

Management of the Green Belt

London Borough of Enfield

Audit 2007/08

May 2009



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Status of our Reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary report

Introduction and background

- 1 The borough of Enfield covers some 8,219 hectares of which the London Borough of Enfield (the Council) has a legal interest in approximately 3,500 hectares of green belt property (the Green Belt). These very significant property assets have a major influence on the resources available to the Council.
- 2 The Council's previous arrangements for the management of property assets in the Green Belt were not effective. In 2006/07, the Audit Commission undertook a review of asset disposals by the Council across its various portfolios. The Council's Internal Audit subsequently also undertook a review of property disposals including several properties in the Green Belt. Both the Audit Commission's review and that of Internal Audit identified similar weaknesses.
- 3 In response, the Council changed its arrangements for management of property assets in the Green Belt. Specialist external consultants (the Managing Agents) were appointed in 2007 to take over the management of these properties.
- 4 In view of the findings of our own work and that of Internal Audit, and having regard to issues raised with us by members of the public, we have undertaken a further review of the new arrangements for managing property within the Green Belt. This report sets out our findings and conclusions in accordance with the scope, objectives and approach set out below.

Scope and objectives

- 5 The scope of this review was to assess the adequacy of the Council's overall arrangements in relation to both governance and the ability to secure value for money from the management of its assets in the Green Belt. The review has also considered the processes and procedures in place for the disposal of assets, determination of rental and rateable valuations and the enforcement of planning permissions.
- 6 The objectives of this review were to:
 - assess how Councillors have been informed and involved at all appropriate key stages of the process;
 - assess how far best value principles have been adopted in relation to the management of Green Belt assets;
 - establish how the Council strategically operates in relation to major capital disposals in the Green Belt;
 - assess how planning permissions are granted and enforced in regard to Green Belt properties, particularly those within the disposal programme; and
 - identify areas of risk and make recommendations where needed.

- 7 The scope and objectives of this review were limited to properties within the Green Belt, but some of the issues we raise have implications for the Council's other property interests. The Council should therefore consider whether some of the issues and recommendations arising from this report could also be transferable to its other commercial, residential or office property holdings.
- 8 We would like to acknowledge the co-operation and assistance which the Council has given throughout this review.

Audit approach

- 9 Our approach involved:
 - analysis of data in the Council's Asset Register;
 - a review of relevant financial information;
 - an examination of relevant documentation, including reports from Internal Audit and external consultants; legal reports; valuations; and appropriate correspondence between third parties and the Council; and
 - interviews with senior officers, Councillors, key staff and external advisers.

Main conclusions

- 10 Since 2007 the Council has significantly improved its processes and procedures for property asset management across all of its portfolios, and specifically for the Green Belt. Historically, this was an area of considerable weakness, demonstrated by poor retention of documentation, inadequate management information and failure to implement key property related reviews and important procedures. This resulted in financial loss to the Council and the failure to demonstrate value for money. However, the Council has now put into effect lessons learnt from previous reports and reviews. In relation to the Green Belt in particular, the Council has improved its record keeping and use of information. Green Belt properties are pro-actively managed. Good documentation now demonstrates open and transparent dealings.

Summary report

11 The key actions which the Council has taken to improve management arrangements of Green Belt assets are:

- developing an appropriate strategy and policy for property management within the Green Belt;
- understanding and managing the separation of the Council's functions as a landowner and the relevant planning authority for the Green Belt;
- establishing better processes for the valuation and disposal of properties within the Green Belt with clear links as to how this informs the Council's Medium Term Financial Plan (MTFP);
- appointing the Managing Agents who have provided independent and expert advice providing greater transparency and openness in regard to transactions;
- formulating guidance to ensure there is clear demarcation of the roles and responsibilities of Councillors who may have potential conflicts of interests with land ownership issues within the Green Belt; and
- managing pro-active approach to resolving potential boundary disputes which may arise from conflicts of interests with other stakeholders of assets within the Green Belt.

12 Action is still however needed to secure further improvement. Our key recommendations are:

- undertake a cost/benefit analysis of whether substantive holdings within the Green Belt should be subjected to voluntary registration at H.M. Land Registry and to submit these as soon as possible;
- maintain a programme of updating valuations irrespective of the overall economic climate and ensure these are properly recorded;
- quantify and report to Councillors all outstanding losses from the failure to charge appropriate business rates particularly in regard to St. Johns School;
- ensure any policy for implementing rent reviews is applied consistently across all the Council's property portfolios;
- undertake rent reviews at the appropriate and stipulated times in regard to leases, with any economic assistance to tenants being made personal only to them and not capable of assignment by them on any sale of their interest;
- investigate the introduction of an estates management system for Council-wide application to consolidate all property management information; and,
- formulate a strategy for planned maintenance for properties within the Green Belt.

Way forward

13 The Council is asked to consider this report and our recommendations. The action plan included with this report outlines the actions that the Council is recommended to take allocating the priorities against them and sets out the responses which the Council has provided.

Detailed report

How does the Council operate strategically in relation to the Green Belt?

- 14** The Council has now put in place a formal Strategy and Policy for the management, acquisition and disposal of properties within the Green Belt. This was informed by the Audit Commission's 2006/07 review and several Internal Audit reviews. Together with the Council's own internal reviews, these reports led to the formulation of Property Procedure Rules effective from March 2008. The Rules have been reviewed further in November 2008 following initiatives implemented by the Property Department. Since these changes, Internal Audit have given overall substantial assurance and made few significant further recommendations. This progress means that the Council is reducing the risk to which it was previously exposed when processes were not well managed. The Council is aware that it should build on this progress to minimise further risk.
- 15** Officers and Councillors understand that in terms of property holdings, the Green Belt is a specialist asset with unique features. It is primarily a business asset for farmers and therefore has to be commercially viable. This factor needs to be reconciled with the more general public requirement for access to open spaces. Green Belt issues are also more complex than other types of commercial landlord and tenant relationships. For example, inherited ownership of small holdings means there are relatively few potential occupants with the expertise and skills to run these businesses. Other interests, such as those of a purely residential nature, are possibly more straightforward but nevertheless require careful management. Development in the Green Belt is subject to much more stringent criteria than others. The Council understands this well.
- 16** The Council has therefore demonstrated good practice by establishing a Green Belt Forum (the Forum), to provide representation for all key stakeholders so they can contribute to Council policy and strategy. The Forum comprises: seven Councillors (three each from the majority and minority parties and one non-affiliated); tenants; and members of the public. Reports are submitted to the Cabinet. This combination ensures that the Forum is politically balanced. Councillors and officers understand that the Forum is a sounding board and not an executive group.

Detailed report

17 The Forum has made a good contribution. Its first meeting was held in April 2008 and was attended by 30 members of the public. Formal minutes were circulated and made public. The Forum has influenced the Council's strategy and policy decisions for the Green Belt. The proposed objectives of ownership are now defined as:

'To promote and apply a sound commercial, environmentally sustainable, social and economic ownership ethic by:

- Managing the portfolio in an exemplary manner, applying the principles of good estate management*
- Adopting a commercial approach to the portfolio investment, whilst considering the long term benefits of ownership.*

To use the additional rights afforded to a landowner, to those afforded to a planning authority, to protect and enhance the open nature of the green belt and to regulate the behaviour of those who use or occupy the green belt.

To facilitate access to the green belt, where appropriate, by the community.'

18 As key issues have now been resolved, the perception is that fewer regular meetings of the Forum are required, particularly as attendance has fallen off. However, it remains important that the Council's strategy and policy for the Green Belt remains acceptable to the public. The Council may also need to reconvene the Forum if consultation is needed on any new issues or proposed changes to the current strategy or policy.

Recommendation

R1 Publish on the Council's website any changes in Green Belt strategy and policy. Ensure that if any changes are proposed, the Green belt Forum and any other interested parties and stakeholders are consulted.

The expected benefit of this recommendation is that the Council will be able to demonstrate openness and transparency in its management of the Green Belt

Implementation of this recommendation will have high impact with low cost.

This should be implemented by August 2009.

19 The Council has been adversely affected by the fact that its land ownerships within the Green Belt are not registered at H.M. Land Registry. Compulsory registration is only necessary on a substantial disposal of any interest (generally a sale or grant of a long leasehold interest). However, agricultural holdings usually involve more short term lettings so on the whole remain unregistered. The lack of clarity about boundaries, compounded by these unregistered titles, has led to disagreements with the Duchy of Lancaster which has adjacent land holdings with restrictive covenants which affect the Council's land. There may be benefits to the Council from undertaking a programme of voluntary registration, either of all its interests or certainly of those most likely to lead to disputes. This would, however, have significant cost implications in valuation and land registry fees alone. The Council has not yet undertaken a cost / benefit analysis of voluntary registration.

Recommendation

R2 Undertake a cost/benefit analysis of whether substantive holdings within the Green Belt should be subjected to voluntary registration at H.M. Land Registry and to submit these as soon as possible.

The expected benefits of this recommendation are:

- clarification of precise boundaries and obligations in regard to them by the appropriate landowners; and
- fewer disputes and thereby minimising risks of challenge which might entail unnecessary costs and expenses.

Implementation of this recommendation will have high impact with low cost.

The analysis should be undertaken by September 2009.

Do councillors and partners understand their roles and responsibilities?

20 The Council has now put in place robust processes to ensure that Councillors' personal interests in the Green Belt do not influence decisions or are unduly influenced to lobbying from members of the public. Some Councillors have had and may continue to have potential conflicts of interests and this situation has not always been appropriately managed. Many Councillors are strong advocates for the Green Belt, more so than other property holdings, but this enthusiasm is now more appropriately channelled through membership of the Forum. Any Councillors who serve on the planning committees are also required to declare potential conflicts of interest and exclude themselves from decision making. The new arrangements appear to be working well.

Detailed report

- 21** The role of Overview and Scrutiny is clear, but no specific scrutiny has taken place. Property management needs to be incorporated into the scrutiny process particularly to assure Councillors and members of the public that the Property Procedure Rules are being adhered to appropriately. There is scope for Councillors to use call in procedure if they have concerns about any sales of properties or if they want values to be explained.

Recommendation

- R3** Consider including within the annual scrutiny plans a random sample of property disposals to ensure they have been carried out in accordance with the Council's Property Procedure Rules.

The expected benefits of this recommendation are:

- assurance of compliance with the Property Procedure Rules; and
- greater transparency and openness in regard to disposals of properties throughout the Council.

Implementation of this recommendation will have medium impact with low cost.

This recommendation is ongoing.

- 22** The Council has also introduced robust measures to manage property transactions involving Councillors. All negotiations are required to be undertaken at arms length. Councillors must take independent advice and preferably be represented by their own advisers who must deal with the Council's officers. These measures provide safeguards to protect the Council, its officers and the Councillors themselves. Councillors are periodically reminded about these rules and the level of compliance has increased.

Is there a clear demarcation of the role of the Council as a planning authority in relation to its other functions in relation to the Green Belt?

- 23** Historic management weaknesses in the Council's planning department have been addressed and better processes are now in place. Backlogs of planning applications and enforcement proceedings have been actively managed and substantially reduced. The Council accepts that there have been failings in managing enforcement proceedings when notified breaches of planning permissions have been brought to their attention. However, there appear to be no recent cases of this.

- 24** There is a clear separation of functions within the Council to deal with conflicts of interests between the Council as landowner and its role as the planning authority. Any decision involving such a potential conflict of interest must be discussed at full planning committee and not delegated to officers. Furthermore, if a Councillor or resident of the Borough requests that any decision is referred to the planning committee, then it is almost always placed on the agenda for the next available meeting. Officers report that this happens in 90 per cent of cases. Only a minority of such cases are determined by officers. Officers will not change their recommendations just because of referral to the planning committee, but the committee nevertheless will sometimes overturn them if they do not accept them. The process is open and transparent.

How well does the Council integrate financial, valuation and value for money considerations in the management of the Green Belt?

- 25** The Council demonstrates good estate management practices, particularly in managing its conflicting roles in relation to property holdings. The Council is not only a landlord, but also has planning responsibilities, along with a public duty to maximise its assets for the benefit of the whole community. Particularly in difficult economic times, the Council also has to consider the overall impact of any actions it takes on both individual tenants and the wider community. However, the appointment of external agents has delivered more transparency. The Managing Agents put forward recommendations for comments and approval by the Council which retains the authority to make the ultimate decision. These arrangements work well.
- 26** Relationships historically between individuals, tenants and officers within the property department became long established and thereby unchallenging. This has now changed. A lack of overall strategy was compounded by poor flow of management information and a lack of review processes. However, these issues have now been addressed and are managed more effectively. For example, there is Property Strategy Board chaired by the Deputy Leader. These revised arrangements provide greater transparency.

Valuations

- 27** The Council has a good understanding of the importance of maintaining up to date and robust valuations of its property assets. Valuations of Green Belt properties are undertaken with regard to factors such as the current rent, estimated rental value and the next review date. The Council applies an appropriate market value capitalisation yield to ascertain capital values. The Council understands that it is important to record accurate valuations. However, the Council also currently has a policy not to sell property within the Green Belt (which is supported by the local community) but it could use any overall increased values to allow higher prudential borrowing. Therefore, accurate valuations are important to enable the Council to calculate its overall capital asset value, notwithstanding that there is no immediate potential for realising any gains.

Detailed report

- 28** The Council should ensure that any increase or fall in values is accurately recorded as this will also provide a full audit trail of property prices to explain why any eventual sale might be at less than a previous higher valuation. Accordingly, the Council should continue to revalue properties periodically in the light of the prevalent market conditions.

Recommendation

- R4** Maintain a programme of updating valuations irrespective of the overall economic climate and ensure these are properly recorded.

The expected benefits of this recommendation are:

- ensuring that subsequent disposals especially if below previous recorded market values have an established audit trail of fluctuations in valuations which have occurred; and
- greater transparency and openness is demonstrated in regard to disposals of properties throughout the Council.

Implementation of this recommendation will have high impact with low cost.

This recommendation is ongoing.

Financial issues

- 29** There are clear links with valuations informing the Council's MTFP. Historically, the Council regarded its asset portfolio as separate from its financial planning processes. From 2001 property management was included within the Corporate Resources Directorate. As a consequence, property portfolios across the Council were not managed by experts, which meant that the Council did not always have independent verification to help it obtain best value for money from its assets. In 2008 its functions were moved into the Place Shaping Directorate. This new arrangement has addressed this issue. The Council now has stronger arrangements for ensuring that financial planning takes asset values into account.
- 30** Whilst the Council is generally prepared to sell off surplus assets to raise funds, it has made a deliberate decision not to sell off Green Belt property. The Council understands that this policy limits its scope for increasing capital receipts, but it is in line with its stated strategy and policy, as well as most residents' wishes.
- 31** The Council has taken effective action to avoid laying its Property Strategy Board, chaired by the Deputy Leader, open to criticism for poor procedures. Past weaknesses included failure to review rents or business rates and expose the Council to loss of income. The Audit Commission has previously recommended that all such losses should be formally reported to Councillors. This has now been done in most cases. However, the Council has not yet quantified the loss arising from failure to charge business rates for St. Johns School between 1993 and 2004. This now needs reporting as a matter of priority.

Recommendation

R5 Quantify and report to members all outstanding losses from the failure to charge appropriate business rates particularly in regard to St. Johns School.

The expected benefits of this recommendation are:

- clarification of the outstanding sums due;
- proper accountability and governance; and
- fewer outstanding disputes and challenge to the Council.

Implementation of this recommendation will have medium impact with low cost.

This recommendation should be undertaken by September 2009.

32 The Council has been responding to the current economic downturn by balancing income generation from property assets against managing hardship to tenants. However, the Council should ensure that this does not adversely affect its overall financial position, or treat occupants of different types of assets in an inequitable way. For instance, in relation to its retail portfolio, the Council is not currently implementing rent reviews, most of which become due every three to five years. In the rural portfolio, rent reviews are generally five years for leisure holdings such as golf courses, three years for farm and similar holdings, and half-yearly in the case of some residential property. This disparity risks treating different groups of occupants inconsistently.

Recommendation

R6 Ensure any policy for implementing rent increases is applied consistently across all the Council's property portfolios.

The expected benefit of this recommendation is greater transparency and openness in regard to the management of properties throughout the Council.

Implementation of this recommendation will have medium impact with low cost.

This recommendation is ongoing.

Detailed report

- 33** Some organisations ensure consistency by always establishing a fair market rent then choosing whether to give any personal concessions based on hardship to individual tenants for a specific duration and which would be incapable of being assigned to anyone else. This ensures that each case is treated on its merits and the organisation is not at risk of subsidising a new tenant until the next review date, to the detriment of its own interest. Without a clear and consistent policy, the Council may become subject to criticism from its tenants or Council Tax payers.

Recommendation

- R7** Complete rent reviews and lease renewals at the appropriate and stipulated times in regard to leases with any economic assistance to tenants being made personal only to them and not capable of assignment by them on any sale of their interest.

The expected benefits of this recommendation are:

- ensuring that the Council is not placed at risk of financial loss;
- managing hardship to specific tenants but protecting future income; and
- greater transparency and openness in regard to the management of properties throughout the Council.

Implementation of this recommendation will have medium impact with low cost.

This recommendation is ongoing.

Value for money

- 34** The Council generally has a good understanding of value for money. However, because of the nature of its assets in the Green Belt, it cannot quantify whether these deliver value for money. Other elements of property such as shops, offices and residential holdings have a measurable commercial value. In contrast, the Green Belt is more than just land and buildings. Its amenities have cultural and recreational value and are more difficult to appraise in terms of value for money. It is often appropriate to leave parts of the Green Belt under-used. During times of economic downturn, leisure and sports facilities are more than usually important to local people. It is appropriate for the Council to balance these benefits against value for money considerations.

Are there appropriate arrangements in place for the management, acquisition and disposal of properties within the Green Belt?

Management

- 35** As stated above, the Council is addressing the previous weaknesses in its property management service. The Council acknowledges that there was an unprofessional approach to property management particularly in respect of the Green Belt. The lack of adequate resources within the Property Department was also a key issue. The Council has therefore benefited from the additional capacity provided by the recent appointment of an Interim Head of Property who has good commercial experience. He has already instigated some transformational changes to the benefit of the Council.
- 36** With the support of the senior management team, one of the fundamental changes has been the appointment in January 2007 of the Managing Agents to advise on and actively manage the Green Belt properties. The procurement of the Managing Agents was undertaken through a formal process and whilst the initial contract was only for one year, the significant issues that they needed to resolve led to their appointment being extended for a further two years. This is justifiable.
- 37** The Council has strengthened its management arrangements. The Managing Agents have produced a Landlord and Tenant Compliance Report (Compliance Report) which is a comprehensive audit of all property issues within the Green Belt. Until the consultants began work, a lack of capacity meant that the Council had incomplete documentation and records of legal interests in properties or their tenancies; unclear terms and conditions of occupation; and no precise policy or strategy. The Green Belt Forum has addressed the strategy and policy issues. The Managing Agents have undertaken an analysis including personal meetings with tenants and other interested third parties (such as the Duchy of Lancaster). As a result, they have identified the key action points needed. These are now formally recorded and monitored regularly. These arrangements appear to work well.
- 38** There is a strong working partnership between the Council and the Managing Agents with clear responsibilities and appropriate delegation of authority. The Council holds all legal documents and the Managing Agents hold and manage all correspondence files. The Council has a Property Management Asset Directory, but this is primarily in relation to its retail portfolio. However, Green Belt properties are scheduled to be included in due course. Relative responsibilities are now clear.

Recommendation

R8 Include within the Property Management Asset Portfolio all the Green Belt and all other property assets of the Council.

The expected benefit of this recommendation is better data management and records which will facilitate better overall management.

Implementation of this recommendation will have medium impact with low cost.

This recommendation is ongoing.

- 39** The Council has good processes in place for the future management of the Green Belt. It has already begun a formal procurement process to appoint Managing Agents when the current contract expires. Four major firms with appropriate qualifications and expertise have expressed interest. The new contract may extend to rental collection. It will also include some of the agricultural and green space issues from the Parks portfolio which have been previously excluded which is useful.
- 40** The Council currently operates more than one system for its property assets relating to both management and financial information, which increases the risk of errors. For example, some changes have to be made to more than one system, which increases the chance of mistakes such as missed rent reviews or wrong rent levels. Internal Audit reports have also highlighted poor recording systems with incomplete data on holdings. Internal Audit found incorrect basic information such as names and addresses, as well as more significant issues such as insufficient evidence of valuation calculations. The Council lacks a bespoke estates management system with full functionality and the ability to record specific environmental issues and improvements likely to impact on overall valuation. Without such a system, the Council cannot be sure of getting the best value for money from its assets.

Recommendation
R9 Investigate the introduction of an estates management system for Council-wide application to consolidate all property management information.

The expected benefits of this recommendation are:

- the Council will be able to identify key dates and ensure there is minimal chance of failure to implement action; and
- the Council will have access to reliable, comparable data which can be universally interrogated and demonstrate how overall value for money is being achieved.

The implementation of this recommendation will have high impact with medium to potentially high costs but there will be an overall 'spend to invest' rationale. This will require some detailed investigation but should be capable of being implemented by December 2010.

- 41** The Council has developed good processes to administer a complex legal relationship with the Duchy of Lancaster, whose estates and historic land covenants impact on the management of the Green Belt. Again, there have been historic failures of not obtaining appropriate permissions or consents. This has involved the Council in additional costs and expenses. However, the appointment of the Managing Agents has led to improvements. The Council and the Duchy have agreed formulas for obtaining agreement and making payments. This is more transparent. The Council now benefits from knowing precisely its requirements and exposures to both additional costs and fees.
- 42** The Council historically has not pro-actively managed the repairs and maintenance of the Green Belt properties for which it is responsible. It has lacked a strategy and budget for maintenance. As a result there are cases where works carried out will have resulted in enhancements for tenants, with no benefit accruing to the Council. A few actual issues have been resolved either through negotiations or legal agreement between the parties. The new management arrangements have minimised the chance of similar cases in the future.
- 43** The Council has not set priorities for maintenance and agreed these with its tenants. It has also not undertaken an analysis of needs or drawn up a prioritised action plan. Many similar organisations have formal, annual plans which can include allocation of funding on an 'invest to earn' basis. Others operate tenant initiated repair schemes whereby a discount of rental is offered to tenants undertaking minor repairs. Without a clear strategy and plan for maintenance, the Council cannot be sure that it is using its limited resources to maximum effect.

Recommendation

R10 Formulate a strategy for planned maintenance for properties within the Green Belt.

The expected benefits of this recommendation are:

- better strategic pro-active management of properties within the Green Belt, and
- protection of the underlying asset value of the Council's assets.

Implementation of this recommendation will have high impact with medium cost.

This recommendation is ongoing.

Disposals

- 44** Arrangements for disposals of properties are now transparent. The Council's policy is generally not to sell property within the Green Belt. Indeed, the sale of properties would probably not be welcome by the majority of the local community even if significant financial benefits were shown to accrue. However, historically, some redundant residential properties were sold to raise capital receipts and this will still be undertaken when appropriate. For most recent sales of properties within the Green Belt, the Managing Agents have been involved, providing independent advice and recommendations on valuations and price setting. In some cases, this has resulted in reduction from the original sale price, but was due to adverse survey reports or the general downturn in the property market, rather than poor advice. The involvement of the Managing Agents provides clear openness and transparency in such dealings.
- 45** The Council has also implemented the recommendations in our 2006/07 asset disposals report. There have also been further Internal Audit reports which have also not been specifically in relation to the Green Belt, but where the recommendations are transferable to it. Whilst weaknesses were identified within these reports, there was no evidence of any probity issues in the ascertaining and reporting of values. Most of the issues raised in the audit reports have been addressed and action taken to put in place more open and transparent processes. Internal Audit has now provided substantial assurance about the new systems.
- 46** The Council now generally favours open market transactions including auctions or tender and the input of more independent external expertise in the sale of properties, which is a transparent and cost-effective approach. Private treaty sales are very seldom used, unless there are adequate and detailed audit trails recorded around valuations. The fact that the Property Procedure Rules were also written during a period of sustained rising prices means that they do not yet cover eventualities such as a falling market. In particular, sales at less than initially agreed prices should not only have independent corroboration but also appropriate additional approval processes with clarity on the financial delegations for requisite officer's authority to sign.

Recommendation

R11 Revise the Property Procedure Rules to incorporate processes to provide independent verification and enable any additional approval necessary to be given for any revised sale prices where the consideration being received is less than originally negotiated.

The expected benefits of this recommendation are:

- ensuring that the Council is not placed at risk of financial loss; and
- greater transparency and openness in regard to the disposal of properties which are at less than originally negotiated prices.

Implementation of this recommendation will have high impact with low cost.

This should be implemented by September 2009.

- 47** The Property Procedure Rules implemented in March 2008 incorporate the designed processes and route map recommended for undertaking disposals. The rules are comprehensive and well formulated and understood by officers and Councillors. This helps them consider alternatives to just sale, such as best letting opportunities. However, the Council has yet to formalise training for officers on the operation of these procedures. Without proper training, the Council may be unable to fully realise the benefits of the new arrangements.

Recommendation

R12 Design and introduce a formal training programme for appropriate officers within the Property Department on the application and use of all aspects of the Property Procedure Rules.

The expected benefit of this recommendation is that the Council will be able to ensure that all staff are consistent in the approach to dealing with property assets council-wide.

Implementation of this recommendation will have high impact with low cost.

This should be implemented by September 2009.

Detailed report

- 48** The Council has now put in place robust measures to manage property transactions involving connected parties such as Councillors, officers or other members of the local community associated with the Council. All negotiations are required to be undertaken at arms length. Councillors must take independent advice and preferably be represented by their own advisers. In the case of any conflicts, external advice is obtained. All reports with a recommendation to sell must include a s.123 Local Government Act 1972 statement that the consideration is the best that can be reasonably obtained by the Council. All reports recommending a sale must also include details of appropriate comparables and costs. Any small transactions which are undertaken through internal resources are subjected to an external review. By adhering to these principles in relation to its entire property portfolio, the Council should minimise the risks of challenge.
- 49** Following the implementation of the new management arrangements for disposal of Green Belt properties, there is greater transparency and proper documentation is retained. These revised arrangements are capable of supporting better management as well as demonstrating that value for money from the few disposals which may still take place.

How has the Council responded and manage complaints or issues raised?

- 50** The Council in relation to the management of the Green Belt has historically been slow and ineffective in resolving on going disputes and issues. Much of this is attributable to historic management weaknesses and the lack of sufficient resources. The Council is now more pro-active in ensuring that any new issues are dealt with effectively, particularly where they involve interested parties such as the Duchy of Lancaster. In addressing these issues promptly, the Council is minimising the risk of potential challenge and exposure to financial claims.

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Publish on the Council's website any changes in Green Belt strategy and policy. Ensure that if any changes are proposed, the Green Belt Forum and any other interested parties and stakeholders are consulted.	2	Property Democratic Services	Yes	Property will recommend changes to Strategy for approval by Members at an appropriate level. Democratic Services will publish any changes once approved.	August 2009 Ongoing
9	R2 Undertake a cost/benefit analysis of whether substantive holdings within the Green Belt should be subjected to voluntary registration at H.M. Land Registry and to submit these as soon as possible.	3	Property/Legal /Finance	Yes	This will be treated as a priority. Voluntary registration would assist in managing encroachments in the Green Belt portfolio. An analysis of the whole of the Council's unregistered property holdings could be completed in a subsequent phase.	September 2009
10	R3 Consider including within the annual scrutiny plans a random sample of property disposals to ensure they have been carried out in accordance with the Council's Property Procedure Rules.	2	Corporate Scrutiny Internal Audit	Yes	Overview and Scrutiny Committee will review, as appropriate, and include in the annual Work programme, as required. The property disposals process review is part of the Council's Internal Audit Plan and will be reviewed as part of the programme.	Ongoing Ongoing
12	R4 Maintain a programme of updating valuations irrespective of the overall economic climate and ensure these are properly recorded.	3	Property	Yes	The Council is implementing IFRS 12. This will form part of R8 and R9 below.	Ongoing

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
13	R5 Quantify and report to Councillors all outstanding losses from the failure to charge appropriate business rates, particularly in regard to St. Johns School.	3	Finance	Yes	A Report will be submitted to the 15 July 2009 Cabinet to inform Members of the loss of business rates pool as a result of the incorrect assessment of St. Johns School.	July 2009
13	R6 Ensure any policy for implementing rent increases is applied consistently across all the Council's property portfolios.	2	Property	Yes	Agreed	Ongoing
14	R7 Complete rent reviews and lease renewals at the appropriate and stipulated times in regard to leases with any economic assistance to tenants being made personal only to them and not capable of assignment by them on any sale of their interest.	2	Property	Yes	Any economic assistance requires member approval at an appropriate level.	Ongoing
16	R8 Include within the Property Management Asset Portfolio all the Green Belt and all other property assets of the Council.	3	Property	Yes	Property Services is increasing the details of the Green Belt holdings within the current property system.	December 2009
17	R9 Investigate the introduction of an estates management system for Council-wide application to consolidate all property management information.	3	Property/Finance	Yes	A specification is being prepared as part of the Business Case for an integrated property management information system including links to other Council systems. Funding is not yet identified.	December 2009
18	R10 Formulate a strategy for planned maintenance for properties within the Green Belt.	2	Property	Yes	Property have commissioned a specialist report for the rural portfolio to include condition surveys as required.	Ongoing

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
19	R11 Revise the Property Procedure Rules to incorporate processes to provide independent verification and enable any additional approval necessary to be given for any revised sale prices where the consideration being received is less than originally negotiated.	2	Property/ Democratic Services/Audit	Yes	Property will formalise the process undertaken when a price reduction is agreed. A supporting s.123 external report will be obtained. Revised Property Procedure Rules require approval by the Constitution Review Group and Full Council.	September 2009 Ongoing
19	R12 Design and introduce a formal training programme for appropriate officers within the Property Department on the application and use of all aspects of the Property Procedure Rules.	2	Property	Yes	Once the revised Rules are adopted Property Services will formalise previous training and include details on the revisions from R11. The training will include officers in other Departments and Councillors where appropriate.	September 2009 Ongoing

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

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