

Subject: Purchase Lease Rental Scheme

Status: For Publication

Report to: The Cabinet

Date: 14th November 2007

Report of: Executive Director of Resources, acting as Corporate Property Officer

Portfolio

Holder: A Well Managed Council

Key Decision: Yes

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

- 1.1 To seek approval for changes in the scheme by which members of the public can apply to purchase lease or rent land from the Council.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.
- Delivering Quality Services to Customers (Customers, Improvement)- through providing clarity over the way in which the Council will deal with applications to purchase lease or rent land.
 - Well Managed Council (Improvement, Community Network) – through ensuring that the charges made under the scheme more accurately reflect those incurred by the Council and that proper regard is paid to the opportunities for pro-active marketing of assets for sale or development, rather than the taking of a solely reactive stance.

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Financial risks in relation to the potential for piecemeal sales to undermine the potential capital value of land holdings to the Council.

4. BACKGROUND AND OPTIONS

- 4.1 The Council has for many years operated a scheme whereby it is open to any member of the public or business to apply to either purchase, lease or rent parcels of land owned by the Council. This has become known as the PLR scheme and under the scheme members regularly receive details of applications which are under consideration. These transactions are of relatively small capital value largely concerning small pieces of garden land or release of covenants and decisions are made under delegated powers.
- 4.2 The scheme effectively means that the Council is prepared to sell any piece of its landholdings and it has resulted in the piecemeal disposal of some holdings to the ultimate financial disadvantage of the Council. While the achievement of capital receipts through a sale process which reacts to opportunities as they arise will always be necessary the Council also needs to continue to pursue opportunities for proactive disposal where it is sensible to do so in order to maximize the resources available to sustain longer term investment in the Borough's infrastructure. The Corporate Plan for the current year includes the production of a property review which will form the basis of a proactive disposal programme.
- 4.3 In the meantime it is necessary to review the current PLR scheme to ensure that the Council can deal effectively with reactive approaches and bring applications to a timely conclusion, something which historically has not always been the case. The requirement to conduct this review is set out in the Asset Management Plan.
- 4.4 During 2006/07 the property services team sent out between 90 and 100 application forms. To date, during 07/08, 60 applications have been sent out. Current work in progress is approximately 31 cases.
- 4.5 The table below illustrates the current and proposed processes.

Current Scheme	Proposed Scheme
1. Applicant identified interest in a piece of land/ property to lease, acquire or to release covenant	1. Applicant identified interest in a piece of land/ property to lease, acquire or to release covenant
2. Applicant pays dealing fee of £42 for application	2. Applicant pays dealing fee based on time likely to be spent by council staff on dealing with the application. This is likely to represent a significant increase and will be based on relevant hourly rates.
3. Consultation within the Council and advertisement of disposal in the local press.	3. Decision on whether to deal made by the Corporate Property Officer where possible under delegated powers having regard to the Council's longer term interest in the asset and internal consultation.
4. Decision made by the Corporate Property Officer where it is possible to do	4. If approved a second fee is to be charged including advertising costs etc.

so within delegated powers.	
5. If disposal approved the council's legal fees are recovered.	5. External consultation through press advertising.
	6. Disposal decision by Corporate Property Officer and if approved the council's legal fees and Surveyors costs are recovered.

- 4.6 The current fee scales, which have not been increased since 1st April 2006, are attached at appendix A. Appendix B is the proposed new scale fees as from 1st January 2008. It is proposed, after consultation with the portfolio holder for a Well Managed Council, that scale fees be reviewed by The Executive Director of Resources on an annual basis and if necessary increased.
- 4.7 The process of advertising is required to ensure that the Council is carrying out a full public consultation on the proposal and makes the adjoining landowners aware of the Council's proposals in relation to the land.
- 4.8 The revised process outlined above should have the effect of reducing the number of speculative applications which are received as well as ensuring that the cost of dealing with applications is more closely matched by the charges levied. Also the costs of advertising will be recovered which is not currently the case.
- 4.9 Clearly there will be some financial benefit in terms of the Council's ability to recover more of its costs, but also a reduction in the number of applications will free resources to deal with applications more expeditiously and to support the proactive disposal of assets identified as surplus to requirements.
- 4.10 Any disposal proposed will need to comply with Government Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003, disposal of land for less than the best consideration that can reasonably be obtained.
- 4.11 A requirement of this Circular is that every disposal should be supported by a detailed valuation report, the cost of which will be recovered from the applicant.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 The changes proposed and in particular the revised fees scales will better represent the costs incurred by Council in the administration of the PLR scheme.

6. COMMENTS OF THE EXECUTIVE DIRECTOR OF REGULATORY SERVICES

- 6.1 The proposed changes achieve an improved PRL scheme.

7. COMMENTS OF THE HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT

- 7.1 There are no immediate human resources implications.

8. CONCLUSION

- 8.1 Changes to the existing PLR scheme are necessary to protect the Council's longer term interests in property assets and reduce the number of speculative applications currently being dealt with. The changes suggested will allow the Council to better cover the costs which it incurs in relation to the scheme while continuing to raise resources through reactive disposals where appropriate.

9. RECOMMENDATION

- 9.1 The Cabinet are recommended to adopt the revised Purchase Lease Rental Scheme set out in the table at para 4.3
- 9.2 The Cabinet approve the revised PLR fees in Appendix B, to be effective from 1st January 2008.
- 9.3 That The Executive Director of Resources, in consultation with the portfolio holder for a Well Managed Council, be authorized to approve any future changes to the scale fees.
- 9.4 A revised scale of general fees applicable to the Property Services and Legal charges will be amended under delegated powers in due course.

10. CONSULTATION CARRIED OUT

- 10.1 Corporate Property Officer, Statutory Officers, Portfolio holder.

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required Yes / No

Is an Equality Impact Assessment attached Yes / No

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Background Papers	
Document	Place of Inspection
Asset Management Plan Capital Strategy	www.rossendale.gov.uk