



**Regenerating Our City  
Overview and Scrutiny Board.**

**1 December 2015**

Report of the Acting Strategic Director  
for Communities and Place.

# ITEM 8

## **Strategic Asset Management – Update on Property Rationalisation and Disposal Programme**

### **SUMMARY**

- 1.1 On 20 March 2013 Council Cabinet approved the initiation of a Property Rationalisation Programme and subsequently at their meeting in August 2013 approved a five stage approach to the undertaking of strategic asset reviews to support the objectives of the Programme.
- 1.2 Following on from this approval, information was gathered and analysis undertaken on 382 properties. This analysis identified that a more detailed service review need to be undertaken in order to provide a better understanding of how the properties are being used by services and whether there are opportunities to deliver services in different ways, which could lead to a more efficient and effective use of the Council's portfolio
- 1.3 Various service reviews have been carried out resulting in decisions being taken on a variety of Assets. The key ones include:-
  - Closure of the offices at Perth St and the Beaufort Business Centre
  - Relocation of CYP staff to the Kedleston Rd Training Centre leading to the closure of the Eastmead Premises
  - Relocation of Staff from Middleton House and other location to the Royal Oak Building.
  - Direction of Travel established for the improvement and regeneration of the City Centre Markets
  - Cattle and Wholesale Market
  - Relocation of PSU facility resulting in the closure and disposal of premises on Duffield Rd
- 1.4 The process has identified 85 properties for disposal which have been included on the Council's Property Disposal programme The details of the Council's Disposal Programme are set out in Appendix 2
- 1.5 Since March 2013, 22 properties have been disposed of generating

approximately £3.6m in capital receipts.

- 1.6 The service reviews are continuing and are supporting the on-going budget setting process and the delivery of the Council's City Centre Master Plan objectives. This latter objective is being supported by the Council's recently appointed Strategic Property Advisor, Cushman and Wakefield.
- 1.7 The Board is asked to note the progress of the Property Rationalisation and Disposal programme.

#### **RECOMMENDATION**

- 2.1 To note the content of this report.

#### **REASONS FOR RECOMMENDATION**

- 3.1 To provide an update on the Property Rationalisation and Disposal programme.

#### **SUPPORTING INFORMATION**

- 4.1 Property is traditionally the second highest item of expenditure for the Council, this combined with the illiquid nature of property, i.e. the time taken in buying and selling property and undertaking works is such that we need to ensure property is used effectively and efficiently and that those decisions taken in relation to property should support the Council's strategic objectives.
- 4.2 On 20 March 2013 Council Cabinet approved the initiation of a programme of property rationalisation. One of the fundamental aims of the Property Rationalisation programme is to deliver a total saving in the property maintenance budget of £2.181m. This equates to a 50% reduction in the 12/13 building maintenance budget.
- 4.3 The main element of the delivery of a property rationalisation programme is the undertaking of an asset challenge process which seeks to challenge the Council's use of a particular property or asset. The best way to achieve this is through the undertaking of strategic asset reviews.
- 4.4 The Council's property portfolio comprises over 1300 properties. In this instance a property is defined as an area by which a collection of land and buildings are known. This figure does not include the housing stock managed by Derby Homes.

- 4.5 The majority of the Council's portfolio comprises schools, numerous small areas of public open space, rights of way etc. which will need to be subject to review at some time in the future but have not been considered a first priority and have thus not been included in the initial phase of the Property Rationalisation programme. Removing these various holdings reduces the number of assets that under review figure to 382 properties.
- 4.6 At its meeting on 14 August 2013 Cabinet approved a five stage approach to the undertaking of strategic asset reviews. The respective stages are :-
- a) **Information** – Information is gathered on the relevant asset and service requirement
  - b) **Analysis** - The information gathered in the first stage is reviewed and analysed through the use of such techniques as a scoring matrix or balanced scorecard, allowing properties to be ranked accordingly.
  - c) **Options** – Using the results from the analysis stage options are generated and assessed against the objectives and aims of the review. A recommendation is then made as to the preferred option.
  - d) **Decisions** - Approval is obtained to progress with the recommended option.
  - e) **Implementation** – Based on the approved option an implementation plan is agreed and implemented
- 4.7 As part of the first two stages of the review process information on and analysis of the identified 382 assets have been undertaken.
- 4.8 To ensure the analysis stage was carried out in a consistent and transparent manner, an evidence based approach was established through the adaptation of a common set of assessment criteria. The criteria adopted took into account both the physical aspects of the building and how well it was performing in its ability to support service delivery.
- 4.9 In undertaking this work, it became clear that the assets require a more detailed analysis to gain a greater deeper understanding of how the properties are being used by services
- 4.10 To achieve this a programme detailed service reviews were undertaken. These reviews will look at in detail how the property is currently being used; the cost of operating the property; future service delivery models and assessing whether the operation of the property can be undertaken in a different way including whether there is an opportunity to use the building for joint service provision.

- 4.11 The key output from these Service Reviews will be a series of recommendations which will provide a firm, transparent, defensible basis for:-
- Decision making by Cabinet on the disposal and retention of buildings
  - Implementing future models of service delivery in retained buildings
  - Further work needed to implement Cabinet's decisions.
- 4.12 Reviews have been undertaken on various properties resulting in the following decision being taken on a variety of assets..The major ones are:-

Property	Type	Outcome
Perth St Offices	Offices	Staff transferred to the Council House. Site to be developed by the Council for Housing
Beaufort Business Centre	Offices	Staff transferred to the Council House. Site to be sold
Kedleston Rd Training Centre/ Eastmead	Offices/Training Centre	CYP staff to be transferred from a poorly performing property to improved accommodation at Kedleston Rd Training Centre.
Royal Oak House/Middleton House	Offices	Proposal to move Registrars Staff to the Council House. This will allow staff and other organisations to vacate Middleton House, which will then be worked up for disposal in the New Year.
Guildhall Market	Retail Market	Cabinet in June 2015 authorised the development of appropriate proposals for the major restoration of the Market Hall, to support the objectives of the draft City Centre Masterplan and in line with recommendations of the Strategic Options Analysis report. A bid for Heritage Lottery Funding is being worked up.
Eagle Market	Retail Market	Cabinet in June 2015 authorised officers to enter into appropriate discussions and consultation with stakeholders regarding the upgrading and future operation of the Eagle Centre Market in line with the recommendations of the Strategic Options Analysis report
Cattle and Wholesale Market.	Market	Cabinet approved in July 2015 the demolition and disposal of this loss making property. However, before this take place the Council is working with the tenants to give them an opportunity to put forward a viable

		business proposal for the site.
63/63a Duffield Rd	Offices/Pupil Referral Unit	The relocation of the Pupil Referral Unit from these premises to the Southgate Complex allowed these premises to be recently sold.

As a result of the work undertaken as part of the Property Rationalisation process; changes to the use of other assets across the City and the relocation of CYP staff into the Council House 85 properties have been identified for disposal. These properties have been incorporated onto the Council's disposal programme. The details of the Council's Disposal Programme are set out in Appendix 2

Since March 2013, 22 properties have been disposed of generating approximately £3.6m in capital receipts..

4.13 The current status of the disposal programme is detailed below:-

	Number of properties scheduled for sale	Number of properties sold	Properties to be transferred
2015/2016	11	4	4
2016/2017	43	0	0
Future years	16	0	0
Total	70	4	4

4.14 As further properties are identified for disposal as part of the Property Rationalisation project, it is anticipated that there will be some variations in the disposals programme. Properties will be added and the timings of the disposal of certain properties will either brought forward or pushed back depending on market conditions

4.15 In addition to the generation of capital receipts, the disposal of assets has contributed to the delivery of other Council objectives which include:-

- Contributed to reducing the Council's building maintenance liability and supporting the savings target of the Property Rationalisation Programme
- Enabled the regeneration of Roman House for residential use
- Enable the development of Land at Belmore Way, Raynesway for employment use
- Delivery of the Council's housing and regeneration agenda through:-
  - the disposal of sites at Elton Rd and Glossop St to support the OSCAR regeneration scheme
  - The sale to Derby Homes Ltd of the Chesapeake Family Centre for conversion into flats.
  - The transfer to the HRA of site of the former Ashlea Respite Care Home

4.16 The service review process is on-going, however, it is proving to be a complex and time consuming process as it requires input from the service area regarding their future model for service delivery, which in turn is linked to the current budget setting process.

4. The key objectives of the service review programme are now:-

- Identifying property savings to support the property rationalisation programme
- Supporting and informing the Council's on-going budget setting process.
- Assist in the delivery of the Council's City Centre Master Plan objectives. The delivery of this objective is supported by the Council's recently appointed Strategic Property Advisor, Cushman and Wakefield an international firm of Property Consultants..

4.17 The Board are asked to note the progress of the Property Rationalisation and Disposal Programme

<b>OTHER OPTIONS CONSIDERED</b>
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5.1 To make decisions on the future of properties without carrying out a review process which is linked to the Council's strategic objectives, would not provide for a robust, transparent and evidence-based decision making process.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	John Sadler
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	John Sadler 01332 643334John.sadler@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Property Disposal programme

## IMPLICATIONS

### Financial and Value for Money

- 1.1 The corporate approach to the reviewing of all assets will ensure they support corporate objectives and generate maximum financial return, as well as minimise future liabilities particularly for maintenance and running costs.
- 1.2 Any capital receipts generated will be applied in accordance with the corporate capital receipts policy and used for the good of the capital programme.

### Legal

- 2.1 There is the overriding requirement under Section 123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable.

### Personnel

- 3.1 There are no personnel implications arising from this report.

### IT

- 4.1 Where properties due for disposal have IT network links then in order to exit these we may have to pay termination fees on the unexpired voice or data network contracts. The cost of any such early termination will be offset by the income achieved or the reduced operational maintenance and energy costs. The minimum contract length for both voice and data networks is 36 months. The Information Systems Department will liaise with property services on a case by case basis.

### Equalities Impact

- 5.1 The recommendations do not give rise to any equality issues.

### Health and Safety

- 6.1 There are no Health and Safety issues arising directly from this report.

### Environmental Sustainability

- 7.1 The disposal of surplus buildings will allow redundant buildings to be put back into economic use and assist in the regeneration of the surrounding areas.

### **Property and Asset Management**

- 8.1 The relevant Property and Asset Management comments are incorporated into the report.

### **Risk Management**

- 9.1 The approach will reduce the number of buildings and that should lessen the risk.

### **Corporate objectives and priorities for change**

- 10.1 The disposal of surplus property and the subsequent maintenance savings will contribute towards the required Council budget savings



**Appendix 2 Property Disposal Programme**  
**Properties Sold / Completed**

Asset Number	Asset Name / Description	Description	Status	Sale Price	Timescale for disposal					Comments
					2013/14	2014/15	2015/16	2016/17	Future Years	
<b><u>Castleward Properties</u></b>										
00299	1 John Street	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00321	1 Liversage Street	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00384	1 New Street Castleward	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00091	12 Canal Street Unit Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00093	2 Canal Street Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00320	2 Liversage Street	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00089	2 New Street Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project

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00300	3 John Street Castleward	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00147	3 Liversage Street Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00092	4 Canal Street Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00322	4 Liversage Street	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00088	65 Canal Street Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00298	7 John Street Castleward	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00146	Copeland Street Castleward	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00479	Siddals Road Castleward	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00319	Siddals Road Liversage Street	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
00090	Small Business Centre Canal Street	Industrial Unit						x		To be sold to Compendium Living as part of the Castleward Regeneration

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										Project
00554	Traffic Street	Industrial unit						x		To be sold to Compendium Living as part of the Castleward Regeneration Project
<b><u>Properties Scheduled for Disposal</u></b>										
00417	1 Oxford Street	Retail	Option appraisal					x		Options appraisal to consider disposal methods required
00168	63 Duffield Road	Office	Sale agreed				x			Sale agreed at Auction £613k on 22.10.15
00394	63a Duffield Road	PRU	Sale Agreed				x			Sold with No63. See above
00009	Allestree Hall	Listed Building Complex	Option appraisal being undertaken						x	External consultants have been appointed
01025	Barlow Street / Clifton Street Land	Land	Option appraisal					x		Option appraisal to consider disposal methods required
00040	Beaufort Business Centre	CYP Offices	Option appraisal being undertaken					x		Disposal Options being investigated.
00898	Bloom Street Land	Land	Option appraisal					x		Option appraisal to consider disposal methods required
00084	Byron Hotel Car Park	Car park	Option appraisal				x			Options appraisal to consider disposal methods required
00125	Chellaston Public Conveniences High Street	Toilets	Option appraisal					x		Disposal options being investigated
00294	City Road Hygiene Centre Building	Building	Option appraisal						x	Redevelopment options being investigated
00136	City Road Hygiene Centre Yard	Yard	Option appraisal						x	
00301	Duffield Road, Garden Street, Lodge Lane	Land	Option appraisal					x		Land originally acquired to support Connecting Derby
00207	Eastmead, 107 Duffield Road	Offices	To be sold					x		Property to be vacated in 2015

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00185	Forman St	Land							x	Possible sale to adjoining owner
00269	Grazing Land - 31.2 Acres - adjacent to River Derwent at Borrowash	Land						x		Options appraisal to consider disposal methods required
00272	Green Lane, Alvaston, adjacent St John Fisher School	Grazing Land						x		Options appraisal to consider disposal methods required
00286	Havenbault Lane	Land	Negotiations in progress					x		Negotiations have reopened regarding the sale of the site in conjunction with adjoining owners
00038	Land at Barlow Street	Land	Option appraisal						x	Options appraisal to consider disposal methods required
00107	Land at Caxton Street / Coleridge Street	Land	Option appraisal					x		Options appraisal to consider disposal methods required
00143	Land at Coleridge Street	Land	Options appraisal					x		Options appraisal to consider disposal methods required
01086	Land at Curzon Close	Land						x		Options appraisal to consider disposal methods required
01718a	Land at Grange Avenue Site A	Residential development	On hold						x	Awaiting outcome of Education Needs Review
00082	Land at Haslams Lane / Alfreton Road	Land	Option appraisal					x		Options appraisal to consider disposal methods required
00183	Land at Uttoxeter New Road	Land	Option appraisal						x	Options appraisal being undertaken. Site is partially used for car parking
00342	Markeaton Street Depot	Depot and land	Option appraisal being undertaken					x		Options appraisal to consider disposal methods required
00251	Mount Street Garages	Garage	To be sold					x		
00252	Newton's Walk Garages	Garage					x			
00248	Crompton Street Garages	Garage	To be transferred to HRA				x			

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01768	Normanton Lane	Land	On hold					x		Awaiting outcome of Special Education Needs Review
00396	Nottingham Road Public Conveniences	Toilets						x		Auction/Possible demolition
01499	Open Space Raynesway east	Land	Option appraisal						x	Option appraisal to consider disposal methods required
01500	Open Space Raynesway west	Land	Option appraisal						x	Option appraisal to consider disposal methods required
00167	Perth Street Local Office	CYP Offices	To be transferred to HRA				x			Redevelopment of site by Derby City Council for housing purposes being considered
01664	Quaker Way - west side of the road	Land	Option appraisal					x		Land originally acquired to support Connecting Derby
01604	Quaker Way, King Street	Land	Option appraisal					x		Land originally acquired to support Connecting Derby
01509	Ransom strip RayneswayCoras	Land	On hold						x	Awaiting redevelopment of celanese site
00460	Rowditch Barracks	Listed building complex							x	Master plan to be agreed before site is sold
00475	Shaftesbury Centre	Sports centre	Community Asset Transfer in progress					x		Community Asset Transfer in progress
00296	Site of Ivy House School Ivy Square	Land							x	Awaiting outcome of special needs review
00170	Sites of 1049 1051 London Road	Land						x		Options appraisal to consider disposal methods required
00324	St Marys Gate Complex	Office	Option appraisal being undertaken					x		Marketing options being developed
00987	St Marys Gate Land fronting numbers 4-7	Land							x	Sale subject to adjoining site development
00264	Swallowdale Road Site	Land							x	Located outside city boundary. Disposal Option being considered.

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00545	Telephone Exchange, Warwick Avenue	Building	Option Appraisal						x	Options appraisal to consider disposal methods required
00548	The Knoll site 241 Village Street	Land	To be transferred to HRA				x			Redevelopment of site by Derby City Council for housing purposes being considered
00573	Wetherby Centre Gosforth Road	Day Centre						x		The Aspire Unit currently occupying part of this site is relocating to another location.
01021	Winchcombe Way Land	Land	Option appraisal					x		Option appraisal to consider disposal methods required
<b>Properties Sold / Completed</b>										
00425	101 103 Peartree Road	Shop / Office	Sold	£203,000	x					Sold by auction
00327	1064 London Road	Hostel	Sold	£127,000		x				Sold by auction
00268	26 Humbleton Drive	Retail	Sold	£86,500	x					Sold by auction
01582	40 West Ave	House	Sold	£97,500	x					Sold by private treaty
00189	55 Wilson Street and land	House	Sold	£80,000	x					Sold by private treaty
00284	714 / 716 Harvey Road	Shop	Sold	£97,000		x				Sold by private treaty to occupiers
00821	85, 85A, 89, 89A King Street	Retail	Sold	£121,000	x					Sold by auction
00027	Ashlea 53 Coronation Avenue	Respite Care Unit	Transfer	£300,000	x					Transferred to the Housing Revenue Account - site to be redeveloped for housing
01014	Belmore Way, Raynesway	Land	Sold	£480,000			x			
00180	Brook Street, Site of 1 to 5	Land	Sold	£95,000			x			Terms agreed with adjoining owner

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00130	Chesapeake Family Centre	Offices	Terms Agreed	£75,000		x				Sold to Derby Homes Ltd - redevelopment for housing
00959	Elton Road Land	Land	Long lease	£0	x					Leased to Derby Homes Ltd as part of the OSCAR regeneration scheme
00160	Former Stable and Bake House Darley Park	Listed building complex	Long lease granted	£0	x					Regeneration of dilapidated building
00160	Former Stable and Bake House Darley Park	Listed building complex	Long lease granted	£0	x					Regeneration of dilapidated building
00959	Glossop Street Land	Land	Sold	£0	x					Sale to Strata Homes as part of the OSCAR regeneration scheme
01718b	Land at Grange Avenue Site B	Residential development	Long Lease	£0					x	Extra Care Development
00341	Mandela Centre, 179-181 Peartree Road	Day Centre	Leased Out	£0	x					Community Asset Transfer
01492	Parcel Terrace Land	Land	Sold	£43,500		x				Sold by auction
00455	Roman House	Offices	Disposed	£1,200,000			x			Marketed through external agents
00458	Rosehill Business Centre	Managed workspace	Sold	£436,380			x			Joint sale with co-owner of business centre
00485	Sinfin Lane Public Conveniences	Toilets	Sold	£17,250	x					Sold by auction
00546	The Coach House 29 Kedleston Road	Office	Sold	£138,000	x					Sold by auction
00982	Wayzgoose Drive	Land	Leased out	£0	x					Site leased to adjoining owner

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