

Asset Optimisation Policy

2022-2025

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2. Introduction

Local Authorities across the UK hold large property portfolios (assets made up of buildings and land) which have been acquired, gifted, or inherited over many years.

'Derbyshire covers an area of 255,000 hectares. The county lies in the centre of England, forming the north-west part of the East Midlands Region' (PAMF 2019-2022).

'The primary objective for holding land and property is to enable the delivery of services to the people of Derbyshire and the strategic aim is to have appropriate and cost-effective buildings from which to deliver these services' (PAMF 2019-2022).

'The Council's land and property portfolio comprises over 4469 separately listed assets including homes for older people, day centres, country parks, libraries, adult education centres, schools, children's centres, and civic amenity sites' (PAMF 2019-2022).

It is important for the Derbyshire County Council to focus on how it uses all its resources, including, its land and buildings, to achieve its goals and deliver the priorities set out in the Corporate Plan.

This Asset Optimisation Policy document sets out clear principles and objectives together with the essential policies and actions for the Council's land and property portfolio which are required to ensure the delivery of the Council's estate.

2. Introduction

This policy aligns to the strategic approach and three key areas of activity contained within the Council Plan 2021-25:

Vision Derbyshire

- Collaborating with partners in new and powerful ways, maximising existing resources to collectively address complex challenges and shape future services to deliver better outcomes for local people and places

Enterprising Council

- Transforming the organisation, working as one council, ensuring we are prepared for the future and able to respond to the challenges and opportunities that lie ahead

Thriving Communities

- Supporting greater collaboration with and across our communities to bring about change, ensuring people and places thrive

Asset Optimisation brings the responsibility and accountability for land and property asset management, including all budgets and decisions, centralised within Corporate Property.

This policy aligns with the current and any future updating of the Council Plan.

This Asset Optimisation policy shall be implemented through a two-stage approach which consists of:

1. Tranche One: Administration Buildings, Offices, Adult Care Homes and all of the other assets (excluding Countryside, Parks, Schools, and Highways) as contained in Section 6 Scope of the Asset Optimising Model (Table 1: Asset Optimisation Model centralised Corporate Property managed).
2. Tranche Two: Countryside, Parks, Schools, and Highways as contained in Section 6 Scope of the Asset Optimising Model (Table 1: Asset Optimising Model centralised Corporate Property managed).

3. Asset Optimisation

3.1.1 Asset Optimisation Approach

The way Derbyshire County Council manages its land and property assets is important. The council needs to ensure that its land and buildings are managed as 'corporate' resources, the right stakeholders are involved, and decisions are made in the context of the council's priorities and objectives. Derbyshire County Council has adopted the Asset Optimisation model approach to the management of its land and building portfolio.

This Asset Optimisation Policy links to the Council's Asset Management Strategy (2021 – 2025) and supports the following objectives:

- Ensuring that we have the right buildings in the right place to support excellent and dynamic service delivery
- Creating the right kind of flexible spaces, with appropriate facilities, that are safe and work effectively and efficiently for everyone who uses them
- Being ambitious and enterprising in how we manage our buildings to maximise value for money, income, and savings

- Strengthening partnerships to support co-location, co-delivery of services and more resilient communities
- Responding to the climate change agenda by reducing our carbon footprint
- Underpinning all - Planned and preventative maintenance, asset challenge, performance benchmarking and performance monitoring

This Asset Optimisation model approach takes a more strategic approach to property and asset management across the council, bringing together all of property, facilities management, and commissioning responsibilities into a key Corporate Property function under the council's new functional Asset Optimisation model. This will ultimately enable the development and implementation of an estate that supports Derbyshire County Council's Council Plan and the wider corporate objectives of the Council.

This Asset Optimisation model approach ensures that property shall be centrally managed and maintained as a corporate resource by Corporate Property, with service directorates and maintained schools occupying corporate assets as 'Customers'.

This provides the best mechanism for driving a more strategic approach.

This Asset Optimisation model within the council enables new ways of working across Corporate Property Services and provides:

“A corporate and strategic approach to the management of the council's estate through the centralisation of property budgets and the responsibility for management, involving closer integration of property asset management and facilities management resources, and closer working with service directorates and partners on estate planning – supported by effective governance and decision-making.

A fundamental principle is that all property is treated as a corporate resource such that decisions on the management, maintenance and funding of property assets must be taken in the interests of the council to ensure best value for the taxpayers of Derbyshire.

The overall aim is to enable a more efficient and effective management of property, whilst optimising the estate and aligning it to the future delivery of council services”.

3. Asset Optimisation

Maintenance and statutory obligations are paramount for a compliant property estate, and it is vitally important that Corporate Property look after the Council's assets effectively. The overall arrangement is to ensure that the finite and reducing maintenance resources are prioritised to appropriate buildings, where the money is needed most and, in a way, to enhance the life of Derbyshire County Council's building assets.

The Asset Optimisation Model relies on a robust governance structure in place which provides direction and transparency of the management of the Council's estate as set out below.

Asset Optimisation Principles 3.1.2

This policy establishes some clear principles by which the Council will manage its land and buildings. This will remain in place for the next five years but be reviewed annually to ensure it is still relevant to what the Council is trying to achieve. The principles include:

- To take a corporate approach to all property, land and buildings which involves bringing property together as a central resource managed by Corporate Property and maintained as a Corporate resource with Service Directorates and maintained schools occupying corporate property as "customers" which provides the best mechanism for driving a more strategic approach
- To ensure that Council Services occupy property that is in the right location, fit for purpose, economic to occupy and compliant with statutory and regulatory codes

- To optimise the value of the investment portfolio to provide valuable revenue income to support Council budgets
- To act as a professional service and effective Corporate Property function for the Council estate, managing it in the best interests of the Council and freeing up services to focus on delivery
- To align the Corporate Property Estate with the Council Plan as well as the Derbyshire Climate and Carbon Reduction Manifesto to 'reduce greenhouse gas emissions from the Council's buildings and operations'
- To deliver the objectives through strong relationships with the public and third sector partners and exploiting opportunities to deliver joined up services from shared buildings where possible

3. Asset Optimisation

Asset Optimisation enshrines the Council's strategies to ensure alignment to both service requirements and Council objectives, which includes:

Customer Offering

- The ownership of an asset and the responsibility for its management, maintenance and funding is transferred from service departments to Corporate Property, which is a centralised corporate body, with associated transfer of budget control
- Adopting a greater strategic focus and business partner approach to work closely with service directorates and partners to better understand their space requirements
- Alignment of the council's assets to enable service transformation and new ways of working, to be supporting the council's economic growth priorities and driving income generation through an enhanced investment portfolio

Processes

- Aligns to the end-to-end asset lifecycle with clearly defined accountabilities with responsibilities
- Contains sufficient controls to ensure that the council provides an estate that is healthy and safe, in compliance with statutory obligations and responsibilities

Technology

- Single point of accountability for asset data and systems
- An asset management system that provides a single version of the truth on the Council's estate

Information

- Enable robust data management to support effective strategic decision making across the estate
- Drive improved customer satisfaction through the definition of standards of service with effective performance management against Service Level Agreements and Service Level Standards

Organisation

- Integration of asset management, capital project and facilities management responsibilities and resources into a single business unit
- Increased strategic and project capacity and capability
- Help property / FM functions to be scalable and resilient to change
- Drive value for money in terms of internal resource and third party spend, with improved visibility and control of costs

People

- Retain, upskill and/or recruit the right people with the right skills and capabilities
- Retain a sufficient level of in-house expertise for intelligent supplier and contract management
- Retain a sufficient level of in-house expertise for planning, budgeting, and programme management

3. Asset Optimisation

Governance

- Adoption of the Asset Optimisation model ensures that all property is treated as a corporate resource such that decisions on property assets must be taken in the interests of the council to ensure best value for the taxpayers of Derbyshire
- Corporate capital/asset governance that supports effective decision making on council assets
- Corporate Property operates as a cost centre on an efficient basis with any surplus used to drive improvement in service delivery

Clarity

- Transparent and clearly setting out responsibilities and expectations for all occupiers of council owned properties

This Asset Optimisation Policy is based upon the alignment and requires the correlation of four key inputs:

Data

- Property to strategic level, accurate, reliable, and auditable data creating value and managing risk

Performance

- Interrogate and report data to enable Property to manage, measure and assess asset performance towards sustainable, social, and financial objectives

People

- Attract, develop, and retain a knowledgeable, ambitious, and happy workforce, providing an environment and culture to excel and succeed

Governance

- Effective governance facilitating collaborative decision making to deliver a consistent transparent and accountable property service

3. Asset Optimisation

Asset Optimisation Intelligent Client 3.1.3

The Asset Optimisation model is an 'Intelligent Client' model across Corporate Property with best-in-class supply chains supporting the functional disciplines of Estates Management, Property Maintenance and Improvements, Projects, and Facilities Management.

The Asset Optimisation model approach provides:

- A centralised, consistent, corporate, and strategic approach in the way that the estate is managed
- Consolidation and better planning of property resources
- Elimination of duplications of effort
- Improved efficiency and better management of risks
- Clear and consistent policies and end to end processes for property
- Assurance that the property portfolio is safe and fit for purpose

- Consistently procured property related services
- Comprehensive understanding of the performance of the portfolio and its use to inform the strategic decision making

Corporate Property's responsibility through the Asset Optimisation Model and the Corporate Property Asset Management Strategy 2021-2025 also extends further to the acquisition, development and disposal of land and buildings.

Corporate Property is responsible for asset planning, reviewing, feasibility, and options appraisal accounting for the needs of all service areas, but most importantly, making decisions based on overall corporate priorities.

Corporate Property is responsible for the following activities:

- Design and Project Management
- Statutory Compliance of Buildings
- Delivery of capital projects
- Energy Management

- Carbon Reduction within the property portfolio
- Management and Commissioning of Repairs and Maintenance
- Facilities Management (in relation to cleaning, catering, security, caretaking, and area facilities officers)
- Estates and Valuation Services
- Strategic Asset Management Planning
- Planning and maximising the safe mode of occupation of our buildings in line with the office Accommodation Policy
- Management of the council's Investment Property

4. Occupation of Property

Corporate Property through this Asset Optimisation Policy will ensure that occupiers of property have a clear understanding of the basis of their occupation and the respective responsibilities and obligations on Corporate Property as building owner and the occupier.

Where council owned properties are occupied by third parties, Corporate Property will ensure that there is appropriate occupational documentation in place between the council and the occupier, including leases, licences, or tenancies at will. These documents will clearly set out the terms of occupation and obligations on both Corporate Property and the Customer. Such documents will be prepared by either the Council's conveyancing department or, where appropriate, external legal advisors under the instructions of Corporate Property.

Where a corporate building is occupied by either a council service directorate or a maintained school, it is not appropriate to document the occupation with a lease, licence, or tenancy at will. Nevertheless, it is important and key to success that there is a clear understanding of the responsibilities of both parties in property terms. Accordingly, Corporate Property has prepared the Responsibilities Documents for use with service directorates and maintained schools.

These documents set out the respective requirements of “landlord” and “customer” and can be found in Appendices:

- a) Responsibilities Document – Service Directorates
- b) Responsibilities Document – Maintained Schools

This principle equally applies where council services are delivered from third party buildings. Provided that it is known, Corporate Property will ensure that all such arrangements are appropriately documented to ensure clarity of responsibilities and to ensure the safety and wellbeing of council staff.

5. Scope of the Asset Optimisation Model

The full range of Corporate Property responsibilities applies to the Council's operational buildings. The Responsibilities Document sets out the respective responsibilities and obligations of Corporate Property and the occupier service directorate.

As the way the Council delivers services changes, its assets will also need to change to support the Council as it moves forward.

There is a wide range of assets within the council's current portfolio. It comprises offices, youth and community centres, social care centres, elderly people homes, car parks, leisure facilities, depots, schools, assets leased to community organisations, and some used to generate a commercial income etc.

Schools

Due to the nature of schools funding, budgets for maintenance and statutory compliance are devolved to schools. Accordingly, the responsibility for undertaking this work is also devolved to schools. The detailed implications of this are set out in the Responsibilities Document for Maintained Schools.

Land and Buildings held for Regeneration

The council purchases and owns some land and property to support its strategic regeneration aims for the Council. In such cases, Corporate Property will take responsibility for the management of the property and to work closely with the client service departments in the advisor role to support the strategic activities and the delivery of the strategic purpose of the asset. This arrangement supports economic regeneration towards increasing and centralising the Council's investment portfolio.

Due to the nature of regeneration projects, it is common for the asset to be held in the medium term during the delivery of the project. As part of the acquisition of such assets, the business case and financial modelling should include allowances for revenue holding costs of the asset during the life of the project.

Public Art and Sculpture Installations

Corporate Property shall maintain a schedule for the periodic inspection and maintenance of public art and sculpture installations located on council owned corporate land, including parks and the adopted highway.

Corporate Land Holdings

The responsibility for the maintenance and management of open space and operational land (e.g., parks) is vested in Corporate Property.

Corporate Property will provide advice and support to the responsible service directorate relating to estate management matters, including land encroachments, leasing, and other disposals. Service Level Agreements (SLA's) and Service Level Standards (SLS's) will form the basis of the arrangements between Corporate Property and customers. Buildings located within open spaces and operational land shall be managed by Corporate Property working closely with the service area to ensure the maximisation of the utilisation of the buildings.

Overview of the general types of Land and Buildings

Below is the overview of the general types of Land and Buildings assets which are captured within Corporate Property's Asset Optimisation Model: Table 1 confirms the Asset Optimisation Model centralised approach for the property estate by asset type and their management.

5. Scope of the Asset Optimisation Model

Asset Type TRANCHE 1	Number of Assets	Optimising Assets Corporate Centralised Property (CCP) Centralised Budget Managed			
		CS	ASCH	CST	Place
Academy	119	119			
Administration	35	18	6	11	
Adult Care Day Centre	21		21		
Adult Education Centre	17	17			
Car Park	2			2	
Caravan Park	4			4	
Children's Centre	22	22			
Children's Home	13	13			
Civic Amenity Site	13				13
Community Care (External)	3		3		
Community Centre	12	2	2	8	
Community Living Training Unit	1		1		
Community Supported Living Accommodation	8		8		
Coroner's Office	1			1	
Day Service for People with Learning Difficulties	2		2		
Depot	29			12	17
Dwelling	16		1	7	8
Education Centre	4	4			
Family Support Centre	6	6			
Garages	1			1	
Highways	74				74
Highways (Not Adopted)	31				31
Home for Older People/Community Care Centre	25		25		
Home Maintenance Scheme	1		1		
Industrial Estate	18			18	
Land	90	14	4	45	27
Library	40				40
Mental Health Project	1		1		
Museum/Art Gallery	1			1	
Nursery (External)	5			5	
Outdoor Education	2			2	
Playing Field	12			12	
Rangers Post	2				2

*Table continues

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5. Scope of the Asset Optimisation Model

Asset Type TRANCHE 1	Number of Assets	Optimising Assets Corporate Centralised Property (CCP) Centralised Budget Managed			
		CS	ASCH	CST	Place
Reclaimed Land	40			7	33
Record Office	1			1	
Registrars	9			9	
Res. Home for People with Learning Difficulties	4		4		
Reserved School Site	8	8			
Residential Home for Adults	1		1		
Retail Space	1			1	
School House/Dwelling	6	6			
Shared Service Hub	2			2	
Small Business Centre	6			5	1
Support Centre/PRU	3	3			
Telecommunications Site	1			1	
Workshop	2		2		
Youth Centre	18	18			
Academy	4	4			
Grand Total	737	254	82	155	246

5. Scope of the Asset Optimisation Model

Asset Type TRANCHE 2	Number of Assets	Optimising Assets Corporate Centralised Property (CCP) Centralised Budget Managed			
		CS	ASCH	CST	Place
Academy	34	34			
Car Park	1				1
Country Park	10				10
Infant School	47	47			
Junior School	35	35			
Nature Reserve	6				6
Nursery School	8	8			
Picnic Site	6				6
Primary School	176	176			
Primary School (Foundation)	5	5			
School Field	50	50			
Secondary School	11	11			
Secondary School (Foundation)	2	2			
Special School	7	7			
Telecommunications Site	2			2	
Trail	16				16
Tree/Plantation/Woodland	31				31
Visitor Centre	11				11
Grand Total	458	375	0	2	81

6. Corporate Property Asset Optimisation – Objectives

There are certain actions and behaviours that the Council need to adopt relating to the land and buildings. These are set out under each of the objectives, but not in any order of priority. It is also accepted that there will be occasions where some of these elements may appear to be in conflict. This Asset Optimisation policy will ensure that an appropriate balance is maintained between all these elements as decisions around land and buildings are made. These include:

1. To plan and manage property as a corporate resource for the benefit of the people of Derbyshire.

- To have clear corporate decision-making and challenge process on all property matters
- Property budgets are managed corporately to prioritise key investment needs
- Property is integrated with other resources
- Corporate Property will ensure effective balance between corporate and service priorities

- Corporate Property will work to ensure that property information is accurate, current, and comprehensive
- Capital Projects will be managed efficiently and effectively and prioritised to support the Council's Strategic Priorities
- Forward planning for property will be targeted at the Council's longer-term Programme

2. To provide the right property, fit for purpose, in the right place, to meet current service needs and to plan. Corporate Property will:

- Ensure that property is suitable and sufficient for service and to provide the optimal environment to enable and support blended working
- Ensure that property is flexible and is planned to respond to future need
- Ensure that property is secure, safe to use and fulfilling statutory requirements
- Work with service areas to understand their longer-term requirements, to plan for the future

- Undertake an ongoing asset challenge process to achieve incremental improvement in the portfolio through investment, disposal, and acquisitions
- Work with community organisations to optimise the use of assets where most beneficial and to support the delivery of essential services by the community sector

3. To manage and maintain property effectively, efficiently, and sustainably, together with optimising financial return and commercial opportunities from the rationalisation and disposal of land and buildings. Corporate Property will:

- Ensure property is suitably managed and maintained within budget constraints
- Challenge the current use of assets and identify co-location opportunities, to include partners, resulting in rationalisation and disposal of our land and buildings where appropriate
- Seek efficiencies in occupancy and utilisation and continue to introduce new ways of working

6. Corporate Property Asset Optimisation – Objectives

- Challenge the cost of property activities to drive performance improvement
- Seek to optimise financial return and commercial opportunities
- Ensure that property is as sustainable as possible in design, construction, operation, and maintenance
- Aim to reduce energy and water consumption, and CO2 emissions, using renewable energy where appropriate

4. To use land and buildings to stimulate development and growth, together with supporting local business needs and encouraging new business to the area. Corporate Property will:

- Use key assets to stimulate and support regeneration and inward investment
- Utilise investment for income generation and to create local employment and training opportunities
- Manage our commercial portfolio

5. To promote joint working where it will provide benefit for service delivery and in securing efficiencies. Corporate property will:

- Work with other agencies to promote co-location and joint service delivery to support the integration of health and social care

7. Asset Optimisation Policy – Planned Approach

Asset Optimisation provides a planned approach to the management of Corporate Property.

The key drivers for this policy are set out below:

- Adopting the centralised Corporate Property approach to the management and financial control of all the Councils property estate
 - Rationalisation of the estate to attain operational efficiency and maximising outcomes towards operating efficiently
 - Addressing the essential maintenance needs of our remaining buildings through a formal planned maintenance programme designed to address ongoing maintenance requirement and planned capital investment
 - Complying with statutory regulations - ensuring that actions are taken to ensure that buildings are compliant with statutory obligations in respect of Fire, Legionella and Asbestos
- Optimising income - protecting existing income streams from assets and investing in buildings where additional income can be generated
 - Using less energy - improving energy efficiency in our offices and other buildings and reducing running costs
 - Enabling more efficient and centrally - working more flexibly within our buildings, through promotion of property systems which provides the single version of the truth, agile working, and providing modern fit-for-purpose workplaces
 - One Public Estate – collaborative working with Public Sector providers on strategic planning and management of their land and buildings as a collective resource
 - Serving our customers more efficiently - focusing on what our customers want and need, using better accessible and inclusive facilities

8. Maintaining the Assets

Maintenance and statutory liabilities are a major financial cost to the council, and it is vitally important that Corporate Property look after our assets and ensure that they are fully compliant and safe to use. This Asset Optimising will ensure that the finite and reducing maintenance resources are prioritised to appropriate buildings, where the money is needed most.

Corporate Property will identify estate-wide property priorities by conducting a rolling programme of condition surveys which aims to understand maintenance requirements over a period of 10 years, with aspirations to complete lifecycle condition surveys on selected assets to cover a period of 25 years. This will enable a better-informed decision-making approach and maximise efficiencies by planning over a longer time horizon, instead of reacting to emergencies as they happen. Furthermore, the use of a planned maintenance approach allows the life of building assets to be enhanced through the incremental repair and replacement of building components rather than building replacement.