

Report for: Audit Committee 11 March 2025

Item number: 7

Title: Commercial Property Audit - Update

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Ward(s) affected: All

**Report for Key
Non Key Decision: Non-Key Decision**

1. Describe the issue under consideration

This paper is to update the Committee on progress against the recommendations of the 2022 Commercial Property Audit which provided Nil Assurance and the subsequent 2023 Commercial Property Audit which provided Limited Assurance.

2. Cabinet Member Introduction

Not Applicable

3. Recommendations

The Audit Committee is recommended to note the Commercial Property audit coverage and follow up work completed.

4. Reasons for decision

The 2022 and 2023 Commercial Property Audits provided 16 recommendations, these are set out in the table in Appendix 1 and the management response to this. For the purposes of the committee, delivery progress has been added to outline progress against the timescales.

We continue to report steady progress against the key areas highlighted in the Audit, although in some cases there is a need to reconsider our approach to undertaking Property Review activities, and the acquisition of a new Property Management System, given the financial constraints faced by the council.

Management and Maintenance of Leases

Whilst a comprehensive review of leases is outstanding, a number of actions have been taken to improve the quality and record of leases. The team now comprises 12 Chartered Surveyors, with a range of specialisms, this is an increase from four at the time of the 2022 audit. In professionalising the team, focus has been on managing the risk borne by LBH in managing the current arrangement with commercial property tenants. Changes include proactive management of the highest risk occupations and implementing new leases, with improved commercial terms, and creation of a temporary lease repository for new leases. This has allowed the team to complete 29 new lettings in 2024

Income and arrears management

In addition to the new surveyors, the business support and finance team has grown to provide better management of property finances and business. Through the new lettings and implementing rent reviews the rent roll has increased by over £500k in 2024. In some areas this represents a rent increase of 200% and this early work will help set a tone and drive up rents on neighbouring properties.

Between April and December 2024, the team have successfully recovered circa £900k of debt, which has significantly improved our overall position. In this period debt has been proactively tackled and we are seeing improved behaviours from our tenant in timeliness of payment and better communication.

Repairs and Maintenance

There continues to be insufficient data on property repair, proactively managing the maintenance of a property remains difficult. A plan which focuses on repairs and maintenance around the property cycle (where there is a lease break or termination date) and updating condition reports improving clarity on repairing responsibilities in lease aid future planning. The team are now more active in the local areas, ensuring that relationships are being built with our tenants and there is ongoing opportunities for tenants to raise any concerns. Three major remedial projects have commenced for the properties most in need of remedial works. The work programmes are monitored via a steering group and have a dedicated project manager. They are reported through the Major Projects Highlight Report to Capital and Property Board (CPB).

Health and Safety and Compliance

The interim arrangements for Health and Safety and compliance have been improved. With the professional team in place a plan has been implemented through the property cycle which is reasonable and achievable. This will help manage the resource and finance constraints on that completion of this task demands. Where we do not have the budget to resolve issues to bring any assets that do not achieve the grade up to condition – disposal is considered.

Policy and Procedure

Working practices have been developed and improved and policy requirements identified. Improvement to the professionalism of the team is driving better behaviours and ensuring that LBH working practices align with best practice and the work adheres to the guidance of the Royal Institution of Chartered Surveyors. This was a key criticism that was raised in the Chris Buss report that pre-empted this audit work.

Work continues on pushing forward with a Property Review which is the only way to ensure consistency and accuracy of property data and the team are supported with the right tools to perform their roles. Due to LBH's financial constraints the merits of the property review have been considered against other transformation projects. Once agreed that the review can commence the delivery timescale is estimated at 24 months.

5. Background information

On behalf of Internal Audit, Mazars LLP were tasked with undertaking a review of Commercial Property, following on from the Audit report in 2022 which provided a nil assurance. Following the recommendation of this report Mazars undertook a further review in 2023 Mazars. This Audit Report provided an overall assurance rating of Limited Assurance.

Many of the recommendations identified were made in the previous audit, but it was recognised significant progress had been made in this area.

The table in Appendix 1, below sets out the 16 recommendations made and the management response to this. For the purposes of the committee, delivery progress has been added to outline progress against the timescales.

6. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'?

This report does not directly link to a contribution in the Corporate Delivery Plan, holistically improved management of commercial property contributes to enhanced revenue to LBH which in turn will support Council Services.

7. Carbon and Climate Change

Not Applicable

8. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

There are no finance implications from this report

Procurement

There are no Procurement implications from this report

Head of Legal & Governance

There are no legal implications from this report

Equality

Any subsequent new or revised policies that underpin the delivery of Commercial Property will be subject to screening for equalities impact and equalities impact assessment where appropriate.

Appendix 1 – Commerical Property Audit Recommendations

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Delivery Progress
4.1	<p>Maintenance of leases/tenancy agreements</p> <p>A Year 1 priority within the Strategic Asset Management and Property Improvement Plan (SAMPIP) is to undertake a Property Review to establish a baseline of leases in place.</p> <p>The Council is using Monday.com to document the progress of lease reviews. As of March 2024, Monday.com details that 77.8% of leases which have been reviewed are in-date. There are 480 leases recorded as not yet reviewed in Monday.com, however, we understand that the total population of leases remains to be added.</p> <p>Management report on progress against the SAMPIP to the Audit Committee. We note that the March 2024 report details that the Property Review is underway, however, it does not</p>	<p>As planned, management should complete a review of current leases to identify if there are any leases which are now expired and should be renewed. Further, the leases should be stored in a central location and digitalised.</p> <p>Management should report the percentage completion of the of property reviews as part of the SAMPIP progress updates. This should be based on the assumed number of total leases until the remaining data is uploaded.</p>	1	<p>The Property Review has been established in line with the actions identified in the Strategic Asset Management and Property Improvement Plan (SAMPIP). The review will identify all property interests held by LBH, including leases and will store documents and management information on a new Property Management System which is being procured. This system will be in place for March 2026.</p> <p>There are interim arrangement in place by capturing and storing property</p>	<p>Reporting on progress of reviews completed – Sept 25</p> <p>Head of Property</p> <p>Storing information in a central location Sept 25</p> <p>Head of Property</p> <p>Digital system and all information uploaded March 2026</p>	<p>The Property Review has not progressed at the pace outline in the Audit response.</p> <p>There has been positive progress in engaging with key internal stakeholders (Digital, legal, Finance) including a market appraisal of Property Management Systems.</p> <p>Given the council's financial constraints, we are reviewing how best to</p>

	<p>detail the percentage of completion.</p> <p>Copies of commercial leases are not stored centrally. We were advised that copies of leases are held in a variety of places, within digital files or deed packages (for older properties). We understand that the Civica Property Management (formally Technology Forge) was originally planned to be used to store leases, however, we were advised by management that the system has since been identified as not suitable.</p> <p><i>Risk: Management do not have oversight over current arrangements with commercial property tenants, this could have legal and financial implications for the Council. Relevant committees do not over sufficient detail on the progress of the Property Review.</i></p>			<p>documents on One-Drive and accurately recording transactional information on SAP (finance system) when a new transaction occurs.</p> <p>Management will report through CPSG and CPB on commercial property data.</p>	Head of Property	<p>take this forwards.</p> <p>The team are progressing lease reviews and renewals using BAU resources, which is achieving positive results.</p>
4.2	Health and safety responsibilities	As planned, management should review historic leases and	1	The Property Review has been established in line with the actions identified in	September 2025	As the Property Review is not progressing at expected pace,

<p>The Council uses a spreadsheet to monitor the completion of health and safety requirements.</p> <p>Our review of five leases found instances where health and safety requirements for the landlord had not been outlined and was inconsistent between leases. For example, we noted:</p> <ul style="list-style-type: none"> • In three cases (leases 301058, 304753, 30431), the landlord's responsibility of insurance against fire has been outlined, however further health and safety requirements have not. • One case (lease 304359) where the Tenancy Agreement states parties will comply with standards of health, sanitation, fire, housing, and safety as required by law. • One case (lease 304312) where the lease did not include a clause on provisions for health and safety. <p>As part of the Property Review, management has been capturing</p>	<p>ensure health and safety responsibilities within the lease reflect current terms.</p> <p>Management should consider specifying health and safety responsibilities within the Lease Summary Template.</p> <p>The Council should consider the use of digital technology to enable the health and safety monitoring process.</p> <p>Assurance should be obtained and recorded where the Council does not have responsibility for statutory compliance.</p>	<p>the Strategic Asset Management and Property Improvement Plan (SAMPIP). The review will review all Health and Safety responsibilities held by LBH either as Freeholder and Leaseholder or where those responsibilities have been transferred by way of occupational agreement.</p> <p>Management do specify H&S responsibilities in new leases offered.</p> <p>LBH will continue to review Health and Safety responsibilities as part of Business-as-usual activity, ensuring where there is a recognised Health and Safety that this is</p>	<p>Head of Property</p>	<p>the property team have sought to improve the interim arrangements for Health and Safety and compliance.</p> <p>The plan is to implement through a property cycle which is reasonable and achievable. This will help manage the resource and finance constraints on that completion of this task demands</p> <p>Where we do not have the budget to resolve issues to bring any assets that do</p>
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	<p>compliance responsibilities within the Commercial Compliance Schedule. A Lease Summary Template has been established to capture key lease details. We note that the template references repair responsibilities and insurance but not specifically health and safety.</p> <p>Where a tenant is responsible for completing checks, the Council does not consistently gain assurance that the checks have been completed.</p> <p><i>Risk: Unclear responsibilities between the landlord and tenant could lead to lack of oversight and non-compliance with statutory obligations. Manual processes for tracking health and safety requirements could result in errors and assessments missed.</i></p>			<p>appropriately managed – including checking tenant compliance.</p>		<p>not achieve the grade up to condition – disposal is considered.</p> <p>Enquires are being made with tenant on their execution of H&S responsibilities.</p> <p>Where a FRI is not implemented (e.g. a building of multiple occupancy) this is added to the Planned Preventative Maintenance (PPM) schedule to ensure compliance is maintained and monitored through the Property Compliance Board.</p>
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						We are meeting our KPIs for compliance at these properties.
4.3	<p>Completion of Fire Risk Assessments (FRAs)</p> <p>We selected a sample of five commercial properties where the Council is responsible for completion of FRAs as per the Compliance Tracker. An in-date FRA could not be provided for two properties:</p> <ul style="list-style-type: none"> • LBH00785 was completed in March 2022 and due in March 2023 as per the FRA, however, the Compliance Tracker states the FRA is due in March 2024; and • LBH00223 was completed in January 2021 and due in January 2022 as per the FRA, however, the Compliance Tracker states the FRA is due in January 2024. <p>We note that the Council's Compliance Tracker reports FRAs as 100% compliant,</p>	<p>Updated FRAs should be completed for the properties identified as having an overdue FRA during this audit (LBH00785 and LBH00223).</p> <p>Further, a formal process should be implemented whereby the Compliance Team complete a periodic review of the data held and report on outstanding or overdue FRAs.</p>	1	<p>FRA compliance will be reviewed alongside the wider Health and Safety compliance.</p> <p>The compliance team report through the compliance board on FRA's and data behind them. Outstanding FRA's are monitored and a timescale for completion will be included in the tracker</p> <p>Until the Property Review is completed FRA requirements will be reviewed on a business as usual basis, where there is a need to review documents relating to a property.</p>	<p>March 25 Compliance Board review</p> <p>Head of Property</p>	<p>As referenced in 4.2 enquires are being made with tenant on their execution of H&S responsibilities.</p> <p>The team are checking that all premises have an up to date and appropriate Fire Risk Assessment.</p> <p>Where a FRI is not implemented (a building of multiple occupancy) this is added to the Planned and Preventative Maintenance Plan to ensure compliance is</p>

	<p>although this was not supported by our testing.</p> <p><i>Risk: Works are not carried out on a timely basis to maintain compliance with statutory Health & Safety requirements, this could lead to legal and reputational implications for the Council.</i></p>			I.e. New letting will be wholly compliant as a reflection in our change in processes.		maintained and monitor through the Property Compliance Board.
4.4	<p>Completion of electrical assessments (EICR)</p> <p>We selected 10 properties from the commercial property list (as of June 2023). We requested the most recent EICRs to evidence completion of compliance works and identified:</p> <ul style="list-style-type: none"> Six properties where there was no in-date EICR (304753, 301444, 304359, 304312, 301058, and 301971). For one property we were provided with a letter to the tenant dated 2019 to arrange an inspection (301058). For another property we were provided with an incomplete visual inspection survey dated 2018 (301971). No further updates were provided. 	<p>Management should complete a full review of properties to identify if an in-date satisfactory EICR is in place.</p> <p>Where an EICR is identified as overdue, this should be arranged and tracked to completion, via the Compliance Tracker All data relating to the completion of EICRs should be recorded in the Property Compliance Tracker and kept</p>	1	<p>EICR compliance will be reviewed alongside the wider Health and Safety compliance.</p> <p>As the current property information is reviewed and an EICR is identified as being overdue it will be commissioned and monitored though the Compliance tracker and reported to the compliance board.</p> <p>I.e. New letting will be wholly compliant as a reflection in our change in processes.</p>	Oct 2024 Head of Property	<p>As referenced in 4.2 enquires are being made with tenant on their execution of H&S responsibilities.</p> <p>In general an EICR is required every 5 years and in the majority of cases this responsibility will lie with the Tenant in line with their FRI lease, and this is being reviewed as part of as part</p>

	<ul style="list-style-type: none"> One property (304432) where the EICR was overdue with the last EICR completed in January 2018, and this was recommended to be reinspected in no more than 5 years. <p><i>Risk: Works are not carried out on a timely basis to maintain compliance with statutory Health & Safety requirements, this could lead to legal and reputational implications for the Council.</i></p>	<p>up to date. All documentation relating to the completion of EICRs should be uploaded and held centrally.</p> <p>Further, Management should complete an EICR for the properties identified as not having an up to date EICR.</p>				<p>of the property cycle.</p> <p>To ensure compliance going forward an EICR is completed prior to any new lettings.</p> <p>Where a FRI is not implemented (a building of multiple occupancy) this is added to the Planned and Preventative Maintenance Plan to ensure compliance is maintained and monitor through the Property Compliance Board.</p>
4.5	<p>Completion of gas servicing</p> <p>We tested a sample of ten properties selected from the commercial property list (as of</p>	<p>Gas servicing should be completed urgently for the properties</p>	1	<p>Gas safety compliance will be reviewed alongside</p>	October 2024	<p>As 4.1 and 4.2</p> <p>The team are addressing gas servicing as</p>

	<p>June 2023). We requested the most recent gas safety certificate for each property. We were not able to confirm any of our sample had an in-date gas safety certificate in place.</p> <p>We found the following issues during our review:</p> <ul style="list-style-type: none"> • Five properties with no gas safety certificate in place: 301058, 304753, 301444, 301149, 304359. • For two properties (301137 and 304312) we were provided with a site inspection document which indicates that a gas survey was not required, however this was last completed in 2020 and 2019. Further, the site inspection document was not signed by the Head of Department as indicated to do so. • For one property (301971) we were provided with the Gas Testing and Purging document (completed in 2018) and the Non-Domestic Gas Testing and Purging 	<p>identified as missing.</p> <p>Management should complete a review of site inspections to identify if any inspections are overdue or incomplete. If site inspections are identified as overdue, these should be completed to assess the current circumstances of the property. Once the site inspection is complete, this should be reviewed and signed by an appropriate officer.</p> <p>Management should complete a review of the properties where the Council currently hold gas testing</p>		<p>the wider Health and Safety compliance.</p> <p>As properties are reviewed and backlog completed, when a Gas safety certificate is out of date they will be commissioned and monitored through the Compliance tracker and reported to the compliance board.</p> <p>I.e. New letting will be wholly compliant as a reflection in our change in processes.</p>	Head of Property	<p>part of the property cycle.</p> <p>Any new lettings are subject to compliance completion and the responsibility to maintain this is passed to the tenant under an FRI lease.</p> <p>Where a FRI is not implemented (a building of multiple occupancy) this is added to the Planned and Preventative Maintenance Plan to ensure compliance is maintained and monitored through the Property Compliance Board.</p>
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	<p>document (completed in 2019). We were not provided the full gas safety record.</p> <ul style="list-style-type: none"> • For property 304511 we were provided with the gas safety certificate, however it was last completed in 2020, and the next inspection was due on or before 01/03/2021, this was 854 days overdue as at the end of the fieldwork. The report was also unsigned. • For property 304432 we were provided with the Gas Installation Safety report. However, the report was completed in 2018, 1,861 days overdue as at the end of our fieldwork. <p><i>Risk: Works are not carried out on a timely basis to maintain compliance with statutory Health & Safety requirements, this could lead to legal and reputational implications for the Council.</i></p>	<p>responsibilities. Where the Council holds gas testing responsibilities, these properties should be reviewed to identify if an updated gas safety certificate has been completed. Where a gas safety certificate is identified as overdue, this should be tracked to completion. All data relating to the completion of gas safety certificates should be recorded in the Property Compliance Tracker and kept up to date.</p> <p>As part of this process, documentation obtained from the gas testing should</p>				
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		be stored centrally.				
4.6	<p>Monitoring remedial works</p> <p>In relation to remedial works, we were advised a tracker is in place to ensure remedial works arising from property compliance checks are raised and completed in a timely manner. The tracker has not been updated since April 2023 due to the leave of the Project Manager. We understand that performance of remedial works should be reported to the Compliance Health and Safety Board monthly.</p> <p>We were provided with a 'Capital works action plan' document for industrial estates, however, the document was incomplete and did not include information such as works order references, dates of works raised, and dates of works completed. We reviewed the remedials tab within the compliance tracker and noted that whilst this includes overall figures for remedials allocated, cancelled, and completed, it does not include a breakdown of specific remedial works, the</p>	<p>Management should allocate responsibility for updating the remedial works tracker to additional officers to ensure that remedial works are consistently completed. A review of the current position of completion of remedial works should be established and reported to the Compliance Health and Safety Board.</p> <p>The remedial works tracker should include key data such as works order references, dates of works raised,</p>	1	<p>Management intent to move away from reactionary works and towards planned preventive maintenance.</p> <p>A dedicated project manager resource will be allocated from the wider CPP team and make the required improvements to the capital works action plan</p>	Nov 2024	<p>Three remedial projects have commenced for the properties most in need of remedial works.</p> <p>The work programmes are monitored via a steering group and have a dedicated project manager. They are reported through the Major Projects Highlight Report to Capital and Property Board (CPB).</p> <p>Further projects will be brought forward on a priority basis.</p>

	<p>dates of works raised, and the dates of works completed.</p> <p><i>Risk: There is lack of oversight over completion of remedial works, leading to ineffective management of delays and underperformance. This could also lead to legal implications.</i></p>	<p>and dates of works completed.</p> <p>Ongoing performance against remedial works completion should be monitored and reported to a relevant committee/board on a monthly basis.</p>				
4.7	<p>Policy and Procedure</p> <p>The Council has a Health and Safety Strategy dated 2018 – 2022 and is currently being reviewed. Further, we were provided with a procedure document for the Management of Void properties (undated), Policy for Void and Surplus Properties (undated), Asbestos Management (September 2022), Electrical safety procedure (September 2022), Fire safety procedure (September 2022), and Gas safety procedure (September 2022).</p>	<p>Management should develop formalised Commercial Property Management related policies and procedures. This should include arrears management, repairs and maintenance, rent setting, rent review, and lease renewal. Further, these policies and procedures should</p>	2	<p>The Property Review has been established in line with the actions identified in the Strategic Asset Management and Property Improvement Plan (SAMPIP).</p> <p>Policies and procedures that are not currently in place will be produced</p>	<p>March 2026</p> <p>Head of Property</p>	<p>Further to 4.1 this work is currently behind schedule.</p> <p>Working practices have been developed and improved and policy requirements identified, resource is required to deliver this in line with the property review.</p>

	<p>There are no policies or procedures for the following commercial property management areas: arrears management, repairs and maintenance, lifts and water safety, rent setting, rent review, and lease renewal. It was explained by the AD of Capital Projects and Property that these areas are tracked and managed through various trackers. We were provided with the trackers, though these were not all up to date.</p> <p>We were advised by the Head of Property and AD of Capital Projects and Property that policies and procedures are under development. Further, it was explained that the Property team are tackling completion of policies and procedures on a priority basis, with a focus on Health and safety as a priority.</p> <p><i>Risk: Responsibilities and expectations of the service not defined and internal processes are not streamlined. This could lead to inconsistencies in processes being carried out and</i></p>	<p>be reviewed, approved, and shared with the relevant teams.</p> <p>Management should develop policies and procedures for water and lift safety.</p> <p>As planned, management should complete the review and update of the Health and Safety Strategy (2018 – 2022).</p>				<p>Corporate policies are in place for water and lift safety.</p> <p>The review of the Health and Safety Strategy has commenced and will be delivered in 2025. This was delayed by restructuring of the Corporate H&S Team.</p>
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	<i>a failure to comply with regulations.</i>					
4.8	<p>Arrears action plans</p> <p>The Council uses arrears action plans on an ad hoc basis when approved by a court. Whilst an informal process for arrears management is in place, we noted there is no documented arrears management process, including payment plans prior to court action.</p> <p>We were provided with a rent arrears analysis document (as of June 2023); this tracker monitors properties with a debt, and those who have a court approved action plan. A review of the Risk tab of the tracker noted that there were 439 accounts in arrears, the totals due for these accounts ranged from £0.03 to £145,600. The totals due from the top 20 debtors totalled £1,406,957.24.</p> <p>We selected five commercial properties from the tracker and were provided with screenshots of action plans in the system or an email agreement.</p>	<p>Management should develop and introduce an arrears management policy to provide formalised procedures on completing payment plans, and how these payment plans should be reviewed on a periodic basis. Further, the arrears management policy document should include formal escalation routes.</p> <p>Further, management should complete a periodic review to identify consistent outstanding payments, these should then be</p>	2	<p>Debt Management is a key priority for the Property team.</p> <p>Commercial Property debt is reviewed on a monthly basis and the team are working with finance colleagues to improve the quality of information – while the property review and implementation of a Property Management System are undertaken.</p>	<p>Dec 2024</p> <p>Head of Service</p>	<p>Debt is tracked on a monthly basis. For the biggest debtors the services of a Debt recovery firm have been utilised to identify the likelihood of settlement, for the biggest debtors, and in certain cases effect repossession.</p> <p>The Property team are chasing circa £500k with payment plans agreed with a number of accounts. This is showing a positive change in tenant behaviour and minimising new</p>

	<p>We were advised that action plans are monitored by Corporate Debt Management (CDM) and that each of the cases in our sample are now closed. The Council has a spreadsheet that tracks if payments were being made. We noted that for one case from our sample of five, payments were not being made for the last six months, with a total of £4,593.51 (301855).</p> <p><i>Risk: Arrears are not being recovered effectively and in a timely manner, leading to financial loss for the Council.</i></p>	investigated and retrieved.				<p>debt accumulation.</p> <p>Actively managing poor performing sites – either seeing a change in behaviour (paying) or agreeing to debt repayment plan and a re-gearing of the lease.</p>
4.9	<p>Planned maintenance and major work programme.</p> <p>The Council has a planned maintenance and major work programme; however, we were advised this has been paused so the Council can take a more strategic view on the approach to repairs. Further, there have been delays due to limited staff resources.</p> <p>A Commercial Projects Financials spreadsheet is</p>	<p>Management should complete the Commercial Project Financials spreadsheet to forecast works required across commercial properties. A programme of work should be developed and approved, including mechanisms to</p>	2	<p>Management intent to move away from reactionary works and towards planned preventive maintenance.</p> <p>A dedicated project manager resource will be allocated from the wider CPP team and develop a programme of work, based upon current information known</p>	<p>February 25</p> <p>Head of Property</p>	<p>As described at 4.6 three remedial projects have commenced for the properties most in need of remedial works. More will be added as we progress through the existing projects</p>

	<p>currently under development to forecast works required.</p> <p><i>Risk: Repairs and maintenance required in the commercial property stock are not identified and completed in a timely manner, this could lead to delays in works completed, poor tenant satisfaction and safety risks.</i></p>	monitor the completion of the programme.		Following this there will be a new capital work plan developed and improved governance around this.		<p>and continue to identify need.</p> <p>A Project Board has been established to govern these projects, and new projects will be approved at Capital and Property Board.</p>
4.10	<p>Responsive works</p> <p>We completed a review to confirm if responsive works are completed on a timely basis in line with the agreed Service Level Agreement (SLA), and to identify any long outstanding overdue responsive work. We were informed by the Head of Property that the responsive works are held on Technology Forge and the repairs are part of the wider repairs programme that is under review. During the walkthrough of Technology Forge, we confirmed that it has a 'Help calls module' which supports in monitoring responsive repairs. We reviewed the responsive repairs report</p>	<p>Repairs should be completed on time.</p> <p>Management needs to implement a system for review of the repairs service so that they accurately measure the completion of planned work.</p> <p>Technology Forge should be considered as part of any new system. The cost v benefit of</p>	2	<p>Management intent to move away from reactionary works and towards planned preventive maintenance.</p> <p>When repairs are reported, the lease is first checked to understand the responsibilities of LBH. Where it is incumbent on LBH a repair is commissioned by the responsible property manager.</p>	Nov 2024 Head of Property	<p>Responsive repairs are still an area that needs improvement.</p> <p>Under the property review a new property management system will help track responsive works. Responsive works are being delivered and we have received positive feedback from</p>

	<p>from Technology Forge from April to June 2023. A review of the report noted that:</p> <ul style="list-style-type: none"> • 311 out of 2271 (13.7%) repairs, due between April and June 2023, were completed after their due date. These repairs were completed after the due date by between 1-76 days, by an average of 14 days. • 793 out of 2271 (34.9%) repairs had no 'completed date' in the report. We noted that each of these repairs had a due date in the past, between 24-114 days before the fieldwork end date (24.07.2023). These jobs were overdue by an average of 47 days at the time of the audit. These repairs had statuses of 'exported', 'open', 'on hold' or 'cancelled'. <p>Our data analysis of the Council's repairs export identified in total, there were 1,104 (48.6%) open or closed repairs that were overdue at the time of the audit fieldwork.</p>	<p>Technology Forge needs to be considered prior to implementation.</p> <p>The Compliance Team should implement periodic reporting of outstanding responsive repairs works, allowing closer oversight of performance in this area.</p>		<p>A dedicated project manager resource will be allocated from the wider CPP team and make the required improvements for reporting on repairs works.</p>		<p>tenants but need to improve how we manage data about repairs undertaken.</p>
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	<p><i>Risk: If responsive repairs are not completed to a in a timely manner, tenants may become dissatisfied with the condition of the property, leading to complaints and may pose a risk to the health and safety of tenants.</i></p>					
4.11	<p>High value responsive repairs</p> <p>A formal process for completing post inspections on high-value responsive repairs is not in place.</p> <p>We were informed by the AD of Capital Projects and Property that anything over £10,000 could be considered a capital project and the Capital Projects Team are expected to complete the work and assess quality.</p> <p>Management agreed however that the processes around high value repairs and the need for post inspections could be further clarified. For example, agreeing an amount for high value repairs and implementing a post inspection process.</p> <p><i>Risk: The quality and completion of high value responsive works is</i></p>	<p>Management should define high value responsive jobs. A post inspection process should be developed and implemented to assess the completion and quality of the high-value responsive repairs work. This process should be aligned with the payment of invoices (e.g. works should be confirmed as complete and of sufficient quality prior to payment of the invoice).</p>	2	<p>Fortunately, high value responsive repairs are becoming increasingly fewer, due to the wider improvements undertaken on the repair works.</p> <p>At LBH a repair is commissioned by the responsible property manager.</p> <p>Works are commissioned though the Commercial Property (CP) part of the CPP team and in accordance with the approved CP governance framework</p>	<p>Sept 2024</p> <p>Head of Property</p>	<p>The improvements outlined in 4.6, 4.9 and 4.10 tackle the occurrence of high value responsive repairs. The three repair projects in 4.9 are delivery of high value repairs and</p> <p>Once we have a building in a good condition, we will implement a Planned Preventative Maintenance</p>

	<i>not assessed, leading to lack of oversight in areas of improvement.</i>			LBH is working corporately to improve this.		plan to keep it in good order.
4.12	<p>Invoicing in line with leases</p> <p>We selected a sample of five properties to confirm invoices have been raised in line with the leases. We noted:</p> <ul style="list-style-type: none"> Lease 301137: The lease was not available. However, the rent from the tracker/SAP report was £65,000 per annum and the lease terms on the SAP system included the start date of 29.04.1998 and end date of 28.04.2012. We were not provided with the invoices raised for this property to verify if they were raised in line with the information held. Lease 301971: A review of the invoice provided for June 2023 noted a request for £6,625. Though the rent on the SAP report noted an annual payment of £13,250. We were unable to confirm if this was in line with lease 	<p>Management should complete a review of the information held for each lease in the SAP system, and make sure that the data is accurate. Key information to verify should include the amount and frequency of payment, this would enable invoices to be raised in line with the terms set out in the lease. Alternatively, lease terms should be updated to reflect the current terms being followed.</p>	2	<p>The Property Review has been established in line with the actions identified in the Strategic Asset Management and Property Improvement Plan (SAMPIP). The review will identify all property interests held by LBH, including leases and will store documents and management information on a new Property Management System which is being procured. The current Programme for the property Review is set to complete in March 2026.</p> <p>The reviewing of leases is an ongoing</p>	<p>March 2026</p> <p>Head of Property</p>	<p>As per 4.1 and 4.8 the Property Review work is behind schedule, so this action is delayed.</p> <p>Rent Collection is improving steadily, but a number of properties remain with expired leases and work continues to improve this situation.</p>

	<p>terms as the correct lease was not provided.</p> <ul style="list-style-type: none"> Lease 304432: A review of the invoices provided for due dates in April, May and June 2023 demonstrated a monthly request of £5,012.83 (before tax). This is in line with an annual amount of £60,154 as per the lease. However, the Tenancy at Will (October 2019) provided for the property stated that the rent is due in four equal payments. <p><i>Risk: The Council is not receiving rental income in line with lease terms, and this is not being identified or corrected in a timely manner, which could result in incorrect payments not being identified.</i></p>			<p>process and the percentage improvement will be reported through CPSG and CPB. Management are working with finance to look at securing additional resource to accelerate this activity.</p> <p>.</p> <p>There are interim arrangement in place by capturing and storing property documents on One-Drive and accurately recording transactional information on SAP (finance system) when a new transaction occurs.</p>		
4.13	Reconciliation of incoming rental payments	Management should formally document to reconciliations and	3	There is a review of payment methods for Commercial rents. We are working with	March 2026 Head of Property	In line with 4.1 the Property review is seeking to

	<p>We were advised that reconciliations take place of incoming rental payments. Payments received are reviewed before posting to SAP. The Business and Finance Co-Ordinator reviews the suspense accounts periodically to check for any posting errors. The Finance Team also review this every week.</p> <p>There is no documentation of these checks at present.</p> <p><i>Risk: The Council is not receiving the correct amount of rental income, and this is not being identified or corrected in a timely manner, leading to financial loss.</i></p>	checks of commercial rental payments.		<p>our finance colleagues with a view to convert all of the tenants to direct debit, allowing for automated reconciliation going forward.</p> <p>It is likely that this will be rolled out as part of the property review improvements, once the ability to mandate direct debt has been checked against all leases.</p>		<p>refresh how rental payments are handled to avoid the manual handling, which is still very much needed.</p> <p>A movement to Direct debits will help with invoice referencing issues and tenants who won't pay unless chased, but an accurate lease schedule is required to implement this.</p>
4.14	<p>Arears action log tracking and updates</p> <p>The Council has monthly meetings with the litigation team who provide updates on live arrears cases. There is no documentation of key decisions and actions from these meetings.</p>	Management should ensure that key discussions and decisions on actions regarding arrears are clearly documented.	3	<p>PMO resource will be present at these meetings to capture minutes and actions from meetings. These will be tracked through Monday.com</p>	March 2026	<p>A monthly debt report is now produced and progress on arrears is recorded on this. Monthly meetings with the legal litigation team</p>

	<p>It was explained that trackers (e.g., the Property legal tracker) are updated monthly, the data is extracted from SAP and manually updated by the Commercial Leads, Finance Support, and the Head of Property.</p> <p><i>Risk: There is lack of oversight over arrears and arrears related actions, leading to actions not being completed in a timely manner and delays in retrieving the debt.</i></p>				Head of Property	continue and a review of resource for this is being considered.
4.15	<p>Tenant/leaseholder satisfaction survey</p> <p>A tenant/leaseholder satisfaction survey is not in place for completed responsive works. Management advised it does not consider satisfaction surveys for completed response repairs works to be a current priority. This is a key method to listen to tenants and identify improvements to processes.</p> <p><i>Risk: Management are unable to identify areas of underperformance and undertake corrective action,</i></p>	<p>Management should consider developing and implementing a periodic tenant satisfaction or feedback survey. Further, findings from the survey should be reported to the relevant Board/Committee, with corrective action identified.</p>	3	<p>On completion of the Property review there will be a complete list of tenants known and the inspection requirements available to the Landlord. The intention is to combine inspections and tenant satisfaction surveyors to ensure feedback and a better relationship with the tenants.</p>	<p>April 2025</p> <p>Head of Property</p>	<p>This is to be completed post the property review, so there will be a delay in implementing this.</p> <p>Surveyors are seeking feedback during the renewals process and currently the feedback is generally positive.</p>

	<i>leading to growing tenant dissatisfaction.</i>					
4.16	<p>Commercial Property Management KPIs</p> <p>The Head of Property explained that KPIs have been developed for commercial property management, though they do not currently have the data to fully track/measure against the KPIs. The Head of Property explained they have moved to a digital method of reporting (Monday.com), and they are in a process of learning to extract and share data using the platform.</p> <p><i>Risk: Poor performance is not identified, and action is not undertaken in a timely manner.</i></p>	<p>Management should establish a formal set of KPIs, and these should be consistently tracked and reported against.</p>	3	<p>A set of KPI's will be developed and a system for monitoring these will be developed and tracked</p>	<p>March 2025</p> <p>Head of Property</p>	<p>Work has been undertaken to identify a set of KPIs and we have prototyped a KPI dashboard using Monday.com. This has proven burdensome to maintain due to data quality issues and further work is required to provide a suitable monitoring system.</p>