

Agenda



Finance and Performance Panel (Panel of the Scrutiny Committee)

This meeting will be held on:

Date: **Tuesday 7 December 2021**

Time: **6.00 pm**

Place: **Remote (Zoom)**

For further information please contact:

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- may register in advance to speak to the committee in accordance with the [committee's rules](#)
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Committee Membership

Councillors: Membership 6: Quorum 3: substitutes are not permitted.

Councillor James Fry

Councillor Andrew Gant

Councillor Duncan Hall

Councillor Chris Jarvis

Councillor Tom Landell Mills

Councillor Dr Amar Latif

Apologies and notification of substitutes received before the publication are shown under *Apologies for absence* in the agenda. Those sent after publication will be reported at the meeting. Substitutes for the Chair and Vice-chair do not take on these roles.

Agenda

	Pages
1 Apologies Substitutes are not permitted.	
2 Declarations of Interest	
3 Finance and Performance Work Plan The Panel is asked to NOTE that there are currently no relevant reports going to Cabinet in January. The only work currently scheduled for the Panel of that meeting is to sign off the draft Budget Review Group report. Although the meeting is liable to be short, the Panel is recommended to AGREE to retain the meeting of the Finance and Performance Panel scheduled for 24 January 2022.	
4 Notes of Previous Meeting Attached are the notes of the meeting held on 06 September 2021. The Panel is asked to agree the notes as an accurate record having made any necessary amendments.	7 - 10
5 Integrated Performance Report Q2 At its meeting on 15 December Cabinet will consider the Integrated Performance Report Q2. Nigel Kennedy, Head of Financial Services, and Anna Winship, Management Accountancy Manager, will be available to present the report and answer questions. The Panel is recommended to NOTE the report, having raised any questions it may have and having AGREED any recommendations to make to Cabinet arising therefrom.	11 - 26
6 Treasury Management Mid-Year Report At its meeting on 15 December Cabinet will consider the Treasury Management Mid-Year report. Nigel Kennedy, Head of Financial Services, and Bill Lewis, Financial Accounting Manager, will be available to present the report and answer questions.	27 - 44

The Panel is recommended to **NOTE** the report, having raised any questions it may have and having **AGREED** any recommendations to make to Cabinet arising therefrom.

7 **Asset Management Strategy**

45 - 124

At its meeting on 15 December Cabinet will consider the Asset Management Strategy report. Jane Winfield, Head of Corporate Property and Mike Scott, Senior Asset Manager, will be available to present the report and answer questions.

The Panel is recommended to **NOTE** the report, having raised any questions it may have and having **AGREED** any recommendations to make to Cabinet arising therefrom.

8 **Budget 2022/23**

The Scrutiny Committee has established a Budget Review Group to Scrutinise the 2022/23 Budget. The Panel is asked for the time being to **NOTE** the Budget, but to **AGREE** the proposed list of written questions to Heads of Service and add any further questions which are missing. These questions will form part of the discussion for the Budget Review Group meetings.

NB These papers will follow as a supplement. Owing to the publication dates for Cabinet Panel members will only receive this on the day of the meeting itself.

9 **Dates of next meeting**

Further Finance and Performance Panel meetings are scheduled for:

- 08 Dec 21
- 24 Jan 22
- 09 Mar 22

These meetings of the Finance and Performance Panel will be held in person at the Town Hall.

Following discussion the dates of the Budget Review Group are scheduled for

- 05 January 22
- 06 January 22
- 10 January 22
- 17 January (review)

Budget Review Group meetings will be held virtually.

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Information for those attending

Recording and reporting on meetings held in public

Members of public and press can record, or report in other ways, the parts of the meeting open to the public. You are not required to indicate in advance but it helps if you notify the Committee Services Officer prior to the meeting so that they can inform the Chair and direct you to the best place to record.

The Council asks those recording the meeting:

- To follow the protocol which can be found on the Council's [website](#)
- Not to disturb or disrupt the meeting
- Not to edit the recording in a way that could lead to misinterpretation of the proceedings. This includes not editing an image or views expressed in a way that may ridicule or show a lack of respect towards those being recorded.
- To avoid recording members of the public present, even inadvertently, unless they are addressing the meeting.

Please be aware that you may be recorded during your speech and any follow-up. If you are attending please be aware that recording may take place and that you may be inadvertently included in these.

The Chair of the meeting has absolute discretion to suspend or terminate any activities that in his or her opinion are disruptive.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". The matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

Minutes of a meeting of the Finance and Performance Panel (Panel of the Scrutiny Committee) on Monday 6 September 2021



Committee members present:

Councillor Fry

Councillor Gant

Councillor Jarvis

Councillor Landell Mills

Councillor Latif

Officers present for all or part of the meeting:

Tom Hudson, Scrutiny Officer

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager

Anna Winship, Management Accountancy Manager

17. Apologies

Councillor Duncan Hall tendered apologies for the meeting

18. Declarations of Interest

None

19. Finance and Performance Work Plan

The Panel **NOTED** the forthcoming work plan.

20. Notes of Previous Meeting

The notes of the meeting held on 02 August 2021 were **AGREED** as a correct record.

The Panel sought an update on the situation with the QL system, which was provided by the Head of Financial Services. Further significant work had been undertaken and a number of key issues had been overcome. However, the system was still a number of weeks off having fully established and implemented the necessary work-arounds needed to provide full functionality, with further work beyond that required to cease the need for work-arounds. Proposals on the resources required to reach the latter point would be coming forward in due course.

21. Scrutiny-selected Performance Monitoring

The Panel discussed its own selected suite of KPIs. It was commented that there was significant crossover between these KPIs and those in the Integrated Performance

Report, but that the commentary was more useful in the Integrated Performance Report.

The Panel raised a number of specific issues. These included the commentary on the difficulties of calculating local spend owing to the distorting impacts of a small number of large contracts. The Head of Financial Services agreed that it would be possible to take out the outlying data points, but raised a point of caution that smoother data would not necessarily be more reflective of reality. A similar challenge with the measure was differentiating between the location of a firm contracted with, and any sub-contractors. This would prove challenging to pull out without significant work. It was requested that the Procurement Manager attend a future meeting to discuss this in more detail.

The KPIs were **NOTED**.

22. Integrated Performance Report Q1

Anna Winship, Management Accountancy Manager presented to the Panel the Integrated Performance Report Q1, detailing the Council's position concerning finances, performance and risk.

Financially, the General Fund was on budget. However, within this figure there were a number of income sources continuing to be impacted by Covid-19 which were being monitored closely. Car parking income in the first quarter was significantly down against budget, a budget already reduced by £1.4m for the year owing to expected Covid disruption to income. Community Centre, Town Hall and Licensing incomes were all broadly on track for their reduced budgets. A clearer picture of the performance of Property Rental income was anticipated by the Q2 report. Issues arising from the QL implementation meant it was not possible to provide an update on ODS performance.

Capital spending showed a slippage of approximately £9m. Some key projects which had shown slippage included the East Oxford Community Centre project, Osney Mead Infrastructure, City Cycle Schemes, and Motor Transport Vehicle Programme.

The HRA showed a very minor adverse variance against budget, though the broadly-stable figure did show some changes, with stage payments being paid to OCHL, and slippage to the overall housing delivery from OCHL roughly negating one another.

For performance, of the 24 corporate KPIs 13 were rated Green (on target); 5 were rated Amber (within a tolerance of target) and 1 was rated Red (outside of target), there were also 5 indicators that are unrated due to either no data being available or no comparable data from previous year to rate against. The red risk related to the estimated number of people sleeping rough in the city, with 24 estimated to do so against a target of 17.

Concerning risk, two red corporate risks existed at the end of quarter one. These relates to actions taken to ensure housing delivery and supply for the city of Oxford and to enable sufficient house building and investment; local, national or international factors adversely affecting the economic growth of the city and negative impacts of Climate Change.

Councillor Amar Latif joined the meeting at this point.

One of the key topics explored by the Panel concerned car parking. Whilst income was clearly impaired by Covid, longer-term policy and trends towards car reduction would also have a negative impact. It was recognised that the Council was responsible for multiple types of car parking, catering to shoppers, commuters and people engaging in recreation, and those visiting the city-centre and those parking in the outskirts. This

meant there would be a base income, on the basis that not all would be impacted equally by Covid and policy trends. All types of parking were anticipated to bounce back in Y2 of the Medium Term Financial Plan, but thereafter policy decisions such as the removal of Oxpens car park would be expected to weigh on income levels. It was requested that a more fleshed-out response about the price elasticity for different types of car parks be provided to the Panel at a future meeting, with the input of the County Council.

Similar concerns about the recovery rate of community centre income to normal levels were raised. Usage was already beginning to pick up, and the expectation was that usage would return to normal or near-normal by the end of the financial year.

The likelihood and possible quantum of the ODS dividend in future years was discussed, the latter part of which was uncertain owing to being dependent on securing additional business. Whilst it was not possible to give granular financial reporting, the general sense was that at present ODS operatives were busy and that there was not a major issues that the QL implementation issues were obscuring.

Other issues discussed included: the lack of reference to Brexit as a contributor to the Council's red corporate risks; the disappointment at the number of rough sleepers; the current situation with Floyds Row; and options for supporting struggling commercial tenants as Covid support was withdrawn.

The Panel **NOTED** the report. No recommendations were made to Cabinet.

23. Treasury Management Performance and Activity

Bill Lewis, Financial Accounting Manager, presented the Treasury Management Performance and Activity report to the Panel.

The Council's treasury investments amounted at the end of the financial year to approximately £80m. The returns realised on those investments were approximately £0.9m below budgeted forecasts. The two principal reasons behind this shortfall was an overall reduction in interest rates nationally, and more locally, a reduction in interest payments from the Council's companies. The Council had £198.5m in PWLB loans; in March 2021 £20m became due and was rolled over. However, owing to capital spending reductions over the year the Council had taken out less borrowing than it otherwise would.

The Panel questioned the reasons behind the steepness of the fall in investment income. Interest rates generally had fallen, but also returns from lending to other local authorities had diminished to the point where they were similar to returns offered by the money markets. The Council's performance, when benchmarked against others, was strong. Those Councils which ranked higher were doing so at the cost of being exposed to more risk than the Council was willing to accept.

The adequacy of safeguards against unethical investments was explored by the Panel, as well as the potential for avoiding indirect investments through money deposited with banks with poor ethical records. Concerning direct investment, the Council was reliant on the advice provided by its treasury advisors. It was too resource intensive for the Council to undertake ethical audits on its own holdings. Concerning indirect investment through deposits, the Council used a green account with Barclays which was ring-fenced. Although it was accepted that Barclays did engage with investments relating to fossil fuels, when the process to select a bank was undertaken it had proven difficult to find banks which satisfied the Council's criteria. Those scoring higher on environmental, social and governance criteria did not meet the Council's risk standards, and the

Council had a responsibility primarily to protect public money. The reason for the tender in the first place was because the preferred candidate on both ethical and risk factors was pulling out of the local authority deposit market. Letters had been written to the Council's bank to express its concern over particularly egregious investments, such as tar sand investment.

The report was **NOTED**. No recommendations were made.

24. Dates of next meeting

The dates of the next meetings were **NOTED**. This included confirmation of the dates of the Budget Review Group meetings on 04, 06 and 10 January 2022, and the fact that the meetings would be held virtually.

The meeting started at 6.00 pm and ended at 7.20 pm

Chair

Date: Tuesday 7 December 2021

*When decisions take effect:
Cabinet: after the call-in and review period has expired
Planning Committees: after the call-in and review period has expired and the formal decision notice is issued
All other committees: immediately.
Details are in the Council's Constitution.*

To: Cabinet 15 Dec 2021
Council 31 Jan 2022

Report of: Head of Financial Services
Head of Business Improvement

Title of Report: Integrated Performance Report for Quarter 2 2021/22

Summary and recommendations	
Purpose of report:	To update the Cabinet on Finance, Risk and Corporate Performance matters as at 30 th June 2021.
Key decision:	No
Executive Board Member:	Councillor Ed Turner
Corporate Priority:	All.
Policy Framework:	Council Strategy 2020-24
Recommendations: That Cabinet resolves to:	
1.	Note the projected financial outturn as well as the current position on risk and performance as at 30 Sept 2021; and
2.	Recommend to Council the addition of £2 million into the Homelessness budget, which will be fully funded by grant, as per paras 9 and 10.

Appendices	
Appendix A	General Fund - Sept 2021 Forecast Outturn
Appendix B	Housing Revenue Account - Sept 2021 Forecast Outturn
Appendix C	Capital Programme – Sept 2021

Introduction and background

1. This report updates the Cabinet on the financial, corporate performance and corporate risk positions of the Council as at 30th Sept 2021. A brief summary is as follows:

Financial Position

- **General Fund** – the outturn position is forecasting a favourable variance of £0.573 million against the net budget agreed by Council in February 2021 of £23.647 million; it should be noted this includes £2.1million of income losses already factored into the budget due to the continuing impacts from Covid. In setting its Budget for 2021-22 and Medium Term Financial Plan at Council in February 2021 the Council was required to draw on £11.3 million of reserves to balance the budget over the medium term as well as reduce expenditure and seek further efficiencies and increased revenue especially from its wholly owned companies to cover reduced income and increased cost arising from the pandemic. The favourable variance being forecast will lead to less call on reserves in year.
 - **Housing Revenue Account** – The budgeted surplus agreed by the Council in February 2021 was £0.388 million. The forecast outturn position indicates a surplus of £0.359 million, which is a small adverse variance of £0.029 million;
 - **Capital Programme** – The budget, as approved at Council in February 2021, was set at £186 million with carry forward of unspent balances in 2020-21 and some additional slippage the latest budget is now £174.337 million. The outturn forecast position is currently £146.318 million with a total variance of £28.019 million made up of slippage of £28.056 million and £0.037 million of overspend.
2. **Performance** – There are 23 Corporate Indicators for the current financial year, 11 of which are rated Green (on target); 0 are rated Amber (within a tolerance of target) and 3 are rated Red (outside of target), there are also 9 indicators that do not have performance data until the end of the year therefore are not RAG rated. More details can be found in paragraph 19.
 3. **Corporate Risk Management** – There are three red corporate risks at the end of quarter two. These relate to actions taken to ensure housing delivery and supply for the city of Oxford and to enable sufficient house building and investment; local, national or international factors adversely affecting the economic growth of the city and negative impacts of Climate Change. More details of the risks can be found in paragraphs 17 to 18;

Financial Position

General Fund Revenue

4. The overall Net Budget Requirement agreed by the Council in February 2021 was £23.647 million. Since setting the budget, service area expenditure has decreased by a net total of £2.818 million, this is due to a combination of

virements within service areas and additions to reserves of grant income received. The Net Budget Requirement remains unchanged.

5. Virements between service areas, were authorised under delegated powers by the Council's Head of Financial Services totalling £0.338 million, the most notable of which relates to the redistribution of funding for Tree Officers from Environmental Sustainability to Planning, realignment of planning budgets and the movement of garage income budget from Housing Services to Corporate Property.
6. The contribution to reserves totals a net movement of £1.602 million, with the most significant movement being adding the 2021/22 grant allocation of £1.9 million received from MHCLG for both homeless prevention and rough sleeping initiative funding to reserves. This has been paid to the Council in advance and will be released into Revenue as and when expenditure is incurred.
7. As at 30th September 2021 the General Fund Service Area is forecasting a favourable variance of £0.362 million against the latest budget of £32.976 million. The main variances are detailed below:
 - **Housing Services** – a favourable variance of £0.470 million, which is due to the one off in year budget set aside for Canterbury House and YHA no longer being required as DLUHC grant is being used to fund this pressure;
 - **Community Services** - favourable variance of £0.251 million, largely relating to the Town Hall & Facilities team. The Town Hall income appears to be recovering better than expected and is forecast to be above the revised budgeted levels and savings have been made in both premises and supplies costs across the team;
 - **Oxford Direct Services Client** – there is a nil variance driven by our recent success in a business rates appeal on Oxpens car park in relation to the unused decking, resulting in a refund of £300k. Car Parking usage is now starting to recover and becoming more in line with budget expectations going forward, but losses were still suffered in the early part of the year which offset against the refund. The Council are still anticipating a dividend of at least £0.600k in relation to 2020/21 company surpluses which is still awaiting an ODS board decision:
 - **Business Improvement** - adverse variance of £0.211 million. £0.150 million relates to additional costs being incurred to extend the current transformation team until the end of the financial year. The remainder is a staffing cost pressure in Customer Services due to staff turnover being less than previously experienced:
 - **Law & Governance** - the adverse variance of £0.120 million remains due to an ongoing difficulty to recruit to permanent posts within the establishment and therefore being reliant on the use of temporary staff which are more expensive
 - **Corporate Accounts** – a favourable net variance of £0.211 million over the interest receivable and interest payable budget lines. This variance arises due to less than anticipated external borrowing due to delays in the capital programme and lower than anticipated lending to companies

8. To mitigate some of the losses of income the Council has submitted a claim through the Sales, Fees & Charges compensation scheme which the Government extended to cover lost income up to and including 30th June, this is expected to be approx. £1.1 million. It is important to note that the scheme, which covers 75% of losses incurred compared to the budget position allowing for a 5% threshold, does not cover commercial losses from tenant rents or returns from companies.

Homelessness Grant Bid

9. A report was submitted to Cabinet on 15 Sept 2021 which gave approval for a scheme to purchase properties for the housing of homeless families funding by a £2million investment from council resources, £2million march funding from DLUHC following a successful bid application and £2million from financiers Resonance.
10. Approval was given by Cabinet and subsequently Council for the £2million investment together with the appropriate capital budget. Since the successful bid to DLUHC they have confirmed that the £2million funding from them will be given by Section 31 grant and consequently initial capital spend required by the Council will be £4 million with £2million being claimed from the Government. Council approval will be required for this additional £2million spend although there is no net overall difference to the Councils finances that was originally approved.

Housing Revenue Account (“the HRA”)

11. The HRA budgeted surplus agreed by the Council in February 2021 was £0.388 million. The forecast outturn indicates a surplus of £0.359 million, a small adverse variance of £0.029 million against the agreed position. As reported previously the implementation of the Housing Management System QL has caused problems in the obtaining of financial management information of work done by Oxford Direct Services. As a result actual expenditure is artificially low although the forecasts is our best estimate of the actual position. The significant forecast changes are explained below:
 - Dwelling Rent - £1.110 million reduction in rental income is due to some development schemes slipping into the next financial year and the use of a higher inflation rate when setting the budget for the rent increase;
 - Management & Services - £0.243 million increase in expenditure while Other Revenue Spend has reduced expenditure of £0.304 million, this is mainly a realignment of budgets across the two expenditure lines;
 - Interest Paid - £1.254 million reduced expenditure to reflect the lower level of loans taken out during 2020/21 due to reduced housing development activity by OCHL during the height of the COVID 19 pandemic.

Capital

12. The budget, as approved by the Council at its meeting in February 2021, was set at £186 million. Since that date the budget has been increased by £10.261 million to take account of unspent balances rolled forward from 2020-21, giving a budget of £196.572 million. Further adjustments since then have been made

which decrease the budget by £20.857 million to show the latest budget as at 30th September to be £174.337 million.

13. Further net slippage of £28.019 million together with overspends of £0.037 million results in a forecast outturn of £146.318 million. The main items of slippage, which are being re-timetabled are:

General Fund

- East Oxford Community Centre - £1.250 million slippage to the scheme due to delays decanting current tenant which will complete at the end of March 2022 and the project being forecast to complete by June 2023;
- Jericho Community Centre - £0.195 million slippage into future years;
- Bullingdon Community Centre - £0.433 million slippage due to delays carrying out surveys, engaging with an offsite fabrication manufacturer and time taken to obtain budget surety. Demolition is 95% complete and groundworks expected to start in January 2022;
- Blackbird Leys Regeneration - £0.108 million brought forward to fund the expected spend in year;
- Affordable Housing Supply - £3.000 million slippage in line with changes to the Oxfordshire Growth Deal programme;
- Car Parking Oxpens - £0.225 million slippage, the removal of the decking is expected to take place in early 2022/23;
- Cave Street Development - £0.517 million slippage due to the increase scale and complexity of the development proposals requiring additional time for review of the business case and delivery options;
- 1-3 George Street - £1.227 million slippage due to ground conditions work delaying the construction programme;
- Capital works at Covered Market - £0.839 million slippage into future years;
- Regeneration Property - £7.0 million slippage due to no further opportunities currently available to purchase properties;
- City Cycle Schemes - £0.450 million slippage into future years;
- Feasibility schemes – further allocation made and £0.049 million brought forward from future years;
- Go Ultra Low Oxford – On street - £0.500 million slippage on the scheme as it is dependent on external factors;
- Motor Transport Vehicle Replacement programme - £0.078 million slippage as the programme of replacement is being reviewed, some vehicles may be delayed while others are brought forward;
- Transformation Funding - £0.130 million slippage.

Housing Revenue Account

- Energy Efficiency Initiatives - £0.750 million slippage from the current year which has been added to the end of the program in 2025/26;

- Properties purchased from OCHL - £10 million slippage as further delays in completion of sites to be purchased;
 - Unallocated Site 1 – underspend of £1.366 million to remove the scheme from the programme so that the funding is available for other planned schemes.
14. During a continued review of the Capital Programme additional slippage is likely to occur during the remainder of the year, and officers are monitoring this on a regular basis.

Overall capital programme outturn

15. As noted above, the projected capital outturn is currently £143.647 million. While this figure is higher than previous year’s capital spend, it is worth noting that it includes sizable budget allocations and forecasts that are inherently difficult to accurately forecast due to the nature of the projects. This includes:
- £20.9m of General Fund loans to OCHL, which rely on a range of schemes coming through detailed design and planning stages, where timescales are difficult to predict.
 - £35m of HRA allocated to the acquisition of social rented homes from OCHL
 - £13m of General Fund allocated to regeneration, which relies on the identification of suitable regeneration opportunities and the market
16. Furthermore, there are some large one-off capital projects, which have increased the overall programme. These include:
- £14m for the decarbonisation of key council assets via central Government “Salix” funding and associated enabling works

Corporate Risk

17. There are three red risks on the current Corporate Risk Register, which are as follows:
- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues. The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via real lettings. In addition the Council’s housing companies are in the process of constructing new affordable homes and the Cabinet has approved plans which will result in the Council’s Housing Revenue Account (“HRA”) purchasing the social housing using its new borrowing headroom, following the removal of the HRA borrowing cap by central government. This has become more challenging in the short term due to

the Covid-19 pandemic which has paused any delivery in the housing supply.

- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Despite some positive trends, the Risk still remains at Red. Issues relating to inflation, labour market supply, global economy, COVID levels locally, border arrangement, local business support being scaled back and business rates commencing suggests that there are still numerous risks.
- **Negative Impacts of Climate Change** - The Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the City. The Oxford Flood Alleviation Scheme (OFAS) scheme continues to progress. Work is ongoing through Zero Carbon Oxfordshire Partnership (ZCOP) to reduce carbon emissions across the City. Tighter air quality emission standards have been recommended by the World Health Organisation (WHO) and may be considered for adoption by the UK Government.

18. The table below shows the level of Red, Amber and Green current risks over the last 12 months:

Current Risk	Q3 2020/21	Q4 2020/21	Q1 2021/22	Q2 2021/22
Red	3	5	3	3
Amber	7	7	11	10
Green	2	2	0	1
Total Risks	12	12	14	14

Performance Indicators

19. There are three red corporate performance indicators being reported at the end of quarter 2, these relate to:

- The % of Council spend with local businesses including SME's – actual 35.05 against a target of 45. Improvements were seen in September of 16.82% but still remain below target. It is expected that the target will be met by year end as a yearly average.
- The % of Council spend with local business (excluding ODS and OCHL) – actual 35.49 against a target of 45. Improvements were seen in September of 8.21% but still remain below target although it is anticipated that this will be met by year end as a yearly average.
- The number of people in Oxford estimated to be sleeping rough – actual of 27 against a target of 17 – the number fluctuates week on week but

has stayed broadly similar since early August. Regular meetings are held with all street services to ensure plans are in place for all individuals

Financial implications

20. All financial implications are covered in the body of this report and the Appendices.

Legal issues

21. There are no legal implications arising directly from this report.

Level of risk

22. All risk implications are covered in the body of this report and the Appendices.

Equalities impact

23. There are no equalities impacts arising directly from this report.

Report author	Anna Winship
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Service area or department	Financial Services
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Background Papers: None

General Fund Outturn Report 21/22 @ 30 September 2021	Approved Budget (per Budget book)	Previous Months Budget	Latest Budget	Projected Outturn against Latest Budget	PO Variance	PO Variance (Prev Quarter)	PO Variance Mvt from Previous Quarter
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
S13 - Housing Services	4,558	3,462	2,667	2,197	(470)		470
S15 - Regulatory Services & Community Safety	1,359	1,322	1,359	1,405	46		(46)
S22 - Community Services	5,821	6,061	6,061	5,810	(251)		251
Communities & People	11,738	10,845	10,087	9,412	(675)		675
S09 - Corporate Property	(5,609)	(6,747)	(6,747)	(6,747)			
S10 - Regeneration & Economy	606	755	755	755			
S16 - Planning Services	377	406	406	406			
Development	(4,626)	(5,586)	(5,586)	(5,586)			
S01 - Corporate Strategy	871	778	795	727	(68)		68
S20 - Environmental Sustainability	1,047	700	707	707			
Chief Executive	1,918	1,478	1,502	1,434	(68)		68
S26 - Oxford Direct Services Client	11,405	11,714	11,714	11,714			
ODS Development Director	11,405	11,714	11,714	11,714			
S03 - Business Improvement	8,952	8,985	8,968	9,179	211		(211)
S32 - Financial Services	3,020	2,963	2,963	3,013	50		(50)
S34 - Law and Governance	3,387	3,328	3,328	3,448	120		
Corporate Resources	15,359	15,276	15,259	15,640	381		(381)
Directorate Total Excl SLA's & Capital Charges	35,794	33,727	32,976	32,614	(362)		362
SLA's & Capital Charges	(9,538)	(9,538)	(9,538)	(9,538)			
Corporate Accounts	1,825	1,825	1,825	1,614	(211)		211
Contingencies	633	895	895	895			
Total Corporate Accounts & Contingencies	2,458	2,720	2,720	2,509	(211)		211
Net Expenditure Budget	28,714	26,909	26,158	25,585	(573)		573
S48D - Transfers To/From Earmarked Reserves	(5,067)	(3,262)	(2,511)	(2,511)			
Net Budget Required	23,647	23,647	23,647	23,074	(573)		573
Funding							
S47A - External Funding							
S47B - Council Tax Funding	14,911	14,911	14,911	14,911			
S47C - Parish Precept	(278)	(278)	(278)	(278)			
S47D - NDR Funding	8,476	8,476	8,476	8,476			
S47E - New Homes Bonus	538	538	538	538			
Total Funding Available	23,647	23,647	23,647	23,647			
(Surplus) / Deficit for the year					(573)	(573)	573

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HRA Report 21/22 @ Sept 2021	Approved Budget (per Budget book)	Latest Budget @ 30th Sept 2021	Projected Outturn against Latest Budget @ 30th Sept 2021	Projected Outturn Variance	Projected Outturn Variance Mvt from Previous Month
	£000's	£'000's	£'000's	£000's	£'000's
Dwelling Rent	(43,595)	(43,595)	(42,485)	1,110	
Service Charges	(1,987)	(1,987)	(1,987)		
Garage Income	(221)	(221)	(221)		
Miscellaneous Income	(795)	(795)	(795)		
Right to Buy (RAF)	(52)	(52)	(52)		
Net Income	(46,650)	(46,650)	(45,540)	1,110	
Management & Services (Stock Related)	10,540	10,763	10,763	223	
Other Revenue Spend (Stock Related)	1,779	1,609	1,609	(170)	
Misc Expenditure (Not Stock Related)	954	1,016	1,016	61	
Bad Debt Provision	770	770	751	(19)	
Responsive & Cyclical Repairs	14,175	15,449	15,640	1,465	
Interest Paid	9,026	9,026	7,772	(1,254)	
Depreciation	9,079	9,079	9,079		
Total Expenditure	46,324	47,712	46,631	307	
Net Operating Expenditure/(Income)	(326)	1,062	1,091	1,417	
Investment Income	(62)	(62)	(62)		
Other HRA Reserve Adjustment		(1,388)	(1,388)	(1,388)	
Transfer (to)/from MR/OR					
Total Appropriations	(62)	(1,450)	(1,450)	(1,388)	
Total HRA (Surplus)/Deficit	(388)	(388)	(359)	29	

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Capital Budget and Spend as at 30th September 2021										
							2021/22 Forecast Variance			
Cost Centre	Capital Scheme	Gateway Stage	2021/22 Original Budget	Latest Budget	Spend to 30/09/2021	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2021/22 Outturn Forecast
			£	£	£	£	£	£	£	£
General Fund Capital Programme										
Communities and People Directorate										
Business Improvement Projects										
C3044	ICT Software and Licences	8. Rolling Programme	245,000	245,000	233,159	11,841	-	-	-	245,000
C3058	CRM Replacement	3. Design & Technical	-	120,275	-	120,275	-	-	-	120,275
C3060	End-Point Devices (Desktops/Laptops)	5. Delivery	60,000	65,775	29,499	36,276	-	-	-	65,775
C3066	Telephony Device Refresh	8. Rolling Programme	-	9,271	(635)	9,906	-	-	-	9,271
C3067	Paris Payment System, Replacement / PCI DSS	5. Delivery	17,924	102,684	-	102,684	-	-	-	102,684
C3068	Windows 2008 Server Replacement	5. Delivery	121,128	168,804	(0)	168,804	-	-	-	168,804
C3070	Business Process Automation Full Rollout	5. Delivery	-	19,515	-	19,515	-	-	-	19,515
C3072	Council Website Refresh	5. Delivery	-	36,170	-	36,170	-	-	-	36,170
C3078	Revs and Bens System Replacement	5. Delivery	245,000	463,737	202,129	261,608	-	-	-	463,737
Community Services Projects										
A4820	Upgrade Existing Tennis Courts	8. Rolling Programme	35,000	35,000	-	35,000	-	-	-	35,000
A4833	Horspath Sports Park	5. Delivery	-	-	296	(296)	-	-	-	0
A4847	Rose Hill Community Centre - Parking Management	2. Feasibility	10,000	10,000	-	10,000	-	-	-	10,000
B0075	Stage 2 Museum of Oxford Development	5. Delivery	35,000	1,051,395	1,062,723	(11,328)	-	-	-	1,051,395
B0083	East Oxford Community Centre	3. Design & Technical	4,212,439	1,400,000	7,182	1,392,818	(1,250,000)	(1,250,000)	-	150,000
B0084	Jericho Community Centre	4. Pipeline	200,000	200,000	-	200,000	(195,000)	(195,000)	-	5,000
B0096	Bullingdon Community Centre	3. Design & Technical	1,481,151	883,427	106,238	777,189	(433,427)	(433,427)	-	450,000
T2305	Parks Paths	5. Delivery	-	33,840	-	33,840	-	-	-	33,840
Housing Services Projects										
B0108	Floyds Row Refurbishment	6. Completed	41,400	41,400	(110,880)	152,280	-	-	-	41,400
C3057	Housing System Replacement	5. Delivery	-	278,595	184,700	93,895	-	-	-	278,595
M5019	Purchase of Homeless Properties	0	-	-	1,329	(1,329)	-	-	-	0
M5025	Barton Park - Purchase by Council	9. Other Capital Spend	5,736,037	3,092,860	-	3,092,860	-	-	-	3,092,860
M5026	Housing Company Loans (excl Barton Park)	9. Other Capital Spend	32,200,000	17,807,589	305,000	17,502,589	-	-	-	17,807,589
M5032	Barton Park - loan to OCHL	9. Other Capital Spend	5,736,037	3,092,860	-	3,092,860	-	-	-	3,092,860
M5033	Blackbird Leys Regeneration (GF Element)	3. Design & Technical	226,395	227,219	11,250	215,969	108,789	108,789	-	336,008
M5034	Affordable Housing Supply	9. Other Capital Spend	-	3,000,000	-	3,000,000	(3,000,000)	(3,000,000)	-	0
M5035	Growth Deal Registered Provider Payments	9. Other Capital Spend	6,900,000	7,247,000	-	7,247,000	-	-	-	7,247,000
M5037	Northern Gateway (Oxford North)		-	2,700,000	1,847	2,698,153	-	-	-	2,700,000
Regulatory & Community Safety Projects										
A4845	CCTV Suite Upgrade	4. Pipeline	68,688	68,688	-	68,688	-	-	-	68,688
A4852	Bodycams for Community Safety Team	4. Pipeline	60,450	60,450	-	60,450	-	-	-	60,450
E3511	Essential Repairs Grant	9. Other Capital Spend	24,948	31,521	23,546	7,975	-	-	-	31,521
E3521	Disabled Facilities Grants	9. Other Capital Spend	1,282,378	1,217,378	361,088	856,290	-	-	-	1,217,378
E3561	Additional DFG Funding	7. Closed	-	98,682	64,475	34,207	-	-	-	98,682
Communities and People Directorate Total			58,938,975	43,809,135	2,482,946	41,326,189	(4,769,638)	(4,769,638)	-	39,039,497
Development Directorate										
A4853	City Wide Cycling Infrastructure Contribution	9. Other Capital Spend	60,000	12,500	13,857	(1,357)	-	-	-	12,500
B0081	Car Parking Oxpens	2. Feasibility	43,000	235,355	3,479	231,877	(225,355)	(225,355)	-	10,000
B0086	Seacourt Park & Ride Extension	6. Completed	-	262,499	(250,333)	512,832	-	-	-	262,499
B0092	Cave Street Development (Standingford House)	2. Feasibility	1,407,500	1,040,662	70,548	970,114	(517,353)	(517,353)	-	523,309

Cost Centre	Capital Scheme	Gateway Stage	2021/22 Original Budget	Latest Budget	Spend to 30/09/2021	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2021/22 Outturn Forecast
			£	£	£	£	£	£	£	£
B0098	1-3 George Street	4. Pipeline	1,635,200	1,926,769	149,586	1,777,183	(1,226,769)	(1,226,769)	-	700,000
B0100	Gloucester Green Car Park (H&S)	5. Delivery	74,979	262,123	(22,515)	284,638	(262,123)	(262,123)	-	0
B0101	Capital Works at Covered Market	5. Delivery	1,012,790	974,098	84,791	889,307	(839,127)	(839,127)	-	134,971
B0102	Replace or refurbish Lifts	8. Rolling Programme	43,294	43,294	-	43,294	-	-	-	43,294
B0106	Covered Market Roof Works (Capitalised Planned	8. Rolling Programme	240,000	362,023	256,888	105,135	147,977	147,977	-	510,000
B0110	Covered Market Vacant Unit Works	5. Delivery	-	23,938	(26,473)	50,411	-	-	-	23,938
B0111	Town Hall Dry Risers	5. Delivery	37,282	141,473	81,785	59,688	-	-	-	141,473
B0116	Osney Mead Infrastructure	2. Feasibility	900,000	250,000	6,468	243,533	-	-	-	250,000
B0117	Regeneration Property	1. Idea	20,000,000	20,000,000	-	20,000,000	(7,000,000)	(7,000,000)	-	13,000,000
B0122	City Cycle Schemes (Growth Deal)	3. Design and Technical	450,000	600,000	(97,412)	697,412	(450,000)	(450,000)	-	150,000
B0125	City Centre Restart	0	-	50,000	225	49,775	(50,000)	(50,000)	-	0
B0131	Meanwhile In Oxfordshire	5. Delivery	1,875,000	1,844,850	401,482	1,443,368	-	-	-	1,844,850
B0136	Covered Market CCTV	3. Design & Technical	-	75,000	1,352	73,648	-	-	-	75,000
B0138	Enabling works - Decarbonisation Project	3. Design & Technical	-	3,066,000	427,567	2,638,433	-	-	-	3,066,000
B0130	CIL Feasibility	0	200,000	200,000	-	200,000	-	-	-	200,000
B0074	R & D Feasibility Fund	2. Feasibility	325,180	76,667	6,124	70,543	179,795	179,795	-	256,462
	Allocated Feasibility Funding (various schemes)		1,304,217	1,615,957	399,478	1,216,479	(130,441)	(130,441)	-	1,485,516
F7007	Woodfarm / Headington Community Centre	3. Design & Technical	8,000	16,397	2,352	14,045	-	-	-	16,397
F7011	Headington Environmental Improvements	5. Delivery	29,629	30,781	-	30,781	(30,781)	(30,781)	-	0
F7024	St Clements Environmental Improvements	1. Idea	20,000	20,000	-	20,000	(20,000)	(20,000)	-	0
24	Development Directorate Total		29,666,071	33,130,386	1,509,248	31,621,138	(10,424,177)	(10,461,181)	37,004	22,706,209
Chief Executive										
Environmental Sustainability Projects										
E3557	Oxford and Abingdon Flood Alleviation Scheme	9. Other Capital Spend	-	-	-	-	-	-	-	0
E3558	Go Ultra Low Oxford - On Street	3. Design & Technical	4,545	561,150	42,530	518,620	(500,000)	(500,000)	-	61,150
E3560	Go Ultra Low Oxford - Taxis	3. Design & Technical	-	203,220	300	202,920	-	-	-	203,220
E3562	OxPops (Electric Vehicle Charging)	7. Closed	35,806	-	-	-	-	-	-	0
E3563	Clean Bus Technology Grants	9. Other Capital Spend	-	564,350	212,000	352,350	-	-	-	564,350
E3565	Decarbonisation Fund - OCC element	1. Idea	7,538,547	7,527,297	1,106,179	6,421,118	-	-	-	7,527,297
E3566	Decarbonisation Fund - Solar Farm Investment	1. Idea	3,385,000	3,385,000	-	3,385,000	-	-	-	3,385,000
E3567	Town Hall Lighting Upgrade (SALIX)	3. Design & Technical	-	90,000	-	90,000	-	-	-	90,000
Oxford Direct Services Projects										
R0005	MT Vehicles/Plant Replacement Programme.	8. Rolling Programme	2,929,845	3,661,834	570,480	3,091,354	(78,104)	(78,104)	-	3,583,730
R0010	Electric Vehicles	8. Rolling Programme	424,000	-	-	-	-	-	-	0
T2273	Car Parks Resurfacing	8. Rolling Programme	468,231	468,231	-	468,231	-	-	-	468,231
T2287	Recycling Transfer Station	1. Idea	-	18,752	8,971	9,781	-	-	-	18,752
T2299	Controlled Parking Zones	5. Delivery	400,000	250,000	-	250,000	-	-	-	250,000
T2301	Depot Rationalisation	2. Feasibility	700,000	500,000	11,037	488,963	-	-	-	500,000
T2306	Mobile Working and Handhelds	5. Delivery	-	140,778	-	140,778	(0)	(0)	-	140,778
T2307	Transformation Funding	5. Delivery	400,000	242,298	-	242,298	(130,798)	(130,798)	-	111,500
T2308	Additional Technology Requirements	8. Rolling Programme	1,464,000	607,326	-	607,326	-	-	-	607,326
Chief Executive Total			17,749,974	18,220,236	1,951,497	16,268,739	(708,902)	(708,902)	-	17,511,334
General Fund Total			106,355,020	95,159,757	5,943,691	89,216,065	(15,902,717)	(15,939,721)	37,004	79,257,039

Cost Centre	Capital Scheme	Gateway Stage	2021/22 Original Budget	Latest Budget	Spend to 30/09/2021	Budget Remaining	Forecast Variance	Variance due to Slippage	Over / Under Spend	2021/22 Outturn Forecast
			£	£	£	£	£	£	£	£
Housing Revenue Account Capital Programme										
N6384	Tower Blocks	5. Delivery	200,200	998,849	41,573	957,276	-	-	-	998,849
N6385	Adaptations for disabled	9. Other Capital Spend	704,000	704,000	5,464	698,536	-	-	-	704,000
N6386	Structural	8. Rolling Programme	846,600	1,233,467	128,498	1,104,968	-	-	-	1,233,467
N6387	Controlled Entry	8. Rolling Programme	312,500	371,083	77,716	293,367	-	-	-	371,083
N6388	Major Voids	8. Rolling Programme	472,000	472,000	44,257	427,743	-	-	-	472,000
N6389	Damp-proof works (K&B)	8. Rolling Programme	119,000	144,006	42,110	101,896	-	-	-	144,006
N7057	Kitchens	8. Rolling Programme	1,228,080	1,658,534	22,724	1,635,810	-	-	-	1,658,534
N7058	Bathrooms	8. Rolling Programme	907,266	1,184,031	46,805	1,137,226	-	-	-	1,184,031
N6392	Roofing	8. Rolling Programme	1,040,000	1,303,521	(121,582)	1,425,103	-	-	-	1,303,521
N6395	Electrics	8. Rolling Programme	625,000	1,330,471	70,336	1,260,135	-	-	-	1,330,471
N6434	Doors and Windows	8. Rolling Programme	579,200	603,123	246,054	357,069	-	-	-	603,123
N7020	Extensions & Major Adaptions	8. Rolling Programme	265,000	424,672	15,841	408,831	-	-	-	424,672
N7026	Communal Areas	8. Rolling Programme	198,000	548,889	25,420	523,469	-	-	-	548,889
N7032	Great Estates Programme	5. Delivery	1,300,000	1,226,437	180,267	1,046,170	-	-	-	1,226,437
N7033	Energy Efficiency Initiatives	8. Rolling Programme	1,252,200	1,552,786	112,293	1,440,493	(750,000)	(750,000)	-	802,786
N7042	Barton Regeneration	5. Delivery	600,000	628,277	(1,278)	629,555	-	-	-	628,277
N7044	Lift Replacement Programme	8. Rolling Programme	306,500	410,186	9,677	400,509	-	-	-	410,186
N7045	Social Rented Housing Acquisitions	5. Delivery	2,946,872	2,034,246	2,047,380	(13,134)	-	-	-	2,034,246
N7046	Fire doors	8. Rolling Programme	530,000	868,979	12,686	856,293	-	-	-	868,979
N7067	Renewal Of Fire Alarm Panels	8. Rolling Programme	102,000	102,000	-	102,000	-	-	-	102,000
N7050	East Oxford development	3. Design & Technical	3,533,000	2,977,000	-	2,977,000	-	-	-	2,977,000
N7051	Acquisition of Additional Units	5. Delivery	3,103,606	3,256,081	3,362,663	(106,582)	-	-	-	3,256,081
N7052	HRA Stock Condition Survey	2. Feasibility	169,200	142,729	-	142,729	-	-	-	142,729
N7054	Properties Purchased From OCHL	9. Other Capital Spend	31,418,629	45,584,061	13,090,000	32,494,061	(10,000,000)	(10,000,000)	-	35,584,061
N7055	Use Of Recycled Capital Grants	9. Other Capital Spend	-	368,000	-	368,000	-	-	-	368,000
N7059	Boilers Only	5. Delivery	1,512,780	1,596,891	78,333	1,518,558	-	-	-	1,596,891
N7060	Heating Systems	5. Delivery	272,100	63,336	25,443	37,893	-	-	-	63,336
N7061	Northfield Hostel	3. Design & Technical	7,900,000	1,773,000	6,250	1,766,750	(1,766,750)	(1,766,750)	-	6,250
N7062	Lanham Way	3. Design & Technical	3,050,000	985,000	-	985,000	(904,054)	(904,054)	-	80,946
N7064	Unallocated Site 1	1. Idea	5,026,000	1,366,000	-	1,366,000	(1,366,000)	(1,366,000)	-	0
N7065	Unallocated Site 2	2. Feasibility	4,000,000	-	-	-	-	-	-	0
N7068	Juniper	3. Design & Technical	2,607,000	-	-	-	-	-	-	0
N7066	Next Steps Accommodation Programme	5. Delivery	2,392,000	2,992,584	573,678	2,418,906	-	-	-	2,992,584
N7040	Blackbird Leys Regeneration	3. Design & Technical	209,000	273,166	23,118	250,048	-	-	-	273,166
Housing Revenue Account Total			79,727,733	79,177,406	20,165,724	59,011,681	(14,786,804)	(14,786,804)	-	64,390,602
Grand Total			186,082,753	174,337,162	26,109,416	148,227,746	(30,689,521)	(30,726,525)	37,004	143,647,641

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To: Cabinet
Date: 15 December 2021
Report of: Head of Financial Services
Title of Report: Treasury Management Mid-Year Review for April – September 2021

Summary and recommendations	
Purpose of report:	To report on the performance of the Treasury Management function for the 6 months to 30 September 2021
Key decision:	No
Executive Board Member:	Councillor Ed Turner, (Deputy Leader) Finance and Corporate Assets
Corporate Priority:	None
Policy Framework:	Council Strategy 2020-24
Recommendation: That Cabinet resolves to:	
1. Note the performance of the Treasury Management function for the six months to 30 th September 2021	

Appendices	
Appendix 1	List of investments as at 30 th September 2021
Appendix 2	Risk Register

Introduction and Background

1. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury and has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, covering the following:
 - An economic overview for the first part of the 2021/22 financial year
 - A review of the Council's investment portfolio for 2021/22
 - A review of the Council's borrowing strategy for 2021/22

- A statement of compliance with Treasury and Prudential Limits for 2021/22
2. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in suitable counterparties, providing adequate liquidity and security initially before considering optimising investment return.
 3. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
 4. The budgeted investment income for 2021/22 is £0.805 million. As at the 30th September 2021, forecast investment income for 2021/22 is £0.997m. Overall gross interest, including cost of borrowing, is forecast to be beneficial at £211k higher than budget. There are a number of factors giving rise to this overall position:
 - External borrowing is less than anticipated due to delays in the capital programme;
 - Minimum revenue provision costs are lower as a consequence of less borrowing;
 - Lower than anticipated lending to companies resulting in less interest income from the loans;
 - The delays in in the capital programme has resulted in higher than anticipated cash for investment resulting in the positive investment interest forecast.

Economic Overview

5. The Monetary Policy Committee (MPC) voted 7 to 3 at its 4th November meeting to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn.
6. CPI is forecast to rise to 5% by April next year. The MPC has made it clear that interest rates will have to rise to counter this inflation increase and, because the MPC has previously reviewed quarterly monetary policy reports prior to agreeing to rate changes, it is likely that a rate increase will not take occur until February next year. The October CPI results were +1.1% month on month and +4.2% year on year against forecasts of +0.8% and +3.9% respectively.
7. Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022. There is uncertainty around this because the MPC has stated that it wants to see what happens to the economy, and particularly to employment, once furlough ends at the end of September. At the MPC's meeting in February it will only have the employment figures for November available and will only get the data to February at its May meeting. At its May meeting, it will also have a clearer understanding of what is happening with inflation.

8. The MPC’s forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

- Placing the focus on raising Bank Rate as “the active instrument in most circumstances”.
- Raising Bank Rate to 0.50% before starting on reducing its holdings.
- Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
- Once Bank Rate had risen to at least 1%, it would start selling its holdings.

Interest and Interest Rate Forecasts

9. The Council’s treasury advisor, Link Group, provided the following forecasts (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View		8.11.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10	
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20	
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00	
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40	
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70	
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	

10. The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10% and has left the Bank Rate unchanged at its subsequent meetings.

11. As shown in the forecast table above, the Council’s treasury advisors are forecasting one increase in Bank Rate from 0.10% to 0.25% in quarter 4 of 2021/22, a second increase to 0.50% in quarter 2 of 22/23 and a third one to 0.75% in quarter 1 of 22/23.

12. Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC’s 2% target after the increase to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%, however, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- There are increasing grounds for expecting the economic recovery to slow during the summer and now into the autumn.
- Current key supply shortages, e.g. petrol and diesel, could impact on economic activity in some sectors.
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already likely to reduce consumer spending power without the MPC having to take any action on Bank Rate.
- The market is assuming that consumers have around £200bn of excess cash left over from the pandemic; if this is spent in part or total then this will impact the economy.

- There are 1.6 million people coming off furlough at the end of September and the effect of this may take a few months to properly impact and potentially fill labour shortages in the economy. Supply shortages have been driving up both wages and costs and if these reduce significantly within the next six months this would alleviate the MPC's current concerns.
- There is also a risk that there could be further negative impacts from Covid, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty, it is likely that these forecasts will need to be revised again soon.

Forecasts for PWLB rates and gilt and treasury yields

13. As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.
14. There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -
 - How changes in gilt yields correlate to changes in US treasury yields
 - Whether the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level
 - How strong inflationary pressures are in both the US and the UK and the consequent impact on treasury and gilt yields
 - How central banks implement their new average or sustainable level inflation monetary policies
 - How central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets.
 - Whether any exceptional volatility will be focused on the short or long-end of the yield curve, or both
15. The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Investment Portfolio and Performance

16. The budgeted investment income for 2021/22 is £0.805 million. As at the 30th September 2021, forecast investment income for 2021/22 is £0.997m.
17. Overall gross interest, including cost of borrowing, is forecast to be beneficial at £211k higher than budget. External borrowing has been less than anticipated due to delays in the capital programme along with lower than anticipated lending to companies this has meant a higher than anticipated cash for investment both resulting in the positive interest forecast.
18. The Treasury Management Strategy for 2021/22 was approved by this Council in February 2021; to date the Strategy has been fully adhered to.
19. As part of its Strategy, the Council aims to maintain a diversified investment portfolio whilst ensuring there are no policy and procedure breaches. Security of investments is always the primary concern when arranging investments with liquidity and yield being secondary, but key considerations.

20. The Council operates an approved counterparty listing which details all institutions with whom the Council may invest, the maximum amount which may be invested with any single counterparty group at any given point and the maximum duration period. The counterparty list is set in association with recommendations from Link Asset Services although ultimate authorisation of approved counterparties rests with the Section 151 Officer. The list is actively managed and reviewed on a weekly basis or more regularly if required.
21. Monthly monitoring meetings are held with the Section 151 Officer, Financial Accounting Manager and Treasury staff to discuss investments in terms of counterparties and maturity dates, cash flow, interest and borrowing rates and Treasury operational and Strategic strategies.
22. The strategy also adopts an ethical approach to investments, stating that:

“The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council’s mission and values. This would include, inter alia, avoiding direct investment in institutions with material links to:

 - *Human rights abuse (e.g. child labour, political oppression)*
 - *Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)*
 - *Socially harmful activities (e.g. tobacco, gambling)”*
23. The current approach to Environmental & Social governance (ESG) is to weigh up ESG criteria into account when choosing new investment providers as one of the matters that we consider, however under the Treasury Management Code we have to prioritise Security, Liquidity and Yield factors. ESG criteria are used as an overlay to this.
24. We have reached out to our current investment providers to give us a breakdown of their ESG principles and provide any information they have on their ESG credentials and we regularly question investment partners on their policies when we meet with them to discuss our investments.
25. It should be noted that ESG information is not always available and not always consistent across counterparties
26. The intention is for the Treasury Strategy for 2022/23 to outline a more detailed policy with regards to Environmental & Social governance

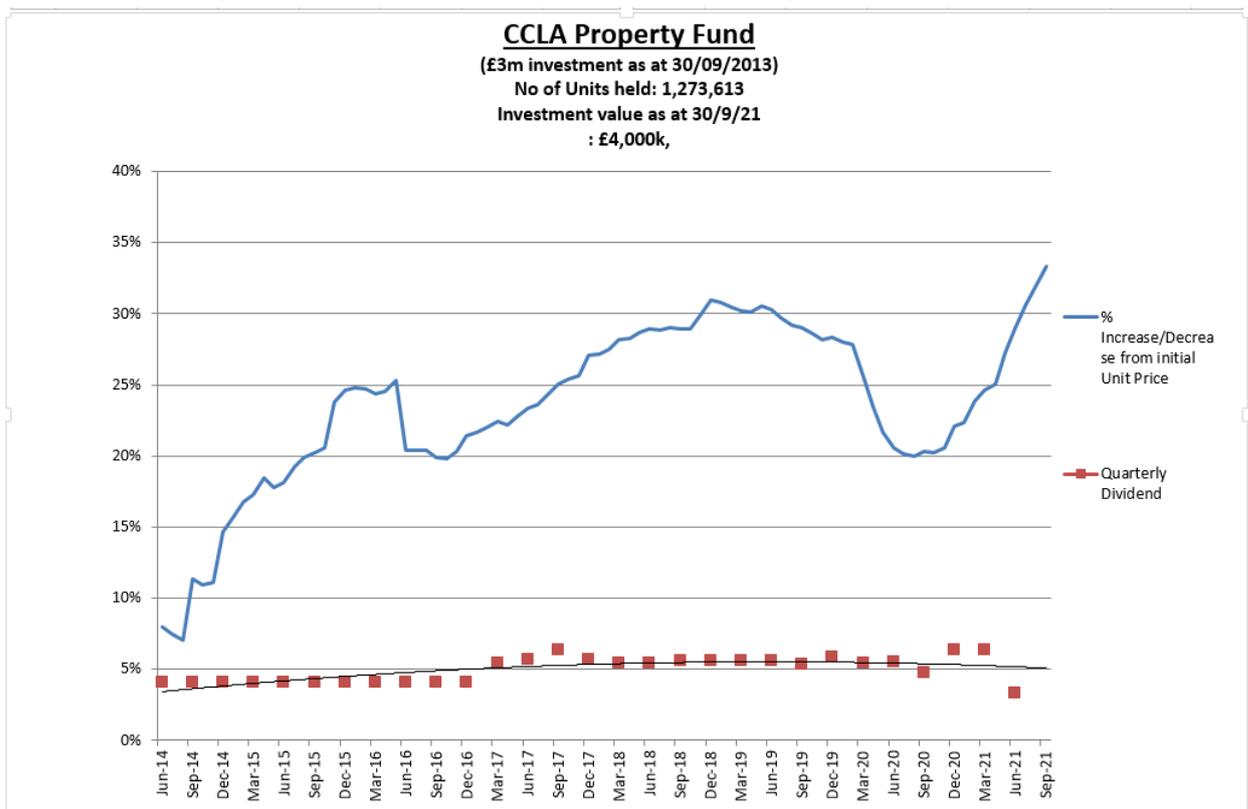
Property Investment Funds

27. At present, the Council has placed investments with two property funds; CCLA Investment Management, which is a property fund that limits its investors to Charities, Churches and Local Authorities and Lothbury Investment Management, a specialist UK property fund manager with a range of funds providing high quality exposure to different property sectors. Property values have recovered from the shock of the Covid Pandemic and are still giving us a good return on our investments. Both property funds have reduced their retail holdings which de-risks the capital value they hold.
28. Changes to the accounting rules on pooled investment funds means that the principal gain or loss will now be charged to the Surplus or Deficit on the Provision

of Services, within the Councils Income and Expenditure Account, rather than being held on the balance sheet. However, following consultation by MHCLG the government has introduced a mandatory statutory override for local authorities to reverse out the effect for five years from 1st April 2018 after which surpluses as well as deficit will impact on the Councils revenue position. Even without the statutory override, the Council would have created a reserve to hold the funds until the return was realised due to the potential for fluctuations in the property markets.

CCLA Investment Management Limited

29. The Council has held a £3m investment in the CCLA fund since September 2013. The investment has produced quarterly returns ranging between 5% and 6% and it is expected that the Fund will continue to achieve rates in this region.
30. Additionally, the value of the Council's investment with CCLA has appreciated from £3m to £4m as at 30th September 2021, equating to growth of 33.35% to date from inception. However, the values of the individual unit prices have fluctuated over time and the effect of capital appreciation (and depreciation) is illustrated in the graph below. There has been pressure on the overall property value but the dividend is being maintained and prices are always going to fluctuate over time. This is seen as a long term investment.

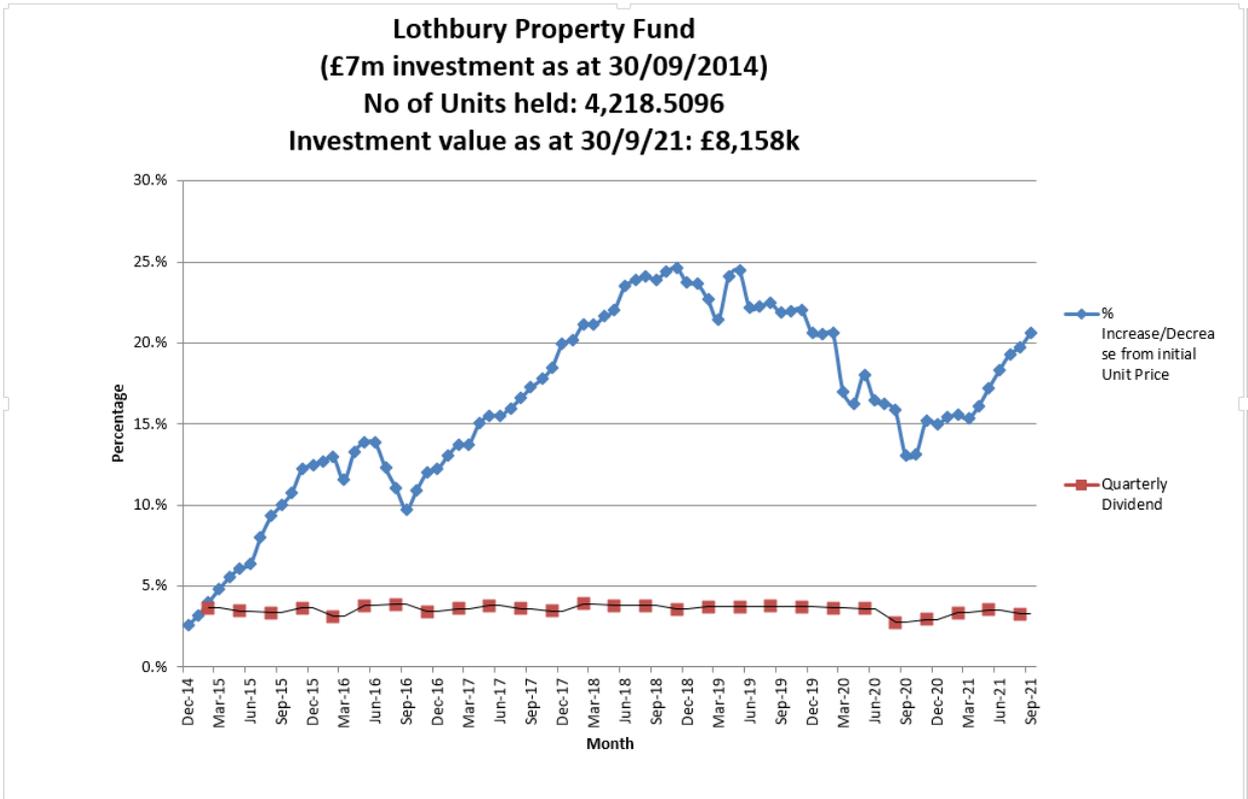


31. The investment returns around £40k per quarter.

Lothbury Investment Management

32. During 2014/15, the Council invested £7m in the Lothbury Property fund and the Fund has produced quarterly returns in the range of 3-4%. Furthermore, the Fund has seen a capital appreciation over the period with the value currently standing at

£8.158m, compared with £7m at inception, equating to overall growth of 20.60% to date. However, as with CCLA, the values of the individual unit prices have fluctuated over time and the effect of capital appreciation (and depreciation) is illustrated in the graph below.



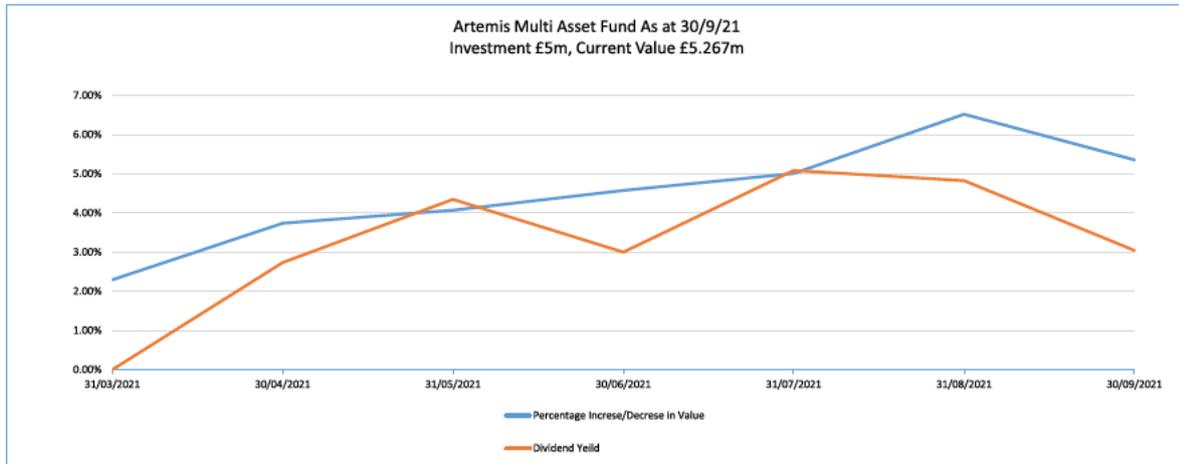
33. The investment returns around £60k per quarter.

Multi-Asset Funds

34. The council has invested in two multi asset funds as set out in the treasury strategy, Multi-asset funds are able to invest across the investment landscape and may include equities, bonds and cash. This provides a greater degree of diversification than investing in a single asset class. The same accounting rules apply to multi-asset funds as apply to property funds (see paragraph 28)

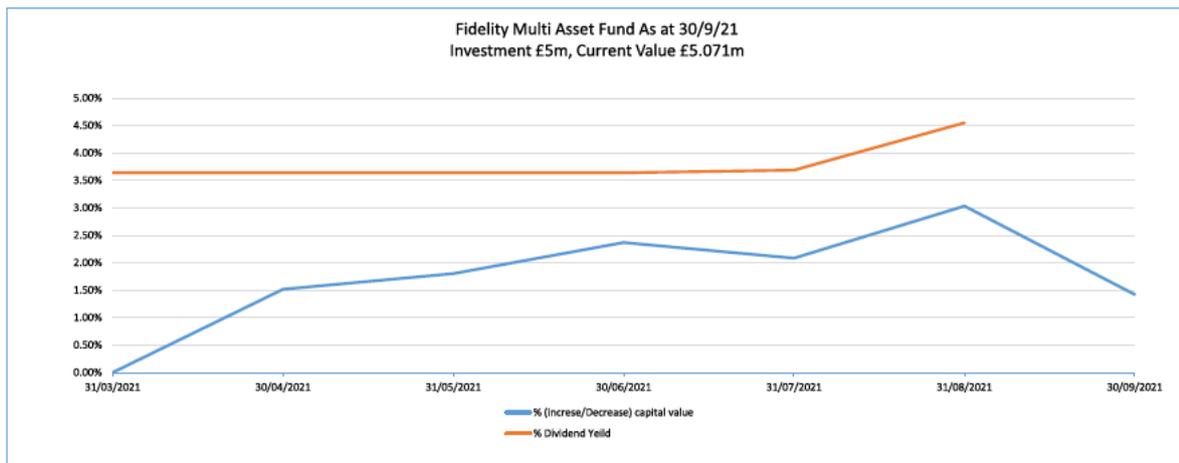
Artemis Multi Asset Fund

35. In accordance with the 2020/21 budget, in line with the treasury strategy, £5m was invested into the Artemis multi asset fund. Since inception the capital value has risen to £5.267m equating in a rise of 3.04% with an average monthly dividend payment of £16.9k giving an average percentage return of 4.06%



Fidelity Multi Asset Fund

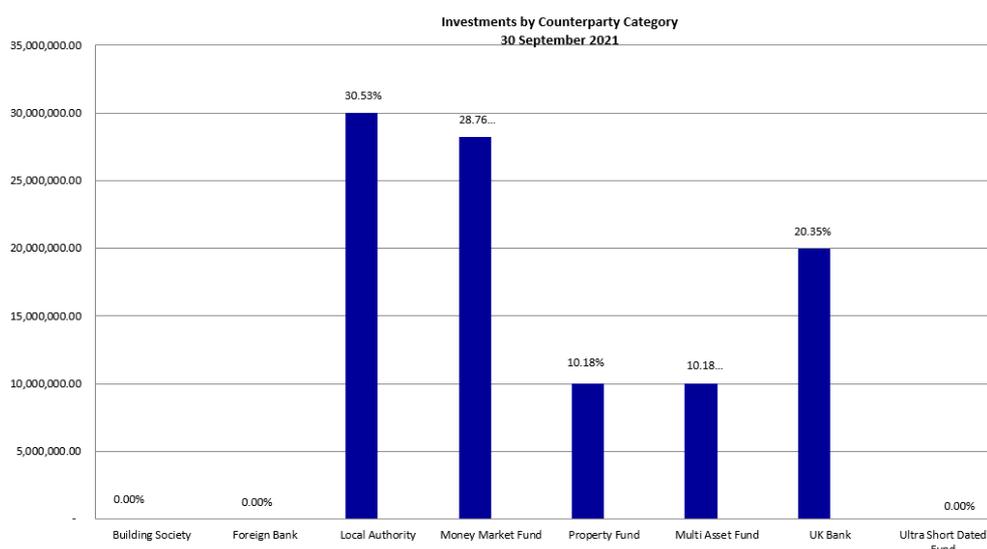
36. In accordance with the 2020/21 budget, in line with the treasury strategy, £5m was invested into the Fidelity multi asset fund. Since inception the capital value has risen to £5.071m equating in a rise of 1.42% with an average monthly dividend payment of £15.8k giving an average percentage return of 3.8%



Investment Portfolio

37. As at 30th September 2021, the Council's total investment portfolio amounted to £98.26m, with £10m of this being held in property funds, £10m in Multi asset funds and £28.265m being held in instant access cash facilities, in order to manage day to day cash flow requirements, with the balance being held in banks and loaned to local authorities.

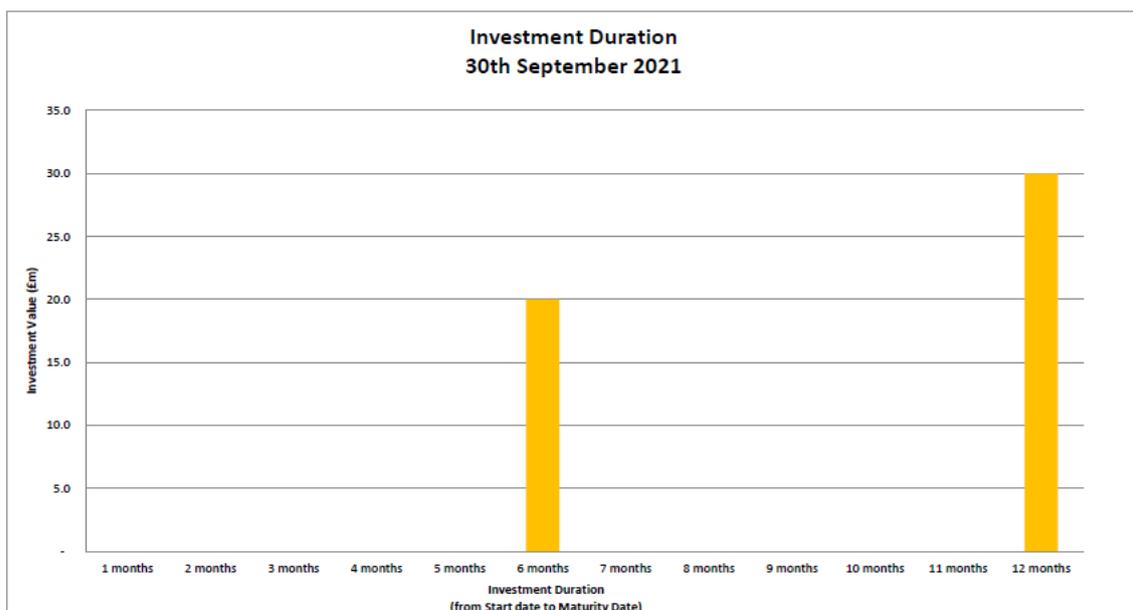
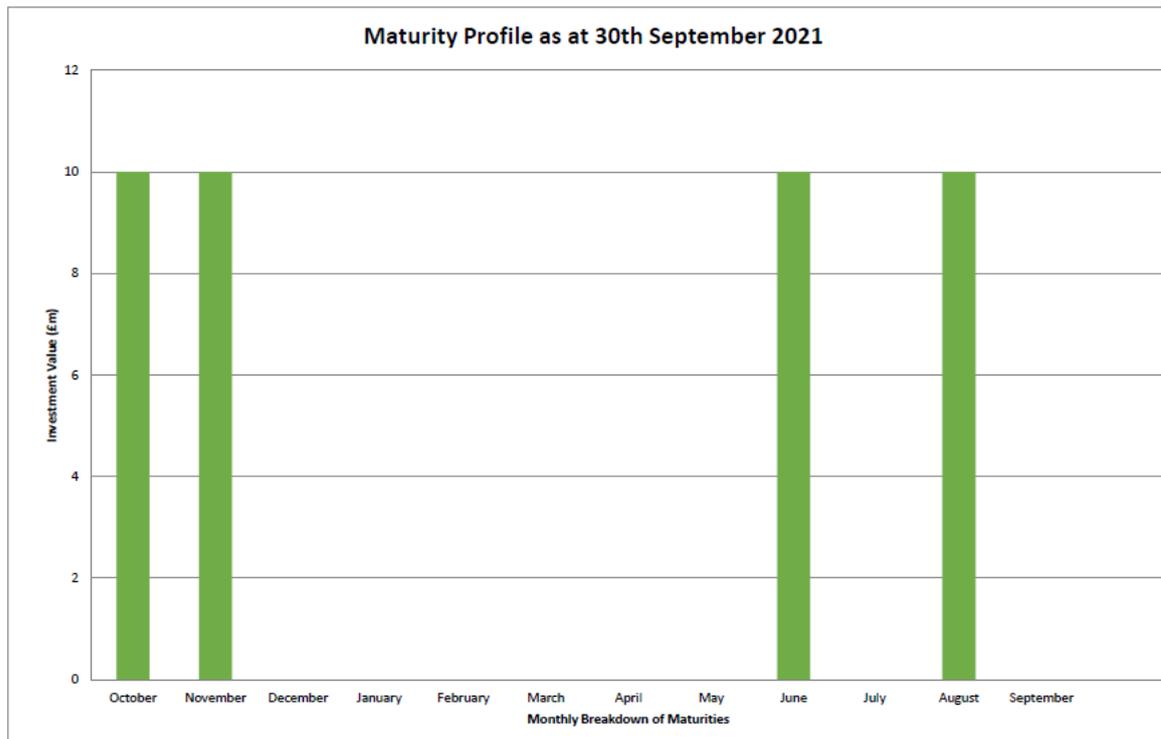
38. The graphs below illustrate how the Council's investment portfolio is distributed, both in terms of the type of investment and counterparty category:



39. Fixed deposits and certificates of deposits both have an agreed start and end date which are arranged where possible, to suit the cash flow requirements. However, as mentioned previously, it is also important to keep a proportion in instant access funds.
40. The Council's Treasury Management Strategy limits non-specified investments to 25% (or £25m whichever is greater) of the previous year's average investment portfolio. This limit is reviewed each year when setting the Strategy in order to ensure a balanced and diversified portfolio of investments. Property funds and investments in excess of 364 days are classified as non-specified due to the associated risk; property funds by nature are high risk due to the volatility of the market. There are several factors that deem longer term investments to be more risky in nature including the risk of interest rate rises and the commitment of cash for longer periods.
41. In addition to the above the Council has £5 million invested in the National Homelessness Property Fund (Real Lettings) Resonance developed the Real Lettings Property Fund with leading homelessness charity St Mungo's. It is the largest impact investment fund in the UK and closed at nearly £57m. The Fund was developed in response to the lack of private rented accommodation accessible to rising numbers of people living in temporary accommodation or otherwise at risk of homelessness in London. This is classified as a service investment undertaken using service delivery powers rather than treasury powers under Section 12 of the Local Government Act 2003. This means the counterparty limit for the £5m loaned to the National Homelessness Property Fund is not taken into account when assessing the residual headroom available for investment in non-specified investments.
42. The Strategy defines a specified investment as one that is in sterling, less than one year in duration or, if it is a year or more, can be repaid earlier on request and with

counterparties that meet the Council’s credit rating criteria. Additionally, once the duration of a non-specified investment falls below 365 days, it also falls into the Specified category. The maturity profile for the Council’s specified investments (equating to £50m when excluding the instant access cash) is illustrated below.

43. The graph below illustrates the same investments by duration period in order to demonstrate duration periods. It is not surprising that the majority of investments have a duration period of six months as this is the limit for most of the banks and building societies with whom the Council may invest. When the opportunity arises, longer investments are arranged to allow for a greater yield.



Borrowing

44. The Council has not taken on any additional debt during the year to date and so the balance of its external borrowing remains at approximately £198.5 million. This figure relates to funds borrowed from the PWLB to buy out the Housing Revenue Account (HRA) from the subsidy system and relates wholly to Housing with interest repayment being met by the HRA. The Council does not consider that debt restructuring and/or premature repayment would be practical at this time as due to the differential in interest rates, the Council would incur a large premium from the PWLB for doing so. The Council continues to monitor borrowing interest rates and forecasts on a regular basis and will continue to review its position on debt restructuring.
45. The Council anticipates borrowing in the future to meet its capital expenditure requirements, including loans to the Housing Company, but does not anticipate any external borrowing during 2021/22.

Treasury and Prudential Limits for 2021/22

46. The Council has operated all of its Treasury Management activity within the parameters set by the Treasury and Prudential indicators in the Treasury Management Strategy for 2021/22.

Other Key Updates

Changes in Risk Appetite

47. The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports. The Council has not made any significant changes to its investment approach at this time. The risk will continue to be managed by understanding the individual investment vehicles and also by considering the appropriate percentage of non-specified investments that can be held in the overall portfolio.

Treasury Advisor

48. Treasury advice and market information is provided by Link Asset Services. Information provided by Link Asset Services is used to advise Council Officers when making investment decisions.

Financial Implications

49. Any financial implications are contained within the body of this report.

Legal Issues

50. There are no legal implications directly relevant to this report.

Level of Risk

51. There are no risks in connection with the report's recommendations. Risk assessment and management is a key part of Treasury Management activity especially in the selection of counterparties when considering investment opportunities. The Council uses external advisors and counterparty credit ratings issued by the rating agencies to assist in this process.

Equalities Impact

52. There are no equalities impacts arising directly from this report.

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Background Papers: None

OXFORD CITY COUNCIL LOANS LIST 2021/22

OCC Investments as at: 30/09/21 98,265,000.00

Counterparty Group	Group Operational Lending Limit	Counterparty Name	Investment Amount	Interest Rate	Trade Date	Start Date	Maturity Date	Remaining Limit	Broker
SPECIFIED INVESTMENTS									
Barclays Bank (NRFB) Fixed Deposits Call Account 6 months maturity limit PJ checked 21/01/2020	10,000,000.00								
		Barclays Bank BPA (call account)		0.05%	12/11/19				
		Barclays Green Deposits: 65-day Notice Account	-	0.35%	20/02/19		07/05/21		Direct
		Barclays Green Deposits: 95-day Notice Account		0.35%	03/05/19			10,000,000.00	Direct
Lloyds Banking Group (RFB) Lloyds Bank Bank of Scotland £15m operational limit agreed by JY 02/08/16 364-day maturity limit PJ checked 21/01/2020	15,000,000.00								
		175-day notice account	-	0.75%	27/07/18			15,000,000.00	
Royal Bank of Scotland Group (RFB) RBS NatWest 364-day maturity limit PJ checked 21/01/2020	10,000,000.00								
								10,000,000.00	
Close Brothers £7m operational limit agreed by NK 25/11/15 6 month maturity limit PJ checked 24/03/2021	7,000,000.00								
			5,000,000.00	0.25%	24/03/21	24/03/21	24/09/21		
								2,000,000.00	
Goldman Sachs International £15m operational limit agreed by NK 21/04/2021 6 month maturity limit PJ checked 14/04/2021	15,000,000.00								
			5,000,000.00	0.165%	16/08/21	16/08/21	16/02/21		ICAP
			4,000,000.00	0.270%	16/04/21	16/04/21	15/10/21		TRADITION
			6,000,000.00	0.255%	21/04/21	23/04/21	25/10/21		ICAP
HSBC Bank plc 12 month maturity limit PJ checked 21/01/2020	10,000,000.00								
								10,000,000.00	
Santander UK plc £7m operational limit agreed by NK 25/11/15 6 month maturity limit PJ checked 21/01/2020	7,000,000.00								
		Santander Instant Access Call Account	-	0.80%	13/11/19				
		Corporate Notice Account Statement (35 days)		0.80%					
		Corporate Notice Account Statement (95 days)	-	1.20%					
		Corporate Notice Account Statement (180 days)	-	1.05%					
								7,000,000.00	
SMBC £7m operational limit agreed by NK 25/11/15 6 month maturity limit PJ checked 21/01/2020	7,000,000.00								
		Sumitomo Mitsui Banking Corporation	-	0.73%	02/05/18	02/05/18	02/11/18		
								7,000,000.00	
Standard Chartered £7m operational limit agreed by NK 25/11/15 6 month maturity limit PJ checked 21/01/2020	7,000,000.00								
								7,000,000.00	
Svenska Handelsbanken £7m operational limit agreed by NK 09/06/17 12 month maturity limit	7,000,000.00								
		Instant Access Call Account	-	0.65%		19/03/20			
		35-day Notice Account							

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Treasury Strategy

Appendix 1

[..\2020 21\Reports\Strategy\APPENDIX 1 Treasury Management Strategy v2.docx](#)

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Treasury Management

Risk Register

Risk ID	Risk						Gross Risk		Current Risk		Residual Risk		Risk Mitigation
	Risk Title	Opportunity/Threat	Risk Description	Risk Cause	Consequence	Date raised	I	P	I	P	I	P	
1	Loss of capital investment due to a counterparty collapsing	T	The Council loses its principal investment or an investment becomes impaired.	Counterparty collapses or hits a financial crisis rendering it unable to repay investments.	The Council may lose money or repayment of funds could be significantly delayed which could have an adverse impact on operational funding levels	5-Aug-16	5	3	5	3	5	3	Reducing risk by limiting the use of high risk counterparties. Imposing a maximum investment value on approved counterparties in order to spread and reduce risk. Controls and procedures are in place to ensure investment and durations limits with approved counterparties are not exceeded. Counterparties are also monitored and reviewed on a weekly basis at least, or more regularly if considered necessary to do so.
2	Pooled fund investments lose value	T	The value of the Council's units held in pooled fund investments decreases.	Uncertainty in the commercial property market and investment markets following Brexit, Covid and slowdown in general economic activity.	Capital depreciation will decrease the overall value of the investment.	5-Aug-16	4	3	3	3	3	2	The Council receives monthly valuations from the fund managers detailing the indicative redemption value of the individual units. These are reported to the Head of Finance on a monthly basis. The Council has the option to sell its units if there is a concern that the fund value is likely to decrease for a prolonged period.
3	Decline in interest rates	T	Interest rates continue to fall with very little prospect of upward movement in the next 12 months.	Economic growth forecasts remain subdued leading to low interest rates. Consequently lower risk counterparties tend to offer low investment rates.	The Council may not achieve its target level of interest.	5-Aug-16	2	3	2	3	2	3	In the current economic climate where rates tend to be static, arranging investments over a longer period of time where possible will allow the Council to capitalise on a higher rate of return without there being an opportunity cost. The Council continually monitors base rate and rates being achieved against budget to ensure it has secured the best value possible in a difficult economic climate.
4	Fraudulent activity	T	Potential fraud by staff	Fraudulent activity	Loss of money for the Council Disciplinary action for the staff involved	5-Aug-16	3	3	2	1	2	1	Segregation of staff duties, reviewing and monitoring of internal controls to ensure the correct protocol is being followed. Ensuring all insurance policies and the fidelity guarantee are fully up to date.
5	Money laundering	T	Money laundering by external parties	External parties pay a transaction by cash and subsequently request a refund	Fine and/or imprisonment	5-Aug-16	4	2	4	1	4	1	Ensuring the money laundering policy is reviewed and up to date. Checking refunds back to source. Raising awareness of this issue amongst staff and reviewing the financial regulations.
6	Network failure/Barclays.net being inaccessible	T	The Council is unable to carry out its daily treasury functions due to a network failure	Barclays.net is unavailable or the Council's network has failed	Daily Treasury functions will not be carried out	5-Aug-16	2	3	1	2	1	2	Invoke the business continuity plan to minimise the effects of a network issue.
7	Revenue Budgets	T	Revenue budgets are unable to meet borrowing costs of capital schemes	Revenue budgets come under pressure from restricted government funding or non delivery of programmed savings	The Council may not be able to execute some desired projects.	5-Aug-16	3	3	2	2	2	2	Revenue budgets monitored on monthly basis and future year forecasts undertaken. Reserve some capital receipts to cover borrowing costs in the short term. Monthly financial reports and forecasts.
8	Lack of suitable counterparties	T	The Council does not have enough "space" with approved counterparties to place investments/deposit surplus cash balances.	Rising cash balances and a restricted counterparty list	Use of counterparties not paying best value rates.	5-Aug-16	3	4	3	3	3	3	The Council continually monitors its approved counterparty listing in conjunction with cash balances. Any potential new investment opportunities are discussed at Treasury Management performance meetings. The Council utilises money market and enhanced cash funds to deposit surplus cash balances in the event of no space with other counterparties and also to ensure there is always cash instantly available in order to meet payment obligations when they fall due. However, there are also limits on the amounts deposited to such funds. The Council has a facility to deposit cash with the Debt Management Office should all other investment options be exhausted.

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To: 15 Cabinet
Date: December 2021
Report of: Head of Corporate Property
Title of Report: Asset Management Strategy 2021 - 2031

Summary and recommendations	
Purpose of report:	To Approve the Draft Asset Management Strategy 2021 - 2031 which will provide an ongoing framework for the management of the Council's property assets prior to public consultation
Key decision:	Yes
Executive Board Member:	Councillor Ed Turner Portfolio Holder for Finance, Asset Management and Public Health
Corporate Priority:	Linked to all Corporate Priorities
Policy Framework:	The 'Asset Management Strategy' is a Policy Framework document and additionally has links to other Policy Framework documents including Corporate Plan, Sustainability Strategy, Leisure Policy, Housing and Homelessness Strategy and the Economic Development and Growth Strategy
Recommendation: That Cabinet resolves to:	
<ol style="list-style-type: none"> Approve the Draft Asset Management Strategy 2021- 2031 for public consultation 	

Appendices	
Appendix 1	Draft Asset Management Strategy 2021-2031
Appendix 2	Template for Asset Management Action Plan (AMAP)
Appendix 3	Risk Register

Background

- 1 The Council has a duty to prepare an Asset Management Strategy and Plan and historically has prepared a plan on a 5 yearly basis to set out the Councils objectives priorities and delivery model for its assets which are substantive and extensive in nature and comprise some 547 Operational Assets and 234 Investment Assets providing a rental income pre Covid of some £12.7M

The Draft Asset Management Strategy

- 2 The new Asset Management Strategy (AMS), when adopted will supersede the existing 2016 – 2021 Asset Management Plan which was approved in 2016.
- 3 the AMS will:
 - provides a clear statement of direction for other external stakeholders;
 - identify to the public the way the Council will deal with its land and buildings during the next 10 years.
- 4 The Council's Corporate Plan provides the leadership and vision of building on its strengths to provide a 'World Class City for everyone' and this vision and direction is at the core of the new AMS
- 5 The Draft AMS documents a shift towards a more dynamic approach with a 10 year strategy and a more flexible Asset Management Action Plan (AMAP) that is a live continuously evolving document.
- 6 The AMAP will have clear management control through Asset Review Group and Development Board by exception which will drive quarterly performance and progress reporting. A draft template for the AMAP is attached with this report.
- 7 The Draft AMS has been developed through extensive consultation with, Service Heads and Senior Council Managers alongside a review of market, economic and budgetary impacts on Oxford and the Council.

- 8 Consideration has been given not just to how the Council can manage its property assets but how these can be used to influence the wider environment and economy supporting the Councils core objectives of Thriving Communities , More Affordable Housing and an Inclusive and Zero Carbon Economy.
- 9 The AMS is structured as follows:
- Section 1 Introduction
 - Section 2 – an Executive Summary giving a broad overview
 - Section 3 – articulates the role of the Strategy to foster a long term perspective that enables capital and operational sustainability and efficiency
 - Section 4 – provides details of our property estate
 - Section 5 – details our approach to Asset Management and direction of travel towards an ‘Oxford’ Corporate Landlord Model
 - Section 6 – places the Strategy in its policy context and provides a bridge between the Councils Core Objectives and the Strategy
 - Section 7 – Provides the context to the plan and the detailed strategy distilled down into the eleven core strategic areas we identify and listed alphabetically below:
 - Agile Spaces
 - Asset Condition
 - Biodiversity
 - Carbon Reduction
 - Car Parks and Park & Rides
 - City Centre
 - District Shop Portfolio
 - Housing Development
 - Investment Portfolio
 - Leisure and Community Facilities
 - Parks Open Spaces and Waterways
 - Section 8 – outlines the governance; and
 - Section 9 – provides details of current and proposed activities that are to be undertaken and will provide an initial feed to the AMAP
- 10 An initial AMAP will be prepared and completed within 3 months of this Cabinet approval.

- 11 Key points of note compared to the previous plans include:
- It covers the General Fund property portfolio only as Housing has its own separate Asset Management Plan
 - It continues incremental development of the strategy rather than radical change,
 - It responds to significant change due to the effects of the Covid 19 pandemic upon the property portfolio and income streams, and
 - Positions the strategy in the context of the climate emergency and significant action that is required in response.

CONSULTATION

- 12 The Draft AMS is now submitted to Cabinet with a recommendation for approval prior to public consultation. Following the public consultation any matters raised will be considered and reviewed and the Draft AMS modified as appropriate.
- 13 The public consultation will take the form of an online questionnaire and invitation for comment in accord with Council's policies on consultation
- 14 Following such consultation and review the Draft AMS will be brought back to Cabinet for final approval and submission to Full Council for adoption

Legal Issues

- 15 There are no direct legal implications arising out of this report.

Financial Issues

- 16 The AMS 2021 – 2031 has adopted current agreed budgets.

Any future changes will be subject to appropriate approval processes that apply to any budget proposals.

Carbon and environmental considerations

- 17 This proposed strategy complies with Oxford City Council's policies and commitments relating to carbon reduction and safeguarding the environment.
- 18 The strategy brings us closer to our commitment to becoming a Zero Carbon Council by 2030 or earlier and Zero Carbon Oxford by 2040 or earlier by outlining a strategy for management of the Council's property assets
- 19 Through this strategy projects and work packages will be developed through the AMAP to deliver against the commitments made
20. The AMS will support the delivery of the following plans and strategies:
- The 4th Carbon Management Plan 2021 – 2030: The Strategy will support the development of a plan to decarbonise the City Council's fleet vehicles.

- The Net Zero Oxford Action Plan: Net Zero by 2040 requires decarbonisation of road transport.
- The Council Strategy 2020 – 2024: Includes the priority to pursue a zero carbon Oxford
- .Oxford Local Plan 2036: Includes commitments to provide EV infrastructure with new developments.
- Air Quality Action Plan 2021 – 2025: Requires the reduction in usage of fossil fuel cars in the city.

Level of Risk

- 21 A full Risk Register is provided alongside the AMS. This identifies core risks which primarily include the lack of an AMS/AMAP, poor delivery and market change with a number of other lower level risks
- 22 Conclusion is that with the adoption of AMS and proper implementation of the AMAP risks will be effectively managed and mitigated and reduced so that overall risk can be considered low

Equalities Impact

- 23 We do not consider that the AMS itself requires an Equalities Impact Assessment as it provides a strategic framework for action only with no direct equalities
- 24 Each project in the AMAP will specifically address equality issues and consideration of the need for Equalities Impact Assessments will be made at the inception of those individual projects and actions.
- 25 Policy guidelines to ensure appropriate consideration is given will be developed within the AMAP

Programme

- 26 The anticipated programme is as follows:
- Cabinet approval of Draft AMS for consultation Dec 2021
 - Public consultation January/February 2022
 - AMAP completed End March 2022
 - Final AMS to Cabinet for approval End March 2022
 - Adoption of AMS by Full Council April 2022

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Background Papers: None

CORPORATE ASSET STRATEGY

2021 - 2031

DRAFT

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1. INTRODUCTION

Local Authorities across the UK hold large property portfolios (assets made up of buildings and land) which have been acquired, gifted or inherited over many years. Oxford is no exception.

Property assets are an important resource in delivering efficient and effective services to our communities. But ownership, occupation and operation of property assets are not an end in itself and each asset class should have a clear rationale and purpose.

The Council is clear that operational, social and commercial investment property assets should pay their way and make a positive contribution either to direct service delivery or to other socio-economic objectives of the Council, over and above the costs of ownership.

A key element of achieving our goals is how the Council uses all our resources, and this includes our land and buildings. To support this, the Council has adopted this new Corporate Asset Strategy which will set our direction for the next decade.

This strategy does not cover Council dwellings, the strategy for which, around meeting housing needs and delivery of

capital replacement programmes, is covered in a separate strategy.

2. EXECUTIVE SUMMARY

- This document outlines the principles of our Corporate Asset Strategy, the scope and size of our estate and our approach to management in the context of the Council's wider vision and policies
- This has been placed in the context of the market and wider economic and social impacts and trends to draw out eleven strategic elements which focus the strategy.
- These comprise five core cross portfolio themes:
 - Agile Spaces
 - Asset Condition
 - Biodiversity
 - Carbon Reduction
 - City Centre
- And Six property focussed areas:
 - Car Parks and Park & Rides
 - District Shop Portfolio
 - Housing developments
 - Investment Portfolio
 - Parks Open Spaces and Waterways
 - Leisure and Community Facilities
- In doing so it is both inward focussed on the existing portfolio and the change and direction of travel required and outward focussed as to its place in supporting the wider requirements of the Council in delivering a World Class City for All
- This is challenging given impacts on rent roll flowing from the pandemic and long term market shifts particularly in the retail sphere
- This Strategy is though just the front end of a flexible and dynamic approach that will drive a wide range of work packages and projects through the associated Asset Management Action Plan (AMAP)
- The AMAP to be initially completed three months after adoption of the Strategy will create clear measurable and performance targets through which the success in delivering the Strategy can be judged
- It will be a live document that is continuously updated and modified throughout the strategy period as new work packages and projects are proposed and developed against a background of continuous change.

3. CORPORATE ASSET STRATEGY ROLE

The process of developing this strategy fosters a long-term perspective that enables capital and operational sustainability and efficiency. It seeks to achieve the following outcomes:

- **Commitment and Consistency:** Committing the City to support the implementation of asset management methods that are consistent with the organisation in order to implement the goals and objectives of our Council Plan informed by the Council's priorities.
- **Transparency and Accountability:** Provide transparency and accountability as expected and set out within the recent Social Housing White Paper, delivered in November 2020 and to demonstrate to customers and stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service provision and risks
- **Stakeholder Communication:** Communicate the endorsed management principles and

approach to stakeholders our customers – placing them within the Council's decision making framework

- **Strategic Framework:** Provide a framework for implementing asset management to enable a consistent and strategic approach while developing an asset management culture at all levels of the organisation
- **Service Sustainability & Affordability:** Embed asset management principles for a sustainable approach to service delivery that delivers optimal value for our stakeholders while maintaining affordability and equality, diversity and inclusion principles

Our Corporate Asset Strategy is a clear statement of the intent of the Council in the management of its property assets to:

- Support the delivery of corporate objectives, through sustainable service delivery
- Operate and make decisions proactively, not reactively, within a clear strategic direction
- Take decisions based on overall best corporate outcome
- Articulate clear vision and ambition for the property portfolio

- Provide a flexible framework within which policies and strategies are developed
- Support a collaborative environment with our partners
- Prioritise tackling inequality through our services, investments and policy-making so that they are all designed to address the social and financial inequalities across Oxford.
- Value diversity and seek to build community cohesion to ensure all Oxford's citizens have fair opportunities and a real share in the city's future
- Explore innovative management models for the property portfolio
- Future proof the property portfolio for service, social equity, environmental and economic change
- Support the Council's Net Zero carbon ambition by 2030 for the property portfolio where the Council pays the utility bills, and 2040 for the commercial investment property portfolio as part of a wider Zero Carbon Oxford target

4. OUR PROPERTY ESTATE

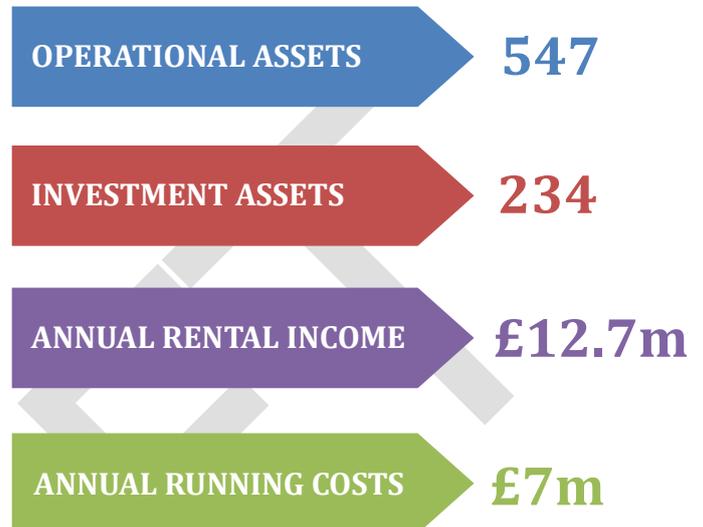
Our operational and investment property portfolio (excluding Council dwellings and infrastructure) are valued and held in the 2019/2020 Statement of Accounts at around £300m (not including the Council's interest in Westgate Shopping Centre). This is the 'book' value of the assets, in most cases assuming continued use by the Council and does not necessarily represent the value that might be secured from disposal.

Nevertheless, this is a considerable balance sheet value which demonstrates the importance of property assets to the Council and why it is essential to manage the resource effectively, and ensure that assets are both needed and also pay their way.

The principal property assets owned by the Council include:

- Administrative offices
- Council dwellings
- Leisure Centres
- Community centres
- City Centre retail and hospitality investments
- Car Parks and Park & Ride sites
- Parks and open spaces
- District retail parades

- Mixed tenure housing developments
- Covered Market



5. OUR ASSET MANAGEMENT APPROACH

This Corporate Asset Strategy incorporates (within Section 8) our Corporate Asset Policy which sets out our key management principles and the governance arrangements which includes our corporate landlord model.

An accompanying document to this Strategy – our new Asset Management Action Plan - is a programme monitoring tool which will track progress of all our property related projects, programmes and initiatives supporting this strategy. This will be a constantly moving picture of acquisition, disposal, refurbishment regeneration and other capital investment, as well as new policy developments and resource planning. This will be continuously reviewed through the Council's agreed governance processes as set out within Section 8.

This Corporate Asset Strategy 'suite' in effect replaces our previous Asset Management Plan 2016 - 2020. The progress that the Council has made since adopting the previous Asset Management Plan is set out in Appendix A to this document.

This strategy and the incorporated Asset Policy has been approved by Full Council on [to be inserted].

6. POLICY CONTEXT

This Corporate Asset Strategy sits within a wider corporate context.

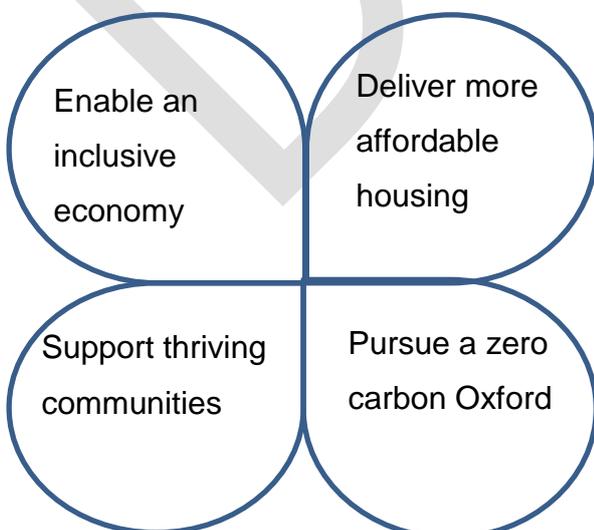
This section sets out the strategic policy and strategy context within which the Corporate Asset Strategy sits and operates.

6.1 THE COUNCIL'S VISION

The Council's vision, as set out in the new Council Strategy, is "Building a world-class city for everyone."

By creating successful places in which to live and work, supporting our communities and addressing the climate emergency, the Council will build a fairer, greener city in which everyone can thrive.

Within that broad vision, the Council has four distinct aims, which are set out in the following diagram.



The Council works on a "customer-first" approach, which means that:

- **Working innovatively and efficiently:** flexible and customer-focused teams offering high quality services that meet people's needs.
- **Prioritise tackling inequality:** The Council's services, investments and policy-making are designed to address the social and financial inequalities across Oxford. The Council values diversity and seeks to build community cohesion, ensure all Oxford's citizens, including those who are harder to reach, have fair opportunities and a real share in the city's future.
- **Working in partnership:** The Council works with other councils, business, communities, voluntary sector, universities, Government and other public sector bodies to ensure the way services are shaped and investments directed, is joined-up with others.
- **Using commercial assets for the benefit of local people:** The Council's wholly owned companies and properties create jobs, support the local economy and provide additional funds that support the delivery of public services. This is called the Oxford Model.

- A campaigning organisation: The Council works actively to engage and influence others to help achieve its aims.

These four aims have been used in developing the vision and strategic direction for our property portfolio.

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6.2 KEY ORGANISATIONAL POLICIES AND STRATEGIES

This Corporate Asset Strategy fits within a wide range of policies and strategies covering key service areas and overarching activities.

Examples of complementary policies and strategies include:

- Council Strategy 2020 - 2024
- Oxford Vision 2050
- Oxford Economic Growth Strategy
- Capital and Treasury Management Strategies
- Medium Term Financial Plan
- Green Spaces Strategy 2013 – 2027
- Zero Carbon Oxford Partnership Carbon Management Plan 2021 - 2030
- OxLEP Environmental Strategy
- Air Quality Action Plan 2021 – 2025
- Sustainability Framework Recycling and Waste Strategy 2021

This is by no means an exhaustive list but demonstrates that there is a very extensive range of policies that is constantly evolving and developing and therefore requires a flexible and dynamic approach

7. STRATEGIC CONTEXT

This new Corporate Asset Strategy has been developed during an unprecedented period of change in local government, as it responds to the Covid-19 health crisis, and the associated economic recession.

This has placed additional layers of challenge over and above challenges that existed prior to the current emergency, which included:

- a decade of austerity which has had a devastating impact on local government budgets
- rising homelessness and shortage of housing provision
- a climate emergency which threatens the way people live on our planet
- deteriorating air quality in UK towns and cities
- The rising popularity of internet shopping, impacting on high street vitality

These challenges together represent the backdrop to this Corporate Asset Strategy, which must be flexible and adaptable. There is much about the immediate future that remains uncertain. This strategy has been developed in a

manner that will help the Council respond to that uncertainty as the future unfolds.

The financial impact of Covid-19 is that the Council faces an inevitable financial shortfall which it will need to manage going forward. This includes reductions in income from commercial property holdings and car parks, as well as increased expenditure in the Covid response. The Council has acted quickly to mitigate the financial impacts, including a number of interim cost constraints.

Capital programme items are subject to review and reporting of progress through the Council's agreed governance arrangements.

The cost is not simply financial. The current health and economic crisis serves to emphasise health and economic inequality in our communities.

Not everything is negative however. There have been some positive developments which have forced a step change in the way the Council delivers services in some areas. There has been closer working with community and voluntary groups. Many positives have come out of this, which will need to be embedded in how the Council does things in the future.

The Covid experience has shifted working practices and thinking in our Council, as well as bringing about changes in how the Council works for and interacts with our communities. This will inevitably result in a review of how much office space will be needed in the future, as well as where is the best place for those offices to be located.

Despite the obvious negative impact on the lives of citizens and businesses, the Council recognises that change has happened. Some of these changes may be temporary and some may be permanent.

There have been some positives, and there have been some learning lessons for us all.

In the development of this Strategy, 10 key strategic challenges have been identified that will influence thinking over the coming decade.

These challenges will impact on decisions that will need to be made over the life of this strategy.

It may not be known at this stage what those decisions will be, but there is a need for clarity of strategic direction, so that

robust and sustainable decisions may be made.

This enables us to provide clarity of purpose for our land and buildings, as well as forward shaping our decision making. This Strategy does not seek to make our decisions, but to shape our decisions, placing them within a corporate strategic context.

In highlighting these challenges, this Strategy provides a clear strategic direction for our land and buildings.

The strategic elements set out in this section are not intended to fetter future decision making, but to inform it and to help shape it.

- Agile Spaces
- Asset Condition
- Biodiversity
- Carbon Reduction
- Car Parks and Park & Ride
- City Centre
- District Shop Portfolio
- Housing Developments
- Investment Portfolio
- Parks, Open Spaces & Waterways
- Leisure and Community Facilities

7.1 AGILE SPACES

The Council has been an advocate of agile and mobile working for some years, and has introduced the principles in the main Council HQ at St Aldates Chambers (SAC). The Council have installed a hot desking zoning system, meaning that individual staff members do not have a fixed and specific workstation within the building.

The Covid pandemic has accelerated change that was already happening in our office environments. The Council will see an increasing number of people spending more of their working time either at home or at other remote locations.

Our staff have embraced this new way of working. The Council is conscious that it does not suit all jobs and some people simply lack adequate working facilities in their home environment.

The use and occupation of SAC will not be the same as it was prior to the Covid pandemic.

For that reason, there will be a need to create or expand offices, and the associated IT infrastructure, so that there is a choice of working environments for staff to choose from.

There is a need for pastoral and development programmes alongside to make sure that support is in place for these new environments.

This will potentially see a move to hub approach, for example using our community centre network.

Our customers and communities have become far more familiar with digital access to services during the Covid pandemic. As a result, it is likely that more Council services will move online, which will reduce the demand for personal visits to Council buildings.

During the life of this strategy, it is unlikely there will be a need for the total removal of a centrally located Council building that customers will visit. But in the very long term this may well be the case and the Council needs to continually review to ensure quality of service and efficiency.

7.2 ASSET CONDITION

The Council has commenced a programme of condition surveys, which has been prioritised into project phases based on perceived risk.

This will provide us with comprehensive data on the overall condition of our property portfolio.

The data will enable us to develop a long term costed and evidence based maintenance strategy, feeding through to our new Asset Management Action Plan so that strategic and balanced decisions on the retention, redevelopment, potential disposal and maintenance of specific assets can be made.

Decisions on levels of maintenance and refurbishment on individual property assets, whilst informed strategically by our condition data, will not be entirely based on a technical condition need.

Other factors such as operating models, cost, social and environmental impact will be balanced alongside technical need.

7.3 BIODIVERSITY

As a public authority the Council has a duty to have regard to conserving biodiversity as part of our policy or decision making. Conserving biodiversity can include restoring or enhancing a population or habitat.

The Council should be able to demonstrate its duty to have regard for conserving biodiversity by integrating biodiversity when:

- developing policies and strategies and put them into practice

- managing:
 - our land and buildings
 - woodlands and nature reserves
 - gardens, parks and public open space
 - community amenities e.g., sports grounds and cemeteries
 - waste and pollution
 - energy and water
 - wood and plant products
- developing infrastructure, such as roads, buildings or flood defences
- making decisions about procurement
- implementing economic, environmental and social programmes

Oxford's biodiversity is supported by a range of sites, including:

- 1 European site for nature conservation (177 hectares)
- 12 Sites of Special Scientific Interest (278 hectares)
- 3 Local Nature Reserves (7 hectares)
- 14 county Local Wildlife Sites (125 hectares)
- 50 Sites of Local Importance for Nature Conservation (202 hectares)

7.4 CARBON REDUCTION

Buildings are by far the largest emission source of in-scope underlying emissions for Oxford City Council - as they are for the wider city.

The Council currently spends approximately £1.6m per year on electricity, gas and water across its buildings and estate.

Leisure centre buildings are the Council's biggest underlying emission sources accounting for over 44% of building related Green House Gas (GHG) emissions, followed by our offices, depots and sheltered housing blocks.

Emissions from electricity have steadily reduced over recent years, due to the Council's investment in solar PV, improvements to energy efficiency, a reduction in electricity demand, and procurement of low carbon electricity.

Gas combustion accounts for 43% of the Council's emissions. Emissions have increased due to the addition of extra properties on our estate carbon footprint and through increased usage in our leisure centres.

The Council's strategic response to these challenges are not to be seen as 'nice to have' but as 'must have' if it is to deliver

on our carbon goals for our operational property assets, as set out in our Carbon Management Plan. This will sit alongside carbon management initiatives set out in our Housing Strategy.

Decisions made in future around operational land and buildings will fully integrate carbon management goals and targets. This will demand looking at carbon management in entirely new ways than previously.

Solutions may not yet be clear but the Council has committed to a Zero Carbon Target for its operational stock by 2030 and will develop work packages and projects within the AMAP to achieve.

Wider targets such as a Zero Carbon Oxford by 2040 are much harder to deliver as will require partnership with others and are not solely dependent on the Council but detailed action will be developed through the AMAP on a timely basis.

7.5 CAR PARKS AND PARK & RIDE

The Council owns and operates 16 car parks, which are mostly in central locations. These are a combination of surface and multi storey car parks. In addition, the Council has some influence

over parking policy at the Westgate Centre as consultee.

Access by private car into the city centre will change significantly over the life of this strategy as the Oxford Transport Strategy is implemented. The asset response needs to be aligned to the reality that will then exist on the ground. In the longer term access to some of our city centre car parks will not be possible by private car without other charges.

The first relevant intervention will be the Oxford Zero Emission Zone. Oxfordshire County Council and Oxford City Council are introducing a Zero Emission Zone (ZEZ) in Oxford to improve air quality, cut carbon emissions, and move towards zero emission travel in the city.

This will be introduced in two phases. In Autumn 2021 a pilot phase is planned covering a small area to test how the scheme will work before expanding it to a wider area. The second phase will see a larger zone covering most of Oxford city centre. This will mean most vehicles will need to pay a daily charge depending on their emissions

This is a key part of the Oxford Transport Strategy, part of Oxfordshire County Council's wider Local Transport Plan and Oxford City Council's Local Plan.

The ZEZ will operate alongside other Council proposals, including Connecting Oxford, the Active Travel programme and the Councils' air quality strategies, including Oxford City Council's Air Quality Action Plan.

Connecting Oxford which is being progressed jointly by the City and County Councils will see additional traffic filters introduced in the city reducing the ability to access the city centre by car. This will mean that congestion in the city centre is reduced allowing for the reprioritisation of road space for public transport, cycling, pedestrians and other activity. Park and Rides will continue to play a vital role in allowing car users to park and complete the final leg of the journey by sustainable modes of transport.

City Centre car parks will need to be repurposed for other uses or the business model will need to shift to support parking for other types of transport or a combination of these. This has started to happen with Oxpens Car Park being allocated for mixed use redevelopment.

The balanced decisions that will need to be made in respect of the City Centre as described in the previous section, will inevitably come into play with our car park holdings.

Consumer sentiment has been moving away from 'clone towns' towards interesting, authentic and local retail formats and a shared need for greater community, leisure and living at the heart of our towns and cities.

7.6 CITY CENTRE

The City Centre area has a variety of overall characters and functions which from a retail, leisure and living viewpoint need to be taken holistically. This will be required to develop an approach which is truly effective and long lasting.

Even at the height of its success, Oxford city centre has faced challenges in terms of congestion, air quality, over-crowding at key times, limited space within the public realm, accessibility and inclusivity, and these will need to be managed alongside changes happening around how the high street and economy is changing.

It is clear that the city centre economy needs to evolve and broaden the offer to be more resilient to change. A need for flexibility and change was apparent and already acknowledged in other City Council strategies, including the Oxford Vision 2050 and Oxford Local Plan 2036, which have a key focus on seeking to

manage competing interests in the city centre in ways that sustain the city's cultural, economic and social prosperity.

This included a strategy to incorporate an increased flexibility in terms of uses, including encouraging residential development within the city centre to bolster its footfall and overall vibrancy. It also identified the need to rebalance the space within streets from vehicles to pedestrians, and to identify opportunities for public spaces where people can stop and dwell in its streets.

The Council is a major property owner in the City and has made strategic use of its holdings to bring forward developments that add to the vibrancy and choice for visitors to the city centre.

Many of these commercial property assets have provided valuable revenue income for the Council, supplementing other revenue sources.

Within the central area is Westgate Centre, Queen Street, Cornmarket Street, Clarendon Centre and the western end of the High Street, characterised by a dominance of national multiple retail brands which are largely corporate in nature, occupying premises which are

either purpose built or repurposed for retail occupancy.

Outside of the central area is a collection of streets, lanes and thoroughfares which are smaller and mixed use in nature, historic in character with often non-corporate occupiers. The Covered Market sits just off the prime core.

The Council anticipates a gradually increasing role of the independent trader within the City Centre. Alongside this we will seek more diversity of uses including residential, leisure and hospitality. We will encourage the growth of more economic sectors, including science, tech and creative, helping to attract and retain more talent to work in the city centre. We will examine the creation of new civic spaces, so people can meet, dwell, and relax together, whilst at the same time celebrating our heritage assets.

All this will go hand in hand with improvements to transport infrastructure and choices, which will see improved air quality, feeling of safety and a shift from the domination of national multiples to one where local and independent traders come into greater prominence.

The Council is seeking to re-balance its commercial property holdings, which are

currently dominated by city centre retail. This will also allow us to support the wider strategies and help curate a city centre that is more resilient in the future, whilst ensuring a portfolio that continues to provide important revenue for the council to fund local services.

Recent changes to local government borrowing rules through the Public Works Loan Board mean that any rebalancing through acquisition will need to be regeneration based, rather than acquisitions primarily or purely for yield.

7.7 DISTRICT SHOP PORTFOLIO

The Council owns a number of parades of shop units in residential areas around the City. These parades were established several decades ago, at a time before the arrival of supermarket chains and home shopping deliveries. Their original purpose was to ensure the local provision of shopping facilities in the newly developed residential areas.

The retail landscape has now changed significantly and there is a need to decide on the future strategy for these parades moving forward.

As investment properties they do not perform well, with very little rental growth in recent years, likely to be impacted further by the Covid pandemic.

Where the shop units still contain traditional grocery and provisions shopping facilities, the lack of buying power of the shop owner can often mean that prices to the consumer are higher than larger supermarket chains and these units can in many cases be located in areas of higher deprivation, where communities are more sensitive to pricing.

As demand for traditional local shop units has changed, the types of tenant has often changed to food take-away units. The Council has in the past operated a policy of not allowing additional food take-aways, being conscious of the health impact on the communities which these units serve. The Council has never taken this policy further by looking to replace take-away operators with more traditional shop keepers. In any case such a policy might well be unlawful under the Competition Act.

Many of the estate shops have performed better than expected over the past year with lockdown, where people have often been more inclined to shop locally. This has supported theories that people enjoy

a better quality of life when amenities are within 15 minutes walking or cycling distance from their home.

So with these contradictory themes this leaves us at a key crossroads in the future of these parades, and the need for us to consider the options available to us and determine our preferred strategic direction.

7.8 HOUSING DEVELOPMENTS

Oxford is regularly listed as being the least affordable place to buy a house in the country.

As at October 2020 there were 2,355 families on the waiting list to receive social housing in Oxford. Around 60% of the households on the register were under the age of 44, and half had dependent children.

According to the Office for National Statistics (ONS), in 2019 the median house price was £395,000 – 12.55 times median gross earnings (£31,472) in the city. For England as a whole, the median house price is 7.83 times median earnings. The cost of housing in Oxford puts home ownership out of the reach of

people in occupations like teaching, nursing, transport and retail.

Half (49.3%) of homes in Oxford are now in the private rented sector, where the ONS reports a median private rent of £1,500 a month for a three-bedroom home. The equivalent amount for England as a whole is £795.

Many of Oxford's most important workers cannot afford to live in the city.

The 'triple challenge' is bringing sites forward for affordable housing development, in a way that minimises as far as possible the impact on air quality, biodiversity and carbon footprint, whilst at the same time ensuring that all developments are viable financially and provide sufficient return for the risk taken. This is no easy task.

All land and buildings that can be developed for residential will have a carefully managed balance between building regulations, design and innovation options, affordability, carbon reduction and financial viability, whilst also contributing to our place making agenda. In financial terms it is important that all schemes have a minimum 'hurdle' rate when making investment decisions.

7.9 INVESTMENT PORTFOLIO

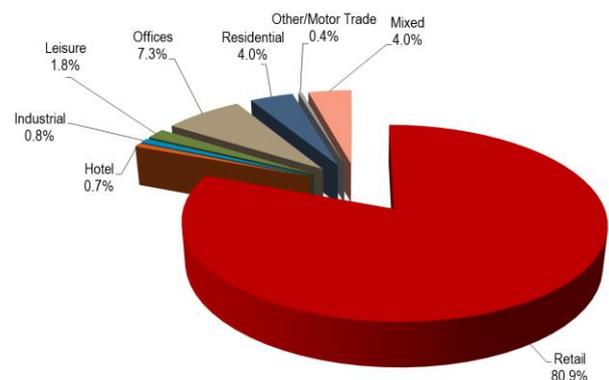
The Council holds a significant property investment portfolio, which is dominated by retail and food & beverage uses, and in particular City Centre retail.

The rental income from the portfolio has a gross rental income of circa £12m per annum (pre Covid).

The weighting of the commercial investment portfolio in favour of retail market is shown in the diagram below:

Portfolio: Capital Value Distribution

Sector spread



Source: JLL Strategic Investment Advice (October 2019)

This potentially highlights a potential risk to the Council through its exposure to the rapidly changing retail environment which was highlighted by advice from the respected Real Estate consultancy JLL which the Council commissioned in 2019.

Additionally the impact of the Covid 19 pandemic has had both significant short term impacts on rent roll and a longer term impact perhaps as much as a £2m pa reduction on current modelling as a result of a downward market shift and potential rise in voids, vacant space and changing demand within the portfolio.

Such forecasting has a high degree of uncertainty given the unprecedented impacts of the Covid 19 pandemic and continuous review of projected income streams will be essential to drive the effective management of the portfolio.

It is also essential to proactively address the risk imbalance in the portfolio, grow income and consider how the portfolio can assist in regeneration of the city and more broadly development of strategies to mitigate any risks.

7.10 LEISURE AND COMMUNITY FACILITIES

The Council has 19 Community Centres managed by community Associations. Community leases are granted to tenants who's work is aligned to supporting the delivery of the Council's Corporate Plan. These tenants do not generally pay a market rent instead a reduction from market is calculated to reflect the value of

the services provided by the organisation concerned to the community.

The Council has an extensive range of Leisure Facilities including 3 purpose built Leisure Centres two with swimming pools one outdoor pool and an Ice Rink facility alongside tennis courts bowls rinks an Athletics stadium, rugby, football, cricket and other sports facilities

All these various facilities are constantly under review to ensure fitness for purpose and delivery against corporate goals.

7.11 PARKS, OPEN SPACES & WATERWAYS

Oxford has an abundance of superb green spaces which provide places where people of all ages can relax, play, enjoy nature and take part in recreation or sport and they incorporate important historic landscapes, enhance Oxford's world-famous cityscape and include nature reserves, woodland and meadows.

These green spaces support the local economy having a significant impact on the economic life of an urban centre. They greatly add to people's satisfaction with their local area and help to bring communities together.

They act as the city's lungs and are crucial for maintaining and improving people's health and well-being.

Add to this the positive impact of exposure to nature and green space on stress and mental health and the full picture in relation to health and well-being can start to be understood.

The recent Covid-19 pandemic has brought this into even sharper focus.

Outside the boundaries of the Council's parks and open spaces, there is also a network of footpaths and cycleways that provide an important infrastructure for health and well-being.

The importance of this infrastructure has been highlighted during the current pandemic, and there is a need to ensure this network is both safe and appealing.

Oxford is built on waterways – the River Thames, Oxford Canal and numerous streams and backwaters. These waterways are assets to the city, providing benefits through amenity use, environmental value, active travel, homes for those living afloat, and also supporting tourism and the wider local economy.

The Council is one of the largest owners of land alongside the waterways which brings both opportunities but also particular liabilities and responsibilities.

Areas of forthcoming major regeneration and development in the city include Oxpens and Osney Mead, both alongside the waterway so creating opportunities to make the most of their waterside locations.

Unregistered land adjacent to waterways in the city creates unmanaged spaces. Maintenance costs often fall to the Council regardless.

7.11 POSITIVE COVID IMPACT

- A step change in the way the Council delivers services in some areas.
- Closer working with community and minority voluntary groups, with an improved scope to develop collaborative and more inclusive relationships when developing shared premises opportunities.
- Staff embracing working from home which will shape our future office space requirements.

- Encouraged us to look critically at our assets in terms of how they will best serve the Council and our customers.
- Our customers have adapted to different forms of interaction and communication with us.
- Improved engagement with our business tenants.
- Air quality improvements in the City Centre.
- Opportunity to link the Asset Strategy and Asset Management Action Plan with the City Centre Vision and Action Plan and also the Economic Recovery Plan

7.12 COVID LESSONS

LEARNED

- The Council has been able to move quickly to mitigate some of the financial impacts, including a number of cost constraints.
- The Council was able to temporarily pause elements of the capital programme to maintain financial sustainability.
- The pandemic has emphasised health, social and economic inequality in our communities, which the Council needs to address.
- The Council has learned more about how health and well-being are linked and can impact home workers, and the importance of the working environment.
- There has been a timely reminder of the community value of our parks and open spaces, as people sought refuge from lockdown rules.
- There is renewed appreciation of the impact that working patterns have on the leisure and hospitality industry in the city.
- There is a renewed appreciation of the importance of the vitality and viability of the City Centre, and its reliance upon visitor and student economy alongside retail shoppers.
- The transition from high streets dominated by national multiple's to a greater proportion of local traders, has been accentuated and accelerated.
- There has been a timely reminder that the commercial property relationships between the Council and its retail tenants is one of mutual benefit and partnership.

Our property estate, and how decisions around that estate are made will need to adapt. Property assets are often cumbersome, difficult to change and adapt at short notice. Developing a Corporate Asset Strategy that is truly strategic, whilst at the same time retaining flexibility through the adoption of changing responses will not be easy. This strategy is inevitably dominated by our response to the current health, economic and climate change crises.

As the Council responds to its changing world over the life of this strategy, not everything will necessarily go to plan. Decisions will be made based on the evidence, but as the sands of certainty shift, some of those decisions will, almost certainly, need to be tweaked or reversed. That is the nature of the challenge of preparing a Corporate Asset Strategy in such an uncertain environment.

8. GOVERNANCE

This Strategy is expected to provide the Council with a robust direction for the next decade. In order to achieve the aspirations of this Strategy, it is critical that the Council has in place appropriate governance arrangements, so that all property related decisions are taken with a strategic view.

There are three principal elements of governance.

Firstly, a new Corporate Property Policy that sets out the overall management principles for our property portfolio. Secondly, our new Corporate Landlord Model which is clear on how and where property decisions get taken. Thirdly, our new process for monitoring and reporting progress in achieving this Strategy.

The main oversight of the Corporate Asset Strategy will be through the Council's Development Board, which takes responsibility for the strategic alignment of all Council developments, the strategic management of Council assets and to ensure resources are in place to achieve this.

There are three working groups that report into the Development Board, each with

specific functional responsibilities, as follows:

Asset Review Group which has oversight and provides decisions on the use, compliance, renewal and revenue matters associated with the Council's general fund assets.

Development Review Group which monitors successful delivery of the Council's capital programme.

Housing Supply Group which has oversight of housing needs and provides decisions on meeting housing supply.

All three of these working groups routinely report into the Development Board.

8.1 STRATEGY MONITORING

Progress in delivery against this Strategy will be through the monitoring of detailed projects and programmes set out in the Council's Asset Management Action Plan (AMAP) which will be produced once this strategy is adopted.

The AMAP will comprise a series of specific and individual projects, programmes and initiatives that together deliver outcomes to achieve this Strategy.

Monitoring of this Strategy will take place through regular quarterly exception reports to the Development Board.

During the life of the individual projects, programmes or initiatives, the Development Board will agree variations as necessary to project timescales and deliverables.

On a monthly basis the Council's Asset Review Group will monitor progress against the AMAP to ensure it maintains strategic alignment, assess and consider changes that might be needed to the AMAP and the escalation of matters to the Development Board.

8.2 STRATEGY REVIEW

The overall direction set out in this Strategy will be monitored against the Council's constantly shifting political, economic, environmental and social landscape, and will be subject to a bi-annual affirmation process by the Development Board to ensure that the strategic direction for the Council's land and buildings remains sustainable and continues to align to our overall corporate vision.

Should significant changes occur to the organisational or performance arrangements of the Council, or other

significant changes occur that either restrict funding or result in changes to corporate objectives, this Strategy will be revised ahead of the 10 year timeframe.

8.3 CORPORATE LANDLORD MODEL

The Council has developed its own bespoke corporate landlord model, which strikes a balance between allowing appropriate freedoms to service users, whilst ensuring that our property assets are regarded and treated as a strategic corporate resource.

At the centre of our corporate landlord model is the Council's Development Board which has responsibility for the general strategic oversight of the Council's assets and projects.

It will enable us to:

- Prioritise property decisions
- Be clear about service needs
- Avoid silo mentality when making asset-based decisions
- Make decisions collectively with sight across all Council priorities
- Work towards building greater "corporate grip" on property related decisions

Central to the corporate landlord model is the Council's Asset Review Group. This

forum is where all property related policies, projects, programmes and initiatives are initially examined, and where advice and guidance is offered before recommendations are made to the Development Board.

The Asset Review Group takes oversight and provides decisions on:

- Revenue
- Renewal
- Compliance
- Use of General Fund assets (land, buildings and structures)

Through exception reporting, ARG reports on a monthly basis to the Development Board.

8.4 CORPORATE ASSET POLICY

The Corporate Asset Policy is outlined below and details how our assets are to be managed over a 10-year planning horizon to maintain excellent social and corporate service delivery. It is a key element of this Strategy, which is to be monitored and reviewed at the Asset Review Group and Development Board.

This Corporate Asset Policy establishes some clear management principles by which management of land and buildings

will happen. It will remain in place for the next ten years but will be reviewed annually to ensure it is still relevant to and aligned with intended outcomes.

1. To plan and manage property as a corporate resource in accordance with the Council's priorities.

2. To provide the right property, fit for purpose, in the right place, to meet current service needs and to plan for the future wherever possible.

3. To minimise the environmental impact of our property portfolio, and reaching net zero carbon City by 2040.

4. To ensure an appropriate risk balance in the Council's property investment activity.

5. To use land and buildings to stimulate development, regeneration and growth.

6. To strive for and embed a culture of innovation and best practice.

7. To monitor and review property staff resource, capacity and

capability against the Council's asset base to ensure it can be managed efficiently and effectively.

8. To deliver property related services in a customer focused way, working collaboratively with all services areas and relevant stakeholders on relevant projects.
9. Prioritise tackling inequality in our services, investments and policy-making to ensure they are all designed to address the social and financial inequalities across Oxford

Alongside these strategic asset policies, the Council will be developing a series of more detailed property policies, which will be brought forward for approval to Cabinet commencing 2022.

9. OUR ASSET VISION

Our Corporate Asset Strategy 2021 is built around 7 key vision themes. This section identifies and summarises these 7 key vision themes.

These are important as they provide a valuable point of reference for our decision making, as well as foundation for the strategic direction for our land and buildings.

There are a number of links between this Corporate Asset Strategy and our transformation agenda. Property related projects will of course evolve and expand over the life of this Strategy.

At the time of writing, the key transformation projects that link to this Strategy and which are monitored by the Transformation Board include:

- Systems in Planning and Assets
- Internal Directorates Review
- Leisure portfolio review
- Asset Management Plan
- Facilities and operating model
- Commercial property acquisition and regeneration strategy
- Advice Centres review
- Service Integration

9.1 CORPORATE ASSET VISION

The vision for the Council's property assets sits under and supports the corporate aims of:

- Enable an inclusive economy
- Deliver more, affordable housing
- Support thriving communities
- Pursue a zero carbon Oxford

The corporate aims are naturally framed wider than simply property assets, and shape wider organisational decisions, projects and programmes.

Taking the corporate aims as a foundation, the Council has developed a set of seven key asset vision themes for our property portfolio that can be expressed as our priorities for the period of this strategy.

The first four of these relate directly to the corporate aims, as follows:

Economic Vibrancy: using our property assets to bring forward developments and regeneration that support an inclusive economy.

Housing Supply: Bringing forward housing development to meet housing

needs, including higher proportions of affordable housing.

Community facilities: Developing and providing good quality community facilities that support our communities to thrive.

Environmental Future Proofing:

Transitioning the property estate so that it makes a positive contribution to the net zero targets, and using property assets to influence travel modes.

In addition to these four themes, the Council has adopted **three additional asset vision themes** relating to the financial, operational, and resourcing foundations needed to enable deliver of the first four themes. These three additional themes are:

- **Financial Sustainability**
- **Agile Spaces**
- **Resources and capacity to deliver**

These seven vision themes together drive the overall strategic direction for our land and buildings, and support the corporate aims.

The vision themes are important in order to determine how property assets are expected to perform, and how progress

against achievement of our corporate priorities can be measured.

Set out below are the key areas that form the structure of each of these seven vision themes.

Targets and milestones will be developed as the Asset Management Action Plan is progressed, to firm up strategic ambitions.



9.2 ECONOMIC VIBRANCY

ECONOMIC VIBRANCY
Projects already underway
<p>Use of land holdings to bring forward redevelopment that works to deliver a better mix of uses to support city centre resilience, including commercial, residential development and hospitality. This includes The Oxpens Innovation District, refurbishment of 1-3 George Street, development of the former Boswells site for a new Hotel and improvements to the Covered Market</p>
<p>Expediting infrastructure developments on Council land that unlock economic opportunities wherever possible. Including promotion of Northern Gateway, supporting flood relief schemes and reviewing park and ride sites</p>
<p>Implement a range of recovery activities and initiatives to maintain and grow City Centre footfall and spend, for example taking a more active role in curating the occupancy mix to ensure there is variety, changing uses at former Boswells Dept Store.</p>
<p>OxWED will be at the forefront of the new West End Innovation District, a link between the city and the railway station, mixed use housing and potential Innovation District responding to the trend of Life Science move away from business parks into Cities.</p>
<p>If Oxford is to embrace this movement then this will demand a different approach to property marketing and commercial tenant management than previously. At the time of drafting this Strategy a City Centre Action Plan is also being drafted.</p>
<p>The Council is also currently drafting a new Economic Strategy which will take a broad view on economic success in mind and use a Triple Bottom Line framework to ensure that social and environmental outcomes are given equal credence to economic</p>

ECONOMIC VIBRANCY

Projects already underway

outcomes.

Working with landowners to bring forward the re-purposing Oxpens and Worcester St car parks into mixed use developments.

The Council is providing affordable managed workspace in suitable locations around the City, for example the building refurbishment of 1-3 George Street and also at Cave Street.

ECONOMIC VIBRANCY

Future proposed activity

The Council will be developing procurement and supply chain initiatives around our property projects that provide support for social enterprise, local SME's & Co-ops, and support the Oxford Living Wage

The Council will be developing a leasing strategy for our city centre stock, that achieves overall best value by:

- Exploring of alternative uses for City Centre commercial space including meanwhile uses.
- Adopting of rent protocols to increase commercial tenant retention.
- Implementing of Oxford City Centre Action Plan.
- Delivering affordable workspace that supports local businesses and organisations.

To ensure traders attract increased footfall, the Council will be implementing a new Covered Market strategy with four key elements; Leasing Strategy; Operational Strategy; Marketing Plan; and Action Plan. The aim of the Leasing Strategy is to set out the Council's direction and ambition for the leasing activity and tenant mix management for the Oxford Covered Market over the next 5 years.

The Covered Market masterplan will also promote a range of meanwhile uses and grant supported projects that will together encourage independent retailers. This will in turn attract shoppers back into City Centre and increase dwell times.

The Council will implement a programme of strategic property acquisitions that will support the local economy through regeneration developments, re-balance the risk of the investment portfolio, whilst increasing rental income. A separate strategy will be developed and consulted on, to prioritise areas for investment, identify funding sources

ECONOMIC VIBRANCY

Future proposed activity

and set acquisition criteria.

The Council will rebalance the car park portfolio to adapt to social and environmental change to transport infrastructure, including disposal and mixed use development of some remaining parts of the car park portfolio.

The Council will be collaborating closely with Oxfordshire County Council in the development of a Park & Ride Strategy to broaden the choice of travel modes including a review of the business model and approach following the pandemic.

The Council will increase the level of social value secured through our contracts, promote the Oxford Living Wage and encourage more local small businesses, charities, co-operatives and social enterprises to bid for contracts.

The Council will pursue opportunities for the redevelopment of the former Boswells department store to create a new 4* hotel in the city centre.

9.3 COMMUNITY FACILITIES

COMMUNITY FACILITIES
Projects already underway
<p>Adapting community facilities to post pandemic world, including:</p> <ul style="list-style-type: none">▪ New socially distanced service access arrangements (e.g., video booth at Rose Hill Community Centre).▪ Enabling customers to meet Council officers virtually, in the comfort of their own home through digital devices or through video booths.
<p>The Council is progressing mixed retail / housing projects at Blackbird Leys and Underhill Circus Barton which might form a template for future projects on other district shopping parades. The Council has recognised the importance of treating each site based on local needs and considerations. Rather than applying a ‘one size fits all’ model, local engagement, diversity and inclusion are at the core of all proposals and projects.</p>
<p>Renovation of the existing East Oxford Community Centre, including the creation of new social housing development within the site.</p>
<p>Replacement of the current Bullingdon and Blackbird Leys Community Centres, and supporting displaced users.</p>

COMMUNITY FACILITIES

Future proposed activity

The Council will undertake a review of parks and open spaces across the City to explore means to improve quality and accessibility of spaces, as well as opportunities to improve facilities (commercial and non-commercial), and optimise usage.

The Council will review the way we manage and maintain our parks and spaces, including departmental responsibilities and budget arrangements, to ensure this is efficient and transparent.

The Council will undertake a review in order to identify new burial land to deal with pressure on existing sites.

The Council will undertake a review of District Shops to clarify their purpose, and agree a future strategy. The Council will actively promote district centres, linked to health and well-being policy initiatives, promoting healthy and nutritious food choices and including our sugar smart campaign. This could potentially involve a partnership arrangement with a community land trust or other provider.

There will be a review of the business case development process to ensure equality, diversity and inclusion is a key element of property decision making.

The Council will develop a clear policy that provides strategic and transparent governance arrangements within which decisions are made as to when the circumstances are appropriate to empower our communities to take control of Council assets. This will integrate with the Council's Inspired Spaces project, which will link up community groups with facility availability, in order to optimise facility usage.

COMMUNITY FACILITIES

Future proposed activity

Where such asset transfers happen, there will need to be a clear and compelling business case that will have a positive impact on the provision of community led service delivery that is underpinned with principles of equity and inclusivity.

The compelling business case for asset transfer will need to take account of heritage, service delivery experience and community needs, alongside legal compliance, asset protection, financial sustainability, social impact, as well as capacity and capability, service continuity, reliability and quality.

The Council will work with citizens to understand their needs and extend our practice to better involve them in design and decision-making in regard to Council services and facilities, and simplify the way they can engage with us.

The Council will modernise our community assets and explore innovative approaches for their operation which encourages engagement and a sense of community ownership.

9.4 HOUSING SUPPLY

HOUSING SUPPLY
Projects already underway
<p>The City Council set up Oxford City Housing Ltd as one of its responses to the city's acute housing crisis. The main aims of the housing company are to increase the supply of new housing and social housing, and to provide a financial return to the City Council to help protect front-line services.</p> <p>Through this wholly owned housing company, there has already been success in identifying and bringing forward new housing sites for development. The activities of the company sit alongside and complement the Council's Housing Strategy and 30 year business plan.</p>
<p>We have increased the supply of high quality, energy efficient housing with a balanced mix of homes for sale and to rent at different price points.</p>
<p>With other councils we have an agreed countywide approach to meeting housing need.</p>
<p>Developed the evidence base for a new Housing, Homelessness and Rough Sleeping Strategy, with the launch of a new visioning consultation. Currently emerging priorities are: building more, affordable housing; great homes for all; housing for a zero carbon future; preventing homelessness and adopting a rapid rehousing response; and, ending rough sleeping.</p>

HOUSING SUPPLY

Future proposed activity

The Council will seek to create housing new housing supply through new developments (e.g., at Cumberlege Close, Elsfeld Way, Abingdon Road, Meadow Lane and Church Way) within environmental sustainability thresholds.

The Council will develop a new Housing and Homelessness Strategy focused on increasing the supply of good quality affordable homes in the city, preventing homelessness and ending rough sleeping.

The Council will actively explore opportunities for new housing development sites so that there is a pipeline of an appropriate range of development schemes.

The Council will be actively seeking opportunities for residential conversion within the City.

The Council will actively pursue the re-purposing existing brownfield sites for new housing developments.

The Council will work with neighbouring councils to address housing need across Oxford's functional economic area to house people close to where they work and in places that enhance a sense of community and wellbeing.

9.5 ENVIRONMENTAL FUTURE PROOFING

ENVIRONMENTAL FUTURE PROOFING

Projects already underway

Supporting and encouraging local businesses (including commercial tenants) to become more environmentally and socially responsible.

Supporting supply chains to become more environmentally and socially responsible, both in terms of activities and materials.

Developing a strategy that secures infrastructure funding to meet new demand for electric vehicle charging, through a combination of the installation of increased numbers of charging points in existing car park locations, and the development of new car park charging stations, such as at the Council's Park & Ride sites.

Formulating a City EV strategy that creates a roadmap for what types of EV infrastructure are needed, when and where across Oxford City to support EV migration and Net Zero targets. This will be much wider than simply within our car park network, and will have to be broader, as it takes into account new residential developments, and will evolve as the County-wide strategy evolves.

In 2020, a Biodiversity Review was completed which set out all the great work already done to support biodiversity in our green spaces in recent years. This identified a wide range of further habitat improvement projects and environmental initiatives for the next five years. This is a live document, and will be updated as funding opportunities and projects develop.

Our recent Biodiversity Review is seeking to maximise the potential of vital urban habitats and work towards more sustainable grounds maintenance practices.

Our existing Green Space Strategy establishes a clear intent to provide world-class parks and open spaces to enhance the quality of life of everyone living, visiting or working in Oxford. This includes:

- Protecting and improving Oxford's accessible parks and open spaces

ENVIRONMENTAL FUTURE PROOFING

Projects already underway

- Providing clear objectives and direction for the planning and management of parks and open spaces.
- Providing the Council with a robust basis for making development decisions and negotiating planning gain.
- Identifying ways in which parks and open spaces can be improved in a coordinated way whilst providing value for money.

Implementation of the new Urban Forest Strategy which is cross cutting and extends beyond the City Council boundaries.

The Council has decided to take the following strategic approach to reducing net greenhouse gas emissions across its non-domestic building stock:

- Reduce demand.
- Improve energy efficiency.
- Improve energy and water consumption monitoring.
- Decarbonising heating systems.
- Staff Carbon Awareness and action.
- Increasing renewable energy generation.
- Purchase of electricity from renewable (REGO) sources.

The Council has set a target of net zero emissions from its own operational property estate and operations by 2030. UK Government has set in law net zero emissions by 2050. The regulatory backdrop includes Minimum Energy Efficiency Standards and the Council has undertaken assessments across the whole of its let portfolio and is implementing work packages to upgrade those premises accounting for less than 10% of portfolio that fall in F or G ratings and which cannot be let post 2023.

ENVIRONMENTAL FUTURE PROOFING

Future proposed activity

The Council will be reviewing and costing the carbon footprint of the Council's property portfolio and considering the steps that would be necessary to increase the MEES threshold from E to B as the government is proposing

The Council will undertake climate change risk profiling and development of a climate resilience strategy for Council buildings, supported by the appointment of an independent climate change scientific advisor to be commissioned .

The Council will encourage lower carbon access to the City Centre (e.g., free parking at P&R sites, Seacourt P&R site extension).

The Council will implement congestion reduction schemes and pedestrianisation to improve air quality.

To support modal shift in sustainable transport the Council will use a package of measures, for example seeking external funding sources and use its influence to bring about an increase in cycling facilities (for example cycle storage and showers) in Council operated and leased out buildings.

Where there is a compelling business case, the Council will deliver retro-fit schemes in existing operational and commercial buildings as they become vacant or as opportunities arise.

The Council will join other local authorities in welcoming UK100's goal of reaching net zero area-wide emissions by 2045 at the latest.

ENVIRONMENTAL FUTURE PROOFING

Future proposed activity

To achieve Zero Carbon 2030 for all OCC occupational assets, where OCC pays the utility bills and wherever possible the Council will seek to future proof the remainder of the property portfolio in accordance with the Council's ambition to achieve a Zero Carbon Oxford by 2040.

The Council will implement congestion reduction schemes and pedestrianisation to improve air quality with a view to going beyond legal targets and take urgent action to improve Oxford's air quality in the UK's first ever city-wide Air Quality Action Plan 2021-25.

The Council will look to increase and improve wildlife habitat in parks, which will be balanced against the desire to:

- Maintain recreational opportunities for all.
- Maintain sightlines so that our parks remain safe.
- Ensure changes are future-proofed in the light of proposed housing and population growth.

The Council's future strategic direction in meeting biodiversity aspirations for our property portfolio will include a review all of our capital projects to identify actual or potential biodiversity gains as appropriate. This will form an element of the business case approval process for all capital schemes.

In respect of the operational properties the Council will:

- undertake a review of the energy efficiency of its non-domestic stock, including community and sports facilities as well as its commercial portfolio, and develop a plan on how to bring these in line with the Council's goal for the City to be carbon-

ENVIRONMENTAL FUTURE PROOFING

Future proposed activity

neutral by 2030 as appropriate and feasible. There will need to be collaboration with customers and communities.

- Setting a basic standard of measurement appropriate for new build and refurbishment projects.
- Adopt a working assumption that future new builds will achieve at least the “nearly zero” requirements of Building Regulation 25b.
- The Council’s internal business case for all major capital projects will consider and cost for zero carbon (shadow cost) to allow it to make informed investment decisions and to go beyond policy and building regulations where possible and where budget is available.
- Where zero-carbon is not possible the working assumption is that future proofing all new builds will take place to ensure they are capable of becoming net zero in the future.
- Business Cases for building refurbishments will include a similar shadow pricing to that for new builds to achieve as close to zero carbon as possible, and at the very least must consider all future proofing opportunities.

In respect of the Council’s commercial tenanted property stock, it will:

- Undertake post-occupancy energy evaluations, taking the opportunity to assess the energy efficiency of our assets as they become vacant and as appropriate, in order to future proof properties in line with the carbon zero agenda.
- Explore the principles of ‘Green Leases’ on all new lettings and secure agency advice regarding new lettings in respect of sustainable energy. This will include an assessment of when it is possible to direct tenants to use sustainable solutions without an equal loss of income.
- Provide ‘commercial lease welcome packs’ for all new tenants signposting them to renewable energy sources.
- Obtain specialist commercial advice on future portfolio operating models and

ENVIRONMENTAL FUTURE PROOFING

Future proposed activity

leasing approaches of commercial assets to inform whether additional costs could be passed onto tenants and/or use of Salix.

- Encourage tenants wanting to make improvements to their properties to reflect the Zero Carbon agenda.
- Seek opportunities to ensure future proofing is included in advance of the 2023 date and plan repairs and maintenance projects in a joined- up collaborative manner.

Key areas of focus for the Council's approach to the management and improvement of waterways will include a combination of:

- Improving the waterways as a tourism offer and improving disability access options .
- New sites for net gain tree planting.
- Improving waterway services, such as water access, refuse disposal and sewage disposal.
- Creation of a waterways strategy.
- Clean bathing water status project.
- Review of management arrangements of OCC moorings, including health & safety.

The Council will reduce Oxford City Council's carbon footprint from its own activities to zero where we pay the bill – including our buildings and fleet.

The Council will review its people strategy, ways of working and use of technology to reduce our overall travel to work impact on the environment.

9.6 FINANCIAL SUSTAINABILITY

FINANCIAL SUSTAINABILITY
Projects already underway
<p>Stock condition surveys to develop effective property maintenance strategy & financial planning.</p>
<p>Reviewing depot facilities and support to ODS to be an effective and financially sustainable company.</p>
<p>Maximisation of income generation and rates of return from our property investment portfolio, within acceptable risk tolerances.</p>
<p>The Council has been developing plans to diversify property investments so that there is a more balanced investment spread. The roll out of this initiative was curtailed to a large degree because of the Covid pandemic, but still remains our overall strategy.</p> <p>The Council favours retaining influence over the City Centre through property ownership. Our holdings allow significant placemaking opportunities now and in the future.</p>

FINANCIAL SUSTAINABILITY

Future proposed activity

The Council will actively seek opportunities for sharing premises with third parties where either a positive financial or service outcome is expected, and there is a compelling business case.

The Council will review property outgoings to minimise operating costs and improve efficiency.

The Council will undertake a process of re-balancing of risk within the investment portfolio, whilst delivering regeneration outcomes.

The Council will establish a disposal programme where assets do not have a positive impact on any of the key themes within this Strategy.

The Council will be reviewing Leisure facilities against service need.

The Council will be looking to a reduction in the core office base used for staff and administrative purposes.

The Council will develop a programme of regeneration property acquisition in sectors other than retail, for example warehousing and distribution, offices, business parks, industrial etc.

The Council will be selective in its acquisition and will ensure that risks are robustly managed, and that all acquisitions are in full compliance with, and within the spirit of, both the CIPFA Prudential Code and the UK Government borrowing rules.

FINANCIAL SUSTAINABILITY

Future proposed activity

All such investments will have a minimum 'hurdle' rate when making investment decisions. The Council will regularly revisit its criteria for acquisition to ensure the correct balance of income, regeneration and carbon reduction.

The Council will develop a new corporate property maintenance strategy for General Fund assets. The strategy will incorporate a mixed response depending on the nature, use and priority of each asset. Generally, there are three broad options:

- Manage decline: Continue status quo, with inadequate maintenance budgets, managing decline and risk of asset failure. Many buildings are currently let on full repairing leases where the tenant takes responsibility for property repairs.
- Resource increase: Accept size of asset base and increase financial resources to bring assets to acceptable state of repair, within a maintenance strategy, developing a programme to reduce risk.
- Liability reduction: Reduce the size of the asset base to align with available resources.

In practice, our strategy will involve a combination of all three of these responses, on a property by property basis, but within a strategic plan that integrates knowledge on the condition of the portfolio, with other performance aspects, such as energy, running costs, suitability, carbon etc.

The Council will review its current premises compliance arrangements of our operational property portfolio. This will set out timed actions for improving our approaches so that there is assurance on a corporate basis, that premises are safe.

The Council will undertake a review of premises compliance in commercially tenanted buildings, to provide assurance that our tenants, their staff and visitors are occupying

FINANCIAL SUSTAINABILITY

Future proposed activity

and using safe environments.

The Council will review health & safety arrangements surrounding capital construction and refurbishment projects, to ensure both legal compliance and safety assurance.

The Council will consider the merits of building a 'library' of biodiversity gains, which can be used as an off-set for property developments, either developments the Council undertakes directly – such as new housing developments – or developments by third parties.

9.7 AGILE SPACES

AGILE SPACES
Projects already underway
Review Covid-19 experience and develop new office working model and strategy.
Input into One Public Estate initiatives as appropriate.

DRAFT

AGILE SPACES

Future proposed activity

The Council will develop a business case on future of St Aldates and the Town Hall, with a new facilities and operation model.

The Council will explore the integration of Covid-19 response centres into ways of working strategy, adopting a 'hub' based approach to supporting our communities.

The Council will integrate agile office working within the ICT strategy.

The Council will explore opportunities for wider collaboration through partnership working and shared facilities.

The Council will devise and implement a new office accommodation strategy, which includes:

- Short term: Adapt and implement a new way of working that will meet changing Covid 19 demands and allow greater collaboration through 'Agile Spaces'. This will employ learning about different work styles and requirements for a base, as well as considering the opportunity cost of SAC compared to other City Centre buildings and intensified use of Town Hall. There is a need to get a true understanding of business need / workstyles to allow a longer term strategy to be developed.
- Medium term: Transition phase until the options for the longer term model have been fully assessed and a preferred option is achievable.
- Longer term: Explore options for a longer term 'Agile Spaces' model tailored to our business need. To be supported by data from staff surveys, available assets, new builds and rented accommodation.

9.8 RESOURCES AND CAPACITY

RESOURCES AND CAPACITY
Projects already underway
Adoption of new property related governance arrangements (corporate landlord).
Realignment of property functions to support new governance arrangements.
Expansion of the property and assets team to properly resource property related projects, programmes and initiatives within the Asset Management Action Plan.

RESOURCES AND CAPACITY

Future proposed activity

The Council will seek to align and integrate all asset related data management systems .

The Council will adapt digital systems in supporting new ways of working.

The Council will develop and enhance the approach to property performance measurement.

The Council will undertake a skills and capabilities assessment across the property functions and beyond, to ensure that key skills in delivering this Strategy are available, including the areas of strategy development, premises compliance, and environmental sustainability.

The Council will pursue grant funding to increase the impact of Council funding for property and infrastructure projects.

Enhance our staff resources and expertise for the management of our commercial property investments.

Enhance our capacity and capability for the delivery of our capital programme.

Enhance our skillset and capacity in managing the process of transforming our property estate to net zero carbon.

APPENDIX A: progress against the Council's previous Asset Management Plan

The previous Asset Management Plan set out five key objectives and performance targets and a summary of progress against the core goals and targets is outlined in the tables below.

The scope and breadth of delivery was both stretching and ambitious but almost all objectives were fully met or exceeded during the plan period.

This is a substantial success which has put the City Council in an excellent position from which to respond to the significant change and challenges now before us with substantive impacts from Covid 19 and a changing retail market.

Throughout the plan period there has been a continuous process of learning where outcomes were reviewed and lessons were learnt and applied to improve performance and delivery alongside shifts and changes to plans in response to such learning, external change and the changing requirements of the Council.

Objective 1: All Property to be well managed

Achievements and activity during the previous plan period
<ul style="list-style-type: none"> Investment Property rents +9.46% v Target +6% Investment Portfolio Value +5.98% v Target +6% Council occupied office utilisation 9.63 sq. m/ FTE v Target <10 sq. m/ FTE

Objective 2: Working to address the Housing Crisis in Oxford main outputs

Achievements and activity during the previous plan period
<ul style="list-style-type: none"> Bringing forward development sites at Ashurst Way, Rose Hill Community Centre and Lucy Faithful House Support to Barton Park delivery Supporting potential development of residential sites Delivery of Valuation advice in support of Housing Company/Empty Homes Strategy Land sales to OCHL for Housing development

Objective 3: Working in Partnership with Others and as One Council

Achievements and activity during the previous plan period

- Support and input to Growth Strategy
- Support and Input to Development proposals for 1-3 George Street & Standingford House to secure LEP funding
- Working with City centre manager to develop initiatives to support City Centre
- Working with Housing Company in the development of Housing delivery
- Working with ODS to support their service delivery
- Working with other landowners to support growth and regeneration, including a joint venture with Nuffield College to bring forward the Oxpens Site
- Joint Venture with Catalyst to support regeneration proposals for Blackbird Leys
- Use of Council asset for creation of Homeless Centre in Floyds Row operated in partnership with St Mungo's

Objective 4: Reduce Carbon Footprint and improve sustainability main outputs

Achievements and activity during the previous plan period

- Water usage where the Council pays the utility bill >3% reduction achieved v target of 3% reduction
- Carbon Reduction >40% over plan period compared with >40% reduction target.
- All commercially let assets surveyed for EPC and all works completed to F/G Rated properties within the 7 year payback period.
- All new Construction was developed to BREEM Excellent or Outstanding – Rose Hill Community Centre constructed to BREEAM Excellent.

Objective 5: Promote Growth and Regeneration main outputs

Achievements and activity during the previous plan period

- Ongoing Successful delivery of Barton Park, and ongoing projects at Blackbird Leys and Underhill Circus
- Agreement of Oxpens JV to facilitate major development scheme
- Expansion of Seacourt Park and Ride through scheme development with construction due to complete in 2021
- Successful progress towards taking forward development opportunities at 1-3 George Street and Standingford House/ Enterprise House, Cave St
- Improved community facilities at East Oxford and Bullingdon Community Centres are being taken forward
- Input and support to Growth Strategy

APPENDIX B: Key areas of responsibility of the Asset Review Group

- Strategic alignment of all General Fund property asset matters.
- Support delivery of corporate priorities.
- Responsible for Health and Safety and CDM compliance for General fund assets
- Point of decision for all additions and changes of use to General Fund assets
- Escalation point for exceptions reporting up to the Development Board
- Monitor progress on both reactive and planned maintenance programmes
- Monitor progress on condition survey and agree proposed repairs strategy before presentation to finance
- Agreement of development site briefs for OCHL on General Fund assets.
- Responsible for the development and delivery of Asset Management and provides an overview of the Plan, why needed, good practice and how it fits with the Council's corporate priorities.
- Review progress on new AMP and on key deliverables in any existing plan
- Define what a Corporate Landlord approach could mean for the Council.
- Engagement with Services in order to understand their business needs and how property assets can support this operationally.
- Assess opportunities in relation to the investment strategy and income flows, meanwhile uses, social enterprises and place making agenda .
- Review and advise on the impacts of Council strategies on the portfolio e.g., carbon neutral/ MEEs / Climate Emergency
- Oversee any OPE proposals
- Sponsor the development of data centre / data management system for Council assets
- Provide input to the Council's MTFP process with regard to GF investment needs

This is a broad range of responsibilities, which ensures that where any property related matters are being progressed anywhere across the Council, or where any changes to operating models that might impact on property assets are being considered, then a wider view of the property implications can be taken. In that way, the ARG provides corporate assurance that all such matters can be properly aligned, opportunities are not missed and potential conflicts or duplication of effort avoided.



Oxford City Council Asset Management Action Plan (AMAP) 2021-2026

Corporate Asset Strategy

The Council has adopted a new Corporate Asset Strategy from 2021 which is intended to last us through the next 10 years.

The purpose of this new Corporate Asset Strategy is to provide a strategic direction for the property estate for the next decade. It provides a direction of travel that is intended to follow a consistent direction through that period, giving us orientation for how we manage and improve the estate over that time.

The Corporate Asset Strategy aids clarity for senior managers, property staff and operational units by establishing our overall strategic direction that everyone is working towards and the short to medium terms actions that the Council will be working to. It provides a strategic framework within which estate decisions around investment, disinvestment, space allocation and other operational estate decisions will be made.

Asset Management Action Plan

This Asset Management Action Plan provides clear and measurable actions that will be implemented over the short term of up to 5 years to align with the Council's Medium Term Financial Plan and Corporate Asset Strategy.

Our intention is to report regularly on progress with delivery against the Asset Management Action Plan to the Asset Review Group (ARG), which shall be at least quarterly.

This Asset Management Action Plan will be subject to a full annual review and a report issued on performance against targets and objectives over the preceding 12 months. This report will be submitted to and approved by ARG, and onwards to Cabinet for information.

The Asset Management Action Plan will be fully revised in the event that the Corporate Asset Strategy is revised or updated.

The Asset Management Action Plan is divided into four separate tables, as follows:

- Organisational arrangements
- Policy framework
- Schemes
- Portfolio Performance

Schedule A: Organisational arrangements

The monitoring through part A of the Asset Management Action Plan relates to actions the Council is taking to ensure that its organisational and governance relating to asset management are as robust as possible, for example the business case process.

These will strengthen our decision making so that decisions are made in a transparent manner, and also that the Council has the necessary skills and resources in place to deliver its Corporate Asset Strategy.

Schedule B: Policy Framework

The monitoring through part B of the Asset Management Action Plan relates to areas where the Council needs to strengthen its policy approach to asset or estate management, such as the development of property standards, for example in terms of areas such as disposal, acquisition, maintenance, environmental performance etc.

Firstly identifying where there might be policy gaps from time to time, and the subsequent development and approval of new property related policies.

Secondly, it involves a rolling review of existing property related policies to ensure that they remain fit for purpose, and that the policies are being applied as intended.

Schedule C: Property Schemes

The monitoring through part C of the Asset Management Action Plan relates to specific actions around specific property assets, such as disposals, acquisitions, refurbishment and investment.

This Asset Management Action Plan not only sets out what we are intending to do but will also act as a monitor to report progress and achievement.

The Asset Management Action Plan is intended to operate on a rolling basis and as items on the Asset Management Action Plan are achieved, so new activities and actions will come into the Asset Management Action Plan. The intention is that this rolling approach will continue until the Corporate Asset Strategy is fully revised, which is likely to take place in 2026 and again in 2031.

Schedule D: Portfolio Performance

The monitoring through part D of the Asset Management Action Plan relates to high level portfolio performance. Unlike the other three monitoring areas, this part is subject to annual monitoring, rather than quarterly monitoring in view of the high level nature of the data being monitored. For example rents received, capital receipts generated, net zero carbon targets etc.

**Schedule A:
ORGANISATIONAL
ARRANGEMENTS**

No.	ACTIVITY (Describe the outcome)	PROGRESS MONITORING					BLOCKERS							
		TARGET COMPLETION	CURRENT PREDICTED COMPLETION	MILESTONE STATUS (RAG)	DIRECTION OF TRAVEL AGAINST COMPLETION	COMMENTS		1		2		3		4
								DESCRIPTION	DATE	DESCRIPTION	DATE	DESCRIPTION	DATE	DESCRIPTION
	added and could include Governance, Systems, Staff Resourcing, skills and structure,													

Schedule B: POLICY FRAMEWORK

No.	ACTIVITY	PROGRESS MONITORING					BLOCKERS								
		TARGET COMPLETION	CURRENT PREDICTED COMPLETION	MILESTONE STATUS (RAG)	DIRECTION OF TRAVEL AGAINST COMPLETION	COMMENTS		1		2		3		4	
								DESCRIPTION	DATE	DESCRIPTION	DATE	DESCRIPTION	DATE	DESCRIPTION	DATE
	leading to the establishment of a clear clear and robust suite of property related policies]														

Asset Management Strategy Risk Register

No.	Risk Description	Gross Risk		Cause of Risk	Consequence	Mitigation	Current Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness	Residual Risk	
		Risk Score Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain										
		I	P				I	P			I	P
1	Inappropriate /no up to date AMS and AMAP	3	4	Plans not prepared or not adopted	Ineffective management of property assets, loss of income, missed opportunities	Up to date strategy prepared and adopted with effective AMAP	2	2	Reduce	Effective	2	1
2	Poor delivery of AMS/AMAP	3	5	Lack of resource, lack of funds, no stakeholder buy in, poor decision processes, lack of management	Ineffective management of property assets, loss of income, missed opportunities	AMAP identifies effective and agreed resource, capital and revenue plans to support activities Quarterly Reporting to ARG	3	3	Reduce –	Effective	2	2
3	Market	5	4	Adverse market conditions	Adverse impact on values, receipts and income, capital receipts and spend	Clear strategy, AMAP in place identifying required actions, Market intelligence, professional staff, responsive decision making	4	3	Reduce – Clarity and understanding of portfolio and property risk, performance measurement	Effective	3	3
4	Oxford /Retail Centric Portfolio	3	4	Impact of a locationally limited and predominantly retail investment portfolio	Excessive sensitivity to local regional changes and impacts	AMAP to identify projects to review and address	3	3	Reduce – Performance and progress reporting	Effective	3	3
5	Adverse publicity/ public opinion	3	3	Inappropriate decisions, inadequate stakeholder consultation	Unfavourable Press and media outputs complaints	Effective stakeholder consultation, awareness of impacts of decisions	2	3	Reduce	Effective	2	2
6	Business Continuity	5	4	Impact on operations including physical premises, technology and	Impacts/failure to deliver operational business, loss of income	Effective business continuity plans in place Portfolio Performance data effective arrears management	4	3	Reduce	Effective	3	3

				people eg could include fire flood covid hacking strikes or any other form of disruption								
7	Technology & Data Systems	3	4	Accommodation and systems unfit for purpose	Inefficient delivery, excess space use, higher costs lack of funding	Market and property knowledge, property surveys AMAP identifies action required	3	3	Reduce	Effective	3	2
30	Equality and Diversity	3	4	Appropriate regard not given to equality and diversity policies	Failure to deliver to appropriate standards, bad publicity, legal action	AMAP to identify and programme activities to address	2	2	Reduce Performance and progress reporting	Effective	2	2
31	Safeguarding	3	4	Appropriate regard not given to safeguarding	Failure to report, take appropriate action bad publicity legal action	Staff training and policy framework	3	3	Reduce	Effective	2	2
32	Privacy	3	4	Failure to comply with GDPR	Disclosure of personal information, bad publicity, legal action	Staff training and policy framework	3	3	Reduce	Effective	2	2

Risks identified have been assessed on the basis of Impact (I) and Probability (P) in worst case scenario (Gross Risk) and position after mitigation actions are taken (Residual Risk) together with assessment of Current Risk with actions and mitigations currently in place

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