

Report of the Head of Democratic Services

Report to Scrutiny Board (Strategy and Resources)

Date: 12th October 2020

Subject: Scrutiny review of the management and financial implications of void properties in Council ownership – recommendation tracking update.

Are specific electoral wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):		
Has consultation been carried out?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

1 Purpose of this report

- 1.1 This report sets out the progress made in responding to the recommendations arising from the previous Scrutiny review of the management and financial implications of void properties in Council ownership.

2 Background information

- 2.1 The Strategy and Resources Scrutiny Board has previously considered the Council's 2017/18 Financial Outturn Report and agreed to undertake further scrutiny surrounding the management and financial implications of void properties in Council ownership.
- 2.2 The Board decided to consider this matter via a working group meeting, which took place on 29th October 2018. A formal Statement setting out the Scrutiny Board's conclusions and recommendations was then agreed in February 2019.
- 2.3 In July 2019, the Scrutiny Board received a formal response to the recommendations arising from this review.

- 2.4 This item was scheduled to be considered at the March 2020 meeting of the Strategy and Resources Scrutiny Board. However, due to the emergence of the Covid-19 pandemic the meeting was cancelled which has resulted in a delay in this report coming back for consideration.

3 Main issues

- 3.1 The Scrutiny recommendation tracking system allows the Scrutiny Board to consider the position status of its recommendations in terms of their on-going relevance and the progress made in implementing the recommendations based on a standard set of criteria. The Board will then be able to take further action as appropriate.
- 3.2 This standard set of criteria is presented in the form of a flow chart at Appendix 1. The questions in the flow chart should help to decide whether a recommendation has been completed, and if not whether further action is required. Details of progress against each recommendation are set out within the table at Appendix 2.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Where internal or external consultation processes have been undertaken with regard to responding to the Scrutiny Board's recommendations, details of any such consultation will be referenced against the relevant recommendation within the table at Appendix 2.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Where consideration has been given to the impact on equality areas, as defined in the Council's Equality and Diversity Scheme, this will be referenced against the relevant recommendation within the table at Appendix 2.

4.3 Council Policies and Best Council Plan

- 4.3.1 In accordance with the Best Council ambition to be an efficient, enterprising and healthy organisation, this particular Scrutiny review sought 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.

Climate Emergency

- 4.3.2 There are no specific implications in relation to the climate emergency agenda.

4.4 Resources and Value for Money

- 4.4.1 Details of any significant resource and financial implications linked to the Scrutiny recommendations will be referenced against the relevant recommendation within the table at Appendix 2.

4.5 Legal Implications, Access to Information and Call In

4.5.1 This report does not contain any exempt or confidential information.

4.6 Risk Management

4.6.1 Any specific risk management implications will be referenced against the relevant recommendation within the table at Appendix 2.

5 Conclusions

5.1 The progress made in responding to the recommendations arising from the Scrutiny Board's earlier review of the management and financial implications of void properties in Council ownership planning is set out within Appendix 2 of this report for the Board's consideration.

6 Recommendations

6.1 The Board is requested to:

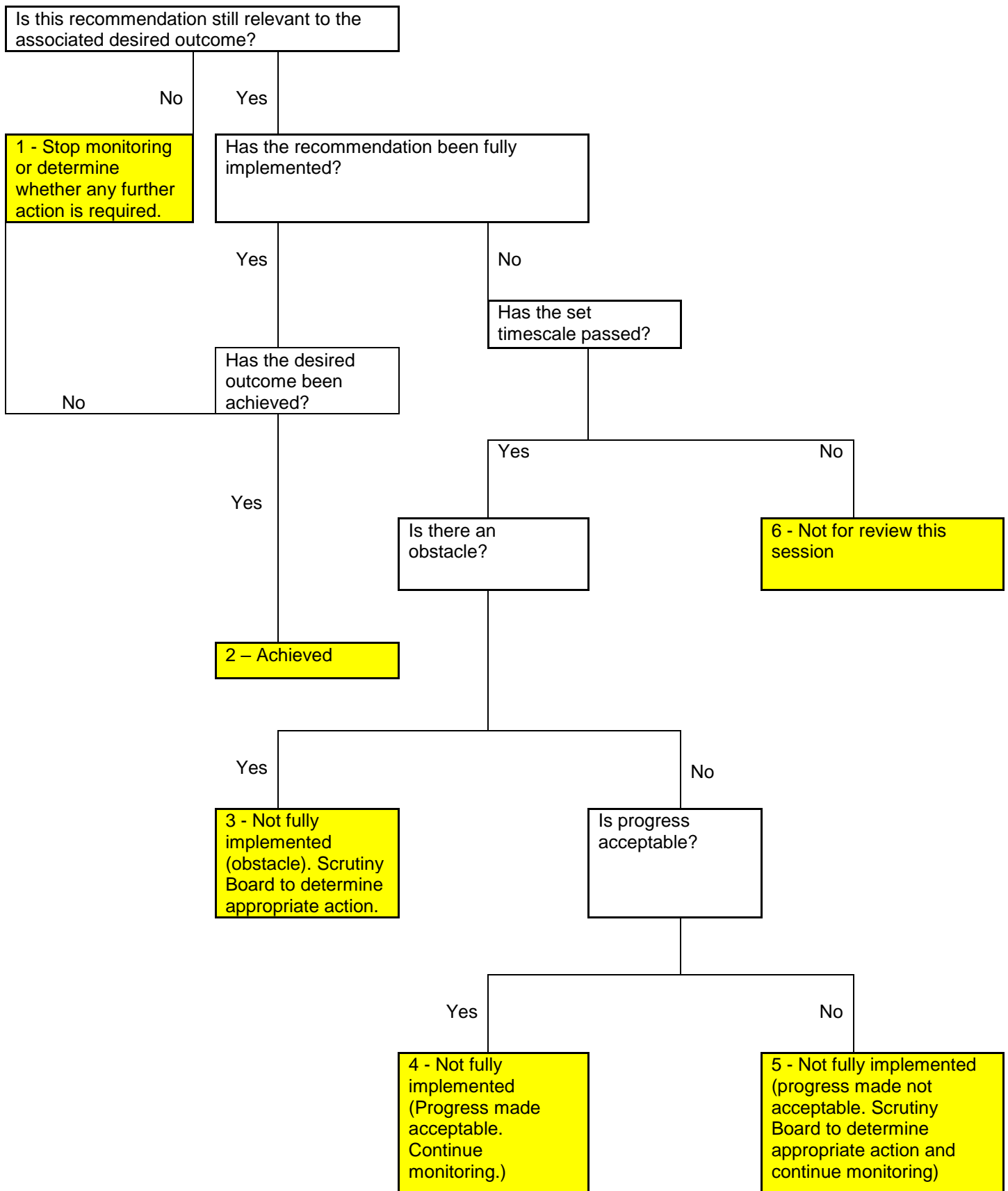
- Agree those recommendations which no longer require monitoring;
- Identify any recommendations where progress is unsatisfactory and determine the action the Board wishes to take as a result.

7. Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Recommendation tracking flowchart and classifications:
Questions to be considered by Scrutiny Boards



Position Status Categories

- 1 - Stop monitoring or determine whether any further action is required
- 2 - Achieved
- 3 - Not fully implemented (Obstacle)
- 4 - Not fully implemented (Progress made acceptable. Continue monitoring)
- 5 - Not fully implemented (Progress made not acceptable. Continue monitoring)
- 6 - Not for review this session

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.

Formal response (July 2019):

To ensure that asset requirements are better understood, each directorate has prepared an asset forward plan, setting out likely service changes and asset implications and updates are presented to Asset Management Board on a monthly basis. This will not only provide clearer visibility of properties which may become vacant in the future, but also the range of requirements across the Council against which properties can be assessed.

The process of undertaking an options appraisal for each property becoming void is now embedded, this being the process through which potential future uses for land and buildings are reviewed. The process continues to be refined, and stronger links are being incorporated between the Capital Programme and the options appraisal process to ensure that there is a clear funding strategy for proposals being promoted by services, therefore ensuring that properties are not allocated to services if there is no funding available to support delivery. The options appraisals are presented to Asset Management Board before services can proceed with any detailed feasibility/ design/ implementation work.

Once a property has been allocated to a particular service/ use, progress is reviewed via the void working group which reviews all void properties on a quarterly basis to ensure progress is made and blockages resolved. This ensures that a responsive approach can be taken rather than providing a fixed timescale for review. Equally, there are mechanisms in place to recharge void management costs to services if a property is allocated to a service for re-use and the building is not reoccupied within 6 months of such an allocation.

Current Position:

Given the increased financial pressure that the Council is under work has focused on accelerating the release of properties held in Void Management. This has identified a series of additional properties to be disposed via Auction and 1 to 1 disposals.

It is acknowledged that the estate rationalisation programme has the potential to increase the number of properties entering void management. To address this, there is a high level of engagement between Strategic Asset Management and Directorates to understand service review proposals as well as programming to ensure that the period between close down of the building and disposal is as short as possible.

The process of each Directorate preparing and updating their Asset Forward Plans through their Directorate Asset Management Groups is now well established and are being updated

to reflect service review opportunities. These are reported to Estate Management Board on a Quarterly basis. This provides increased resilience in the process by allowing early sight of potential asset changes/ requirements such as where services no longer have a need to be in certain buildings or have a requirement to change the way that they deliver services and therefore the space/ buildings required.

To determine the most appropriate future use/ release strategy for individual properties the Strategic Development Group process is embedded to allow early planning and highway due diligence. Subject to the issues identified through this group work is undertaken to resolve, manage or acknowledge the issues raised to ensure that when properties do become vacant, any major blockages are already understood and are being managed.

Finally, the void working group continues to meet to review progress around void properties and unblock issues limiting progress. There are a number of good examples where quick progress has been made to dispose of buildings as they come into void management. Armley Grange was disposed at auction within 2 months of the building becoming vacant and Micklefield House at Rawdon was marketed prior to the building becoming vacant. This has allowed the early sale of the Annex which is currently undergoing refurbishment and development with contracts exchanged for the main building with completion subject to satisfactory determination of the submitted planning application. Building on the additional work and approaches outlined in this update, it is hoped that this can become the norm and potentially improved upon.

Position Status (categories 1 – 6) *This is to be formally agreed by the Scrutiny Board*

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.

Formal response (July 2019):

In bringing forward sites for disposal, a view is taken about the most appropriate marketing approach, which then informs the amount of early work required and nature of supporting technical information necessary. Properties to be disposed of at auction tend to be smaller in scale, lower in value and more straight forward, and as such the level of information required to support marketing is often less. However, for more strategic sites, the volume of information must be greater given the complexity of the site and can include drainage assessments, desktop and intrusive ground condition surveys, and planning briefs.

Through engagement with ward members and where appropriate the local community, particular local issues and sensitivities can be identified. Where this is the case these are set out within the marketing particulars to ensure that potential purchasers can submit appropriate schemes and fully consider their response to these important issues.

Where appropriate Ward Member aspirations/ comments will be included within marketing details, but the Council is obliged under S123 of the Local Government Act 1972 to obtain best consideration unless agreed otherwise by Executive Board. S85 of the Housing Act 1985 also gives the power to dispose of land Subject to Secretary of State consent at market value. As such, any specific site/ development requirements are determined through the statutory planning process. The Council does however have the option to choose how it spends the Capital Receipt and if there is a valid case to meet the wishes of ward members, then part of a capital receipt could be ring fenced subject to the appropriate approvals.

Current Position:

The approach set out in the update provided in July 2019 continues to be adopted as sites come forward for disposal. This is evidenced in some of the key sites which have been marketed over the course of the last year including Red Hall and the former International Pool site at Lisbon Street. This same approach will be adopted as new sites come forward for disposal. In particular, through the estate rationalisation work, there will be early dialogue with ward members not only about the principle of coming out of buildings but also about their release and future use. We are ever conscious of local sensitivities particularly about locally significant buildings and need to work closely with ward members in these cases. Where brownfield sites or significant properties are being brought to the market, the Council procures appropriate surveys which are shared with bidders with a duty of care, avoiding the need for each bidder to undertake surveys whilst also ensuring that there is a baseline set of consistent data for bidders to form offers around. These surveys include ground condition, building condition, measured and topographical surveys.

Whilst the Council intends to have greater use of auctions, where formal tenders are sought, there is a significant amount of due diligence work undertaken when offers are received, to ensure that they are realistic and deliverable. This includes seeking early views from Planning and Highways officers about any development proposals as well as a comparison of the bids to ensure that appropriate considerations have been made around

site abnormalities including ground conditions, contamination and utility works. This gives the Council greater confidence of the offer proposed to be accepted and ultimately achieved and provides an understanding of any risk in progressing with a particular bidder, limiting the potential of sales falling through.

Position Status (categories 1 – 6) *This is to be formally agreed by the Scrutiny Board*

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.

Formal response (July 2019):

The process of ward member engagement is more robust and includes earlier discussion with ward members about the future use of properties before or at the time a property enters void management. Five properties have entered void management since the last report to Scrutiny Board. In all cases engagement has taken place with ward members to inform decisions about the future use and next steps in relation to the properties.

Current Position:

Engagement with ward members is now undertaken as part of the estate rationalisation process ensuring that ward members are involved from an early stage of a building coming into void management. This ensures that ward members are sighted on the intention to come out of buildings, change their use or where necessary progress demolition works. This is helping to identify any local sensitivities at an early stage. Early engagement with ward members is particularly important with prominent and more sensitive buildings in local communities. In the case of Pudsey Town Hall, there have been a number of discussions with ward members about the building and their desire to retain public access to the former Council Chamber and other rooms of significance whilst recognising the potential to bring the building back into use. The Council has also supported open days to help shape options.

Position Status (categories 1 – 6) *This is to be formally agreed by the Scrutiny Board*