

Law and Governance

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To Members of the Value and
Performance Scrutiny Committee

22 February 2012

Our ref:

Your ref:

Dear Councillor

VALUE AND PERFORMANCE SCRUTINY COMMITTEE - TUESDAY 28 FEBRUARY 2012

I attach the following report which was not available when the main agenda was dispatched.
Please bring this document to the meeting

Agenda No Item

6. **Draft Asset Management Plan (Pages 1 - 66)**

Yours sincerely

Alec Dubberley, Democratic Services Officer
Encs



INVESTORS
IN PEOPLE



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DRAFT

To: Single Member Decision
Date: 8 March 2012
Report of: Head of Corporate Assets
Title of Report: Consultation Draft - Asset Management Plan 2011-14

Summary and Recommendations

Purpose of report: To obtain approval by Single Member Decision to the release of the Consultation Draft of the Asset Management Plan 2011-14.

Key decision: Yes

Executive lead member: Councillor Ed Turner

Report approved by: TBC

Finance: TBC

Legal: TBC

Policy Framework: Linked to all Corporate Priorities

Recommendation(s): The Member is asked to:

1. Approve the release of the Consultation Draft of the Asset Management Plan 2011-14.

Asset Management Plan 2011-14 – Consultation Draft

- 1.1 The new Asset Management Plan (AMP), when approved will supersede the existing plan, which was approved by the Council in January 2010.
- 1.2 The main purpose of this plan is to set out the Council's objectives, priorities, programme and performance for its land and buildings. It also:
 - provides a clear statement of policy direction for stakeholders;
 - identifies to the public the way the Council will manage its land and buildings in the short and medium term.
- 1.3 Following approval of the Consultation Draft of the AMP, this document will be released for extensive consultation internally with Executive Officers and fellow Heads of Service. This will be followed up by external consultation to selected external partners including the County Council, PCT, Police, NHS Trusts, Voluntary/Third Sector and the Housing Developers Forum.
- 1.4 The working draft of the AMP 2011-14 has been examined by Value and Performance Scrutiny Committee (VAPSC) who will be further examining the Consultation Draft when released.
- 1.5 It is proposed that a period of 2 months is allocated for consultation, following which a final draft will be submitted to CEB for approval before being submitted to Full Council for adoption.

Legal implications

- 2.1 There are no direct legal implications arising out of this report at the present time.

Financial Implications;

- 3.1 The Financial Implications of the Asset Management Plan have been included in the Councils Capital Programme and Housing Business Plan. For next financial year , 2012/13 the capital programme is in the order of £25million and for future years, this will rise substantially to include new build housing, financed from HRA revenue resources released from the new Self Financing regime.

Environmental implications

- 4.1 The AMP reiterates the Council's policies on environmental matters and relates them specifically to property.

Equalities impact

- 5.1 Each project in the action plan of the AMP will specifically address equality issues. Consideration of the need for Impact Assessment will be made at the appropriate time.
- 5.2 The AMP has policy guidelines on equalities generally as far as they impact on property.
- 5.3 The AMP will have regard to the Localism Bill when this is passed and specifically the provisions for community interest.

Risks

10. Not having an up to date AMP will impact on the Council's ability to effectively manage its property assets as a Corporate Resources
11. A detailed Risk Register has now been incorporated within the AMP which is appended to this report.

Appendices;

1. Asset Management Plan 2011-14
2. Appendices

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Asset Management Plan 2011-2014

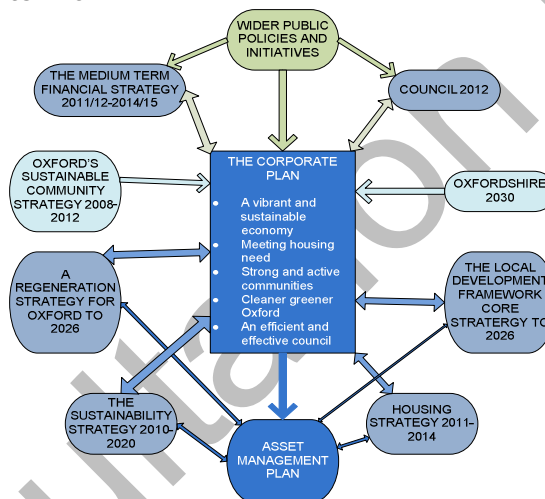
1. INTRODUCTION

This is the Council's Asset Management Plan (AMP) which supersedes the previous version, which was adopted by the Council in January 2010.

The Plan covers all the Council's interests in land and buildings, and unlike previous versions, it includes the Housing Revenue Account (HRA) properties (Council social housing and related land and buildings) as well as General Fund (GF) properties (all other Council land and buildings). The main purpose of this plan is to set out the Council's objectives, priorities, programme and performance for its land and buildings. It also:

- provides a clear statement of direction for other external stakeholders;
- identifies to the public the way the Council will deal with its land and buildings in the short and medium term.

The AMP is one of the Council's principal policy and performance documents which support the delivery of the Corporate Plan.



The AMP is arranged as follows:

Section 2 - Portfolio Objectives and Portfolio Overview: defines the Council's strategic objectives for property asset ownership and management

Section 3 - Performance Objectives: defines quantitative and qualitative measures and targets to specify when these objectives are met.

Section 4 - Asset Strategy: defines the strategy, policy and future actions on individual asset classes.

Section 5 - Organisational and Governance: this is effectively "how" we are going to deliver the strategy.

Section 6 - Capital Programme: provides financial information on the allocation of capital across the Council within the four year time horizon of the AMP.

Section 7 - Planned Maintenance Programme: provides detail on the rationale and proposals for investment in the assets to improve their performance.

Appendices

Appendix 1: Performance Measurement General Fund and HRA: this will be updated annually and will report performance of the property portfolio and management thereof.

Appendix 2: Action Plan 2011/12: this will also be updated annually and will take account of changes to strategic priorities, or measures required to improve the performance of the portfolio, within the AMP period between 2011-2014.

Appendix 3: Asset Management Protocols: this will effectively be a series of procedure notes or policies as to how the portfolio will be managed. Any amendments to operating procedures will be made in this document as they occur within the AMP period.

Appendix 4: Risk Register: this will highlight risk, specify mitigation and risk control. This will also be updated annually in line with all Appendices.

“What we said we would do?”

The existing 2009 AMP set out a number of key actions and milestones projecting forward from 2009 – 2014. Our progress against these goals may be viewed below:

Target milestones set 2009 AMP	Progress against target at Dec 2011
By the end of 2009/10	
To have reduced our occupied office accommodation floor space by 10% from 2008/09 levels	<i>Vacation and demolition of Northway offices produced 12% savings in office accommodation by Dec 2009.</i>
To have maintained income from investment properties at 2008/9 levels.	<i>The income from Investment Properties in 2008/09 was £6.18m. Stripping out the effects of IFRS accounting (and changes associated with accounting for Finance Leases) the forecast income for the financial year 2011/12 is £6.3m.</i>
To have completed the Property and Facilities Management Service reorganisation and recruit vacant posts.	<i>Completed June 2009.</i>
To have a proper system of corporate asset management in place and be managing property corporately	<i>Corporate Asset Management Group with agreed Terms of Reference set up February 2010. The committee continues to meet monthly to oversee Asset Management, operational property, capital planning and allocation.</i>
To have implemented a new system of financial accounting for property.	<i>Completed in part. Migration from Atrium system for repairs onto Uniform common platform enabling reconciliation between income and costs.</i>
To have a clear property strategy for Blackbird Leys, Cemeteries, Council Offices, Investment	<i>Blackbird Leys Strategy – ongoing; Cemeteries – Update report presented to CEB Dec 2011, further tests underway at the preferred site. Offices – Offices For The Future strategy agreed July 2010. Completion set for Feb 2012.</i>
Property, Off-street car parks	<i>Ongoing</i>
To have achieved a general fund capital receipts target of £2m	<i>General Fund capital receipts:</i> <ul style="list-style-type: none"> • £2.51m 2009/10; • £1.54m 2010/11 <i>Total - £4.05m over the 2 year period.</i>
By the end of 2010/11	
To have decided on all the property aspects of Customer Services shops	<i>New Customer Service Outlet completed Sept 2011. Review of Templar Square CSO underway November 2011.</i>
To have a clear property strategy for Northway	<i>Conditional terms agreed on the redevelopment for housing and re-provision of a new purpose built community centre.</i>
To have a clear strategy for new affordable housing on housing estates	<i>HRA 30 Business Plan to be presented to CEB February 2012. Affordable Homes Programme to deliver up to 112 new homes</i>

	<i>forming part of the Business Plan.</i>
By the end of 2013/14	
To have decreased the maintenance backlog year on year from 2008/2009 levels	<p><i>£7m Planned Preventative Maintenance programme agreed between 2011-2015:</i></p> <ul style="list-style-type: none"> • <i>Northway demolition removed £70k from back log;</i> • <i>Offices For The Future Programme removed £1m from Maintenance back log;</i> • <i>Leisure substantive works has removed £2m from back log</i>
To have increased our income from investment properties by 2.5% in real terms compared to 2008/9 levels.	<i>It is projected that at 2011/12 year end the income from Investment Properties will have increased by 1.8% in absolute terms. This is in the context of difficult trading conditions in the retail/leisure sector of which the portfolio is heavily weighted towards.</i>
To have reduced our occupied office accommodation floor space by 20% from 2008/09 levels	<i>On target for 43% reduction in City Centre operational office accommodation by Feb 2012 due to the Office For The Future Programme.</i>
To have supported the advancement of the Oxpens redevelopment area with a view to commencing development in, say, 2015/16; to have concluded whether the Council's offices will, in due course, relocate there; and, to have determined whether this will on the basis of shared space with our Partners.	<p><i>The Offices For The Future strategy was to reduce City Centre office buildings from 4 to 2, retaining St Aldate's Chambers as the main office building in addition to the Town Hall.</i></p> <p><i>The progress of Oxpens development has not advanced due to the economic climate, however we continue to engage with key stakeholders and will consider utilising our land holdings in this area for the purpose of regeneration at the appropriate time.</i></p>
To have appropriate community centres fit for purpose and in good condition	<i>Significant progress has been made in the redevelopment of Northway and Cowley community centres. An over arching strategy for remaining community centres is emerging and will be documented in the refreshed AM plan.</i>
To have leisure centres fit for purpose and in good condition, by both improvement and rationalisation.	<i>Partnership with Fusion is progressing well. The substantive repair programme has now had a visible impact on the quality of the Leisure centre offering. A second phase of improvements will be undertaken in 2012.</i>
To have brought forward land at Barton (adjacent to the ring road) for housing development and if possible to implementation.	<i>Joint Venture partner selected and Limited Liability Partnership incorporated as a delivery vehicle for development of the site over a five year period.</i>
To have explored the possibilities for additional housing provision at South Oxford Urban Extension and taken them as far as possible, and if feasible, to the implementation stage (some of this is outside of the Council's direct control).	<i>On hold due to changes in planning legislation.</i>

To have decreased the carbon footprint for the Council's operational buildings from 2008/2009 levels	<i>On target for 28% reduction in carbon footprint by March 2012. This is as a result of technological investment, smart metering and exit of operational buildings.</i>
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Further achievements across General Fund and Housing Revenue Account portfolios include the following:

- A favourable Report has been received from the Audit Commission on the Councils' Property Asset Management in April 2010, showing significant improvement over the previous two years;
- Major refurbishment of the Old Fire Station is now complete which will provide community and cultural facilities;
- A major programme of improvements to childrens' play spaces is almost complete;
- Decent Homes Standard has been achieved across the portfolio by 31/12/2010;
- Decommissioned sheltered schemes are being demolished and replaced in the programme (e.g. Alice Smith House, Rose Hill) or have been redeveloped (e.g. Cardinal House and Lambourne Road);
- Redevelopment of defective "Orlit" houses on Rose Hill is progressing and will be complete by end of 2011/12;
- Participation in benchmarking for housing services using House Mark for landlord services and Housing Quality Network for strategic housing services.

2. PORTFOLIO OBJECTIVES AND OVERVIEW

2.1 Asset Management Objectives

The strategic objectives for our General Fund and HRA assets are as follows:

- Objective 1** *We want all of our Property (General Fund and Housing Revenue Account) to support our corporate objectives in regeneration, housing, environmental, community and customer services*
- Objective 2** *We want all of our property (General Fund and Housing Revenue Account) to be well-managed and efficient with, as appropriate, efficient running costs, efficient income generation and recovery and optimal utilisation, with value for money provided by our property services.*
- Objective 3** *In our Housing Revenue Account properties, we want to improve the quality of our dwellings, to add to our housing stock and improve the quality of life on our estates*
- Objective 4** *Within the next three years, we want our General Fund operational property to be “lean”. That is, we only want to own and/or occupy the minimum amount of operational property that is needed to fulfil the objectives of the services we provide.*
- Objective 5** *We want our General Fund investment property to make the greatest possible financial contribution to the Council within the context of good estates management and good investment management, thereby protecting and where possible, enhancing, asset value.*
- Objective 6** *We want to maximise synergies by working in partnership with other service providers / landowners where appropriate.*

2.2 Portfolio Overview

The Council's assets are held in two portfolios: a General Fund and a Housing Revenue Account (HRA).

General Fund

Overview

2.1.1 The portfolio comprises investment, commercial and community assets, totalling 659 assets by number and circa £193m by value as at 31st March 2011. The principle changes to the portfolio are as follows:

- In the year 2009/10 the number of assets has been reduced by five through disposals, and in 2010/11 by four through disposals, with no acquisitions in the period.
- Investment Property rental income has remained broadly static between the period 2009 -2011.
- Notwithstanding disposals of £4.05m between 2009 -2011, the overall capital value of the estate has increased by circa £23m, reflecting increases in market values.

General Fund	2009-2010		2010-2011	
	Value at 31.3.10	Rental Income	Value at 31.3.11	Rental Income
Investment Assets	£78.67m	£6.23m	£89.43m	£6.2m
Other Land and Buildings (including operational assets (offices and depots)	£87.43m	£334k	£91.75m	£397k
Community Assets	£92k	0	£157k	Nil
Infrastructure Assets	£207k	0	£207k	Nil
Assets Under Construction	0	0	£899k	Nil
Assets Held For Sale	£965k	0	£8.35m	Nil
Surplus Assets	£2.25m	0	£2.2m	Nil
Total	£169.61m	£6.56m	£192.99m	£6.59m

Condition

2.2.2 All operational assets* are ranked in terms of condition and suitability for the purpose of strategic portfolio planning, and are categorised as follows:

Designation	Definition	Assets by floor area m2	Assets by no.
A. Good	Properties that will be required in the foreseeable future, which meet current and future defined requirements well and at acceptable cost. In these properties, over time, the Council will endeavour to: <ul style="list-style-type: none"> • significantly reduce any maintenance back log 	<u>18,223</u>	<u>20</u>

	(and if possible eradicate it) and <ul style="list-style-type: none"> invest in effective planned maintenance and in making improvements. 		
B. Satisfactory	Properties that meet current and future defined requirements but where the costs are likely to be unacceptably high for long-term retention. These properties will be retained unless and until a better alternative is available. In these properties, over time, the Council will endeavour to: <ul style="list-style-type: none"> reduce any maintenance backlog, as appropriate invest in effective planned maintenance 	<u>32,670</u>	<u>49</u>
C. Poor	Properties that do not meet future defined requirements but where the costs are acceptable for short term retention. These may either be retained or moved to the "surplus" category. In these properties, the Council will: <ul style="list-style-type: none"> maintain at minimum maintenance levels (i.e. H&S / Watertight / Legislative / Contractual requirements) 	<u>31,955</u>	<u>21</u>
D. Bad	Properties that will not be required in the future. If these properties are temporarily occupied, the Council will: <ul style="list-style-type: none"> maintain at minimum maintenance levels (i.e. H&S / Watertight / Legislative / Contractual requirements) but only consistent with their expected occupied life When these properties are vacated, the Council will: <ul style="list-style-type: none"> keep them secure and undertake minimum work on them to meet legal requirements and to preserve their value, if appropriate. 	<u>N/A</u>	<u>N/A</u>

This enables capital and revenue expenditure to be profiled and allocated accordingly. The Council's ultimate target would be to move to a position where its portfolio is primarily made up on Category A and Category B assets. Performance against this aim will be measured annually and reported.

** Excludes Car Parks, and Depots previously the responsibility of the Service area – these properties are being brought into the scope of Corporate Assets and will be reported on in the annual performance management from 2012/13 onwards.*

Housing Revenue Account (HRA)

Overview

2.2.3 The portfolio comprises the Council's social housing together with shops, garages and other associated assets. The total portfolio value (based on Existing Use Value) is £466m at 31st March 2011. The principle changes to the portfolio are as follows:

- New housing stock has come into the portfolio due to developments at Cardinal

Place (53 homes) and Lambourne Road (38 homes), however this is balanced against the closure of Eastern House (15 homes) and Alice Smith House (20 homes).

- Housing income has increased in line with the rent convergence formula.
- Income from Estate shops has decreased by 10% following lease expiries and tenant defaults, which has somewhat been mitigated by the positive effects of rent reviews and lease renewals.

HRA Fund	2009-10		2010-11	
	<u>Value at 31.3.11</u>	<u>Rental Income</u>	<u>Value at 31.3.11</u>	<u>Rental Income</u>
Housing Stock (dwellings)	£556.26m	£32.6m	£466m	£34.35m
Housing Stock (hostels)	£2.04m	£39k	£2.04m	£39k
Estate Shops	£4.23m	£508k	£4.25m	£455k
Miscellaneous	£5.26m	£108k	£2.96m	£108k
Garages & Parking spaces	£8.86m	£871k	£10.22m	£930k
Total	£576.65	£34.13m	£466.47m	£35.88m

3.0 Performance Objectives

3.1 Asset Management Objectives

The six primary objectives for General Fund and HRA are set out below with the corresponding measures and targets which will demonstrate when these objectives have been met.

General Fund

Objective	Measures	Target
Objective 1 – We want all of our property to support our corporate objectives.	1. Reduction in office footprint by 2% (assuming post OFTF baseline)	<ul style="list-style-type: none"> 2% reduction from 6243 sq/m by Dec 2012. Overall target of 10 sq/m per FTE by March 2014.
	2. Effective Planned Preventative Maintenance programme on General Fund assets, leading to an improvement in condition as measured by CIPFA benchmark;	<ul style="list-style-type: none"> 75% in category A&B
	3. Reduction in carbon footprint in the portfolio against 2009 levels;	<ul style="list-style-type: none"> 28% (2800 tonnes) by March 2012
	4. Efficient fit for purpose Community Centre portfolio, leading to an improvement in condition as measured by CIPFA benchmark;	<ul style="list-style-type: none"> 50% in category A&B by Dec 2013
	5. Use of assets to bring forward development/regeneration	<ul style="list-style-type: none"> 1 major development/regeneration under contract by Dec 2013
Objective 2 – We want all of our property to be well managed and efficient.	1. Performance to exceed benchmark for collection, arrears, voids, rent increases.	<ul style="list-style-type: none"> Budget 2011/12 - £6.3m p.a.; Arrears (>21 days) <7.5% 2012/13; & <5% 2013/14; 2.5% rental growth through the life of the AMP; 4% p.a. rate of return; Voids < 12 months at individual asset level.
	2. Performance measurement of internal property service function.	<ul style="list-style-type: none"> Corporate Assets costs of managing Investment Portfolio not to exceed equivalent benchmarked costs.
Objective 4 – Within the next 3 years, we want our General Fund operational property to be “lean”, that is, we only want to own and or occupy the minimum amount of operational property that is needed to fulfil the objectives of the services we provide.	1. Office occupancy ratios should be in line with CIPFA benchmark or better;	<ul style="list-style-type: none"> 10 m/sq per FTE or <
	2. Depot footprint reduced;	<ul style="list-style-type: none"> Reduction by 50% by number and up to 18% by size.
	3. Community Centres should be modern and fit for purpose.	<ul style="list-style-type: none"> Revenue costs for community centres not to exceed 2011/12 levels, due to pro-active management, effective planned

		maintenance regime and where appropriate Community Asset Transfer.
Objective 5 – We want General Fund investment property to make the greatest possible financial contribution to the Council within the context of good estates management and good investment management, thereby protecting and where possible, enhancing, asset value.	1. Income maintained at 2008/09 levels or above.	<ul style="list-style-type: none"> £6.18m +
	2. Capital Value maintained at 2010/11 level or above.	<ul style="list-style-type: none"> £89.43m +
	3. Minimum level of return	<ul style="list-style-type: none"> 4% p.a.
Objective 6 – We want to maximise synergies by working in partnership with other service providers/landowners where appropriate.	1. Informal joint ventures or formal Local Asset Back Vehicles established with partners.	<ul style="list-style-type: none"> Westgate exchange of conditional contracts; Barton JV established; Northway and Cowley exchange of conditional contracts.

HRA

Objective	Measures	Target
Objective 1 – We want all of our property to support our corporate objectives.	1. New build social and affordable housing at Barton, Northway and Cowley;	<ul style="list-style-type: none"> Unconditional contracts exchanged by Dec 2013.
	2. Effective Planned Preventative Maintenance programme, improvement in condition of housing stock.	<ul style="list-style-type: none"> Capital and Revenue delivered on budget; Volume of replacement elements undertaken; Split between Planned and Reactive works 60/40 respectively.
Objective 2 – We want all of our property to be well managed and efficient.	1. Performance to exceed benchmark for collection, arrears, voids.	<ul style="list-style-type: none"> Rental Income - £35m p.a. Arrears - <2% Voids - 21 days
	2. Performance measurement of internal property service function.	<ul style="list-style-type: none"> Corporate Assets re-charge not to exceed equivalent benchmarked costs.
Objective 3 – In HRA properties, we want to improve the quality of our dwellings, to add to our housing stock, and improve the quality of life on our estates.	1. Effective Planned Preventative Maintenance programme, leading to an improvement in condition of housing stock.	<ul style="list-style-type: none"> Capital and Revenue delivered on budget; Volume of replacement elements undertaken; Split between Planned and Reactive works 60/40 respectively.
	2. HCA Affordable Homes Programme.	<ul style="list-style-type: none"> 112 Affordable Homes by 2015
Objective 6 – We want to maximise synergies by working in partnership with other service providers/landowners where appropriate.	1. Informal joint ventures or formal Local Asset Back Vehicles established with partners.	<ul style="list-style-type: none"> Barton JV established Northway and Cowley exchange of conditional contracts.

Supplemental Policy Objectives

These may be additional specific objectives or priorities that may be applicable to land and building assets that should be fed into to overall asset management strategy, these are summarised below:

(i) Carbon Management and Sustainability

As a general principle the Council will aim to manage its assets in order to minimise Carbon emissions. Accordingly, the Council will utilise land and buildings assets to help achieve the following Corporate targets:

- To implement measures to reduce the Council's carbon footprint by 28% (2800 tonnes) by March 2012, compared to 2005/06, and 3% (300 tonnes) year on year thereafter;
- To comply with all carbon and energy related legislation and reporting including CRCEES, DEC, and use compliance to drive improvements in the way we use and manage resources;
- To facilitate progress towards the Council adopted 40% carbon reduction target for the City of Oxford as a whole, by 2020, compared to 05/06;
- To implement on a large scale renewable technologies to generate electricity - such as photovoltaics - on our operational and domestic properties, taking advantage of the government fiscal instrument (Feed –In-Tariff) for investment return and carbon reduction;
- To implement appropriate renewable technologies to generate heat – such as biomass boilers – in our operational and domestic properties, taking advantage of the government fiscal instrument (Renewable Heat Incentive) for investment return and carbon reduction;
- By 2020 Oxford will be a low carbon city with a low carbon economy.
- Aim for all new buildings to be BREEAM "Excellent" and where this is not possible they should be a minimum of "Very good".

(ii) Community Groups and Asset Transfer

The Council is supportive of the content the "Quirk Report" (CLG 2007) and the Government's response "Opening the Transfer Window" (CLG 2007), which sets out the principles of Community Asset Transfer. The Council considers that this will be mainly relevant to its Community Centres and Pavillions and therefore the strategy for these asset classes will have due regard to these principles.

(iii) "Property Subsidisation"

The Council is empowered, in certain circumstances, to grant interests in property at less than best consideration. However, this often disguises the actual costs of property in any particular project. From 2010/2011 onwards, the Council has moved to a system of charging full rental value in all cases. This will make the service costs of the Council's

property transparent. Any other arrangements will be by exception and subject to the Council's express approval.

(iv) Equalities

The Council has an Equalities Action Plan and it will ensure that all actions taken under the AMP support this action plan. In the delivery of the projects we will ensure that Equality Impact Assessments are undertaken as necessary.

The Council will continue its work on Disability Discrimination Act access to public buildings. All of our buildings have now had accessibility surveys and have accessibility plans in place. Wherever appropriate the Council will also support equalities initiatives in property management and construction.

(v) Heritage and Environment

The Council has significant land and building holdings in key parts of the City Centre and elsewhere in the City. In some cases this property not only supports the Council in delivering its services or supporting its budgets but also, incidentally, it contributes to the historic and/or environmental fabric of the City. In managing and reviewing its property holdings the Council will be mindful of this, and where it considers that the historic or environmental fabric of the City may be prejudiced unless it continues its ownership, it will retain ownership.

3.3 Benchmarked Performance Measurement

The results of benchmarking the performance of the Council's assets are fed into the overall strategy with all actions that are required to improve the overall performance of the portfolios considered.

General Fund

3.3.1 The General Fund comprises the Council's operational, community, commercial and investment assets. The performance measurement is assessed using CIPFA National Property Performance Management Initiative data (2008-9) for comparison. Because the Councils' portfolio contains a diverse range of property types, comparisons between aggregate portfolio averages can only be a general guide. The Council seeks to be in the top quartile of the National Average Benchmark. In summary, the Council's current performance is as follows:

<u>Above National Average Benchmark</u>	<u>Below National Average Benchmark</u>
<ul style="list-style-type: none"> Higher proportion of assets in good/satisfactory repair 	<ul style="list-style-type: none"> Higher proportion of reactive maintenance vs planned maintenance
<ul style="list-style-type: none"> Lower proportion of assets in urgent need of repair 	<ul style="list-style-type: none"> Higher average energy cost (per m²)
<ul style="list-style-type: none"> Lower average energy consumption (per m²) 	<ul style="list-style-type: none"> Water consumption and cost above average (per m²)
<ul style="list-style-type: none"> Lower carbon emissions (per m²) 	

<ul style="list-style-type: none"> All properties with access plans 	
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HRA

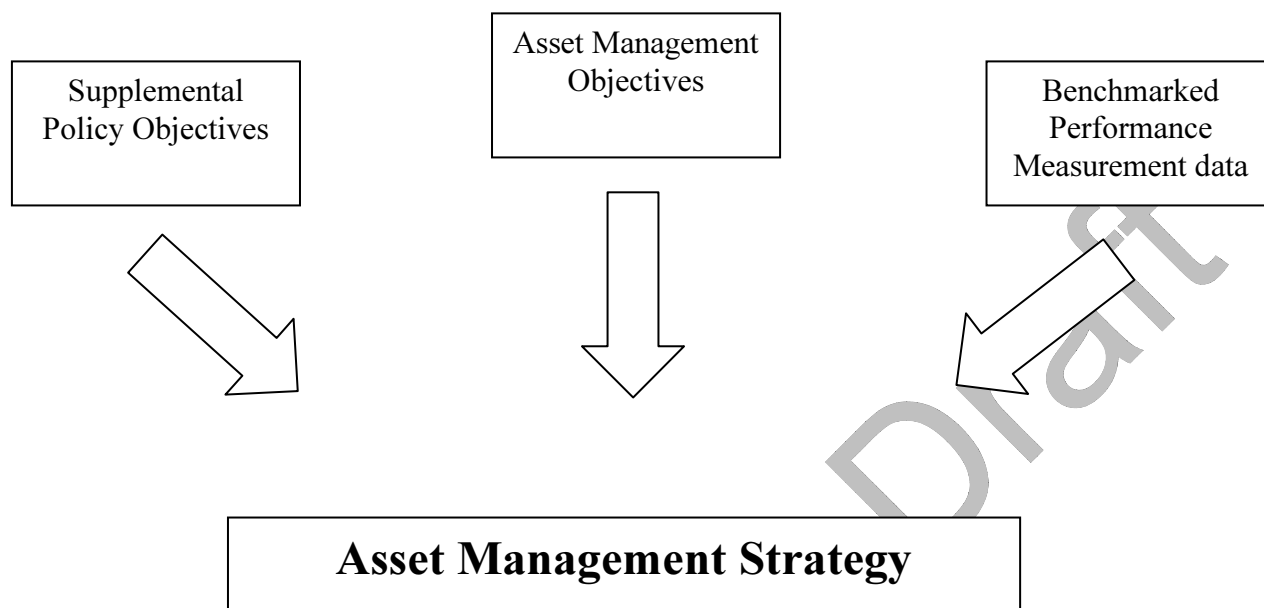
3.3.2 A number of quantitative and qualitative measures are reported on monthly and annually against our own target performance benchmark. The measures, targets and performance statistics are monitored by the Housing Landlord Services Board and any actions required to improve performance of the assets are fed into the Asset Management Action Plan. Based on our current performance measurement system of the HRA, the following areas are currently running below our target benchmark:

<u>Measures below our current target</u>	
<ul style="list-style-type: none"> % cash collected / excl. HB Cash value of arrears BVPI 66a (collection) Environment Improvement budget spend (£70K) 	<ul style="list-style-type: none"> Evictions attended / % requested to Budget spent on profile Mutual exchanges / assessed within target

3.3.3 Full details of the performance of the General Fund and HRA portfolios may be viewed in Appendix 1, these statistics will be refreshed annually and fed into the annual Action Plan in Appendix 2.

4.0 Asset Strategy

The over-arching AM strategy will therefore be drawn from these following areas:



Having set the overall strategy for the Council's assets aligned to the Council's priorities, these principles are then distilled down to individual asset classes.

Our GF an HRA assets are summarised into the following classes:

• Agricultural	• The Covered Market	• Investment Properties
• Allotments	• Depots	• Leisure Assets, Parks and Open Space
• Car Parks	• Development and Regeneration	• Sheltered Housing
• Cemeteries	• Estate Shops	• Tower Blocks
• Community Centres	• Garages	
• Council Offices	• Housing stock	

4.1 Agricultural Properties

The portfolio consists of circa 936 acres, incorporating four farms, long term leased farmland, short term grazing land, seasonal lettings, and vacant land.

Agricultural property held by the Council is held for two main reasons: as a property investment; or in some cases as a potential "land bank" particularly where opportunities arise to develop land for housing purposes.

There are number of sites in the Council's ownership that may offer strong potential for long term residential development. These areas should be retained and promoted, which would result in a substantial uplift in value. Some smaller sites appear to have potential in the short

term and will be investigated as opportunities become apparent.

There is considerable variation in rent for areas let as Farm Business Tenancies or for horse grazing. These should be standardised where they are inconsistent.

A number of sites are surplus to requirements and do not appear to meet the Council's aims. The Council will review if these sites are appropriate for disposal.

Actions

- Alignment of rents across the portfolio for Farm Business Tenancies and Horse Grazing etc;
- Review of any sites that do not meet the Council's objectives to establish if they are appropriate for disposal.

4.2 Allotments

The portfolio consists of 29 open allotments sites of which 27 are held freehold and two are leased in by the Council.

There is a waiting list for new allotment plots. However in accordance with the Green Spaces Strategy 2012-2026, plots on current sites will be cleared to reduce this waiting list, rather than investing in further in allotment space, other than urgent improvement and repair works.

Actions

- The Council will retain allotment sites and will pick up issues on specific sites in its programme of area reviews, or if they are pressing, as they arise.
- All opportunities to revise fees and charges will be considered in line with national average position, and to balance supply and demand.
- In accordance with the Green Spaces Strategy, the Council will retain at least 1 plot per 125 head of population. Oxford currently provides 1 plot per 61 head of population.

4.3 Car Parks

The portfolio consists of 16 Car Parks, made up of three Park and Rides, two multi-storey, one underground and 10 surface car parks (excluding Parks car parking). The total spaces provided are circa 4798 spaces which produce a gross revenue income is circa £7.1m p.a.

With effect from 1 October 2011, the operation of the Park and Rides at Redbridge, Sea Court and Pear tree were transferred back to the City Council. Accordingly, all opportunities for improving these car parks are currently been considered, including the provision of improved waiting facilities and W.C. provision where permitted, and all commercial opportunities will be

fully explored.

The Council will continue to invest in both its City Centre and Non City Centre car parks, to support the retail offering and commercial interests of the City, and provide amenities for its citizens, visitors and tourists.

Where there are potential commercial opportunities within the portfolio, (as in the case of St Clements Car Park) it will explore these opportunities in pursuit of its Corporate priorities for housing and regeneration, provided that this is consistent with the broader objectives for the car park portfolio.

The re-development of the Westgate Shopping Centre will require both the Westgate multi-storey and Abbey Place surface car parks to be disposed of to facilitate the development. Negotiations continue on this and commercial terms are expected to be concluded in 2012/13.

Actions

- Improvement of Park and Ride facilities;
- Investment in City Centre and Non City Centre car parks to preserve and improve the quality;
- Consider all commercial opportunities to advance the Council's corporate priorities.

4.4 Cemeteries

The portfolio consists of four cemeteries: Botley; Headington; Rosehill; and Wolvercote. Of these only Wolvercote and Botley are open to new burials, and are predicted to be closed to new burials between 2018-2021 and 2021-2024 respectively.

The Council will make available adequate site provisions for the foreseeable future for the provision of cemetery space. In doing so it will review its current policies for grave re-use and fees and charges to protect its ability to continue to make provision of this service. A review of potential sites was conducted throughout 2010/2011 and a shortlist of four sites was selected for detailed geological surveys.

Action

- The survey results will be presented in late 2011 and recommendations will be made for taking forward the project in early 2012.

4.5 Community Centres

The portfolio consists of 19 Community Centres across the City with an Existing Use Value of circa £12.41m at 31 March 2011.

We have made progress in 2011 on the existing Northway centre and the former community

centre site at Cowley, where the Council is close to securing a redevelopment which will see much needed new affordable housing and re-provision of fit for purpose community centres at both sites. The Council will continue to undertake feasibility studies across the portfolio to explore possibilities of improving the community centres, whilst also contributing to other corporate priorities.

The Localism Bill gives communities the freedom to run their own affairs in their own way by enacting a series of specific rights that can be exercised on the initiative of local people: Specifically “Community right to bid” gives the power to save assets of community value threatened with closure, by allowing them to bid for ownership and management of community assets.

The Council will establish occupational leases with community groups to formalise responsibilities. These leases will be between one to three years, but will not have guarantee future security of tenure. The Council will consider granting Community Associations long leasehold interests (or Asset Transfers) where the following criteria are met:

- The building is in repair and unlikely to have any major defects during the life of the lease granted;
- The Community Association is significantly on the way to achieving VISIBLE or an equivalent accreditation recognised by the Council ; and
- There is no realistic prospect of the building been redeveloped in the medium to long term.

Action

- The Council will consult with Community Associations in its assessment and application of the above criteria to individual centres.

4.6 Council Offices

The portfolio consists of leased property (with an annual rental £416,000 p.a.) and freeholds with a value of circa £17m. Following the successful implementation of the Office For The Future programme (OFTF) (projected February 2012), the office portfolio comprises 6243 sq/m (including Horspath Road):

Town Hall

St Aldate’s Chambers

Bury Knowle House

Horspath 1&2

The average occupancy level and costs (post-Offices For The Future implementation) is summarised below:

Building	Size (sq/metres)	Running cost (£-2011/12 budget)	Value Fixed Asset Register (31.3.2009)	Occupancy Ratio (sq/m/FTE)
St Aldate's Chambers	2687	607,891	Nil	6.55
Town Hall (Offices)	1351	129,000	£13.7m (total)	12.53
Bury Knowle House	128	45,818	£135k	7.53
Horspath	2077	Not split	£3.4m	26.9
Total	6243	£783k	£17.23m	13.37

The Council aims to reduce its occupancy ratios to circa 10 sq/m per FTE overall, and through the use of modern working protocols, following the completion of the OFTF programme, aims to reduce further the office space it occupies by a further 2% (128 sq/m) before the end of 2012. It is the Council's aim for a medium term target of 10 sq/m per FTE, this will be largely achieved as part of the depot rationalisation project, within the period of the Asset Management Plan by 2014.

The Council aims to increase the efficient use of the Town Hall, and generate further net revenues. A number of proposals are currently being considered which will involve significant capital expenditure on the Town Hall in order to generate more income producing events/external lettings. A business plan is currently being developed to explore and assess all such proposals.

Actions

- Implementation of OFTF delivery programme;
- Further rationalisation of non City Centre offices and Depot ancillary offices;
- Town Hall business plan and programme;

4.7 The Covered Market

The market consists of 57 units with a total trading floor space of circa 25,000 sq ft, producing a gross rental income at March 2012 of £920k p.a.

The Council considers that the Covered Market is one of its most important individual assets within the Investment Property portfolio. Although the asset is highly valuable in property investment terms, the rationale for ownership extends beyond this to its value to the wider Community, and the retail and tourist offering to the City. Notwithstanding these diverse objectives, the Council requires sufficient financial return from the market to justify the costs of holding, maintaining and enhancing the asset so that the long term community objectives can continue to be met. The Council has an adopted Leasing Strategy for the market, which provides a framework for regulating both the tenant mix and physical configuration of the

market. This is its primary Asset Management tool for ensuring the future commercial success and vibrancy of the market. The Council will continue to apply this document to all future leasing decisions and applications for change of use.

The Council has recently embarked on a new “visioning” initiative with the Market Traders Association and other key stakeholders to develop a sustainable business plan to preserve and enhance the specialist asset into the future. This work is underway and will continue through 2012/13.

A significant proportion of leases within the market are aligned in terms of rent review dates, these leases have the next rent review due in March 2012, negotiations on which will commence in 2012/13.

Cleaning, caretaking and security services for the market are undertaken by Direct Services on behalf of the Council, whilst this historic arrangement has proved to be effective there is a desire to formalise this arrangement further by the agreement of a Service Level Agreement (SLA). This will be developed and consulted on with stakeholders in 2012/13.

In addition, a number of capital improvement works are planned for the market in 2012/13, these will be consulted on with all the markets stakeholders prior to implementation.

Action

- Ongoing implementation of the Leasing Strategy;
- “Visioning” initiative underway with stakeholders;
- Rent review March 2012;
- Development and agreement of SLA for cleaning, caretaking and security with Direct Services;
- Capital improvement works programmed for 2012;

4.8 Depots

The portfolio consists of 11 depots throughout the City of which there are three main depots, six parks/ancillary depots, and two depots that have been formally designated as surplus, and will be disposed of in due course. The portfolio value is circa £4m (Existing Use Value) and the retained portfolio consists of circa 11,000 sq/m of accommodation.

The Council has undertaken a review of its depot portfolio during 2010/11. Phase 1 of the Depot Review recommended that the six parks depots could be reduced to three, effectively creating a “Northern Hub” (Cutteslowe Park) and “Southern Hub” (Florence Park) with an ancillary depot being retained at Horspath Sports Ground. The three other depots were subsequently designated as surplus (albeit only two have been vacated to date) and Corporate Assets have

subsequently being working up planning permissions for alternative use on these surplus assets prior to disposal.

A number of works will be required to the retained sites to improve the standard of accommodation and staff welfare facilities, which will be implemented in 2012 as part of the Capital programme.

Phase 2 of the Depot Review will be progressed throughout 2011-2012, and will develop a Business Case and options appraisal for the consolidation of the main depots of Cowley Marsh and Horspath Road. It is envisaged that this Outline Business Case will highlight preferred options by December 2011, further due diligence and feasibility will then be undertaken in 2012/13.

Actions

- Capital works to be progressed in 2012 for retained depot sites;
- Disposals of surplus depot sites;
- Development of a Business Case for a consolidation of Cowley Marsh and Horspath Road main depots.

4.9 Development & Regeneration Assets

There are sites where the Council's land ownership can unlock the delivery of corporate priorities. The following sites are currently being promoted for redevelopment and are likely to commence development during the 2011-2013 Asset Management Plan period:

- Barton – *housing led redevelopment to be delivered through a public private Joint Venture vehicle between 2013-2015;*
- Northway – *housing and community facilities delivered through private sector development between 2012-2014;*
- Cowley - *housing and community facilities delivered through private sector development between 2012-2014;*

The following site is currently being promoted and in the early stages of negotiation:

- Westgate Shopping Centre – *City Centre retail and leisure extension and redevelopment to the existing shopping centre;*

The following areas are considered to have medium to long term redevelopment potential:

- Blackbird Leys – *regeneration of central and public realm areas and provision of much needed affordable housing;*
- Oxpens – *Commercial and residential mixed use regeneration project to the edge of the City.*

Actions

- Completion of development agreement for Barton in 2011
- Start on site for Northway and Cowley in 2012
- Completion of development agreement for Westgate in early 2012
- Blackbird Leys regeneration strategy commissioned late 2011
- Oxpens commissioning of Supplementary Planning Guidance (SPG) by Local Planning Authority 2012/13.

4.10 Leisure assets, parks and open spaces

The portfolio consists of nine assets, including five Swimming Pools, one Ice Rink, and four Leisure Centres. Together the portfolio consists of circa 15,800 sq/m of space, with a total value (Existing Use Value) of circa £20m.

The Council is currently three years into a ten year partnership with Fusion Leisure who lease the leisure facilities and deliver services. The partnership delivers a saving of just under £7m over the life of the contract. This will involve further capital works to improve the assets – recommendations for which will be brought forward at the end of 2011 or early 2012.

The Council has resolved to close the existing swimming pools at Blackbird Leys and Temple Cowley, which have reached the end of their economic life. A new Competition Standard Pool will be built adjoined to the Blackbird Leys Leisure Centre. The project has planning consent and is fully funded. It is anticipated that the development will commence in 2012

The Council has reviewed its pavilions stock within the 2012-2026 “Playing Pitch Strategy”. The existing buildings, in the main, are of a very low standard, with a very significant maintenance backlog. The Council will aim to improve the quality of these facilities over a phased period. In tandem with this it will continue to explore all opportunities for working with partners to assist in this improvement programme to make the facilities sustainable over the long term.

Actions

- A second phase of leisure improvement works to be commenced in 2012;
- Pavilion scoping in place by the 2nd quarter of 2012.

4.11 Housing Stock

The portfolio consists of circa 7770 dwellings, producing a rent of £34m, and a capital value of £466m.

The housing stock is now compliant with Decent Homes Standard as of December 2010 (save for any homes where tenants have refused these works being done), this will be maintained in line with the Council’s legal/statutory duty going forward.

The principle planning tool for the housing stock portfolio will be the 30 year HRA business plan (the business plan), which will develop a rolling annual programme of Planned Maintenance and building improvements across the portfolio. The business plan will consist of both an elemental work programme of planned maintenance, together with strategic planning for life expired assets, and opportunities for new build and value and revenue generating opportunities. The business plan will act as a capital planning tool over the time horizon and will aim to eliminate any shortfalls in funding by efficient planning of capital receipts and prudential borrowing where applicable.

Actions

- The draft business plan will be produced by February 2012 and will take effect in April 2012 in accordance with the proposed HRA reforms due to take effect.
- The Council is preparing itself for the introduction of the proposed HRA reforms by the appointment of a project team, which will consist of internal and external resources. The team will report in to the Housing Landlord Services Board.

4.12 Estate Shops

The portfolio consists of 60 shops which are situated within or close to housing estates. These produce £455k in income and are currently valued at £4.25m.

The Council will continue to support the provision of community local retail facilities through its Estate Shops. These shops will be managed in accordance with the Council's *Asset Management Protocols* (See appendices) and will be on commercial terms at market rental values. The Council's will seek to promote an appropriate tenant mix in each parade to promote viable businesses and provide appropriate facilities to the community that they serve.

Actions

- Implementation of lease renewals and rent reviews as they arise in order to protect income, mitigate risk, and promote a healthy retail offering for the local community.

4.13 Garages

The portfolio consists of circa 2,330 garages and car spaces producing an income of £930k and currently valued at £10.22m (Existing Use Value). The garages are let to Council house tenants, private individuals, and businesses.

The Council will continue to provide essential garage and car parking spaces for the benefit of its Council house tenants. However it is considered that there may be opportunities to introduce a more commercial approach to the letting of garages/car spaces. This may involve the

alignment of rents with prevailing market levels for non housing tenants.

There may also be opportunities to redevelop garage sites for new housing projects. All such opportunities will be explored and considered as part of the strategic analysis of the portfolio. All opportunities for re-provision of spaces will be considered, where appropriate, however in certain instances the Council may favour its corporate priority of the development of affordable housing, in this case it may be the case that re-provision of garages/car spaces is not recommended.

Actions

- A review of rents charged and alignment of rents charged to non Council tenants with the prevailing market levels;
- A review of garage sites to promote opportunities for new-build, much needed, housing provision within the City.

4.14 Sheltered Housing

The portfolio consists of 10 operational complexes, with a further two complexes that are being used for temporary homeless accommodation. The operational portfolio consists of 306 units with a total value (Existing Use Value – Social Housing) of circa £12.5m.

The current strategy in the process of being implemented is to rationalise a number of existing blocks in order to generate capital receipts to fund Decent Homes works, and to redevelop and increase the density on a number of the retained sites. A number of feasibility studies have been undertaken which will inform the nature, timing and sequence of the re-developments., however the strategy is being considered in the context of the HRA reform programme and will be aligned to the 30 year Business Plan and the overall capital funding of the portfolio. Pending this decision to move forward, a number of blocks will be utilised in the provision of temporary homeless accommodation.

Actions

- Alignment of existing strategy with HRA 30 year Business Plan

4.15 Tower Blocks

The portfolio consists of five blocks, providing a total of 298 units (excluding units sold off under RTB) with a portfolio value (Existing Use Value – Social Housing) of circa £8.75m.

A number of studies have been commissioned to inform the future strategy for the Council's Tower Blocks. It is clear that there are certain technical building features common to most of the blocks that will require investment in order to prolong the life of the assets, and improve the quality of the accommodation for tenants and leaseholders. The Council remains committed to the future of these assets and will invest in them to improve the quality of accommodation for our tenants and leaseholders. A full programme of investment will be aligned to the HRA 30 year Business Plan and all proposals will be fully consulted on prior to the implementation of any improvement works.

Actions

- A proposed Tower Block investment programme is part of the HRA 30 year Business Plan.

4.16 Investment Properties

The portfolio is made up of all properties that are let on “arms length” commercially negotiated leases or licenses, which are held for the purpose of income or capital gain. The portfolio consists of some 180 assets which produce an annual rental income of £6.3m, and have a Capital Value of £89.43m at 31st March 2011 (Market Value/Fair Value)

For the purpose of devising its Asset Strategy (rather than for IFRS financial accounting purposes) the Council will divide its Investment assets into the following categories:

Investment Asset - Institutional	Investment Asset – Socio-Economic
<p>These assets are held and managed primarily for financial return.</p> <p>The overarching Investment Strategy for this category of asset is to generate and preserve an “institutional grade” of investment return, with low risk profile and long unexpired lease terms.</p>	<p>These assets may be held for financial return, but this is incidental to the primary rationale for enduring ownership, which is for the wider socio-economic benefit. This category may also include Regeneration/Development assets, which are held by the Council to secure specific City regeneration and Corporate Objectives. Such assets may have a varied maturity profile which extends through the short/medium and long term development cycle.</p> <p>These assets are required to have a detailed strategy formulated and proven for retention, together with a short/medium term strategy for income and capital enhancement.</p>

Institutional and Socio- Economic assets will only be considered for disposal if the following applies:

Institutional – The income from the site is below what could be achieved from:

- An alternative/more intensive use;
- Investment of the capital receipt (i.e. uneconomically let); and
- There is no potential to re-gear, or otherwise manage the lease in a more economically advantageous way.

Socio-Economic - If all three of the following statements can be applied to the asset:

- It no longer makes a positive contribution to the current delivery of Council services;
- It has no potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Corporate Plan aims and objectives;
- An alternative site can provide a more cost effective and/or efficient point of service delivery;

Both institutional and socio-economic grade Investment Property assets may subsequently fall into one or the following sub-categories:

Value-add	Opportunistic
Assets held by the Council which produce “core” returns, however through active asset management techniques, may be capable of generating additional income or capital returns for a given level of risk – examples of such techniques would include lease re-gearing, refurbishment and re-letting opportunities.	Assets held by the Council which require significant redevelopment works or re-positioning to maximise income and or capital value. This grade of asset has a high risk/return profile.
Policy	
Within a given level of risk and capital commitment, the Council is prepared to invest in such projects subject to detailed analysis and preparation of a Business Case. The primary objective should be to mitigate the risk; however the principle of use of capital resources to improve the revenue position is endorsed, albeit in line with the wider Council Treasury Management Strategy. Any investment decision would meet target hurdle rates of return appraised using Discounted Cash Flow/Internal Rates of Return methodology	These assets are by their very nature likely to be of a significant scale in both capital, revenue and risk terms, and would be unsuitable for the Council to deliver alone. In such cases the Council will seek to mitigate risk by the introduction of joint venture partners, and will consider a range of delivery options (Local Asset Backed Vehicles etc).

Land and Property interests will only be considered for acquisition if, after consultation, the following circumstances apply:

- The acquisition of the interest has potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Council’s Corporate Objectives;
- The investment in Land and Buildings is used as a part of a wider Treasury Management

function for the allocation of capital to provide an investment/revenue return to support front line services. Any investment decision would meet target hurdle rates of return appraised using Discounted Cash Flow/Internal Rates of Return methodology.

The overall portfolio strategy is to improve the rate of return on the portfolio, reduce portfolio risk, and enhance the quality of the portfolio by proactive tenant mix strategies.

Performance and risk of the portfolio will be measured in an annual report during the life of the Asset Management Plan, and fed into the annual action plan will be developed for the improvement in the performance and mitigation of risk in the portfolio.

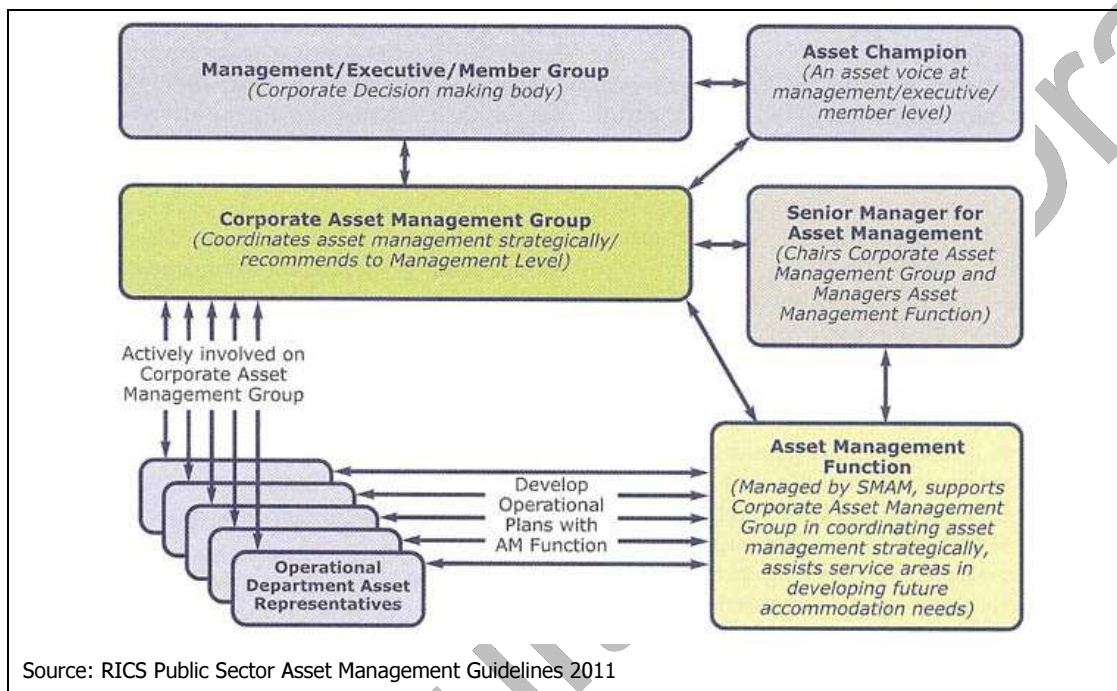
The management and administration of the portfolio will need to demonstrate value for money. A full evaluation of data, systems and processes will continue to be undertaken. In the interest of maximising the rate of return on the portfolio, all options for delivery of management and administration of the portfolio will be evaluated.

Actions

- Classification of assets into Institutional and Socio-Economic categories;
- Annual performance and risk report to be produced;
- Review of data, systems and processes and evaluation of options for management and administration of the portfolio.

5.0 Organisational and Governance Structure

- 5.1 The Council has recognised the need to manage its property asset base corporately by integrating the property and facilities management functions into one Service within the City Regeneration Directorate. The over-riding principle is that all property is owned by the Council corporately and not by any individual part or service of the Council. All property decisions are therefore made centrally and referred to the Head of Corporate Assets.
- 5.2 The principles of this type of approach are set out in the Royal Institution of Chartered Surveyors publication "Public Sector Asset Management Guidelines" (2011) and they are captured in a diagram in that document, which is reproduced below.



This shows the following roles/functions:

- Responsibility for the day to day asset management function
- Operational Departments role in asset management
- The asset management corporate forum
- Asset Champion
- Senior Manager responsible for asset management
- Officer decision making
- Member decision making

5.3 The following responsibilities apply in the Council:

5.3.1 Responsibility for the asset management function

The Head of Corporate Assets manages the City Council's property corporately. All day-to-day decisions regarding property or land and its occupation are his/her responsibility and the Head of Corporate Assets takes the lead on strategic property matters. Service departments are responsible for the service activities within properties and on land, so long as they do not involve any change in property or land and its use, utilisation or occupancy.

5.3.2 The Corporate Asset Management Group and operational departments' role in asset management

A Corporate Asset Management Group is responsible for major strategic decisions on the Council's General Fund and HRA. These are not day to day decisions but major decisions which consider the way the council deploys its property assets in furtherance of the Council's core strategic aims objectives. The Council's services are represented on this group. It is chaired by the Corporate Director for Finance and Efficiency.

5.3.3 Asset champion

The City Executive Board Member responsible for Asset Management is the lead member of the Council specifically charged with pushing forward asset management initiatives and making sure that all major initiatives and projects are progressed on timetable, and that assets are managed and considered strategically and targets are met.

5.3.4 Senior manager for corporate asset management

This role is a similar role to the Asset Champion but at senior officer level. This person will work closely with the Asset Champion and the Head of Corporate Property. The senior manager with responsibility for asset management is the Executive Director of City Regeneration and Housing.

5.4 In the light of the forthcoming Housing Revenue Account (HRA) reform and the Council's desire to transform the way that HRA construction and property matters are dealt with, the "Council 2012" initiative has reorganised responsibilities for construction and property matters for HRA properties. In simple terms the current responsibilities for HRA assets are as follows:

5.4.1 The Head of Housing and Communities – Acts as the Housing Client with responsibility for Housing Strategy including homelessness, Housing Landlord services, Tenant Management.

5.4.2 Corporate Director of Finance and Efficiency – GF and HRA Financial Planning and Accounting (capital and revenue), HRA reform.

5.4.3 Head of Corporate Assets – acts on behalf of (and is responsible to) the Head of Housing and Communities, as the housing client for major construction, homes improvement and repairs and maintenance work. As part of this responsibility the Head of Corporate Assets will be responsible for the preparation of an Annual Housing Property Business Plan (in consultation with the Corporate Head of Finance, the Head of Housing and Communities and involving the Head of Direct Services as appropriate, reflecting the Housing Strategy, and in parallel with the annual financial planning for the HRA. This Annual Housing Property Business Plan will cover major construction, homes improvement and repairs and maintenance, setting out the business cases, supporting financial information, prioritisation and work programmes for the coming three years. The Head of Corporate Assets will also be responsible for new development and infill on HRA land, and as necessary for generating capital receipts for HRA land.

5.4.4 Head of Direct Services – will be an internal contractor currently providing maintenance and home improvement services. It is important that there is complete transparency and good governance in contracting and as a contractor the Head of Direct Services will be careful not to be involved in policy making and tender decisions, due to a possible conflict of interest.

5.4.5 The City Executive Board Member for Housing – Elected Member lead on Housing strategy and implementation matters.

5.4.6 Housing Landlord Services Board - Is responsible for ensuring that the Council: meets its obligations as a landlord; improves tenant satisfaction; meets the decent homes standard; develop the HRA business plan; monitor service standards and unit cost, providing an effective, efficient and responsive service to tenants.

5.4.7 Financial Planning - The forward housing financial plan and the annual housing budget will be prepared by the Corporate Director of Finance and Efficiency and the Head of Housing and Communities, supported by the Head of Corporate Assets. The Head of Direct Services will provide data and information to the process as needed.

5.4.8 Budget Holders for Property Work – the Head of Housing and Communities will be the budget holder for all HRA expenditure. However the major construction, homes improvement and repairs and maintenance, capital and revenue budgets will be delegated by the Head of Housing and Communities to the Head of Corporate Assets. The Head of Corporate Assets will be responsible for these annual budgets and will procure major construction, homes improvement and repairs and maintenance works on the basis of value for money. The Head of Direct Serves (formally City Homes) has a successful track record of undertaking HRA improvement and maintenance work and has built up a good team capable of doing this work. Provided that value for money can be demonstrated, Direct Services will continue to undertake the majority of maintenance works for the HRA portfolio, where this is within their area of expertise.

6.0 Capital Programme

6.1 The management and planning of the Council's capital programme is undertaken by the Corporate Asset Management Group (CAMG). This board oversees both the capital funding and capital expenditure programme, by delivering the disposal programme, prudential borrowing and funding strategy, together with oversight and monitoring of the capital bidding and business case development processes.

6.2 In order for a capital bid to be included within the capital programme a prioritisation methodology is applied which considers and appropriately weights the following criteria:

- Contribution to Corporate Priorities;
- Statutory/Non Statutory;
- Small scheme weighting;
- Funding availability;
- Revenue implications; and
- Risk factor;

The various schemes are ranked, and included in the provisional capital programme subject to final allocation of available funding and approval of a business case. Once a business case has been endorsed by CAMG, it may proceed under delegated powers where appropriate, or alternatively will need to be specifically approved by Single Member Decision (SMD) or CEB where required.

6.3 Following the application of the above process at 31 March 2011 the four year capital and funding programme by service may be summarised as follows*:

Capital Scheme	2012/13	2013/14	2014/15	2015/16
City Development Total		0	0	0
Environmental Development Total	790,000	1,090,000	740,000	690,000
Community Housing & Development Total	90,000	0	0	0
Corporate Assets Total	3,958,000	1,510,000	1,466,000	910,000
City Leisure Total	8,739,071	1,830,000	492,000	108,000
City Works Total	2,216,271	4,239,000	2,083,000	1,811,000
Business Transformation Total	327,000	377,000	277,000	327,000
General Fund Total	16,120,342	9,046,000	5,058,000	3,846,000
Housing Revenue Account	8,395,000	8,375,000	8,029,000	7,736,000
Grand Total	25,515,342	17,421,000	13,087,000	11,582,000

The capital programme is projected to be fully funded which may be summarised as follows:

Capital Programme Financing				
Financing - General Fund	2012/13	2013/14	2014/15	2015/16
Government Funding	590,000	390,000	390,000	390,000
Capital Receipts	3,900,000	2,262,583	1,000,000	632,220
Direct Revenue Funding	3,600,000	1,340,000	1,333,280	1,453,780
Direct Revenue Funding - Vehicles	1,291,000	1,230,000	1,270,000	1,370,000
Revenue Reserves	457,505	356,000	0	0
Prudential Borrowing	6,281,837	3,467,417	1,064,720	0
Total General Fund Financing	16,120,342	9,046,000	5,058,000	3,846,000
Financing – HRA				
Housing Revenue Account Funding	8,395,000	8,375,000	8,029,000	7,736,000
Total HRA Financing	8,395,000	8,375,000	8,029,000	7,736,000
Total Financing	25,515,342	17,421,000	13,087,000	11,582,000

** This is correct at the time of closing the Consultation Draft, any amended programme will be substituted in this final adopted document.*

6.4 Key projects in the capital programme include the following:

- Offices For the Future;
- Competition Standard Pool;
- Play Barton;
- Playground refurbishments; and
- General Fund Planned Preventative Maintenance Programme.
- New Depot

In addition, the HRA Reforms will allow the Council to undertake a significant programme of new build housing and within the HRA Business Plan amounts have been included as follows :

HCA Affordable Homes Programme

The Council has successfully bid for programme funding to deliver 112 new homes in the period 2012-2015. The programme comprises the redevelopment of an existing sheltered housing block (Bradlands: 40 homes) together with a range of small surplus sites in the Council's ownership which would otherwise be sold and are beneath the Sec 106 Planning Obligations requirement to contribute to affordable housing (less than 10 homes). The programme provides for 68 homes at social rents. The balance of the programme will be higher 'Affordable Rents' to provide accommodation for homeless persons who would not otherwise find housing at market rents in the private rented sector. The HCA grant is £2.42 million with the balance of £17.9 million funded by the HRA (A15).

Barton Development

The Council has a partnership with Grosvenor Developments to deliver over 900 new homes over the next 10-15 years, with a minimum of 40% affordable social rent. The Council may elect to develop, fund and manage the affordable stock. This might be partly or fully funded through the HRA for which a amount of £60 million has been included.

6.5 The programme is underpinned by the following key disposals:

- Sale of land at BMW
- Disposal of Temple Cowley Pool
- Grantham House disposal – *now completed*.

7.0 Planned Maintenance Programme

General Fund

- 7.1 Following completion of the current works within the “Office for the Future” and Leisure substantive works programmes, the maintenance backlog will be reduced to an estimated figure of circa £7m. As such, a programme has been prepared, which will address outstanding work over the coming six years and funding for this work is now included in the capital programme which was approved by City Executive Board on 9th February 2011.
- 7.2 In order to provide more rigour into the prioritisation of the maintenance backlog works, the building and schemes contained within the maintenance backlog programme have been scored against a range of criteria including the significance of the building and relevance or importance of the proposed project. The criteria used have been:
- (a) For the building, its significance as a:-
- Commercial (investment) property
 - Civic Property
 - Operational Property
 - Community Property, and
 - Listed Building
- (b) For the project relevance or importance, the criteria used are
- Legal, Statutory or Contractual
 - Health and Safety
 - Operational Property
 - Overall project significance or importance.

This prioritisation methodology has been used to compile the programme on which the budget for the next six years has been agreed, which may be summarised below.

Budget Cost			
2012/13	2013/14	2014/15	2015/16
£2,011,000	£1,400,000	£1,400,000	£910,000

HRA

- 7.3 The completion of the stock condition survey has resulted in a 30 year plan which has in turn informed the planned maintenance budgets shown above. The Council’s housing stock database, “Codeman”, is updated on a regular basis, with new surveys and data downloaded as works are completed. The budgets reflect the need to maintain the

Decent Homes standard, but also to ensure the building fabric is maintained in a good condition and improvements are made to improve the quality of life for our tenants. The survey data will need to be expanded to include external elements of buildings and estate areas, together with any retrofit technologies or photovoltaic solar panels that are fitted to the housing stock.

- 7.4 Although additional work is required, this will form a sound basis on which to build the 30 year 'Business Plan' required as part of the Council's preparation for HRA reform. The programme for HRA PPM over the next four years may be summarised below:

Budget Cost			
2012/13	2013/14	2014/15	2015/16
8,395,000	8,375,000	8,029,000	7,736,000

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Appendix 1

Annual Performance Measurement
2010/2011

1.0 GENERAL FUND PERFORMANCE

1.1 The last return made to CIPFA under the national performance indicators initiative produced the following results against the CIPFA benchmark.

Measure 1: Asset Condition

KPI	CIPFA Benchmark				OCC			
	A	B	C	D	A	B	C	D
Percentage of buildings	13%	62%	17%	1%	23%	39%	38%	0

A	Good	Performing as intended/ operating efficiently
B	Satisfactory	Performing as intended/showing minor deterioration
C	Poor	Showing major defects/not operating as intended
D	Bad	Life expired and/or serious risk of imminent failure.

The City Council has a higher proportion of property classified as Good than the national benchmark, but also a higher proportion of property identified as Poor where there is a requirement to address major defects and maintenance.

Measure 2: Outstanding Maintenance

KPI	CIPFA Benchmark			OCC		
	A	B	C	A	B	C
Percentage of buildings	46%	37%	17%	47%	46%	4%

A	Desirable	Within 3-5 years; fabric maintenance; low risk
B	Essential	Within 2 years; prevent deterioration; medium risk
C	Urgent	Immediate requirement; high risk

The City Council has a small percentage of properties that are in urgent need of repair. Most of the outstanding maintenance is classified as Essential or Desirable (within the next two years or beyond).

Measure 3: Outstanding Maintenance Expenditure

Maintenance Expenditure	CIPFA Benchmark	OCC
Expenditure/m ²	£111	£83

The City Council's outstanding maintenance cost per m² is lower than the national average, which is consistent with having a small proportion of the maintenance (4%) classified as urgent and high risk.

Measure 4: Planned and Responsive Maintenance

Maintenance Programme	CIPFA Benchmark		OCC	
	Planned	Responsive	Planned	Responsive
Percentage	59%	41%	36%	64%

The national average is close to the notional division of 60:40 planned: responsive maintenance adopted as good practice in typical general portfolios as evidence of effective maintenance planning. The City Council has some rebalancing of its maintenance programme to achieve this.

Measure 5: Energy Consumption

Energy	CIPFA Benchmark	OCC
Energy Cost £/M2	£11.14	£15.23
Consumption KWh/M2	210	103.47

The City Council's average energy consumption is under-half the national average, but its energy costs are nearly 50% above the national average.

Measure 6: Water Consumption

Water	CIPFA benchmark	OCC
Cost £/m ²	1.53	4.07
Consumption litres /m2	0.63	2.06

The City Council's average water cost and consumption are between 2.5 and 3 times the national average.

Measure 7: CO² Emissions

Emmissions	CIPFA Benchmark	OCC
CO2/M2 in tonnes	0.06	0.046

The City Council's carbon emissions are nearly 25% less than national averages.

Measure 8: Accessibility

Accessibility	CIPFA Benchmark	OCC
Accessibility surveys: % of portfolio	93%	100%
Accessibility plans: % of portfolio	84.94%	100%

The City Council has completed accessibility surveys and plans for its portfolio, ahead of national benchmarks.

Measure 9: Office Occupancy

KPI	CIPFA Benchmark	OCC
Offices as a % of total portfolio (GIA)	10	15.7
Office space per FTE (office teams)	11	13.37

2.0 HOUSING REVENUE ACCOUNT PERFORMANCE

2.1 The Housing Revenue Account (HRA) comprises the Council's housing and associated assets, such as retail and other estate property, such as garages. The performance measurement is based on external benchmarking and corporate programme targets.

Service Area	Last Year	Target	Previous	Current	YTD	Status
% cash collected / excl. HB		99%	97.90%		97.90%	
% rent roll paid by HB		>52%	53%	52.70%	52.7%	
Cash value of arrears		<£500,000	£653,185	£617,311	£617,311	
Value of agreed write off		<£60,000 pa		£6,480	£49,458	
Cases served NSP (number & % on arrears over 7 weeks)	518	info/100%	73/100%	36/100%	350/100% ¹	
Cases in court	94	info	6	6	66	
Cases evicted	13	info	0	1	7	
Total arrears / % of debit		2%	1.83%	1.73%	1.73%	
BVPI 66a (collection)		97.49%	96.43%	97.12%	97.12%	
% Leasehold collection rate		98%				
% Rent loss due to vacant dwelling		<1%				
Debit transferred to FTA		?	-£10,073	£8,282	£127,008	target set?

¹ within current processes many exceptions to this target exist. The recorded performance therefore relates only to those due a NSP within current process

Repair Service

Service Area	Last Year	Target	Previous	Current	YTD	Status
Number / % RTR jobs completed within target	not collected	98%	99.86%	100%	99.91%	since sept.
Number / % emergencies completed within target time		100%	100%	100%		
Number / % non RTR jobs undertaken within target	not collected	97%	100%	tbc	?	since sept.
Average cash value of RTR (incl mgt/admin costs)	not collected	<£?	under review	under review		
Average cash value of non RTR (incl mgt/admin)	not collected	<£?	under review	under review		
Tenant satisfaction with repair undertaken		98%	under review	under review		
Number & % pre inspection undertaken	not collected	>10%	10%	tbc	?	since sept.
Number & % post inspection satisfactory	not collected	?/100%	100%	tbc	?	since sept.

Planned works (PPM/Cyclical)

Service Area	Last Year	Target	Previous	Current	YTD	Status
Gas Servicing completed to planned target	100%	100%	99.64%	99.71%	100.83%	
High rise water tanks checked cleaned to planned target		100%	100%	100%	100%	

High rise fire safety standard compliance		100%	100%	100%	100%	
Lifts serviced to planned target		100%	100%	100%	100%	
Lift call outs within target time (within 1 hour?)		100%	pending review ¹	pending review ¹	pending review ¹	?
Lift release within target time (under 30 mins?)		100%	pending review ¹	pending review ¹	pending review ¹	?
Communal area H&S check low rise to target		100%				
Communal area H&S check sheltered to target		100%				
¹ not currently recorded, but now required as an indicator						

Voids & allocations

Service Area	Last Year	Target	Previous	Current	YTD	Status
Average repair time for void property		<17 days	16.6		not yet available	
Average allocation time for property in period		<5 days	6.24		5.54	
Average void time (total)		<21 days	17.8	19.9	19.29	
Average repair cost for void (including admin costs)		£?	£2,496	£3,874		target set?
Properties let first offer (excluding sheltered)		75%	96%		78%	
All identified priority TR cases not bidding are supported		Yes	Yes	Yes	Yes	
Homeless / HWL lettings split		??				?
Cases let with 'tenancy sustainment' support		info				
% New lettings satisfied with condition of property		info				

Community Safety

Service Area	Last Year	Target	Previous	Current	YTD	Status
ASB cases received		info	40		116 ¹	
ASB cases investigated within target time		95%	collected from Nov		collected from Nov	?
ASB cases actioned/closed (pre court) within target		90%	collected from Nov		collected from Nov	?
ASB cases to court action (number)		info	0		0 ¹	
Perpetrator leaseholder / tenant		info/info	collected from Nov		collected from Nov	
Cases evicted (number)		info	0		0 ¹	
% tenants satisfied with outcome of ASB action		85%	collected from Nov		collected from Nov	?
Hate crime reported (number of cases)		info	2		5 ¹	

¹records monitoring started in August

Communities & neighbourhoods

Service Area	Last Year	Target	Previous	Current	YTD	Status
No. active tenant associations	5	1	1	1	6	From Sept
TRA meetings attended in month		3	4	3	11	From Sept
Estate walkabouts undertaken in month		3	0	0	0	From Sept

Tenant newsletters produced		1/3 (quarterly)	0	0	2	
Tenants training events run		1/2 (bi monthly)	1	1	3	From Sept
Environment Improvement budget spend (£70K)		100%	0	£21,708	£21,708	From Sept

Tenancy Management

Service Area	Last Year	Target	Previous	Current	YTD	Status
Welcome visits undertaken (number / % in target)		?/100%	38	22	115	from Sept
Tenancy updates undertaken		info	37	58	92	from Sept
Tenancy breaches served NTQ		info	7	5	17	from Sept
Unlawful occupants identified referred for possession (no./%)		100%	nil	nil	nil	from Sept
Transfer cases assessed/medical cases		number / 95%				
RTB cases received		info	6	4	12	
RTB sales		info				
Mutual exchanges / assessed within target		info	11 / 100%	15 / 100%	36 / 77.78%	
Evictions attended / % requested to		number/ 100%	1 / 100%	2 / 100%	7 / 72.43%	

Housing Service

Service Area	Last Year	Target	Previous	Current	YTD	Status
Complaints received	not available ¹	Info	0	0	152	
Complaints investigated and closed in target time	not available ¹	98%				?
MP & Member enquiries responded on target	not available ¹	No./100%	9 ¹	15 ¹	52 ¹	started Sept
H&S issues raised/closed (staff)	not available ¹	100%	n/a	n/a	100%	
H&S issues raised/closed (public)	not available ¹	100%	n/a	n/a	100%	
Phone calls answered within 5 rings	not available ¹	95%	not collected	not collected	not collected	start Dec '11
Letters responded to within 10 days	not available ¹	95%	not collected	not collected	not collected	
Appointments kept within 5 days of request	not available ¹	100%				

¹includes housing need figures, yet to be separated

Finance

Service Area	Last Year	Target	Previous	Current	YTD	Status
Budget spent on profile		Yes	Yes	No ¹	No ¹	
HRA cash flow +/- £' 000		>£500	£792	£1,289	£2,081	
compliance with BP treasury mgt plan	not monitored	Yes	not monitored	not monitored	relevant in 2012/13	
Housing service cost per property (excl R&M)		<£?	£450	£557	£557	target set?
R&M cost per property		<£?	£675	£649	£649	target set?

¹Several factors under review, but responsive repairs one key factor. This caused by seasonal factors, i.e. good weather, will hold surplus and review at end of quarter 3

Staffing HRA Excl. Direct Services

Service Area	Last Year	Target	Previous	Current	YTD	Status
Average sickness per employee (per year)		<8 days		1	1	
Total days lost through sickness (in period)		info		1	1	
% days lost through sickness (in period)		<?		1	1	
Vacant posts		info	1	1		
Average days post vacant		< 42		1	1	
Staff turnover		<5%		1	1	
Staff appraisal completed on target time		95%	100%	100%	100%	
Disciplinary action: number (anonymous)		info	0	0	tbc	

[1trent report requested](#)

Staffing HRA Direct Services

Service Area	Last Year	Target	Previous	Current	YTD	Status
Average sickness per employee (per year)		<8 days		1	1	
Total days lost through sickness (in period)		info		1	1	
% days lost through sickness (in period)		<?		1	1	
Vacant posts		info		1	1	
Average days post vacant		< 42		1	1	
Staff turnover		<5%		1	1	
Staff appraisal completed on target time		95%		1	1	
Disciplinary action: number (anonymous)		info		1	1	

Appendix 2

Action Plan 2012/2013

Consultation Draft

Appendices

Property Asset Management Action Plan 2012/13

Year	Target Measure Achieved			
	2011/12	2012/13	2013/14	2014/15
<u>Project</u>				
Office Footprint	<ul style="list-style-type: none"> • Completion of OFTF 	<ul style="list-style-type: none"> • 2% reduction • Town Hall Commercialisation Business Plan 	<ul style="list-style-type: none"> • Depot ancillary offices reduction (linked to Depots rationalisation) 	
Carbon reduction, renewable technologies and sustainability		<ul style="list-style-type: none"> • PV solar panels Go/No go decision on Leisure centres and HRA assets 	<ul style="list-style-type: none"> • Achieve minimum Code 4 and preferably Code 5 rating on Bradlands development. 	
Planned Preventative Maintenance GF&HRA 49	<ul style="list-style-type: none"> • GF - £1m programme • HRA - £8.5m programme 	<ul style="list-style-type: none"> • GF - £2m programme • HRA - £7.75m programme • Leisure phase II works • Covered Market capital works 	<ul style="list-style-type: none"> • GF - £1.4m programme • HRA - £7.75m programme 	<ul style="list-style-type: none"> • GF - £1.4m programme • HRA - £7.75m programme
Community Centres		<ul style="list-style-type: none"> • Consultation on AMP policy 	<ul style="list-style-type: none"> • Implementation of policy 	
Regeneration & Development	<ul style="list-style-type: none"> • Commercial Agreement Barton & Westgate completed 	<ul style="list-style-type: none"> • Westgate commercial agreement completed • Northway and Cowley start on site • Blackbird Leys regeneration strategy commissioned • Oxpens SPG commissioned 		
Investment Portfolio		<ul style="list-style-type: none"> • Agricultural review • Annual Performance Report issued • Review of systems, and processes. 		
Affordable Homes Programme	<ul style="list-style-type: none"> • HCA agreement of terms 	<ul style="list-style-type: none"> • Phase 1 underway 	<ul style="list-style-type: none"> • Final phases underway 	<ul style="list-style-type: none"> • Completion

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HRA Business Planning	<ul style="list-style-type: none"> • Tower Blocks review and programme agreed. • Annual BP review 	<ul style="list-style-type: none"> • Garage rents and sites review • Annual BP review 	<ul style="list-style-type: none"> • Annual BP Review 	<ul style="list-style-type: none"> • Annual BP Review
Depots		<ul style="list-style-type: none"> • Capital works for retained depots • Disposals of surplus depots • Go/No go decision on main depot consolidation 		
Cemeteries		<ul style="list-style-type: none"> • Site investigations & feasibility 	<ul style="list-style-type: none"> • “Go/no go” decision point 	
Leisure assets		<ul style="list-style-type: none"> • Phase 2 Leisure works • Pavillions programme of improvement works. 		

Consultation Draft

Appendix 3

Asset Management Protocols

Consultation Draft

Corporate Assets

Asset Management Protocols

- 1.0 Introduction
- 2.0 Purpose of Asset Management Protocols
- 3.0 Links to Corporate Priorities
- 4.0 The Council's Role as a Property Owner
- 5.0 Acquisitions
- 6.0 Disposals
- 7.0 Development/Regeneration
- 8.0 Letting and Tenant Mix strategy (incorporating the Covered Market "Leasing Strategy")
- 9.0 Community Lettings
- 10.0 Environmental Impact
- 11.0 Restrictive Covenants/competition
- 12.0 Landlord's consent
- 13.0 Service charges
- 14.0 Insurance
- 15.0 Rent arrears
- 16.0 Repairs and Maintenance
- 17.0 Rent Reviews and Lease Renewals
- 18.0 Dilapidations
- 19.0 Tenancy Associations
- 20.0 Commercialisation opportunities
- 21.0 Valuation

1.0 Introduction

- 1.1 The purpose of the AMP 2011-2014 is to provide a framework for the strategic management of the Council assets as a Corporate Resource. Its aim is to set out the Council's vision, aspirations and objectives for its portfolio, and outlines an Action Plan for how it aims to achieve these outcomes.

2.0 Purpose of Asset Management Protocols

- 2.1 The Asset Management Protocols (AM Protocols) will provide a consistent framework of values to determine and shape how the Council implements the AMP 2011-2014.
- 2.2 These AM Protocols will define detailed areas of AM activity, which will provide an insight into the Corporate approach adopted in the management of the Council property portfolio.

NB: As at February 2012 Corporate Assets are currently developing protocols for the following areas:

- *Localities Act;*
- *Asset Transfer;*
- *Sustainability standards on new build and repairs and maintenance activity;*
- *Facilities Management;*
- *Asset rents and re-charges;*
- *Covenants cost recovery;*
- *Use of Internal DLO;*
- *Void property*

These protocols will be used as internal guidance/procedure notes and will be revised by Officers as required, and subsequently published annually with the Annual Asset Management Plan Action Plan and Performance Measurement.

3.0 Links to Corporate Priorities

- 3.1 The AM Protocols will consist of generic objectives and practices that are aligned to a private sector "institutional" or corporate owner and occupier of property assets, however in addition, the protocols will reflect the historic legacy, local circumstances, the community and social role of Council and the Corporate Priorities of the Council.
- 3.2 The AM Protocols also reflect wider trends and central government policy. These will evolve and be reflected in refinements to the AM Protocols over time. The key external influences that have been reflected in this Policy area:
- Promotion of access to public services;
 - Value For Money;
 - Good governance principles;

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- The Capital and Investment Strategy – Prudential Accounting;
- The E Government agenda;
- The Gershon review of efficiency;
- Support of Partnering, third sector and multi-agency approaches across various services;
- Promotion of overall socio-economic well-being;
- Regeneration and Renaissance.

4.0 The Council's Role as a Property Owner

- 4.1 Beyond its scale and cost, the Council's property portfolio is significant also in the impact it makes on the City's economy and environment. The quality and condition of Council properties makes an important impact on the environment.
- 4.2 Under-used or vacant property represents an actual as well as opportunity cost to the Council. Also, by under-exploiting a scarce land asset under-used or vacant property often prevents another more beneficial use or form of development from taking place.
- 4.3 The Council recognises the importance of indirect as well as direct costs of holding under-used property assets and is committed to a continuous process of Property Review to monitor and promote opportunities for identifying and releasing surplus property.
- 4.4 The requirement for property as a resource does not necessitate its ownership and the Council should similarly consider alternative tenure options within the context of its corporate financing strategy.

5.0 Acquisitions

- 5.1 Land and Property interests will only be considered for acquisition if, after consultation, the following circumstances apply:

- The acquisition will make a positive contribution to the current delivery of Council services.
- All other methods for the delivery of this service have been investigated and a Full Property Options Appraisal has been undertaken which highlights this acquisition route as the most economically advantageous and efficient method of service delivery.

In addition to the above, the following circumstances may apply:

- The acquisition of the interest has potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Community Strategy or Council Strategic Aims and priorities.
- No other available land and property asset can provide a more cost effective and/or efficient point of service delivery.

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- There is an adopted Council plan/policy/strategy, with resources identified, which will bring the land or property into beneficial use in the foreseeable future.
- There is potential for advantageous shared use.
- The investment in Land and Buildings is used as a part of a wider Treasury Management function for the allocation of capital to provide an investment/revenue return to support front line services. Any investment decision would meet target hurdle rates of return appraised using Discounted Cash Flow/Internal Rates of Return methodology.

6.0 Disposals

- 6.1 Land and Property will be considered to be surplus or under-used if, following consultation, any of the following statements apply. That the interest:
- No longer makes a positive contribution to the current delivery of Council services.
 - Has no potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Corporate Plan aims and objectives.
 - An alternative site can provide a more cost effective and/or efficient point of service delivery.
 - The income from the site is below that which could be achieved from:
 - an alternative/more intensive use.
 - Investment of the capital receipt (i.e. uneconomically let)
 - Has no potential to re-gear, or otherwise manage the lease in a more economically and advantageous way.
 - There is no adopted Council plan/policy/strategy, with resources identified, which will bring the site into beneficial use in the foreseeable future.
 - There is no potential for advantageous shared use.
- 6.2 Disposals will be managed by the Corporate Assets department as part of a programme to deliver capital receipts targets. These targets will be driven by the Council's wider needs and the potential to release surplus capital inherent in the portfolio. This may lead to the Council's targets being exceeded.
- 6.3 The Council will, as a matter of general policy, seek to achieve best consideration in all property disposals other than where specific cases can be sustained for sales at less than best consideration. Transfers for community use will normally include the imposition of "community lock out clauses" to ensure the enduring use is for the wider community.

7.0 Development/Regeneration

- 7.1 In certain cases the Council will hold property interests in anticipation of some wider benefit to be secured through re-development, sometimes for long periods.

- 7.2 These property interests will be maintained in a secure and safe condition. Where possible, holding costs will be defrayed by securing temporary rental or licence fees.
- 7.3 The continued holding of these properties usually has an opportunity cost and this is not generally justified where the redevelopment potential is small or remote. Continued justification will need to be substantiated on the basis of specific development proposals and estimated timescales, holding cost and return assumptions
- 7.4 In pursuance of the Councils Regeneration Strategy it will be appropriate for a planning brief to be prepared for any land capable of redevelopment to identify the most advantageous use and nature of the redevelopment, and should have the objective of stimulating further regeneration in the locality.
- 7.5 An evaluation should be carried out in each case, as appropriate, to identify whether additional land should be acquired to enhance the impact and viability of any redevelopment.
- 7.6 Where the land forms or could form part of a larger redevelopment scheme in private ownership the property can be offered to the owner by private treaty at an appropriate price reflecting beneficial value and subject to positive planning covenants producing additional benefits for the Regeneration Strategy. Alternatively it may be appropriate in certain circumstances for various forms of Joint Ventures or joint promotion agreements to be considered.
- 7.7 The Council seeks to achieve regeneration and beneficial change by leadership of redevelopment and stimulation of diversity and quality in employment, service and residential accommodation, to be accomplished through a combination of land ownership and planning powers and processes.

8.0 Letting and Tenant Mix Strategy (incorporating the “Covered Market “Leasing Strategy)

- 8.1 The Council will pursue a commercial letting policy designed to promote efficient management and maintain or enhance asset values and preserve income flow, in accordance with the Portfolio Business Plan.
- 8.2 The Council will promote diversity in the retail estate so as to maximise retail opportunities to local residents and visitors, and encourage a economic prosperity in the City.
- 8.3 The Council recognises that the prime goal of shops or other retained assets on housing estates and in residential neighbourhoods will often be to provide facilities for residents. Appropriate mix of convenience and food outlets will take precedence over maximisation of rental income.
- 8.4 The Council will comply with the Government’s ‘*A Code of Practice for Commercial Leases in England and Wales*’ which is designed to offer potential tenants a varied range of tenure options, subject to the principles of good estate management.

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- 8.5 The Council will ensure that commercial units are available also to all people in accordance with the Council's equality and diversity policies. The Council will also provide documentation in a format that is accessible to people with disabilities.
- 8.6 The Council will consider all applications for consent and new lettings in the Covered Market in accordance with the adopted "Leasing Strategy" document.

9.0 Community Lettings

- 9.1 The Council's policy is to adopt the principles advocated in the RICS report '*Whose Property Is It Anyway?*' and the findings of the Quirk review. This policy will be supplemented by the contents and principles established by the Localities Act.
- 9.2 The Council recognises the importance of providing support to voluntary organisations that provide services to the community compatible with the Council's wider objectives and the Community Strategy. Traditionally this support has taken the form of "soft" rental terms on Council properties.
- 9.3 This traditional approach is seen as damaging from three perspectives. First, it promotes under-management by voluntary organisations of important resource costs. Secondly, it makes it more difficult to perform day to day property management decisions sensibly, for example enforcing repairing covenants. Thirdly, a suppressed rent not only reduces the income receivable but also damages the underlying asset value base of the Council, and the performance analysis and understanding thereof.
- 9.2 The Council's policy is therefore to let properties on proper commercial lease terms and open market rents on an "arms length basis", and where appropriate, to replace the hidden rental subsidy with an overt grant subsidy, with appropriate fully offsetting adjustments to budgets. This will also make the Council's overall support to the voluntary sector as a whole more visible and transparent.

10.0 Environmental Impact

- 10.1 The Council seeks to own and occupy property in an environmentally responsible way with a commitment to reduce carbon emissions.
- 10.2 New buildings should aim to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) assessment of at least "Very Good and ideally "Excellent", subject to commercial considerations of capital and life cycle cost. All new technologies for new build and retrofit will be considered and where possible prioritised for both GF and HRA assets.
- 10.3 Where buildings are directly managed by the Council all property services i.e. repair and maintenance activity will have due regard to environmental and sustainability considerations and life cycle costing in the design, specification and implementation.

11.0 Restrictive Covenants/Competition

- 11.1 The Council will not seek to breach covenants placed by third parties on its land where still enforceable but will seek to negotiate its modification or removal where appropriate to do so.
- 11.2 In relation to covenants the Council has imposed, it will seek to enforce such covenants or where no longer required seek payment for its release or partial release where lawful to do so.
- 11.3 In accordance with its Letting/Tenant Mix strategy, the Council will seek to restrict the use of premises, where it is deemed that such a competing use would be to the detriment of an existing tenant or the Council's adjacent land ownerships, or detrimental to the community or economic prosperity of an area.

12.0 Landlord's consent

- 12.1 All requests for consent from the Council should be submitted in writing with supporting information to the Head of Corporate Assets.
- 12.2 Requests will be dealt with in a reasonable time period and replied to in writing confirming if consent will be granted, or alternatively stating grounds for refusal of consent. Consent will not be granted until the completion of a formal license where required.
- 12.3 The Council will outline scale fees if applicable for providing consent and the process of providing formal consent.
- 12.4 The Council will have regard to principles of good estate management practice in considering any application, and will consider financial, non-financial matters and the impact on the remainder of the Council's landholdings, existing and adjacent tenants, and or impact on the Community and economic prosperity of the area.

13.0 Service Charge

- 13.1 Where ever practicable, the Council will endeavour to re-charge "landlords outgoings" in running buildings let to occupying tenants.
- 13.2 The basis of the recharge will be subject to an agreed formula, and will be administered by the Council's Corporate Assets department.
- 13.3 Service charge accounts will be levied on the basis of "on account" payments, half yearly, or annual re-charges, and or reconciliations running between March and February. The service charge account will be closed in March and full reconciliations will be provided within three months of closing the account for the year.
- 13.4 The Council will comply with the RICS Service Charge Code of Practice.

14.0 Insurance

- 14.1 The Council will endeavour where permitted to re-charge insurance premiums to tenants where they are insured under the terms of the Council block policy.
- 14.2 The Council will insure on the basis of an “All Risks” commercial insurance policy, which where possible will include Terrorism insurance where this is commercially available in the insurance market.
- 14.3 A copy of the insurance schedule will be provided to the tenant if requested.
- 14.4 All re-charges of insurance premiums will be administered annually in advance and will be issued in March, and will run until February of the following year.
- 14.5 Where responsibility for insurance rests with the tenant, the tenant will be required to evidence this insurance to the Council upon reasonable notice period. Similarly the tenant may be required from time to time to evidence upon request all statutory compliance with health and safety legislation where they are required to do so.

15.0 Rent arrears

- 15.1 The Council will act promptly and diligently in recovering rent arrears in order to protect revenues for front line services.
- 15.2 Rent is deemed to be in arrears if on the day it becomes due the Council is not in receipt of cleared funds.
- 15.3 The Council will use whatever means are available or appropriate to recover arrears of rent, including distraint, legal proceedings, bankruptcy or referral to debt recovery specialists.
- 15.4 It is advised that any tenants who are experiencing problems should make contact with the Corporate Assets department of the Council as soon as is practicable.

16.0 Repair and Maintenance

- 16.1 The Council will display a preference to let property on a full repairing and insuring basis, and therefore the tenant will be responsible for repair and maintenance of the assets in accordance with the express provisions of the lease/license, and requirements under statute.
- 16.2 The Council will undertake to comply with all covenants and health and safety and statutory legislation in the provision of property services.
- 16.3 The Council will ensure that its properties are maintained in accordance with corporate standards. A poor physical condition can contribute to an atmosphere of decay in the immediate area whereas properties that are well maintained and secure can sustain or elevate the tone of the neighbourhood. The Council recognises that responsible ownership and occupation of property includes acting as a good neighbour by maintaining it in a good condition. It also recognises that insufficient expenditure on

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maintenance and management is normally reflected in a proportionately greater erosion of value.

- 16.4 A priority will be given to the allocation of repair/maintenance and capital budgets to the income producing portfolio. However, in each instance a business case with full option appraisals will be produced to demonstrate the rate of return, and risk analysis.

17.0 Rent Reviews and Lease Renewals

- 17.1 This area of professional activity will be co-ordinated by Corporate Assets department, in conjunction with the Council Legal department. The activity may be instigated in-house or may be outsourced to appropriately qualified professional advisers.
- 17.2 Where the Council implements Rent Reviews and Lease Renewals, it will seek to establish the highest market rental value supported by comparable evidence, to preserve the capital value and income flow of the portfolio.
- 17.3 Where the Council implements Lease Renewals it will seek to impose terms that are commensurate with market practice, RICS guidance, and that preserve the value and income flow from the portfolio.
- 17.4 In accordance with the Letting/Tenant Mix Strategy, the Council in all new leases will consider providing tenants with priced options in relation to monthly/quarterly in advance rents, upwards and downwards reviews, and all other reasonable requests. The Council is required to secure best consideration in rent review and lease renewals activity.

18.0 Dilapidations

- 18.1 The Council will undertake interim and terminal dilapidations schedules where appropriate to do so. The costs of preparation and service will be advised at the time of preparation and will be recovered where it is permitted to under the terms of the lease/license.
- 18.2 The Council will comply with the *Dilapidations Protocol: 2008 Version of PLA*, and will use its best endeavours to mitigate any claim for damages and costs.

19.0 Tenant Associations

- 19.1 The Council will promote and encourage the adoption of Tenancy Associations or member of Tenant Bodies etc.
- 19.2 All such Associations will have their primary relationship with the Corporate Assets department of the Council.

20.0 Commercialisation opportunities

20.1 The Council will explore all opportunities to generate additional income from its portfolio of Land and Buildings, although not limited to these will include:

- Telecoms/Wayleaves etc
- Wind Turbines
- Advertising
- Kiosks
- Promotional displays/events
- Markets/Street trading

20.2 In all instances the Council will have regard to the impact of the activity on neighbouring owners, tenants and the community and neighbourhood.

21.0 Valuation

21.1 Professional property valuation services will be undertaken by the Corporate Assets department of the Council. These will be undertaken by RICS qualified members of staff for a range of purposes across both commercial and residential sectors. Alternatively, the Corporate Asset team will be responsible for commissioning external valuation advice from appropriately qualified professionals.

21.2 An internal system of Quality Assurance is observed, and in each instance, the valuation will be signed off by a Line Manager and by the Head of Corporate Assets.

21.3 All valuations comply with CIPFA requirements in relation to valuation and asset register requirements of the end of year accounts.

21.4 The Council will outline scale fees, for undertaking valuations if appropriate.

Appendix 4

Risk Register

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Risks Register

Risk						Corporate Objective	Gross Risk		Residual Risk		Current Risk		Owner	Date Risk Reviewed
Risk Title	Opportunity/ Threat	Risk Description	Risk Cause	Consequence	Date raised	1 to 5	I	P	I	P	I	P		
AMP	Threat	Not having an up to date AMP	The Council determines not to adopt the proposed plan.	Not having an up to date AMP will impact on the Council's ability to effectively manage its property assets as a Corporate Resources	Jan-12	1,2,3,4,5	5	2	1	1	2	2	SS	Annually
AMP Actions	Threat	Actions proposed in AMP are not undertaken	Under resourcing or lack of buy in from stakeholders	The benefits and overall strategy proposed will not be implemented.	Jan-12	1,2,3,4,5	5	3	2	2	3	3	SS	Annually
64 Resourcing	Threat	Adequate resources to implement the AMP	Inability to recruit and/or retain staff on proposed terms and conditions.	The benefits and overall strategy proposed will not be implemented.	Jan-12	1,2,3,4,5	5	2	1	1	2	2	SS	Annually
Support	Threat	Political/Senior Officer support	Political/senior officers support to proposed strategy and actions.	The benefits and overall strategy proposed will not be implemented.	Jan-12	1,2,3,4,5	5	3	3	2	2	2	SS	Annually
Market	Threat	Property Market conditions	Deteriorating market conditions impact adversely on a) capital receipts, b) rental income.	The benefits and overall strategy proposed may not be capable of full implementation.	Jan-12	1,2,3,4,5	5	2	5	2	2	2	SS	Annually

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