

**ASSET MANAGEMENT PLAN REVIEW – THIRD STAGE – RENT
REVIEWS & LEASE RENEWALS FOR THE NEXT 6 MONTHS**

1. Summary

1.1 To appoint GEN² PROPERTY Limited to undertake and complete the material rent reviews and lease renewals due in the next 6 months, including the updating of the UNIFORM database.

2. RECOMMENDATIONS

2.1 That, for the reasons outlined in the body of the report, GEN² PROPERTY Limited undertake and complete the material rent reviews and lease renewals due in the next 6 months, including the updating of the UNIFORM database.

2.2 That a report be presented to Cabinet in January 2019, on the outcome of the independent review of the Asset Management Plan.

3. Background and Discussion

3.1 Property is the Council's largest physical resource in financial terms and is fundamental in providing support to all services. Therefore effective corporate asset management must be an integral element of high quality service planning and delivery.

3.2 It is important that the Council's approach to asset management remains relevant, innovative and flexible enough to respond to changing needs and priorities of its services.

3.3 The environment in which the Council operates has changed considerably. This presents both a number of challenges and opportunities, to drive change in how it delivers its services and the systems needed to support this.

3.4 An independent review of the Council's Asset Management Plan was undertaken at the end of 2017. Due to other work priorities, the Head of Legal Services has been unable to address the outcome of the review in any detail. However, as maintenance and improvement of the revenue income stream from rents assists in the Council's forward budget planning, it is important that the rent reviews and lease renewals, be addressed as a matter of priority, on a continuing basis.

3.5 Since September 2018, a total of 19 rent reviews and 12 lease renewals have been undertaken and completed, including site inspections. The backlog of overdue rent reviews and lease renewals has been dealt with and brings the

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rent reviews and lease renewals' system up to date. It is now necessary to look ahead and plan for rent reviews and lease renewals due in the next 6 months. Nine rent reviews and seven lease renewals are proposed.

The rent review and lease renewal process highlight whether rental uplift is justifiable. The lease renewal process also ensures that the negotiated lease terms reflect the Council's aims and policies.

All properties will undergo a site inspection.

3.6 The UNIFORM property database is not as comprehensive as it should be, lacking essential information such as site area, expected/remaining economic life of the asset etc. Once training has been provided on UNIFORM [19 December 2018], the database will be updated by GEN² PROPERTY Limited.

3.7 GEN² PROPERTY Limited has quoted:

- £9,675.00 plus VAT for the material rent reviews including updating the UNIFORM database;
- £10,780.00 plus VAT for the lease renewals including updating the UNIFORM database.

3.8 The minor rent renewals are being managed by the consultant valuer under the core activities agreed with GEN² PROPERTY Limited as part of its 2 year contract (extended to 30 November 2020) to deliver the estates professional services.

3.9 As the contract value is less than £25,000, Contract Standing Orders 7.5 requires at least one quote in advance and value for money obtained. Rent reviews and lease renewals provide the opportunity to adjust rents to market levels where it is appropriate to do so, thereby generating income for the Council.

GEN² PROPERTY Limited is currently providing a virtual valuation service to the Council and is familiar with the Council's property portfolio. The Head of Legal Services recommends that GEN² PROPERTY Limited continue to be engaged to undertake the material rent reviews and lease renewals due in the next 6 months. The quote includes the updating of the UNIFORM database.

3.10 The next and final stage in the Asset Management Review process is to deal with the outcome of the independent Asset Management Plan review in the context of the Corporate Plan and the framework for dealing with the property portfolio going forward. A report will be presented to Cabinet in January 2019.

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4. Relationship to the Corporate Plan

Not applicable

5. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	As there is insufficient funding in Code A4650/2920 for the proposed rent reviews and lease renewals. It is estimated that a virement of £15,000 will be possible from A4051/9941 to Code A4650/2920, at year end. In addition in the last report it was anticipated that £16,000 coming from the feasibility and service provision reserve would be needed for other property management work. The Head of Legal Services anticipates that this will not be needed. The balance of funds required can therefore come from the same reserve.
Legal Implications	As discussed in the body of the report
Staffing Implications	As discussed in the body of the report
Administrative Implications	None
Risk Assessment	None

6. Appendices

N/A

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Confidential Information</u>
			Marie Kelly-Stone 01322 343634	Legal Services/Valuation Services Strategic Directorate (Internal Services)	N/A

