

Asset Management Review

Oxford City Council

Audit 2007-2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Summary report	4
Introduction	4
Background	4
Audit approach	4
Main conclusions	4
Recommendations	6
Detailed report	8
Introduction	8
Background	8
Strategic direction	9
Governance and decision making	11
Performance review	13
Information	14
Implementation	15
Value for money	16
Appendix 1 – Audit Approach	18
Appendix 2 – Land and building assets	19
Appendix 3 – Key lines of enquiry	20
Appendix 4 – Action plan	21

Summary report

Introduction

- 1 This document reports the Audit Commission's findings of a review of Oxford City Council's performance on managing its property assets. It contains an assessment of the Council's current performance on this and makes recommendations for improvement.
- 2 The findings will inform the appointed auditor's value for money opinion on the Council's accounts and the annual use of resources assessment.

Background

- 3 The Council has a significant property portfolio. It is a major landowner in the city and its property has an estimated book value in excess of £790 million, of which £574 million is council housing. Its assets include operational property such as housing, leisure facilities, offices, community centres and public open space. In addition, it has an investment portfolio of commercial property consisting of development land, shops, covered market, public houses and farms. Appendix 2 gives a more detailed list of the types of land and building assets held by the Council.
- 4 The Council's property holdings are significant enough to provide scope for them to be used to shape the future development of the city and have an important influence on the environmental, social and economic well-being of local people.

Audit approach

- 5 This assessment comprised a review of documentation, interviews and a report containing the findings. Appendix 1 provides more detail on the audit approach. Appendix 3 details the key lines of enquiry followed to conduct this review.

Main conclusions

- 6 Generally, the Council's practice on managing its property assets meets the minimum standard expected for an organisation with this size of property portfolio. This is reflected in the Audit Commission's use of resources assessment in 2007 which concluded that the Council is meeting the minimum requirements for asset management (level 2). Consequently, the Council still has considerable scope for improvement to derive even greater benefits and value from its asset base. The Council recognises the gaps in its performance and has these as an improvement priority that it is taking action on. Indeed, many of the recommendations in this report endorse work that the Council already has in-hand.

- 7 The Council is focusing fresh effort and energy to strengthening its arrangements for managing its assets. Most significantly, it now recognises that the strategic management of its property assets is an essential organisational discipline to enable it to deliver value for money and meet business objectives. This new direction extends to exploring the potential for deriving wider community benefits from its assets that go beyond simply delivering its mainstream services from land and buildings.
- 8 The catalyst to this new direction over the last year has been a business drive from the top of the organisation to manage property assets as a corporate resource to help the Council deliver better outcomes, services and value for money. This clear leadership comes from leading councillors and the top management.
- 9 The Council is challenging the need, purpose and contribution its assets make to its aims and to delivering its priority for value for money. It has many property-related initiatives that are in the course of implementation that involve rationalisation and improvement of its assets. For example, a whole service review of leisure services is underway and the future use of land and buildings is a key component of this work. There are medium and long term plans for the Council's office accommodation that link with plans for shared services with the County Council.
- 10 While there is a clear drive to take a strategic approach to managing the asset base, the Council lacks a strong strategic plan to guide and direct its activities on this. Its current asset management plan falls short of providing a strong organisation-wide strategic direction for the management of its property portfolio. The Council recognises this, and is currently working on a new written strategy for its assets to tie together the various corporate initiatives, business needs and property issues into a coordinated long-term plan for the assets.
- 11 The pace of delivery on preparing a clear strategic plan has been hindered by insufficient staff capacity. The Council recognises this gap and has created new posts, and is part way through recruiting for these. In the meantime, it is using consultants to maintain the momentum on its efforts to improve the way it manages its assets.

Recommendations

- 12 In order to address the areas for further improvement identified in the detailed report we recommend that the Council should do the following. Appendix 4 sets out the action the Council planned to take to address these recommendations.

Recommendation

R1 Continue to strengthen its arrangements to assure that the Council's property assets deliver value for money and enhanced community benefits by:

- *providing a corporate challenge to the size, form, mix and distribution of the current asset base through the continuation of its programme of property reviews of assets;*
- *ensuring that the strategic plans for assets fully encompass the aims of the Council, and the long-term business plans of the service departments and those of its partners;*
- *engaging with the County Council and other local service providers on long term strategic asset management;*
- *building capacity to manage the asset base strategically;*
- *involving area committees in strategic asset management;*
- *clarifying its plans for improving the condition of its property assets; and*
- *making investment decisions that encompass the costs, risks and benefits over the whole-life of the asset.*

The expected benefits of this recommendation are:

- the development of a fit for purpose property portfolio that provides value for money; and
- provides better outcomes for the local community.

The implementation of this recommendation will have high impact with medium cost and is a high priority.

Recommendation

R2 Adopt a performance management framework covering the performance of the property assets by:

- *continuing to expand its knowledge about the fitness for purpose and value for money of its assets;*
- *clarifying its accountancy approach on the balance between profit and loss on the commercial estate;*
- *establishing a set of performance indicators that measure the contribution property makes to corporate performance, management practices, cost and efficiency;*
- *setting targets that stretch the Council to improve value for money from its property;*
- *expanding the benchmarking of the performance of the property portfolio against other service providers;*
- *using feedback, compliments and complaints information from occupiers and visitors to buildings to identify improvements;*
- *undertaking regular monitoring and reporting of performance; and*
- *using its scrutiny function to challenge and review the performance of the asset base.*

The expected benefit of this recommendation is:

- to raise the standard of performance of the property portfolio; and
- to allow the Council and others to measure success and assure delivery on its asset management strategy.

The implementation of this recommendation will have medium impact with low costs and medium priority for implementation.

Detailed report

Introduction

- 13** This review and report focuses on the strategic management of the Council's property assets. It does not cover project management or procurement arrangements for maintaining and developing its land and buildings. This review is structured around six fundamental areas that form the basis of a strategic approach to asset management:
- strategic direction on managing assets;
 - governance and decision making structures;
 - performance review;
 - use of information and data;
 - the implementation of asset management plans; and
 - efficient, effective and economic use of property to deliver value for money.
- 14** The findings will inform the appointed auditor's value for money opinion on the Council's accounts and the annual use of resources assessment.

Background

- 15** The Council has a significant property portfolio. It is a major landowner in the City and its property has an estimated book value in excess of £790 million, of which £574 million is council housing. Its assets include property associated with district council tier local government services, such as housing, leisure facilities, offices, community centres and public open space. In addition, the Council has types of asset that are not commonly associated with this tier of local government, which is a legacy from the County Borough form of governance that operated in the City prior to 1974. These other properties include a commercial property portfolio consisting of development land, shops, a covered market, public houses and farms. Appendix 2 gives a more detailed list of the types of land and building assets held by the Council.
- 16** The Council's property holdings are significant enough to provide scope for them to be used to shape the future development of the city and have an important influence on the environmental, social and economic well-being of local people.

Strategic direction

How well do plans for the Council's assets support its delivery of strategic priorities and community needs?

- 17 The Council is focusing fresh effort and energy to strengthening its arrangements for managing its assets. Most significantly, it now recognises that the strategic management of its property assets is an essential organisational discipline to enable it to deliver value for money and meet business objectives. While there is a clear drive to take a strategic approach to managing the asset base, the Council lacks a strong strategic plan to guide and direct its activities on this. The Council recognises this. It is currently working on a new written strategy for its assets to tie together the various corporate initiatives, business needs and property issues into a coordinated long-term plan for the assets.

Areas of strength

- 18 Over the last year the Council has put more emphasis on exploring ways to use its property assets to help it to deliver its organisational and community priorities. For example, the delivery of many parts of the Council's service transformation plan is dependant on asset-based initiatives. It is evident that the Council recognises that the strategic management of its assets as an essential organisational discipline and it is directing more effort to this function. The current stage of the Council's development on this is establishing a strategic direction guide its development of its asset base and creating capacity to deliver this.
- 19 Asset management now commands senior management and councillor attention. They provide a corporate drive to strengthen corporate arrangements to provide an asset base that is fit for purpose and delivers value for money. This drive is founded on a good understanding of the business disciplines needed to support a strategic approach to managing its assets and a self-awareness of the gaps in the Council's own performance on this.
- 20 Leading councillors engage on property matters well, with a strong emphasis on strategic direction. They recognise the strategic importance of the Council's asset base in delivering the Council's aims and are well versed in the opportunity cost of its property. Councillors are proactive in providing strategic direction and are supportive of strengthening the strategic policy framework and capacity to manage assets.
- 21 The Council is alert to the notion that its assets can deliver benefits for the local community that are wider than the mainstream services delivered from its land and buildings. It recognises that, as a major landholder in Oxford, its asset base has a key role in shaping the places where people want to live, work and visit. It is conversant with the national agenda and guidance on managing public assets. For instance, it is starting to consider the transfer of public assets to the third sector in the context of its own assets and is a pilot area for this initiative in a national government sponsored scheme.

- 22 Most importantly, the Council manages its property assets as a corporate resource. This fundamental philosophy underpins its organisation-wide approach to the management of its assets, as opposed to a compartmentalised, departmental and service driven approach.
- 23 The Council has some long-term ambitions for some of its assets. It recognises that some of these do not meet its current needs or are not fit for future demands and modes of service delivery. This is reflected in specific ambitions to improve its office accommodation, leisure facilities and community centres.

Areas for development

- 24 While the Council's written plan for its assets provides a policy framework for the asset base, it falls short of providing a strong organisation-wide strategic direction for the management of its property portfolio. The current asset management plan, dated 2006, does not reflect some of the work the Council is now doing on its assets or tie-in with current corporate business planning initiatives, such as the service transformation project. The current asset plan focuses on internal systems, procedures and responsibilities. There is little evidence that this asset management plan is a key component of the Council's wider business planning or drives its work on its assets.
- 25 Similarly, while the asset management plan makes a link between corporate priorities and the Council's aspirations to manage the asset base to help it to deliver these aims, it is not clear what actions the Council will take to achieve this. For example, the plan does not identify how the Council will adapt its approach to asset management to maximise contributions towards its corporate priorities for the environment, climate, inequalities and value for money.
- 26 The integration of the Council's own plans for its assets with the plans of other local service providers is emerging, but is not yet fully embedded across its asset base. There is some encouraging joint strategic planning about assets with the County Council on office accommodation, and good links to business ambitions for developing shared services. There is also joint working on some leisure facilities projects. These individual project based initiatives are commendable and provide a foundation for taking long term strategic asset planning across public service providers, including the third sector, in Oxford. Developing closer working with partners on long term planning for assets would open up opportunities for gaining better value for money, enhanced customer access to services and the potential to gain wider community outcomes.
- 27 Similarly, the views of users and non-users of the Council's buildings do not feature strongly in its plans for its assets. Feedback from visitors to the Council's services about the accessibility and quality of the buildings does not directly inform strategic asset management planning. Most importantly, the views of people generally from across the communities the Council serves do not inform strategic asset management planning.

- 28 Although leading councillors are engaged in asset management planning it is less evident that other councillors have appropriate opportunities to contribute their views and represent those of local communities. One way of doing this is to provide more opportunities for area committees to engage in strategic asset management. This is important because of the risks of conflicts of interests between the Council's over-all strategic direction for its asset base and those of the various communities in a local area. An example of this is the recent proposals for a business improvement district that the Council has put forward with its partners, which has not attracted the full support of the business community. More engagement through local councillors and the communities they represent will help the Council to make balanced decisions and engage local communities in their local public services.
- 29 The Council recognises the limitations in its current asset management plan and is currently formulating a new asset strategy. Its intention is to provide a stronger strategic direction that reflects corporate and service ambitions and priorities. It has made a sound start on this.

Governance and decision making

How clear are roles and responsibilities for assets?

- 30 The management of the Council's asset base as a corporate resource is firmly embedded as a fundamental principle across the organisation. It has a governance structure that supports this, and the evidence of it working is the close liaison on asset management across the Council. The limiting factor on the effectiveness and pace of work on this has been hindered by insufficient staff capacity. The Council recognises this gap and has created new posts, and is part way through the recruitment for these. In the meantime, it is using consultants to maintain the momentum on its efforts to improve the way it manages its assets.

Areas of strength

- 31 Responsibilities for assets are clearly designated to functions and roles within the organisation and follow the policy for managing the property assets as a corporate resource. The Council has a designated corporate property officer and a team of staff with specific responsibility for strategic asset management activities.
- 32 The different departments across the Council work well together on asset management. This is helped by the organisation structure that puts complementary services together under one directorate. The effectiveness of this cross-organisation working is demonstrated by the successes it has had on providing affordable housing where strategic planning, housing and property staff work together to realise opportunities to use the Council's own land to provide housing.

- 33 There is a corporate asset management group that provides direction to the Council on property related strategies. This group has recently been re-established and staff feel optimistic that it will provide greater authority and status to strategic asset management. A recently appointed executive director has strategic responsibility for developing the Council's asset base. This is helping to provide the Council with fresh approaches based on previous experience on regeneration of the built environment in other places.
- 34 The Council has clear processes to prioritise its capital spending on property assets according to relative needs and maximum benefit against its corporate priorities. Although the system is in place, its practical application is rarely tested because the Council's capital programme contains few asset-based projects.
- 35 The Council is engaged in reviews that are likely to lead to difficult decisions on implementing its asset management plans that might lead to reductions in services or disposals of assets, but only where the business case supports it. The robustness of its decision-making will be tested in the near future by some major decisions that are likely to follow reviews of its leisure facilities and community centres. The Council's cross-party consensus building approach and business focus to decision making stands it in good stead to make well founded and robust decisions based on exploration of options supported by good data about the quality, costs, needs and demand for the services.
- 36 The Council has arrangements to help ensure that it meets its corporate governance role for property. It provides specialist support to local service managers to help them fulfil their stewardship responsibilities for providing safe and secure buildings that meet statutory standards, for example, gas safety and the control of hazardous materials such as building components containing asbestos.

Areas for development

- 37 The Council has suffered some recent setbacks in building its capacity to support the delivery of its progressively ambitious ambitions for its property portfolio. A recent recruitment exercise was unsuccessful in filling the head of service post for the property service. In addition, the member of staff working on developing a new asset strategy is leaving imminently. The Council has been quick to respond to these difficulties by appointing consultants on an interim basis.
- 38 There is scope for the Council to put more emphasis on life cycle costs in its decision making on its assets. It does not routinely appraise the cost benefits over the whole life of an asset when making decisions that will have a long-term consequence, as many initiatives on assets will have. This not only relates to initial cost versus life cycle financial costs but also to the social, environmental and economic benefits and risks including the impact its decisions have on local communities.

Performance review

Does the organisation challenge its use of assets and drive performance improvements?

- 39 The Council challenges the need, purpose and contribution its assets make to its aims and to delivering its priority for value for money. It has many property-related initiatives that are in the course of implementation which involve rationalisation and improvement of its assets. However, there is scope to make greater use of the Council's scrutiny function in this work.

Areas of strength

- 40 Challenging the performance, benefits and rationale for holding property is a key feature in much of the Council's work in this area. This ranges from a programme of asset reviews by service function, such as for leisure facilities to fundamental challenges to the rationale for retaining some types of asset, such as the farms estate. More recently, an external consultant has been appointed to explore the options for deriving greater value and benefits from its commercial estate.
- 41 The Council learns from other organisations on asset management practices that might help it make improvements to its own arrangements. It subscribes to a national knowledge sharing network for public sector property, and staff periodically attend workshops and seminars on asset related topics. It is alert to best practice guidance in public sector asset management. There is some scope to extend these efforts to find and learn from other organisations involved in similar asset initiatives to its own, such as from other councils with a large investment portfolio consisting of commercial property.
- 42 The Council is using its performance management framework to focus its specialist property staff onto driving continuous improvement in its asset management. Staff receive annual appraisals and periodic performance reviews against the tasks and targets allocated to them.

Areas for development

- 43 The Council's track record on using its scrutiny function to challenge performance and to help drive improvement in the asset base is limited. Its activity in this area is not commensurate with the risks and opportunities that its large and diverse asset base provides to the organisation. The Council is currently revising its scrutiny function to improve its focus, and is using the new arrangements to encompass the strategic management of the asset base and in particular in developing its new asset strategy.

Information

Does the organisation base its strategies and decisions on good information on its assets?

- 44 There are some gaps in the Council's knowledge about the performance of its property assets. There is scope to expand its knowledge in this area to provide a better strategic overview and a management tool to help it to track the performance of the asset base over time and against other similar organisations.

Areas of strength

- 45 The Council generally has some good information about its property assets to support the Council's decisions on investment and priorities. It maintains an up to date asset register of all of its buildings. For most properties, it has data on the condition of its buildings. Much of the data the Council has about its buildings is collected using structured surveys of the buildings to assess condition, hazardous materials, and ease of access. Digital maps provide a graphical platform for data making it easy to cross-reference data to a location. Where property is subject to a fundamental review, such as leisure buildings and offices, the Council collates more detailed data about the suitability and capacity of the buildings to meet service requirements.

Areas for development

- 46 While the Council collects some information about the performance of its property assets, there is scope to expand its knowledge in this area to provide a better strategic over-view and management tool. Intelligence on the performance of its property assets, such as on its utilisation, efficiency and user satisfaction, are not routinely used as a performance management tool. The Council is starting to collect this information as part of its geographical property reviews of all of its stock but there are still some gaps in its knowledge about the performance of the rest of its property portfolio.
- 47 Although the Council subscribes to a national benchmarking club for asset management services this is providing limited help in driving performance improvement. It knows how various measures compare with others but the underlying analysis about what the comparisons mean, and its use to drive performance is under-developed. The exception to this is the monitoring of energy and water consumption and carbon dioxide emissions which are closely monitored, regularly reported and the information used to drive improvement.

Implementation

How well does the organisation fulfil its standards and plans for its assets?

- 48 The Council's achievements in implementing its plans for its assets are mixed. It is delivering continuous improvement in providing accessible buildings that are safe and use energy efficiently. There are also positive signs that difficult negotiations will soon be concluded, which will allow the Council to improve its office accommodation. However, affordability has prevented it from delivering its plans to improve the condition of its non-housing buildings.

Areas of strength

- 49 Although the Council reports a high level of repair work required to its property, incidents of building component failures that result in interruptions to service delivery are infrequent. There are very few incidents of building closures, complaints or accidents resulting from defective premises. Where they do occur they are dealt with promptly to minimise disruption to service delivery.
- 50 The Council is making good progress on providing disabled access to its public buildings. Where practical, it has removed nearly all physical barriers to its buildings for public access by people with a disability. Where public buildings do not have full disabled access the Council can justify the reasons on the grounds that it is impractical to alter the buildings. In these cases, it adapts its service delivery to provide all service users with fair access despite the physical barriers in the building. An example of this is an accessible video screen at the base of the Carfax Tower showing the view over the city from a viewing platform that is only accessible by a narrow stairway.
- 51 The Council's corporate priority for climate change is evident in its efforts to reduce carbon emissions from its use of buildings. Reducing carbon emissions for the Council's buildings is a key component of its target to cut carbon emissions from the organisation's own business activities by 25 per cent by 2010/11. It collects data on energy and water consumption for all of its service property and uses this information to target building improvements aimed at making reductions at properties with the highest levels of consumption. It has an annual invest to save programme of energy conservation schemes, and savings in revenue costs are recycled into further improvements. Two 'power-down' weekends reduced energy consumption in five buildings by 8 per cent. The Council buys its energy from suppliers that provide energy from sustainable sources even if this is the not the cheapest tariff.
- 52 There are recent signs that the Council's plans to provide fit for purpose office accommodation are developing momentum. To an extent, the Council's ability to act on this is hampered by difficult lease negotiations and its longer-term ambitions for shared services with the County Council. The lease negotiations are now at an advanced stage and when concluded will open up opportunities to not only provide better offices but also to provide efficient work places that support flexible employment practices and new technology.

Areas for development

- 53 The Council has a maintenance strategy for its assets and this identifies the problems, promotes the need to invest more money in repairs and to reduce demand for maintenance by replacing poor quality buildings. However, its three-year forward plan to invest more has been reduced because of budgetary pressure. It is not clear when the £9 million of backlog of repairs to its non-housing stock will reduce to a manageable level, or how the Council and other stakeholders can monitor performance against measurable actions, standards and targets. This is in stark contrast to its clear plans to deliver the decent homes standard for its housing stock. The lack of commitment and clarity in the Council about how to improve the condition of its non-housing stock does not provide certainty for improvement.

Value for money

Is VFM being delivered from the asset base?

- 54 The Council places a strong emphasis on deriving better value for money from its asset base and many of the initiatives mentioned earlier in this report and below reflect this. For instance, value for money considerations are key features of its property reviews of the commercial estate, office accommodation and leisure buildings. However, the Council is not fully evaluating opportunities to maximise value for money over the life of its assets by using life-cycle costing techniques.

Areas of strength

- 55 The Council recognises that its asset base is a key vehicle for it to deliver efficiency savings from its property and to create capital and revenue income. In the past, it has used the disposal of its assets to balance immediate budgetary pressures and has done this in an ad-hoc reactive manner. It is now starting to take a strategic long-term view of its acquisition and disposal transactions on assets.
- 56 The Council manages its investment portfolio on a commercial basis with the aim of maximising rental income from commercial tenants. The commercial estate generates an income of circa £6 million for the Council. It is active in managing lease agreements and acts promptly to re-let vacancies to ensure that it receives the maximum income from its tenancies.
- 57 It is quick to dispose of property it no longer needs to generate income and reduce costs. It keeps a register of surplus accommodation and there is a programme of planned property disposals with stretching targets to realise capital receipts.

Areas for development

- 58 While the Council adopts a business approach to help it get optimum value from the money it spends on its asset base this does not go as far as encompassing whole-life costing and appraisal techniques.
- 59 The lack of a clear separation of spending on the repairs and maintenance of commercial estate from other general fund spending makes it difficult to see how the estate is performing as a profit loss account. It also creates an unnecessary risk that investment to improve accommodation to create higher income might be unaffordable because of other service property priorities in the general fund. This is in contrast to the accountancy arrangements for the Council's housing revenue account, where there is a clear separation from general fund spending on property.

Appendix 1 – Audit Approach

This project comprised:

- an initial set-up meeting with the Council to agree the scope of this review project and the arrangements for conducting the work;
- a review of relevant documentation provided by the Council;
- a site visit to the Council's offices to conduct interviews of:
 - staff, managers and councillors engaged in and over-seeing the policy development and strategic management of the Council's property assets (operational and non operational);
 - specialist/professional property staff engaged in implementing some of the key initiatives arising from its asset plans (for example, property review, office rationalisation, sustainable buildings, non-operational property portfolio);
 - managers and staff in service departments engaged in service/business planning that involves land and buildings; and
 - manager with responsibility for capital investment in land and buildings;
- a presentation of the findings of the review to the Council in the form of a draft report for comment;
- discussion and agreement of a prioritised action plan; and
- a final report.

Appendix 2 – Land and building assets¹

Operational Properties (number)

Council Dwellings	7967
Other Dwellings	42
Hostels and Other Housing	94
Sport and Leisure Complexes	41
Car Parks	19
Depots and Workshops	13
Offices	9
Community Centres	21
Public Toilets	22
Allotments	34
Historic Buildings	3
Monuments and Memorials	2
Miscellaneous Open Space	101
Cemeteries	4
Park and Open Spaces	115

Investment Properties (number)

Agricultural Property	29	
Industrial Property	14	
Sports and Leisure Property	3	
Mixed Use	22	
Offices	14	
Public Houses	12	
Restaurants and Cafes	10	
Shopping Centres	3	
Shops	53	
Theatres and Cinemas	2	
Land Awaiting Development	16	
Car Parks	6 and Miscellaneous	65

¹ Oxford City Council Statement of Accounts 2006/07

Appendix 3 – Key lines of enquiry

1. Strategic direction: How well do plans for the assets support the delivery of strategic priorities and community needs?

- 1.1 There is strong leadership for asset management.
- 1.2 There is a clear long term strategy and plan for the asset base.
- 1.3 Asset management planning is integral to wider organisational business planning.

2. Governance and decision-making: How clear are roles and responsibilities for assets?

- 2.1 The organisational structure facilitates effective governance and decision making on its assets.
- 2.2 The organisation makes robust decisions on its asset based initiatives.

3. Performance review: Does the organisation challenge its use of assets and drive performance improvements?

- 3.1 The organisation reviews and challenges the business justification for holding assets.
- 3.2 The organisation is driving improvements in performance from its assets.

4. Information: Does the organisation base its strategies and decisions on good information on its assets?

- 4.1 The organisation uses good quality data on its assets.

5. Implementation: How well does the organisation fulfil its standards and plans for its assets?

- 5.1 The organisation's asset estate is generally fit for purpose.
- 5.2 Users are satisfied with the assets.
- 5.3 The organisation is delivering its strategies and plans for assets.

6. Value for money: Is VFM being delivered from the asset base?

- 6.1 Investment in assets is targeted to optimum effect.
- 6.2 There is a drive to make efficiency gains from assets.

Appendix 4 – Action plan

Audit Commission's recommendations	Priority Low Med High	Council's allocated responsibility	Council agree?	Council response	Council's target date
The Council should continue to strengthen its arrangements to assure that the Council's property assets deliver value for money and enhanced community benefits					
R1 Provide a corporate challenge to the size, form, mix and distribution of the current asset base through the continuation of its programme of property reviews of assets.	H	Steve Sprason Keith Jones	Yes	The development of the strategic Asset Management Plan (see R2) will include for high level challenge of the portfolio together with two pilot area based reviews. The intention is to establish a rolling programme of area based reviews on a prioritised basis. At the same time the Council is embarking on a strategic review of its markets.	Commence market review September 2008. Complete area pilot reviews December 2008. Establish rolling programme April 2009.
R2 Ensure that the strategic plans for assets fully encompass the aims of the Council, and the long-term business plans of the service departments and those of its partners.	H	Steve Sprason Keith Jones	Yes	Work on developing the Strategic Plan for Property and the preparation of a new Asset Management Plan has already commenced. This will fully encompass these requirements.	First draft December 2008. Adopted February 2009.
R3 Engage with the County Council and other local service providers on long term strategic asset management.	M	Steve Sprason Keith Jones	Yes	It is proposed that the work as set out in R1 and R2 above will encompass a mapping of other public sector ownerships in the Oxford City Council administrative boundaries. It would be hoped to incrementally embrace those other public sector providers in the Strategic Asset Management agenda.	Initial engagement September 2008. Complete mapping exercise December 2008.

22 Asset Management Review | Appendix 4 – Action plan

Audit Commission's recommendations	Priority Low Med High	Council's allocated responsibility	Council agree?	Council response	Council's target date
R4 Build capacity to manage the asset base strategically.	H	Steve Sprason	Yes	The Council has already determined to create a corporate Property and Facilities Management function. Initially this will draw together property and asset management activities, repairs and maintenance, surveying and engineering activities and certain Facilities Management functions including Cleaning and Caretaking. Phase 2 will encompass a broader review of property and construction related activities within the Authority including proposals to develop Strategic Asset Management capacity.	Phase 1 September 2008. Phase 2 December 2008.
R5 Involve area committees in strategic asset management.	M	Steve Sprason Mel Barrett	Yes	Area Committees already have delegated to them responsibility for the strategic management of Community Centres, Parks, etc. Processes will be put in place to engage with Area Committees in relation to the Council's wider portfolios and in the development of property related policies and procedures.	December 2008
R6 Clarify plans for improving the condition of the property assets.	M	Steve Sprason John Bellenger	Yes	The confirmation of the Strategic Asset Management Plan will bring greater clarity to short, medium and long-term investment and disinvestment decisions.	June 2009
R7 Make investment decisions that encompass the costs, risks and benefits over the whole-life of the asset.	M	Strategy and Resources Board	Yes		June 2009

Audit Commission's recommendations	Priority Low Med High	Council's allocated responsibility	Council agree?	Council response	Council's target date
The Council should adopt a performance management framework covering the performance of the property assets					
R8 Continue to expand its knowledge about the fitness for purpose and value for money of its assets.	M	Steve Sprason	Yes	Proposals are being developed to migrate to the CAPS Uniform property management system that will greatly assist in drawing together existing disparate sources of property data. Suitability surveys will be commissioned and property considerations will be integrated into service planning.	June 2009
R9 Clarify its accountancy approach on the balance between profit and loss on the commercial estate.	M	Steve Sprason Sara Woodruff	Yes	A 'profit centre' approach will be established in respect of discrete property portfolios eg City Centre Retail, Agricultural etc so as to be able to allocate expenditure, including costs of management against income.	April 2009
R10 Establish a set of performance indicators that measure the contribution property makes to corporate performance, management practices, cost and efficiency.	M	Steve Sprason Keith Jones	Yes	The strategic work referred to in R2 above will include high level proposals for the future performance management of the Council's property portfolio. We will immediately be looking to develop key corporate indicators in relation to capital receipts, revenue income etc that will be reported on a regular basis to the Corporate Performance Board.	High level indicators December 2008
R11 Set targets that stretch the Council to improve value for money from its property.	M	Steve Sprason	Yes	These will be developed in conjunction with R10.	December 2008

24 Asset Management Review | Appendix 4 – Action plan

Audit Commission's recommendations	Priority Low Med High	Council's allocated responsibility	Council agree?	Council response	Council's target date
R12 Expand the benchmarking of the performance of the property portfolio against other service providers.	M	Steve Sprason	Yes	The Council has joined the IPF Asset Management Planning Network and will look to develop benchmarking activities through that forum. Additionally, an intention to subscribe to ACES (The Association of Chief Estate Surveyors and Property Managers in the Public Sector) with a view to identifying local networking and benchmarking activities.	June 2009
R13 Use feedback, compliments and complaints information from occupiers and visitors to buildings to identify improvements.	M	Steve Sprason	Yes	We will look to develop formal consultation process with internal customers and occupiers of our buildings as part of the delivery of property services, business planning activities and service Asset Management planning. This will inform investment and management decisions.	April 2009
R14 Undertake regular monitoring and reporting of performance.	M	Steve Sprason	Yes	In addition to the high level reporting to Corporate Performance Board referred to above we will look to develop regular performance reporting to City Executive Board and senior management.	June 2009
R15 Use the scrutiny function to challenge and review the performance of the asset base.	M	Steve Sprason	Yes	We will look to build scrutiny challenge into both strategy development and property challenge/review.	April 2009