

Report of: Financial Management Business Manager

To: Executive Board

Date: 13 March 2006

Item No:

Title of Report : ASSET MANAGEMENT PLAN 2006



Summary and Recommendations



Purpose of report: Executive Board is asked to consider the updated Asset Management Plan, and to recommend it to full Council for approval

Key decision: Yes

Portfolio Holder: Councillor Hollingsworth

Scrutiny Responsibility: Finance

Department(s) affected: All

Report Approved by: Councillor Hollingsworth, Portfolio Holder
Mark Luntley, Strategic Director
Jeremy Thomas, Head of Legal and Democratic Services

Policy Framework: None

Recommendation(s): Executive Board is asked to:

- i) Consider the document, and
- ii) Put forward any alterations or additions it considers necessary for inclusion in the final version to be approved by full Council.
- (iii) Note a continuing role for the Asset Review Group, as outlined in Section 7, and that Councillors Goddard and Price will continue to participate in this group.



1. **Background**

- 1.1 The current Asset Management Plan (AMP) was approved by Executive Board in May 2005, and it followed the format required for submission to Government Offices from 2000 onward.
- 1.2 On 7th September 2005, the Finance Scrutiny Committee considered the findings of the Property Review Group which had been set up to examine the portfolio and identify additional opportunities to raise capital receipts from disposal and examine the scope for redevelopment and consolidation of operational properties. The recommendations of the Review Group were submitted to Area Committees in June/July 2005, Appendix 4 of the attached AMP indicates the proposed schemes and disposals arising from this process
- 1.3 On 21 December 2005 Finance Scrutiny Committee reviewed a number of property based reports. The AMP incorporates the adopted decisions/strategies
 - (i) The draft of an updated Asset Management Plan. The draft was approved subject to the Committees comments, which have now been incorporated. A number of additional reports, to Finance Scrutiny Committee are required this year- on property disposals; altering lease terms and the property implications of the Leisure and Community centre reviews
 - (ii) The report on the Property maintenance backlog, which was subsequently approved by the Board on 16 January 2006.
 - (iii) A report on the current position regarding the Councils central office accommodation.
- 1.4 In addition, as already reported to Members, drafting of the AMP has been carried out in the light of the Audit Commissions CPA requirements, published in June 2005, and RICS guidance, published in July 2005.

2. **AMP Content**

- 2.1 The AMP is intended to act as a framework document linking the Council's Corporate Vision and other strategic policies to various subsidiary property strategies and policies. (Section 1 and Action Plan, Appendix 5).
- 2.2 Some elements of the previous AMP format have been retained in order to meet the requirements of the CPA assessors, for example the corporate arrangements for Asset Management, in Section 2, and a review of property data collection and storage in Section 3.
- 2.3 Section 4 covers the service property issues and maintenance backlog problem facing the Council.
- 2.4 Section 5 (and Appendix 3) -National and local Property Performance Indicators (KPIs).

The National Indicators are in the same format as previously reported. As Members will be aware, the KPI 4 figures on energy usage in the main buildings have been examined on a quarterly basis by the Environment Scrutiny Committee over the last year. The current figures, (based on consumption and costings for 2004/2005) show little change from previous years. Pressure to improve these figures, will continue to come from central government and through new EU legislation (similar to EU directive 2002/91/EC which will in due course require the energy efficiency of buildings to be stated when they are marketed). Furthermore, the updated Oxford Plan (section 3.2.5) also places increased emphasis on Environmental Resource management.

- 2.5 Section 6 links to the Capital Strategy and outlines the total disposal receipts required to support the capital programme. The Capital Strategy requires receipts totalling £11.74m from General Fund and HRA asset disposals for the three financial years 2006-9 plus Right to Buy receipts for the same period, of £1.38m. The AMP, (para 6.3 and Appendix 4), identifies potential General Fund receipts, for the same period, totalling £13.35m.
- 2.6 Section 7 recommends that the Asset Review Group is reconvened to examine a number of specific property issues, principally to follow up the ongoing service reviews when they are complete.
- 2.7 Strategic Management Board has recommended that a complementary AMP is produced covering properties in the Housing Revenue Account. This has been timetabled for mid 2006

3. **Financial Implications**

- 3.1 These relate principally to capital receipts and are set out in the body of the report and the draft AMP.

4. **Staffing Implications**

- 4.1 Assuming that staffing levels in the Asset Management group remain as they are, it is expected that extensive use of consultants will continue to be required to progress the level of disposals and project work envisaged in the AMP.

5. **Legal Implications**

None

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Background papers: Corporate documents and strategies, as referred to in the AMP text

Appendix – AMP 2006



Version number: 3.0
Date 02/06



Financial & Asset Management

Asset Management Plan 2006

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ASSET MANAGEMENT PLAN

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OXFORD CITY COUNCIL

ASSET MANAGEMENT PLAN – 2006

1. INTRODUCTION

1.1 Aims and Purpose of the Asset Management Plan (AMP)

The AMP provides a strategic framework for Council members to assist with decision making on capital investment and use of property assets by the Council.

It also complements and links to the Capital Strategy, and co-ordinates asset management planning both across the Council, and increasingly, with its partner organisations.

1.1.1 General Aims for Asset Management

Capital resources and Property assets should: -

- make a positive contribution to service objectives,
- be effectively directed towards customer needs,
- be used efficiently and sustainably
- ensure the financial return from investment (and surplus) properties is reasonably maximised

1.2 Policy Background

The following adopted strategies and plans underpin the Councils 'Vision for Oxford' (currently under review) and also provide the framework for this AMP.

1.2.1 Oxford Plan 2006-9

This is the Councils Corporate Plan, which outlines its objectives and priorities for the next three years, and incorporates the Best Value Performance Plan. It sets out key improvement objectives for the coming three year period, grouped under a number of headings:-

- To increase the amount and quality of the City's housing stock.
- Reduce crime and anti-social behaviour.
- Reduce poverty and social exclusion
- Improve the quality of the environment, and to become a leader in Environmental resource management
- To be an open and responsive organisation.
- To ensure more efficient and improved services
- Build capacity by investing in training of staff and councillors.
- Enhance customer focus.
- Deliver and implement with partner a shared long-term vision for the City.
- To improve financial capacity and performance.

1.2.2 Oxfords Community Strategy

The Strategy contains five themes, (or objectives) for Oxford, identified by the Oxford Strategic Partnership:-

- A vibrant and inclusive economy.
- Safer communities.
- A better living environment.
- Opportunities for life.
- Active and healthy communities.

These aims broadly reflect those set out in the Council's Corporate Plan, but with the emphasis on reaching solutions on a partnership basis. This has significant implications for future use of the Councils operational assets, in terms of co-location, and shared use with other organisations, such as the County Council, Police and Primary Care Trusts

1.2.3 Housing Strategy 2005-8 and Homelessness Strategy 2003-8

These strategies highlight in some detail the shortage of affordable housing in the City, and issues arising from the poor quality of much of the housing stock, both public and private. Several Council owned sites suitable for affordable housing have been identified through the Local Plan review process (see 1.2.5. below).

1.2.4 Implementing Electronic Government (IEG) 4 Submission

This submission sets out progress on various IEG projects, throughout the Council, with a particular focus on customer services.

1.2.5 Second Oxford Local Plan 2001-2016

The key aims of the Local Plan, listed below, reflect many of the themes in the Community Strategy and Oxford Plan.

- Providing decent housing for all.
- Improving accessibility around the City.
- Improving the 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.

The Local Plan lists over 80 sites in the City with potential for development over the plan period. The City Council has an interest in over a quarter of these sites, either as outright freehold owner, or part owner, It also owns land in both regeneration Zones. (See **Appendix 1** and paragraph 2.5 below).

1.3 Table 1 below sets out suggested strategic themes for this Asset Management Plan, drawn from the plans and strategies outlined above.

TABLE 1

THEME	AIM/ACTION	SOURCE DOCUMENT
Increase supply and quality of affordable housing	<ul style="list-style-type: none"> • Release sites for affordable housing development. • Raise capital to finance new housing development through RSLs, and to improve existing stock to meet the Decent Homes Standard. 	OCC Housing Strategy 2005-8 Homelessness strategy 2003-8 Oxford Plan Local Plan 2001-16
Support West End Regeneration	<ul style="list-style-type: none"> • Continue to explore options for underdeveloped land e.g. new Council offices and Council owned sites identified in the Local Plan. Continue negotiations on terms for development agreement and new lease for an extended Westgate Centre. 	Local Plan 2001-2016 Community Strategy Oxford Plan
Support improvement to Customer Services	<ul style="list-style-type: none"> • Increased use of websites, electronic access, improved call centre facilities. 	IEG4 Community Strategy Oxford Plan
Support partnership working	<ul style="list-style-type: none"> • Working with other public and private agencies, to increase numbers of City Council premises in shared use, with co-located services. 	Community Strategy
Support improved community facilities	<ul style="list-style-type: none"> • Review opportunities for re-configuring/redeveloping Community Centre following completion of Community Centre review. 	Oxford Plan
Support improved utilisation of office space in City Centre	<ul style="list-style-type: none"> • Further development of central Office Accommodation Strategies in:-the medium term: (Rationalisation with a view to achieving budgeted cost savings.), and in the long Term: (feasibility work for move to offices in West End (see below)). 	Oxford Plan
Increase income and reduce cost of investment properties	<ul style="list-style-type: none"> • Increase Rental Income from Investment Properties. Seek to reduce property maintenance backlog, and its associated costs. 	Oxford Plan

These themes are followed in the Action plan included as **Appendix. 5**

1.4 External Influences on Asset Management Planning

1.4.1 2004 Efficiency Review (Gershon Review)

In broad terms, this review set out a target for Local authorities to deliver the same level of service but subject to annual cost reductions of 2.5%, year on year. This will increase pressure on 'controllable' spending, such as property maintenance. Additionally, if these efficiency measures eventually involve reductions in staff numbers, then this could affect office accommodation requirements.

1.4.2 Public Sector Asset Management Review (Lyons Review)

This review highlights the need for Local Authorities to dispose of surplus property, and to take advantages of opportunities for shared use and co-location. This AMP sets out the steps taken by the City Council to identify potential disposals and receipts.

1.4.3 Comprehensive Performance Assessment (CPA)

Assessment of Asset Management processes is covered in the Key Lines of Enquiry (KLOE) for Use of Resources. The assessors will be looking for evidence of measures for reporting portfolio performance to members, a plan for tackling maintenance backlog, and measurable outcomes to the Asset Management Planning process.

1.4.4 Potential for Prudential borrowing

Prudential borrowing will be considered as an option for financing works to reduce the property maintenance backlog (see section 4, below).

2. ORGANISATIONAL ARRANGEMENTS FOR ASSET MANAGEMENT

2.1 Decision making by elected Members

2.1.1 All major decisions relating to the Council's property are made by the Executive Board (including approval of the Asset Management Plan). The Leader of the Council chairs the Board and is the portfolio member for property issues.

2.1.2 Board decisions on property matters are subject to examination by the Finance Scrutiny Committee. This Committee examines the Asset Management Plan and Capital Strategy prior to submission to Executive Board, and other reports that have major property implications (e.g. maintenance backlog, office accommodation).

2.1.3 Area Committees have input to property decisions where they have delegated budget responsibility (for example in relation to Parks and Leisure properties and Community Centres). As part of the recent property review (paragraph 2.3 below) each Area Committee commented on the findings of the review group.

2.2 Officer Management Structure

2.2.1 Strategic Management Board

This comprises the Chief Executive and Strategic Directors, who meet on a weekly basis to approve all reports submitted for Executive Board approval, and also to consider draft policy documents (such as this AMP), at an early stage.

2.2.2 Capital Monitoring and Asset Management Working Group

This group comprises Business Managers and Operational Managers, who meet monthly to:

- Review progress of spending of the capital programme.
- Consider items for inclusion in the capital programme.
- Oversee the process of prioritisation and evaluation of capital schemes in line with the Council's priorities.
- Oversee and co-ordinate the Council's Asset Planning Process, and updating of the AMP.

2.3 Asset Review Group

This group comprises two senior Members of Finance Scrutiny Committee, and property officers who undertook a review of the Council's property ownerships on an area by area basis in early 2005. The findings were reported to Area Committees in July 2005, and to the Finance Scrutiny Committee in September 2005. The report and appendices can be viewed at <http://occweb/files/meetingdocs/29375/Item10.pdf>.

The items listed in appendix 3 to the above report have been incorporated in the programme of potential projects and potential disposals to be progressed over the coming years (see programme implementation and **Appendix 4** below).

Section 7 suggests possible further areas of work for this group.

2.4 Corporate Property Officer

This role is undertaken by the Director of Finance and Corporate Services, who is also the Council's S151 (finance monitoring) officer.

2.5 Planning Liaison arrangements

Following formal adoption of the Local Plan, Property officers have been liaising with planning policy officers on preparation of Local Development Documents, (LDDs) and the Urban Potential Study 2005. This has helped to establish approximate timings for the development of the Council owned sites listed in the Local Plan (**Appendix 1**). In the case of a number of these sites the development process is already in its early stages, or can be foreseen in the medium term, (i.e. to 2011). These sites have been included in the list of disposals/developments at **Appendix 4**.

3. DATA MANAGEMENT

3.1 There are two separate, (but related) aspects of data management which merit consideration in the coming year. These issues are the linking of property based software systems and accessibility by service users and Council members.

3.2 Linking of Systems

3.2.1 Currently the principal systems in use for property management and maintenance are:-

- Property Terrier – records property ownership and tenancy details, acquisitions, disposals and revaluations.

- Asset Register – Calculates capital charges, and also records acquisitions, disposals and revaluations.
- Atrium (Property Maintenance) – Issues and archives works orders, and records expenditure.
- GGP (Geographic Information System) – records overlay details of property ownerships on ordnance survey based maps.

At present, only the Property Terrier and Asset Register (which are from the same supplier) are linked systems.

3.2.2 Property based data for a number of other functions (Planning, Building Regulations, Environmental Health) is held on the Uniform System. The Council is in the process of finalising its Land and Property Indexing as part of the National Land and Property Gazetteer,(NLPG) whereby each property will have its own unique number (UPRN). Data matching of properties on the Terrier is now underway. Once this is complete the property Terrier and Asset Register will (in theory) be capable of exchanging information with the Uniform System. However holding all data on a single system is the preferred alternative.

3.3 Accessibility of Property Data

3.3.1 Service managers and members cannot yet access the Council's property data. A long-term aim must be to make the most relevant items of information available. As 'Uniform' is the adopted corporate property system, the feasibility of migrating all property data to it should be formally evaluated.

3.4 Asset Register Review

3.4.1 The core data which is currently contained the Asset Register was collected and categorised over a very short timescale 10 years ago. The categorising and grouping of property assets will be reviewed in the coming months to reflect recent changes made by CIPFA.

3.5 Investment Property Evaluation

3.5.1 Data on property rates of return is one of the key performance indicators, and the Council has just purchased more sophisticated software to produce the indicators for coming years, and to provide more detailed data requested by members (Finance Scrutiny Committee, Sept 2005).

3.6 Maintenance Data

3.6.1 The information produced by the current maintenance software system needs to be reviewed in the light of data required by the new COPROP performance indicators. These indicators, which will replace the current national KPIs, place a greater emphasis on maintenance backlog, and accessibility issues. (See performance indicators, section 5 below).

4. PORTFOLIO STATEMENT - MAJOR ISSUES

4.1 Portfolio Summary

4.1.1 A summary of the Council's total portfolio (excluding HRA housing and garages) in terms of category, capital values and rental income is included as **Appendix 2**

4.1.2 The basis of categorisation of property assets has recently been changed by CIPFA. 'Investment property' is now only that held for its investment potential, with rents negotiated at arms length. 'Operational properties' now comprise those held for the strategic or service objectives of the authority (and can include property let to third parties). The overall result of these changes was a requirement to reclassify a number of properties, (principally estate shops and properties let to non-commercial groups) from investment to operational. Reclassification affects the basis of valuation, as operational properties are valued only in their existing use, whilst investment properties must be market value (reflecting potential for change of use or development). This reclassification also makes properties liable to a depreciation charge

4.2 Maintenance Backlog

4.2.1 The current total maintenance backlog amounts to £9.25m split between capital items (total value £5.30m) and revenue items (£3.95m). **Table 2 below** sets out the total outstanding maintenance backlog, split between capital and revenue items, and illustrates how this is spread across the various property categories. This figure is projected to increase by 11% per annum .

Table 2. Total Outstanding Maintenance Backlog

	Investment Properties	Leisure properties	Parks and Cemeteries	Community Centres	Admin. Buildings	Town Hall	Community Properties	Housing (Non HRA)	Others	Totals
Capital	£790,500	£932,500	£1,052,000	£1,307,500	£435,500	£605,000	£57,000	£115,500	£0	£5,295,500
Revenue	£1,305,250	£263,500	£545,000	£554,000	£298,000	£437,000	£424,750	£97,500	£26,500	£3,951,500
Total	£2,095,750	£1,196,000	£1,597,000	£1,861,500	£733,500	£1,042,000	£481,750	£213,000	£26,500	£9,247,000
Projected Annual Increase in Backlog Costs (see note 2)	£230,533	£131,560	£175,670	£204,765	£80,685	£114,620	£52,993	£23,430	£2,915	£1,017,170

4.2.2 In December 2005 Finance Scrutiny Committee considered a report on options for a strategy to deal with the maintenance backlog. At present, a total of £2.96m is allocated in the Capital Programme for specific projects, in the Leisure and Community Centre sectors.. Members have agreed that this budget be used to finance maintenance backlog works across the portfolio, and (subject to a further allocation of £500,000 in 2009/10) this is estimated to reduce the backlog to £6.28m

Further options identified in the report to Finance Scrutiny Committee and Executive Board for December 2005/January 2006 were:

- Sale of investment properties, with high maintenance/management liabilities.

- Sale of operational properties, (if surplus following operational review).
- Prudential borrowing.
- Funding from Area Committees.
- Use of S106 receipts (Parks/Leisure buildings).
- Revise leases to reduce City Council's liability for repair.

Assuming the above measures, now approved by members, can be successfully implemented, it is estimated that the backlog could reduce to £867,000, with a projected increase of around £95,000 per annum. At current revenue spend rates of £477,000 per annum, this level of backlog would be controllable. In the case of investment properties, members have resolved to allocate and ring fence 5% of rent received towards maintenance costs in the event that maintenance liability cannot be transferred to tenants

4.2.3 A major issue in appraising the various options outlined in 4.2.2 above is the suitability of the buildings concerned for delivery of Council services in the future. Strategies are emerging for services delivered from Community Centres, Leisure Centres and Parks and Cemeteries. When these reviews are complete, a reappraisal of the property portfolios for each will be required.

4.3 Service Issues

4.3.1 This section summarises the major issues surrounding the suitability and sufficiency of the Council's operational property portfolio.

a) Community Centres

The service is currently under review and the Council has not yet decided how it is to be provided in the future. However, options could be:-

- (i) Service continues in its existing form and all centres are retained. Issues relating to maintenance backlog, (discussed above) will continue, and a full suitability and sufficiency review will be required. Major issues include the age and poor layout of many buildings, accessibility issues and high running costs.
- (ii) Rationalisation of Centres – This could release sites for disposal, to fund redevelopment and/or improvements to remaining centres., again subject to a suitability and sufficiency review.

b) Leisure Centres

In broad terms the choices are similar to those identified for Community Centres – to retain the status quo, or rationalise, in the event that the Council opts to continue to deliver these services directly. Again, a property strategy cannot be identified until the review of the service is complete.

c) Parks and Cemeteries

A property strategy will follow on from the review of parks and playing fields, largely centring on the provision of pavilion and changing room accommodation across the City. Once more, the likely choices are between retaining the status

quo, and rationalisation, which in this case would be unlikely to provide any major capital receipts as most properties are located within parks.

d) Central Office Accommodation

Two of the three central offices are currently under occupied, and one of these is providing accommodation of a poor standard. Both long term and medium term strategies have been identified.

The established long-term strategy is to relocate central staff to a site in the West End, in a building shared with Oxfordshire County Council. This strategy was, endorsed in principle by both Councils in July/August 2004, and a functional brief for the building(s) was, approved by the West End Steering Group in May 2005. The expected time frame for this strategy is 7-10 years.

In the medium term, the Council is seeking to either

(1) improve areas of substandard accommodation within the existing buildings, and improve space usage with a view to releasing areas which can either be let out on short term arrangements, or possibly used to contribute to improved Customer Services

or

(2) to rationalise current office accommodation in the Town Hall, St Aldate's Chambers, and Blue Boar Street, into a single leased in office in the City Centre

At its meeting on 21st December, 2005, Finance Scrutiny Committee considered these options, issued some guiding principles for further consideration, and requested further reports in the coming year

e) Town Hall

Under the long-term office strategy, the Town Hall will provide space for civic and ceremonial functions for both the City and County Councils, as well as becoming a venue for cultural events and exhibitions. External funding will be required to see this project to completion and a bid is being prepared. In the short to medium term, the Council is funding improvements to underused areas of the rear of the ground floor for exhibition and gallery use. In November 2005, Executive Board agreed that the Museum of Oxford will continue to operate from its existing location.

f) Direct Works depots

Changes in refuse collection and recycling arrangements could affect the amount of land required at the Marsh Road depot, possibly releasing some land for redevelopment, as anticipated in the Local Plan.

The increase in expenditure required to lift the retained Housing Stock to the Decent Homes standard may require an appraisal of the capacity of the Horspath Road Depot.

The Action plan (**Appendix 5**) proposes a sufficiency and suitability appraisal of these depots in 2006/7

4.4 Investment properties

The Councils revenue budget is heavily underpinned by its income from the investment properties listed in **Appendix 2**. Most of these are retained for their secure long-term income potential, with a small number earmarked for redevelopment as set out in **Appendix 4**. Continuing improvement in net income depends on:

- **Reducing costs** by renegotiating maintenance responsibilities away from the Council, and identifying poorly performing properties (i.e. high maintenance/management input) for disposal).
- **Increasing rents** through improved management strategies for the main City Centre property blocks and Covered Market. (Appendix 6 Action Plan, Theme 7).

5. PERFORMANCE MANAGEMENT AND MONITORING

5.1 All Councils are still required to collect data for the national Key Performance Indicators (KPIs), and these are included, with background commentary, as **Appendix 3**.

5.1.1 KPI 1 relates to maintenance backlog, discussed in section 4.2 above.

5.1.2 KPI 2 relates to rates of return for three categories of investment property. Finance Scrutiny Committee (7th September 2005) requested more frequent reports on the performance of the investment portfolio. The Council has now acquired more sophisticated software for analysing investment performance and a proposal for reporting this is included in the Action Plan at **Appendix 5**.

5.1.3 KPI 3/KPI4 cover running costs, which include energy costs and CO2 output. These are now reported to Environment Scrutiny Committee on a regular basis.

5.1.4 KPI 5, (time/cost outcomes on large capital projects) has not been compiled. because of the small number of schemes and also this information is formally reported in detail as part of project reviews of major schemes, e.g. Ferry Centre refurbishment.

5.1.5 In July 2005 the Office of the Deputy Prime Minister (ODPM) endorsed the use of a new set of indicators by local authorities. These indicators cover broadly the same areas as the existing indicators, but in more detail, and ODPM considers they will improve the reliability of inter authority comparisons. The four indicators cover

- Condition and required maintenance
- Accessibility surveys
- Suitability surveys
- Environmental property issues

It is recommended that compilation of data for the new indicators starts in April 2006., with reporting starting in 2007

5.2 Local Indicators

- 5.2.1 The Council has in the past compiled data on rental income targets, outstanding rent reviews and lease renewals, and occupancy rates for investment properties.
- 5.2.2 The Finance Scrutiny Committee will be asked to review a list of possible local indicators for future use (see Action Plan, **Appendix 5**).

6 CAPITAL STRATEGY AND DISPOSAL/DEVELOPMENT PROGRAMME

- 6.1 The agreed capital programme sets out to allocate capital resources efficiently and effectively, and in line with corporate priorities and service priorities. The Asset Management Plan seeks to underpin these aims and to show how the proportion of funding from asset disposals will be achieved. The figures discussed below are those proposed for consultation in the Strategic Directors report on the Indicative Budget 2006-8 (report to the Finance Scrutiny Committee, 8th December 2005, and Executive Board, 12th December, 2005, Appendices D [the Capital Strategy] and E).
- 6.2 Table 3 below sets out
- the Council's anticipated total capital spending from its agreed programme for 2006-2010,
 - the anticipated receipts, totalling £11.74m from both HRA and General Fund needed from property transactions to sustain the indicated spending level. to the end of 2008/2009.

Table 3

Capital Programme, and required receipts, (excluding Right to Buy)				
YEAR	CAPITAL PROGRAMME TOTAL	PROPERTY RECEIPTS TARGET (GF)	PROPERTY RECEIPTS TARGET (HRA)	TOTAL RECEIPTS TARGET
2006/7	£22.64m	£2.17m	£0.07m	£2.24m
2007/8	£13.06m	£5.51m	£0.52m	£6.03m
2008/9	£11.50m	£1.42m	£2.05m	£3.47m
2009/10	£11.36m	£0.00	£0.00m	0
TOTALS		£9.1m	£2.64m	<u>£11.74m</u>

- 6.3 **Appendix 5** brings together a number of the General Fund property based projects and disposals identified by officers, the Local Plan, and the Property Review Group, together with the projected timescales to achieve the outcome for each. It indicates which projects are earmarked to release capital receipts to meet the annual targets

in Table 3. The total receipt anticipated for financial years 2006-9 is **£13.35m** from General Fund receipts. The Capital Strategy anticipates a further £1.38m from Right to Buy sales during the same period, giving total receipts of **£14.73m**.

6.4 There are always risks that receipts will be under estimate, delayed or not happen. The programme anticipates such slippage by building in a potential surplus on general fund receipts, and, if necessary, the opportunity to bring forward other schemes from the list.

6.5 Project Appraisal and Prioritisation

The methodology for capital project prioritisation and evaluation work was set out in detail in the 2002 Capital Strategy (section 2.4 and Appendices E, G, C) and remains substantially unchanged. All capital schemes are now scored and ranked in line with the Councils strategic priorities

6.6 Post Project Reviews

In the past year, the Council has completed a major refurbishment project at the Ferry Pool and Community Centre. The project was formally reviewed and the outcome reported to Finance Scrutiny Committee in June 2005. The review concluded that it had been a successful project and it was recommended that certain features be carried forward into future projects.

- Project Board to be set up
- Two stage tendering to manage risk
- Use of external expertise to project manage
- Constant Monitoring.

7. Implementation and Monitoring

7.1 The Capital Monitoring and Asset Management Group will continue to review the capital spending programme and receive regular reports on progress with Asset disposals. In the event of slippage, as noted above (paragraph 6.4) the Group may require other schemes to be brought forward.

7.2 The Asset Review Group will be reconvened to consider:

- (i) External consultants review of agricultural holdings.
- (ii) Process/Programme for reviewing City Centre investment properties.
- (iii) The outcomes of the service reviews for Community Centres, Leisure properties and Parks properties.
- (iv) Preliminary work on Local Performance Indicators.

Appendices

1. Local plan development sites

2. Portfolio summary
3. National Performance Indicators
4. Programme – Capital receipts redevelopments
5. Action Plan 2006/7

Appendix 1 AMP 2005/6
Identified Local Plan Development Sites in Council ownership, with indicative uses

.NT= Timescale not yet identified

Numbering as in adopted Local Plan. Please refer to LP for full details on uses

Sites owned freehold

DS 1	Abbey Place Car Park	Housing Mixed use,	Medium term
DS.7	Bertie Place RG	School relocation	NT
DS 18	Cowley Centre and Crowell Road car park	Retail and ancillary	Medium term
DS 19	Cowley Marsh Depot site	Housing and ancillary	Post 2016
DS 24	Diamond Place, Ferry pool car parks,	Mixed use, inc housing	Medium term
DS 28	Dunnock Way	Community uses	Now developed
DS 29	Elsfield Way	Housing	Medium term
DS 32	Harcourt House, Marston Road	Student/teaching accom	NT
DS 34	Horspath Road, Land to south	Outdoor Sports facility	Medium Term
DS 54	Odeon Cinema Site, George Street	Retail/Art/Tourism	Medium term
DS 58	Land rear of Oxford Retail Park	Employment Site	Medium term
DS 60	Oxford Science Park, Land adjoining	Science Park Ext.	Medium term
DS. 62	Oxpens Road	Mixed/commercial	Long term
DS 76	Telephone Exchange, Speedwell Street	Housing/employment	Long term
DS 88	Westgate Shopping Centre	Retail Inc. housing	Medium term

The City Council owns **part** only of the following sites:

DS 3	Albion Place and Magistrates Court	Employment/Tourism	Medium term
DS 25	Donnington Bridge Road ,Riversport Centre	New river sport centre	NT
DS 77	Land west of St Aldate's /south of Queen St	Retail,inc housing	Medium term
DS 79	St Aldate's Police Station and land to the rear	Housing/student accom.	Post 2016
DS 82	St Clements Car Park	Student accom.	Medium Term
DS 85	Trap Grounds	Affordable Housing	Medium term

The Council owns land within the following Zones

DS 10	Blackbird Leys Regeneration Zone		Medium term
DS 78	St Aldate's Regeneration Zone		Long term

Medium term	April 2006 – March 2011
Long term	April 2011 – March 2016
Post 2016	April 2016 onwards

**APPENDIX 2--ALL PROPERTIES -CATEGORIES, VALUES,
RENTAL INCOME**

OPERATIONAL PROPERTIES

Category	No.	Capital Value (£)	Rental Income (£)	Comments
1. Social Aims/Partnership Support	34	1,008,796	59,980	Properties let to clubs, non - profit Groups etc.
2. Housing Support	180	4,111,102	426,238	Estate shops and first stage homelessness
3. Hostels, Special Needs Properties	20	4,239,532	84,290	Most let to housing 'partners' at cost rents.
4. Car Parks	20	19,958,702	12,450	Income listed is concession/advertising only
5. Sports Centres/Pools	9	10,477,390	13,080	Pools/Sports Centres/Ice Rink
6. Non - HRA Housing and Land	59	5,831,662	190,251	Parks/Cemeteries houses, garden land
7. Depots/Workshops	15	5,949,201	134,224	
8. Community Centres	23	11,980,210	9,501	
9. Mixed use Properties	3	5,105,895	118,246	Includes Northway and Barton Centres
10. Offices	14	20,482,007	237,889	Includes Town Hall
11. Public Toilets	20	1,080,750	0	
12. Roads/Infrastructure	15	7,455	3,300	
13. Bridges	4	128,600	0	
14. Parks/Open Spaces	251	4,070,729	54,262	Includes pavilions and other buildings in parks
15. Monuments/Memorials	3	12,350	1,000	
16. Cemeteries	4	234,100	0	
TOTALS		94,678,481	1,344,711	

APPENDIX 2 (contd) INVESTMENT PROPERTIES

Category	No.	Capital Value (£)	Rental Income (£)	Comment
1. Surplus Service Properties	4	120,000	0	Includes 3 former public toilets
2. Development Land	6	1,442,375	7,500	Identified vacant development sites
3. Rent to Mortgage Shares	26	2,647,946	0	Total value of equity retained by Council
4. Investment Properties - Food/drink uses *	12	9,101,000	689,650	A3-A5 uses- investment properties
5. Investment Properties - Long Lease *	36	2,519,507	36,070	Properties let on long leases/low rents
6. Investment Properties - Leisure/Culture *	11	5,212,100	162,393	
7. Investment Properties - Offices *	14	3,616,850	126,586	
8. Investment Properties - Miscellaneous *	159	6,728,489	512,520	Substations and other 'sundry' properties.
9. Investment Properties - Industrial/Depots *	12	1,427,000	143,675	
10. Investment Properties - Secondary/Tertiary Retail*	11	1,120,000	88,050	
11. Investment Properties- Agricultural/Grazing*	32	1,138,350	31,822	
12. Investment Properties - Central Retail *	51	45,205,250	3,695,607	Includes mixed use properties, where retail is main use
TOTALS		80,278,867	5,493,873	

Values/ Rents as at Nov 05

APPENDIX 3 ASSET MANAGEMENT PLAN 2006

National Property Performance Indicators (KPIs)

Property Performance Indicator Number 1

- Definition - Indicator 1a shows the percentage of floor space in condition categories A (indicating good condition and performing efficiently) to D (indicating life expired and/or serious risk of failure. Indicator 1(b) indicates the percentage of maintenance expenditure backlog which is urgent (category 1); essential (2) or desirable (3).
- Purpose - To indicate the overall condition of assets maintained by the Authority, their suitability for purpose, and priority areas for expenditure.
- Comment - Recent major investment at Ferry Sports and Community centre potentially improved the results by reducing the category C percentage. However results of other surveys have resulted in many properties dropping to a lower category, so there is little change overall – compared to other authorities, Oxford has a lower percentage of category A assets and a higher percentage in category C

Indicator 1(a) - Percentage of Floor Space in Categories A-D

Category	A	B	C	D
OCC 2005	12.73%	50.40%	34.53%	0.19%
OCC 2004	13.24%	48.69%	36.29%	0.29%
AMP Network 2005	17.59%	61.20%	17.74%	3.48%
AMP Network 2004	18.06%	56.88%	21.36%	3.70%

Indicator 1(b) - Percentage of Total Backlog value in Priority Levels 1-3

Priority Level	1	2	3
OCC 2005	4.62%	39.93%	55.45
OCC 2004	3.5%	48.4%	48.1%
AMP Network 2005	12.69%	41.52%	45.86%
AMP Network 2004	12.66%	42.12%	45.23%

Property Performance Indicator Number 2

Definition	-	The overall average internal rate of return for properties, held for investment purposes, in the three categories below. The return is calculated over a 20 year period and reflects anticipated changes in rent, level of return and any major expenditure anticipated in that period.
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Purpose	-	To assist in reviewing performance of the Council's investment property over time, to facilitate decisions on retention or disposal, and to compare property returns with alternative investments.
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Comment - The 'average' figures (shown below) which we are asked to calculate are of limited value, but the individual IRR figures, from which the average is derived, are useful appraisal tools

Indicator Category	2a Industrial	2b Retail	2c Agricultural
2005 OCC			
2004 OCC	16.34	9.2	6.8
2003 OCC	15.46	9.46	10.94
2005 AMP Network	11.49	11.7	7.23
2003/4 AMP Network (Median)	12.14	11.27	6.48

Property Performance Indicator Number 3

Definition - Annual Strategic management costs per sq m (GIA) for whole portfolio.

Purpose - To measure how committed the authority is to strategic asset planning.

Comment - Oxfords Strategic management costs are low compared to the average of other Councils.

Strategic Asset Management Costs £0.32/m²
Oxford City Council 2005

AMP Network 2005-2006 -£1.00

AMP Network 2004-2005 - £1.10

Property Performance Indicator Number 4

Definition - Repair and utilities costs per square metre for operational properties.

Purpose - To encourage efficient use of assets over time and year on year improvements in energy efficiency.

4(a) Repair and Maintenance Costs per m²

OCC 2005	xxxxx
OCC 2004	£3.59

AMP Network 2005	£13.55
AMP Network 2004	£12.06

4(b) Energy Costs (per m²)

OCC 2005	£8.69
OCC 2004	£8.61

AMP Network 2005	£6.25
AMP Network 2004	£7.00

4(c) Water and Sewerage Costs (per m²)

OCC 2005	xxxx
OCC 2004	£2.39
OCC 2003	£2.03
AMP Network 2005	£1.59
AMP Network 2004	£1.56

4(d) CO₂ emissions (tonnes per m²)

OCC 2005	0.086
OCC 2004	0.084

AMP Network 2005	0.068
AMP Network 2004	0.070

Note – Energy cost and CO₂ figures for Oxford are derived from 16 major sites only ,
- not all buildings are included

APPENDIX 4 -- AMP 2006						
SUMMARY OF POTENTIAL RECEIPTS/REDEVELOPMENT SCHEMES						
A POTENTIAL DEVELOPMENTS/RECEIPTS IDENTIFIED						
UPRN	LOCAL PLAN REF.	PROP. REVIEW? Y/N	SITE/PROPERTY	RECEIPT?	FIN YEAR	NOTE
E124	N/A	N	St Georges Mansions, lease regearing	YES	2006/7	EB report due in December 2005.
E126	N/A	N	59-69 George Street, lease regearing	YES	2006/7	EB report, due early 2006.
E166/7	N/A	N	Horspath Road, Sites 22a/b	YES	2006/7	Freehold disposal to tenants.
H201	N/A	N	Upper Fisher Row - office	YES	2006/7	Disposal could be progressed in short term.
Various	N/A	N	Parks houses - disposal feasibility	YES	2006/7	Wolvercote Lodge now vacant.
E112	DS.54	Y	Gloucester Green, cinema site	YES	2007/8	Authority to negotiate, EB, November 2005.
E258	DS.82	N	St Clements Car Park	YES	2007/8	Authority to negotiate, EB, September 2004.
E204	DS.60	N	Minchery Farm/Science Park extension	YES	2007/8	Market site following archaeological survey.
E011	N/A	N	Service Station, Between Towns Road	YES	2007/8	Assumes lease extension (ends 2009) - could be F/H.
R058	DS.58	Y	Watlington Road/Retail Park Development Site	YES	2008/9	Site currently let to BMW
H122	N/A	Y	Mascall Avenue, Housing redevelopment	YES	2008/9	Current informal discussions with MOD
Various	DS.77	N	New Inn yard/Queen Street properties	YES	2008/9	3rd party scheme, presently on hold
E098	DS.29	Y	Elsfield Way, Offices/Housing site	YES	2014 on	Develop at Lease end 2014/earlier if opportunity
B DEVELOPMENT SCHEMES - RECEIPT NIL OR NOT YET QUANTIFIED						
R072	N/A	Y	Florence Park Family Centre (with Oxon CC)	NO	2007/8	Partnership scheme.
Various	DS.3 & 62	Y	Oxpens sites (West End Initiative)	TBA	2007/8 on	Inc Albion Place car park/Phone exchange sites.
Various	N/A	N	Agricultural holdings - development opportunities	TBA	2007/8 on	Progress findings of Cluttons review and report.
E172	DS.34	N	Horspath Road, Sports development	NO	2008/9	Earlier scheme approved, by EB, to be revised.
E217-9	N/A	Y	Northway Centre - redevelopment	TBA	2009/10	Community consultation needed next.
T016	DS.24	Y	Diamond Place/Ferry car parks	TBA	2009/10	Awaiting planning brief.
T011	N/A	Y	Union Street car park, development	TBA	2011 on	Possible partnership with other owners.
T023	DS.19	Y	Marsh Road Depot	TBA	2011 on	Monitor opportunities arising from service changes.

E030/E031	N/A	Y	Barton, fringe land	NO	N/A	Aim to improve scope for leisure/amenity uses.
E202	DS25	Y	Donnington Bridge River Sports centre	NO	N/A	Partnership scheme.
E273/5	N/A	N	St Michaels Street, 18-22, hotel development	TBA	TBA	Refurbishment by Lessee, no outgoing.
E054	N/A	N	Bury Knowle Barn/Stables - Redevelopment/conversion	TBA	TBA	Review Conservation area/planning issues.
A022/H105	N/A	Y	Minchery Farm Allotment (part) - change of use	TBA	TBA	Open space or partnership scheme site?
E052	N/A	Y	Bury Knowle House community uses	TBA	TBA	Post 2009.
H061	N/A	Y	Cranham Street parking land	TBA	TBA	Review in conjunction with Grantham House.
E307/E334	N/A	N	Westgate Centre redevelopment including Abbey Place Park	TBA	2012 on	Receipt of profit share when scheme opens.
E106	N/A	N	George Street, New Theatre	TBA	2008/9	Facelift scheme to be appraised when received.
E284	DS.18	N	Templars Square Car Park	TBA	N/A	No current proposals.
E201	DS.32	N	Harcourt House, Marston Road	TBA	N/A	No current proposals.
E265	DS.79	N	St Aldate's Police Station and Land Adjacent	TBA	N/A	No current proposals.
H188	DS.85	N	Trapgrounds	TBA	N/A	Awaiting outcome of legal case.
Various	N/A	Y	Community Centres	TBA	N/A	Await outcome of review.
Various	N/A	Y	Leisure Properties	TBA	N/A	Await outcome of review.
R098	N/A	Y	Land adjacent Asian Cultural Centre	TBA	N/A	Await outcome of review.
Various	N/A	Y	Allotment Sites	TBA	N/A	Review sites for development opportunities.

APPENDIX 5 AMP 2005/6

**ASSET MANAGEMENT
ACTION PLAN 2006-2007**

Theme 1: Increasing Supply and Quality of Affordable Housing

TBC = To be commenced

Objective	Action	Timeframe	Progress
Identify City owned sites for affordable housing	<ol style="list-style-type: none"> 1. Progress marketing/development of sites outlined in Local Plan and Oxford City Council's Housing Strategy 2005-2008. 2. Assess feasibility of sites identified in Members Review of Assets. 	Ongoing	2005/6 – Agreed Rose Hill redevelopment scheme and ongoing series of garage site disposals.
Raise capital for funding DHS improvements in Capital Programme	<ol style="list-style-type: none"> 1. Continue marketing of sites approved for disposal by Executive Board. 2. Bring forward further sites for approval. 	Ongoing	2005/6 – Agreed series of disposals of non-standard acquired houses and hostels -See AMP, App 5

Theme 2: Support Regeneration of West End

Objective	Action	Timeframe	Progress
Westgate Extension	<ul style="list-style-type: none"> • Complete negotiations with Westgate Partnership. • Negotiate with adjoining owners to complete site assembly. 	February/March 05 By 2007	Negotiations under way. In hand by Westgate Partnerships.
West End Regeneration	<ul style="list-style-type: none"> • Complete Oxpens financial feasibility appraisal. • Obtain approval to negotiate to acquire additional land in Oxpens. • Evaluate other Council owned West End sites identified in Local Plan. 	By 2008/9 By 2009	In hand via consultant Preliminary negotiations held with owner. TBC

TBC –to be commenced

Theme 3: Improvement to Customer Services

Objective	Action	Timeframe	Progress
Improved Call Centre capacity	Evaluate options via Accommodation review.	By 2007	Report on accommodation submitted December 2005.
Improve self service facilities	Work with CS to identify and secure sites.	Ongoing	TBC

Theme 4: Partnership Working

Objective	Action	Timeframe	Progress
New shared offices	Liaise with County Council to develop technical brief.	End 2006 for 2010 development.	Functional brief agreed May 2005 County to develop technical brief.
Increase amount of co-location or shared accommodation	Work with other agencies (County Council, PCT, Police to identify opportunities resulting from service reviews (e.g. Review of Community Centres).	Ongoing	Await community centre and leisure centre reviews, and approval of medium term accommodation strategy. Review opportunities at new PCT building, Dunnock way.

Theme 5: Improving Community Centres

Objective	Action	Timeframe	Progress
To make better use of existing centres	Review sufficiency and suitability Advise on possible improvements and costs	End 2005/early 2006?	Await outcome of review
Raise capital for investment in centres	Investigate disposal/redevelopment opportunities which may arise following service review, and report to members	End 2005/early 2006?	Await outcome of review.

Theme 6: Rationalise/Redevelop Central Office Accommodation

Objective	Action	Timeframe	Progress
Long term relocation	Work with County and others to achieve long-term relocation to West End.	By 2010	Functional Brief agreed May 2005
Medium Term Rationalisation	Work with Business Units, via service reviews, to identify options for better use of space and consolidation, with view to short-term letting.	By 2006/7	Accommodation strategy report to members, Dec 2005

Theme 7: Improve performance of Investment Properties

Objective	Action	Timeframe	Progress
Contribute to 'Gershon' savings	<ul style="list-style-type: none"> Seek opportunities for new/increased income over budget level. Seek to reduce time and cost of management and maintenance by renegotiating lease terms. Draft strategy for Covered Market Rent Reviews 2007. 	<p>Ongoing</p> <p>Ongoing</p> <p>By September 2006</p>	<p>TBC</p> <p>Included in strategy to reduce maintenance backlog – report Dec 2005</p> <p>TBC</p>
Identify opportunities to improve investment quality	Work with tenants/partners to renegotiate leases, redevelop sites, and release 'marriage value'	Ongoing	Approval to negotiate on Odeon site – November 05
Improve quality of management	<p>(a) Draft and obtain members approval for management strategies for:-</p> <ol style="list-style-type: none"> Covered Market Three main City Centre blocks Agricultural holdings <p>(b) Appraise Investment portfolio using Circle software</p>	<p>Early 2006</p> <p>During 2006/7</p> <p>During 2006/7</p> <p>2006</p>	<ol style="list-style-type: none"> Market management draft out for consultation. Consultant has reported on Agricultural holdings - October 05. <p>Initial training has been carried out.</p>

Others

- Appraise and Draft service Property plans for 2 principal depots	2006/7	TBC
- Review Local performance indicators and report to Scrutiny Committee	2006/7	TBC
- Draft Protocol for handover/disposal of surplus operational property	2006/7	TBC
- Review Property data systems (paragraphs 3.2, and 3.3)	2006/7	TBC
- Review Data categories	2006/7	Housing estate shops and Leisure properties have been reclassified.
Progress agreed actions on maintenance backlog (EB 16/01/06)	2006/7	