequence affordable housing has been developed on sites such as Wilmot Road, and The Delph pedestrianisation scheme is now complete.

3.18 These grant opportunities will however diminish in future years and the Council will be increasingly reliant upon generating capital receipts from surplus assets to fund future projects.

3.19 The Council also owns an investment portfolio of shops and industrial units, and their performance is detailed later in the AMP. The retention of these assets not only generates significant revenue, but also offers accommodation to encourage economic development.

Organisational Structure for Asset Management

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

3.21 The Corporate Asset Manager's duties ensure property is managed strategically across the Council. Monthly meetings of the Capital Programme and Asset Monitoring and Leisure Asset Management Groups 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.

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

3.23 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

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

- Heads of Service as users of Property Services,
- Council staff, particularly as occupiers of the 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

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

- Embracing opportunities to work with **other Local Authorities**. Property Services have been working closely with a number of other Authorities, including Derbyshire County Council. The County Council now leases part of our Civic Offices following the recent accommodation review, and they own assets within the District which render them a key partner in delivering our strategic town centre aspirations.
- The Corporate Services Partnership with **Northgate Information Solutions**. The shared accommodation arrangements within the Civic Offices ensure services remain accessible to the public and are delivered efficiently, and jobs are retained within the District,
- Devolving assets to a local level. Examples include transferring village halls and community centres to **Parish Councils**,
- Working with **the Community** in the management of assets, e.g. 'Friends of' groups have been established for several of the local Parks,
- Contracting with **Charities** to manage assets (e.g. Active Nation at Green Bank Leisure Centre),
- 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 has now developed new business units which will provide local employment, encourage visitors to the centre and generate revenue,
- Working with the **Institute of Public Finance (IPF)** in the development of our Asset Register system, and
- Maintaining membership of the **Local Authority Midlands Benchmarking (LAMB) and Leicestershire County Council Benchmarking Groups**, which meet to develop benchmarking indicators and discuss asset management issues.

Property Records

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

3.27 The Asset Register includes a Capital Accounting Module which plays a critical role in the preparation of the Council's Fixed Asset Accounts for both the General Fund and HRA. The system contains a database of valuations for all General Fund assets and the Council's Housing stock, and Property Services annually input the revaluations for these assets. The system is now being updated to allow for the restatement of these accounts to IFRS standards (International Financial Reporting Standards).

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

The Property Portfolio

3.29 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 and sports facilities, together with shops and industrial units leased to tenants.

3.30 The Council had a total General Fund property portfolio valued at £14m within its Asset Register as at April 2011, plus 3,049 Council dwellings with an Asset Register value of £87m. Further information detailing the Council's housing portfolio can be found within the Housing Business Plan.

3.31 Currently the Asset Register shows 140 individual properties as summarised in the following table.

| ASSET | NUMBER |
|---------------------------------------|---------------|
| Town Hall | 1 |
| Civic Offices | 1 |
| Depot | 1 |
| Leisure Centres (Green Bank/Melb'rne) | 2 |
| Village Halls | 2 |
| Community Rooms | 8 |
| Forestry Centre Bungalow | 1 |
| Forestry Centre – other units | 11 |
| Off Street Car Parks | 20 |
| Public Conveniences | 9 |
| Pavilions and Changing Rooms | 14 |

| | |
|--|----|
| Cemetery Sites | 2 |
| Industrial Site | 1 |
| Industrial Units (on 2 sites) | 41 |
| Town Centre Shops Units | 11 |
| Restaurants and Cafés | 2 |
| Other Shop Units (Linton) | 3 |
| Bus Station | 1 |
| Market Hall/Car Prk | 1 |
| Other Properties comprising: Eureka Park tool shed, Former Winding House, Woodh'se St, Snooker Annexe, Former Cachet Restaurant, Bank House, Garage rear of Bank House, Offices for the Job Centre, The Delph, School H'se, Bill Shone LC, Melb'rne. | 8 |

3.32 In addition, the Council owns 370 acres of parks and open spaces and approximately 20 acres of land with development potential including, for instance, major sites such as land off William Nadin Way, subject to planning consent.

Condition Surveys and Planned/Backlog Maintenance

3.33 Local Authorities need to assess the maintenance backlog for its property holdings and also establish an annual programme of planned maintenance, based upon a programme of property surveys. The survey information also enables Authorities to benchmark the condition of their portfolio against other Councils.

3.34 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.

3.35 The final tranche of surveys was completed in March 2010 and the Council now has comprehensive records on every relevant property comprising Condition Survey, CAD drawing, Fire Risk Assessment and Disability Discrimination Act compliance where appropriate.

3.36 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.

3.37 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.

3.38 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.

3.39 As the 5-year rolling programme of stock condition surveys is now complete the consultants are no longer retained for this work. Instead Property Services and the Public Buildings Officer are systematically updating these surveys to reflect completed repairs and the assets' changing condition, as the opportunity and need arise.

Current Property Performance

3.40 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 primarily 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.

3.41 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

3.42 The investment portfolio comprises 69 industrial and retail units and generates a total rental income of approximately £400,000pa. Despite a difficult property market only 7 industrial units and 1 shop unit have been vacant for more than 6 months.

3.43 The overall void percentage is 11.6% and the rates of return of 14.1% industrial, 10.6% retail remain healthy compared to alternative forms of investment return.

3.44 The ongoing letting of the 80,000 sq ft industrial premises on Hearthcote Road continues to underpin our industrial revenue budget. The re-letting of these premises in March 2009 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 this lease is significant to the Council's future budgets.

3.45 Our overall investment portfolio has therefore performed satisfactorily despite the recession. Whilst only 68% 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.

3.46 Whenever an investment unit becomes void we need to commission an Energy Performance Certificate (EPC). These certificates identify the energy efficiency for each unit, and are made available to prospective tenants to inform them of the energy efficiency for 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 controls to the heating system.

3.47 As the need for improved energy efficiency will depend on the occupier's particular use we do not propose that the Council undertake works to the currently void premises.

Operational Property Performance

3.48 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 Green Bank Leisure Centre – are also assessed in terms of energy consumption.

- Condition

3.49 Property Management Indicator 1A in **Appendix 3** identifies that 66% of the floor space for our operational assets is classified as Category A, good condition, with a further 19% generally deemed to be good. However backlog maintenance of approximately £935,000 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.

3.50 It should be noted however that £450,000 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.

3.51 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.

- The Disability Discrimination Act

3.52 The Council has adopted an Equality and Fairness Scheme. Accordingly a phased programme of works has been undertaken to ensure that Council buildings and services are suitable and accessible to people with disabilities.

3.53 As a result of the works undertaken we are now achieving an average DDA compliance rating of 70%, with the Civic Offices, for instance, rated at 95%. The key underperforming buildings are the pavilions and changing rooms.

3.54 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.

3.55 The current 70% compliance rate will therefore continue for the foreseeable future, increasing when these underperforming buildings are replaced.

3.56 For information the buildings and their percentage compliance ratings are as follows:

| | |
|-----------------------------|------|
| Civic Offices | 95% |
| Town Hall | 88% |
| Green Bank Leisure Centre | 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

3.57 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.

3.58 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.

3.59 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 include new boilers, pipework insulation, movement sensors, voltage optimisation technology and evening inspections to ensure equipment is switched off at the Civic Offices, boiler controls at the Depot and power perfectors, boiler controls, voltage optimisation and efficient lighting at Greenbank Leisure Centre.

3.60 These works are viable despite the potentially short future lifespan of the Depot and Civic Offices as the equipment can be relocated. Consideration will need to be given to any further works to improve performance elsewhere and we are, for instance, investigating the installation of solar technology on corporate buildings.

3.61 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 2010/11 | Energy 2009/10 |
|-----------------|----------------|----------------|
| Civic Offices | C | D |
| Darklands Depot | D | F |
| Green Bank LS | D | E |

- Ratings from A – G, with A being the most efficient
- Energy Performance

3.62 Energy performance is monitored for our three primary buildings, the Civic Offices, Darklands Depot and Green Bank Leisure Centre. Whilst the Council also own Melbourne Leisure Centre, we subsidise these services and the Parish Council are responsible for energy costs under the terms of the lease agreement. Leisure services are also provided from Etwall LS and Rosliston, but these are managed in partnership with other organisations.

Comparison to Previous Year

| Property | Gross Internal Area (m ²) | Actual Consumptn 2010/11 | | Actual Consumptn 2009/10 | | Difference | |
|-----------------|---------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|------------|----------|
| | | Gas (kWh /m ²) | Elec (kWh /m ²) | Gas (kWh /m ²) | Elec (kWh /m ²) | Gas (%) | Elec (%) |
| Civic Offices | 4551 | 81 | 86 | 77 | 87 | 5% | -1% |
| Darklands Depot | 2034 | 166 | 39 | 174 | 54 | -5% | -28% |
| Green Bank LC | 4966 | 327 | 113 | 322 | 116 | 2% | -3% |

3.63 Overall consumptions show continued reductions from the previous year except for marginally increased gas consumption in the Civic Offices and Green Bank Leisure Centre. It is considered that these are due to the particularly cold Winter in 2010/11.

Energy Costs

3.64 The Council's energy is now procured through a Local Authority consortium. This involves expert buyers acting on behalf of a range of Councils to purchase advance blocks of supplies when the best market conditions become available.

3.65 A new contract was effective from 1st October 2009 and the savings achieved for 2010/11 in comparison with the previous year are detailed below.

| Property | Gross Internal Area (m ²) | Annual Cost 2010/11 | | Annual Cost 2009/10 | | Total Gas/Electricity Savings (£) |
|-----------------|---------------------------------------|---------------------|---------------|---------------------|----------------|-----------------------------------|
| | | Gas (£) | Elec (£) | Gas (£) | Elec (£) | |
| Civic Offices | 4551 | 11,509 | 32,753 | 12,482 | 41,877 | £10,097 |
| Darklands Depot | 2034 | 10,305 | 6,751 | 13,284 | 10,194 | £ 6,422 |
| Green Bank LC | 4961 | 39,531 | 45,994 | 46,270 | 57,992 | £18,737 |
| Totals | | 61,345 | 85,498 | 72,036 | 110,063 | £35,256 |

3.66 A similar saving of £34,244 was obtained in 2009/10 compared to the previous year, and a total saving of £69,500 has therefore been achieved since 2009.

3.67 Similar savings in gas and electricity costs are not however expected for 2011/12 due to increased unit prices. The total gas and electricity costs for these three properties are anticipated to be around £62,000 and £93,000. This would equate to an overall increase of around £8,000 from the previous year if these estimates are confirmed in the next few months.

Disposal of Assets Deemed Surplus to Requirements

3.68 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.

3.69 Disposals at market value also generate capital receipts and, as a result of our diminishing grant sources, it is critical that our rolling programme of sales is maintained despite the recession.

3.70 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 £500,000 has been generated from such disposals, primarily through the sale of HRA sites.

3.71 In its simplest form our disposal strategy has identified unused assets, secured planning consent for development purposes and then sold them at auction. Examples of sites sold include a single plot on Grange Close, Melbourne which sold for £62,500, and the former Bandroom site in Cotton-in-the-Elms which sold for £152,000.

3.72 The receipts are then reinvested to meet service and capital needs. The proceeds from the Grange Close plot, for example, were divided with 50% funding sheltered housing needs, 25% directed to our Disabled Grant budget, with the 25% balance being pooled.

3.73 In each instance the disposal of an unused asset is progressed in a manner which optimises its' value and other key service outputs. For example, 18 affordable houses have been constructed at Wilmot Road, Church Gresley. The related land deal was structured in a manner which both secured HCA grant to deliver this short-term affordable housing and will also maximise our future capital receipt from the remainder of the serviced site.

3.74 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'.

3.75 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 'Big Society' and previous 'Quirk Review', in which Councils are actively encouraged to pursue such disposals where appropriate.

3.76 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.

3.77 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.

4. FUTURE ASSET STRATEGY

4.1 To manage our assets effectively in the future we need to identify gaps between our asset base and evolving service needs, and seek to continually improve the financial performance of our non-operational, investment properties. This section therefore assesses whether each asset category is aligned with these needs 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 68% being classified in good or satisfactory repair.

4.3 The condition of our non-operational properties will however be constantly reviewed and proactive repairs undertaken as required. The Council is, for instance, contractually responsible to a Landlord for the full repair of the Boardmans industrial units. This head-lease expires in 2024, and neglect could render the Council liable for a significant dilapidations claim upon expiry.

4.4 These repairs will be undertaken progressively, funded from the existing maintenance sums allocated within the estate management revenue budget. Notwithstanding the sound investment case for maintaining these properties it is acknowledged that direct service projects are a priority for any available capital funds.

4.5 Despite the difficult property market, our annual rental income is expected to increase during 2012/13. The rent and service charge payable by the County Council for their lease of part of the Civic Offices, stepped rent terms agreed for the Hearthcote Road factory premises and rent reviews negotiated with our shop tenants on The Delph will in total increase the annual sums payable to the Council by approximately £80,000 per annum. Whilst the actual income received will be offset by the initial rent-free period granted to the County Council and any alternative voids which may arise, a significant net increase is still anticipated.

4.6 Whilst our decision-making over the future retention of these assets will be based on void rates and comparative investment returns, we should also 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 these units. We are therefore participating in a benchmarking group co-ordinated by Leicestershire County Council, geared to specifically compare the performance of industrial assets.

Operational Assets

4.7 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.

4.8 We initially exploited the 'quick wins' achievable under the *pay less* category. Examples include the energy initiatives identified previously and a review of the 2010 Rating revaluation assessments, whereby selected appeals will hopefully reduce our current rates liability.

4.9 We have now progressed to *using less* accommodation following the completion of our Civic Office accommodation project. This project has resulted in the letting of approximately 4,300 sq ft / 400 sq m of our ground floor to Derbyshire County Council, with the surplus area created by more efficient use of our office space.

4.10 The project will generate the following key benefits:

- One-Stop Services for the public in a location more accessible than the previous DCC Social Services premises,
- Accommodation for a new District Registry Office in Swadlincote (the public has previously needed to travel to Burton or Derby),
- Refurbished office accommodation suitable for the restructured operational needs for both Councils, funded from grants and the efficiency savings generated from the joint working project,
- A rental income and service charge contribution for SDDC,
- A surplus property for DCC available for rent or sale, which will generate income for DCC and provide good quality accommodation for inward investors, and
- A reduced total carbon footprint for both Authorities.

4.11 The shared use also presents the opportunity to develop a number of partnership arrangements going forward. It is anticipated, for instance, that the Old Town Hall will be regularly booked for wedding ceremonies through the District Registry Office. This is a prime example of shared office use encouraging joint working in a manner which improves the service to the public, creates additional town centre activity and generates a new income stream for the District Council.

4.12 Inevitably the service needs from the Civic Offices will continue to evolve in the future and their suitability will need to be constantly reviewed.

4.13 Indeed we are now also adopting a strategic approach to the management of our key operational assets, focusing on their ability to deliver redevelopment and replacement facilities which are more cost efficient and better aligned to service needs.

4.14 The current Depot site and adjacent Council land represent the first phase of this strategic approach. At the time of writing Planning Committee has approved the plans for the new Depot and the retail and residential development on the existing Depot and adjacent Council land. The new Depot would be funded from these land sale receipts, and negotiations continue with the developer to progress this project despite the prevailing market conditions.

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.

4.15 Both the aforementioned Civic Office accommodation project and new Depot development are essentially self-funded schemes which do not draw on our capital funds. The Civic Office project costs have been funded by a combination of EMIEP grant funds and our tenant, the County Council, with the County alternatively granted a rent-free period commensurate with our balance contribution.

4.16 The new Depot development would be funded through the simultaneous sale of our current Depot and land off William Nadin Way, with the developer addressing the cashflow implications. We therefore aim to deliver efficiencies and improved assets without detracting capital funds from projects which benefit direct services.

4.17 The site of the current Civic Offices forms a key part of our second phase, town centre redevelopment plans, and again we will be seeking to re-invest this asset value to achieve our regeneration objectives. The completion of the aforementioned accommodation review established partnership arrangements with the County Council, Northgate and other partners will inform the size and specification for future, replacement accommodation within a Civic and Regional Business Centre.

4.18 With this in mind a working party comprising District and County Council Officers has been formed to update the existing Swadlincote Town Centre Vision and Strategy to ensure it is fit for purpose to cover the next 10-15 years. This group will review the Planning aspirations for the town centre set out in the original 2001 document and will identify opportunities for redeveloping the relevant District and County assets in a way that maximises design quality and delivery of efficient services.

Service Needs

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

4.20 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 Leisure Asset Management meetings and annually during the AMP review. As a consequence the

following property needs have been identified to deliver alignment with service objectives:

Town Centre Car Parking

4.21 There is a clear requirement for additional car parking within Swadlincote due to the intensified use of the Civic Offices and general increase in demand. This demand is, in part, being addressed by the conversion of the former Market Hall premises into 33 covered spaces.

4.22 Whilst the Market Hall has been disused since the market closed in 2006, the Council has retained ownership due to the site's strategic importance to the redevelopment of the town centre. The building structure is generally suitable for car parking purposes, and the conversion will enable this asset to be used in a manner which meets a clear service need whilst retaining the ownership and control necessary for our future redevelopment plans.

4.23 Despite this additional provision further opportunities to provide additional town centre car parking are being investigated in partnership with the County Council and local businesses, and the importance of additional car parking will be recognised within the forthcoming Town Centre Vision and Strategy document.

Cemetery Space

4.24 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.

4.25 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

4.26 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, the Swadlincote urban area and Overseal.

4.27 A 20-year lease has now been completed to Overseal Parish Council for allotment purposes, and other, similar proposals will be progressed as appropriate. In addressing this latent demand 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

4.28 Service Managers have identified that the ongoing disposal of surplus assets is needed having regard to 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,
- Improvement, redevelopment and maintenance of Leisure facilities. During the budget process the Council has allocated capital receipts to leisure projects in Melbourne and Greenbank Leisure Centre, and further sums will be needed to develop other facilities, maintain the premises and provide replacements when their useful life has expired.
- Repairs to Community Assets prior to a transfer to community groups. £50,000 remains from the original £100,000 allocated for works to community buildings in Sutton-on-the-Hill, Melbourne, Walton-on-Trent and Netherseal. A further report recommending how this balance sum should be spent will be presented to Committee in due course. A community group is actively progressing a transfer of Walton Village Hall, whilst identified repairs are required to Netherseal.
- Planned and backlog maintenance of property assets,
- 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

4.29 Following the CSR 10 the Council is increasingly reliant upon the disposal of assets as a source of capital funding.

4.30 Specific surplus assets have been identified to deliver this funding and the progress made to date suggests the Council is well placed to meet this target.

4.31 However the identification of additional surplus assets will maximise future capital funding and encourage additional development and thus possibly further benefit from the New Homes Bonus. The Council's

extensive land and property holdings are therefore continually reviewed with a view to promoting potentially surplus assets.

4.32 Sites which have already been declared surplus – such as land off William Nadin Way – are currently subject to planning applications to identify their maximum development potential and value.

4.33 Other sites with short-term development potential are being appraised to assess the practicality of overcoming development encumbrances. When appropriate these sites will be reported to Committee for consideration.

4.34 Whilst some Council sites have no short-term development potential they may be suitable in the longer-term. These are 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.

Acquisitions

4.35 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.

4.36 The new Depot would involve the acquisition of alternative land and the ongoing review of the specification for the new building. This is being procured with whole life costing in mind and using option appraisal techniques, having undertaken detailed consultations with all relevant stakeholders.

4.37 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 would be funded from value within the overall scheme.

5. FUTURE ASSET MANAGEMENT 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 |
|--|---|
| <p>Sustainable Growth and Opportunity</p> | <ul style="list-style-type: none"> • Encouraging inward investment through the provision of industrial and retail accommodation, and introduction of the Discretionary Grant scheme. • Acquiring land and developing 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. |
| <p>Safe and Secure</p> | <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. |

| | |
|--------------------------|--|
| | <ul style="list-style-type: none"> • 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 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: <ol style="list-style-type: none"> 1. Collating, measuring and benchmarking relevant property data from which informed investment/de-investment decisions can be made, 2. Addressing energy efficiency, 3. Minimising other occupation costs through joint procurement of utility services, Rating appeals, etc, 4. Ensuring space is used efficiently by accommodation review and partnership with other organisations to maximise shared use and rationalisation opportunities, 5. Ensuring capital expenditure delivers value for money by assessment using Whole Life costing and option appraisal techniques. |