

**Introduction**

Corporate Property Services has few opportunities to charge for services and these essentially fall into two areas of work:

- (A) professional fees as part of property transactions and
- (B) minor services provided within the Facilities Management activity.

None of these charges are statutory. The professional fee charges are limited by the commercial market and the discretionary charge in relation to car parking is essentially guided by what the market will bear. All other ad hoc charges are set to ensure full recovery of costs incurred. The total fee income achieved in 2009/10 was £225k, £154k of which was from professional fees with a further £47k from staff car parking and £24k from other miscellaneous income.

The fees now proposed and set out in the attached Appendix 13.1 follow the principles set out above and where relevant take account of the increase in VAT from January 2011. The increases in staff car parking income are forecast to achieve £20k additional income in 2011/12 (VAT is not charged) of which £5k had already been reflected in 'Pre-Agreed Savings'. The other fee income is unpredictable and market driven and no significant on-going increase has been assumed. Of this additional income, £5k is already in the budget as a pre-agreed saving.

Property services are reviewing the potential to increase income from charging the public to use council owned car parking outside normal operational hours. A cost benefit analysis is being undertaken to identify whether this is feasible.

**A Charging of Professional Fees****Disposals**

For all property disposals a professional fee of 2.5% is charged on the sale price with a 'tapering' where the price is significant. This is considered the limit that is reasonable and is the upper limit the market would charge. Anything higher would be counter productive and this charge is in any case reflected in the price, buyers offer to pay. The income from this is managed with the receipt from the sale and is the most efficient means of handling the transaction.

**New leases and assigned leases**

A relatively small additional administration fee is charged but discretion is used as to the rate. If a rent is say £2000 per annum it would be unreasonable to also charge £1000 fee. Whatever the value, a minimum of £500 is charged. The fee rate we are proposing is considered to be realistic and fair. Fees above this level, it is considered, would be counter productive and deter new tenancies. The income from this is managed as part of the lease arrangements and is the most efficient means of handling the transaction.

### Ad hoc fees and charges

Occasionally the Service does do work for partner organisations. On these occasions the full cost of the work done is recouped from the organisation. Where work is undertaken for the benefit of a private company, even more competitive rates are charged, which are assessed on a case by case basis.

### Commercial Portfolio

The table below shows the direct cost of managing the total Council commercial portfolio and the income from commercial rents budgeted to be achieved.

	2010/11 Revised Budget £'000
<b>Cost of Managing the Property Portfolio</b>	
Employees	373
Corporate Overheads	527
<b>Total Cost</b>	<b>900</b>
<b>Commercial Rental Income</b>	
Property Services	(4,289)
Adults Culture & Community Services	(432)
Children & Young People's Services	(40)
Urban Environment	(241)
HRA	(2,009)
<b>Total Income</b>	<b>(7,011)</b>

Appendix 13.2 attached shows the current number of properties in the Corporate Property portfolio, the related occupancy levels and projected annual income.

Properties within the commercial portfolio are let on the basis of legal agreements and arrangements. It is not possible to vary these arrangements other than as part of the normal rent review or lease renewal process.

Current arrangements for marketing and letting void properties are subject to review and new lettings are being offered at competitive market rental levels. However, it is always possible to offer more attractive terms and more flexible arrangements but this must be managed carefully to ensure that the long-term interests of the Council are protected. Overall it should be remember that we are, to a great extent, governed by market forces.

## **B Facilities Management fees**

### Staff Car Parking

Parking is provided at many office car park locations in the borough. For the last year or so, fees have been charged for all users at £200 p.a.. It is proposed to increase this charge to £300 p.a. There are currently a few spaces rented within the Morrisons supermarket car park and spaces at Bury Road car park, for which CPS are charged £200. The rest are available with no additional cost so overall the cost of providing these is more than covered by the proposed charge. To increase the fees beyond this is likely to be counter productive, as staff find alternative means and overall income reduces. The charge for these spaces is administered through the payroll system which is the most efficient way of managing this.

### Room Hire – Civic Centre and Woodside House

Charges are based upon circumstance. E.g. if a small community group needs a space for an hour during normal office hours we charge differently to a commercial company needing say the Council chamber at a weekend. Costs are competitive and more than cover the cost of the space provided. These bookings are infrequent and do not generate significant income for the Council largely because of the high level of Council related meetings that take place in the Civic Centre particularly during the weekdays; furthermore, for small groups wishing to hire a room for a meeting, the costs of the porter required to open the building outside normal hours on top of the room hire do not make these facilities that attractive.

### Commercial filming in council buildings

This activity is controlled and managed by Economic Regeneration who negotiate the fees and charges. The charges more than cover the marginal costs in CPS. They retain 40% of the fee negotiated and we receive 60% as the owner of the asset. There is no fixed fee and is negotiated with the 'client' according to their needs, facilities required, duration etc.

## **Fees and Charges Proposals**

The fees and charges proposed have been based upon real cost including administration or based upon the 'market rate' for the transaction.

## **Concessions and Discounts**

As referred to above, rates are modified according to the circumstance for some activities, e.g. room bookings. Overall our policy is to charge the market rate.

## **Methods of Payment**

Wherever possible we use existing administrative systems to manage these fees and charges. Cash and cheques are only accepted as a last option; they are processed through the payments office.