

AUDIT COMMITTEE – 29 September 2009

ASSET MANAGEMENT - Management of the Council's Commercial Portfolio

Background

This report provides an update on the current position in respect of the Service's management of the Council's commercial property portfolio following the Audit Report issued in January 2009.

The final report issued contained seventeen audit recommendations, fifteen of which were high priority with the remaining two ranked medium priority resulting in a "Nil Assurance" rating being assigned to the service in that report.

A follow up review has since been undertaken and a further report assigning the service a "Substantial Assurance" has been issued.

Since issuing the earlier report, documented procedures have been put in place and widely publicised within the team. The procedures cover the range of work undertaken by the team such as rent reviews, lease renewals, valuations, and other landlord and tenant matters as well as disposals and acquisitions. These procedure notes are considered "living" documents and are kept under regular review.

Current Position

A team plan detailing key performance indicators is also in place and progress made in respect of some of the key areas to date is outlined below:

| Work Stream | Position as at July 2008 | Position as at September 2009 | Comments |
|--------------|--------------------------|-----------------------------------|--|
| Rent Reviews | 90 Outstanding | 42 completed with 48 outstanding. | All outstanding rent reviews have been actioned with negotiations either concluded or in progress. A total of 8 have either been or are in the process of being referred to third party determination. |

| | | | |
|----------------|----------------|-----------------------------------|---|
| Lease Renewals | 65 outstanding | 29 outstanding with 11 completed. | All outstanding lease renewals have been actioned with Legal Services instructed in respect of 25 and the remainder under negotiation with the lessees. |
|----------------|----------------|-----------------------------------|---|

- Condition Surveys – 95% completed
- Statutory Testing – 100% on order
- Shop Policy Report drafted for Cabinet
- Asset Management Board established and meets regularly
- The Council's Asset Management Plan has been written and adopted
- The Council's property database, CAPS, is now in place, populated and reconciled with the Council's Fixed Asset Register maintained by the Council's Corporate Finance Team. It is proposed to reconcile both sets of records on a regular basis.
- Regular routine inspections are now being undertaken of the Council's commercial portfolio.

Resources – A fully funded structure has now been agreed and recruitment is currently underway with two rounds of interviews completed and appointments made into permanent posts