

LONDON BOROUGH OF TOWER HAMLETS
Pre-Decision Questions - Overview and Scrutiny Committee – 7 April, 2015

Cabinet Report	Question / Comments
<p>Agenda Item 6.3</p> <p>Property Procedures Disposals and Lettings</p>	<p>Questions: O&S Committee asked the following:</p> <p>Page 127 Section 3.3 Step 2 – What record is kept regarding any interested parties viewing the premises? The officer undertaking the viewings will keep a record of those who attend. This has been made clear in the procedure.</p> <p>Page 127 Section 3.3 Step 4 – Who has responsibility for the receipt and logging of the application forms? The Asset Manager responsible for the marketing of the property will be responsible for the receipt and logging of application forms. This has been made clear in the procedure.</p> <p>Page 127 Section 3.4 Step 1 – As this is a policy decision that is a change of practice where is the specific advice on the implications of this policy change? This is not a new policy; it is what happens in practice now and in the past. Please note this step relates to lettings, not long leasehold/freehold disposals.</p> <p>Page 128 Section 3.5 Step 1 – Who decides if a building continues to be a/or is designated as a community building? The type of property, location and purpose for which it is held (e.g. HRA property) or intended to be held will determine if a building continues to be used as a community building. Where new buildings are absorbed in to the portfolio through S106 obligations and or through negotiated community consultation, these will be used as per the agreement with the developer etc. A revised community letting and charging policy is anticipated to be presented to Cabinet within the next 12 months that will aim to rationalise and crystallise council policy in relation to community buildings. There will also be a portfolio challenge as part of the wider corporate asset strategy. It should be noted that ultimately any change of use would be required by Cabinet or planning if not addressed above.</p> <p>Page 129 Section 3.6 Step 2 – There are a number of steps missing before this Step e.g. Advertising of the property; consideration of appropriate use; lease restrictions; any works linked to the building and the overall role that the building is to play in the future regenerations of an area. Step 3.6 is preceded by step 3.3 or 3.4 (the advertising of the</p>

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	<p>property either done in-house or using an external agent). The previous steps will also include consideration of appropriate use, future needs etc. – although this is primarily driven by the council’s Asset Strategy. Lease restrictions are also considered as part of step 3.2.</p> <p>Page 129 Section 3.6 Step 3 – What criteria is used to judge if the interview process has been a success? The interview process is intended to establish that the applicant fully understand the terms, the expectations of the council and an understanding that the lease will be managed. While the council will not seek expert advice on the submitted cashflow or business plan, the interview provides an opportunity to ask any questions that officers may have.</p> <p>Page 130 Section 3.7 Step 2 – Where in the process of preparing a new lease is the consideration given to the Council’s position e.g. Protection for the Council should there be a need to break the lease agreement? We will know if the property is likely to be need in the future (e.g. as part of a wider estate regeneration plan) and adequate provisions will be made in the lease to ensure we retain control as and when needed. Again, this will primarily be driven by the council’s Asset Strategy.</p> <p>Page 132 Section 4.0 Step 2 – Regarding the processes relating to the decision how to sell who decides that the sale will be by Auction or Tender? The Service Head, Corporate Property & Capital Delivery, will decide the most appropriate method of sale, taking into account the size, value and condition of the asset.</p> <p>Page 133 Section 4.0 Step 3 – Regarding Tenure there needs to be clarity on who makes the actual decision to sell? The decision on whether to sell on a leasehold or freehold basis will ultimately be made by Cabinet based on the recommendation of the Service Head, Corporate Property & Capital Delivery.</p> <p>Page 134 Section 4.0 Step 6:</p> <p>Points B;E; H; L and M</p> <p>(b) All viewings to be logged; This is usually the case and is often seen as good practice. (e) & (f) Clarity is needed on the deadlines e.g. Is it when an offer is received by the Service Head or the time/date when it is received by the Council; They are date and time stamped</p>

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	<p>on receipt and this clearly demonstrates whether they were received within the bid deadline.</p> <p>(h) The logging of the offers received should be logged in a book and not a loose leaf folder; A formal logging book is used.</p> <p>(l) The inclusion of information such as the bidders track record is too subjective; It is standard practice to consider the bidder's track record as it provides a commercial understanding of their past performance and indication of likely future performance.</p> <p>(m) Line 1 delete the word "Any discussion" and insert "each and every discussion" question and Line 5 delete "the discussion" and insert "each and every discussion"; Done.</p> <p>Page 136 Section 4.2 - Clarity is required on why a late offer would be accepted. The council is required, by law, to consider all bids including, in some circumstances, late bids. In the case of late bids, the council must be satisfied that there has been no collusion. This can be achieved by ensuring that late bids are only accepted if the other bids have not yet been opened. However, it should be noted, as stated in section 4.2, the council is placed in a difficult position if a higher offer is received after another offer has been accepted subject to contract. Failure to consider the late bid may leave the council failing in its obligation to secure best consideration, as required under s.123 of Local Government Act 1972.</p>