



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and Date of Committee	EXECUTIVE – 17 APRIL 2024
Subject	FUNDING FOR ASSET MANAGEMENT STRATEGY AND CONDITION SURVEYS
Wards Affected	ALL
Accountable Member	Councillor Alaric Smith – Executive Member for Finance. Email: alaric.smith@westoxon.gov.uk
Accountable Officer	Claire Locke – Assistant Director, Property and Regeneration. Email: claire.locke@publicagroup.uk
Report Author	Claire Locke – Assistant Director, Property and Regeneration. Email: claire.locke@publicagroup.uk
Purpose	To present the benefits of an Asset Management Strategy and Condition surveys and secure funding for their delivery.
Annexes	Nil.
Recommendations	That the Executive Resolves to: <ol style="list-style-type: none">1. Agree to commission an Asset Management Strategy and allocate funding of £50,000 from the Property Budget 2024/2025;2. Delegate authority to the Director of Finance, in consultation with the Executive Member for Finance, to award the contract for Conditions surveys following an Open Procurement;3. Agree to allocate funding of £30,000/year from future revenue budgets for a rolling programme of building and carpark condition surveys.
Corporate Priorities	<ul style="list-style-type: none">• Responding to the Climate and Ecological Emergency• Putting Residents First
Key Decision	YES
Exempt	NO

Consultees/ Consultation	Nil.
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1. EXECUTIVE SUMMARY

- 1.1 The development and adoption of the Asset Management Strategy provides a clear framework for the management of the Councils assets ensuring a coordinated approach, linked to Council priorities and the Medium-Term Financial Strategy.
- 1.2 Once adopted the Strategy will be applied in a review of key parcels of land and property to produce Asset Plans and ensure the Council is achieving the maximum benefit from its assets.

2. BACKGROUND

- 2.1 The Council owns assets totalling £128M. These Assets are held principally as either commercial investments (£51M), to provide services such as Leisure, Waste or Council offices (£73M) or as a result of historic ownership, particularly of small plots of land (£4M).
- 2.2 Recent Audit reports, internal and external, have identified significant risks to the Council in managing its Assets without an Asset Management Strategy (AMS) in place.
- 2.3 In order to effectively manage this estate, the Council needs to understand its condition so it can plan for and budget for pro-active repairs and maintenance and future investment can form part of decision making on whether an asset is retained, redeveloped or sold.
- 2.4 An Asset Management Strategy would provide a strategic approach to property, establishing what the Council wished to achieve from its estate, aligning it with other Council priorities and ensuring decision making is based on clear policy. Decisions on purchasing, investing in or disposing of property would be based on pre-agreed principles to maximise return, reduce expenses and manage risk, enabling a far more strategic approach rather than consideration of individual properties in a piecemeal way.
- 2.5 The overarching Strategic document would then be complimented by a review of the Council's assets to consider what future approach should be taken. This would be based on data such as current value, how the property is performing (lease income and return on investment) and broader opportunities to maximise income or in some cases dispose of a financial liability.
- 2.6 There is scope to significantly increase the efficiency with which Assets are managed by streamlining delegations and decision making based on the adopted Strategy and transferring or selling assets that provide no value but take time and money to manage and maintain.
- 2.7 Condition surveys would inform this by identifying current defects or items which will require repair or replacement over the next 5 years. This assessment of condition and likely costs would enable work to be planned in advance, efficiencies in procurement and more accurate budgeting, rather than reactive repairs which are often more expensive and harder to manage. The Council has £200,000/year allocated in the capital programme for repair and maintenance.
- 2.8 Condition surveys would be undertaken for properties where the Council retains responsibility for repairs and maintenance. In some cases responsibility is split between the Council and the tenant i.e. WODC is responsible for the main structure of the leisure centres but GLL (leisure contract provider) has responsibility for internal repairs, maintenance and equipment.

- 2.9 Most of the Councils commercial investment property is let on a Full Repairing and Insuring Lease. There is a schedule of condition attached to the initial lease and then a Schedule of Dilapidations completed when the tenancy comes to an end. There are not currently the staff resources in place to carry out inspections during the lease. This means there is a risk that a lease ends and the Council suffers financial losses due to the condition, particularly in the case of bankruptcy, even though the lessee is obligated to reinstate the building to its original condition. A view on how this is best managed can be requested in the Asset Management Strategy.
- 2.10 Once commissioned the Strategy would be developed May – July and the Asset Plans would then follow taking approximately 12 weeks once the Strategy has been adopted.

3. PROCUREMENT

- 3.1 The Council has used a Procurement Framework to obtain a fee proposal for the Asset Management Strategy and Asset Plans. Frameworks mean that there has already been Due Diligence carried out on the consultants or contractors and they have demonstrated competitive fees, usually based on hourly rates in the case of consultants. Carter Jonas would be appointed to complete this work if funding is approved.
- 3.2 The condition surveys will be the subject of an Open Procurement. Carter Jonas are assisting the Council by preparing a specification for the work the Council wishes to undertake. This will ensure the condition surveys procured cover every element that is needed. The Council will then go out to tender. There is a far larger pool of consultants that can carry out Condition surveys than can competently complete an Asset Management Strategy, so different procurement approaches are being used.

4. ALTERNATIVE OPTIONS

- 4.1 The Council could decide not to commission the Asset Management Strategy and Condition surveys and continue to manage its assets on an individual basis.

5. CONCLUSIONS

5.1 The commissioning of an Asset Management Strategy would provide a clear framework for the management of the Councils assets ensuring a coordinated approach, linked to Council priorities and the Medium-Term Financial Strategy. Once adopted the Strategy will be applied in a review of key Land and Property assets to ensure the Council is achieving the maximum benefit from its assets.

5.2 With investments totalling £128M it is considered prudent financial management to adopt clear strategy for the management of these assets.

6. FINANCIAL IMPLICATIONS

6.1 The cost of both phases to deliver the Asset Management strategy and the subsequent Asset Plans is £50,000.

6.2 The condition surveys have not yet been tendered. They will be undertaken on a rolling programme. Buildings or sites such as carparks will be prioritised with a few being done each year. A budget of £30,000/year is requested to fund this with a delegation sought to award the contract. Each site would be surveyed broadly every 5 years although this will be slightly dependant on costs. The consultant will be appointed initially for 5 years.

7. LEGAL IMPLICATIONS

7.1 The Council has statutory duties to provide certain services such as Planning, Benefits and Waste collection. The Council also provides essential discretionary services which benefit the public such as leisure centres and public conveniences. The Council needs to have access to appropriate land and buildings to provide these services. In addition, the Council owns some commercial investments and acts as landlord. The Council has legal responsibilities regarding the standard of leased properties.

8. RISK ASSESSMENT

8.1 If the Council decides not to commission the Strategy there is a risk that a lack of clear strategic direction in the investment, regeneration, acquisition or disposal of assets negatively affects the Councils finances.

9. EQUALITIES IMPACT

There are no equalities impacts resulting from this report.

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

None associated with this report. Decarbonisation of assets will be considered both as part of the Strategy and on a building specific basis.

11. BACKGROUND PAPERS

None

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