

To: City Executive Board

Date: 17 December 2015

Report of: Scrutiny Committee

Title of Report: Asset Management Plan 2016-2020

Summary and Recommendations

Purpose of report: To present recommendations of the Scrutiny Committee on the Asset Management Plan 2016-20

Scrutiny Lead Member: Councillor Ed Turner, Board Member for Finance, Asset Management and Public Health

Executive lead member: Councillor Craig Simmons

Recommendation of the Scrutiny Committee to the City Executive Board:

That the City Executive Board states whether it agrees or disagrees with the four recommendations set out in the body of this report.

Introduction

1. The Scrutiny Committee pre-scrutinised the Asset Management Plan 2016-2020 at its public meeting on 9 December 2015. The Committee would like to thank Mike Scott for presenting the report and answering questions.

Summary of the discussion

2. The Committee welcomed the report and the Council's approach to asset management, noting that this had come a long way over recent years. The Committee noted that the Council's housing assets were outside the scope of this Plan but that an objective was to use general fund assets to support the corporate priority of meeting housing needs. The Committee heard that the Plan did not mark a significant change in direction but it would enable the Council to prudentially borrow to invest in specific projects where there was a strong business case. The Committee noted that at one time the Council was receiving a 2% annual return on its investment assets and that this was now around 8%.

3. In response to a question about whether the Plan would provide scope to borrow for a social return, the Committee heard that social returns had to be weighed up against reduced income. The document acknowledged social value but there was a need to quantify that value. The Committee suggest that the Social Value Act provides a useful framework and that the Council could use this to take a more structured approach to evaluating social value. This would enable the Council to better balance the community value derived from its assets with their commercial value.

Recommendation 1 - That the City Council should take a structured approach to evaluating social value throughout the Plan using the Social Value Act 2012, which provides a framework for quantifying social value.

4. The Committee asked for more detail about 'green leases', which are mentioned in section 5.7 (p. 27-28) of the Plan. The Committee heard that green leases could be used to incentivise tenants to reduce their energy or water usage, for example. The Plan would commit the Council to investigating and reviewing their potential for new lettings but it would be more difficult to implement them in a legacy portfolio. Current lettings were governed by the Landlord and Tenant Act and many tenants tended to be averse to green lease arrangements. The Committee suggest that the Council should consider negotiating green leases when existing leases are due for renewal.

Recommendation 2 - That the City Council should, as a matter of course, consider the case for negotiating 'green lease' arrangements when existing leases are due for renewal.

5. In response to a question about the Council's agricultural land, the Committee heard that the Plan built on the previous plan, which articulated a review of the Council's agricultural land and holdings. These tended to be relatively small sites with long term lease arrangements in place and the income received from these was low. Some sites had potential for future development but other sites had less future value to the Council, as well as potential liabilities. The Committee suggest that, when existing leases on agricultural land are due for renewal, the Council should consider all options, including alternative opportunities for increasing revenue, such as managing the land to generate forestry revenue.

Recommendation 3 - That when agricultural leases are due for renewal, the Council should explore all options including revenue generating opportunities, for example managing the land to generate forestry revenue.

6. The Committee noted that the impacts of the new Westgate Centre development could pose a future threat to commercial rent values in Cornmarket. The Committee questioned what scope the Council had to minimise empty commercial units by encouraging their temporary use, for example as pop-up shops, to ensure that these areas remain vibrant and attractive to shoppers. The Committee heard that the Council's commercial holdings in the city centre were small and on long leases, so the Council had little direct control. The Committee suggest that the Council should aim to engage with the wider market and seek to influence landlords and that this aim should be included as an action in section

5.1.1 (p. 16) of the Plan. The Committee noted that the Local Economy Review Group had recently looked at the issue of empty commercial units in detail and made recommendations to the Board in June 2015.

Recommendation 4 - That an action should be added under the Commercial Property heading (section 5.1.1 on p. 16 of the Plan) around influencing the landlords of vacant commercial properties to make temporary use of these premises, for example as pop-up shops.

Name and contact details of author:-

Andrew Brown on behalf of the Scrutiny Committee
Scrutiny Officer
Law and Governance
Tel: 01865 252230 e-mail: abrown2@oxford.gov.uk

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