

PERTH & KINROSS COUNCIL

STRATEGIC POLICY & RESOURCES COMMITTEE
PROPERTY SUB-COMMITTEE – 20 APRIL 2006

Vacant Properties

Report by Interim Head of Property

The purpose of this report is to inform the Committee about vacant Council properties and to explain the current procedure for their management.

1.0 RECOMMENDATION

1.1 It is recommended that the Sub-Committee

- (a) notes the present position with regard to vacant properties in the Council's ownership;
- (b) agrees to the review of those surplus properties to be retained and where a decision is required and those void properties where a decision is required and for which there is limited demand with a view to a further report recommending appropriate action; and
- (c) agrees to the review of arrangements for the management of vacant properties.

2.0 BACKGROUND

- 2.1 Every organisation with a significant property holding requires to address the fact that, at any one time, a number of its properties are likely to be vacant and to make effective arrangements to manage vacant properties.
- 2.2 Properties may become vacant for a variety of reasons and, depending upon circumstances, may remain vacant for a relatively short or long time.
- 2.3 Generally speaking, it is advisable to minimise the period during which property is kept vacant but there may be good reasons why a property cannot be re-occupied or disposed of quickly, such as the requirement to resolve complex legal issues, and there may be good reasons to retain property, such as awaiting the release of development potential.
- 2.4 In broad terms, the Council's property portfolio (excluding housing) can be divided into two categories: **operational property**, which is occupied by the Council's staff in connection with the provision of services, such as offices, schools and libraries; and **investment property**, which is provided in support of local development, is occupied by third parties, and provides an income to the Council, such as industrial units, but also including a number of sports facilities.

- 2.5 In the case of operational property, in the normal course of events, a vacancy will arise when the Council's existing use of a property ceases and, in this event, a decision is required on the property's potential for future/ alternative use by the Council. If such use is not appropriate, the property is **surplus** and can be made available for sale. The speed with which surplus properties can be disposed of is subject to many factors, including the speed of decision making within the Council, the complexity of title and planning issues which require to be resolved and the state of the property market.
- 2.6 In the case of investment property, a vacancy will arise when an existing occupier leaves, creating what is traditionally termed a **void** and normal practice is to seek to re-let the property. Given the nature of some of the properties in the Council's investment portfolio, such as the small industrial units at Acorn Business Centre which are specifically intended to be 'easy in/ easy out' starter units for small businesses, turnover and voids are to be expected. Again, the state of the market is a factor in re-letting investment properties and there are some properties for which the market is not particularly buoyant.

3.0 PRESENT POSITION

- 3.1 Appendices 1 and 2 list Council properties which are currently vacant. The total number of these is 67 which, although it is recognised that individual vacant properties may be the source of local concern, should be seen in the context of the Council's total portfolio of around 1000 properties. Appendix 1 details surplus or potentially surplus property and Appendix 2 details void property.
- 3.2 Of the 32 properties listed in Appendix 1, 12 are currently on the market or subject to negotiation with a view to sale. Of the 35 properties listed in Appendix 2, all are currently available for lease, 9 are currently being actively marketed and 4 are subject to negotiations to re-let.
- 3.3 As part of the development of a dedicated Facilities Management team and in conjunction with the Council's insurers, who have certain requirements attaching to vacant properties, the process for managing vacant properties is under review. This review will consider:
- Early identification by Services of properties likely to become vacant
 - Safety and security issues
 - Maintenance issues
 - Financial issues
 - Inspection and reporting requirements

Once complete, it is intended to report back to the Sub-Committee with a protocol for managing vacant properties in the future.

4.0 STRATEGIC PRIORITIES & PRINCIPLES

4.1 The recommendation is in accordance with the Council's Corporate Plan strategic priority of using its property resources effectively.

5.0 RESOURCE IMPLICATIONS

5.1 Vacant properties are monitored regularly and appropriate action carried out, with the aim of minimising financial loss to the Council.

6.0 CONSULTATION

6.1 The Heads of Finance and Legal Services have been consulted in the preparation of this report.

INTERIM HEAD OF PROPERTY

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