

**Audit and Governance Committee**

**27 March 2009**

**Property Services: Review of Lease Management Arrangements**

**Report of the Director of Development and Regeneration**

**1.0 Purpose of Report**

1.1 This report confirms the improvements that have been put in place by Property Services following the completion of a review by the Audit Commission into lease management arrangements.

**2.0 Background**

2.1 At its meeting on 30<sup>th</sup> September 2008 the Committee considered the findings of a review by the Audit Commission into lease management arrangements in the Council. The review confirmed that there had been significant improvements in the governance arrangements appertaining to rent reviews. Outstanding items for improvement were;

- The adoption of a rent concession policy
- The use of private sector rent comparators
- Improved timescales for completing rent reviews and monitoring compliance with lease terms

2.2 At the request of the Committee an internal audit has also been undertaken with the aim of reporting to management in these areas. The findings of the audit are attached as an appendix to this report in the form of a memorandum from the Assistant City Treasurer (Audit and Procurement) to the Director of Development and Regeneration.

**3.0 Current Position**

3.1 A policy for rent concessions was adopted by Cabinet at its meeting on 8<sup>th</sup> October 2008. The policy is now in place and procedures have been updated to reflect the new policy, and have been issued to all relevant staff in Property Services. The effectiveness of these procedures will be monitored at an operational level on an ongoing basis.

3.1.1 Written procedures have also been updated to include the requirement to obtain private sector rent comparators where possible when

completing rent reviews. It will be the task of the case officer to source private sector comparators as part of the evaluation exercise.

- 3.1.2 With regard to rent reviews a system has been put in place to monitor progress relating to discrete stages in reviews and to escalate cases in order to ensure that they are completed in a timely manner. The system will enable each stage in the review to be monitored and managed so as to ensure an improved performance in the time taken to complete rent reviews. Written procedures have also been developed for the review of compliance with lease terms, using prescribed documentation and with timescales linked to rent reviews.
- 3.2 Taken together it is anticipated that these improvements will lead to a significant improvement in both the time taken to complete reviews and in documentation that accompanies each review.
- 3.3 The extent to which these improvements have been embedded will be assessed by the Internal Audit Service in 12 months time.

#### **4.0 Recommendation**

- 4.1 The Committee is asked to note the report.