



Leeds
CITY COUNCIL

scrutiny



**Strategy and
Resources**

Scrutiny Statement

Management and financial implications
of Council owned void properties.



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Introduction

1. The Executive function for setting, supporting and monitoring the Council's Financial Strategy falls within the remit of the Strategy and Resources Scrutiny Board. In July 2018, we considered the Council's 2017/18 Financial Outturn Report and a number of queries were raised in relation to properties owned by the Council that had remained unused and unoccupied for a significant period of time. This led to broader questions surrounding the Council's void management process. We therefore decided to undertake further scrutiny and review the general management and financial implications of void properties in Council ownership.
2. We agreed to undertake this short review via a working group meeting. This took place on 29th October 2018, with an invitation extended to all Board Members. The Head of Asset Management and Head of Responsive Repairs, Voids & Corporate Property Management took the lead in providing key background information and also attended the working group meeting to address Members' questions.

Evidence and Information Considered

3. We received an update on the void management process including the way in which decisions are made around the future use of land and buildings in Council ownership and the maintenance/management process whilst they are void. We also received details of the officer decision making framework, property/land assessment process; an overview of the 2017/18

budget; and a schedule of current void properties owned by the Council.

Deliberations and Conclusions

The financial implications of having void properties in Council ownership

4. We recognise that it is clearly in both the Council's and local community's interest to ensure that a future use for land and buildings is identified and progressed as early and as quickly as possible. In accordance with the remit of the Strategy and Resources Scrutiny Board, we particularly focused on the financial implications of having void properties in Council ownership in terms of maintenance liabilities and costs, as well as the Council's ability to generate capital receipts, where appropriate, in a timely way.
5. At the time of our review, we received a current schedule of void properties in Council ownership, which had included 86 individual sites. In consideration of this, we were able to note the date of when individual sites had been entered into the void management process, as well as its current position and status. In doing so, we acknowledged that 51 of the sites had been earmarked for disposal. The status position of the remaining sites were either for re-use; leasing; community asset transfer; or were yet to be confirmed (this status only applied to two sites that were identified as being a Heritage Building).
6. Whilst the purpose of our review was not to consider the market value or management of each individual site, we are mindful that 51 sites included within



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the list are included within the Capital Receipt Programme.

7. Whilst acknowledging that a budget of £454k had been allocated for 2018/19 to manage void properties, this figure does not include Leeds City Council officer time or the wider impact on the public purse in instances such as where police are required to attend. We also noted that the service had overspent during 2017/18, with the actual costs totalling £457k against a budget allocation of £423k. Linked to this, we received a breakdown of the different cost elements, as set out in the table below.

Cost By Element	Actual Cost (2017/18)
Building Maintenance	£115,110
Utility Costs	£89,901
Security	£100,557
NNDR/Council Tax	£152,142
Total	£457,710

8. In view of the financial implications of having void properties in Council ownership, we were very keen to explore ways in which to improve the overall void management process in recognition of the potential benefits to be gained by the Council financially.

Understanding the existing void management process

9. The diagram at Appendix 1 summarises the existing void management process, which essentially involves consideration of internal service requirements before exploring redevelopment opportunities.

10. Once a service is considering declaring a building surplus to its requirements, Strategic Asset Management considers the building against known current or upcoming operational requirements. Potential uses can include a re-use by the Council to support service provision; use by the community or partner organisations; or redevelopment to support the growth of the city, either through a Council programme or sold for a capital receipt.

11. Buildings or land are held in void management until their future is determined and it is the Corporate Asset Management Board that is the governing board responsible for assessing the options available for the sites in void management.

12. In the meantime, it is the role of Corporate Property Management within the Resources and Housing Directorate to deal with the administration of business rates and utility costs associated with properties placed in void and to also maintain such properties, ensuring that they remain in good repair whilst the building and/or land is re-let, sold or demolished. This includes undertaking regular inspections of void sites and recording this information, arranging for any works to be undertaken to ensure the building is safe and secure.

13. Linked to this, Corporate Property Management will undertake a Health and Safety risk assessment for each property transferred into void management. The approach taken in relation to security arrangements will take into account the value of the property, the future use of the building, its location and the likelihood of



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vandalism. We therefore appreciate that there is no 'one size fits all' approach as each building is unique. Basic security includes routine inspections and use of an alarm system, if fitted. For high risk properties, a range of options exist which include planned daytime and evening security patrols with the quantity determined by the risk assessment, CCTV and use of lighting which activates upon motion being detected within the area. In extreme cases, 24 hour security is deployed but this is rarely used as it is very expensive.

14. Where there is no future viable use for a building, the proposal to demolish the building is presented to Corporate Asset Management Board and approval is sought from the Chief Officer Asset Management and Regeneration. Some buildings which enter void management have either exceeded their design life, are of a non-traditional construction or would be extremely difficult to convert to other uses to meet current requirements. Demolition of these buildings therefore removes any liability to pay non-domestic rates and reduces the Council's risk and management requirements. It can also be positive for the local community by removing buildings which can become a magnet for anti-social behaviour.
15. Corporate Property Management will therefore take responsibility for the demolition process, undertaking all necessary surveys and obtaining planning consent, before securing a demolition contractor via Leeds Building Services.

Improving the pace of decision making when determining the future use of void sites.

16. Buildings or land are held in void management until their future is determined and we are mindful that a number of sites have remained with void management for a significant period of time.
17. Linked to this, it is evident that properties in void management can take a considerable amount of officer time and resources in dealing with the issues that these properties bring, such as anti-social behaviour, derelict and nuisance concerns and issues with travellers. We are particularly mindful of the amount of resource being invested in maintaining void properties that are awaiting demolition.
18. There are clear financial and community benefits to be gained through seeking to improve the pace of the decision making process when determining the future use of sites placed within void management. Our Statement therefore goes on to reflect ways of achieving this outcome.

Working more collaboratively across the Council

19. We were pleased to learn that over the past 12-18 months, council services have been working collaboratively to improve the void management process, with the aim of reducing the number of properties in void management and also the length of time properties are held before they are reused.
20. Linked to this, properties in void management are continually being



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reviewed by a dedicated group of officers from across Strategic Asset Management, Land & Property, Regeneration, Corporate Property Management, Learning Places and Children & Families Built Environment. They meet on a quarterly basis to review the list and identify ways of unlocking any properties where progress has stalled.

21. To assist this process, services are now being encouraged to make officers within Strategic Asset Management aware of their intentions to come out of buildings at a much earlier stage, ensuring that options can begin to be appraised prior to the property officially being declared 'surplus'.
22. In addition, we were pleased to note that work is also underway through Corporate Asset Management Board to collate the future asset requirements across the Council to allow any land or buildings to be assessed more efficiently rather than services exploring options in isolation. It is hoped that this will further reduce delays in determining the use and delivery approach for void properties.
23. Once an options appraisal is concluded, the outcome is presented to Corporate Asset Management Board who are asked to support the recommended approach. Where this is allowing re-use by a Council service, the lead service is then able to progress their proposals for a property further. In the past this has not been time limited. However, we do support current proposals to apply a timescale to this in order to monitor progress more rigorously so that where sufficient progress is not being made,

options for the future use of the property can once again be considered.

Recommendation 1

That the Director of City Development leads on proceeding with proposals to allocate an appropriate timeframe associated with the proposed re-use of a void property/land by another service to ensure that sufficient progress is being made, otherwise options for the future use of the property/land will once again be considered.

24. We acknowledge that in some cases, the community can also come forward with proposals to bring a building back into use via a Community Asset Transfer. This requires an incorporated group to be formed and prepare a robust business case demonstrating that they have a strategy and resources to undertake any required work to the building and operate it on a sustainable basis into the future. In such cases the Council seeks to work with groups to support them through the application and transfer process. Whilst this can be positive for communities in the long term, it often takes groups some time, often at least a full year, to become established and be in a position to submit a business case to the Council. During this period, we accept that there is always the risk of a building deteriorating or being damaged which can both impact on the communities' proposals as well as the liability or future use of the building, as well as its value if it is ultimately disposed of due to the community failing to submit an appropriate business case.



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Working collaboratively with partners

25. As well as working collaboratively across the Council, we also recognise the significant benefit of having an assets forward plan that pulls together property information from a range of other external partners, thereby facilitating a more collaborative approach towards identifying solutions that will secure the future use of properties that are placed in void management.
26. As a way of facilitating this, reference was made to the existing One Public Estate programme, which is an established national programme delivered in partnership by the Office of Government Property within the Cabinet Office and the Local Government Association. It provides practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners.
27. The local One Public Estate programme is managed by West Yorkshire Combined Authority. As well as Leeds City Council, other participating partners include Leeds Teaching Hospital Trust, Leeds Community Health, West Yorkshire Police and other Leeds City Region authorities. Historically when partners have expressed an interest in vacant Council sites, the release of such sites has been slowed down by their own internal decision making processes. This programme now streamlines processes to enable a strategic approach to asset management across the public sector with the aim of getting more from our collective assets.

Ensuring that any stipulations associated with a void property/land is made clear from the outset.

28. We are mindful that the previous practice of assessing a void and creating a planning brief to aid the planning process has been scaled back due to resource pressures. Information being included within the marketing material is therefore less detailed and consequently this has resulted in the Council receiving a range of bids, not all of which are easily compatible; and this has sometimes caused delays in development schemes being accepted through the planning process.
29. Particular reference was also made to void properties/land located within public places, such as parks, whereby the Council would seek to find a suitable and appropriate outcome in terms of its future use.
30. We therefore believe that more focus is needed on the 'upfront work' so that key information, restrictions and ward member views are shared with prospective developers of void properties/land from the outset, thereby ensuring that these are reflected and addressed as proposals are being formulated.

Recommendation 2

That the Director of City Development ensures that appropriate 'upfront work' is undertaken to ensure that key information and any particular stipulations associated with a void property/land is made clear to interested parties from the outset, thereby ensuring that these are reflected in proposals from an early stage.



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Early proactive engagement with local Ward Councillors

31. We believe that liaison with local Ward Councillors throughout the decision making process should be a key part of the void management process as any late notifications to relevant Ward Councillors can also result in delays to the disposal/void declaration process.
32. With the recent ward boundary changes, we were also mindful that new Ward Councillors also needed to be briefed on where the Council is at with relevant properties. Whilst accepting that work was required to ensure the new Ward Councillors were aware of proposals in their wards, it was also acknowledged that it may not be possible to reverse a previous decision in some cases.
33. Whilst we were assured that local Ward Councillors were being engaged in the void management process, it was also recognised that further work on 'front end' consultation would assist in efforts to streamline the decision making process, with an acknowledgment that more could be done to ensure that engagement with Ward Councillors is being held at the right time with the right purpose.

34. We also noted that local Ward Councillor engagement had not been formally recognised as a key element of the overall void management and decision making process as set out in the diagram at Appendix 1. As such, we would like to see local Ward Councillor engagement being more embedded into this process and particularly in the early stages of determining the future use/disposal of a site.

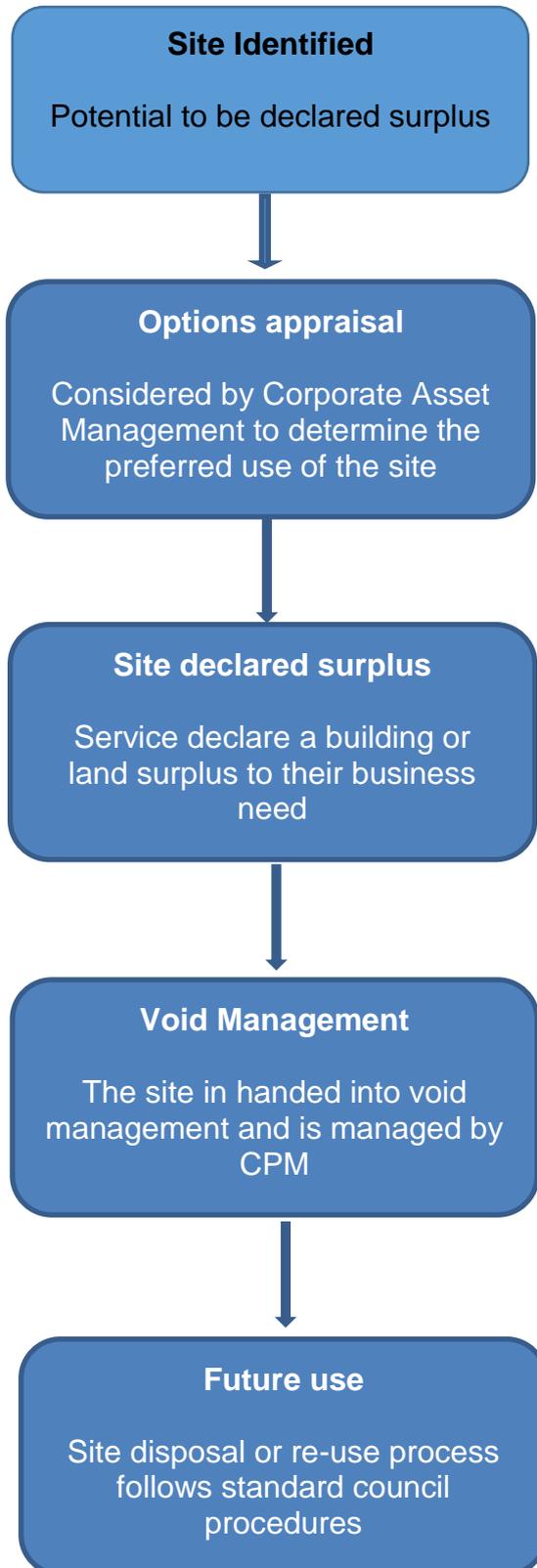
Recommendation 3

That the Director of City Development leads on ensuring that local Ward Councillor engagement is embedded into the void management and decision making process and particularly in the early stages of determining the future use/disposal of a site.



Appendix 1

The void management process



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