

Cabinet	 TOWER HAMLETS
31 st July 2019	
Report of: Ann Sutcliffe, Corporate Director, Place	Classification: Unrestricted
Revised Property Lettings and Disposals Procedures	

Lead Member	The Mayor, John Biggs
Originating Officer(s)	Alan McCarthy/David Beament
Wards affected	All Wards
Key Decision?	Yes
Forward Plan Notice Published	21 June 2019
Reason for Key Decision	Significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.
Strategic Plan Priority / Outcome	<ol style="list-style-type: none"> 1. People are aspirational, independent and have equal access to opportunities; 2. A borough that our residents are proud of and love to live in; 3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.

Executive Summary

A revision has taken place to the abovementioned internal procedure which is used to provide additional guidance to the Council's Asset Management Team to reflect the greater use of digital communications, roles of agents in lettings and disposals, to maintain best practice and to take on board suggestions from the council's Audit team. This was deemed necessary following an earlier internal audit requirement.

The Mayor and Cabinet member are asked to approve the revised procedure.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Approve the attached revised procedure, and delegate to the Corporate Director of Place the authority to agree any subsequent amendments of a minor nature.

1. REASONS FOR THE DECISIONS

- 1.1 The original 2015 procedure which has been used to provide guidance to relevant officers within the Council's Asset Management Team, needed updating to comply with current professional and commercial practice and the latest internal audit requirements to improve consistency and clarity, to ensure improved service delivery.

2. ALTERNATIVE OPTIONS

- 2.1 To keep the existing procedures :-

These procedures were drafted some 4 years ago and do not include the improvements made in both new technology and professional practice in the interim. If they continue to be used, this could limit future improvements in performance and service delivery.

- 2.2 Not to have procedures at all

This may result in a lack of consistency in undertaking non-residential letting and disposals transactions and could result in deterioration of service delivery to the detriment of local businesses and residents.

3. DETAILS OF THE REPORT

- 3.1 The lettings procedure relates to the Council's leased non-residential properties that are held mainly for investment purposes, plus community buildings that are also let or are to be leased. The disposals procedure applies to any council owned land and/or buildings that might be declared surplus to its requirements. These procedures were originally drafted in 2015 to provide guidance to officers within the Asset management Team to ensure that such transactions were carried out equitably, consistently and in accordance with good professional practice.
- 3.2 The 2015 procedure, has now been revised in order to maintain efficiency, to follow current good professional practice and improve service delivery. Consultation has taken place with the Council's Third Sector Team in connection with the letting of community buildings, and also . officers from the Council's Legal, Procurement and Audit teams have also been consulted.

- 3.3 The Letting procedure relates to properties within the Council's commercial investment portfolio when they become available for leasing on the open market.
- 3.4 The procedure also relates to community buildings owned by the Council should they also become available for leasing. This is generally carried out using private treaty methodology, employing external letting agents.
- 3.5 The Disposals procedure relates mainly to the various marketing processes available following decisions taken to declare Council owned property and/or land surplus to requirements, again using external agents.
- 3.6 It aims to maintain confidentiality and ensure that transactions are completed fairly in order to obtain best consideration.
- 3.7 The procedures have been drafted to ensure that each transaction is carried out professionally and that a clear process is followed by the Council's Asset management officers and appointed external agents in order to preserve confidentiality and improve service delivery so that best consideration can be achieved in every case.
- 3.8 Officers are now required to report to Cabinet on this as it is outside the scope of officer delegation and represents a significant Council policy,
- 3.9 It should be appreciated that the procedure is a working document, likely to be amended to keep in line with best practice, so delegated authority is sought for the Director of Place to approve any subsequent amendments required of a non-strategic nature..

4. EQUALITIES IMPLICATIONS

- 4.1 The revised procedure through increased efficiency and performance, should improve service delivery for all participating Borough businesses, and result in improved consistency and increased transparency by the Council in its property dealings. Through continued adherence to the statutory best consideration principles, officers will be able to ensure that Council commercial property and land portfolio is put to the best possible use for the benefit of all its residents.
- 4.2 It is considered that an equalities impact analysis is not required and the procedures will ensure equal access to Council real property opportunities for all sectors.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are

required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

5.2 The Council is required to obtain best consideration in all its property dealings under section 123 of the 1972 Local Government Act and the attached procedures emphasise the need for this statutory obligation to be met by all officers within the Asset Management Team through enhanced performance..

5.3 To comply with the statutory obligation to obtain best consideration, it does not necessarily mean acceptance of the highest offer received, but includes the ability by bidders to deliver, and also to comply with any non-monetary objectives specified in the marketing particulars.

5.4 In certain circumstances, the Council is able to enter into transactions below market value, and this is covered in more detail in paragraph 4.3 of the procedures.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no financial implications emanating from this report that sets out the revised procedures for property lettings and disposals.

6.2 Any future activities and events resulting from the development of these procedures will need to be funded from within the existing resources of the service, or if required, through growth gained as part of the council's Medium Term Financial Strategy process.

7. COMMENTS OF LEGAL SERVICES

7.1 The Council is obliged under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This proposal has both financial and potential environmental benefits to the Council.

7.2 A revision has taken place to the internal procedure which is used to provide additional guidance to the Council's Asset Management Team to reflect the greater use of digital communications, roles of agents in lettings and disposals, to maintain best practice and to take on board suggestions from the council's audit team. This was deemed necessary following an earlier internal audit requirement.

- 7.3 The attached revised procedure fulfils the obligation referred to in paragraph 7.1 herein
- 7.4 When exercising its functions the Council has a duty under section 149 of the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination and advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
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Linked Reports, Appendices and Background Documents

Linked Report-NONE

- None.

Appendices

Appendix 1-Revised Lettings and Disposals Procedure

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents: N/A

Or state N/A