

MEETING**BUDGET AND PERFORMANCE OVERVIEW AND SCRUTINY COMMITTEE****DATE AND TIME****THURSDAY 25TH OCTOBER, 2012****AT 7.00 PM****VENUE****HENDON TOWN HALL, THE BURROUGHS, NW4 4BG**

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
6.	COMMERCIAL PROPERTY INCOME	1 - 8

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Meeting	Budget and Performance Overview and Scrutiny Committee
Date	25 th October 2012
Subject	Commercial Property Income
Report of Summary	Director Commercial Services Report detailing the income received from the Council's commercial estate, a summary of void properties and costs of maintaining empty properties.

Officer Contributors	Judith Ellis – Valuation Manager
Status (public or exempt)	Public
Wards Affected	All
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Budget and Performance Overview and Scrutiny Committee
Enclosures	Appendix One – Details of Void Properties
Contact for Further Information:	Judith Ellis(valuation team) judith.ellis@barnet.gov.uk Tel 020 8359 7364

1. RECOMMENDATIONS

- 1.1 That the Committee note the contents of the report and comment as appropriate.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 None

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan 2012-13 commits the Council to delivering 'Better services with less money'. A key principle of the medium term financial strategy is to continually review the use of Council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt.
- 3.2 The Council's Estates Strategy 2011-2015 commits the Council to 'providing sustainable, value for money solutions, to enabling high quality service delivery and community activity, at every stage of the property and assets life cycle.' The delivery of the disposal programme, development of the community strategy and the implementation of rent reviews and lease renewals in a timely manner underpins the Estates Strategy.

4. RISK MANAGEMENT ISSUES

- 4.1 There are no direct risk management issues within the context of this report to the scrutiny committee. The issues involved are considered unlikely to raise significant levels of public concern.
- 4.2 There are potential implications for delays in disposing of assets due to the Localism Act 2011 and details are set out in clause 7. Legal Issues.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Equality and diversity issues are a mandatory consideration in all decision-making in the Council. This requires Members to satisfy themselves that equality considerations are integrated into day to day business. Members must also be mindful of the public sector equality duty pursuant to the Equality Act 2010.
- 5.2 Under the Equality Act 2010, the Council must have due regard to the need to:
a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminating discrimination.

- 5.3 All disposals, new lettings, rent reviews and lease renewals are undertaken in compliance with the Council's obligations under the Equality Act 2010.
- 5.4 In addition to the Terms of Reference of the Committee, and in so far as relating to matters within its remit, the role of the Committee is to perform the Overview and Scrutiny role in relation to:
- The Council's leadership role in relation to diversity and inclusiveness; and
 - The fulfilment of the Council's duties as employer including recruitment and retention, personnel, pensions and payroll services, staff development, equalities and health and safety.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT., Property, Sustainability)

- 6.1 The Council's property portfolio comprises approximately 800 properties, which are broadly classified as, operational, investment, and community assets. All are recorded and valued and asset valuation reports are held in the Council's asset register which is updated annually and submitted for inclusion in the final accounts. The value of the Council's assets, excluding residential, is approximately £502,400,000.
- 6.2 The income generated from the assets provides revenue income to the Housing Revenue account, and the General Fund, depending on the purpose of acquisition of the asset or current use.
- 6.3 There are no procurement, performance and value for money, staffing, IT or sustainability implications in the context of this report

7. LEGAL ISSUES

- 7.1. The Community Right to Bid may affect delivery of the disposal programme, as under the Localism Act 2011, assets can be nominated to be included on a list of 'assets of community value' or, if an asset of community value comes up for sale, the property owner is obliged to inform the Council and a moratorium period of initially six weeks will be enacted. In this time, a Voluntary or Community Group can submit an Expression of Interest. If the Local Authority receives this, a full moratorium period of six months will be triggered. This prohibits the sale of the asset of community value for this six month period. At the end of the moratorium period, the asset can be sold at market price under normal market conditions. An asset of community value can be either a building or a piece of land.
- 7.2 Members must be mindful of the public sector equality duty pursuant to the Equality Act 2010. The Council is to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when formulating policies and making decisions with regard to the delivery of services or when simply exercising a public authority function. In short, the Council is required to integrate considerations of equality and good relations into day to day business.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 Constitution, Part 4, 'Management of Real Estate, Property and Land' – Rule 1 – The 'Property Review Process' requires properties to be considered in the context of the Corporate Plan and Service Key Priorities and their ability to deliver continuing value for money for the Council. By increasing the income year on year, exploring new opportunities and maintaining a low percentage of void properties best value commercial practice is being achieved.
- 8.2 The scope of the Overview and Scrutiny Committees is contained within Part 2, Article 6 of the Council's Constitution; the Terms of Reference of the Scrutiny Committees are included in the Overview and Scrutiny Procedure Rules (Part 4 of the Council's Constitution).
- 8.3 The Budget and Performance Overview and Scrutiny Committee has included within its remit the responsibility to scrutinise the financial management of resources available to the Council including: property and asset acquisitions and disposals; reviewing the Council-wide property and asset strategy; and the capital investment programme.

9. BACKGROUND INFORMATION

- 9.1 The type of properties held within each account and the income achieved over the last three years are detailed below;

HRA - Shops within housing estates, licences for garden land, community buildings. (excluding garages)

- **2010** £837,000
- **2011** £827,000
- **2012** £816,000 projection

General Fund – Recreation, agricultural lettings, cafes in parks, golf courses

- **2010** £638,414
- **2011** £645,143
- **2012** £634,895 (projection)

General Fund Commercial income – Offices, industrial buildings, advertising hoardings, Mill Hill Depot, Hendon Town Hall, Colinhurst, Friary House, Fenella

- **2010** £2,171,333
- **2011** £2,070,283
- **2012** £2,414,423 (projection)

9.2 The maintenance of a low void rate has enabled the income level to be maintained and a table detailing the void properties is attached in Appendix 1. The majority of void properties are either under offer, pending sale, or awaiting marketing.

9.3 The cost of maintaining security, empty rates and standing charges on empty properties are outlined in this report.

9.4 Any properties that are not part of the income generating estate i.e. corporate buildings, if declared surplus to the Councils requirements, will be held for sale, and require expenditure on security etc during the period pending disposal. This expenditure is from the commercial budget and excludes the corporate estate.

9.5 An analysis of Property Services expenditure below, sets out the main categories of types of expenditure with indicative costs for the last financial year and to date this financial year. The figures have been extracted from an analysis of costs associated with the disposal of properties and the costs of letting properties which have been previously let and the costs of maintaining properties which have been declared surplus for service delivery purposes, for which there may be a suitable market for letting. (As SAP does not distinguish between different types of vacant properties the figures have been extracted from a monitoring spreadsheet of payments made through SAP)

2011/12

Properties pending sale

- Advertising £9,000
- Maintenance £28,000
- Rates £7,000
- Security £18,000
- Utilities £6,500
- External Vals £15,000

Total £83,500

Vacant properties to be re-let.

- Advertising £200
- Maintenance £4,500
- Rates £9,500
- Security £17,000
- Utilities £8,500

Total £40,400

Vacant properties not previously let

- Advertising £900
- Maintenance £6,000
- Rates £11,500
- Security £11,000
- Service charge £750
- Utilities £8,000

Total £37,450

2012/13

Properties pending sale

- Maintenance £30,000
- Rates £12,000
- Security £10,000
- Utilities £4,000
- Ext valuations £4,500

Total £60,500

Vacant properties to be re-let

- Advertising £700
- Maintenance £1,500
- Rates £27,000
- Security £1,100
- Utilities £4,500

Total £34,800

Vacant properties not previously let

- Advertising £300
- Maintenance £500
- Rates £4,500
- Service charge £440
- Utilities £5,500

Total £11,240

(Excludes fees and settlements for dilapidations on 1 Friern Park and 42 Church Lane)

10. LIST OF BACKGROUND PAPERS

10.1 None

Cleared by Finance (Officer's initials)	MC
Cleared by Legal (Officer's initials)	JKK

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