

**DELEGATIONS FOR PROPERTY DECISIONS**

**To:** General Purposes Committee

**Meeting Date:** 19th May 2015

**From:** Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** N/A **Key decision:** No

**Purpose:** To inform the Committee of the current position regarding delegations to Officers in respect of property decisions.

**Recommendation:** It is recommended that:-

(1) the Delegations for property decisions remain as drafted in the Constitution;

(2) the improved engagement of Members in property matters as noted in the report be endorsed.

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## 1. BACKGROUND

- 1.1 At the General Purposes Committee (GPC) meeting on 12 March 2015, Members raised a question about the level of Delegations associated with the approval of Property Transactions, and whether a full review may be required.
- 1.2 The query arose principally from a concern about the transparency of decisions on property transactions. An example was raised, where the approval of revenue-based agreements (leases, licences etc) is based on an annual rental amount, but the cumulative total value over the life or term of a lease or agreement may exceed delegated thresholds. Some concern had also been raised about the threshold of delegations for freehold transactions.
- 1.3 The current Delegations are contained at part 3D of the Constitution as follows:-

### **ALL EXECUTIVE AND CORPORATE DIRECTORS:**

*The following table identifies the finance limits of delegated powers that Full Council has issued to all Executive and Corporate Directors for specific finance-related decisions.*

£

A1 Capital virement 250,000

A2 Revenue virement (including operational savings) 160,000

A3 Debt write-off 10,000

A4 Loans to other persons or organisations 5,000

A5 Property transaction - capital value 500,000

A6 Property transaction - annual rental 150,000

A7 Loans and expenditure from Funds 300,000

The Delegations are also passed through the Joint Committee to the LGSS Director of Finance, and, for *property transactions*, exercised on his behalf by the Head of Strategic Assets

- 1.4 A further delegation is provided through the Council's Disposal Policy, which was approved by GPC on 7 October 2014. The approval of the grant of leases, licences etc at 'Less than Best Consideration', where the annual market rental value is under £20,000 per annum, and the lease term does not exceed 7 years is delegated to the Director of Finance.

## 2. MAIN ISSUES

- 2.1 The Delegations were set as part of the new Constitution adopted as part of the Change of Council Governance approach in May 2014
- 2.2 The current thresholds are intended to allow business as usual property transactions to proceed without being held up unduly through governance and report writing timescales. This therefore enables Members to concentrate on issues of higher financial value. For example, there are currently 26 potential disposals programmed for 2015/16 within the current freehold delegation threshold, and 48 leases under negotiation below the annual threshold.
- 2.3 The values of these transactions vary from £1, through to the delegation

limits, although the number of high value leasehold transactions is likely to be low, in line with the Council's strategy of exiting leased accommodation, and only taking on new leases in extraordinary circumstances.

- 2.4** Many of the low value leases are granted as the freehold owner of school sites, although the responsibility for setting the terms of the leases (including the rent) lies with the Governing Bodies of community schools under delegated management arrangements.
- 2.5** The *capital value* transaction delegation level is consistent with the Council's threshold for Key Decisions, and is proportionate to the general level of financial thresholds for delegations.
- 2.6** Under the existing delegations, it is possible that in approving an *annual rental* transaction, the total cumulative cost of the rental for a lease could exceed the Key Decision level. For example, a lease with a rent of £150,000 per annum would exceed the Key Decision threshold of £500,000 if the length of the lease were in excess of 3.3 years. In these circumstances, this would be treated as a Key Decision and approval sought from General Purposes Committee.
- 2.7** Officers are cognisant of the heightened interest in property related matters and wish to ensure that Members are appropriately engaged in estate matters. However having reviewed the existing delegations it is believed they are consistent and appropriate and therefore recommend no change at this point.
- 2.8** In light of this enhanced interest it is proposed to use the GPC working group established to review investment opportunities as an engagement vehicle for property related matters. This will provide cross party engagement with various estate related matters and will provide an indication of whether a future review of property related delegations is necessary in the future.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

#### **3.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

#### **3.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

A full review of Delegation thresholds would require a programme of consultation with Members and Stakeholders, and a detailed programme and

resource plan would need to be prepared for Members' consideration.

#### **4.2 Statutory, Risk and Legal Implications**

There are no significant implications within this category

#### **4.3 Equality and Diversity Implications**

There are no significant implications within this category

#### **4.4 Engagement and Consultation Implications**

A full review of Delegation thresholds would require a programme of consultation with Members and Stakeholders, and a detailed programme and resource plan would need to be prepared for Members' consideration.

#### **4.5 Localism and Local Member Involvement**

Local Members are consulted and advised of property decisions taken under delegated powers in line with the Council's agreed Disposals policy.

#### **4.6 Public Health Implications**

There are no significant implications within this category.

<b>Source Documents</b>	<b>Location</b>
<i>The Council's Disposal policy</i>	Head of Strategic Assets ( <a href="mailto:roger.moore@cambridgeshire.gov.uk">roger.moore@cambridgeshire.gov.uk</a> )
<i>The Council's Constitution</i>	<a href="http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution">http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution</a>