

**6 November 2019****Agenda Item: 6****REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES****CHANGES AND PROGRESS FOLLOWING AN AUDIT REPORT ON  
VACANT PROPERTY MANAGEMENT****Purpose of the Report**

1. To review and report on progress against actions identified following an internal audit of the Council's vacant property management arrangements in 2017.

**Information****Actions Identified**

2. The final audit report was structured in 7 sections:
  - A. Site handover
  - B. Vacant property strategy and site security strategy
  - C. Insurance and health and safety considerations
  - D. Procurement activity to progress disposal
  - E. Financial liabilities and insurance
  - F. Vacant property management
  - G. Temporary use of empty properties
3. Analysis of events led auditors to conclude that the Council's Property Service, acting as Corporate Landlord, should lead the implementation of 15 recommendations. An initial report on progress was brought to Governance and Ethics Committee in July 2018. In view of the number of actions in still in progress at that time a further report was requested. This report is now brought to confirm completion of all actions. These are set out in appendix A, alongside an accompanying narrative and progress against each recommendation.

**Delivery of the Property Transformation Programme**

4. Since the conclusion of the audit work, further service review and analysis has taken place to review the performance and effectiveness of the Council's property functions. Proposals were agreed by Policy Committee on 20 June 2018 to initiate a Property Transformation Programme with the allocation of significant investment to ensure momentum was gathered in improving the service.
5. The first phase of the Programme has been completed, including a review of the Council's management of vacant and surplus property, and the implementation of

improved policies and processes of decommissioning and ongoing management. This has involved working with Health and Safety, Insurance Services and Arc. The impact of this is reflected in the progress updates in Appendix A confirming that the required actions are complete.

6. Additionally the Programme has led to a new Corporate Property Strategy being published, a staffing review undertaken with introduction of a fit for purpose staffing structure and the transfer of the compliance function to Arc, to support a more effective integration of compliance and general maintenance activity. The central property data base has been cleansed and refreshed data management policies and processes introduced.
7. A further report was presented to Policy Committee on 16<sup>th</sup> October 2019 confirming progress with phase 1 of the programme and approving continued work in phase 2 to be undertaken up to March 2020 to take forward Service Asset Management Plans, performance indicators and further development/implementation of the corporate landlord model.

## **Statutory and Policy Implications**

8. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Financial Implications**

9. There are no financial implications arising from the report.

## **RECOMMENDATION/S**

- 1) That Committee agree the actions, set out in the Appendix to this report, relating to the Council's management of vacant properties.

**Derek Highton**  
**Service Director, Place and Communities**

**For any enquiries about this report please contact: Neil Gamble, Group Manager**  
Property Asset Strategy, Growth & Development, Tel: 0115 977 3405

**Constitutional Comments [LW 23/10/2019]**

10. Governance & Ethics Committee is the appropriate body to consider the content of the report.

**Financial Comments [RWK 24/10/2019]**

11. There are no specific financial implications arising directly from the report.

**Background Papers and Published Documents**

Internal Audit Report ref: 2017/94

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

All

## Appendix A

Recommendation	Management Response	Progress Update
<p><b>Priority 1 Recommendations - (essential for effective internal control, must implement recommendations to improve existing control arrangements)</b></p> <p><b>Priority 2 Recommendations - (highly desirable for effective internal control, should implements recommendations to improve existing control arrangements)</b></p>		
<p><b>Recommendation – 1 – Priority 1 – Reliable documentation of handover checks</b></p> <p>NCC Property Services ensure that handover checks for vacant sites are reliably documented, as a result of joint site meetings with colleagues from Risk and Insurance and Health &amp; Safety, and securely stored.</p>	<p>Existing handover documentation to be revised and improved to incorporate a check list to ensure consistency of application.</p> <p>A new procedure for managing and monitoring vacant properties, complete with responsibilities of service departments and stakeholders will be produced and shared with affected parties. This will include an assessment of risk (trespass, vandalism, fire, etc.) and detail utility provision and management (including ensuring disconnections and certification where appropriate).</p> <p>Documents to be available on clearly identified shared drive.</p> <p><b><i>Date for implementation</i></b> By 28 February 2018</p> <p><b><i>Officer responsible for implementation</i></b> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>Working with Health and Safety, Risk and Insurance Team and ARC new procedures for decommissioning a building from service use, agreement of and undertaking a schedule of works necessary to make safe and secure based on a risk assessment approach and then continued inspection and security regime thereafter have been agreed and implemented.</p>

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<p><b>Recommendation 2 – Priority 1 – Extent of handover checks</b> NCC Property Services should enhance the ‘Procedures for Securing Vacant Premises and Land’ by reviewing the procedure against best practice guidance and co-ordinating the checks with advice from other professionals within the Council.</p>	<p>Existing handover documentation to be revised and improved to incorporate a check list to ensure consistency of application. A new procedure for managing and monitoring vacant properties, complete with responsibilities of service departments and stakeholders will be produced and shared with affected parties. This will include an assessment of risk (trespass, vandalism, fire, etc.) and detail utility provision and management (including ensuring disconnections and certification where appropriate). Documents to be available on clearly identified shared drive.</p> <p><b>Date for implementation</b> By 28 February 2018</p> <p><b>Officer responsible for implementation</b> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>Working with Health and Safety, Risk and Insurance Team and ARC new procedures for decommissioning a building from service use, agreement of and undertaking a schedule of works necessary to make safe and secure based on a risk assessment approach and then continued inspection and security regime thereafter have been agreed and implemented.</p>
<p><b>Recommendation 3 – Priority 1 – Documented vacant property and site security strategy</b> NCC Property Services should maintain a vacant property strategy for each vacant asset, incorporating a site security strategy which is subject to review at pre-determined timeframes (1 month, 3 months, 6 months).</p>	<p>Existing handover documentation to be revised and improved to incorporate a check list to ensure consistency of application. A new procedure for managing and monitoring vacant properties, complete with responsibilities of service departments and stakeholders will be produced and shared with affected parties. This will include an assessment of risk (trespass, vandalism, fire, etc.) and detail utility provision and management (including ensuring disconnections and certification where appropriate). Documents to be available on clearly identified shared drive.</p> <p><b>Date for implementation</b> By 28 February 2018</p> <p><b>Officer responsible for implementation</b> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>Working with Health and Safety, Risk and Insurance Team and ARC new procedures for decommissioning a building from service use, agreement of and undertaking a schedule of works necessary to make safe and secure based on a risk assessment approach and then continued inspection and security regime thereafter have been agreed and implemented. The process for the on going management of vacant properties has built in review of arrangements after any incident and on a regular basis, such timing determined by risk.</p>

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<p><b>Recommendation 4 – Priority 2 - Review and reporting of vacant properties</b></p> <p>Effective corporate reporting and monitoring of vacant properties is put in place and reported to key decision-makers and stakeholders.</p>	<p>Corporate Property Management Group, comprising senior operational managers from service departments, Health and Safety and Risk and Insurance to be established and meet on a quarterly basis to share information, issues, and best practice.</p> <p><i><b>Date for implementation</b></i> By 28 February 2018</p> <p><i><b>Officer responsible for implementation</b></i> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>Regular meetings with key parties with responsibility for vacant buildings taking place. Full schedule of vacant properties, identifying security activities undertaken shared with stake holders each month.</p>
<p><b>Recommendation 5 – Priority 2 - Insurance and Health &amp; Safety advice</b></p> <p>Property Services should work more closely with officers from Risk &amp; Insurance and Health &amp; Safety to ensure that concerns raised through the independent reviews are used to prompt re-assessments of site security.</p>	<p>Corporate Property Management Group, comprising senior operational managers from service departments, Health and Safety and Risk and Insurance to be established and meet on a quarterly basis to share information, issues, and best practice.</p> <p><i><b>Date for implementation</b></i> By 28 February 2018</p> <p><i><b>Officer responsible for implementation</b></i> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>Regular meetings with key parties with responsibility for vacant buildings taking place. Full schedule of vacant properties, identifying security activities undertaken shared with stake holders each month.</p>

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<p><b>Recommendation 6 – Priority 1 Decommissioning</b></p> <p>Property Services should clearly establish and record to what degree decommissioning of utilities has been undertaken at each vacant property. This should include clarity if utilities have been removed, isolated from the network or isolated at the meter. If demolition is expected this could include consideration or obtaining disconnection certificates ahead of works starting.</p>	<p>A new procedure for managing and monitoring vacant properties, complete with responsibilities of service departments and stakeholders will be produced and shared with affected parties. This will include an assessment of risk (trespass, vandalism, fire, etc.) and detail utility provision and management (including ensuring disconnections and certification where appropriate).</p> <p>Documents to be available on clearly identified shared drive.</p> <p><b><i>Date for implementation</i></b> By 28 February 2018</p> <p><b><i>Officer responsible for implementation</i></b> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>The new procedures for decommissioning specifically deal with services, how they are dealt with, and this is recorded on the schedule of vacant properties.</p>
<p><b>Recommendation 7 – Priority 1 - Exit fire risk assessment</b></p> <p>NCC Property Services should undertake an exit fire risk assessment as part of the handover process to identify ongoing risks and to inform external bodies. The degree to which the exit fire risk assessment is completed will depend upon the risk ranking for the vacant property in line with the established risk ranking process.</p>	<p>A new procedure for managing and monitoring vacant properties, complete with responsibilities of service departments and stakeholders will be produced and shared with affected parties. This will include an assessment of risk (trespass, vandalism, fire, etc.) and detail utility provision and management (including ensuring disconnections and certification where appropriate).</p> <p>Documents to be available on clearly identified shared drive.</p> <p><b><i>Date for implementation</i></b> By 28 February 2018</p> <p><b><i>Officer responsible for implementation</i></b> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Completed.</p> <p>The new procedures take a risk based approach to identifying works to be undertaken to ensure vacant properties are safe and secure including assessment of fire risk.</p>

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<p><b>Recommendation 8 – Priority 2 - Pace of procurement</b></p> <p>Property Services should review the length of time taken to progress the procurement for both sites using Arc and the framework approach, to identify opportunities to speed up the process for future projects. This should include a re-assessment of the circumstances in which feasibility studies are requested.</p>	<p>Timely decision making within NCC will be driven by the information provided to the Corporate Property Management Group, however improvements to the briefing process between NCC and Arc will allow early identification of priorities and timescales, and options for project delivery. Cognisance of these priorities will ensure that a suitable delivery mechanism is chosen to reflect the required balance of cost and timescale.</p> <p><b><i>Date for implementation</i></b> Already Implemented</p> <p><b><i>Officer responsible for implementation</i></b> Group Manager Place Commissioning</p>	<p>Complete.</p> <p>Major Projects Board has been established which is adding further management oversight of the procurement and project management of demolition works.</p> <p>Through the robust contract management arrangements that are in place to client Arc, appropriate steps have been taken to ensure that the procurement of demolition activities takes place in an effective and timely manner.</p> <p>Where the County Council takes a decision not to demolish, either for strategic reasons or a lack of funds, a range of measures are now at our disposal to activity manage vacant sites. For example security and/or, CCTV monitoring.</p>
<p><b>Recommendation 9 – Priority 1 - Value for Money in the procurement arrangements</b></p> <p>The review of end-to-end property processes should incorporate assessments of value for money delivered through the framework arrangements.</p>	<p>NCC client team and Arc meet on a monthly basis at a number of levels to ensure projects are evaluated at all stages. This includes a suitable value for money assessment, alongside benchmarking of project design and delivery costs, and evaluation of frameworks where available.</p> <p><b><i>Date for implementation</i></b> Already Implemented</p> <p><b><i>Officer responsible for implementation</i></b> Group Manager Place Commissioning</p>	<p>Complete.</p>



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<p><b>Recommendation 10 – Priority 1 - Insurance liability during construction works</b></p> <p>Property Services should ensure that, when insurance cover is not being provided by the contractor, they are consulted by Arc prior to commercial negotiations commencing. This would afford the opportunity to take advice from the Risk and Insurance Team to determine the most appropriate insurance cover for the Council.</p>	<p>Initial, and subsequently quarterly meetings are to be held between Risk and Insurance, Arc, corporate procurement and the property commissioning team to establish effective and agreed insurance arrangements and for all projects, and ensure insurance provisions are reviewed and incorporated into contract documents as appropriate.</p> <p><i><b>Date for implementation</b></i> By 28 February 2018</p> <p><i><b>Officer responsible for implementation</b></i> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Complete.</p>
<p><b>Recommendation 11 – Priority 1 - Reviewing insurance liability on other works</b></p> <p>Property Services review the insurance arrangements in place for other construction works to determine whether insurance liability remains with the Council on any other current works let through Arc since 1<sup>st</sup> June 2016. Should this be the case, Property Services should re-assess risks with Arc and the Risk &amp; Insurance Team to consider whether additional, security arrangements are warranted to limit the Council's exposure to potential insurance liabilities.</p>	<p>Initial meetings are to be held between Risk and Insurance, Arc, corporate procurement and the property commissioning team to establish effective and agreed insurance arrangements and for all projects, and ensure insurance provisions are reviewed and incorporated into contract documents as appropriate.</p> <p>Corporate property management group, comprising senior operational managers from service departments, Health and Safety and Risk and Insurance to be established and meet on a quarterly basis to share information, issues, and best practice.</p> <p><i><b>Date for implementation</b></i> By 28 February 2018</p> <p><i><b>Officer responsible for implementation</b></i> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Complete.</p> <p>Procedures and processes agreed in consultation with Risk and Insurance team to ensure this issue is captured.</p>

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<p><b>Recommendation 12 – Priority 2 - Informing the insurer</b></p> <p>NCC Property Services and Insurance should ensure that all break-ins and site incidents for vacant properties are reported to the insurers to ensure the terms and conditions of the insurance policy remain valid.</p>	<p>Corporate Property Management Group, comprising senior operational managers from service departments, Health and Safety and Risk and Insurance to be established and meet on a quarterly basis to share information, issues, and best practice.</p> <p><i><b>Date for implementation</b></i> By 28 February 2018</p> <p><i><b>Officer responsible for implementation</b></i> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Complete.</p> <p>Procedures in place.</p>
<p><b>Recommendation 13 – Priority 2 - Review of joint venture approach to managing significant issues</b></p> <p>Once the immediate issues with the Grove Leisure Centre works have been resolved, Property Services should initiate a review with Arc of how the incident was managed through the joint venture arrangement, and any agreed improvements are put in place.</p>	<p>Arc and NCC Property to review the actions undertaken to manage the two incidents and produce a “Lessons Learnt” paper. This will be used to review procedures to be utilised by all parties in the event of future similar incidents.</p> <p><i><b>Date for implementation</b></i> By 31 March 2018</p> <p><i><b>Officer responsible for implementation</b></i> Group Manager Place Commissioning &amp; Managing Director - Arc</p>	<p>Complete.</p>
<p><b>Recommendation 14 – Priority 2 - Vacant property inspections</b></p> <p>Property Services should ensure that adequate resources are employed to deliver the approved frequency of vacant property visits, and the inspection record should include consideration of internal inspection, where safe to do so, and the containment of ACM contamination. Where appropriate this should include input from the Health and Safety Team.</p>	<p>An additional dedicated staff resource has now been appointed within property to undertake more frequent and more detailed routine inspections. Corporate Property Management Group, comprising senior operational managers from service departments, Health and Safety and Risk and Insurance to be established and meet on a quarterly basis to share information, issues, and best practice.</p> <p><i><b>Date for implementation</b></i> By 28 February 2018</p> <p><i><b>Officer responsible for implementation</b></i> Group Manager Place Commissioning &amp; Team Manager – Property – Strategy, Compliance and Performance</p>	<p>Complete.</p> <p>Regular inspections are taking place and a report is published on P2 and the relevant property file. Details of any Works Orders raised following the inspections are noted on the report before it is published.</p>

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<p><b>Recommendation 15 – Priority 2 - Temporary use of empty buildings</b></p> <p>Property Services should develop a policy for the temporary use of vacant properties, and especially consider whether enhanced security arrangements are warranted to protect both the stored assets and the premises themselves.</p>	<p>A new procedure for managing and monitoring vacant properties, complete with responsibilities of service departments and stakeholders will be produced and shared with affected parties. This will include an assessment of risk (trespass, vandalism, fire, etc.) and detail utility provision and management (including ensuring disconnections and certification where appropriate).</p> <p>Documents to be available on clearly identified shared drive.</p> <p><b><i>Date for implementation</i></b> By 28 February 2018</p> <p><b><i>Officer responsible for implementation</i></b> Team Manager – Property – Strategy, Compliance and Performance &amp; Property and Estates Technician</p>	<p>Complete.</p>