Agenda

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OXFORD CITY COUNCIL

City Executive Board

Date:	**Monday 23 April 2012**
Time:	**4.30 pm**
Place:	**Oxford Town Hall, St Aldate's, Oxford**

For any further information please contact:

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City Executive Board

Membership

Chair

Councillor Bob Price	Corporate Governance and Strategic Partnerships
Councillor Ed Turner	Finance and Efficiency
Councillor Antonia Bance	Stronger Communities
Councillor Colin Cook	City Development
Councillor Van Coulter	Leisure Services
Councillor Mark Lygo	Parks and Sports
Councillor Joe McManners	Housing Needs
Councillor Val Smith	Customer Services and Regeneration
Councillor John Tanner	Cleaner, Greener Oxford
Councillor Bob Timbs	Crime and Community Safety

The quorum for this meeting is three members. Substitutes are not permitted.

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AGENDA

PART ONE
PUBLIC BUSINESS

Pages

1   APOLOGIES FOR ABSENCE

2   DECLARATIONS OF INTEREST

Board Members are asked to declare any personal or personal prejudicial interests they may have in any of the following agenda items. Guidance is contained at the end of these agenda pages.

3   PUBLIC QUESTIONS

When the chair agrees, questions from the public for up to 15 minutes – these must be about the items for decision at the meeting (excluding the minutes) and must have been given to the Head of Law and Governance by 9.30am two clear working days before the meeting (email executiveboard@oxford.gov.uk or telephone the person named as staff contact). No supplementary questions or questioning will be permitted. Questions by the public will be taken as read and, when the Chair agrees, be responded to at the meeting.

4   SCRUTINY COMMITTEE REPORTS

There are no Scrutiny reports for this meeting.

5   RISK MANAGEMENT STRATEGY   1 - 20

Lead Member: Councillor Turner

Report of the Head of Finance

This report presents an updated Risk Management Strategy for the Council. The report has been considered by the Audit and Governance Committee. The recommendations in the report are for the Board to reach a final decision on.

Lead Members: Councillor Turner and McManners

Report of the Head of Corporate Assets

This report will seek approval for the 2012/13 capital programme for property improvements and propose a process for in-year amendments to it.

This report proposes a new lease and terms therefor for premises owned by the Council in Floyds Row, St Aldate's. There is a not for publication annex to the report.

8   MATTERS EXEMPT FROM PUBLICATION

If the Board wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Board to pass a resolution in accordance with the provisions of Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule I2A of the Local Government Act 1972.

The Board may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PART TWO
MATTERS EXEMPT FROM PUBLICATION

Lead Member: Councillor Turner

Not for publication Annex to report of the Head of Corporate Assets at agenda item 7.

Not for publication – Paragraph 3, Schedule 12A, Local Government Act 1972 – information relating to financial or business affairs.

DECLARING INTERESTS

What is a personal interest?

You have a personal interest in a matter if that matter affects the well-being or financial position of you, your relatives or people with whom you have a close personal association more than it would affect the majority of other people in the ward(s) to which the matter relates.

A personal interest can affect you, your relatives or people with whom you have a close personal association positively or negatively. If you or they would stand to lose by the decision, you should also declare it.

You also have a personal interest in a matter if it relates to any interests, which you must register.

What do I need to do if I have a personal interest?

You must declare it when you get to the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you. You may still speak and vote unless it is a prejudicial interest.

If a matter affects a body to which you have been appointed by the authority, or a body exercising functions of a public nature, you only need declare the interest if you are going to speak on the matter.

What is a prejudicial interest?

You have a prejudicial interest in a matter if;

a)   a member of the public, who knows the relevant facts, would reasonably think your personal interest is so significant that it is likely to prejudice your judgment of the public interest; and

b)   the matter affects your financial interests or relates to a licensing or regulatory matter; and

c)   the interest does not fall within one of the exempt categories at paragraph 10(2)(c) of the Code of Conduct.

What do I need to do if I have a prejudicial interest?

If you have a prejudicial interest you must withdraw from the meeting. However, under paragraph 12(2) of the Code of Conduct, if members of the public are allowed to make representations, give evidence or answer questions about that matter, you may also make representations as if you were a member of the public. However, you must withdraw from the meeting once you have made your representations and before any debate starts.

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To: **Audit and Governance**
                 City Executive Board

Date: **16th April 2012**
                 23rd April 2012

Report of: **Head of Finance**

Title of Report: **RISK MANAGEMENT STRATEGY**

Summary and Recommendations

Purpose of report: To present an updated Risk Management Strategy for consideration

Key decision   No

Executive lead member: Councillor Ed Turner

Policy Framework: Council's Corporate Plan

Recommendation(s):   That the Audit and Governance Committee consider the Risk Management Strategy and make recommendations as appropriate to City Executive Board

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Appendix A   Risk Management Strategy
Appendix B   Terms of Reference for Risk Management Group

Summary

1   Paragraph 18.17 of the Finance Rules in the Councils' Constitution require the Head of Finance to:

    'Periodically review and present for adoption the Risk Management Strategy'

2   The Risk Management Strategy was last reviewed in 2010 and it is now considered appropriate to review and update the strategy to ensure it remains fit for purpose. In particular to:

    - Confirm how risk is evaluated and scored
    - Take into account recent changes in management structures
    - Take into account changes in monitoring arrangements arising from the implementation of risk reporting on the Council's performance monitoring system CORVU

.
Summary of Changes in Risk Management Strategy

3 A summary of the main changes to the risk management strategy are set out in the table below:

| Substantive Changes to Risk Management Strategy	
Section	**Change**
3.0	Remove requirement for full council approval and replace with City Executive Board
6.0	Removal of statement of internal controls and replace with Annual Governance Statement
9.2	Add in 'Principles of' for section on Prince 2
9.6	Corporate Risk Register to be reported and reviewed Corporate Management Team quarterly
9.6	Service Risk Register to be reported quarterly to Corporate Management Team not Performance Board. Also reference to CORVU for recording and monitoring of risk
12	Remove Audit Commission – replace with Industry review & guidance. Remove reported to performance board and replace with reporting in periodic review of strategy
19.0	Remove Risk Group reporting into Performance Board; add in responsible for supporting risk management practice in the Council
19.0	Benchmarking should be annually

Reporting

3 Some of the more significant changes are around the reporting and monitoring of risks. Recent changes in the Corporate Management Team mean its membership now includes the Directors and all Heads of Service. Service Risk Registers are updated on a regular basis and high risks as previously can be escalated to the Corporate Risk Register. The Corporate Risk Register is reviewed quarterly by the newly formed CMT before being submitted for review by Audit and Governance and City Executive Board

4 Audit & Governance are accountable for ensuring that risk management and risk management training is delivered on behalf of the City Executive Board.

Monitoring

5   Since the previous review of the strategy the Council has introduced an on-line performance management system, CORVU to facilitate the integrated monitoring of finance, performance and risk. The previous risk management monitoring system was 'spreadsheet' based and has been replaced with:

- An interactive on-line system available to all staff and Members which facilitates a self service approach to risk management
- A system which allows an audit trail of changes
- A system which streamlined the approach to risk management saving administration time

- A system which allows transparent monitoring of risk mitigating actions and progress against each action
- Reminder emails to risk owners to update risk areas
- The system continues with the use of the Red, Amber, Green (RAG) risk matrix as shown below with 'red' risks having the potential for escalation to The Corporate Risk Register

Probability

5	🟩	🟧	🟧	🟥	🟥
4	🟩	🟧	🟧	🟥	🟥
3	🟩	🟩	🟧	🟥	🟥
2	🟩	🟩	🟩	🟧	🟧
1	🟩	🟩	🟩	🟩	🟧
	1	**2**	**3**	**4**	**5 Impact**
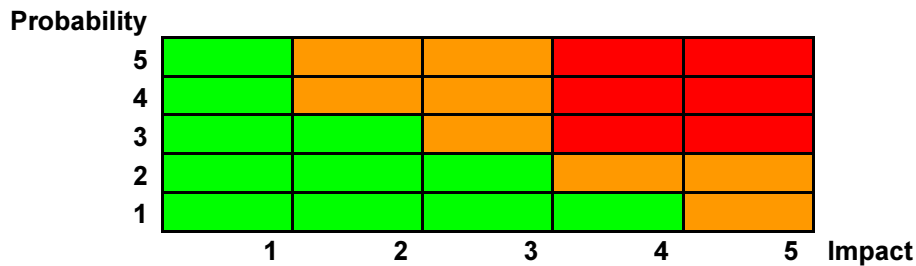
Risk Management Group

6   Whilst risk management should be seen to be part of the 'day job' there is still a need for a body of officers to periodically review the degree of embededness and also take proactive actions to ensure that Risk Management is at the forefront of service delivery. The Risk Management Group has met on a number of occasions recently and has revisited the Terms of Reference for the Group as shown in Appendix B together with the workplan for the coming year including

- Re-affirm the terms of reference for the risk management group

- Undertakes a periodic review of the Risk Management Strategy to inform reporting and approval of strategy by Corporate Management Team and City Executive Board

- Reviews the risk operating framework which supports the Risk Management Strategy

- Promotes formal Directorate discussions of Service Risk Registers, Project, Programme and Contract Risks (including sharing best practices and benefits)

- Ensure meaningful risk reporting to CMT and CEB now utilising Corvu

- Implement best working practice for management of risk within contracts and procurements.

- Ensure a consistent risk management approach for projects and programmes which is aligned to the operating framework.

- Fully utilise Risk Group members to embed risk management, champion best practice and operate as check and challenge

- Provide confirmation, of risk reporting cycle to A&GC

- Carry out 2012/13 benchmarking exercise of risk management practices

- Ensures the provision of appropriate risk management refresher training.
- Investigate the use of E-learning for risk management

Financial Implications

7   Good risk management practices will ensure that the Councils finances are monitored and protected..

Legal Implications

8   There are no legal implications relevant to this report.

Equalities Impact

9   There are no equalities implications relevant to this report

Climate change/environmental Impact

10   There are no climate change implications relevant to this report

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Service Area / Department: Finance
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List of background papers: None

DRAFT

Oxford City Council

Risk Management Strategy

February 2012
V 5 DRAFT

Risk Management Strategy

Contents Page

Risk Management Strategy

This strategy defines the approach that Oxford City Council (OCC) takes towards the management of risk both within the organisation and across organisational boundaries.

1.   Strategy Aim

To fully embed Risk Management into the culture, processes and procedures of the Council, so that threats and opportunities are proactively managed in the most efficient manner, thereby strengthening the Council's ability to deliver its strategic priorities.

2.   Purpose of the Strategy

The strategy aims to provide a clear and consistent approach to the management of risk across the organisation ,between services and between corporate and service levels.

3   Strategy Review & Approval

The Risk Management Strategy will be reviewed periodically to take account of changing legislation, government initiatives, best practice and experience gained within the Council in adopting the Strategy. Any amendments will be recommended to the **Audit and Governance Committee (A&GC)** to take forward for approval by the **City Executive Board (CEB).**

4.   Definition of Risk

A risk is the chance that something will happen (positive or negative) which will impact on the organisations objectives.

5.   Definition of Risk Management

Risk Management is a strategic tool that allows organisations to effectively manage potential opportunities and threats to achieving its objectives. It is an essential part of effective and efficient management and planning and strengthens the organisation's ability to achieve its objectives.

"*Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standard of conduct and service delivery arrangements.* " (Audit Commission, *Worth The Risk*, 2001:7)

6. The regulatory requirements for risk management

A risk management strategy is considered as an essential part of good governance within any organisation and therefore should be an integral part of its processes and plan.

The current Accounts and Audit Regulations (England) establish requirements related to systems of internal control, and the review and reporting of those systems.

In June 2007 CIPFA in conjunction with the Society of Local Authority Chief Executives (SOLACE) published Delivering Good Governance in Local Government: Framework. This framework introduced the concept of an integrated Annual Governance Statement covering all significant corporate systems, processes and controls.

The AGS describes the systems and processes that make up the governance framework and how effective these are together with any areas of improvement. The statement draws on opinions and conclusions including internal audit, performance, management, risk management, external auditors and the Councils monitoring officer. Production of the AGS is a statutory requirement and must be approved by the Leader of the Council and the Chief Executive.

7. The benefits of Risk Management

Highlighted are those benefits of particular importance and focus for the Council.

- More satisfied citizens
- Increased focus on what needs to be done (and not done) to meet objectives
- Supports innovation
- Fewer complaints
- Controlled insurance costs
- Competitive advantage
- Better quality service
- Enhanced ability to justify actions taken
- Delivering best value
- Protection of reputation
- Better management of change programmes
- Getting things right first time

Good risk management can therefore lead to:

Better operational performance

- increased number of targets achieved
- stronger internal controls
- improved service delivery
- increased positive feedback from stakeholders
- improved planning through anticipation of risks

Improved financial performance
- increased percentage of objectives achieved
- reduced level of fraud
- improved income generation
- better budget management

Improved human resources management
- reduced staff turnover
- reduced days lost to sickness

Improved corporate governance and compliance systems
- reduction in legal challenges

Improved insurance management
- reduced cost of insurance premiums
- lower number and levels of claims
- reduced uninsured losses

8. Risk Management Objectives

Oxford City Council's objectives are to:

- Further embed effective risk management across the Council making it part of all decision making processes

- Continue to actively assess and manage risks and circumstances that could hamper the delivery of services, including early warning mechanisms

- Provide a framework and support so that risks do not become an inhibiting factor in decision making

- Continue to build the confidence to innovate through the use of good risk management practices

- Manage corporate and service area risk in accordance with best practice, as part of good corporate governance

- Create effective processes that will allow the Council to make risk management assurance statements annually.

To achieve these objectives, we will continue to develop risk management processes and procedures by:

- Reviewing the Risk Management Strategy and Operating Framework on a periodic basis

- Establishing clear accountabilities, roles and reporting lines across all directorates

- Train staff across the Council providing them with the necessary awareness, skills and expertise

- Providing for risk assessment in all decision making processes of the Council

- Developing arrangements for the integrated reporting of risk

- Developing a control framework which provides assurance that risks identified are being managed

- Ensuring appropriate consideration of risk within the strategic planning process

- Ensuring that partners, providers and delivery agents are aware of the Council's expectations on risk management

9. Risk Management Approach

9.1 Risk Management Cycle
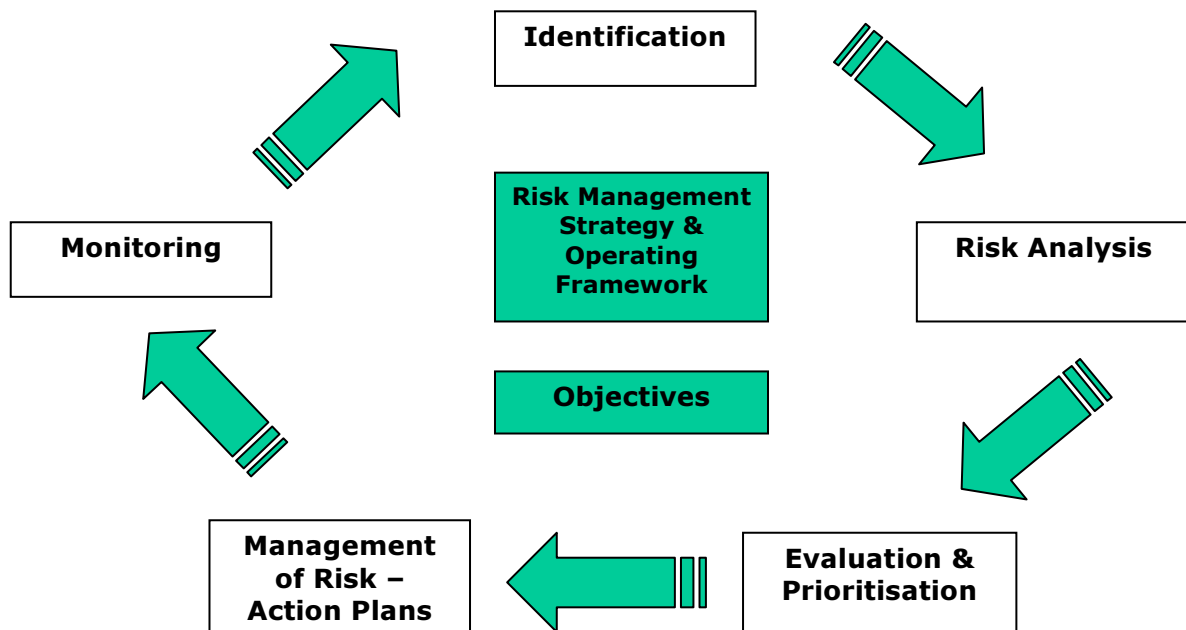
9.2 Risk Identification

Corporate Risks
The Corporate Risk Register (CRR) is reviewed by the Corporate
Management Team (CMT) on a quarterly basis any new risks are
incorporated into a revised version of the CRR. Risk owners for Corporate are
generally held at Director level

Service Risks
Service Area risks are reviewed periodically by Heads of Service and Service
Managers. High (red) risks should be raised on a quarterly basis and reviewed
by Corporate Management Team for potential inclusion in the councils
Corporate Risk Register..

Project and Programme Risk
Oxford City Council adopts the principles of Prince2 methodology for
managing projects. Incorporated within this methodology is a robust process
for the management of risk within a project environment. Programme/Project
risk registers, including risk registers for Procurement Projects, are created for
each new project and are reviewed as part of the project life cycle. These are
documented on to the Project/Programme Risk Register (PRR).

9.3   Evaluation & Prioritisation

Risks are evaluated to consider the **probability** of the risk transpiring and the **impact** if the risk were to transpire.

Impact – <u>What will happen</u> if the risk occurs?
Probability – <u>How likely</u> is it that this risk will occur

Probability

>90%	Almost Certain	5	5	10	15	20	25
50-90%	Likely	4	4	8	12	16	20
30-50%	Possible	3	3	6	9	12	15
10-30%	Unlikely	2	2	4	6	8	10
<10%	Rare	1	1	2	3	4	5
			1	2	3	4	5

Impact Insignificant Minor   Moderate Major   Catastrophic
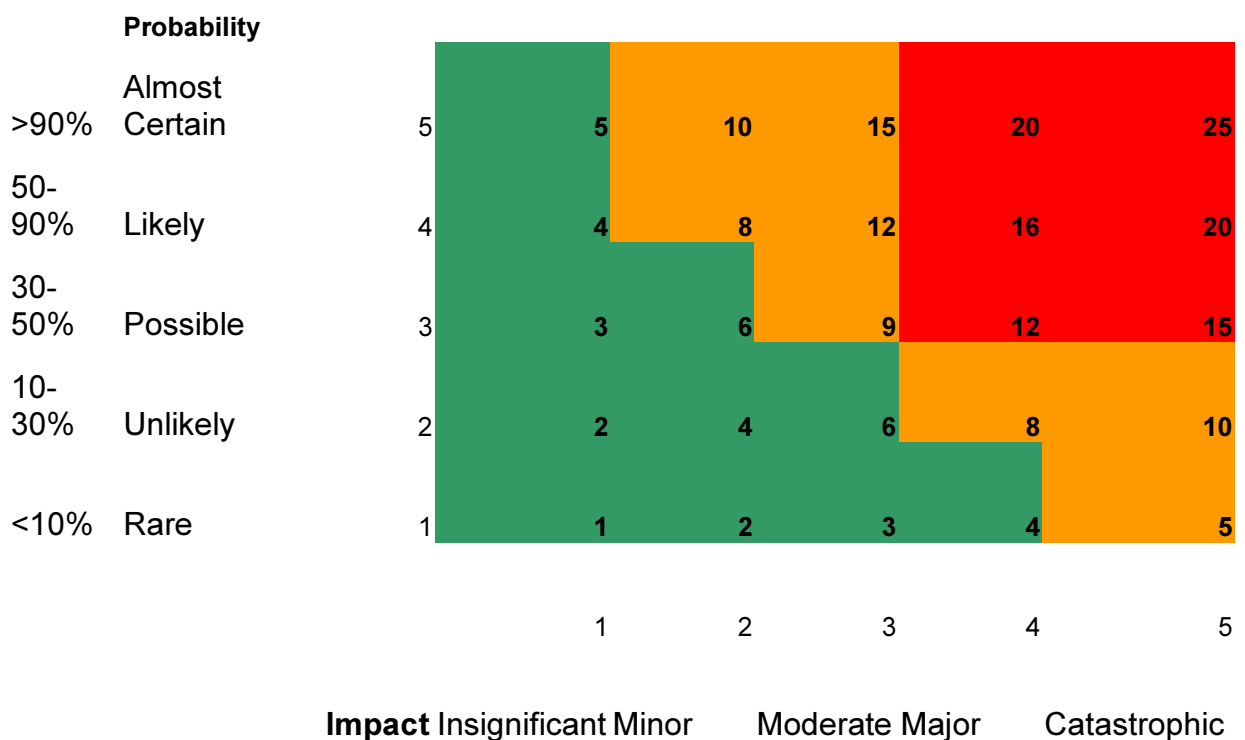
Where the risk is prioritised on the matrix gives it a risk rating and this risk rating creates a priority for that risk. The rating is the Red, Amber, Green (RAG) status given in the risk matrix.

For each risk area a score will be calculated for the gross, current and residual risk in accordance with the following

- **Gross risk** – the risk without any controls in place
- **Current risk** – the risk with existing controls in place
- **Residual Risks** – the risk with existing controls and mitigating actions in place

9.4   Risk Appetite
Oxford City Council has focused on the Red, Amber, Green status of risks in determining the risk appetite of the organisation.

Red risks are considered unacceptable and every effort must be made to reduce the risk to the organisation.

In order to ensure that there is a consistent application of risk scores, the Risk Group, Director 1:1 meetings and Directorate Meetings challenge service area's risk registers. This ensures that the risk appetite agreed at a corporate level is reflected in the analysis of risks at the service area level.

The risk appetite is reviewed periodically or when there are significant changes to the organisation. Changes to the risk appetite level would require a change to strategy and would therefore require approval of the City Executive Board

9.5   Management of the Risk – Mitigating Action Plans

Risks can be managed in several ways. These can be grouped into the following categories:

- Accept
- Transfer
- Reduce
- Avoid
- Contingency

However, risks are generally managed by reducing the impact and/or probability. In developing a plan for managing the risk, consideration should be given to the benefit of the strategy adopted for managing the risks against the cost of managing the risk.

9.6   Monitoring

The Council makes use of CORVU, its performance management system to record information on all risks including the scoring and progress on mitigating actions against key milestones to be undertaken by clear risk owners.

The monitoring process tracks the progress of the action plans.

Risk management is not a one off exercise. Risks change over time. Monitoring is to consider if there is anything that has happened which alters or changes the risks, causes, risk scores or actions identified. It also ensures that action plans remain relevant, up-to-date and effective.

9.7   Risk Reporting

Risk reports are prepared on a regular basis to City Executive Board, Audit and Governance Committee and Corporate Management Team in accordance with the following :

	Board/Committee	Frequency
Corporate Risk Register (CRR) Report	Corporate Management Team and City Exec Board	Quarterly
Service Risk Register (SRR) Report	Corporate Management Team,	Quarterly
Confirmation of completed reporting and summary risk profile	Audit & Governance Committee	Quarterly
Program/Project Risks	Project or programme Board	Periodically

10.   Escalation and flow of Risks

In line with the risk appetite all red risks are seen as unacceptable and must be reduced. Any red risk must be referred to the Risk Manager. In the cases of projects (including procurement projects) the Programme Manager must be made aware of all red risks.

Risks can flow between risk registers for instance a Corporate Risk may be transferred to a Service Risk once the risk can be managed by one area.
The Risk Operating Framework sets out how risks flow between registers.

11.   Consistency & Challenge

Corporate Management Team will focus their attention on corporate risks on a quarterly basis although this review will also incorporate service risks especially 'red' service risks which will be highlighted for potential inclusion in the Corporate Risk Register. CMT will challenge the scoring of the risks in terms of probability of occurrence and impact and ensure that there is consistency of approach and to risk appetite across the organisation.

Additionally each Directorate will consider the risks across the directorate as part of the Directorate meetings. Red risks will be reviewed and there will be challenge of the scoring and action plans.

Director's 1:1 meetings with service heads will review and challenge the Service Risk Register

The Risk Management Group will provide advice on risk management and periodically sample check service risk registers to ensure the degree of embeddedness within the service.

12   Benchmarking of Risk Practices

The risk practices of the Council are benchmarked against industry practice (established by considering other local authorities, industry reviews and guidance against the organisational context of the Council).

Recommendations are incorporated into the periodic review of the Strategy.

13.   Partnerships

Partnerships are defined as significant non contractual relationships which impact on delivery of key organisational objectives and targets. Partnerships enter risks on to the Partnership Risk Log. These then inform the Service Risk Registers and Corporate Risk Register.

14.   Projects and Programme Management

Project and Programmes include those projects run as part of a procurement process. Projects and programmes will use the same risk management templates and standards.

15.   Contract Management

Significant contracts are managed in accordance with the Procurement Strategy and Contract Management Framework use the same risk management templates and standards and will form a key element of ongoing governance in this area.

16.   City Executive Board Reports

Every City Executive Board (CEB) Report must contain a Risk Register in the prescribed format. The Risk Manager will periodically review papers being submitted to ensure consistency of approach and provide further guidance where required. The risk register must contain risks related to the decision(s) the Board are being asked to make (as opposed to the wider matter, such as project risks, procurement risks and so on).

After CEB risks from the CEB report must either be closed or transferred on to another risk register (project, contract, SRR or CRR) in line with the Operating Framework for escalation and flow of risks and/or closure of risks.

17. Training

Oxford City Council regards a tiered approach to training as being critical to the success of its risk management strategy. This approach means that appropriate staff and members are identified for training and that those individuals receive training that is appropriate to the type of responsibilities that they hold.

The extent of the training provided is reported to the Audit & Governance Committee periodically.

18. Roles & Responsibilities

ROLE	RESPONSIBILITIES
The City Executive Board	• Accountable for the adoption of the Council's Risk Management Strategy • Responsible for understanding the risk profile of Oxford City Council • Accountable for ensuring that a corporate risk register is established, including details of the actions taken to mitigate against the risks identified, and that this is regularly monitored • Oversee effective risk management across the Council and receive quarterly reports in relation to Corporate Risks
Audit and Governance Committee	• Consulted on the periodic review of the Risk Management Strategy • Accountable for ensuring that risk management and risk management training is delivered on behalf of the City Executive Board by the Chief Executive and Executive Directors • Receive quarterly reports in relation to Corporate Risks and make appropriate recommendations to City Executive Board
CMT	• Accountable for the review and adoption of the Risk

ROLE	RESPONSIBILITIES
	Management Operating Framework
	• Ensure that emerging internal and external risks are raised and discussed
	• Review of the quarterly risk reports prior to their submission to Audit and Governance and City Executive Board
Head of Finance	• Support all staff including the Directors Group in delivering risk management activity
	• Accountable for timely reporting to CEB and CMT
	• Chairs Risk Group
	• Responsible for delivery of training
Risk Group	• Provides guidance and supports the organisation in ensuring risk management is embedded in the organisation
	• Promotes good risk management practices within the organisation
	• Supports reviews of service and corporate risk registers

19.   Definitions

CRR – Corporate Risk Register

SRR – Service Risk Register

CEB – City Executive Board Reports/Registers

Benchmarking – Exercise carried out on an annual basis to benchmark OCC against best practice and key external audit requirements.

Risk group – Responsible for supporting risk management practice in the Council

Partnerships - significant non contractual relationships. Significant meaning those which impact on delivery of key organisational objectives and targets.

Corporate Management Team (CMT) – Directors & Service Heads meeting

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Risk Group Terms of Reference

Risk Group	This group meets at least bi-annually or more frequently as needed. It is chaired by the Head of Finance. The group:
	• Supports the organisation in ensuring that the Risk Management Strategy and Operating Framework approach is embedded in the work of all Boards, groups and projects as well as in the management of partnerships and contracts;
	• Undertakes benchmarking of the risk management function
	• Promoting awareness, improved understanding and a robust approach to risk identification and management;
	• Seeks opportunities for shared learning with other organizations;
	• Members act as champions for risk management and motivating employees to manage risk effectively;
	• Support the regular review of service risk registers by challenging the risks and the action plans. Supporting Service Heads in ensuring that risks are correctly identified, analysed, evaluated and prioritised and that appropriate plans are in place and that these are monitored and reviewed for effectiveness and progression;

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OXFORD CITY COUNCIL

To: City Executive Board

Date: 23rd April 2012

Report of: Head of Corporate Assets

Title of Report: COUNCIL WIDE PROPERTY IMPROVEMENTS 2012/13

Summary and Recommendations

Purpose of report: To inform Members of the background and current position with regard to Council wide property improvements and to seek project approval to the proposals for capital spending on property repairs and maintenance for 2012/13, and seek agreement to arrangements for in-year amendments to the agreed programme.

Key decision?   Yes

Executive Lead Member: Councillor Ed Turner ~ Finance, Corporate Assets and Strategic Planning
Councillor Joe McManners ~ Housing Needs

Report approved by: David Edwards, Executive Director, Regeneration and Housing

Finance: Nigel Kennedy
Legal: Lindsay Cane
This report has additionally been approved by the Head of Leisure, the Head of Direct Services, the Head of Housing and Communities and the Executive Director, City Services.

Policy Framework: Meeting Housing Need
Strong and Active Communities
An Efficient and Effective Council

Recommendation(s):

The City Executive Board is RECOMMENDED to:

1. Note the report and the proposals for capital spending on General Fund and Housing property improvements for 2012/13.

2. Grant project approval to the capital programme spend on corporate priorities as outlined in the report for General Fund and Housing properties, subject to the Head of Finance confirming that funding is available for these proposals.

3. To approve the methodology proposed for in-year amendments to the agreed programme as outlined in the report, whereby the Head of Corporate Assets, following consultation with other Heads of Service as appropriate to the property concerned, will then consult with the Head of Finance and the Executive Member for Finance, Corporate Assets and Strategic Planning or the Executive Member for Housing Needs (as appropriate to the properties concerned and as necessary and appropriate to meet the requirements of the Council's Constitution and Financial Regulations) in order to seek approval to the amendments prior to implementation. Amendments will then be incorporated into the revised capital programme reported to City Executive Board as part of the regular quarterly financial monitoring report.

4. To note the paragraphs relating to the replacement of the comfort cooling system at Ramsay House (paragraphs 10 and 11) and support the principle of this work being funded partly from the budget now no longer required for 1, Floyds Row (vired to this project under delegated authority by the Head of Finance) and partly from the capital programme as shown in Appendix 3.

Appendices

    Appendix 1   Report Risk Register
    Appendix 2   HRA 2012/2013 Capital Budgets
    Appendix 3   2012/2013 Planned maintenance draft programme spreadsheet

Background

1. Over the last 2-3 years, the Council has introduced strengthened arrangements for the strategic management of its assets. The Head of Corporate Assets now has the lead role for all strategic asset management issues, the Corporate Assets Management Board, chaired by the Director of Finance and Efficiency, meets to oversee the implementation of the Asset Management Plan, management of the Capital Programme and to ensure an integrated council wide

approach. The Council 2012 restructuring has brought together Corporate Assets and related staff from the former Oxford City Homes so that all strategic and major projects relating to the housing stock are now within the responsibility of Corporate Assets. The Council's strengthened approach to corporate asset management (as it was at the time of their inspection) was welcomed by the Audit Commission in their report which was received by Audit and Governance Committee on 27th April 2010.

<u>Corporate (General Fund) Properties</u>

2. Members will recall that, following much work to establish the level of maintenance backlog existing on General Fund properties, budgetary provision was made in the capital programme, beginning in 2011/12 to address this issue. A total of £7M has been allocated, originally over 4 years but now re-profiled over 6 years to better match anticipated capital availability. The current profile of budgetary provision is therefore:~

2011~12	£1.0M
2012~13	£2.0M
2013~14	£1.4M
2014~15	£1.4M
2015~16	£0.6M
2016~17	<u>£0.6M</u>
	<u>£7.0m</u>

With regard to the budget allocation for 2011~12, this budget has been spent / committed against the projects identified in year 1 as shown on Appendix 3. The nature of some of this work (and because of the need for statutory approvals etc.) will mean that some projects will span into 2012/13 for completion. Examples of this are the upgrading of the exterior at Risinghurst Community Centre and the new signage proposals for the Covered Market.

3. In addition to this funding other projects have and are being brought forward to improve the property stock and reduce maintenance backlog. A summary of these are:~

a) Administrative Office Properties
The Council's Asset Management Plan identified the opportunity for a significant rationalisation of the administrative office property. An options appraisal ruled out wholesale relocation away from the city centre and detailed proposals for rationalising the city centre administrative offices under the Offices for the Future programme were confirmed. This project, to refurbish the St Aldates Chambers offices, is now nearing completion. This will significantly reduce the council's office footprint (by circa 40%) and thereby reduce running costs, carbon emissions and significantly reduce the maintenance backlog.

b) Town Hall
    The repairs and maintenance proposals set out herein have
    assisted and enabled the proposals for the upgrading of the Town
    Hall. This work is continuing in 2012~13, but will, with assistance
    from external funding bodies, enable the relocation of the Museum
    of Oxford and associated retail outlet into the main Town Hall and
    the proposals for the refurbishment of the Town Hall café.

c) Community Centres
    Opportunities have been identified at the site of the former Cowley
    Community Centre and Northway Community Centre to work in
    partnership with others to redevelop these sites to provide
    affordable housing and replace the community centres with new
    facilities better suited to current requirements. This in turn will
    impact positively on the level of maintenance backlog. Similarly,
    working with the County Council will facilitate the replacement of
    Wood Farm Community Centre within the redeveloped school.
    Other opportunities may be pursued in the future.

d) Parks and Pavilions
    Opportunities have been identified to develop new Park pavilions
    in liaison with sports clubs and thereby reduce the maintenance
    backlog liability.   Examples of this are the recently completed
    lease of the Banbury Road North facility to Oxford Hawks Hockey
    club and North Oxford tennis club, and the development of new
    football and netball facilities at Court Place Farm. This, however,
    leaves several pavilions in very poor condition with limited scope
    for external funding or clubs being able to take on the
    management of the facility. Proposals to address this work are
    currently being progressed with leisure colleagues and reports will
    be brought forward in the coming months seeking approval to a
    programme of improvements to Parks Pavilions, funded partly
    from this programme, partly from £1.12M from the capital
    programme and external funding bids being made to add to the
    overall budget.

e) Leisure Properties
    Following on from the Fundamental Review of Leisure Services, a
    significant investment programme was agreed to bring leisure
    facilities up to a good standard as part of the partnership
    arrangements agreed with Fusion Lifestyle.   A total of circa
    £2.18M (over the three year period 2009/10 to 2011/12) has been
    committed to carry out significant works at leisure centres to
    reduce the maintenance backlog on these properties. Examples
    of this are the replacement ice plant, replacement air conditioning
    plant, replacement pumps and boilers, upgrading electrical
    installations and alarm systems, building fabric repairs, roofing
    works etc. We in the process of finalizing a programme of further
    improvements to the leisure centres to both complete the full
    range covered in our original plans and additional enhancements
    to the centres. Any such improvements will be carefully phased in

with the repairs and maintenance through our joint planning arrangements to remove any duplication and take opportunities to minimise closures and costs.

f)   Members will also be aware that the City Council invested a further £2.21m in new projects to develop fitness suites and other improvements at Barton Pool, Ferry Sports Centre and Blackbird Leys Leisure Centre and is currently working with Fusion on Phase 2 of this improvement programme which will see a further £700K invested in Barton and Ferry Leisure Centres and the Ice Rink to further improve these facilities.

g)   In addition to the improvement of these existing centres, the City Council has been developing plans for a new competition standard swimming pool adjacent to Blackbird Leys Leisure Centre and it is hoped that the construction of this new facility can begin soon.

h)   Investment Properties
Funding is allocated to the Council's various investment properties. This is to meet the Council's contractual responsibility to repair, to ensure the protection of asset values, to achieve shorter vacant periods and higher rentals upon reletting, and to maintain and enhance the Council's reputation as a good neighbour and custodian of heritage properties. In the past year (2011/12) significant sums have been invested in this area in improvement to the Covered Market and elsewhere, most noticeably the repair and refurbishment of Blackwell's Music Shop in Broad Street.

Maintenance Backlog Prioritisation

4.   The initial programme of refurbishment and repair to the General Fund properties which was approved for the 2011~12 programme and covered a four year period has now been re-profiled over six years as indicated above and is attached as Appendix 1. However, it was recognised that this programme was based on dated information and so, as part of the first year of the programme external consultants were commissioned to re-survey all of out properties to identify all current defects and issues for both building fabric and services together with their recommendation of priority and cost of repair. The results of these surveys are just becoming available and will result in some re-casting of the programme over the coming months. It has been clear that, notwithstanding the results from these recent surveys, there are works to properties which are necessary and we propose to press ahead with these while the remainder of the programme is revised.

5.   When the programme for refurbishment and repair was originally being prepared, in order to provide more rigour into the prioritisation of the maintenance backlog works, the building and schemes contained

within the maintenance backlog programme were 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.

(c). The scoring system used has been
  - 15 points for a critical project/building.
  - 10 points for an essential project/building.
  - 7 for a high importance.
  - 5 for moderate importance.
  - 3 for minimal importance.

6. The scores for the building criteria are added together to give a "building score" and similarly for the project criteria to give the "project score" and these two totals are then multiplied together to give an overall total. The higher the total the more significant and/or urgent is the project. This prioritisation methodology has been used to compile the programme on which the budget for the next five years has been agreed and accords with the approach used by other Local Authorities that were researched as part of the process.

7. In order to maintain this rigour it is proposed that the above prioritization process be maintained when the programme is re-cast, but with the recommendations of the external consultants included as additional "scoring criteria".

8. All properties on the schedule will also continue to be categorized into one of the following four groups in accordance with the approach set out in the Council's adopted Asset Management Plan:~

Category	Category description
A ~ CORE	Properties that will be required in the foreseeable future, which meet current and future requirements well and at an acceptable cost. In these properties, over time, the Council will endeavour to: ➢ Significantly reduce any maintenance backlog (and if possible eradicate it) and ➢ Invest in effective planned maintenance and in making improvements.

B ~ CORE-FLEX	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: ➢ Reduce any maintenance backlog, as appropriate ➢ Invest in effective planned maintenance
C ~ NON-CORE	Properties that do not meet future defined requirements but where costs are acceptable for the short term. These may either be retained or moved to "surplus" category. In these properties, the Council will: ➢ Maintain at minimum maintenance levels (i.e. H&S / Watertight / Legislative / Contractual requirements)
D ~ SURPLUS	Properties that will not be required in the future. If these properties are temporarily occupied, the Council will: ➢ Maintain at minimum levels (i.e. H&S / Watertight / Legislative / Contractual requirements) but only consistent with their expected occupied life When the properties are vacated, the Council will: ➢ Keep them secure and undertake minimum work to them to meet legal requirements and to preserve their value, if appropriate.

Other Capital Budget Proposals ~ 2012/13

9.   In addition to the £2m maintenance backlog funding in the 2012/13, the following funding is also included in this financial year's proposals and is included here for completeness. These projects are separate from (and additional to) the maintenance backlog programme as they are largely improvement works (rather than repair / upgrading):~

Property	Budget	Project Details
1, Floyds Row	£125K	The re-letting of this property to the existing tenant is proceeding. This budget was included should it be needed to upgrade the property prior to letting it on the open market, but this is not now likely to be required. However, see the paragraph in this report relating to this property and Ramsay House.
Covered Market Sprinkler System Replacement	£150K	The sprinkler system in the Covered Market is an essential part of the fire protection system for this Grade II* listed building. The existing system is now quite old and, while it is still operational and providing fire prevention cover, it has started to suffer an increasing level of failure in terms of leaks which causes damage and disruption to the tenants units and expense in increased maintenance and repair costs. A survey of the system has been carried out which has identified that the system can be repaired and upgraded rather than requiring replacement and it is this work for which this budget is intended. Once

		repaired the system will operate to modern standards and provide coverage over the full market area to accommodate changes to units since the system was originally installed.
Covered Market ~ Improvements to Emergency Lighting	£50K	While the current emergency lighting system in the Covered Market meets the standard required, there are a number of improvements that have been identified that will address areas of poorer lighting levels and directional signage that will aid evacuation of the building in an emergency.
Parks & Cemeteries ~ Masonry walls and Path improvements	£40K in 2012/13; £40K in 2013/14; £40K in 2014/15	Joint bid with Leisure Services This funding is proposed to continue the work started in 2011/12. Around the city parks and cemeteries there are a number of stone walls and paths which, over time, have deteriorated. The most urgent repairs were carried out in 2011/12, but numerous other repairs and improvements are required to ensure that these walls and paths do not fall further into dis-repair and become a health and safety hazard. Examples of this are stone walls at Alexandra Courts Recreation Ground, St Cross Cemetery and Headington Cemetery and paths at Rose Hill and Wolvercote Cemeteries. This programme proposes to address these issues in a phased and prioritized manner.
Town Hall ~ Fire Alarm replacement and upgrading	£100K	Proposals for an improved security system for the Town Hall were included in the budget during 2011/12, but for these to be fully effective they now need to link into the fire alarm system in order that the two systems work together and security locks are released when the fire alarm is activated. The current fire alarm system is now old and cannot be upgraded to accept these linkages and should therefore be replaced to make the most effective use of the systems. On completion the Town Hall system will meet current standards and enable this linkage to the security systems which will then provide a modern and comprehensive security system covering the Town Hall and St Aldates Chambers
Fencing repairs across the City	£150K in 2012/13; £150K in 2013/14; £150K in 2014/15	Joint bid with Leisure Services This funding is proposed to continue the programme of fencing improvements and repairs that was started at Allotments. Little work has been done to other fencing around parks and open spaces in recent years and this is leading to complaints , damage and unauthorised access which this work would mitigate. Sites where this funding will be needed are South Park and the recreation grounds at Titup Hall Drive, Kersington Crescent and adjacent to the John Allen Centre on Between Towns Road.
Town Hall Audio visual equipment	£400K	The existing audio / visual equipment in the main lettable rooms of the Town Hall is now dated and does not meet the quality and flexibility expected by hirers which is impacting adversely on the

		income potential of the buildings. This funding is planned to improve the acoustics in the rooms and introduce modern conferencing and event audio/visual equipment within the constraints of the listed building nature of the Town Hall.

1, Floyds Row and Ramsay House

10. As indicated in the table at paragraph 9 above, a capital bid in relation to 1, Floyds Row was made and approved into the capital programme for £125K to cover the eventuality that this funding would be required for improvements to facilitate the lease renewal or re-letting of this property. However, it has been possible to negotiate this renewal with the existing occupier without the need to invest this money and so this budget is no longer needed for this work (at the present time).

11. Members will be aware that, as part of the Offices for the Future programme the Council has located all of it's staff in the Town Hall and the refurbished offices in St Aldates Chambers, thereby releasing Ramsay House as surplus office accommodation. The proposal is to let the property and negotiations are in progress. As part of these negotiations it has become apparent that the prospective tenant is not willing to take on the liability of the existing comfort cooling system in these offices as it is nearing the end of its life and will need to be replaced within the next 3-4 years as the coolant gas used within the plant will become illegal to use after that time. The budget costing for this replacement work is £300,000. In order to enable a letting to be finalised it is proposed that the City Council replaces the comfort cooling system before the tenant takes occupation and in order to finance this work a spend to save bid is being prepared. This can be partly set off against the budget now no longer required for Floyds Row, which can be vired to the Ramsay House project by the Head of Finance under delegated authority with the balance met from the capital programme as shown in the spreadsheet at Appendix 3. It is anticipated that, if approved, we would be in a position to place the contract for these works by early June in order that they are complete at the same time as the lease is completed in late July 2012.

In Year Amendments to the Programme for General Fund and HRA properties

12. During the first year of the General Fund programme (2011/12), it was necessary to modify the agreed programme of works in order to accommodate changes in priorities, over and underspends identified as projects have been developed and to allow for deferrals of schemes to allow for greater consultation etc. With the information from the new condition surveys of all General Fund properties becoming available in the coming months (as indicated above), it will be necessary to carry

out in year amendments to this years (and future years) programme to realign the work to the new priorities identified. Also, further amendments may be required for similar reasons as identified during 2011/12. It is likely that this could also be the case for the HRA programme.

13. In order to progress these amendments as quickly as possible officers within Corporate Assets will consult and agree these amendments with other Heads of Service as appropriate where these will affect properties in which they have an interest. It is then proposed that the Head of Corporate Assets will consult with the Head of Finance and the appropriate Executive Member (as necessary and appropriate to meet the requirements of the Council's Constitution and Financial Regulations) in order to seek approval to the amendments prior to implementation. These modifications will then be incorporated into the revised capital programme reported to City Executive Board as part of the regular quarterly financial monitoring report.

Revenue Budget Proposals for 2012/13

14. With regard to revenue budgets for reactive and planned services maintenance on corporate properties, these are broadly the same as in previous years but with some reductions to reflect saving made as a result of improvements made, for example the Offices for the Future programme. The overall revenue budget for this financial year is circa £500k and, historically, approximately 40% of this budget is required for planned services maintenance (boilers, fire alarms, lifts, emergency lighting etc.) with the remainder to deal with day-to-day / emergency repairs and health and safety issues necessary to keep buildings operational, weatherproof and safe.

15. In the past this budget has not been sufficient to cover the work required and decisions had to be taken to defer less urgent works to prevent overspending the budget with any deferred works adding to the overall maintenance backlog. However, as works from the maintenance backlog schedule are carried out, this situation should change and there will be a shift in emphasis from reactive work to a more planned and structured approach, whereby the available budget will be used to carry out works to maintain the buildings in the improved condition the capital maintenance backlog budgets will have achieved. It is the aim that, going forward, the spending ratio for these budgets should be split 60%:40% planned maintenance to reactive maintenance, as a minimum, with endeavours to improve the planned element further over time.

Budgets in other Service Areas

16. As with previous years, work is continuing to integrate property relates revenue and capital works in other service areas into the overall programme of works. It has previously been agreed that for operational business units (such as for park pavilions, public toilets, car

parks etc) it is more practical and efficient for the service unit to be responsible for day to day and emergency repairs, but for all other works there is on-going dialogue between Corporate Assets and the respective business service units for more major works. To this end, these properties are included in the condition surveys being carried out and the identified works can then be incorporated into the revised work programme mentioned elsewhere in this report. Similarly, the work on council wide planned maintenance contracts will continue as these contracts are set up or renewed.

17. As part of the condition survey work it is becoming apparent that there is likely to be significant costs identified for repairs in car parks, particularly the Westgate, Gloucester Green and Barns Road properties. Corporate Assets and Direct Services are working together to identify all of the work required in terms of one–off improvements and annual repairs. Similarly, we are currently carrying out a detailed review of lighting and floodlighting columns around parks and recreation grounds / street spots sites where structural defects have been identified. The work on this is ongoing and as soon as results are available this will be reported to Members, but it should be recognised that further budget bids may be required to address the issues identified.

Housing Properties

18. Corporate Assets manages related HRA budgets for planned capital and revenue works on behalf of the Head of Housing and Communities. Capital budgets for the next four years are as shown in Appendix 2 attached. A summary of both the Capital and Revenue Planned Maintenance Programmes for 2012/2013 is shown below:-

Description	Capital	Planned Maintenance	Total Spend
Tower Blocks	£1,000,000		£1,000,000
Adaptations for disabled	£900,000	£200,000	£1,100,000
Voids (Direct Services)	£850,000	£1,165,637	£2,015,637
Kitchens (Excl. electrics) (Direct Services)	£1,636,000		£1,636,000
Electrics (Kitchens) (Direct Services)	£595,000		£595,000
Electrics (Rewires) (Direct Services)	£309,000		£309,000
Bathrooms (Direct Services)	£619,000		£619,000
Heating (Boilers) (Direct Services)	£792,000		£792,000
Heating (Carcases) (Direct Services)	£464,000		£464,000
Roofing	£250,000		£250,000
Windows	£300,000		£300,000
Doors	£200,000		£200,000
Communal Areas	£150,000		£150,000
Environmental Improvements	£100,000		£100,000
Garages/Shops	£117,000		£117,000
Capital Contingencies (5%)	£19,000		£19,000
Electrical Upgrades (Direct Services)		£480,703	£480,703
Common Area Surfacing Works		£100,000	£100,000
Fire Regulations		£112,333	£112,333

Asbestos Testing/work		£17,250	£17,250
Fencing/Concrete/Brickwork (Direct Services)		£572,911	£572,911
Service Contracts (Incl. gas servicing undertaken by Direct Services)		£1,738,239	£1,738,239
External Paint & Joinery repair		£367,422	£367,422
Vulnerable Persons Security		£44,522	£44,522
Miscellaneous		£7,596	£7,596
	£8,301,000	£4,806,613	£13,107,613
Dwellings (Day to Day repairs) managed and carried out by Direct Services		£3,788,383	£3,788,383

19.   Within the above projects there are four schemes which warrant particular mention:-

Project	Budget	Project Details
Tower Blocks	£1,000,000	Structural repairs and Improvements (External insulation and new windows with one block being undertaken per annum.
Kitchens	£1,636,000	Continuing the work to maintain the Decent Homes standard. It is expected that average costs will reduce over the next few years. Direct Services undertake this work.
Windows	£300,000	Budgets have reduced as the programme of installing double glazed PVCu windows is nearly completed.
Bathrooms	£619,000	A larger proportion of bathrooms will be improved in the future as the Council continues to improve it's housing stock. This budget reflects that. Direct Services undertake this work

With regard to the kitchen and bathroom improvements referred to above, the Housing Revenue Account Business Plan states that repair costs will be reduced during the initial years of the Business Plan with the largest reductions being planned for year three of the programme or works. In general terms this will require efficiencies of around 10% per year, for example reducing kitchen costs from £5,500 per dwelling and bathrooms from £3,200 without reducing the quality or specification.

20.   Following the approval of the 2012/13 budget by Council on 20 February 2012, a report will be presented to Members on the proposed repair and improvement works to the tower blocks. These works were first identified when surveys found that structural improvements to the external cladding panels are required. If this work is to be carried out it will be sensible and cost effective to also carry out other improvements such as replacement windows, insulation improvements etc at the same time.   The final scope of this work will be influenced by competing priorities, available finance etc. The works will be phased over five years commencing in the 2012/13 financial year with internal communal works beginning in year six.

21. It should be noted that the Council is continuing to ensure that the housing stock is 100% "decent" year on year in accordance with the Government's criteria, and to ensure compliance, it is proposed to continue to survey between 1000-1500 properties a year. Those tenants who refused access for works, or for a survey, have confirmed in writing that they did not want any works carried out, and, if any works are needed, they will be carried out when the property becomes void.

Staffing Implications

22. City Council employed staff will, as far as possible, carry out the design and management of the proposed works. However, it may become necessary to engage external consultants to assist with this work because of other priorities or workload.

23. During 2011~12 a new protocol was developed to clarify the working arrangements between Corporate Assets and Direct Services which enables Direct Services to carry out as much of the work contained in the programme as possible. However, because of the complexity and/or specialist nature of some projects, the need to ensure value for money and following discussion with Direct Services, it is likely that some of the schemes will need to be competitively tendered. Notwithstanding this, discussions have begun with Direct Services on the areas of work contained in the draft General Fund programme (Appendix 3) and the work that they would be interested in is ticked against each item in year 2 (2012/13).

24. In line with Council priorities and working with Procurement colleagues, opportunities to encourage job creation, apprenticeships and training will be investigated and encouraged for all work and projects contained within this programme.

Environmental Implications

25. Officers designing and managing these schemes have a good working relationship and work closely with the Carbon Management Team. There will be close liaison over the proposed programme in order to identify and implement any energy saving / carbon reduction / renewable technology measures that can be incorporated into the works. An example of this might be increased insulation when carrying out roof repairs, investigation into on-site energy generation and the use of low carbon technologies etc. In order to ensure that the greatest benefit can be achieved for carbon reduction and energy efficiency, opportunities will be investigated for the use of Salix and other funding sources to support these works. We will be looking to develop appropriate "standards" in respect of our various portfolios.

26.   Failure to carry out these works may result in one or more of the following:

- Further deterioration of properties and an increase in the maintenance backlog.
- Possible failure to meet contractual obligations.
- An increased risk of Health and Safety failures.
- An increased risk of building failure and closure.
- An increased risk of reduction in rental income.
- A reduction in the asset value.

27.   The prioritisation process will identify projects that are among the highest risk in relation to these categories and carrying them out will therefore mitigate this risk as far as possible.

28.   A risk assessment has been carried out and is attached at Appendix 1. All risks have been mitigated to an acceptable level.

Financial Implications

29.   Members will be aware that the Capital Programme as approved in February is fully funded but relies on the receipts from sales of assets in some cases. It will therefore be necessary for the Head of Finance to confirm that sufficient funds are in place before any major contracts or orders are placed for the works contained in this programme.   This process is monitored monthly at the Corporate Asset Management Group.   Should any significant receipt not be achieved at the anticipated level then it may be necessary to review the overall capital programme priorities.

Legal Implications

30.   Work should not be done on property unless the Council has the repairing obligation to do so, either statutory or contractual, and all other work is, in effect, discretionary.

31.   Individual contracts are tendered in line with the City Council's constitution and EU Procurement requirements as necessary.

Equalities

32.   Equalities issues relate to the outstanding DDA works proposed within the programme. Failure to carry this work out will mean that these buildings will not be fully compliant and cannot be utilised to their fullest extent.

33.   In addition to seeking to encourage job creation, apprenticeships and training as indicated in paragraph 24 above, the Council will also

endeavour to maintain the Council's "Living Wage" policy and this will be used as an important selection criterion in allocating work to external contractors.

Conclusions and way forward

34. The projects identified in this report are (amongst) the most urgent from the overall maintenance backlog requirements across the broad range of the property groups in the portfolio.

35. In addition to the proposed refurbishment and repair works outlined in this report, Members are asked to note that the prioritised work schedule for the maintenance backlog works will be refreshed as new information is available from there planned condition surveys. This will include all non housing properties.

36. Further work to identify other repairs and maintenance budgets held by service departments will go on in order to fully integrate these into the corporate prioritization process and identify where any savings and efficiencies can be made.

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List of background papers:	Planned maintenance schedule and programme HRA Codeman database reports

Version number: 11

Single Member Decision Report Risk Register – Council Wider Property Repair and Maintenance

Risk Score	Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic
	Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P			I	P			Q1	Q2	Q3	Q4	I	P
1.	Legal challenge for failure to complete DDA works	3	3	Failure to complete DDA improvements	Mitigating Control: Complete DDA works as included in programme Level of Effectiveness: (HML) H	1	1	Action: REDUCE ~Works to programmed for 2012/13 financial year Action Owner: J Bellenger

Mitigating Control: Monthly review of work programme to ensure works are carried out Control Owner: J Bellenger | Outcome required: Works complete to programme with no challenges Milestone Date: 31st March 2013 | | | | | | |
| 2.36 | Continued deterioration of buildings leading to building failure, reduction in rental income and reduction in asset value. | 2 | 4 | Failure to carry out Repair and Maintenance works | Mitigating Control: Assess all works to identify most urgent / critical works and prioritise these into the work programme Level of Effectiveness: (HML) H | 2 | 2 | Action: REDUCE ~ Most critical works to be identified and programmed for the 2012/13 financial year Action Owner: J Bellenger

Mitigating Control: Monthly review of work programme to ensure works are carried out

Control Owner: J Bellenger | Outcome required: Works completed with no failures Milestone Date: 31st March 2013 | | | | | | |

HRA 2012/2013 CAPITAL BUDGETS

	2012/13 £000's
Tower Blocks	1,000
Aids & Adaptations	900
Major Voids	850
Kitchens (Excl. electrics)	1,636
Electrics (Kitchens)	595
Electrics (Rewires)	309
Bathrooms	619
Heating (Boilers)	792
Heating (Carcases)	464
Roofing	250
External Doors	200
Windows	300
Communal	150
Environmental Improvements	100
Garages/Shops	117
Contingency (5%)	19
Fees (7%)	94
TOTAL HRA NEW BIDS	**8,395**

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CORPORATE ASSETS ~ 2012/2013 PLANNED MAINTENANCE PROGRAMME

Property	Work Required	Capital programme funding £2,000,000 2012/2013	Direct Services work
Ramsay House	Replacement Comfort Cooling Plant	£175,000	
Administration Buildings	Lift Alarms	£5,000	
Miscellaneous Admin Buildings		£180,000	
Bullingdon Community Centre	External refurbishments	£10,000	✓
Bullingdon Community Centre	Replace roof covering	£20,000	✓
Bullingdon Community Centre	Replacement windows	£10,000	✓
Bullingdon Community Centre	Reseal floor and replace ceiling in main hall	£5,000	
Cutteslowe Community Centre	External refurbishments	£5,000	✓
Cutteslowe Community Centre	Repalce roof coverings	£3,000	✓
Cutteslowe Community Centre	Reseal main hall floor	£3,000	
Rose Hill Community Centre	DDA Improvements	£50,000	
Rose Hill Community Centre	External refurbishments	£15,000	
Rose Hill Community Centre	Renew ceiling	£2,500	
Rose Hill Community Centre	Renew roof coverings	£30,000	
Rose Hill Community Centre	Repair / overhaul windows	£25,000	
Rose Hill Community Centre	Replace heating system	£75,000	
Rose Hill Community Centre	Reseal floors	£2,000	
South Oxford Community Centre	Repair stonework and brickwork	£5,000	✓
South Oxford Community Centre	Replace damaged concrete floors	£2,500	✓
South Oxford Community Centre	Replace external doors	£5,000	✓
South Oxford Community Centre	Rewire building	£75,000	
Community Centres		£343,000	
Carfax Tower	Quarter Boys Rrefurbishment	£10,000	
Carfax Tower	Bell repairs	£15,000	
Civic Miscellaneous		£25,000	
Covered Market	Internal refurbishment	£25,000	✓
Covered Market	Security Improvements	£5,000	
Covered Market	Avenue Internal Cleaning	£10,000	✓
Covered Market	High Level Louvres Repair / Replacement	£10,000	✓
Covered Market	High Street Avenue 2 Entrance Re-Roofing	£60,000	✓
Covered Market	Repairs to Wall Over Male Trader's Toilet	£7,500	✓
Covered Market	Drainage System Repairs	£15,000	✓
Covered Market	Signage	£20,000	
Investment ~ Covered Market		£152,500	
Westgate Car Park	Deck repair/resurfacing	£20,000	
Worcester Street Car Park	External repairs	£10,000	✓
Gloucester Green (Underground) Car Park	Decorate fire exits and repair emergency lights	£15,000	✓
Gloucester Green (Underground) Car Park	Refurbishment of doors, columns, sprinkler system etc	£15,000	✓
Westgate Car Park	Refurbishment to staircases	£20,000	✓
Car Parks		£80,000	
Broad Street, 12	External refurbishments	£15,000	✓
Broad Street, 12	Roof repairs	£5,000	✓
Broad Street, 13	External refurbishments	£15,000	✓
Broad Street, 13	Window repairs	£10,000	✓
Broad Street, 14/14a	External refurbishments	£15,000	✓
Broad Street, 16 (TIC)	External refurbishments	£15,000	✓
Broad Street, 22	External refurbishments	£15,000	✓
Broad Street, 6/7/8	External refurbishments	£15,000	✓
Broad Street, 6/7/8	Masonry repairs	£7,500	
Broad Street, 6/7/8	Roof repairs	£5,000	✓
Broad Street, 7	External refurbishments	£15,000	✓
Broad Street, 9/10	External refurbishments	£5,000	✓
Broad Street, 18	External refurbishments	£15,000	✓
Broad Street, 11/12	External refurbishments	£10,000	✓
Broad Street, 11/12	Minor stonework repairs	£5,000	
Investment ~ Broad Street		£167,500	
New Road, 11,11a/b & 11c	Chimney Repairs	£5,000	✓
New Road, 11,11a/b & 11c	External refurbishments	£2,000	✓
Investement ~ City Centre Misc.		£7,000	
Gloucester Green Bus Station	Brickwork repairs	£500	✓
Gloucester Green Bus Station	Repairs and ReRefurbishment of Canopy	£5,000	✓
Investment ~ Gloucester Green		£5,500	

Property	Work Required	Capital programme funding £2,000,000	
		2012/2013	Direct Services work
Cave Street, Standingford House	Refurbishments and repairs	£15,000	✓
Investment ~ Outer City		£15,000	
St. Michaels Street, 26	External refurbishments	£10,000	✓
St. Michaels Street, 26	Window repairs / replacement	£3,000	✓
Investment ~ St Michael Street		£13,000	
Ship Street, 1 & 2	External refurbishments	£10,000	✓
Ship Street, 1 & 2	Replace / repair windows	£10,000	✓
Investment ~ Ship Street		£20,000	
Botley Cemetery - Chapel	External refurbishments	£5,000	✓
Rose Hill Cemetery - Chapel	External refurbishments	£5,000	✓
Botley Cemetery - Mess Room	External refurbishments	£1,000	✓
Botley Cemetery - Toilet	External refurbishments	£1,000	✓
Rose Hill Cemetery - Chapel	Replace window guards	£1,500	✓
Leisure ~ Cemeteries		£13,500	
Cutteslowe Park Depot - Building 1	External refurbishments	£5,000	✓
Cutteslowe Park Depot - Building 1	Replace asbestos cement roof and rainwater goods	£15,000	✓
Cutteslowe Park Depot - Building 2	External refurbishments	£5,000	✓
Cutteslowe Park Depot - Building 2	Replace asbestos cement roof and rainwater goods	£15,000	✓
Cutteslowe Park Depot - Building 3	External refurbishments and masonry repairs repairs	£3,000	✓
Cutteslowe Park Depot - Building 4	External refurbishments	£5,000	✓
Cutteslowe Park Depot - Building 4	Replace asbestos cement roof and rainwater goods	£15,000	✓
Cutteslowe Park Depot - Building 5	External refurbishments	£2,000	✓
Leisure ~ Depots		£65,000	
Horspath RG Pavilion	DDA Access lift	£100,000	✓
Horspath RG Pavilion	Brickwork repairs	£5,000	✓
Horspath RG Pavilion	External refurbishments	£2,500	✓
Alexandra Courts Changing Rooms	External refurbishments	£3,000	✓
Leisure ~ Pavilions		£110,500	
Morrell's Bridge	Repair and Refurbishment	£75,000	
Miscellaneous Properties		£75,000	
Town Hall	Repair / replace Rainwater Goods	£10,000	✓
Town Hall	Roofs - Repair, Recovering and Up-grading	£20,000	
Town Hall	External refurbishment and Masonry Repairs	£50,000	
Town Hall	Main Hall - roof repairs	£20,000	
Town Hall	Window and Leaded Light Repairs	£5,000	
Town Hall	Kitchen Refurbishments	£20,000	✓
Town Hall	Council Chamber - Redecorate Ceiling	£25,000	✓
Town Hall	Internal refurbishments	£10,000	✓
Town Hall	External refurbishment of Courtyards	£120,000	
Town Hall	Refurbishment / Upgrade of main toilets	£200,000	✓
Town Hall	Heating and Ventilation Improvements	£100,000	
Town Hall	Fire Risk Assessment Upgrading Works	£65,000	✓
Town Hall	Assembly Room - Strip, Sand and Reseal Floor	£10,000	
Town Hall	Basement - Replace Lead Pipes	£5,000	✓
Town Hall	Basement Archive Room Refurbishment	£7,500	✓
Town Hall	Removal of Redundant Services	£10,000	
Town Hall		£677,500	
All Properties	Surveys	£50,000	
Property Surveys		£50,000	

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**OXFORD
CITY
COUNCIL**

To: City Executive Board

Date: 23rd April 2012

Report of: Head of Corporate Assets

Title of Report: LEASE RENEWAL OF GOVERNMENT BUILDINGS,
                      FLOYDS ROW, OXFORD

Summary and Recommendations

Purpose of report: To seek approval of the lease renewal of offices at
                            Floyds Row, Oxford

Key decision?   No

Executive lead member: Cllr Ed Turner, Deputy Leader of the Council,
                            Finance, Corporate Assets and Strategic Planning
                            Board Member

Report approved by: David Edwards, Executive Director

Finance: tbc

Legal: Steve Smith

Recommendation(s):   The City Executive Board is recommended to
                            approve the lease renewal at the rent detailed in
                            the confidential not for publication Appendix 3, and
                            otherwise on terms and conditions to be approved
                            by the Head of Corporate Assets.

Appendices

Appendix 1 – Plan of site
Appendix 2 - Risk Register
Appendix 3 – Confidential Not for Publication Appendix

Background

1. This report seeks approval for the renewal of a lease of premises owned by Oxford City Council as shown on the plan attached at Appendix 1.

2. The property was let on a lease for a term of 75 years commencing 17th September 1936 to the Commissioners of Her Majesty's Works and Public Buildings. The current tenant is the Secretary of State for Communities and Local Government. Under the lease the tenant pays a ground rent of £150 per annum. The lease has now expired and the Council is now able to levy a market rent in respect of the continued occupation by the tenant.

3. The Council served a notice under Section 25 of the Landlord and Tenant Act 1954 to end the tenancy on 16th September 2011. This confirmed that the Council was not opposed to granting a new tenancy and detailed the Council's proposals for a new tenancy.

4. The terms proposed by the Council in the notice were based on a new 15 year lease, with 5 yearly rent reviews at a certain initial rent per annum.

5. On 18th September 2011 the tenant issued proceedings in Oxford County Court for the grant of a new tenancy pursuant to Part 2 of the Landlord and Tenant Act 1954. The two parties then agreed to seek a stay in the proceedings from the Court and a stay of the proceedings was set by the Court until 24th February 2012. A further stay in proceedings was agreed until 24th April 2012.

6. The Council has been carrying out negotiations with the tenant regarding the terms for a new lease, and these have now been agreed on the basis of the Heads of Terms set out in the confidential not for publication Appendix 3.

7. The tenant has requested a new lease for a term of 6½ years, commencing 17th September 2011 with tenant only break clauses in 25th March 2014 and 25th March 2016 on 8 months' notice. The Council has agreed to these flexible terms on the basis that the rent is agreed at the sum per annum referred to in the not for publication Appendix 3 to the report. The alternative would be to attempt to agree less flexible lease terms whereby the tenant would not be able to break but this would result in a lower rent.

Risk Implications

8. A risk assessment has been undertaken and the risk register is attached at Appendix 2.

Sustainability and climate change implications

9.   None arising out of this report.

Equalities implications

10.   None arising out of this report.

Financial implications

11.   The lease renewal will provide substantial income to the Council with the rent being backdated to 17th September 2011. The agreed terms represent best consideration to the Council and if the tenant does activate the break clause, there will be a substantial notice period during which the property can be marketed to find a new tenant. Each party is to bear their own costs.

Legal Implications

12.   The power to renew a lease of the premises is contained within Section 123 of the Local Government Act 1972 for best consideration. The terms of the lease renewal have been fully negotiated with the tenant's advisors. If the lease renewal cannot be agreed by negotiation between the parties the Landlord and Tenant Act 1954 provides for terms to be determined by the Court. Section 123(2) of the Local Government Act 1972 requires the Council to obtain the best rent that can reasonably be obtained.

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Version number: 1

Appendix 1 – Plan of site

Title: Former Labour Exchange, Floyds Row, Oxford

Scale: 1:1,827

Corporate Assets

OXFORD CITY COUNCIL

Appendix 2   CEB Report Risk Register

Approval to renew a lease on Government Building, Floyds Row, Oxford

Risk Score	**Impact Score**: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic **Probability Score:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
1. 45	Negotiations fail with the tenant	I 3	P 3	Tenant/OCC fails to agree terms	Mitigating Control: Close contact during lease renewal process.	I 2	P 2	Action: Ongoing contact throughout process to ensure the terms of a new lease are completed without delay.	Outcome Required: Successful completion of the lease. Milestone Date: 23rd April 2012.	Q 1	Q 2	Q 3	Q 4	I	P

By virtue of
Regulation 21(1)(A) of the Local Authorities (Executive
Arrangements) (Access to Information) (England)
Regulations 2000.

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