

**Report of: Financial & Asset Management Business Manager**

**To: Finance Scrutiny Committee  
Executive Board**

**Date: 28<sup>th</sup> September 2006 and 9<sup>th</sup> October 2006**

**Item No:**

**Title of Report :** Rebalancing the capital programme

**Summary and Recommendations**

**Purpose of report:** To ensure capital programme can be funded in the current year.

**Key decision:** Yes

**Portfolio Holder:** Councillor Stephen Tall

**Scrutiny Responsibility:** Finance

**Ward(s) affected:** All

**Report Approved by:**

Councillor Stephen Tall – Portfolio Holder (Better Finances)

Jeremy Thomas – Legal Services

Mark Luntley – Strategic Director for Finance & Corporate Services

**Policy Framework:** Maintaining Financial Stability

**Recommendation(s):**

- a) Request the Asset Manager to achieve planned asset disposals in time to meet expected spend patterns
- b) To note that any new bid for Capital expenditure in 2006/7 can only be funded by removing an equal capital spend from the current programme.
- c) Defer the start of projects listed as “desirable” by the Built Environment Business Unit until 2007/8 or until funds become available.

## **Rebalancing the capital programme**

1. The Council's capital strategy is to maintain a steady level of investment over the medium term to match the anticipated level of resources available through direct revenue financing and a managed programme of disposal of assets.
2. This report reviews the approved capital programme for 2006/2007 onwards, in the light of the outturn position for 2004/2005 and the latest position on capital resources.
3. Attached at Appendix A is the approved capital programme for 2006/2007. This also includes proposed new schemes, at this stage unapproved, that may come forward in the current year. Each scheme has been classified by the responsible manager into one of three categories:
  - a) Essential for maintenance of assets/services
  - b) Externally funded
  - c) Desirable

New schemes are listed in Appendix B.

4. A revised estimate of spending for the current year has been made taking into account actual progress on the scheme at the start of the financial year and of spending proposals that have been put forward since the programme was approved in February. Some of these are new schemes, some are additions to existing schemes and others relate to schemes that were previously part of the capital programme that were removed when the budget was approved.
5. In Appendix C the known resources available to fund the capital programme are shown, together with projected levels of possible future resources, providing a framework against which spending can be planned.
6. The General Fund position for 2006/2007 shows a shortfall of resources of £609k if all schemes put forward are completed within this financial year. The two main factors contributing to this are overspends on completed schemes in 2005/2006 and the level of new schemes put forward for the current year. Planned asset disposals are sufficient to meet spending from 2007/2008 onwards.
7. The Housing Revenue Account for 2006/2007 shows sufficient resources to meet planned spending assuming the planned level of disposals is achieved. From 2007/2008 onwards the level of expected funding is insufficient to meet planned spending.

8. The HRA future year deficit will be addressed through the Budget Approval Report. A report and presentation was given to 5<sup>th</sup> September meeting of HAB. A number of options were discussed and officers are working on these.
9. The General Fund deficit in 2006/7 must be addressed now as any spend without capital resource would need to be funded from revenue and this would reduce reserves to unacceptable levels.
10. There are £490,000\* of new schemes included in this revised programme (detailed in appendix B). If these schemes are only approved as new funding becomes available or as other schemes are removed from the programme, the shortfall becomes £110,000.
11. The revised shortfall of £110,000 could be met by deferring schemes listed under "desirable" from the Built Environment Business Unit
12. If there is slippage in schemes during 2006/7 the schemes deferred in paragraph 11 above could proceed.
13. Finance Scrutiny and Executive Board are asked to note that if disposals of £2.057m are not achieved further capital expenditure may need to be deferred.
14. A further risk is that early indications of the financial modelling of City Works' vehicle replacement programme may lead to a revised estimate for this year's capital expenditure.

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**Background papers:** None

\* although £600k of new schemes is shown in Appendix C, only £490k is additional spend as some projects are reallocation of Area Committees approved budgets. Area Committees seek new schemes of £205k of which £95k is unapproved.

General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Desirable	Essential for maintenance of assets/services	Desirable
<b>Area Co-Ordinators</b>				
B07				
Manzil Gardens Play Area Lighting	0		4,701	
Demolition of Windrush Garages	0		1,950	
Barton N'Hood Centre Development	0		12,844	
Wood Farm Youth Club	16,000		8,000	
Ferry Community Centre Kitchen	0		771	
North Oxford Association Community Centre Extensio		25,000		25,000
Cuttleslowe Community Centre Kitchen		0		200
Blackbird Leys Bowls Club-roof & toilets replacement	0		6,085	
Azors Court-additional parking facilities	0		37,000	3915
Area Committees	200,000			
Girdleston road play area	12,500		12,500	
Equipment for rose hill & littlemore youth groups	0		5,000	
Barton bradly rec youth shelter		10,000		10,000
CCTV Woodfarm Shops	0		15,000	
CCTV Rosehill				
St Ebbes community Room			80,000	15,000
Extension to cold harbour/st lukes community centre	0			
URC lift project (temple cowley disabled access)	0		25,000	40,000
Marston saints football field	0		20,000	
<b>Area Co-Ordinators</b>	<b>228,500</b>	<b>35,000</b>	<b>224,150</b>	<b>90,200</b>
<b>Business Systems</b>				
B24				
Implementing Electronic Government IEG1	0		8,250	
Server Replacement	25,000		25,000	
IEG 2005/06 Grant	0		141,750	
<b>Business Systems</b>	<b>25,000</b>	<b>0</b>	<b>25,000</b>	<b>0</b>

General Fund

Scheme	2006-2007 Approved budget			2006-2007 Proposed budget		
	Essential for maintenance of assets/services	Externally funded	Desirable	Essential for maintenance of assets/services	Externally funded	Desirable
<b>Customer Services</b>						
Document Imaging	8,600			8,600		
<b>Customer Services</b>	<b>8,600</b>	<b>0</b>	<b>0</b>	<b>8,600</b>	<b>0</b>	<b>0</b>
<b>Neighbourhood Renewal</b>						
Scout Hut - BBL						
Wolvercote School Community Hall	42,705	6,200		42,705	6,152	
Safer Communities Schemes	0			768		
Chenwell Housing Simon House	500,000			500,000		
Rose Hill Redevelopment	156,000			156,000		
PSA: Key worker	50,000			50,000		
Oxford Resettlement Project	34,600			34,600		
Community Centres	33,000			33,000		
littlemore babtist church		400,000			400,000	
St Lukes church - community facilities		16,362			16,362	
<b>Neighbourhood Renewal</b>	<b>816,305</b>	<b>422,562</b>	<b>0</b>	<b>817,073</b>	<b>422,514</b>	<b>0</b>
<b>Environmental Health</b>						
Renovation Grants	120,000			120,000		
Disabled Facilities Grants	320,000	360,000		320,000	360,000	
Private Sector housing Improvement	0				248,000	
<b>Environmental Health</b>	<b>440,000</b>	<b>360,000</b>	<b>0</b>	<b>440,000</b>	<b>608,000</b>	<b>0</b>

General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Externally funded	Desirable	Desirable
<b>Built Environment</b>				
DDA Town Hall - Various	1,400			1,400
DDA - Temple Cowly Pools - Various	5,700			5,700
DDA - Temple Cowly Pools - stairlift to sauna	15,100			15,100
DDA - Temple cowley pools lift	24,850			24,850
DDA - Temple cowley pools disabled facilities	14,600			14,600
DDA - Temple Cowley pools various 2002/3	11,200			11,200
DDA - Jubilee 77 - various	0			0
DDA - Northway Community Centre - various	13,800			13,800
Cowley CC stair alterations/stair lift	7,500			7,477
DDA - Wood Farm Comm Centre - various	1,600			1,600
Woodfarm CC various 2002/03	2,200			1,320
DDA - Cutteslow Pavilion Comm Centre - various	1,600			1,600
Cutteslow Pavilion CC various 2002/03	4,400			4,400
Risinghurst CC various 2002/03	6,000			4,553
Wolvercote chapel various 2002/03	2,700			2,700
Ramsay House various 2002/03	2,400			2,400
cutteslow lower pavillion disabled changing facil	12,700			12,700
Cutteslow lower pavillion various 2002/03	2,500			2,500
Ice Rink - replace entrance doors 04/05	12,400			12,400
Ice Rink - amend reception desk 04/05	11,000			11,000
East Oxford Games Hall - various 04/05	6,000			6,000
East Oxford Games Hall - disabled changing 04/05	12,500			12,500
Risinghurst Community Centre - various 04/05	8,400			4,008
Rose Hill Community Centre - various 04/05	0			36
South Oxon Community Centre - various 04/05	12,000			9,599
South Oxon Comm. Centre - install new lift 04/05	27,000			27,000
Court Place Farm R G Pavilion - various 04/05	2,800			2,800
Court Place Farm R G Pavilion - disblid chng 04/05	17,528			17,121
Court Place Farm R G Stadium - various 04/05	1,800			1,800
Alexandra Courts R G Chg Rms - refurb disblid 04/05	18,875			18,875
Alexandra Courts R G Changing Room - various 04/05	700			700
Horspath R G Pavilion - create disblid chg/wc 04/05	12,000			11,050
Cowley Marsh Depot Reception - various 04/05	1,700			99
Horspath Depot - various 04/05	5,000			0
MT Depot Reception - various 04/05	1,400			0
Quarry Fields R G Pavilion - various 04/05	4,000			3,260

General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Externally funded	Essential for maintenance of assets/services	Externally funded
Quarry Fields R G Pavilion - dsbld chg/wc 04/05	19,000		19,000	
Carfax tower viewing platform - CCTV	3,000		2,997	
Hinskey Pool - Remedial works	4,000		0	
General works - external painting and repairs	15,000		11,506	
Covered Market - ave, internal decoration/cleaning	10,400		9,400	
Town hall refurbishment	125,000		98,569	
South Oxfordshire CC toilet upgrades	8,500		8,500	
Bury Knowle Install Heating	22,000		22,000	
Covered Market - supervisors office	11,000		11,000	
Town Hall - service improvements	15,000		15,000	
Town Hall - automatic doors	17,600		14,875	
Hinksey Pools - reroofing & guttering	11,750		11,750	
NH/Sth Works Cycle Route		180,200		180,200
Gars'ton Rd/Wat'ton Rd Cycle Route		142,200		141,055
Cycle Parking in the City Centre		13,400		13,204
Thompson Terrece Traffic Calming		14,000		13,834
Woodstock Rd / Bevington Rd		5,200		5,172
Blue Boar Street cycle parking		1,346		981
River Isis to Paradise St & St Thomas st.		0		2,021
Gardiner Street to Nuffield Orthopaedic Centre		22,100		20,926
West Oxford Cyce Route		45,000		26,410
Foxwell Drive/Meaden Hill & Ring Road Cycle Link		38,000		38,874
Barton Cycle Link		48,000		49,270
Building Improvements (General Fund)	0		250,000	
Home Zone - contribution to county scheme				75,000
Bridge over Fiddlers Stream		0		69,461
Thames Towpath Railway Bridge to Whitehouse Road		0		38,679
Friars Entry - Environmental Improvements/Cycle Pa		0		6,492
Somerfield Store - Disabled/Cycle Parking		0		1,000
See John Bellegers additional e-mail	0		2,300	
	0		3,900	
	0		1,800	
	0		70,500	
South Oxford CC DDA Lift	0		30,000	
East Oxford CC DDA lift	0		60,000	
Cowley CC DDA lift	0		30,000	
Hinskey Pool Building	0		20,000	
Sub Aqua Club	0		30,000	
A1212				
New request				

General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Externally funded	Essential for maintenance of assets/services	Externally funded
	Desirable	Desirable	Desirable	Desirable
Town Hall Phase 2	0		80,000	
Blackbird Leys Park All weather football pitch	0		250,000	
Court Place Farm All weather football pitch	0		100,000	
DDA-Cowley CC disabled Toilet	0		2,700	
Peers sports centre	0		35,300	
Covered Market	0		11,100	
Covered Market	0		10,200	
Covered Market	0		41,125	
Town Hall	0		1,175	
St Aldates	0		8,813	
Hinksey Pools	0		5,875	
Westhill Farm	0		5,737	
Port Meadow Mooring	0		1,175	
<b>Built Environment</b>	<b>547,603</b>	<b>509,446</b>	<b>667,999</b>	<b>607,579</b>
		<b>75,000</b>		<b>143,203</b>
<b>City Works</b>				
MT Vehicles (prev leased)	500,000		500,000	
R0001	2,175,000		2,175,000	
R0002	0		626	
T2262	0		2,130	
Cowley Marsh Telephone System	0		30,000	
Vehicle Wash Unit Replacement	30,000			
T2263				
Z2001				
IS Data Capture uncodded*				
<b>City Works</b>	<b>2,705,000</b>	<b>0</b>	<b>2,707,756</b>	<b>0</b>



General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Externally funded	Essential for maintenance of assets/services	Externally funded
<b>Planning</b>				
Woodfarm First School - Youth Centre		1,200		1,160
Paradise Street - work of art		0		33,134
Canal Towpath Improvements		4,400		4,435
Banbury Road - North Of St. Margarets Road Cycle L		21,200		21,200
Iffley Rd - Cycle Safety Measures		20,600		20,594
Headington & Marston area transport strategy		98,300		77,494
Oxford Business Park - highway measures		193,000		193,000
Improvements to Community Facilities in Littlemore		0		26,450
Refurbishment of Bonn Square			85,000	85,000
Redesign of Bonn Square			56,700	56,700
Cumberland Rd - Cycle Measures		4,600		4,650
Wolfson College Cycle Facilities in vicinity		3,400		3,439
Barlemas improvements to transport measures		11,500		11,479
Quarry traffic calming		5,900		5,900
CPZ - development around JR hospital		14,900		14,870
Oxford Canal- Improve Towpath (Aristotle Lane to St E)		0		1,486
Exclusion from RPZ & other minor related work		0		116
<b>Planning</b>	<b>0</b>	<b>379,000</b>	<b>141,700</b>	<b>417,805</b>
				<b>141,700</b>
<b>Transport &amp; Parking</b>				
Gloucester Green Bus Station Resurfacing			10,460	10,460
Gloucester Green Bus Station (Safety Measures)			15,100	15,100
Redbridge Park & Ride Accommodation Building		395,000		392,001
<b>Transport &amp; Parking</b>	<b>0</b>	<b>395,000</b>	<b>25,560</b>	<b>392,001</b>
				<b>25,560</b>

General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Desirable	Essential for maintenance of assets/services	Desirable
<b>Leisure And Cultural Services</b>				
B65				
Fry's Hill Leisure Development		162,700	161,494	
Spindleberry Park		9,500	9,530	
Bowls Club - BBL		3,900	3,915	
Facilities to serve Little Bury Area		22,600	22,583	
Hinksey Pools - changing rooms	0		1,191	125,000
Pegasus Theatre-Capital Contribution				
Barton Pool	1,565,000		411,795	
Proposed Changing Accom. Donnington Sport Ground	30,000		155,000	
Blackbird Leys Leisure Centre - Active England	500,000		229,145	
Cowley Marsh Habitat Creation		5,400	5,367	
Waynflete Road Recreation Ground Imp		12,100	18,655	
Sandhills Play Area		35,600	11,514	
St Margaret Road Play Area Improvements		5,400	5,380	15,000
New Christmas Lights				41,000
Improving Power Supply in Parks & Streets				
Marston Rd scout hut community facility for recreat		86,318	86,319	
Cowley marsh play area		53,500	53,510	
Horspath Road - play area		36,400	36,752	
Replacement sports facilities		211,400	211,358	
Shotover toilets				50,000
Bayswater Brook environmental improvements		3,400	3,424	
Aristotle lane - Improvements	0	0	55,000	
Barton Village Pavilion - Improvements	0	0	140,000	
Bury Knowle Park - Improvements	0	0	14,000	
Replacement Sport Facilities	0	0	75,000	
Cemeteries IT Equipment	0			
<b>Leisure And Cultural Services</b>	<b>2,095,000</b>	<b>648,218</b>	<b>913,801</b>	<b>231,000</b>
			<b>797,131</b>	
<b>General Fund Total</b>	<b>6,866,008</b>	<b>2,714,226</b>	<b>6,098,410</b>	<b>631,663</b>

General Fund

Scheme	2006-2007 Approved budget		2006-2007 Proposed budget	
	Essential for maintenance of assets/services	Externally funded	Essential for maintenance of assets/services	Externally funded
	Desirable	Desirable	Desirable	Desirable
<b>Housing Revenue Account</b>				
<b>Oxford City Homes</b>				
Tower Block	1,058,200		1,058,200	
Adaptations for disabled	500,000		500,000	
Structural	297,000		297,000	
Controlled Entry	100,100		100,100	
Major Voids	2,640,000		2,640,000	
Damp-proof works (K&B)	149,600		149,600	
Kitchens & Bathrooms	2,545,400		2,545,400	
Heating	1,056,000		1,056,000	
Roofing	924,000		924,000	
External Doors	113,300		113,300	
Windows	712,800		712,800	
Electrics	1,405,800		1,405,800	
Sheltered Bik, George Moore	932,100		932,100	
Wall-insulations	66,000		66,000	
Additional Funding for Decent Homes	-3,000		0	
MIRA - uncoded*	62,700		62,700	
<b>Oxford Building Solutions</b>	<b>12,560,000</b>	<b>0</b>	<b>12,563,000</b>	<b>0</b>
<b>Housing Revenue Account Total</b>	<b>12,560,000</b>	<b>0</b>	<b>12,563,000</b>	<b>0</b>

Appendix A for the purposes on  
the main report

Appendix-B

OXFORD CITY COUNCIL CAPITAL PROGRAMME 2006/2007

New Schemes - not yet approved

Scheme	2006-2007 Approved budget			2006-2007 Proposed budget		
	Essential for maintenance of assets/services	Externally funded	Desirable	Essential for maintenance of assets/services	Externally funded	Desirable
<b>Area Co-Ordinators</b>						
St Ebbes community Room				80,000		
Extension to cold harbour/st lukes community cen	0					40,000
UJRC lift project (temple cowley disabled access)	0			25,000		
Marsion saints football field	0			20,000	40,000	
<b>Built Environment</b>						
Sub Aqua Club	0			30,000		
Blackbird Leys Park All weather football pitch	0			250,000		
Court Place Farm All weather football pitch	0			100,000		
<b>Leisure &amp; Cultural Services</b>						
Cemeteries IT Equipment	0			15000		
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>520,000</b>	<b>40,000</b>	<b>600,000</b>

Appendix A for the purposes  
of the main report.

-Appendix-G

Capital funding summary  
GENERAL FUND

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
	£m	£m	£m	£m	£m
In hand 1st April	1.422	(0.609)	3.003	6.284	6.654
<b>Resources</b>					
Asset disposals completed	0.000				
Asset disposals planned	2.057	6.237	5.920	2.500	0.000
Prudential borrowing	2.175	0.000	0.000	0.000	0.000
Disabled Facilities grant	0.360	0.200	0.200	0.200	0.000
Private sector housing improvement	0.248				
Grants and contributions	2.948	1.145	1.676	0.435	0.000
Direct revenue financing					
General fund	0.467	0.394	1.286	0.000	0.000
Appropriated from reserves	0.000	0.000	0.000	1.900	0.000
<b>Total Projected resources</b>	<b>9.677</b>	<b>7.366</b>	<b>12.086</b>	<b>11.319</b>	<b>6.654</b>
<b>Actual spend</b>					
<b>Projected spend</b>		4.363	5.802	4.665	2.075
Essential	6.098				
Externally funded	3.556				
Desirable	0.632				
<b>Total projected spend</b>	<b>10.286</b>	<b>4.363</b>	<b>5.802</b>	<b>4.665</b>	<b>2.075</b>
Carried forward	(0.609)	3.003	6.284	6.654	4.579

**Capital funding summary  
HOUSING**

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
	£m	£m	£m	£m	£m
In hand 1st April	5.664	2.525	(3.321)	(7.091)	(10.411)
<b>Resources</b>					
RTB sales completed	0.226				
RTB sales planned	0.274	0.500	0.500	0.500	0.500
Asset disposals completed	1.165				
Asset disposals planned	1.747	0.050	0.000	0.000	0.000
Supported Borrowing	0.546	0.000	0.000	0.000	0.000
Major Repairs Allowance	5.000	4.950	4.900	4.850	4.800
Direct revenue financing					
Housing Revenue Account	0.467	1.154	0.830	0.830	0.830
<b>Total Projected resources</b>	<b>15.088</b>	<b>9.179</b>	<b>2.909</b>	<b>(0.911)</b>	<b>(4.281)</b>
<b>Actual spend</b>					
<b>Projected spend</b>					
Essential	12.563	12.500	10.000	9.500	8.870
Externally funded	0.000	0.000	0.000	0.000	0.000
Desirable	0.000	0.000	0.000	0.000	0.000
<b>Total projected spend</b>	<b>12.563</b>	<b>12.500</b>	<b>10.000</b>	<b>9.500</b>	<b>8.870</b>
Carried forward	2.525	(3.321)	(7.091)	(10.411)	(13.151)

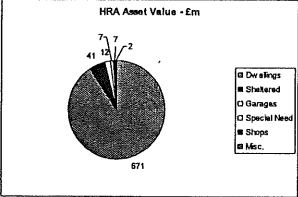
**HRA Asset Management**  
  
**Housing Advisory Board**  
**5 September 2006**

**Content**

**Overview**  
**Capital Spend**  
**Funding Available / Required**  
**Options**  
**Summary**  
**Discussion on Issues**  
**Priorities**

**Overview**

HRA Asset Value circa £740m  
Need to sustain value by making homes decent and improving where necessary  
Next 5 year spend to bring to decency is circa £54m  
Funding needed to support level of spend is circa £14m  
This scenario only maintains asset base



HRA Asset Value - Em

Category	Value (Em)
Dwellings	41
Shattered	12
Garages	7
Special Need	2
Stages	971
Misc.	7

**Funding Available / Required**

£m	6/7	7/8	8/9	9/10	10/11	Total
<b>Spend</b>	12.6	12.5	10.0	9.5	8.9	53.5
<b>Income</b>						
B/fwd	5.7					5.7
Subsidy	5.5	5.0	4.9	4.9	4.8	25.1
Rev. Surplus	0.5	1.2	0.8	0.8	0.8	4.1
Right to buy	0.5	0.5	0.5	0.4	0.4	2.3
<b>Disposals</b>	<b>2.5</b>					<b>2.5</b>
Surp./ (Short.)	2.1	(5.8)	(3.8)	(3.4)	(2.9)	(13.8)

**Funding Avail. / Req'd Cont:-**

£m	6/7	7/8	8/9	9/10	10/11	Total
Surp./ (Short.)	2.1	(5.8)	(3.8)	(3.4)	(2.9)	(13.8)
Cumulative	2.1	(3.7)	(7.5)	(10.9)	(13.8)	
Orlit Redev.		0.9	1.8	2.7	3.0	3.0
Needed		2.8	3.0	2.5	2.5	10.8
Plus pot. Infl. 3%		0.3	0.6	0.8	1.0	2.7

- Garage Sites**
- Phase 1 - 6 sites legally binding
  - Phase 2 - 6 sites with major project approval and in solicitors hands
  - Wyatt Road - Incorporated in Paradigm's Social housing scheme
  - Phase 3 (23 sites) of which 5 have been professionally valued as potentially (subject to numerous caveats) capable of generating £1.5 million in the open market. Medium term project
  - Next Step - Thorough evaluation of all surplus garage sites for sale in open market

## Substandard play areas

- Joint evaluation of all play areas to be undertaken with Parks
- First area evaluation undertaken at Wood Farm which shows 17 potential sites
- Most have significant access issues, however a few are capable of some residential development.
- Capable of generating some capital and improvement to existing play areas
- A long term project

## Sheltered Housing

- No. of schemes = 15 providing 366 units
- No. of Voids = 38 ( 10.4% )
- Average void rate to be achieved = 1.8%
- Market Value of all schemes = £41m (assuming 50% social housing)
- Previous review identified – Definitely keep 4, likely to keep 4 and less likely 7.
- Similar results from further study, based on strategic relevance, physical viability and financial feasibility.

## Sheltered Housing – Cont:-

- 3 schemes with lowest scores have potential value of £4.4m (45 units-5 void)
- Other factors to consider: -
- Sensitive care of Residents during re-location essential
- Low score, tend to be smaller sites with lower value
- Could raise equivalent funds with one unit in high price area.
- If remaining schemes need to be higher standard, need to raise more cash.
- Detailed Report to follow in next 2 months

## “Special needs” Properties

- 17 council owned properties
- Currently leased at circa 15% of market value, after “cost rent” review will rise to 33%
- Potential Value of all properties - circa £7m
- Dispose of 3 existing/proposed empty properties circa £1.5m
- Options to be reviewed jointly by Oxford City homes, Neighbourhood Renewal and Community Housing.
- Don't automatically renew leases – only 4 not currently expired
- Others on tenancies at will – maximum 3 months notice required
- Obtain market value not cost rents on renewal?
- Recommend that the review be completed by next month

## Housing Estate Shops/Parades

- There are 78 shop units in 18 locations
- Current rent in excess of £460 k per annum at close to open market rental levels
- Outstanding repairs of £1.4m, not built into programme
- Would need a high Capital receipt circa £6-7m to compensate for income loss.
- Potential receipts might yield this
- Could dispose with conditions to keep variety of trades
- Potential conversion to other uses?
- Recommend exploring single operator approach followed by piecemeal approach

## Unlettable Houses

- Last year £1.3m raised (Including Beckley)
- This year potential to date circa £0.9m
- Continue with policy to review when these arise.
- Identified through Voids and now more Estate Management visit activity
- Consider different level cost ceiling for different size of property
- Recommend – actively seek opportunities



### Garden Disposals

- Opportunity to reduce oversize garden plots for development or sale
- Currently RTB owners in some areas actively doing this
- RTB deal primarily deals with dwelling not garden.
- Next step – Identify sites and agree procedure

### Rose Hill and Northway sites

- **Potential housing development opportunities need to consider incorporating non-social housing users**
- e.g Rosehill – Community centre/Housing Office/Estate shops
- Need to add private housing to options
- Could also do this at Northway
- Long term
- **Next steps – Assemble regeneration team to test feasibility of project**

### Miscellaneous non-housing disposals

- **Examples include**
- **Current offer from tenants of Radcliffe Arms PH. Good offer but loss of valuable income.**
- **Electricity substations – sell income with development “hope value”?**
- **Self build house land – sell to owners?**
- **Next steps to check leases and make recommendations**

### Large Dwellings

- **Identify properties with development potential in high value areas**
- **Wait for vacancy**
- **Review need**
- **Actively re-locate**
- **Recommendation – Explore potential when vacant**

### Summary

Options	Pot.Valu e	Date	Comments
Garage Sites	£1.5m	2008/09	Join with Play areas?
Substandard Play Areas	£2.0+	2010/11	Assume similar pattern to Wood Farm
Sheltered Housing	£4.0+	2007-09	Sell more to improve stock
Special Needs Properties	£1.5m	2007/08	Obtain market rent or ongoing
Housing Estate Shops/Parades	£6.0m+	2008/09	
Unlettable dwellings	£0.5m	2007/08	Ongoing
Garden Disposals	£0.5m	2008/9	Ongoing
Rose Hill and Northway sites	£m?	2011/12+	
Miscellaneous non-housing	£0.5m	2007/08	Ongoing
Large Dwellings	£0.5m	2007/08	Ongoing

### Discussion on Issues

# Appendix 3

All recommendations, including Finance Scrutiny, agreed by Executive Board.

**OXFORD CITY COUNCIL**  
Strategic Management Board – 6<sup>th</sup> December 2005  
Finance Scrutiny Committee – 21<sup>st</sup> December 2005  
EXECUTIVE BOARD – 16<sup>th</sup> January 2006

Report of: Financial and Asset Management and Built Environment  
Business Managers

Title: Property Maintenance Backlog - Options for the Future

Ward: All

Report authors: John Bellenger, Section Manager, Built Environment  
John Kulasek, Acting Asset Manager

Contact Tel Nos: (01865) 252775 (01865) 252137

E-mail address: jbellenger@oxford.gov.uk jkulasek@oxford.gov.uk

Key Decision: No

Lead Member: Councillor Alex Hollingsworth

Scrutiny responsibility: Finance

## RECOMMENDATIONS

This report explains the current position with regard to the outstanding maintenance backlog on the Council's non-housing property portfolio and identifies finance which may be available to start addressing this work. It outlines a number of options for dealing with the remainder.

Finance Scrutiny Committee and Executive Board are recommended to:

1. AGREE to
  - a) the re-casting of the capital programme to use sums currently allocated to Leisure and Community Centre properties to finance maintenance backlog works at these and other properties.
  - b) The addition of £500,000 to the capital programme in year 2009/2010 to finance additional capital backlog works
  - c) The allocation of up to £1,000,000 un-required finance from the Department of Works and Pensions contingency reserve to finance revenue backlog repairs
2. For investment properties AGREE the proposals to:
  - a) Investigate options for further disposals of high maintenance and/or low income properties to finance works to other retained properties,

- b) Progress the policy of revising leases to give tenants full repairing liability, subject to a further report to identify the likely costs and an indicative timetable.
3. For Leisure Properties:
    - a) NOTE that the proposals will be subject to decisions taken in relation to the Leisure Strategy,
    - b) AGREE to the use of existing and proposed capital and revenue finance to carry out works from the backlog.
  4. For Parks and Cemeteries Properties:
    - a) NOTE that liability for some buildings will be transferred to resident sports clubs where possible,
    - b) NOTE that the proposals will be subject to decisions taken in relation to the Playing Fields Strategy,
    - c) AGREE to the use of existing and proposed capital and revenue finance to carry out works from the backlog.
    - d) NOTE that some limited funding may be available through Planning Section 106 funds and Area Committee budgets
  5. For Community Centre Properties:
    - a) NOTE that the proposals will be subject to decisions taken in relation to the Community Centre Strategy,
    - b) AGREE to the use of existing and proposed capital and revenue finance to carry out works from the backlog.
  6. For Administrative Buildings:
    - a) NOTE that the proposals will be subject to decisions taken in relation to the Office Accommodation Strategy.
  7. For the Town Hall:
    - a) NOTE that the proposals will be subject to progress on the proposals for the major refurbishment of the building.
  8. For Community Properties:
    - a) NOTE that proposals for Westgate Car Park will be subject to the progress of the Westgate Development,
    - b) AGREE to the use of proposed capital and revenue finance to carry out works from the backlog.
  9. For Non HRA Housing Properties:
    - a) AGREE to the sale of these properties as they become vacant.
  10. For other Miscellaneous Properties:
    - a) AGREE to the use of proposed capital and revenue finance to carry out works from the backlog.
  11. NOTE that further reports may be brought forward on alternative means of financing the backlog works as these are developed.

12. NOTE that measures will need to be put in place to prevent the maintenance backlog re-occurring once cleared and that additional budgets may be required in the future. Further reports will be brought forward relating to this as they are developed.

## 1. Background

1.1 A review of the majority of the non-housing portfolio has recently been carried out which has allowed the estimated costings for the maintenance backlog to be reviewed.

1.2 This latest review estimates the value of the maintenance backlog at £9,247,000. Some budgets are available in the capital programme which can be used to address some of these repairs. The following tables provides details of the current costs, available capital finances and potential costs should the proposals within the report be implemented.

### 1. 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

### 2. Available Finance (see note 1)

Capital (existing)		£1,211,200 (see note 1)		£1,633,000 (see note 1)						£2,965,200
Capital (proposed)			£447,800				£52,200			£500,000
Revenue (proposed)			£250,000	£250,000	£64,000		£409,500		£26,500	£1,000,000

### 3. Nett Outstanding Backlog (assuming that only available capital finance is used to finance works)

Capital	£790,500	-£278,700	£1,052,000	-£325,500	£435,500	£605,000	£4,800	£115,500	£0	£2,330,300
Revenue	£1,305,250	£263,500	£545,000	£554,000	£298,000	£437,000	£424,750	£97,500	£26,500	£3,951,500

### 4. Potential size of maintenance backlog when / if all proposed measures are fully implemented

Capital	£0	£0	£0 (See note 3)	£0	£0	£0	£4,800	£0	£0	£4,800
Revenue	£0	£263,500	£295,000	£304,000	£0	£0	£0	£0	£0	£862,500
Total	£0	£263,500	£295,000	£304,000	£0	£0	£4,800	£0	£0	£867,300
Projected Annual Increase in Backlog Costs (see note 2)	£0	£28,985	£32,450	£33,400	£0	£0	£528	£0	£0	£95,363

#### 5. Current annual maintenance revenue spend

Revenue	£89,500	£32,000	£13,000	£142,000	£103,500	£69,000	£21,000	£7,500	£0	£477,500
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#### Notes:-

1. It is proposed that the available capital finance will be used across all building categories to address the maintenance backlog, not just within those categories to which the budget is currently allocated. These budgets are currently allocated as follows:-

- Leisure Properties (total £1,211,200);
  - ~ Temple Cowley Pools (originally intended for enhancements such as the health & fitness suite, remodelling reception, extended crèche facility and refurbished dance studio) £708,800
  - ~ Temple Cowley Pools Plant and Maintenance (originally intended for building repairs and replacement plant) £222,600
  - ~ Ice Rink Plant and Maintenance (originally intended for building repairs and replacement plant) £279,800
- Community Centre Properties (originally intended for improvements and backlog issues) £1,633,000

In addition to the available capital finance outlined above, it is proposed that a further £500,000 of capital finance be added into the capital programme for the financial year 2009/2010 (see paragraph 2.2) and up to £1,000,000 of revenue finance be made available (see paragraph 2.3).

2. The projected annual increases in backlog costs are based on a 6% pa increase in tender costs (from Building Construction Information Service) and a notional 5% increase due to deteriorating condition.
3. This figure assumes that capital funds unspent after being used to carry out capital funded repairs to Leisure and Community Centres (but currently allocated to Leisure and Community Centre properties) be used on Parks and Cemetery buildings as indicated in note 1 above.
4. The zero figures in part 4 of the above table indicate that, over time and assuming that all proposed measures are successfully implemented, then the backlog liability will be eliminated. Should the measures not be fully implemented or successful then all or a part of the backlog figure indicated in part 1 of the table would remain.

- 1.3 There are some potentially high cost items not included in the above figures as listed below:

- a) Westgate Car Park (Community Property) - if the car park were to be retained (if the Westgate Scheme does not proceed as planned) a significant number of Health and Safety issues will need to be addressed. Investigations indicate that repairs could cost in the region of £300,000.
- b) St Aldate's Chambers; Members should refer to the Office Accommodation Strategy Report. If implemented as proposed this would address the majority of the outstanding maintenance backlog on Administrative Buildings. However, if the City Council retains St Aldate's Chambers additional costs (not shown above) of approximately £500,000 will be incurred to reconfigure the building to accommodate staff from other buildings.

- c) Parks Pavilions; the figures for upgrading and improving pavilions are based on old surveys. Re-evaluation of these buildings are planned for later this year, but will rely in many respects on the outcome of the Playing Fields Strategy.
- d) Town Hall; costs for the major refurbishment proposals outlined in the Berman Guedes report are not included. If fully implemented these could cost up to £10,000,000. It is likely that the City Council would need to find up to £5,000,000 of this sum, with the remainder being part funded by Lottery or other external grant. When the current exercise to test the feasibility is complete the position regarding the future, and cost, of this project should be clearer. This project would also address the maintenance backlog on this building. If the project is not pursued then the maintenance backlog costs remain to be dealt with.

## 2. Current Available Finances

- 2.1 Section 2 of the table in paragraph 1.2 shows the existing available capital finance, which can be used to carry out works against the maintenance backlog. This amounts to £2,965,200.
- 2.2 In addition to this existing capital finance, it is proposed that a further sum of £500,000 be added into the capital programme for the financial year 2009/2010, to be used to carry out the remaining capital backlog repairs to the Parks and Cemeteries and Community properties. This is also shown in the table at paragraph 1.2, section 2.
- 2.3 Also shown in paragraph 1.2, section 2 is revenue finance of £1,000,000. The City Council is currently holding finances in reserve against the possible need to repay grant to central Government (the DWP contingency reserve). A decision on if, and how much, may have to be repaid is awaited; we are pressing for this decision to be made known to us as soon as possible. Should all of the DWP contingency reserve not be needed, it is proposed that up to £1,000,000 be used to carry out revenue funded items of maintenance backlog in the Admin buildings, Community Centres, Parks and Cemeteries and Community Buildings categories of buildings as shown in the table.
- 2.4 In addition to these capital budgets, Built Environment administer the annual repairs and maintenance budget which amounts to £250,000 of capital finance and approximately £477,500 of revenue finance. These budgets are spread across the whole non-housing property portfolio.
- 2.5 The annual capital budget of £250,000 is expended on small improvements while the revenue budget of £486,500 is used for day to day repairs and emergencies. **Over the last 15 years these capital and revenue budgets have remained static in value terms, the capital budget being reduced by 50% to its current level two years ago.**

2.6 Both annual budgets are generally aimed at keeping buildings operational and weatherproof and dealing with health and safety or legal requirements. **They are not sufficient to begin addressing the maintenance backlog repairs. The level of the budgets now are insufficient to carry out all repairs required, particularly with regard to cyclical maintenance such as external decoration, which is why the backlog has reached the levels indicated above.**

### 3. CPA Implications

3.1 Members will be aware that the Audit Commission has revised the CPA Inspection process to include considerations on how Councils manage and use financial resources. An important element of this will focus on the Asset Management process of which addressing the maintenance backlog will form a key part.

3.2 The new inspection criteria will require us to show, amongst other things, that we have:-

- an up-to-date asset register and an asset management plan that details existing asset management arrangements and outcomes and planned action to improve corporate asset use,
- a designated corporate property function with a managed strategic property overview to ensure the co-ordination of the council's assets,
- an annual programme of planned maintenance based on a rolling programme of property surveys,
- assessed the level of backlog maintenance,
- a plan to reduce the level of backlog maintenance that has been approved by Members.

Failure to successfully demonstrate that we meet these criteria could have a detrimental effect on our CPA rating at a future inspection

### 4. The Way Forward

#### 4.1 Investment Properties

4.1.1 It is proposed to review the property portfolio to identify those properties which have a high maintenance liability and/or a low revenue income return and dispose of these to finance capital repairs to the retained properties. Examples of such properties might be Northgate Hall, 18A Turl Street and Bury Knowle Barns. As this work is progressed specific reports will be brought forward for Member approval relating to individual property disposals.

4.1.2 With regard to revenue repairs it is proposed to progress the policy of revising leases to give tenants all repairing liabilities. If this is left until the leases expire it would take 20-30 years to complete the process. It

is therefore proposed to actively seek to bring this process forward to reduce the timescale. **However**, Members should be aware that this proposal will have a detrimental effect on revenue income which is estimated to be at least 5% of the rental income as compensation to the tenant for the on-going transfer of the maintenance liability. Additionally, there will also be a one off payment (or rent free period) to cover the costs of the outstanding remedial works. Further work is still required on this proposal to produce an indicative programme and to firm up the likely cost which could amount to £300,000 per annum, this figure being a combination of a reduction in existing rental income and partly foregoing an element of future rent increases to cover outstanding maintenance issues transferred to tenants. When this work is complete and detailed information is available a further report on this option will be presented for Member's consideration.

#### 4.2 Leisure Properties

4.2.1 Finance exists to address the capital expenditure backlog but all works to these properties will be subject to decisions taken relating to the Leisure Centre Strategy. The Leisure Strategy should address the future of all facilities and direct where available funding should be invested.

#### 4.3 Parks and Cemeteries Buildings

4.3.1 As with Leisure Centres, works to Parks buildings will be subject to the Playing Fields strategy. However, liability will be reduced or eliminated at a number of buildings where this is transferred under formal lease arrangements to resident sports clubs. The Playing Fields Strategy should direct where other resources are spent, which can be part funded by budgets already in the capital programme (but currently allocated to Leisure and Community Centres)

4.3.2 Additional finance may also be available from Planning Section 106 monies (for example as proposed at Barton Recreation Ground) and this route will be explored for other facilities.

4.3.3 There may be some scope for work to be funded through Area Committee budgets, although this funding is limited and only small scale projects are likely. Discussions will be held with Area Co-ordinators to progress this option for schemes to be included in Area Action Plan.

#### 4.4 Community Centres

4.4.1 There is finance available to carry out works to Community Centres but the Community Centres Strategy needs to direct where this investment is spent. There may also be some opportunities for funding generation for other works from site redevelopment and/or consolidation.



#### 4.5 Administrative Buildings

4.5.1 Members are asked to refer to the Office Accommodation Strategy Report for proposals on this area. In summary, this report proposes consolidating our administrative building requirements into fewer buildings than we currently occupy and thereby largely eliminating the maintenance backlog liability in this category of building. However, Members should be aware that if the Accommodation Strategy is not progressed in this way then the maintenance backlog shown in section 1 of the tables above will remain and further options will need to be considered for dealing with this.

#### 4.6 Town Hall

4.6.1 Members will be aware of the proposals for a major refurbishment of the Town Hall. As stated above, an exercise is currently being carried out to test the viability of this project, which will inform the decision on whether it should be pursued further. If the scheme is progressed the City Council is likely to have to find up to £5,000,000 as match funding towards the potential £10,000,000 total. If the scheme is carried out it would also deal with the maintenance backlog to the building. It is therefore proposed to defer any decision on the Town Hall pending further reports and the outcome of the feasibility exercise currently being undertaken into the major refurbishment. As with the Administration Buildings, should the major refurbishment project not proceed then the maintenance backlog liability remains and will need to be dealt with in another way.

#### 4.7 Community Properties (Car Parks, Public Toilets etc)

4.7.1 A major property in this category is Westgate Car Park, the future of which will be better known when the proposed Westgate Centre Development is decided.

4.7.2 For public toilets there are some options currently being pursued to sell redundant sites and generate income through these sales. Other options to be considered could be a review of how these facilities are provided including opportunities to raise revenue through advertising or charging, while first recognising that some investment would be needed to upgrade the properties in the first instance.

#### 4.8 Non HRA Housing (Parks Lodges etc)

4.8.1 It is proposed to continue the policy of selling these properties as they become vacant. A list of these properties is attached at Appendix B.

#### 4.9 Miscellaneous (War Memorials etc)

4.9.1 There is little that can be done to reduce or eliminate the liability on these properties which is small in relation to the overall sums involved.

**5. Other Financing Opportunities**

- 5.1 Other opportunities for financing the works, prudential borrowing for example, will be investigated on a project by project basis and further report brought forward when possible.

**6. Future Maintenance Funding**

- 6.1 In addition to clearing the backlog, it should be recognised that arrangements need to be put in place to ensure that the backlog does not re-occur once cleared. It can be seen from section 4 of the table in paragraph 1.2 that should the above proposals all be successfully implemented then the maintenance backlog would reduce to £867,300 at today's costs (which would then increase at £95,363 per annum). This becomes more manageable within the existing revenue budget allocation of £477,500 although this needs to also cover necessary planned and cyclical maintenance works to keep buildings operational. The situation will need to be kept under review as the measures outlined above are implemented and further work needs to be carried out to determine that the annual budgets can gradually erode the remaining backlog to zero and cope with the inflation increases in the meantime. As this work is developed further reports will be presented to members for information and decision. It may be found that additional revenue funding will need to be requested in the future when the situation is clearer and budgetary constraints allow.

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

Portfolio Holder: Councillor Hollingsworth

Strategic Directors: Caroline Bull, Mark Luntley, Sharon Cosgrove, Michael Lawrence

Legal and Democratic Services: Jeremy Thomas

Financial Management: Penny Gardiner, Mike Baish

Background papers: Asset Management Plan Maintenance Backlog Schedule

## Finance Scrutiny recommends:

- accountable for ensuring that improvements which are to be made as a result of IT systems are made;
- (3) that the investments in IT systems should be categorised as either essential or desirable;
  - (4) that, for either category, expenditure should be funded ideally by efficiency savings, with essential investment only being considered from surpluses.

### 80. ASSET MANAGEMENT PLAN

The Finance and Asset Management Business Manager submitted a report (previously circulated and now appended).

Resolved:-

- (1) to inform the Executive Board that the Committee, for its part, approves the draft Asset Management Plan subject to the following comments:-

that references to the Westgate car park and the New Theatre be included under the in Progress section of Appendix 5

it being noted that it was unlikely that Bertie Place Recreation Ground would be needed in connection with the relocation of the school;

- (2) to ask that reports be submitted to a future meeting of the Committee concerning the asset disposal review, the value for money implications of full repairing leases and the results of the Leisure and Community Centres reviews insofar as they relate to asset management issues;
- (3) that Councillors John Goddard and Bob Price should continue to represent the Committee on the Asset Review Group.

### 81. PROPERTY MAINTENANCE BACKLOG – OPTIONS FOR THE FUTURE

The Built Environment Business Manager submitted a report (previously circulated and now appended).

Resolved to inform the Executive Board that the Committee:-

- (1) supports the recommendations set out in the report;
- (2) would urge, in relation to the carrying out of essential work to