

**Report of: Business Manager, Financial and Asset Management**

**Title: Asset Management Plan 2004/2005**

**Ward: All**

**Report author: Martin Lyons  
Contact Tel No: 01865 252138  
E-mail address: mlyons@oxford.gov.uk**

**Key Decision: Yes**

**Lead Member: Councillor Hollingsworth**

**Scrutiny responsibility: Finance**

#### **RECOMMENDATIONS**

That the Executive Board agrees to:

1. Approve the Asset Management Plan.
2. Note the upcoming reports to be considered by the Finance Scrutiny Committee, which will help to shape the next version of the Asset Management Plan.

1. Members of the Board will be aware that Local Authorities in England were required to submit Asset Management Plans for assessment by Government Offices in 2001, 2002 and 2003. This requirement ended when the 2003 Asset Management Plan was assessed as "good".
2. Last year, the Royal Institution of Chartered Surveyors was commissioned by the Government to draft new guidelines on Asset Management in Local Authorities. Consultation took place early in 2005, and the final document is expected shortly. In general terms, the guidelines are intended to make the Asset Management Plan less of a 'process driven' document and more focused on outputs.
3. To cover the period before the issue of a plan in the new format, the 2003 Asset Management Plan has been updated to take account of recent new policies and service assessments carried out by the Council.

4. The draft was considered by Finance Scrutiny Committee in December 2004 and has been amended to take account of comments made by that Committee. The final amended document is now appended for approval by Executive Board and Council.
5. The Finance Scrutiny Committee also requested a number of further reports on issues connected with the Asset Management Plan.
  - (i) A summary report on the work of the Asset Review Group. This is programmed for June 2005, and will also be submitted to Area Committees.
  - (ii) A report on rental debt on investment properties, also programmed for June 2005.
  - (iii) A more detailed analysis of the energy usage figures set out in the Asset Management Plan, in view of the increase in CO<sub>2</sub> emissions. A report is due to be made to the Environment Scrutiny Committee in June 2005.
  - (iv) A report on options for joint use of office accommodation by the City and County Councils as part of the West End Development, and an additional report on options for rationalising City Centre office accommodation.

Any decisions arising from the above reports will be incorporated in the next Asset Management Plan.

<p>THIS REPORT HAS BEEN SEEN AND APPROVED BY: Portfolio Holder: Councillor Hollingsworth Strategic Director: Mark Luntley Legal and Democratic Services: (Lindsay Cane) Financial Management: (Paul Sheppard)</p>
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Background papers: (List of UNPUBLISHED papers that have been relied upon in preparation of the report)

None

## **ASSET MANAGEMENT PLAN 2004 / 05**

### **1. Introduction**

#### **1.1 General**

This is Oxford City Council's fourth Asset Management Plan, drafted by Officers in the Finance and Asset Management Business Unit. The plan has been agreed by the Strategic Director for Finance and Corporate Services (and approved by Elected Members). Copies of this document have been sent to all Business Managers and a copy has been placed on the Council's website. A summary of the capital values and income from the Council's property portfolio is included as Appendix 1.

### **2. The Strategic Framework**

#### **2.1 The Council's Vision**

The Council's Vision – '**Building Pride in Our City**'- is set out in its 2004/5 Best Value Performance Plan. The Council aims to make a positive difference to people's lives and to build a City that all its people can be proud of by;

- improving the Council's performance;
- working more closely with partners to develop and deliver shared goals for the City.

#### **2.2 The Council's Strategic Priorities**

- Improving the environments where people live and work
- Provide more affordable housing
- Improving Community Safety
- Creating local prosperity and sustained full employment
- Improved Transport and Mobility
- Improved dialogue and consultation
- Providing more and improved affordable leisure activities

The Asset Management Plan aims to reflect these priorities.

#### **2.3 Community Strategy**

In 2004, the Council and its key partners in the city, together known as the Oxford Local Strategic Partnership, published 'Oxfords Community Strategy'. The main aims of this Strategy are also reflected in this Asset Management Plan. These are to create;

### **A Vibrant and Inclusive Economy**

The partnership aims to support sustained economic development and a skilled and employable workforce, support key regeneration proposals, and to support the Community / Voluntary sector.

### **Safer Communities.**

Working through Oxford Safer Communities Partnership, the proposal is to complete a Crime and Disorder Audit; respond to anti-social behaviour, and reduce burglary and car crime

### **A Better Living Environment.**

Included under this heading are aspirations to improve the supply of affordable housing; reduce homelessness; protect the Natural Environment, and to protect and enhance the Built Environment.

### **Opportunities for Life.**

The Partnership aims to support local educational achievement; encourage participation in decision making and improve access to services by 'joined up' working

### **Active and Healthy Communities.**

The objectives listed under this heading include a socially inclusive approach to Health Work; encouraging Healthy Lifestyles; to support improved cultural and recreational activities and to increase the opportunities for participation, and to deliver improved Health and Leisure Services in our Communities

The significance of the Community Strategy for the Councils Asset Management Plan is that it emphasises partnership working. Specific partners are taking the lead on different themes, and most of the major partners (for example the Police, Primary Care Trust (PCT) and County Council) have sizeable property holdings. Current proposals under development include;

- Thames Valley Police (e.g. within the Cowley Road / Manzil Way redevelopment proposal)
- Primary Care Trust (NHS) (proposals for Dunnock Way site, Blackbird Leys)
- Oxfordshire County Council - with proposals to combine school and public leisure facilities, co-ordinate accommodation procurement, and possible recycling of ex-school sites for housing provision.

## 2.4 The 2004-5 Best Value Performance Plan

This document (approved in summer 2004), contains a three year improvement plan which aims to improve the rating of the authority in the Comprehensive Performance Assessment. Its aims are grouped as follows;

- Improve services and transform the Best Value performance indicators
- Improve the councils strategies, policies and plans
- Enhance the performance management culture
- Improve Corporate Management and Business Systems
- Provide more effective engagement with internal and external stakeholders

The Improvement Plan and accompanying Action Plan will be overseen by an Improvement Board, who will develop the plan. The allocation of resources, particularly property assets, will be significant in this process. (BVPP, p15)

A Corporate Business plan, (The Oxford Plan) is currently being drafted This will provide a clear link between the Council Vision, Best Value Performance Plan and individual Business Plans, (due to be completed in January 2005) and should provide a robust framework for future Asset Management Plans.

## 2.5 Councils Vision – Property Implications

The Vision directly influences Asset Management Planning:

- **Financial Stability** - The City generates over £5 million per year from its portfolio of investment properties - equivalent to over 60% of its Council Tax income. Maintaining and (if possible) increasing this income stream is a key element in the Council's medium term financial planning.

In order to protect this income stream there needs to be proper maintenance and (where necessary) upgrading of the Council's investment portfolio.

The City Councils capital programme will require some asset disposals in 2005-6, 2006-7 and ensuing years. Being clear about the revenue benefits of each capital scheme, looking carefully at different ways of procurement, and integrating property disposal plans into capital and revenue planning are key to successfully achieving the capital programme aims.

- **Providing High Quality Council Services** – The Council is committed to increasing the quality of its services, whilst at the same time reducing costs. Ensuring that our premises are fit for

their purpose, appropriately located and accessible to all are the Council's priorities. The scope for cost reductions by sharing space with the County Council is being examined. In an environment where change is now constant, asset management planning can ensure that appropriate flexibility in office and other accommodation is introduced and retained.

- **Improving the local Environment** - The City carried out an extensive consultation exercise when developing its priorities, and local stakeholders consistently put this issue as their highest priority. The Council has extensive property holdings in the historic centre of the City and when developing or altering buildings Council property and planning staff work closely with conservation groups (e.g. the Oxford Preservation Trust).
- **Making Oxford Safer** - Fear of crime is a major local theme, and the Council has helped small retailers on housing estate shopping parades, arranging CCTV, shutters and other improved security measures. Government funding has been awarded to progress this programme and in the past year shops in Wood Farm, Town Furze, and Horspath Road have had shutters fitted, and expenditure in future years is likely to concentrate on improvements to lighting of canopies and forecourts.
- **Providing more affordable Housing** – The city continues to suffer from an acute shortage of affordable housing, which puts severe pressure on the General Fund and limited homelessness accommodation. The draft Housing Strategy for 2005-8 builds on the objective set out in the current homelessness strategy to substantially increase the provision of affordable social housing in Oxford and sets a target to provide 150 new social housing units per year. Oxford received a funding allocation for 2004-6 from the Regional Housing Board enabling that target to be met.

The strategy recognises that this represents only about 10% of assessed annual need (2004 Housing Requirements Study) for social rented housing in the city and barely compensates for housing lost to the social sector through Right to Buy sales. There is therefore an acute shortfall of suitable housing which is incapable of being met by the limited sites likely to come forward within the city boundary. It is critical for the provision of affordable housing to be maximised by all possible means. One way of achieving this is through planning policies seeking high-density development and high proportions of affordable housing through s106 agreements.

Alongside this, the Council is in the process of carrying out an appraisal of options for future investment in its own stock to meet the Decent Home Standard (DHS) and is planning to

invest in the stock to that level at least until the implementation of the preferred option takes place. The stock has progressed from 49% "decent" in 2002 to between 50 and 60% decent in 2004, but continued investment is required to ensure this progress is sustained.

The council therefore has twin housing priorities of investing in the council stock and in the supply of new affordable housing.

The council is already making best possible use of its limited HRA assets by embarking on the disposal of surplus garage sites and homeless hostels to meet these priorities. Decisions are made on a site-by-site basis as to whether disposals should be made at or below market value and are guided by the financial viability of the site and the ability to cross-subsidise a mixed tenure development to maximise the delivery of affordable housing at least cost to the council. Scope for redeveloping land owned by the City Council for affordable housing is limited by increasing demands on a very small supply.

The council is also committed to capital expenditure to jointly fund equity loans to 22 public sector key workers with Oxfordshire County Council. Provided this target is met by March 2006, the council will be reimbursed as part of the Public Service agreement with ODPM. County-wide research on key worker housing needs is due to be concluded in December 2004 and will be analysed to inform future policy.

The creation of a housing options team is proving effective in preventing homelessness by enabling households to retain private sector tenancies. This has not yet flowed through into a reduction in homeless households and consequent reduced costs of temporary accommodation, but stable homeless numbers are a success when compared with a national trend of increasing homelessness.

Further county-wide partnership work is under discussion for 2004-5 to carry out a housing market area assessment as a basis for a sub-regional housing strategy.

It is anticipated that the Regional Housing Strategy 2006-09 will focus on funding the construction of social rented housing. Given the constraints on local land supply, it would be unrealistic to expect sites to be available to attract funding in excess of the 150 unit annual target. However, this gives the council the opportunity to consider what contribution it can make through capital investment to supplement this. Options to be put forward to Members could include grant-funding the acquisition of sites from public bodies to increase the proportion of social rented

housing; market purchase of existing properties to be let to applicants in housing need via local housing associations; grant funding housing association developments in adjoining districts through sub-regional partnership, with nomination agreements to house applicants from Oxford's housing list. This policy debate will be held during the coming year.

- **Local Prosperity / Full Employment** - The city has significant pockets of deprivation and exclusion. Providing local access channels for these groups remains a key priority. Better use of the non-operational portfolio can help generate wider prosperity. The local Covered Market offers a diverse range of small outlets, and improving the management arrangements for the Market, has been a major priority along with relocating the Tourist Information Centre. The City continues to work towards the expansion of the Westgate Centre, where it is ground landowner, and towards the regeneration of the West End where it has several major property holdings.
- **More and improved affordable Leisure Facilities** - A £3.46m capital programme has been implemented at the Ferry Sports Centre in north Oxford, and the refurbished and extended facility reopened in April 2005. A project to provide a new pool at Barton is scheduled to go ahead in April 2005. A strategic assessment of the Councils indoor Leisure facilities has been made, and the results are summarised in para 2.6 below. An action plan for turning the Town Hall into a cultural venue has reached the stage where some improvements are being funded by the Council itself this year. However the expected £8.8m cost of major alterations suggested by the Berman Gueddes report in April 2004 would require a degree of Lottery funding, to be matched from the Councils own resources.

## 2.6 Follow up to Best Value / Service area reviews

Current Service area reviews now underway;

- **Pitches / Playing Fields**  
The outcome of this review has not yet been formally reported, but it is expected to show that while the overall provision of playing pitches is broadly adequate, more investment is needed in associated facilities such as changing rooms, and all weather pitches. The cost of these will fall on the capital programme, increasing the pressure for receipts from disposals. One way to reduce this pressure is to work with partners such as the education authority to share use of these resources



- **Leisure Centres and Community Centres**  
The results of the Indoor Sports Facilities assessment were reported to the Environment Scrutiny Committee on 15 November 2004. The report suggests there should be a hierarchy of facilities with the City - 'core' facilities supported by partnership arrangements with the commercial and University sectors. In property terms it recommends retention and improvement of the existing facilities, with some consolidation in the south of the City, and retention of the Ice Rink facility.

This report, and the strategy that it puts forward have yet to be endorsed by members. If it is, there are implications for future capital programme expenditure, but there are unlikely to be any significant capital receipts from consolidation of facilities. The assessment of Community centres has not yet been reported to members, but is likely also to recommend identifying a hierarchy of facilities with some sports provision to complement the indoor sports facilities proposals. Opportunities for redevelopment of some major sites are also likely to be highlighted.

- **Informal Open Space**  
This review is still at draft stage and the outcome will be covered in the next Asset Management Plan.

Other significant policies and initiatives which have also helped to shape this Asset Management Plan are:

- The review of the Local Plan
- A wish to make better use of office accommodation, possibly through shared use of facilities with Oxfordshire County Council.
- Emerging customer contact and e-government strategies.

## **2.7 Local Plan Review 2001-2016**

Extensive public consultation helped identify key aims, many of which are shared with the Asset Management Plan:

- Providing decent housing for all.
- Improving accessibility around the City.
- Improving range and quality of local services.
- Enhancing historic, cultural and attractive areas of Oxford.
- Regenerating run-down areas.
- Reducing consumption of non-renewable energy.
- Conserving bio-diversity.
- Promoting high quality urban design.
- Conserving important open spaces.

Residential development should comprise affordable and smaller dwellings. Other developments should be aimed at regenerating and

improving services, with more localised delivery. It is expected there will be a denser pattern of land use, and more 'mixed' developments. Building design is expected to be of high quality, in context with its surroundings, and efficient in its use of resources.

Re-use of buildings, rather than redevelopment will be encouraged. All developments will, of course, be expected to be fully accessible in compliance with Disability Discrimination Act requirements (Building Regulations Part M).

The Local Plan proposals were examined at a public enquiry in Summer 2004, the Inspectors report has just been delivered and the Council is currently considering his comments. The Local Plan highlights a number of issues which have direct implications for the Council's own portfolio, including:

- Increasing the supply of housing units, (via re-use of properties where possible) and with emphasis on smaller units.
- Encouraging mixed use developments and good design.
- Progressing regeneration of parts of the City Centre through redevelopment of key sites, where the Council is either the principal or a 'secondary' landowner [see Appendix 2].

## **2.8 Office Accommodation Strategy**

Following a reduction in staff numbers over the last 2/3 years, the proportion of vacant space in some Council offices has increased. At the same time the District Auditor has highlighted the relatively low levels of office occupancy, and the potential for savings in this area.

Accordingly, a first review of this area was carried out in 2002. Officers from the County Council were contacted as they had experience of delivering accommodation savings through use of "Modern Workstyle" in their office spaces. It was concluded that one of the City's four major city centre offices could indeed be decanted.

The proposals were considered by Business Managers and Directors who agreed that more work needed to be done in the light of the high costs of achieving the proposed moves, the potential for greater co-operation with the County Council and the risks that any vacated offices might not prove easily re-let.

A "gap analysis" of the Council's office requirements, together with an analysis of the potential options for change was carried out in late autumn 2003, and included an assessment of current and future service Property needs. The outcome of this exercise was a recommendation to consolidate space in the City centre, vacate one building, and refurbish another using the proceeds of sale from some 'out of centre' offices. Implementation of this strategy

has been deferred in the expectation that a development proposal by a third party for the largest office building will materialise. Currently short term and long term accommodation strategies are being devised to take account of the uncertainty that this is causing.

## 2.9 Customer Services Strategy

The council's Executive Board approved a Customer Contact Strategy in September 2003. A contact centre approach to service delivery was successfully piloted by Customer Services for housing benefits and a ten seat contact centre is now in place and has been extended to take on Council tax enquiries. The Strategic Management Board have now agreed on how the Council might configure the various access channels that would soon be available to it to give customers greater choice and enable more cost effective services. These included: -

- **Telephony:** All service related calls to be managed through two hubs – the existing OBS call centre to be extended to deal with all tenancy service enquiries while the Customer Services call centre be extended to deal with all general enquiries.
- **Face to Face:** Fixed site services to remain at St Aldate's Chambers, Ramsay House, East Oxford and Blackbird Leys while consultation should begin to establish demand for mobile services.
- **Self Service:** New website to enable greater interactivity and kiosks to be piloted at appropriate sites.

A feasibility study will be undertaken to assess the costs and benefits of this approach and the matter will be the subject of future Committee reports.

There are concerns around accommodation needs, having identified that the present arrangements for public interface in St Aldate's Chambers are at full capacity. In addition, the current floor space available to the contact centre leaves no room for further expansion and recent risk assessments have identified issues of noise levels, ventilation, space and access which are adversely impacting on productivity and health of the existing team. No solutions have been identified at present and regard must be had for the long term future of the building when considering alternatives.

## 2.10 Other Issues / Strategies

The Asset Management Plan also takes into account national trends (for example the changes in demand for office buildings), as well as local factors such as the Oxford Transport Strategy (which aims to reduce the use of private transport in the City Centre). This has implications for the accessibility and use of Council owned property both inside and outside the City centre.

A partnership comprising the City and County Councils and South–East England Development Agency (SEEDA) is moving forward with public consultation on plans for the renaissance of the city’s ‘West End’. The City is also a major landowner in this area. The public and stakeholders are being asked to comment on an Area Development Framework which has been worked up by David Lock Associates, and this document was considered by the City and County Executives in April 2005. Consideration is now being given to the preferred vehicle for delivering the redevelopment scheme.

### **3. Corporate Asset Management - Organisational Arrangements**

#### **3.1 The Corporate Framework**

The Council adopted a “Leader and Cabinet” political structure from October 2001. The decision making structure has four key elements:

- **The Executive Board:** a cabinet of Councillors and a Leader responsible for providing a clear and accountable leadership
- **Six Local Area Committees:** designed to increase the local perspective in decision making
- **Full Council of Members:** decides on policies, budgets for local areas and elects the executive
- **Overview & Scrutiny Committees:** examine and review decision making at all levels.

In accordance with the Council Constitution, the Overview and Scrutiny Committees support the Executive Board and full Council in the development of its budget priorities, policies and strategies.

The Council’s officer management structure includes:

- **Strategic Management Board:** consists of Chief Executive and Strategic Directors and supports corporate decision making by the Executive Board.
- **Corporate Management Group:** a bi-monthly meeting to discuss corporate issues consists of the Chief Executive, Strategic Directors, and Business Unit managers.

Within this structure, the Strategic Director of Finance & Corporate Services continues to have overall responsibility for the Capital Strategy and Asset Management Plans.

Since summer 2002 the “Asset Management” part of the former Property Business Unit has been located in the Finance Business Unit.

The intention is to promote integration of capital and asset management planning within a single Business unit.

Arrangements for strategic asset management in the authority are overseen by two working groups, the Capital Monitoring Working Group and Asset Review Group.

### **3.2 Capital Monitoring Working Group**

This group started its meetings in Summer 2002. Meetings are now held monthly and chaired by the Strategic Director for Finance and Corporate Services. Participants include Business Managers and second tier managers.

The group quickly identified that the review and delivery of the existing capital programme was an urgent priority. Capital monitoring forms and procedures were overhauled. In early spring 2003 the Administration tasked the group with overseeing a "root and branch" review of the capital programme in order to see if all projects were properly planned and still linked up with the vision.

The group were also asked to review the profile of the three year capital programme to establish if it was realistic. The methodology for this prioritisation and evaluation work was set out in detail in the 2002 Capital Strategy (section 2.4 and Appendices E, G, C). All capital schemes are now scored and ranked in line with the Councils strategic priorities (**see summary analysis included as Appendix 3**).

As a result of the funding gap in the capital programme for 2005/6 onwards there is an increasing focus on the property review process to produce sizeable property receipts from freehold and leasehold disposals, albeit without affecting the Councils revenue income (see para 7.4).

### **3.3 Asset Review Group**

The roles of the other two property groups proposed under previous AMPs have been combined into an Asset Review Group, consisting of two Council members, experienced in property matters, two senior property officers, and the Councils Area Co-ordinators, the latter to introduce an area based theme to the reviews.

The role of the group is to identify assets that are;

- Underperforming (in terms of high costs, or low returns), with a view to disposal.
- Have potential to release equity (eg, by re-gearing leases) but without cutting income.
- Capable of yielding higher returns following investment.

- Located close to other operational or non-operational assets, and identify scope for consolidation.

The group has held a number of meetings on a regular basis up till mid 2005 and its findings and recommendations will initially be considered by Finance Scrutiny Committee, and Area Committees prior to consideration by Executive Board as part of the next Asset Management Plan

### **3.4 Corporate Property Officer**

The Strategic Director for Finance and Corporate Services continues in this role.

### **3.5 Role of Executive Board**

Under the Council's modernised structure, in place since October 2001, member decisions on Property issues are taken by an Executive Board which meets on a three-weekly cycle. The Board has a member with responsibility for Property matters, (currently the Leader of the Council), and all property related reports are submitted to him for approval in advance of agenda publication.

This AMP is classed as a 'key document' requiring approval of the Executive Board and full Council. Executive Board decisions in relation to property are reviewed by a Finance Scrutiny Committee, which has again been consulted on the content of this AMP, as it was in 2002 and 2003. Information provided to the Committee (and reproduced in the Appendices) included data on capital and rental values, maintenance backlog, and comparisons of national PPI information from other Councils using data from the CIPFA Asset Management Planning network.

### **3.6 Strategic Management Board / Corporate Management Group**

The Strategic Director, Finance and Corporate Services is a member of the Strategic Management Board, which meets every three weeks. This group supports Executive Board with its decision making.

All Business Managers are members of a Corporate Management Group. This group meets monthly and focuses on 'across the board' management issues. Over the past 18 months, a number of presentations have been made to both groups on the subject of the Councils future accommodation needs, culminating in presentations to Finance Scrutiny Committee in July 2004 and Executive Board in September 2004. The Council remains committed to cutting its expenditure on accommodation, but currently finds itself awaiting the outcome of development proposals from third parties before it can

pursue any firm short term proposals. It has also committed itself to a long term aim of working in partnership with the County Council to share office accommodation,

### **3.7 Property Service**

Management of the City Councils investment property portfolio and some operational property is carried out by the Asset Management team within the Financial and Asset Management Business Unit. Maintenance is carried out the Building Design team in the Built Environment Business Unit.

## **4. Consultation**

### **4.1 General**

The Council places considerable importance on its Area Committees to ensure that members of the public have an opportunity to engage with their elected Councillors. Other vehicles for consultation include the Pensioners' Forum, Access Forum, the Talkback panel and councillor's clinics.

The outcomes of the following ongoing consultation exercises have particular implications for the Councils property assets;

- **West End** - this consultation exercise is being carried out by David Lock Associates (DLA), and has assisted the Executives of both City and County councils in their decision to endorse the framework of West End land uses proposed by DLA.
- **Westgate** - Public consultation by the developer will allow the developer to identify possible changes to the Master Plan which has been approved in principle by the City and County Councils. Further consultation will be carried out by the City Council as part of the planning process.
- **Proposed consultation on Leisure Strategy** - The Councils indoor Leisure facilities are amongst its most significant property assets in terms of size, running costs and investment requirements.

### **4.2 Results of earlier Consultations (2002-3)**

- (i) **Review of Community Buildings**  
Consultation carried out as part of the 2002 review of Community Centres has resulted in increasing use of space at Blackbird Leys and Rose Hill Community Centres by partners

such as the County Youth Service, Home Start and the Parish Council.

Consultation has also played a significant part in the results of the Best Value Review of the Town Hall, culminating in the Berman Gueddes proposals in Spring 2004.

**(ii) The Covered Market**

In April 2003 Executive Board agreed to establish a "Market Management Board" bringing together Members, Tenants and officer representatives. Regular meetings have been taking place for approximately 18 months, and the new Covered Market Tenant's Association have now requested that meetings are held less frequently and have a strategic focus. Meetings will now take place every six months.

**(iii) Accommodation and Customer service reviews**

Staff and Business Managers were consulted in the course of the accommodation related projects as outlined in the introduction.

## **5. Data Management**

### **5.1 Overview**

The Council's 2003 AMP set out how property data is categorised and stored, and these arrangements are largely unchanged. Information is held in the "Logotech" property terrier system which continues to be upgraded by the supplier. One of the upgrades has been the insertion of a field for a Unique Property Reference Number (UPRN).

The performance management information in this year's AMP has again been updated. This follows routine condition appraisals and re-assessment of property values in the light of capital spending last year. Internal Rate of Return figures have also been updated.

### **5.2 Future Requirements and Improvements**

Property data used by other Council services (Planning, Environmental Health, Council Tax) is held on "Uniform". This system incorporates a terrier module, and officers have considered the potential for transferring data from the existing 'Logotech' system onto this database. At the time of the last review, Uniform did not incorporate Asset Register software that was capable of generating capital charges directly into the Council's main financial accounting system (Agresso).



However further development has taken place on Uniform and the feasibility of transferring terrier and asset register data will be kept under review.

We will continue to use the 'Logotech' Terrier and Asset Register because the link between capital charges and property records continues to be important. However the ultimate aim must be to integrate all property records into a single system when this becomes viable. In the meantime use of National UPRNs potentially allows the two systems to be linked by this common reference.

Members have also expressed a wish for wider on-line access to property data, and this will be a consideration in future system upgrades. In the meantime, a summary report is available on request, and other reports will be updated during December 2004 and January 2005.

### **5.3 Local Land and Property Gazetteer (LLPG)**

In June 2003 The Council became a Level 1 authority, linked to the national (NLPG) hub and making regular updates. Work is continuing on resolving geocoding accuracy, and reducing duplicate entries. The LLPG is now linked with Uniform 7 Spatial, the property database used by Planning, Land Charges, Building Control and Environmental Health.

As noted above, the Logotech Property system now also incorporates a field for property numbering which is compliant with the new National Land and Property Gazetteer (NLPG). The property data in the City's system is currently being matched with the property references created for the Oxford City Land and Property Gazetteer. Initial matching (for example based on street name/number) can be completed in a relatively short time, but work on other locations will take longer.

### **5.4 Intermediate Data**

Performance information on the property condition categories is generated from a report writer incorporated in to the Logotech system, The supplier has created a number of additional standard reports which have been requested by users, and the report writing software has been updated.

These reporting improvements are particularly useful in monitoring changes in terrier based intermediate data, such as changes in rental income from the Council's investment properties.

### **5.5 Energy Use Data**

Details of energy costs and usage continue to be collected from incoming invoices and entered into a specialist software programme. This program collates them in a form compatible with the needs of Property Performance Indicator (PPI) 4. The energy costs of each office building are a significant factor in the continuing evaluation of office accommodation.

## **5.6 Estates Management Performance Monitoring**

The Logotech Terrier software can be set to monitor performance in the handling of lease renewals and rent reviews, by reference to critical dates. It also provides reports on data required for PPI No's 1a, (condition and maintenance backlog), and on void properties.

## **6. Performance Measurement and Monitoring**

### **6.1 General**

The Council's vision makes clear that restoring and maintaining financial stability, and raising the standards of core services, are non-negotiable values, and the National and Local Property Performance Indicators (PPIs) are designed to reflect these aims. Councillors have made clear that effective performance monitoring across all council services is a key priority

### **6.2 National Property Performance Indicators (PPIs)**

National PPI information (as included in previous AMPs) is included in Appendix 4. It has been suggested that the value of these indicators in their present form is limited , and authorities are currently being consulted on a set of improved indicators.

The Best Value Performance Plan also contains National indicators on:

- Building accessibility – whilst the Council is performing well in relation to others, continuous improvement, and expenditure will be required to meet targets for 2004/5 onwards.
- Energy efficiency of City Council buildings.
- Homelessness – these results emphasise the shortage of affordable Housing in the City (see comments in 'Council Vision' above).

### **6.3 Local Indicators**

The four local property indicators (in use since the 2001 AMP) are being reviewed and it is proposed to introduce revised indicators in time for the next AMP.

## **Proposed New Local Indicators**

Difficulties with the "Agresso" software had delayed the introduction of an indicator on rental debt on leased properties. This issue has now been resolved and the indicator has been in use since mid 2004. Results will be reported in the next AMP.

Space utilisation figures for each service are available, having been collected in January 2003 for an update of the Office Accommodation Service Level Agreement, and will be reviewed again in early 2005. The level of planned and reactive maintenance expenditure continues to be monitored and reported to members.

## **6.4 Benchmarking**

The Council remains a member of the IPF Asset Management Planning network, and has access to the National Performance Indicators for up to 140 other authorities. Their summary National PPI results are compared to the Councils own results in Appendix 4.

Following restructuring of the Councils Estate Management staffing arrangements in 2002, the unit has been given a budget to commission external firms of qualified surveyors to carry out work (mainly rent reviews, lease renewals and property disposals), until the current backlog is cleared. In the meantime this exercise provides useful cost data for comparison with internal costs.

The reporting capability in the Council's Terrier software provides reports on critical dates for rent reviews, lease renewals and progress with the asset revaluation programme, as well as on void properties.

## **6.5 Suitability and Sufficiency**

A user checklist will be used as part of the update of the office accommodation audit due in Spring of 2005, following completion of the Business Planning process, to establish current user satisfaction with office and other service accommodation.

## **6.6 Capital Programme**

Members receive quarterly capital monitoring reports setting out progress on capital spending. This comprises a summary report setting out general progress in spending, as well as a detailed scheme by scheme analysis.

7.

## **Programme and Plan Development and Implementation**

### **7.1 Balance Revenue Spending**

Two years ago a substantial programme of asset disposals was undertaken as part of the Medium Term Financial Strategy (MTFS). These disposals succeeded in restoring the Councils General fund balances to £4.7m at 31 March 2003.

### **7.2 Pressure on the Capital Programme.**

The original "indicative" capital programme proposed spending £23.3 million in 2004/5. Following a review of capital schemes this figure was reduced to £19.5 million, as a result of lower priority schemes being deleted or deferred to future years.

Over the coming three years total provisional spending of £64m million is proposed. If the capital programme is to continue into the medium term in its present form, £14.5m of additional resources (or project efficiencies) has to be found, divided more or less equally between years 2005/6 and 2007/8.

The Council is likely to be taking on limited unsupported borrowing, and even allowing for substantial further economies in the current capital programme, and detailed exploration of different procurement methods, it was identified that some additional resources will be needed to be raised from property disposals. At its meeting on 1 November, 2004, (min 139[5]), Executive Board noted the level of disposals required to fund the Capital Programme.

The following sections highlight the opportunities for realising capital receipts .

### **7.3 Operational Properties**

#### **(i) Community Buildings Review**

The main best value review in 200/3 was the second stage assessment of Community Buildings. (As noted above this assessment is currently being re-examined, but the general approach outlined below is not expected to change significantly.)

The decision to retain and improve all the existing Community Centres has meant the Administration needs to spend in the region of £1.1m in this area over the coming three years. Initial spending of £356,000 in 2003/4 has focused on Disability Discrimination Act work.

There is likely to be a recommendation for further feasibility work in two centres to explore the potential for mixed use redevelopment. This approach could result in improved community and leisure facilities and possibly generate capital receipts.

**(ii) Leisure Facilities**

The major refurbishment of the Ferry Centre Leisure and community facilities at a cost of £3.46m has just been completed.

The Barton pool scheme has been reviewed within the wider Leisure Strategy assessment, and now that final confirmation of funding from Sport England has been received, work will start on site in April 2005. The assessment did identify opportunities for consolidation of Leisure facilities in the south of the City, but as several major buildings or sites are leased, opportunities for capital receipts will be limited

**(iii) Office buildings**

As detailed above, an assessment of the Council's needs will be undertaken in the first half of 2005 and the availability of alternative accommodation for the short term will be assessed to ascertain the feasibility of releasing St Aldate's Chambers for development to a third party. The Council will continue to work up a brief and specification for a possible new build office in the West End, to be shared with the County Council. Opportunities for disposal of existing premises may therefore arise in the medium term, but proceeds are likely to be earmarked against the cost of new facilities.

## **7.4 Non-operational Properties**

The Council's 2001 AMP outlined a 'profiling process' to identify potential non-operational property disposals. This process was used effectively to build up some £8m receipts as part of the MTFs, and it will continue to be used to identify the potential receipts required to fund the current capital programme (see Appendix 5).

Particular attention will be given to properties that are management intensive, as well as those with some maintenance backlog. The Asset Review Group has also asked officers to focus on properties held on long leases at low rents where it may be possible to obtain a premium by extending the lease back out or in cases of potential housing development, by selling the site. Particular attention will be paid to the Council's agricultural holdings, to see what scope exists for generating capital receipts or identifying sites for social housing.

The proposed programme of property reviews i by the Asset Review Group is taking place on an Area Committee basis.

The review of the Council's land holdings in the "West End" is of particular importance (see para 2.10). After adoption of the Area Development Framework, the City and County Councils are expected to explore options for a suitable 'delivery vehicle' for the scheme.

The area included in the study comprises some 185 acres in which the City Council owns some 150 property interests with a total capital value of £85m and an income of £2.6m. However the City Council may commit itself to 'recycling' any development gains and receipts from any disposals back into the West End area, so any receipts are unlikely to be available for general application throughout the City.

## **8. Maintenance Issues**

### **8.1 Overall backlog**

The property review programme needs to be considered in the light of a substantial maintenance backlog. A total of approximately £7 million of repairs and necessary improvements has been identified. These were reported to Executive Board in April 2005.

The current year's non-HRA building maintenance programme was set by Members in the annual three year revenue and capital budget setting exercise. £772,000 was allocated for non-HRA property maintenance and improvement (of which £250,000 is to be funded from capital).

### **8.2 Audit Commission approach to Maintenance**

In 2000, District Audit reviewed Oxford's Asset Management arrangements. It noted that:

- The ratio of planned to reactive property maintenance should be 70:30.
- The property portfolio was not being properly maintained

Despite this, Oxford's current ratio of planned to responsive spending has moved over the last 2 years from a figure of approximately 50:50 to around 30:70. Asset Management staff also estimate that to properly maintain current properties and then clear the current maintenance backlog within a period of 5 years, the Council would have to increase annual spending to approximately £4 - £5m per year.

The three year revenue and capital budgets do not envisage any such increased spending. This again emphasises that if the City is to avoid a cycle of gradual decline in its property portfolio, the profiling exercise outlined above will need to pay particular attention to the maintenance backlogs of individual properties, and to focus on the operational portfolio where most of the backlog is concentrated. The recent upgrade work to Ferry Centre and proposals for the Town Hall have started to move this process forward . At its April 2005 meeting, Executive Board requested that this issue be treated as a priority.

## **9. Conclusion**

In the coming year, the Council will focus on examining the best ways of delivering services from its Leisure and Community Centre properties. This could provide opportunities for raising capital as well as reducing the considerable maintenance backlog. We will continue to examine the investment portfolio with a view to raising capital without affecting current income, and also identify possible sites for affordable housing.

Work on the short and long term strategies for office accommodation will continue with a particular emphasis on co-location opportunities.

## **Background information used in this report**

- Capital Monitoring Group papers
- Council Vision
- Local Plan review papers
- Draft Housing Strategy 2005-8
- Best Value Performance plan 2004/5
- Draft Social Housing Procurement Strategy and Action Plan 2003

## **APPENDICES**

1. Portfolio Summary
2. Local Plan Review – City owned sites
3. Illustration of project prioritisation methods
4. National Property Performance Indicators
5. Current Capital programme



