

**20 January 2014****Agenda Item: 8****REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY &  
ENVIRONMENT****ESTATE MANAGEMENT DECISIONS****Purpose of the Report**

1. To review the reporting and operational decision process that relates to Estate Management decisions and suggest proposed amendments.

**Information and Advice**

2. As Members will be aware, a variety of reports are submitted to Finance & Property Committee seeking approval to Estate Management decisions ranging from the grant of licences, leases to disposals of significant property holdings.
3. These decisions are supplemented by an operational decision process which assists with the smooth and efficient operation of the Estates Management function. The decisions relate to relatively minor transactions that accord with established property strategies, related plans and programmes. Such operational decisions are discussed with the Chair of the Finance & Property Committee before being approved by the Service Director of Transport, Property and Environment and are formally recorded.
4. The Parameters for Considering Operational Decisions: A report to the Finance & Property Committee of 9 July 2012 outlined the range of transactions when operational decisions should be considered. An extract from the report is shown in **Appendix 1**.
5. During the past 12 months this has resulted in the submission of 98 reports and 64 approved operational decisions.
6. A breakdown of the reports indicates that the reports consisted of:
  - 19 disposals ranging from £2,200 - £7million
  - 7 acquisitions ranging from £75,000 - £325,000
  - 19 new leases ranging from peppercorn - £50,000
  - Remainder miscellaneous cases having a total value of £50,000

7. Areas for Review: In conducting a review of operational decisions it is suggested that the following issues should be considered:

- Clarity: The list of transactions outlined in **Appendix 1** does not define what represents low value in terms of a disposal. It is worthwhile highlighting that of the 19 disposal reports submitted, approximately half of these involved sums of less than £100,000. The list also omits consideration of the grant of general leases/licences and corresponding renewals. It is evident from the review conducted above, that these 2 categories of transactions form a significant part of the reporting subject matter
- Efficiency: Reducing financial and human resources means the Property Group needs to work more efficiently and to do more with less. The process of preparing and submitting Committee reports takes on average 6 - 7 weeks. This arises due to the process of drafting the report; seeking consultation and meeting various deadlines for the despatch of reports and agenda. This results in significant time delays in operational decisions and high levels of staff costs that are disproportionate to the value of transactions considered and therefore both inefficient and expensive.
- Audit findings: An Internal Audit review of the management of the County Council's land and buildings was undertaken during 2013. An extract from the audit report action plan is outlined below:-

***Risk:** Time is spent on Committee reports, by officers and Committee Members, which could be spent on more productive activities leading to the disposal of properties no longer required. Delays increase the possibility of a buyer losing interest in the property. Disposal proceeds are delayed, impacting on the timely receipt of income within the target financial year. Conversely, as 'small value disposals' are not defined, officers might make decisions on higher value properties which ought instead to be made by the Committee.*

The above risk is categorised 'medium' by Internal Audit.

- Governance: In order to support appropriate governance and oversight of Estate Management decisions, there remains a need to report property transactions to the Committee. A balance should be considered between those cases that represent routine activity and those cases that are of significant interest in terms of strategic, financial, reputational and local importance to County Councillors.
8. Proposed Amendments: After considering the above factors, it is recommended, subject to the Committee approval that the following are added to the current list of transactions to be progressed by means of operational decisions:
- Low value disposals (sale or exchange/premium leases) being defined as

a capital value not exceeding £100,000 – it is worth highlighting that sales which represent less than best consideration reasonably obtainable will always be reported to the Committee for approval.

- All proposed acquisitions of an interest in land will be reported to Committee for consideration.
  - Low value compensation payments as per above subject to a payment not exceeding £100,000.
  - The grant and renewal of general leases/licences where the duration is less than 25 years and the rent/fee proposed represents market value. It is unusual for a public sector body to grant an interest beyond 25 years and therefore such special circumstances should be reported to Committee for determination, any less duration being considered under an operational decision process.
  - Academy conversions: The County Council is obliged to grant a lease on specified terms once an application is made and as a result the reporting of individual cases provides no additional decision making ability.
  - Establishment of reserve and guide prices for the sale of property. These are normally advised by independent professional agents to supplement an in house opinion on value. As such an operational decision would be suitable for confirming such values.
  - The submission of planning applications for the development of County Council owned land.
  - The wording of the current operational decisions involving dilapidation surveys and the grant of short term lettings is updated to improve clarity.
9. The amendments outlined have been incorporated into **Appendix 2** for which the Committee approval is sought.
10. In all instances the Chair of the Finance & Property Committee to determine whether the operational decision submitted should still be reported to Committee on a case by case basis for approval.
11. While the extent of the operational decisions are being extended and clarified it is proposed a report should be submitted to the Finance & Property Committee on a quarterly basis outlining all operational decisions made, supplemented annually by a review report on Estate Management operational decisions.
12. Ward Member Consultation: Combined with the above proposed changes, for clarity it is recommended that relevant Ward Members are invited to comment on appropriate Estate Management decisions that are progressed via Committee reports or operational decisions, subject to the following timings:

- (i) Reports - prior to the appropriate Finance & Property Committee meeting in order that Ward Member comments (if any) may be considered.
- (ii) Operational Decisions - after the Chair of the Finance & Property Committee has been advised of the proposed operational decision. Any comments subsequently received from Ward Members that object to the decision shall be reported back to the Chair who shall direct whether the operational decision should be approved or submitted to the Committee for determination.
- (iii) Timescale - Ward Members are to be allowed a minimum of 7 days to make their observations.

### **Other Options Considered**

- 13. A no change option would retain the current disadvantages outlined within the report which could prove problematic from a governance perspective. Lack of clarity on operational decisions may create uncertainty on whether a legal contract can be concluded without a committee decision.
- 14. An alternative option is to provide officers with delegated powers on routine estate decisions. This would require a significant change in the Council's constitutional arrangements and brings few added benefits beyond a clear and functioning operational decision process.

### **Reason/s for Recommendation/s**

- 15. The proposed changes, it is suggested, provides an important and continuing degree of governance relating to Estate Management decisions enabling Committee members to concentrate on those cases of significance, while more routine transactions will be more efficiently progressed.

### **Statutory and Policy Implications**

- 16. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **RECOMMENDATION/S**

- 1) To approve the amendments for authorising operational decisions as outlined in **Appendix 2** of the report.

**Jas Hundal**

**Service Director  
Transport, Property & Environment**

**For any enquiries about this report please contact: Andrew Stevens 0115 977 2085**

**Constitutional Comments (CEH 20/12/13)**

17.The recommendation falls within the delegation to the Finance & Property Committee.

**Financial Comments (TR 18/12/13)**

18.There are no direct financial implications as a result of this report.

**Background Papers and Published Documents**

19.Property Strategy: Finance & Property Committee 9 July 2012

Internal Audit Report: Estate Management October 2013

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

**Electoral Division(s) and Member(s) Affected**

20.Ward(s): N/A  
Member(s): N/A

File ref.: AS/SB/09998

SP: 2572

Properties affected: 09998 - Various NCC Properties/non-property item



**Current Transactions Considered for Operational Decisions**

- Grant and renewal of garden and grazing licences
- Grant and renewal of short term (less than 3 months) licenses for other uses (such as fire-work displays, summer fairs etc.)
- Renewal of leases where there is an automatic right to renewal under specific legislation- such as Telecom towers
- Renewal of leases where there would be no other strategic use for properties - such as industrial units
- Renewal of leases where there is no other strategic use for land - such as grazing and stable leases, sailing clubs etc.
- Granting of wayleaves and easements to statutory undertakers.
- Deeds of variation
- Property led dilapidation surveys
- Landlords consent - alterations/change of use/assignments/sub-lettings etc
- Rent renewal reviews
- Low Compulsory Purchase Order Claims
- Small (low value) disposals





**Proposed Transactions Considered for Operational Decisions**

- Grant and renewal of general leases/licences where the duration is less than 25 years and the rent/fee proposed represents market value.
- Grant and renewal of short term (less than 3 months) licenses for community type uses (such as fire-work displays, summer fairs etc.)- Consideration may or may not be payable in such circumstances.
- Renewal of leases where there is an automatic right to renewal under specific legislation- such as Telecom tower.
- Granting of wayleaves and easements to statutory undertakers.
- Deeds of variation.
- Dilapidation surveys and the agreement of compensation/claims.
- Landlords consent - alterations/change of use/assignments/sub-lettings etc.
- Rent renewal reviews.
- Compulsory Purchase Order Claims subject to a payment not exceeding £100,000.
- Disposals (sale or exchange/premium leases) being defined as a capital value not exceeding £100,000.
- Academy Conversions.
- Establishment of reserve and guide prices for the sale of property.
- The submission of planning applications for the development of County Council owned land.

Note: (i) Disposals which represent less than best consideration reasonably obtainable will always be reported to the Committee for approval.

(ii) All proposed acquisitions of an interest in land will be reported to

Committee for consideration.