

Executive

Asset Management Plan 2010

6 September 2010

Report of Head of Regeneration and Estates

PURPOSE OF REPORT

To consider the Council's Asset Management Plan for 2010/11

This report is public

Recommendations

The Executive is recommended:

- (1) To approve the Asset Management Plan for 2010.
- (2) To approve that the proposal that vacant small industrial units be used for economic development purposes through lettings on flexible terms, and that this policy be monitored through future reporting on the Asset Management Plan.

Executive Summary

Introduction

- 1.1 The Council maintains an asset management plan which is updated each year. This plan describes the Council's property assets, and identifies how they contribute to the delivery of the Council's corporate priorities.
- 1.2 The plan also sets out administrative arrangements, summarises the performance of assets, and sets targets for the current year.

Proposals

- 1.3 It is proposed that vacant small industrial units be offered on flexible terms to appropriate supported small businesses, in order to encourage them to become established.

Background Information

- 2.1 The Council has invested substantially in recent years to upgrade its corporate properties, in particular the sports centres scheme, and the Bodicote House refurbishment. The refurbishment of Thorpe Lane depot will be completed this year. As a result the great majority of the Council's buildings are in good condition, and are occupied efficiently. As a result it has been possible to reduce annual revenue costs associated with running the buildings.
- 2.2 The major issues facing the Council in relation to its corporate premises, include the need to continue to reduce energy consumption and the Council's carbon footprint. Also, it is necessary to further improve the efficiency with which the Council occupies its office accommodation, and release surplus space so that it can be occupied by others, thereby reducing the Council's net costs.
- 2.3 So far as community assets are concerned, many of these are let to community groups or Town and Parish Councils. Some of these arrangements leave the Council with some current or future liabilities. Where possible, it may be appropriate to investigate transferring these assets to the tenants entirely.
- 2.4 The Council's investment portfolio provides a significant revenue income, at a yield which is much greater than that achievable on cash investments. The Council has agreed to increase these investments in order to ensure that the Bicester town centre redevelopment is progressed. Other small commercial investments are proving hard to let in current circumstances. In the past these assets have been let on commercial terms, but it is proposed that vacant industrial units be offered to small businesses on flexible terms, with support from Oxfordshire Business Enterprises, in order to ensure that these properties are utilised in line with the Council's economic development objectives. Flexible terms are likely to comprise a reduced rental for a limited period of up to a year, the inclusion of break clauses operable by tenants at an early date, or the ability to share premises. The precise detail will be subject to negotiation according to circumstances, but agreements will be relatively short term and without security of tenure.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The Council must continue to seek opportunities to reduce its occupational costs, and maximise revenue income from its property assets. This may well require capital investment, but on the basis that the Council achieves a commercial return on that capital.
- 3.2 There is every reason to believe that energy costs will continue to rise at above the rate of inflation. Meanwhile government initiatives such as the introduction of feed in tariffs have made it much more attractive to invest in renewable energy initiatives, such as photovoltaic panels and biomass heating. The Council should investigate any opportunities to invest in these technologies.

- 3.3 The use of vacant industrial units for economic development purposes, by offering flexible letting terms to very small or new businesses is proposed as it is proving very difficult to let these units on normal commercial terms.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One The Plan is presented for approval subject to any amendments the Executive may wish to make. The only change in policy presented comprises the use of vacant small industrial units for economic development purposes, and option available is to continue to seek lettings on conventional commercial terms.

Implications

Financial: Letting vacant small industrial units on flexible terms will have no adverse revenue consequences, as approved estimates make allowance for these units to remain vacant. As the property market recovers it will be appropriate to review this policy.

Comments checked by Eric Meadows, Service Accountant 01295 221552

Legal: There is no difficulty in adapting the Council's standard form of lease to allow tenants greater flexibility in the manner proposed.

Comments checked by Malcolm Saunders, Senior Legal Assistant 01295 221692

Risk Management: Provided the units continue to be let on formal tenancies or licence agreements, the Council's liabilities will be protected.

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566

[Other Implications] It is anticipated that it will be possible to identify suitable tenants operating small businesses through Oxfordshire Business Enterprises, who offer support and advice.

Comments checked by Steven Newman, Economic Development Officer 01295 221860

Wards Affected

All

Corporate Plan Themes

All

Executive Portfolio

Councillor Norman Bolster
Portfolio Holder for Economic Development and Estates

Document Information

Appendix No	Title
Appendix 1	Asset Management Plan 2010
Background Papers	
None	
Report Author	David Marriott, Head of Regeneration and Estates
Contact Information	01295 221603 David.marriott@Cherwell-dc.gov.uk