

**North East Derbyshire District Council**

**Cabinet**

**28 May 2026**

**Property, Estates & Assets – Annual Review 2025/26**

**Report of the Portfolio Holder for Growth and Assets**

Classification: This report is public.

Report By: Assistant Director (Property, Estates & Assets)

Contact Officer: Damien Johnson

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**PURPOSE / SUMMARY**

To summarise the financial and operational performance of Property, Estates and Assets across three core property functions for the period 2025/2026:

- Delivery of Capital Receipts (Year End Position)
- Commercial Property Portfolio (CPP) Annual Review
- Statutory Compliance (Performance following Internal Audit Review)

The purpose of the report is also to provide assurance to Cabinet on the ongoing management of Council property assets and their contribution to the Medium Term Financial Strategy and Council Plan objectives.

This report is for information purposes only.

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**RECOMMENDATIONS**

1. That Cabinet notes the performance and financial position set out in this report across three core property functions for the financial year 2025/26 – those being Capital Receipts, Statutory Compliance and management of the Commercial Property Portfolio.

Approved by the Portfolio Holder – Cllr. J Barry (Growth and Assets)

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**IMPLICATIONS**

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**Finance and Risk:** Yes  No

**Details:**

The delivery of capital receipts every financial year plays an important part in the overall financial position for the Council, the capital income raised from the disposal of surplus assets significantly contributes to the capital programme funding strategy and other financial liabilities.

The Commercial Property Portfolio continues to provide a strong revenue income stream for the Council, the increased total rent-roll now at c.£900k pa. will significantly contribute to the Council's overall financial position. Arrears risk is a continuing concern and needs to be managed effectively to protect the cashflow position. Current commercial market conditions are also a concern which will obviously have an impact on income sustainability.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):**                      **Yes**                       **No**

**Details:**

The Council has statutory obligations regarding property compliance and can face significant penalties for non-compliance. The recent internal audit report gives substantial reassurance that compliance matters across the estates are being managed effectively and in accordance with the relevant legislation.

On Behalf of the Solicitor to the Council

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**Staffing:**      **Yes**                       **No**

**Details:**

There are no staffing implications to consider as a result of this report.

On behalf of the Head of Paid Service

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**DECISION INFORMATION**

<p><b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><b>NEDDC:</b> <b>Revenue - £125,000</b> <input type="checkbox"/> <b>Capital - £310,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	<p>No.</p>
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<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No.
<b>District Wards Significantly Affected</b>	All Wards.
<b>Equality Impact Assessment (EIA) details:</b>	
<b>Stage 1 screening undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 1 to be appended if not required to do a stage 2</li> </ul>	<p>Not applicable for this report, Cabinet approved overarching Strategic Asset Management Plan, subject to Stage 1 EIA, on 15/05/2025.</p> <p>These three core property functions form part of the SAMP and no adverse impacts are identified.</p>
<b>Stage 2 full assessment undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 2 needs to be appended to the report</li> </ul>	No, not applicable.
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Cabinet</b> <input type="checkbox"/> <b>SMT</b> <input checked="" type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input checked="" type="checkbox"/>	Yes.  Details: Deputy HOPS – 18/05/26 Sec.151 Officer – 18/05/26 Mon. Officer – 19/05/26 PH (Growth & Assets) (Informed – 17/05/26)

**Links to Council Plan priorities;**

- **A great place that cares for the environment**
- **A great place to live well**
- **A great place to work**
- **A great place to access good public services**

The three core property functions that are the subject of this report all contribute significantly to the above Council Plan priorities.

**REPORT DETAILS**

**1. Background (reasons for bringing the report)**

1.1 Property, Estates & Assets are a key service area within the Council responsible for the day-to-day management of the Council's assets. That

being the operational estate (held and used for service delivery), investment assets (held for revenue income and Economic Development purposes) and also the effective management of surplus assets (normally brought forward for disposal to generate capital receipts).

- 1.2 It is important that these core property functions are all managed in accordance with the principles laid out in the Strategic Asset Management Plan, whilst also being mindful of how they contribute to the Council Plan priorities.
- 1.3 A summary of the yearly performance of these three core property functions is now detailed below.

## **2. Details of Proposal or Information**

### **2.1 Capital Receipts (Year End Position 2025/26)**

- 2.1.2 Actual disposals completed in year amounted to a figure of £658,550 against an annual service plan target of £1m. However, a number of disposal cases are currently with legal that did not complete before 31<sup>st</sup> March 2026, these will now carry forward to year 2026/27 and amount to a total of £253,850.
- 2.1.3 There are a number of further pipeline disposals for which the appropriate approval has already been obtained (Cabinet/Delegated Decision) and legal have been instructed for completion in 2026/27. These have an indicative disposal value of £2.16m, so it is anticipated that the £1m target will easily be achieved this financial year. The target was achieved in the previous year (2024/25) with total disposals amounting to £1,044,250.
- 2.1.4 Estates have also obtained support from Asset Management Board (AMB) for a number of other disposals to be brought forward which amount to c.£475k. These are a mix of proposed private treaty sales or public auction disposals, and once the appropriate approvals have been obtained, these will also be earmarked for completion in 2026/27.
- 2.1.4 Capital Receipts (Update & Forecasting) is regularly reported on a monthly basis to AMB to track progress towards the £1m annual target. Estates continually bring forward land/property assets for disposal through the Property Review process where they are considered at AMB, current live cases amount to c.£650k.

### **2.2 Commercial Property Portfolio (CPP) – Annual Review 2025/26**

- 2.2.1 The Council holds “investment assets” in the CPP for either income generation/capital appreciation or to support business growth across the district. These assets have for many years generated a significant revenue income stream that supports the Council’s wider financial position and helps fund services, capital projects and they also support the local economy.
- 2.2.2 The CPP is managed by the Property & Estates Team and the Annual Review is reported to AMB at the end of each financial year to continually measure performance of the portfolio. The report covers 4no. key performance areas

which are (1) increase in revenue income, (2) reduction in void units, (3) rental arrears and (4) property management actions.

- 2.2.3 Annual rent roll as at 01.04.25 was £854,049 and the service plan target is to increase this by 5%. At year end, 31.03.26, the rent roll was £896,200 which amounts to an in-year increase of £42,150 (4.94%), which is only marginally short of target by £551. However, it must be noted that this increased amount was achieved whilst taking into account the loss of the rental income from the CAB (amounting to £18,852) who have now been successfully relocated to Clay Cross Active and the income is now credited to Leisure Services, it is no longer captured in the CPP budgets.
- 2.2.4 The void ratio figure across the portfolio, as at 01.04.25, was 19.43% and the service plan target is to reduce this by 5%. At year end, 31.03.26, the void ratio figure had been reduced by 14.72%, well above the annual target.
- 2.2.5 The starting position of rental arrears, at 01.04.25, was £432,259.11 and the service plan target is to reduce this by 5% (so £21,612.96). The final year end position, at 31.03.26, was £348,575.85. This equates to a figure of £83,683.26 which represents a reduction of 19.36% across the estate – well above the annual target.
- 2.2.6 Management of the CPP is a continual process involving a number of differing property actions – in the main seeking to achieve new lettings on vacant/void units, agree lease renewals where expired (or due to expire) and also action & negotiate rent-reviews when dates have been triggered. The service plan target is to achieve a combined number of 40no. of these actions each year. Unfortunately, only 22no. of these actions have been successfully completed for 2025/26. However, the Prop Man team in Estates is 2no. posts one of which has been vacant for 12-months. The vacant post was successfully recruited to in Feb-26, so hopefully the target will be achieved for 2026/27.

## 2.3 Statutory Compliance (Property Function)

- 2.3.1 Property statutory compliance refers to the legal obligations, regulations and safety standards that property owners and managers must adhere to regarding the construction, maintenance and usage of land and buildings. These matters are managed on behalf of NEDDC by the Facilities Management (FM) Team. It is essential for ensuring the safety of occupants, users, and the public, often involving regular inspections and certification of systems.
- 2.3.2 Property compliance covers various aspects of health and safety, particularly: fire safety, electrical safety, gas safety, water safety (legionella), lifts and equipment maintenance and asbestos management. Consequences for non-compliance can lead to severe penalties, including substantial financial fines,

legal action and prosecution, and in extreme cases imprisonment for the parties responsible.

- 2.3.3 The Facilities Management (FM) team were the subject of a recent internal audit (April-26) in relation to their statutory compliance function. The overall assurance rating given was SUBSTANTIAL (the highest audit rating that can be achieved). It is reassuring to know that the FM team have clearly demonstrated to audit that they have robust processes in place for the effective management of legal compliance.
- 2.3.4 Furthermore, the FM team were also the subject of a recent Health & Safety Executive (HSE) spot inspection (March-26) solely focussed on NEDDC's asbestos compliance and our duty to manage under the Control of Asbestos Regulations 2012. The inspection was both a review of our office based systems & protocols and also our on-site management of the legal duties at our operational facilities. The HSE inspection comprised site visits at Eckington Active, Killamarsh Active, Pioneer House and Mill Lane DCO.
- 2.3.5 Upon completion of the inspection the HSE concluded that we have effective processes and procedures in place to manage our legal duty with regards to asbestos. No improvement notice was issued and no fine imposed.

### **3 Reasons for Recommendation**

- 3.1 No specific recommendation is made in relation to this report, other than that the content is noted. The report is for information purposes only.

### **4 Alternative Options and Reasons for Rejection**

- 4.1 No alternative options have been considered – the report is for information purposes only.

## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
Capital Receipts (Year End Position) – AMB 30 <sup>th</sup> April 2026. Commercial Property Portfolio (Annual Review) – AMB 28 <sup>th</sup> May 2026. Internal Audit Report (Facilities Compliance) – 20 <sup>th</sup> April 2026.	