

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**14 January 2021**

**Report of the Executive Director Commissioning, Communities and  
Policy**

**IMPLEMENTATION AND REBRANDING OF ASSET OPTIMISATION  
THROUGH CORPORATE LANDLORD POLICY**

**(Corporate Services)**

**1. Purpose of the Report**

This report seeks to approve the transition towards a full corporate landlord operating model referred to as Asset Optimisation and approval to appoint a specialist officer to plan and implement the new model.

**2. Information and Analysis**

The Council's asset base comprises circa 4,500 land and property assets spread across the County. The current portfolio is diverse and carries financial risk, however, it offers an opportunity to create value and reduce costs by maximising the full life-cycle of the assets.

Corporate Property 2020 introduced a new operating model refocusing property activity on the asset life cycle. Subsequently activity has focussed on officer recommendations highlighted in the Review of Corporate Property paper dated 28 February 2019:

- Creation of Vertas Derbyshire Limited to deliver cleaning, caretaking and grounds maintenance services
- Creation of Concertus Derbyshire Limited to deliver design services
- Partnership with Public Sector PLC to help the Council to develop surplus assets for use by the Council or sell to the market with added value.

This report focusses on, and is seeking approval to appoint a specialist officer to plan and implement, the following outstanding action from the Corporate Property Review Paper:

Vii The full roll out of the Corporate Landlord Policy.

By implementing the full Corporate Landlord policy Corporate Property will be able to align to the Council's three strategic pillars as follows:

- Vision Derbyshire
  - Be innovative and bold to deliver service differently
- Enterprising Council
  - Change the rules to unleash resource potential
- Thriving Communities
  - Take decisive action to deliver social and economic value from the asset base

### **What is the Corporate Landlord Policy?**

For the Council, the approach to Corporate Landlord is one of asset optimisation.

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

The vision for Corporate Property, whilst draft, is to lead the delivery of efficient, effective and sustainable solutions whilst maximising social and economic returns for our residents. Corporate Property will be benchmarked against broad property market conditions, not limited only to Local Authorities or similar bodies. Corporate Property will remain aligned to the full asset life cycle and maximise value and cost savings at every stage by the implementation of the Asset Optimisation Strategy.

Asset Optimisation enshrines the Council's strategies to ensure alignment to both service requirements and Council objectives. To enable Asset Optimisation to succeed the following inputs are required:

- Data
  - Property to a strategic level accurate, auditable data creating value and managing risk
    - All property and financial data to be stored in a centralised location which can communicate across platforms.
- Performance
  - Interrogate and report data to enable Corporate Property to manage, measure and assess asset performance towards sustainable, social and financial objectives.
    - Data must be able to be interrogated to ensure transparent performance of assets, and the Corporate Property Division as a whole, linked to both leading and lagging indices.

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- People
  - Attract, develop and retain a knowledgeable, ambitious and happy workforce, providing an environment and culture to excel and succeed.
    - There is vast experience within the Corporate Property workforce which will be aligned to maximise economic and social value. A culture of empowerment and entrepreneurialism will be encouraged at all levels of the Directorate.
- Governance
  - Effective governance facilitating collaborative decision making to deliver a consistent, transparent and accountable property service.
    - Accountability and responsibility for the management of all land and building assets to sit with Corporate Property.

A visual representation of Asset Optimisation and how it will work to achieve its aim is set out at Appendix A.

### **The Current Position and Impact on Service Delivery**

As previously stated, Corporate Property has restructured and created delivery partnerships aligning to the asset life cycle. The ownership of assets, the associated data and accountability remains spread across service departments and Corporate Property. As a result, the following constraints and inefficiencies have been identified:

- Service Delivery
  - Service departments managing property matters which detracts from service delivery.
- Governance
  - No consistent approach to the management, branding or development of Council assets
- Transparency
  - No ability to report on performance of assets as data held in multiple unlinked databases across the Council.
- Accountability
  - No ability to performance manage activity on Council assets.
- Quality of Portfolio
  - Working with narrow focus limited by the current asset base i.e. bricks and mortar
- Delays and Duplications
  - No clear accountability across the Council on property matters.

The implementation of the Asset Optimisation strategy will correct these matters as the accountability, decision making and budgets will sit within

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Corporate Property. Service departments will be involved in strategic decisions within the Asset Optimisation model. Liaison with service departments is taking place at multiple levels with the key forum being the Corporate Asset Management Group. The governance of Asset Optimisation will be documented and is key to the successful delivery of the model.

### Current Actions to deliver the Future Estate

There are workstreams and actions required now to deliver the Corporate Property's Asset Optimisation goals for the Council's full asset portfolio as detailed below:

<b>Now</b>	<b>Future of the full property portfolio</b>
Benchmarking and Governance processes established	Exemplary consistent service
Develop and implement energy policy	Zero Carbon Estate
Analyse property data and align assets to service delivery via service asset plans	No inefficient assets
Strengthen links with public sector partners and develop a strategic approach to the public estate as a whole	Excess capacity within the wider public estate removed
All assets to be categorised and individual asset plans created	Consistent strategic decision making at pace
Strategic asset reviews forecasting assets for disposals	Forecasting 25 year portfolio wide revenue savings and capital receipts
Develop and implement whole life cost model	All buildings to have a 25 year plan and budget projections for their holding costs
Identify and unlock development opportunities across the public estate	Innovative property development to benefit the community

## What will success look like?

The successful implementation of Asset Optimisation will benefit the Council as a whole. The successful implementation is dependent on the four key inputs being in place; Data, Performance, People and Governance. Below are the main benefits:

### Corporate Objectives - The Council Plan 2020

- Resilient and Thriving Communities
  - Partnership working and place based service delivery including One Public Estate programme.
- Happy, Safe and Healthy People
  - Statutory compliant and safe use of land and property supporting the Council's environmental objectives.
- A Strong, Diverse and Adaptable Economy
  - Optimum use of the Council's land and property assets, and those of our partners, aligning assets to service delivery, with clear transparent targets for reducing revenue. liabilities and generating capital and revenue income.
  - Visibility of large controllable spend.
- Great Places to Live, Work and Visit
  - Economic growth, development and regeneration visible in all projects
  - Retained ambitious workforce.
- High Quality Public Service
  - Effective Processes to ensure value for money is at the heart of asset management.

### Service Department

- Informed Service Delivery Decisions
  - Ability to focus on core business of efficient and effective service delivery.
  - Consistent property response and service.
- Accountability
  - Clear robust Service Level Agreements and performance requirements of Property colleagues where the boundary between service delivery operational assets and assets of the built environment are clear.
  - Ability to understand true cost of service delivery.
- Efficiency
  - No duplication of resources
  - Consistent and value for money procurement
- Strategic Planning
  - Service continuity.

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- Short, medium and long term asset plans with clear objectives and programming.
  - Fit for purpose assets
- Governance
  - Defined, professional property service with a clear framework and performance management through a customer / service provider relationship.
- Cost Management
  - Focus on service delivery rather than property maintenance / management.
  - Certainty of occupancy costs.

## Corporate Property

- Intelligent Property Decisions
  - Strategic planning across the entire corporate estate maximising cost savings and revenue generation from the asset base.
  - Efficient one stop shop for all property services including a robust maintenance programme and carbon reduction measures.
- Strategic Asset Management
  - Meet short, medium and long term needs of service areas and align to wider strategies.
  - Locality based planning and holistic approach to public assets via One Public Estate. Greater benefits to local communities through strategic intervention.
- Statutory Compliance
  - 100% statutory compliant estate.
  - Risk managed portfolio.
- Accurate Data
  - Accountability for all property matters.
  - Ability to report performance of land and property assets and benchmark to the marketplace.
  - Deliver Key Performance Indicators including both leading and lagging indices.
- People
  - Knowledgeable, collaborative and happy workforce with an ambitious leadership culture to develop and retain staff.
- Agility
  - A resilient, transparent and responsive workplace enabling a mobilised workforce.

Smart, safe, well placed space.

### **3. Financial Considerations**

The Finance and IT Departments will be integral to the delivery of Asset Optimisation. All budgets and the ability to report on asset performance will need to be planned and the transfer managed to a central location. The extent of this process is unknown at the date of drafting this report.

An underspend bid has been submitted to support a specialist role to plan the transformation and understand the impact on key support functions. This work will include an investment case if required.

The specialist will identify the impact of Asset Optimisation on all services across the Council and will prepare a project delivery plan with full costings.

### **4. Legal Considerations**

It is not anticipated that there will be a requirement to transfer any legal ownerships of assets. The Director of Legal Services will be involved in the Asset Optimisation process as a key stakeholder and will provide legal and governance advice to the Director of Property.

### **5. Equality and Diversity Considerations**

The benefits of Asset Optimisation have been highlighted in section 2 of this report. The Corporate Property Division will align to Enterprising Council and the Council Plan. The aim is to create opportunities within Corporate Property for all current workforce and external appointees.

A consistent approach to property decisions will enable strategic delivery of accessibility and inclusion objectives.

### **6. Human Resources Considerations**

All service departments to be considered key stakeholders. The impact on staff is unknown at this point. The role of the specialist will be to assess and weight the impact to all departments across the Council.

### **7. Environmental Considerations**

Asset Optimisation will enable the Council to deliver strategic objectives such as carbon reduction, stewardship and enhancing communities.

### **8. Health Considerations**

Deliver a safe, clean and welcoming asset base for employees and visitors.

## **9. Transport Considerations**

Service delivery assets to be located in the most sustainable and accessible areas.

## **10. Prevention of Crime and Disorder Considerations**

Asset rationalisation will reduce the number of underutilised high-risk assets. This will reduce crime, secure cost savings and also reduce targeted crime specifically against Council assets.

## **11. Social Value Considerations**

As detailed at section 2, Asset Optimisation will align to all of the Council's Council Plan objectives.

## **12. Other Considerations**

Not applicable

## **13. Background Papers**

Review of Corporate Property Division paper 28 February 2019 located in the office of the Director of Property.

## **14. Key Decision** YES

## **15. Call-in**

Is it required that call-in be waived for any decision on this report? **NO**

## **16. Officer Recommendation**

That Cabinet approves:

- 16.1 Implementation of the Asset Optimisation (full Corporate Landlord) Model
- 16.2 Corporate Property to be the sole provider of property and strategic built environment related services.
- 16.3 A review of the current Service Level Agreement between Corporate Property and other divisional departmental areas to re-establish core offerings as an interim process.
- 16.4 The creation of a specialist role to produce a detailed and costed timetable for the implementation of Asset Optimisation.
- 16.5 A review of the impact of Asset Optimisation on resources in Corporate Property, support functions and service areas.



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- 16.6 The research into a centralised data management process / system and approval to transfer the property and performance data to it.
- 16.7 Property data to be consolidated into a single location.

**EMMA ALEXANDER**

Executive Director Commissioning, Communities and Policy

## Appendix A – Asset Optimisation through Corporate Landlord

