

Standards and General Purposes Committee

Date: 14 MARCH 2019

Wards: Borough Wide

Subject: Service Tenancies

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: Howard Joy, Property Management and Review Manager

The Chair has agreed to the submission of this late report, it was not possible to circulate with the main agenda due to obtaining further work being required before submission to members.

Recommendations:

- A. That Standards and General Purposes Committee note the content of this report.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Concerns were expressed at the meeting of this committee on 8th November 2018 when considering the Internal Audit Progress Report on the Follow Up Review of Service Tenancies 2017/18. The concerns were that the areas of Limited Assurance were recurring.
- 1.2 The committee asked for a brief paper describing the number of occasions where these issues within these areas have been reported and the proposals to avoid this happening again in the future.
- 1.3 This report seeks to address these concerns.

2 DETAILS

- 2.1 Internal Audit in their final report Follow Up Review of Service Tenancies 2017/18 confirmed that their opinion remained “Limited” assurance as of the twenty recommendations in the original audit report three had been fully implemented, thirteen had been partly implemented and four had not been implemented.
- 2.2 Within the Internal Audit Progress Report to this committee on 8th November 2018 the Report Summary – Limited Assurances confirmed the following that the following matters were outstanding:
- i. Ensuring that proposed policy changes are authorised.
 - ii. Formally signing off the contractual status of each property.
 - iii. Ensuring the Board is updated timely with regard to contract negotiations.
 - iv. Evidencing compliance with Contract Standing Orders.

- v. Ensuring completeness of record keeping.
- vi. Evidencing key reconciliations.
- vii. Ensuring rent due is recorded and annual review of rents and discounts or formal exemption from doing so.
- viii. Ensuring effective and complete management of the risk of granting service tenancies unintentionally.

2.2 The summary response taking each outstanding issue in turn is:

- i. The policy for the management of service tenancies was agreed by Cabinet at its meeting on 22nd June 2009. On the instructions of Property Asset Management Board (the PAMB) this policy has been re-issued to the departments of the council that have responsibilities regarding these properties. Consideration will be given to asking Cabinet to vary this policy to allow for letting to generate revenue income rather than freehold disposal but this has been delayed until very sensitive negotiations between the Council and existing tenants within Environment and Regeneration Department are completed. This is scheduled to be completed and the report presented to Cabinet before the end of this financial year.
- ii. The contractual status of each property is being reviewed beginning with those in Environment and Regeneration Department. The status of those within Environment and Regeneration Department is understood and the PAMB will be asked to sign this off at the next available meeting. The review of the properties within Children, Schools and Families Department is underway beginning with a review of the tenancy documents and employment contracts by SLLP. The report from SLLP is expected shortly. There are no service tenancies within the other departments of the council.
- iii. The Board has received a number of reports on service tenancies. The most recent was on 12th February 2018 and The Board will receive a further report at the next available meeting.
- iv. The council has let vacant properties to a private company who in turn sublets the properties to the occupier under an Assured Shorthold Tenancy. In this way by putting a tenant between the council and the occupier the risk of the occupier obtaining Secure Tenancy status and the chance of obtaining Right to Buy is minimised. There is concern that the private company was secured through a process that did not comply with Contract Standing Orders. Commercial Services confirmed that consideration should be given to formal procurement process when contracts with commercial tenant of residential properties renewed.
- v. The details of every tenancy are held on a schedule managed by the Property Management and Review section within Environment and Regeneration Department and this is updated when circumstances change and the section is notified. In addition, Organisational Development & HR Strategy have been asked to advise the Property Management and Review section whenever a service tenant varies their employment.
- vi. The financial data on the schedule referred to in v, above has been reconciled between Property Management and Review Section and HR processing and

Support Team. There will be a formal annual reconciliation between records and payroll, pension and corporate debtor systems will occur every April.

- vii. The details of every tenancy are held on a schedule managed by the Property Management and Review section within Environment and Regeneration Department and this is updated when circumstances change and the section is notified. The policy agreed by Cabinet on 22nd June 2009 provides that “A sympathetic view will be reached where occupation is, for example by a widow of a former employee, whilst still attempting to protect the Council’s assets”. There are no exemptions from payment of rent within Environment and Regeneration Department and The Board agreed at its meeting on 30th November 2017 that decisions regarding “special consideration” be delegated to the Director of Environment and Regeneration. The review of the rent for these tenancies is commencing this year.
 - viii. By reissuing the policy (see i above) and by the actions in v above it is considered that this matter has been dealt with.
- 2.3 Progress on the remaining actions identified within 2.2 above due to be implemented by December 2019 will be reported to Internal Audit. Progress on completion can then be provided to committee.

3. ALTERNATIVE OPTIONS

- 3.1 Not applicable.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 Officers of the council through the normal circulation process.

5. TIMETABLE

- 5.1 The review of those tenancies within Environment and Regeneration Department is close to completion.
- 5.2 The review of those tenancies within Children, Schools and Families Department has commenced and is scheduled to be completed within this year.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 Property implications are contained within the “Details” section of this report.
- 6.2 The revenue budgets for this property should reflect the use of the property.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The internal Audit review regarding service tenancies granted by the Council identified a number of areas which required review and the tightening up of procedures. Implementing these changes will help protect the Council’s assets.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

None for the purpose of this report.

9. CRIME AND DISORDER IMPLICATIONS

None for the purpose of this report.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

None for the purpose of this report

11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

11.1. Internal Audit Follow Up Review of Service Tenancies 2017/18.

12. BACKGROUND PAPERS

12.1 CABINET REPORT SERVICE TENANCIES 22 JUNE 2009