

West Oxfordshire District Council Asset Management Strategy (Word Format) 2024 to 2029

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Foreword

This Asset Management Strategy, which has been prepared by West Oxfordshire District Council, provides the strategic direction on how to manage buildings over the next five to ten years. This work pulls together the Council's corporate objectives, latest financial situation, service needs, regeneration and housing requirements to guide future property decision making.

This strategy presents an overview of the land and buildings which the Council owns and leases and how they are being used. The strategy will improve the visibility of how the estate is being managed, the challenges faced and how the Council might use the buildings in the future.

Engagement meetings with Executive Members, Service Team Heads and Officers have given understanding of the latest requirements and the future property opportunities. There are complex property decisions to be made and bringing together the right people within the organisation, who understand the wider estate, is key to successful property management.

Successful asset management in the past has provided efficient accommodation for services and an investment estate which produces good returns. The Council will continue to look for greater efficiency in how buildings are used, drive the management of investment assets to protect income and look for new income streams. More data is being gathered about the estate in order to measure the performance of the buildings and better understand future costs and opportunities.

The Council is committed to investing in the estate to support the needs for the long term. The next phase of the strategy will focus on implementation through development of asset plans which will consider options for individual sites, enabling planned, strategic decisions to ensure asset management is aligned to the Council's priorities.

Executive Summary

The Council property portfolio includes operational buildings for Council services and investment properties providing income and receipts, to support the cost of services. Some properties are held to support regeneration and delivery of housing. Property is expensive to occupy and maintain. Acquiring or disposing of property can take years before completion. This asset management strategy allows the Council to be proactive and make informed property decisions to achieve best value for the future.

A growing challenge is the cost of upgrading buildings, to modernise and improve energy efficiency, most notably the Council's leisure facilities. The Council's commitment to create a carbon neutral estate by 2030 sets a deadline for decarbonisation projects. The Council is compiling important building cost and occupation data to fully understand the financial outlay for decarbonisation and modernisation of all key service buildings for the long term. As part of ongoing service reviews, the Council will need to make important decisions on several key service facilities which may not be fit for purpose for future service provision.

The Council owns nearly all of the properties in the estate and has consolidated office space for staff allowing a former office building to be leased for income. The Council has invested cautiously in the past and is not overly exposed from its property investments although the income from investment properties may decline, reflecting economic uncertainty.

The Council assesses all socio-economic value opportunities from our land and buildings. The Marriott's Walk Shopping Centre acquisition is part of the Council's commitment to support town centres, ensuring Witney and the surrounding area benefits from community engagement and employment opportunities within the shopping centre. The Council is focused on progressing key strategic housing developments but also smaller, targeted non-strategic housing sites providing affordable housing for local communities.

There are opportunities to create further savings in how the properties are used, protect income from investments and use land and buildings to support communities. Phase 2 of this strategy will progress implementation.

The Purpose of the Asset Management Strategy - a Tool for Continuous Estate Transformation

This Asset Management Strategy Paper (Phase 1) sets out a longer term (five to ten year) strategy for the estate. The Implementation Plan (Phase 2) will provide targeted Asset Plans for those properties being considered for change, considering income and expenditure profiles, tenant events, hold and disposal options for implementation.

Strategic Asset Management is the process of aligning property assets with the Corporate Vision and Objectives of the Council. The corporate objectives set a clear direction of travel which passes down through the organisation into detailed service planning, which should be accommodated by a functional, well-maintained estate. Asset Management is an iterative, ongoing process rather than a one-time exercise. This Asset Management Strategy therefore will be used as a 'living document', creating a foundation for the management of the Council's portfolio.

Whilst the Asset Management Strategy will focus on redevelopment and investment opportunities, it is still 'service led'. Meetings with stakeholders provide the latest service requirements, directing future need for property. The strategy is also 'data driven', using the latest data to assess the properties, ensuring the basis of recommendations are accountable and can be easily updated.

Policy and Context

The Asset Management Strategy is guided by the following corporate strategies:

West Oxfordshire Council Plan 2023-2027 key priorities:

- **Putting Residents First:** Enhance transparency, inclusivity, and accessibility; improve public consultations and decision-making; manage budgets efficiently.
- **Enabling a Good Quality of Life for All:** Provide timely infrastructure; collaborate on public transportation; offer diverse housing options; support local economy with jobs and entrepreneurship.
- **Creating a Better Environment for People and Wildlife:** Protect land, air, and water quality; improve access to green spaces; engage in nature recovery strategies.
- **Responding to the Climate and Ecological Emergency:** Reduce carbon emissions; promote net zero carbon buildings; support renewable energy and retrofitting; improve active travel and public transport infrastructure.
- **Working Together for West Oxfordshire:** Support businesses, start-ups, and the voluntary sector; address young people's needs and mental health; invest in diverse housing needs.

West Oxfordshire Local Plan 2031

The Local Plan provides a vision for the district up to 2031, focusing on sustainable development shaped by community engagement. It includes policies to manage change and ensure all new developments are environmentally sustainable and beneficial for the community.

Climate Change Strategy for West Oxfordshire 2021-2025

The Climate Change Strategy focuses on protecting and restoring natural ecosystems, delivering net zero buildings, and facilitating green and active travel.

Carbon Action Plan 2024-2030

The Carbon Action Plan commits the Council to minimising carbon emissions and achieving carbon neutrality by 2030. Actions include minimising energy demand, increasing energy efficiency, low carbon heating and renewable energy on council properties and leisure centres, and transitioning the Council's fleet away from fossil fuels.

Preventing Homelessness Strategy 2018-2023

The strategy aims to prevent homelessness, secure accommodation, and support homeless households. It includes measures such as financial assistance, collaboration with housing associations, and providing local emergency accommodation.

West Oxfordshire Parking Strategy 2016-2031

The strategy addresses district-wide parking issues, emphasising the need to make best use of the car parking assets. The Council aims to support and promote sustainable transport and improve car park facilities in conjunction with customers.

Equality Policy Act 2020

The policy promotes equality, diversity, and respect in service provision and employment, adhering to the Equality Act 2010. Actions include conducting Equality Impact Assessments, supporting fair recruitment and training, and ensuring transparency through workforce and gender pay gap data publication.

West Oxfordshire District

Population and Geography

West Oxfordshire District Council, with a population of about 114,200 and spans 276 square miles, situated to the west of Oxford and home to settlements including Eynsham, Carterton, Witney, Burford, Chipping Norton and Woodstock. West Oxfordshire is a predominantly rural area and enjoys a strong sense of place derived from the Cotswold vernacular style of building, rolling countryside and river valleys.

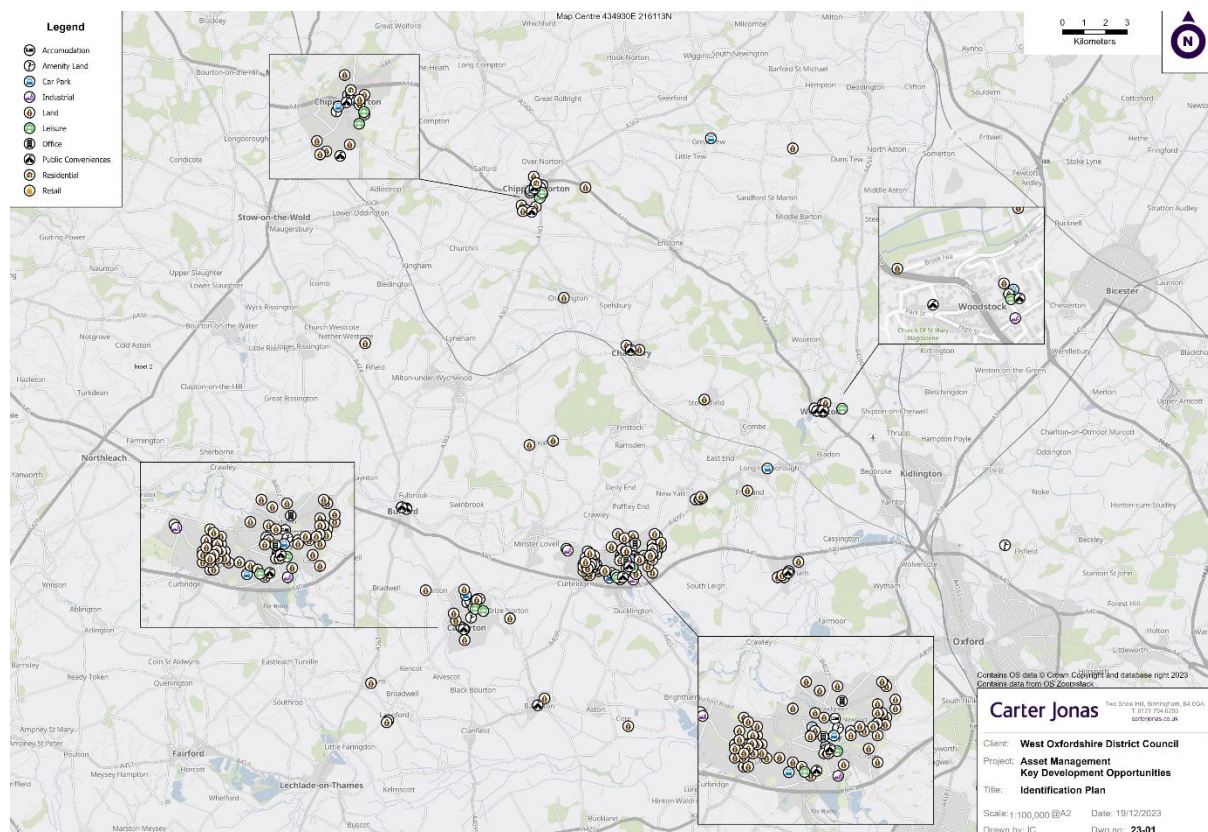
Environmental and Heritage Assets

West Oxfordshire boasts a rich natural and historic environment. About 34% of the area lies within the Cotswolds Area of Outstanding Natural Beauty (AONB) and includes parts of the Oxford Green Belt and Cassington Meadows Special Area of Conservation. The district features numerous Sites of Special Scientific Interest, ancient woodlands, and local wildlife sites. It also contains 3,200 listed buildings, 51 conservation areas, and the World Heritage Site of Blenheim Palace. The area's rivers support biodiversity and recreation but also pose flood risks. Post-mineral extraction sites offer opportunities for leisure, tourism, and nature reserves.

Local Economy

West Oxfordshire has a resilient local economy with high economic activity and low unemployment rates, outperforming regional and national averages. The district has seen strong employment growth, particularly in financial services and manufacturing. Tourism is significant, contributing substantially to the local economy. The area is characterised by a high proportion of small businesses and a notable rate of home working. Employment is mainly concentrated in Witney, Eynsham, and Woodstock.

Figure 1: The Estate Mapped



Freehold Ownership

Estate Ownership

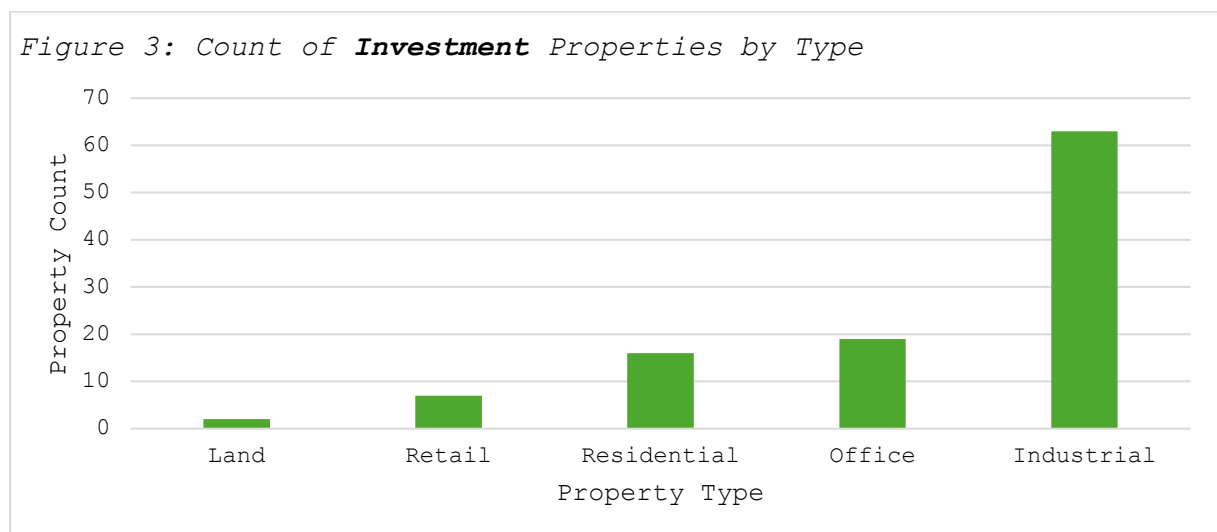
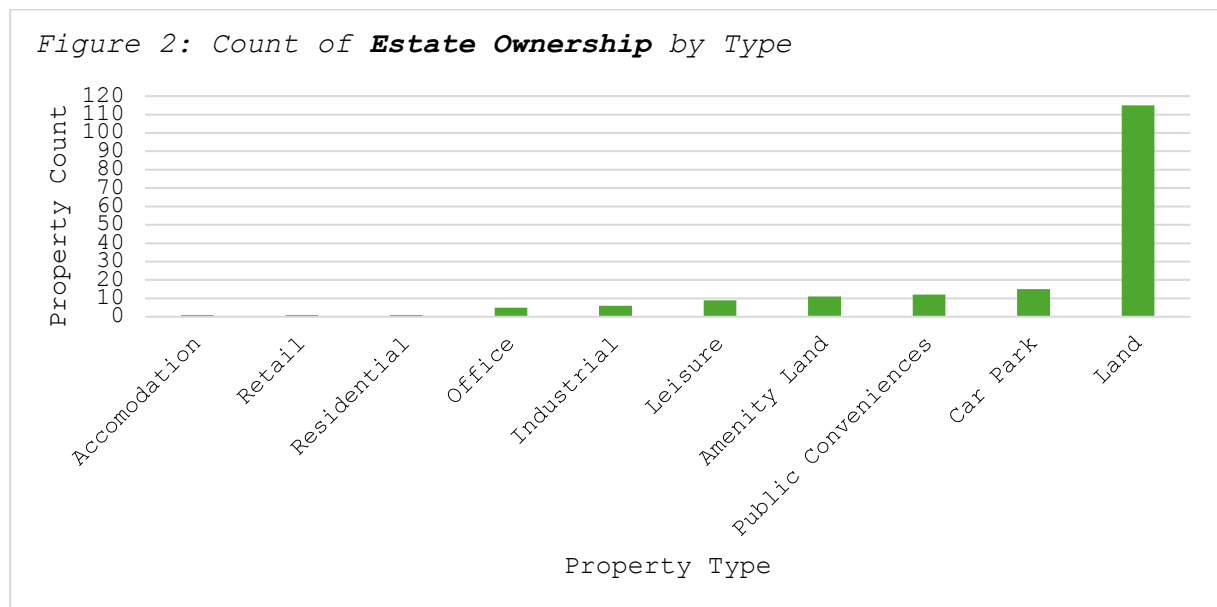
Most of the Council estate is owned freehold, which provides control and flexibility for future change or the ability to raise a capital receipt from disposal of buildings that may be unsuitable. Within the district, the Council owns 92 freehold buildings and an additional 116 smaller land parcels.

Operational Portfolio

The Council currently owns 66 operational properties comprising office buildings, leisure facilities, depots, car parks, residential properties and public conveniences. All operational properties are in the district. Most of the buildings are between 20 and 40 years old with some period, listed buildings. All leisure facilities are managed by GLL, and the depots are leased to the Councils Waste Contractor, Ubico.

Investment Portfolio

The Council owns 26 investment properties with over 92 tenants, distributed across industrial, retail, office, and residential sectors. Most of the properties are located within the district with some located in Oxfordshire, Essex, and Dorset.



Leasehold Interests

Council as Lessee

The Council lease seven operational properties, the largest rent payable being the Down's Road depot site. The Council leases two income producing properties, Newman Court and Swain Court. These properties are then sub-leased to individual tenants, generating annual profit rents of £24,000 and £17,000 respectively.

Council as Lessor

The Council currently leases out 105 individual properties (units) which generate approximately £3.15 million in revenue. There are approximately 15 expired leases and 2 leases that are currently holding over. Most of the rents received under £5,000 per annum are for ground leases and smaller industrial units.

Figure 4: Lease Count by Rental Income Bracket

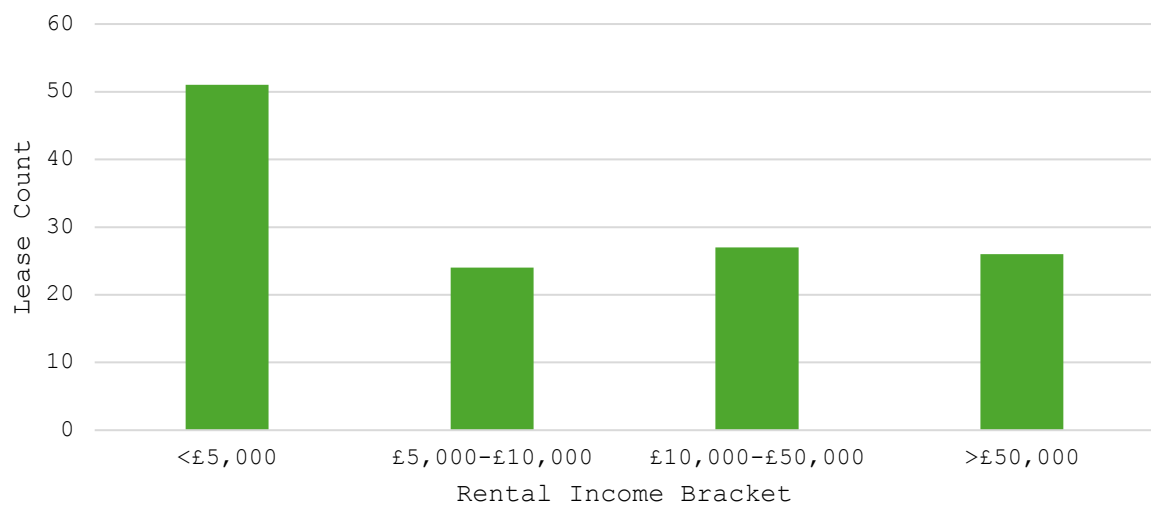
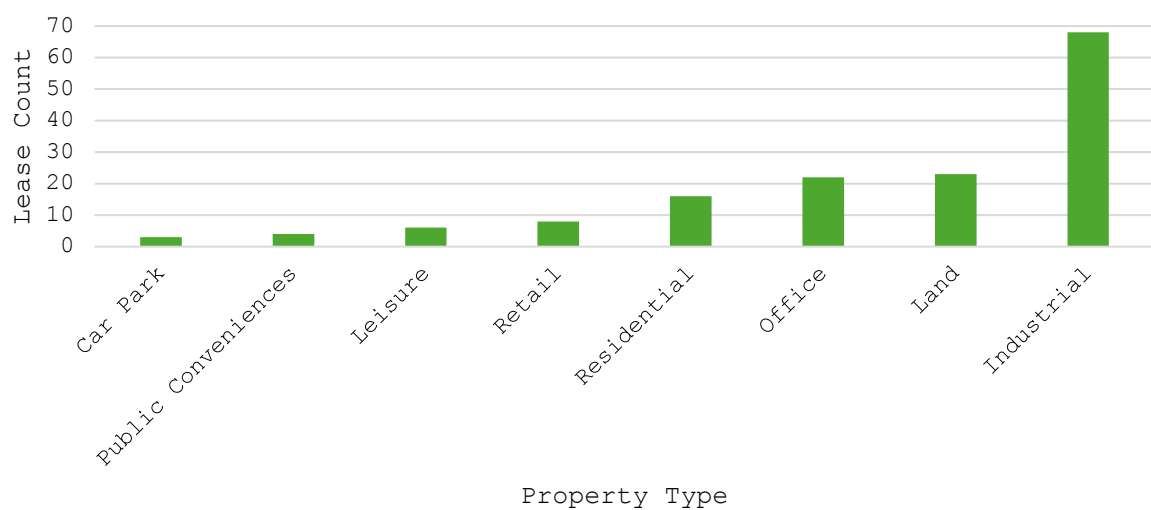


Figure 5: Lease Count by Property Type



Strategic Asset Management Objectives

Asset Management Objectives

At the time of writing the 2024 Asset Management Strategy there is continued uncertainty both politically and economically. Central Government funding continues to reduce and whilst there is a balanced budget for 2024/25, further cuts to funding will likely require the Council to use its reserves to balance the budget. There is further uncertainty from 2026/27 onwards with a predicted drop in retained business rates income with unknown government compensation.

The Asset Management Strategy is guided by the latest Medium-Term Financial Strategy (MTFS). Every year the budget gap is forecast to increase and reserves which are being used to balance the budget, could be exhausted by 2027. In light of these continuing funding shortfalls and other financial challenges including general and wage inflation, the Asset Management Strategy must provide a clear direction of travel to maximise income, reduce costs for operational property and ensure clarity on planned maintenance costs.

There is no need for an immediate or urgent programme of disposals of property, rationalisation or downsizing of operational buildings. Instead, the Council will follow long-term asset management objectives and make informed, strategic and data led decisions.

To Decarbonise and Modernise Our Buildings

The Council will need to decarbonise buildings to become carbon neutral by 2030, which includes minimising energy demand, increasing energy efficiency, low carbon heating and renewable energy.

The Council will continue to monitor the utilisation of our buildings and collaborate with public partners to seek site sharing and bring our services together. Subject to further detailed reviews, buildings that are expensive to maintain and not fit for purpose will be considered for disposal. However, there will need to be a wider strategic review, considering availability and cost of alternative provision, which is in the right location and fit for the future.

For those buildings the Council is retaining in the longer term, modernisation is important to support the effective operation of services and reduce energy consumption. The cost of repair and modernisation of the Council's buildings will continue grow. The Council will undertake condition surveys to gather building repair cost data for all buildings allowing us to understand future liability for the estate and improved proactive maintenance and repair.

To Manage the Estate Commercially

Whilst the Council has invested cautiously, it must be wary of future losses from the investment properties which may impact the budget significantly. Whilst the Council will seek new income streams, we can only expect limited income growth from existing investment properties. Good commercial asset management including detailed analysis of pending key lease dates will be needed to retain income levels and forecast future income. The cost of managing the estate and the cost to maintain and improve it should be considered against the rental income achieved. Where there is no net profit or margins are slim, disposal or termination of head leases should be considered, unless holding the property is delivering strongly against other Council objectives.

To Support Regeneration and Affordable Housing Initiatives

The Council will proactively seek opportunities for using its land and buildings to support regeneration initiatives and progress new housing development. It is a clear corporate and political objective to increase the level of affordable housing, and particularly social rented housing in order to meet need.

Capital Programme

Capital (Programme) Spend for Future Years

It is more important than ever to forecast future costs for the Council's buildings. With increasing land, property values and constructions costs, any changes made to the estate can have a significant financial impact. The Council will need to modernise some buildings and is committed to achieving a carbon neutral position for its estate by 2030.

Relocating or building new larger operational facilities such as leisure centres or waste depots can take a number of years. For those larger key buildings, the Council will need to make long term decisions using accurate cost data. For some buildings, the Council will consider relocation if modernisation costs are too high, and disposal receipts can support the purchase of a newer, efficient facility that can be made carbon neutral more easily. However, this will be dependent on the availability of suitable buildings or land, a business case for relocating and the availability of funding.

As with most public sector property, a lack of investment has meant some of the Council's buildings are in need of repair. Decisions are needed to understand future use and potential for some of the operational and investment buildings before further repairs and maintenance are carried out. For those buildings which are not economical to repair or upgrade, the Council will consider disposal.

Detailed Planned Preventative Maintenance (PPM) information is being collated to inform the next capital estates programme, allowing the Council to forecast spend over the next five years. This will be vital in understanding the future costs for the Council's buildings. The Council will continue to proceed with caution when considering major building projects or redevelopment work. Any proposal for major repairs will be led by a business case which adheres to this Asset Management Strategy.

Capital receipts from disposals of existing properties deemed surplus to requirements may fund major works for the Council's existing buildings. Reinvesting monies from disposals align with plans being considered by the Ministry of Housing, Communities and Local Government which will allow Councils greater flexibility to use money raised from asset disposals to address budget pressures.

At the time of writing the Council are progressing the following major capital works projects:

- Windrush Leisure Centre, decarbonisation programme
- Elmfield Offices, refurbishment and solar PV installation
- Chipping Norton Leisure Centre, roof repairs and internal refurbishment
- Woodgreen Council Offices, windows and internal repairs, solar PV, and landscaping
- Old Court House roof repairs
- Unit 6 Des Roches Square, solar PV installation (pending)
- Unit 5 Talisman, solar PV installation (pending)

The phase 2 (Implementation Plan) of this strategy will use the PPM information to help identify poorly performing and costly property stock.

The condition surveys will identify backlog maintenance of property assets to inform and develop a five-year planned capital investment strategy. The condition surveys will also identify opportunities to contribute to the carbon neutral target by replacing equipment such as boilers with ground source and air source heat pumps and the installation of energy efficient materials and plant such as solar panels. This may guide future grant funding applications, as heat pumps are costly and unlikely to be affordable without external funding. The Council is actively driving forward the installation of Solar PV on council owned buildings, where there is a sound business case and tenants are willing to enter into a Power Purchasing Agreement.

For key buildings PPM surveys may provide the following information.

- Condition surveys
- Running cost and energy performance
- Future maintenance, repair and replacement costs
- Occupancy and space data

Estate Planning - Operational Estate

West Oxfordshire District Council Offices

The Woodgreen Council offices are well utilised and offer efficient, centralised accommodation and collaboration space for the Councils administrative functions. The building also offers the opportunity for future increase in staff capacity through further reconfiguration and hybrid working. A major refurbishment programme has recently been completed to improve key areas of the building including refitting the Council Chamber and committee rooms and facilitate the consolidation of Council office space. Wall insulation was added to improve energy efficiency.

Staff have recently been relocated from Elmfield offices into the Woodgreen building, allowing Elmfield to be fully let, generating new income. Agile office space above 3 Welch Way Customer Services shop unit offers further working space.

Depots

The Council has two main depot facilities, one owned and one leased, and three other smaller sites used as satellite locations for street cleaning services. The Station Lane, Witney site is Council owned and is well utilised and fit for purpose and may be able to accommodate in-house vehicle servicing to save costs.

The Downs Road facility is leased by the Council at a rent of just over £100,000 per annum. The Council continues to monitor other available site options to ensure best value is being received for the ongoing lease commitments. A lease was obtained when the Council transferred waste collection services from a private contractor to its teckal company Ubico and no suitable site could be found for the Council to purchase.

These sites are leased to the Council's Waste Contractor

The Waste service is currently being reviewed to assess future service provision. The outcome of this review will inform future depot needs. This could include a continuation of a two site operation or a new single depot site to centralise environmental, waste and recycling facilities. Whilst this will bring operational benefits, provide opportunities for a net zero facility, and allow the space needed for electric vehicle charging, the costs could be considerable, with challenges to find the right site for this specialist function. Any decision to purchase a site would need to consider acquisition and development costs, as well as any increased operational costs resulting from a change in location.

There may be an opportunity to relocate the small Greystones Depot street cleaning facility allowing disposal or redevelopment of this site, which is underutilised with buildings in a poor state of repair.

Leisure and Recreational Services

The Council operates three leisure centres, two outdoor heated pools, sports pitches (natural and artificial turf) including changing/pavilion facilities, a country park, and playing fields. A leisure strategy is being prepared in summer 2024 which will consider whether the existing facilities are suitable for the future demand for leisure services. All of the leisure facilities will be reviewed to understand if they meet the needs of the emerging new leisure strategy.

Building condition surveys are underway for the leisure centre buildings to understand longer term maintenance and repair costs which the Council may be responsible for. Both the building condition surveys and leisure strategies will feed into the preparatory work which will be completed to allow the Council to make an informed decision on future leisure management options and to undertake the relevant procurement processes which will be employed by the Council for the leisure services contract renewal in the summer 2027.

Car Parks

There are 15 Council car parks located across West Oxfordshire providing circa 2,500 car parking spaces and 76 electric vehicle spaces with charging points. Some car parks are connected to council service buildings such as leisure centres. Most car parks serve town and village centre locations for access to retail and leisure facilities. With the exception of the Woolgate, the EVCPs were installed under a countywide Park and Charge scheme which ties the Councils into contracts. This has a bearing if the Council wishes to redevelop any of these sites and needs to remove or relocate the charge points, as financial penalties will apply. This would need to be included in any site development business case.

All car parks are free to use. The cost of operating the off-street car parks is circa £350,000 per year. Some of the Council's car parks require modernisation and reconfiguration.

As part of any process when investing in the modernisation of Council property, a review is needed to understand the long term future for that facility, which includes car parks. This work is a complex analysis of opportunities, and the Estates Team will be guided by the output of that review. For any car parks deemed to be surplus to requirements, there may be alternative uses which could support local regeneration including sites which facilitate housing development to address local housing pressures.

Customer Services

The property at 3 Welch Way in Witney provides 'One Stop Shop' services on the ground floor with Council offices on the first floor and has been recently refurbished with further plans to improve energy efficiency. Use of services at this location will continue to be monitored to ensure the building is being used efficiently.

The unit is near to several other public sector facilities. This is being considered as a long term One Public Estate collaboration project. As part of this project there may be a longer term opportunity for the Customer Services facility to co-share (*or be reprovided as part of a larger scheme*) with the County Council Library, Police or NHS.

Public Conveniences

There are 13 public conveniences located throughout the district. There is a charge to use the facilities which part-funds the service. The cost of operating the service is circa £220,000 per year.

Emergency Homeless Accommodation

The Council own and operate two emergency homeless hostels; The Old Courthouse, Bridge Street, Witney which provides 15 units of self-contained accommodation and Horsefair House, Chipping Norton which provides 6 units of shared accommodation and one self-contained flat. The day to day management of the residents is run by the Housing Team. The property maintenance / emergency repairs arrangements are outsourced to Veritas but contract managed by the Property / Assets Team.

In recent years there has been an increasing demand for homeless accommodation, and the Council is urgently reviewing other accommodation options. Placement in hotels, B&Bs and other third-party accommodation is very expensive, so provision of suitable council owned units may provide better accommodation for the individuals welfare and a more affordable option for the Council.

Homeless accommodation for single occupancy is usually either a shared house, with individuals having their own bedrooms but sharing facilities, or self-contained bedsits/flats. The council has a

duty to provide families with self-contained accommodation as shared accommodation is not suitable beyond 6 weeks. This is a requirement set in homelessness legislation.

The type of accommodation will depend on demand i.e. single people, couples or families. The location of accommodation will depend on factors such as the need to be located close to local services or support networks or alternatively the need to be relocated away from an area where an individual may be at risk.

The design, layout and construction of homeless accommodation needs to be able to facilitate appropriate levels of fire safety, with safe escape routes, alarm systems, structural fire protection etc.

Ideally any new homeless accommodation that is acquired should be modern and carbon neutral, to reduce utility bills and increase comfort. Adaptation of existing buildings can be expensive, so the Council may wish to consider purpose-built accommodation in the right locations to meet service needs, alongside other options such as leasing or purchasing accommodation from the open market that is flexible and can be repurposed should the current high demand for temporary accommodation ease in future years.

Open Space and Minor Interests Review

The Council owns 115 individual land parcels. Half of these are under 0.25 of an acre, the majority of larger parcels of land form part of parkland or recreational areas.

Most of the land parcels will not have any alternative use value and work is ongoing to transfer or dispose of surplus land. This will reduce ongoing maintenance costs and ensure that management resources are focused on core properties in the estate.

The following will be considered as part of the process for determining whether land is surplus to requirements. Does land or could the land:

- Offer operational or service benefit to the Council or other public partner organisation for the foreseeable future
- Support the objectives of the Playing Fields Strategy 2022
- Accommodate renewable energy, nature recovery opportunities, nature-based carbon sequestration and storage and water retention to minimise flood risks. Biodiversity Net Gain and carbon offsetting can provide a small income to the Council to facilitate long-term sustainable land management
- Support future residential development
- Provide access to other natural open areas
- Provide footpaths and cycle paths to support active travel

For those small land parcels and minor interests which are to be retained in the short term, a policy note may be appropriate to agree how they will be managed.

Surplus Land

From the land owned by the Council, nine plots have been identified as surplus. The majority are small plots of land, and some are subject to rights of way or other agreements affecting their future use. In most cases there is no, or a small alternative use value. Further parcels of land will be identified as soon as possible for transfer or sale. This will reduce management costs and time and may enable good use of the land to be made at a local level by Town and Parish Councils.

Estate Planning - Investment Portfolio

Investment Portfolio Summary

The estates team carefully monitor the performance of the investment properties throughout the year. This includes the production of annual investment reports, scrutiny reports and valuations on the investment buildings.

The investment estate is composed of 27 properties with annual rent roll of over £4.25m. The portfolio was valued in March 2023 at circa £63.5m (*these figures and the statistics below include the Marriott's Walk property noting the purchase was on a regeneration basis and the property is therefore assessed on financial and non-financial criteria*).

The portfolio is well balanced between the sectors in terms of unit numbers. The industrial properties account for largest sector by value, at 42% of the portfolio with retail properties being 37%. The performance of the investment portfolio has likely benefitted from including a larger number of industrial premises.

In context, for investment properties purchased by Local Authorities in the last five years, retail property has on average fallen by 31% since it purchased, with offices down by 22%. Industrial property, on the other hand has increased by 22% in the same period. Whilst these statistics may not be fully applicable in the Oxfordshire region, it is understood that industrial property has outperformed both retail and office sectors in this area.

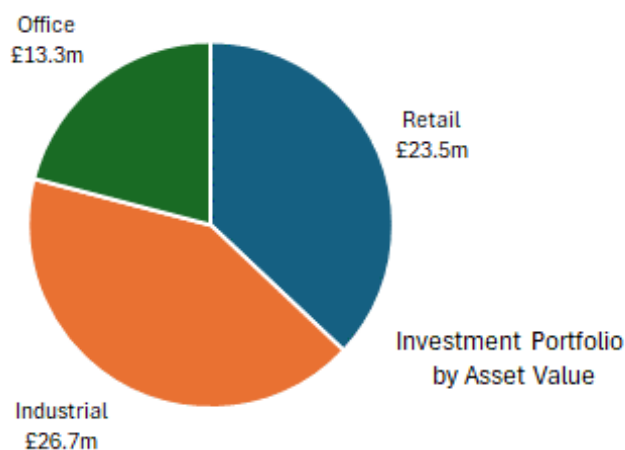
Although the retail market has suffered the most in recent years the retail properties owned by the Council are larger, self-contained units leased to larger, more established tenants. The average annual rent for the retail properties is £75k and these larger units have withstood the economic challenges well.

Although the industrial tenants are smaller businesses due to the average unit size (average annual rent £23k), industrial properties have performed better during recent years. Rental levels have performed well and there are few vacancies.

Overall, there are only five tenants paying less than £5,000 per annum and then a further 18 tenants paying under £10k per annum which represents 30% of the estate paying under £10k. The top 30% of the portfolio are made from tenants paying between £50k and £160k per annum, so there is a healthy rental profile of the estate.

In July 2024, 20% of the investment portfolio tenants (*excluding Marriott's Walk Shopping Centre*) are holding over with leases being renegotiated.

Overall, the diversification of the portfolio and established tenant base has weathered well against recent economic downturn compared to the overall commercial market performance



Condition, Maintenance and Decarbonisation

The greatest risk to the Council's future income is dilapidation of the buildings. Although most of investment properties are let on Full Repairing and Insuring leases, dilapidation repairs are not always undertaken by the occupier. In some cases, the Council will undertake the dilapidations as part of a financial agreement with the departing tenant, however in some circumstances, such as the business going into Administration, the Council may not recover all the costs. In addition, the building structure and services can become dated and require modernisation which will be costs the Council will need to cover. Works to improve the buildings standards, general condition and appearance will help attract tenants and maximise income. Works to decarbonise the buildings to ensure they are as carbon efficient as possible may reduce void periods but are unlikely to result in increased rent levels. This can make business cases for decarbonisation challenging. Investment buildings requiring major spend include the units formerly occupied by the Garden Trading Company in Carterton and the Elmfield offices in Witney.

Planned Preventative Maintenance data being prepared will provide vital data to inform the future upgrade costs for maintaining the buildings over the next five to ten years. There is currently some maintenance data to support cost analysis, and it is understood that many of the investment properties require upgrade and modernisation.

Energy Performance certificates are available for 25% of the investment buildings. The average EPC rating is C which is better than average. The condition surveys work being undertaken will include energy performance assessments to provide up to date data and certification for our investment properties.

Property Management

The Council's properties are managed by the in-house Assets team with support from advisors. The Council's Property Management processes are led by RICS and CIPFA guidelines. The Council will continue to govern its investment properties commercially to achieve best value and ensure all tenants are treated fairly.

The Council will consider outsourcing some property management activities to improve efficiency. This may include the management of service charges. Tenant dilapidations can be more closely monitored with more frequent interim inspections. Tenants who default in dilapidations part way through the term can be asked to carry out repairs. In some cases, it may be appropriate to charge the tenant for carrying out these interim surveys allowing an external agent to carry out the work.

Interest can be charged on rent backlog after a rent review and in extreme cases of rent arrears. Charging interest would be a tool that the Council Assets team could use, in their expert opinion, where the interest income would be above an agreed level.

Next Steps

There is no overall strategic objective to dispose of assets. This is in part, due to the restrictions from the Public Works Loan Board regulations in how proceeds are used, but also the difficulty of finding new financially viable investments on the market to replace the investment income factored into the MTFS. Despite this strategic position, the Council will consider disposal of existing investment properties if they do not meet our financial, regeneration, climate or social value requirements. The Council properties continue to be reviewed case by case to understand opportunities.

Most of the Council's investment properties were purchased around 10 years ago. That income has been crucial to support the cost of services. Whilst the Council has built a successful investment portfolio, the last 12 to 24 months have continued to be a challenge due to economic uncertainty. Over that period there has been a reduction in asset values across all sectors, circa 3.5% in industrial and retail and 5% reduction in value in offices. The smaller, single let retail properties have seen the greatest reduction in values and it is likely this trend will continue. Across all sectors, retail industrial and office rents are likely to remain subdued.

The Council will need to defend rental income loss against these economic challenges through continued asset management of its existing investment properties. Frequent analysis of the market and making strategic decisions for each property to ensure long term returns on investment. Subject to affordability, that work may include modernisation and decarbonisation of some assets to ensure we maximise rental returns for the future. As detailed understanding as to the condition of an investment property is essential, further PPM surveys will be required to inform investment decisions for modernisation and decarbonisation.

In line with the Council's commitment to community-centric growth and effective asset management, the Council objective is to focus on investments locally, ideally to meet both financial and regeneration objectives and support growth in the district. Of the Council's investment portfolio, 22 properties are located within the district with three properties located in other areas in Oxfordshire and three properties located out of district. By continuing to focus on local investment opportunities, the potential for the investments to directly benefit the residents and business community is increased.

There may be opportunities to purchase further freehold interests to grow income. The Council has two headlease interests at Swain Court Industrial Estate and Newman Court in Witney. Any proposal would be after an assessed business case and would seek to enhance economic development opportunities in the district alongside the investment return.

The Asset Management Strategy Phase 2 (Implementation Plan) will consider disposal options for any investment properties which are not meeting performance targets. In the meantime, the Council will continue its asset management of these properties allowing preparation for a sale, if, and when required.

Local Plan and Housing Need

Key Development Opportunities

Housing affordability is a significant issue in West Oxfordshire due to high property prices relative to household incomes. Many single-income households cannot afford modest properties, resulting in around 1,440 households on the Councils waiting list for affordable housing (June 2024).

The current population of West Oxfordshire is 114,200 (2019 mid-year estimates). By 2031 (the period to which the Local Plan assessment projects population based future demand, in line with the planning period) the population is projected to increase to circa 120,000, representing population growth of 5%.

The Oxfordshire Strategic Housing Market Assessment (SHMA 2014) identifies a need for 274 affordable homes annually. Affordable housing is predominantly delivered through market housing developments and Rural Exception Sites (RES). However, the council is responding to the increase in housing need by finding new, creative ways to enable more affordable homes.

The Government will issue new mandatory housing targets to Councils with flexibilities to increase the number of social and affordable new homes. Delivering housing for local, low-income families is vital to ensure they have a choice to stay local. This is important for local jobs, retained spend and sustaining communities. The Councils housing strategy is to progress strategic and non-strategic housing opportunities including from its existing ownership and explore other options to progress genuinely affordable housing projects with partners. Preparation of a new Local Plan to 2041 is underway with adoption expected in 2026.

Strategic Development Areas (SDAs)

The Local Plan sets out multiple Strategic Development Areas along with Non-Strategic Housing Allocations (*being reviewed as part of Local Plan changes*). The Local Plan identifies several large housing allocations termed as 'Strategic Development Areas' (SDAs). These sites are chosen after extensive scrutiny as the most sustainable locations for strategic-scale housing growth in the district. They are expected to provide around 4,050 new homes by 2031, with 550 homes west of Eynsham specifically addressing unmet housing needs from Oxford City. The strategic sites include:

- East of Witney 450 homes
- North of Witney 1,400 homes
- East of Chipping Norton at Tank Farm 1,200 homes
- West of Eynsham 1,000 homes – important with connections to Oxford. near Eynsham on land to the north of the A40 which is identified as a 'Strategic Location for Growth' (SLG).

Non-Strategic Housing Opportunities

Progressing Opportunities

The Council will identify sites that are presently underutilised and assess their potential opportunities, including allocation as future non-strategic housing sites. As an example, the Council is due to deliver a small, targeted development of affordable, zero carbon self-build houses at Weavers Fold in Chipping Norton.

Council Owned Sites

The challenge is to progress viable sites the Council owns to support future regeneration and deliver affordable housing and, where possible, emergency homeless accommodation. This will require market analysis of identified sectors to understand interest. In addition to the strategic sites, the Local Plan allocates 11 smaller 'non-strategic' housing sites to ensure a deliverable housing supply in the short term, as these sites typically have shorter development lead-in times.

Understanding the ownership structure is vital to the success of progressing new housing sites. Much is dependent on s106 funding and the element of affordable housing being delivered. The Council may have the opportunity in some cases to self-develop as owner of the sites to create new income streams, to work with a partner in developing the sites or to dispose of the land and buildings allowing others to take the site forward. The Council will be flexible in its delivery options and assess each opportunity on its own merits.

The presence of council buildings or services often creates high footfall and can lead to a micro-economy which attracts other businesses. This allows the Council a degree of control for future development ensuring where possible that development aligns with corporate priorities.

- Providing land for affordable housing and other development
- Stimulating regeneration through the development of public sector hubs and joint developments
- Job creation and development of business hubs
- Supporting micro economies

Sustainability, Climate Change and Decarbonisation

Climate Change Strategy

The Council's Carbon Action Plan (2024-2030) outlines the commitment to combating climate change and achieving carbon neutrality by 2030. The strategic approach focuses on reducing greenhouse gas emissions from the Council's buildings and operations, increasing energy efficiency across the Council's estate, installing low carbon heating and renewable energy.

Commitment to Sustainability

The Council's commitment to sustainability extends beyond reducing carbon emissions. It encompasses improving the quality of life for residents, fostering economic resilience and protecting the natural environment. Through strategic planning, investment in renewable energy and enhancing natural capital, the Council aims to lead by example and create a sustainable future for all. This Asset Management Strategy focuses on modernising the Council's land and buildings to support a carbon neutral position by 2030.

Net Zero Priorities for Our Land and Buildings

The following priorities are essential for the Council to meet its climate commitments.

- **Decarbonisation Projects:** To continue with the decarbonisation of the operational and investment estate, when funding is available, with a focus on leisure facilities which constitute over a third of the Council's carbon emissions. To reduce energy demand across all Council properties and improve the building fabric to increase energy efficiency. To transition to more efficient, electricity-based systems for heating and power, reducing reliance on fossil fuels and lowering overall carbon emissions. To maximise opportunities for on-site renewable energy generation, such as solar PV installations, to directly supply clean energy to Council buildings.
- **Green Energy Investments:** Opportunities for green energy investments are being considered and will be reviewed using the land the Council owns or acquisition of other land to develop green energy projects.
- **Strategic Building Management:** To regularly review the utilisation of Council properties to ensure efficient use of space and energy and consider the disposal or repurposing of buildings that cannot be made energy efficient.

Creating a Carbon Neutral Estate by 2030

In 2024 the carbon emissions of the Council's assets (including fleet assets) are approximately 2,300 tonnes. The Council is working to reduce this to 550 tonnes by 2030. In 2030 the Council may need to pay the present-day value equivalent of £85 (ETS) a tonne for any carbon emissions. As a result, there could be considerable financial consequences for a failure to significantly reduce the carbon emissions from the estate.

Various decarbonisation schemes are underway but require funding due to the significant costs involved. For most funding applications, commitment for each building is required for a period of 20 years. The challenge for the Council is that the older buildings, which are in need of decarbonisation to meet the 2030 target, may not be fit for purpose in the next 5 to 10 years.

Longer term strategic decisions on retaining or disposing of buildings must consider the significant cost of decarbonisation and modernisation and the potential costly penalties for leaving an improved building within the 20 year period. The Council's commitment to improving the building cost data we hold and extending the capital programme, is therefore vital.

The Council may need to proceed with decarbonisation regardless of the possibility of some buildings being relocated soon, (Windrush Leisure Centre) or for those leased premises, (Downs Road Depot).

The focus is to decarbonise operational buildings, but the Council is also working on the decarbonisation of investment buildings. The Council will work with tenants to decarbonise and modernise buildings to make them more energy efficient. The challenge with this, is that the tenant is responsible for paying the utility bills on most leased properties, so the Council would have to invest capital to decarbonise the buildings but the tenant would benefit from the financial savings. One exception is solar PV where the Council can sell the electricity to the tenant via a Power Purchase Agreement, enabling the investment to be recouped. The first phase of solar PV installations on leased buildings is currently being progressed.

Any operational or investment acquisitions will be considered for their 'green credentials'. New additions to the estate should contribute positively to the Councils carbon position.

The Council will continue to progress its land management programme for renewable energy, carbon sequestration and storage, nature recovery and water retention opportunities. This applies to land the Council owns, including grounds that surrounding operational and investment buildings. Some of these initiatives may offer important carbon offsetting for the future. The Council continues to consider acquiring land for renewable installations.

Governance and Management

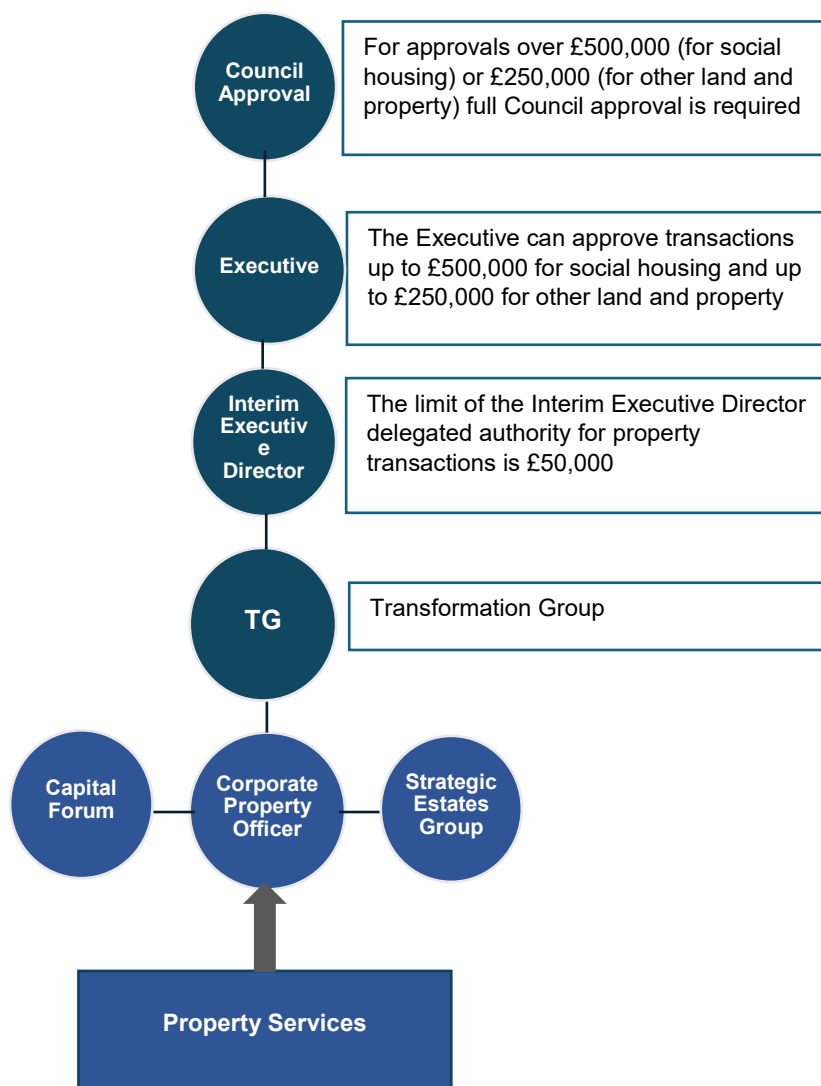
The Councils Strategy is based on the continued model of centralised management (Corporate Landlord) to ensure that all individual property decisions align with the strategy. All land and property matters must be managed and monitored by the Estates Team.

This strategy provides a holistic view across the Council to consider corporate objectives, regeneration goals, operational service requirements and investment opportunities. This presents a relatively complex matrix of options and requires a robust process of decision making.

Some of the recommendations being put forward by the Asset Management Strategy require frequent input from a number of stakeholders across the Council. Following this engagement, proposals will be discussed with the Executive Member for Finance and the Director of Finance before matters are discussed informally with Executive ahead of a formal decision being recommended. This will allow swift progress with property transactions where time is of the essence, including new investments or to confirm funding for redevelopment.

With more significant investment proposals, business cases will be discussed at the existing Transformation Group . This group will ensure that the recommendations, principles and actions from the strategy are discussed, developed and implemented.

Existing delegated authority bands are shown on the diagram.



Strategic Recommendations (Informing Phase 2)

Investment Properties

To proceed with asset management of all investment properties, ensuring the properties are producing a market rent or the highest returns possible. To consider alternative use opportunities for the poorest performing assets. The poorest performing assets will be determined by the assessment tool in the Implementation Plan.

Leisure Strategy

To use the latest leisure strategy and planned preventative maintenance data in understanding long term options for the Leisure Centres. This will include investment in planned repairs and maintenance and decarbonisation, as well as considering future replacement of aging facilities.

Depot Consolidation

To use the findings of the Waste service review to determine future depot needs and then where appropriate consider an updated business case for either an alternative to leasing the Downs Road site or relocation of services to a new single depot facility.

Land Interests

Continue project to consider transfer or disposal land parcels. To review for categorisation, identification of residential development and / or disposal. To consider and promote those sites suitable for housing.

Voluntary and Third Sector Regularisation

The Council will review all voluntary and third sector occupations to ensure the lease and licence terms are regularised. This will include a review of rental concessions to best value and transparency.

Management Recommendations

Data Improvements

To continue collecting and improving the data held for the operational and investment properties, recording all property and estates information on the Uniform system, enabling data transparency, effective reporting, robust compliance checks and pro-active management

Long Term Capital Programme

To complete the planned programme of condition surveys to identify works and related costs and decarbonisation opportunities. To then analyse the planned preventative maintenance data for future forecasting / building cost data to understand future spend. This will assist with understanding which assets need to be retained or disposed but will also ensure more planned pro-active repairs and maintenance. This will lead to a reduction in reactive maintenance which can create higher costs.

Public Sector Collaboration

The Council have a successful record of partnership working through the 'Strategic Partnership Activity' plan. The Council will continue to engage with Parish and Town councils and public sector partners through the 'One Public Estate' to achieve site sharing and therefore further efficiency in how property is used.

Implementation Plan (Phase 2 Asset Plans)

Working Tool

The Council will agree a criteria for the assessment of selected properties. The assessment of properties will be guided by the agreed “Strategic Recommendations” set out in the Asset Management Strategy (Phase 1). For those properties which are assessed as requiring change, Asset Plans will be produced.

Property Assessment

The assessment tool will allow new information to be updated and report on results and recommendations without having to revisit the entire strategy. The Council will assess all in-scope properties for existing functionality. Each of the properties will be assessed against all criteria so they are scored for operational, social, investment and regeneration opportunities.

An example assessment showing scoring criteria for qualitative headings is shown below. These will be assessed alongside quantitative data to provide an overall assessment allowing us to provide a retain / redevelop / dispose conclusion.

Example Scoring for Qualitative Criteria Assessment

A. Fit for purpose (qualitative assessment with service teams) B. Operational Improvement (opportunity to refurb / extend) C. Collaboration Options D. Residential Development (potential to support housing delivery) E. Alternative Use Potential (this is independent of service requirement) F. VCS Opportunity						Key Flags Social Value - Assessment TBC Hub - Potential Hub / Spoke sites for Multi Occupancy Regen - Regen or sites adjacent or nearby		
A. Operational Fit for Purpose	B. Operational Improvement	C. Collaboration Options	D. Residential Development	E. Alternative Use Potential	F. VCS Opportunity	Social Value	Hub (multi-service) Location Potential	Regeneration Site or Adjacent to Regen site
1	2	2	5	4	4	2		
3	5	4	4	3	4	3		
4	4	2	5	4	3	4	X	
3	3	3	5	5	4	5		Yes
4	2	4	4	2	4	4		
3	2	1	3	2	1	2		
4	4	5	3	4	5	2	X	
2	2	4	4	4	5	2		
2	2	3	4	2	2	3		Yes