

OXFORD CITY COUNCIL
Finance Scrutiny Committee; 7th September 2005
Executive Board; 12th September 2005

Report of: Business Manager, Finance and Asset Management

Title: Property Review—Summary of Area consultation

Wards: All

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Key Decision: No

Lead Member: Councillor Hollingsworth

Scrutiny responsibility: Finance

RECOMMENDATIONS

That the Scrutiny Committee and Executive Board agree to:

1. Note the outcome of the review and Area Committee comments
2. Comment on the list of projects (Appendix 2) and their ranking (Appendix 3)
3. Note the additional work to be undertaken on the Asset Management Plan (para 6)

1. **Summary**

- 1.1 This report advises members of the outcome of the property review carried out by members and officers earlier this year, and the views of the Area Committees on the suggestions that were put forward. The report also updates members on the latest developments in CPA assessment criteria, which impact upon this exercise, and proposes how the results can be incorporated into the forthcoming review of the Asset Management Plan

2. **Vision Implications and Corporate aims**

2.1 The City Councils Corporate Plan 2005-8 provides the background to this review. Sections 3.6.1 to 3.6.10 set out the Councils overall aims and objectives for the period, both in improvements to services and general performance improvement. Appendix 1 of the Plan details specific projects already underway in each of these areas. The major themes which this review has tried to address are

- To reduce the costs of running the operational estate, maximising investment income and capital receipts from surplus operational and investment property, thus helping to improve financial capacity and to maintain financial stability.
- The review also identified some opportunities for increasing the quality and quantity of affordable housing., concentrating on brown field sites
- To progress the long term Vision for the City - Some of the properties examined are located in the West End.
- To improve the quality of the environment, for example by redeveloping buildings that are not fuel efficient
- To reduce crime and anti-social behaviour by encouraging local projects funded by Area Committees.
- To reduce social exclusion, for example by improving the Councils Community centres

3. **Background**

3.1 At its meeting on 21st July 2004, Finance Scrutiny Committee considered a report on the long term funding of the Capital Programme. This included a provisional list of possible capital receipts and it was agreed that a member/officer working group would review this list and all other assets.

3.2 This team was asked to examine the portfolio with a view to identifying preferred long term strategies for groups of properties, and identifying opportunities for particular individual assets, such as:-

- Underperforming assets – possible disposal or redevelopment.

- Assets with potential for equity release (e.g. long leases at a low rent that can be extended with a view to a capital receipt and/or increased income).
 - Possible rationalisation of operational assets.
- 3.3 The review has excluded the Council's central office accommodation, which will be the subject of a separate report., and also the Town Hall, where an agreed strategy is being pursued. A number of suggestions have been made in respect of Community Centres, and these need to be reviewed in the light of the strategy currently under preparation.
- 3.4 In June this year, Area Committees considered the suggestions put forward by the review team.

4 Context Update

- 4.1 Whilst the review has been underway, further CPA guidelines on the key lines of enquiry for use of resources have been issued by the Audit Commission .

Section 2.3 of the guidance, (reproduced as Appendix 1) highlights requirements relating to property issues to be examined under the following headings:-

- Capital Strategy – up to date?
- Asset Management Plan – up to date?
- The Council has a Designated Property Function (ie Corporate co-ordination in use of assets).
- Adequacy of the Council's Arrangements for reporting to Members.
- Planned maintenance programme, based on surveys?
- Maintenance backlog fully assessed?
- Prioritised capital programme based on a formal objective process.

The guidance suggests that all these requirements must be satisfied to achieve level 2 (an 'adequate' rating); and there are additional requirements for level 3 and 4.

- 4.2 The results of the property review project will feed through into the next Asset Management Plan (AMP). It is envisaged that the next generation of AMP's will focus on outputs and will be less 'process driven' than in the past. The new AMP should at the outset set out deliverable targets in terms of development projects, disposals, and expenditure on repairs and any new investment.
- 4.3 The guidelines place a particular emphasis on the maintenance programme and backlog. In the last year, all major investment properties have been surveyed for defects and updated costings of the backlog are being prepared. A report to Executive Board on this topic is

expected in October, 2005. The information on future capital and revenue requirements for repairs will also assist in appraising the rates of return of the Council's investment properties .

4.4 Reviews of the Community Centres and Leisure Services are now underway. These properties have a total value of £23m, which represents a substantial proportion (12% by value) of the Council's non-Housing assets. Therefore it is important that these reviews proceed as soon as possible so that property strategies for these Asset groups can be drawn up.

5. Review Findings

5.1 As well as identifying properties with potential for development or disposal the review also considered more detailed management strategies, . These have been highlighted alongside the comments from Area Committees in Appendix 2.

5.2 The review set out a framework for new or updated management strategies in respect of the following:-

- (i) City Centre Investment Properties – This group comprises 34% of the value of the Council's non-housing properties (i.e. £65m out of a total value of £191m). The review group endorsed the approaches set out in Appendix 2.
- (ii) Agricultural Properties – A number of these were examined in the review. These properties are held for a variety of purposes including:
 - Possible long term housing development
 - Long-term community development (e.g. recreational).
 - To complement existing green spaces (as at Shotover).
 - To help preserve the green belt, and views of Oxford from outside the city.

Agents specialising in rural property have been commissioned to examine:

- How well the properties are achieving these aims:-
- What immediate development opportunities there may be (e.g. on road frontages)
- How income from the lettable holdings could be increased.

5.3 A number of potential projects or redevelopments were picked up in the review, and a suggested ranking of priorities has been provided as Appendix 3.

Whilst the projects vary in size, it should be noted that only a few of them feature in the emerging Local Plan as development opportunities. Broadly speaking, sites already identified should be less problematic in planning terms. The suggested ranking has tried to reflect the varying degrees of difficulty anticipated in progressing the projects listed, and the staffing resource implications in both the planning and property units of the City Council.

6. **Next Steps**

6.1 The results of the current review provide the basis of a programme to improve use of the Council's assets. Some additional tasks need to be progressed in the coming months to complement this exercise and provide additional input into the next Asset Management Plan.

(a) Community Centres and Indoor Leisure

The property implications of the reviews of Community Centres and Leisure Strategy cannot be assessed until the service reviews are completed, and given the length of the consultation periods involved, are unlikely to have been fully completed in time for the 2006 Asset Management Plan.

(b) Central Office Accommodation

Work will continue on the rationalisation of central office accommodation. In Spring 2005, all Business Managers were interviewed by the Asset Manager, to ascertain short and medium term office requirements. The outcome was that staff numbers are unlikely to change significantly. Discussions are continuing with the freehold owner of St Aldate's Chambers on their plans for the building, and a report to Executive Board is anticipated in October 2005.

(c) Maintenance Programme Review

As noted above, a report will be made to Executive Board in October.

(d) Capital Receipts and Expenditure

A number of opportunities for capital receipts have been identified, in addition to those listed in Appendix 3. These will be reviewed, and included in the disposals programme (and the Capital Strategy)

7. **Legal and Financial Implications**

None at this stage

8. **Human Resources Implications**

- 8.1.1 As noted above, the main HR impact of proceeding with a major programme of redevelopments and disposals will fall on the Estates team. Such a programme would also impact on the major projects team in Planning Control and Conservation.
- 8.2 Current RICS guidance on Asset Planning recommends that authorities undertake a review of the numbers and skills of staff engaged on the process,
- 8.3 if the Board accepts the programme suggested, it is anticipated that additional internal/external resources will need to be reviewed(?)

THIS REPORT HAS BEEN SEEN AND APPROVED BY:
Portfolio Holder: (all reports – portfolio responsibility/name)
Strategic Director: (where appropriate)
Legal and Democratic Services: (all reports - name of officer)
Financial Management: (all reports – name of officer)
Human Resources: (where staffing implications – name of officer)

Background papers: None

APPENDICES

1. CPA Key lines of enquiry on use of assets
2. Summary sheet from review/Area comments
3. Suggested projects/timetable

APPENDIX 1 KEY LINES OF ENQUIRY FOR USE OF ASSETS

2. FINANCIAL MANAGEMENT		
How well does the council plan and manage its finances?		
Key line of enquiry		
2.3 The council manages its asset base		
Audit Focus		
Evidence that:		
<ul style="list-style-type: none"> the council has a capital strategy and fixed asset management plan the council reports to members on asset management 		
Criteria for Judgement		
Level 2	Level 3	Level 4
<p>* The council has an up to date corporate capital strategy linked to its corporate objectives and medium-term financial strategy.</p> <p>* The council has an up to date asset management plan that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use.</p> <p>* The council maintains an up to date asset register.</p> <p>* The council has a designated corporate property function.</p> <p>* The council's arrangements for reporting to members are sufficient to ensure that they fulfil their responsibility in relation to the council's land and buildings portfolio at both a strategic and service level.</p> <p>* The council has an annual programme of planned maintenance based on a rolling programme of property surveys.</p> <p>* The council has assessed the level of backlog maintenance.</p> <p>* The council's capital programme gives priority to potential capital projects based on a formal, objective approval process.</p>	<p>A member has been allocated portfolio responsibility for the council's fixed assets.</p> <p>* There is a plan in place to reduce the level of backlog maintenance and this has been approved by members.</p> <p>The council has developed a set of local performance measures in relation to assets that link asset use to corporate objectives.</p> <p>* The council makes investment and disposal decisions based on thorough option appraisal and whole life costing.</p>	<p>Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities.</p> <p>The results of performance measurement and benchmarking are communicated to stakeholders where relevant.</p> <p>The council has developed an approach for the co-ordination of asset management information and its integration with relevant organisational financial information.</p>

APPENDIX 2 – REVIEW FINDINGS AND AREA COMMITTEE COMMENTS

AREA COMMITTEE: SOUTH - EAST				
Property Reference	Address/Location	Suggested Strategy/Comments	Area Committee Comments	Summary/Further review comment
Various-	Housing estate shops-various locations (5 parades in this area)	Some parades clearly not viable, usually the smaller, out of the way ones. Concentrate uses into larger combined units, freeing up other units for alternative uses. (eg offices, possible residential).	No comment.	(MANAGEMENT)
R058	Car storage land, Watlington Road, rear of Oxford Retail Park	Examine ways to bring this site forward for employment use, as proposed in Local Plan Review (DS 56).	No comment.	Could be progressed through sale of freehold /long lease., once access issue resolved. PROJECT (S/M)
R021;H161	Blackbird Leys and Jubilee 77 Community Centres	Consider scope for replacement buildings which can meet current needs more efficiently , and include additional uses, eg residential.	No comment –awaiting review of community centres.	
A022/H105	Minchery Road , disused Allotments	Noted planning objection to loss of open space if developed. Continue to search for a creative solution.(eg land exchange with County)	Continue to explore other options besides open space, eg Youth facilities.	PROJECT (M)
E 022	Aisled Barn, Dunnock Way	Consider additional uses to complement Pathway use?	Liaise with Working Group which is taking this issue forward.	(MANAGEMENT)

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H132	Orchard Way Recreation Ground	Investigate whether Littlemore Parish Council may wish to purchase freehold.	No comment.	Officer recommendation is not to dispose of freehold at present.
-	Amenity Land –various parcels	Investigate scope for reduction in numbers of these holdings.	No comment.	This is desirable in management terms, but likely to be controversial in local terms. MANAGEMENT
H006	Rose Hill Housing office	ITEM INSERTED BY AREA COMMITTEE	Office is now only open part time. Intensify usage of this building, for example for Community uses.	MANAGEMENT

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AREA COMMITTEE: COWLEY				
Property Reference	Address/Location	Suggested Strategy/Comments	Area Committee Comments	Summary/Further review comment
E008	Cowley Community Centre, Barns Road	Consider development potential of this site, especially in the light of increasing repair liabilities of the building itself. Possible long term opportunity for relocation to site of Cowley Workers Social Club on Between Towns Road. Await outcome of Community Centres strategy.	Agreed	PROJECT (L), subject to review of Community centres
E164 -7	Horspath Road Industrial Estate	There are leased out properties adjoining OBS – consider opportunities for surrender of leases back to City Council to increase capacity of depot for other uses (eg, relocation of OCVA Furniture store, or Womens Training Scheme).	Agreed	MANAGEMENT
T023	Marsh Road depot	Monitor proposals for joint recycling initiative, which may reduce land requirement at Marsh Road, and free up space for Parks/Leisure relocation.	Agreed	PROJECT (M)
R154	Temple Cowley Pools	Monitor progress on recommendations of Indoor Leisure review.	Agreed	
R037; R123; R130	Community Centres –Florence Park; Peat Moors; Regal	Await release of Community Centre Strategy.	Agreed	
R072	Florence Park; Family Centre site	Support County proposals to rebuild/upgrade Centre, and work with them to release covenant.	Agreed	Some preliminary work already under way PROJECT (S)

APPENDIX 2 – REVIEW FINDINGS AND AREA COMMITTEE COMMENTS

The Committee also requested the inclusion of the following properties for review

1. Between Towns Road - Cleansing depot adjoining Swan Garage – City Works to consider future use
2. Horspath Road - Resource Centre (104 Horspath Road)

AREA COMMITTEE: EAST				
Property Reference	Address/Location	Suggested Strategy/Comments from Asset Review Group	Area Committee Comments	Summary/Further review comment
E073; E075 E079; E081 E077; E074	Cowley Road; 6 retail properties	These properties should be retained, as transport and public realm improvements programmed for Cowley Road should result in an uplift in rental and capital values.	Agreed – commented that rents should be affordable for local businesses	MANAGEMENT
R098	Asian Cultural Centre, Manzil Way;- land adjoining the Centre	Review options for making better use of this land, and realising income for the Council.	Agreed	MANAGEMENT – Plans exist for an extension of the ACC onto this land
R179/R035	East Oxford Community Centre, 44b Princes Street; Games Hall, Collins Street	Consider long-term options for redevelopment of Princes St site, to replace the existing facilities and include some residential/commercial units. Include a Games Hall facility thereby releasing the current Games Hall site for redevelopment.	Essential to retain Community use. Some redevelopment at rear of site could be possible. Improve and retain Games Hall	
T011	Union Street shoppers car park	Consider the opportunities for redevelopment for a variety of uses, whilst retaining car parking on the site, (for example, underneath any new building).	Agreed. Liaise with Oxford Brookes University on a design exercise in first instance	PROJECT (L)

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E202; R104 R105; H247	Sites at Donnington Bridge Road/Meadow Lane corner	City Council should pursue proposals for a River Sports Centre, in conjunction with adjoining owners (also Local Plan policy, DS21).	Agreed	PROJECT (M)
H288	East Avenue – land rear of 62-144	Encourage adjoining owners to purchase remainder of this land to provide rear access to their houses.	Sales to continue, but for access purposes only	MANAGEMENT
E078; H309	50/202 Cowley Road	Await outcome of review of HRA property which could result in possible disposal of these two houses.	Agreed	Await HRA review

AREA COMMITTEE: NORTH

Property Reference	Address/Location	Suggested Strategy/Comments	Area Committee Comments	Summary/Further review comment
-	Various Allotment sites	Review usage, and consider opportunities for any changes of use that may be appropriate.	Noted	MANAGEMENT
T016	Diamond Place car park	Await detailed Planning guidance.	Committee requested further report on development of Ferry car park and this one	PROJECT (M)
E098	Elsfield Way	Noted opportunity for premium receipt, in addition to release of land for social housing. (NB Executive Board has authorised progress on this basis.	Noted.	NB since date of meeting, negotiations have ceased. PROJECT (L) – Assume repossession/development at lease end

APPENDIX 2 – REVIEW FINDINGS AND AREA COMMITTEE COMMENTS

AREA COMMITTEE: NORTH - EAST				
Property Reference	Address/Location	Suggested Strategy/Comments	Area Committee Comments	Summary/Further review comment
A031; A030; E207	Land to North-east of the by-pass between Barton and Marston	Examine potential uses for the 56 acres of agricultural land, plus the underused allotments and the adjoining land.	In the short term, a small proportion of this area could be used for amenity/leisure purposes. Consultation needed with local users	PROJECT (M)
H121; E200	Land on North side of Marsh Lane, Marston and Court Place Farm allotments	Review use of unused parts of allotment site, and road frontage land to identify possible development opportunities.	Noted Conservation area/Green Belt status Long term option only	Likely to be renewed interest from Marston PC in part of site for football pitch use PROJECT (S)
E052	Bury Knowle House	Request County Council to formulate proposals for relocating Library, with the aim of releasing the entire building for other commercial uses.	Noted that relocation of County Library is not likely in short term. Commercial uses rejected in favour of community use	Community use will involve long term costs of maintenance and DDA compliance PROJECT (L) for house. Consider redevelopment of stables and barn in meantime - PROJECT (S)

APPENDIX 2 – REVIEW FINDINGS AND AREA COMMITTEE COMMENTS

E217; E218; E219	Northway Centre complex	Redevelopment of this site should form part of wider development proposals, to include the OCVA furniture store; the Westlands Drive shops (and the open space to the side of the shops), and the County Councils Saxon Way Centre. NB Implications for Parks and Leisure teams in Northway offices –look at relocation options, eg Marsh Road.	High priority – progress proposals with local groups/stakeholders.	PROJECT (S)
	Mascall Avenue; TA Barracks site	Noted that lease had a relatively short time to run, and there had already been some informal discussions with MoD on possible redevelopment with a view to capital receipt/provision of affordable housing.	No comment. (Site is actually in NE area, but adjoins Cowley area)	PROJECT (M)
T004	All Saints Road; Street Services Depot	City Works to clarify proposals for future of this facility.	If declared surplus, site could be used to reactivate street scene	MANAGEMENT

AREA COMMITTEE: CENTRAL, SOUTH AND WEST

NOTE –This area contains large numbers of investment properties located in four main blocks. Group agreed to review the holdings on this basis and then commented on a number of individual sites

Property Reference	Address/Location	Suggested Strategy/Comments	Area Committee Comments	Summary/Further review comment
Block 1	Investment property in area enclosed by Broad Street, Ship Street and Turl Street	Retain these properties and maximise income. Consider whether rents should be linked to turnover. Aim to retain an attractive mix of uses, and maximise rental income. Note that the Council has responsibility for external/structural repairs in respect of most of these properties; try to reduce liabilities in this respect.	Agreed. Noted reduced demand from University for hostel space in this location, but other uses were possible.	MANAGEMENT

APPENDIX 2 – REVIEW FINDINGS AND AREA COMMITTEE COMMENTS

Block 2	Investment Properties in area enclosed by George Street, St Michaels Street and New Inn Hall Street	Retain Properties and maximise income, but note opportunities for releasing premiums for surrender and renewals of long leases at low rents Consider opportunities for residential conversions of the upper floors (ie in George Street) where office space is more difficult to let. Consider future of Northgate Hall following Community Centre review.	Noted	MANAGEMENT
Block 3	'West End' Properties (ie the City Council's holdings in Oxpens Road, around Westgate/Abbey Place/Albion Place	Retain pending ADF based proposals for West End/Oxpens area. A number of the holdings are identified as development sites in the emerging Local Plan. Noted need to find interim use for Albion Place car Park.	Noted	Initial West End feasibility work has already started. PROJECT (S)
Block 4	Gloucester Green properties (inc Theatre and Cinema sites; Old Fire Station, Bus Station	Encourage any proposals (eg for replacing cinema), which could act as catalyst for other changes and give entire area more identity. The future of the bus station could depend on 'West End' progress.	Noted	Informal interest in redeveloping the cinema has already Materialised PROJECT (S)
E188	South Oxford Community Centre	Noted opportunity for a LIFT scheme to incorporate Health Centre.	Noted (await review of centres)	
R081	Hinksey Park	Explore possibility of relocating play area away from Abingdon road frontage, and provide social housing.	Not supported. Committee felt that this proposal should be dropped	
H053	Canning Crescent Church site	Retain – possible development.	Aim for eventual redevelopment to include replacement Church	MANAGEMENT

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H061	Cranham Street, Parking spaces	Review development opportunities.	Agreed	PROJECT (M) – In conjunction with relocation of Jericho Health Centre

APPENDIX 2 – REVIEW FINDINGS AND AREA COMMITTEE COMMENTS

APPENDIX 3

PROJECTS PROGRAMME (draft)

To progress in short term –commencing in 0-1year

Watlington Road – Employment site – Sale
Florence Park Family Centre – Redevelopment (with County Council)
Bury Knowle Barn/Stables – Sale/redevelopment
Northway Complex – Redevelopment
West End Feasibility .
George Street, Cinema Site – Redevelopment

Medium Term – 2-4 years

Minchery Road Allotments – Redevelopment/Change of use
Marsh Road Depot – Relocation/Redevelopment
Donnington Bridge River Sports Centre – Redevelopment
Diamond Place Car Park – Redevelopment
Land NE bypass – Improving Barton Amenity Sites
Mascall Avenue, TA Site – Redevelopment

Long Term – 5-6years

Union Street Car Park – Redevelopment
Elsfield Way Offices Site/Housing Site
Bury Knowle House – Community uses