

APPENDIX A - ACTION PLAN FOR IMPLEMENTATION

No.	Finding	Potential Associated Risk	Priority	Recommendation	Management Comment	Responsibility Timescale
01	<p>Valuations for insurance purposes, reflecting rebuild cost, varied significantly from the estimated market value and valuation figures in the fixed asset register.</p> <p>The last recorded valuation in the fixed asset register was January 2009 for £900k</p>	<p>Financial loss through over insurance</p> <p>Inaccurate capital receipts forecast</p> <p>Incorrect financial statements of account</p>	M	<p>An estimated market value should be determined when properties are declared surplus.</p> <p>Strategic finance and the corporate insurance team should be notified when properties are declared surplus (and subsequently sold), to prompt a review of insurance provision and ensure the fixed asset register and capital receipt forecasts are updated accordingly</p> <p>Valuations should be continuously reviewed through the disposal process (as required by the disposal strategy) and revised valuations reflected in the fixed asset register</p>	<p>Agreed</p> <p>Assets Service already manage the Disposal Programme and update forecasts monthly and report regularly to MOWG therefore not clear as to the necessity of advising Strategic Finance when properties are declared surplus.</p> <p>Already in place for Capital Receipts forecasting as stated above Revised Valuations will be reflected in the Asset Register every year</p>	<p>Asset Services Manager – to be implemented with immediate effect</p>

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02	No considered planning brief had been provided as part of the marketing exercise in 2006	Prolonged negotiations resulting in increased maintenance and security costs c	H	The Disposal and Acquisition Strategy should be amended to require a planning brief is prepared prior to all marketing exercises and issued to all prospective purchasers to assist tender/bid submissions	Following the restructure with assets and planning merging into a single service planning advice, in terms of broad principles of acceptable development is provided as part of all sales particulars. It should be noted however that developers will have their own product and it is important not to be too prescriptive in stifling innovation to ensure we get best consideration and do not deter potential bids. On sensitive or large sites it is accepted that a brief will be required as has happened in relation to Whinney Hill Schools, but given the resources required and potential delays that this will not occur in every case or sale.	In place

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03	A revised bid was accepted after the closing date following the initial marketing exercise in 2006.	Collusion Challenge Reputation Damage	H	The Disposal and Acquisition Strategy should be amended to include formal tender procedures. This should include arrangements for receipt and opening of bids, consideration of late and revised tenders, tender evaluation process etc	<p>Formal tender process is already included in Disposal and Acquisition Strategy, however a review of the strategy will be undertaken to strengthen areas of concern.</p> <p>The tender process is administered through Democratic Services. A disposal of an interest in land is different to the Procurement process and are very rarely evaluated other than on price due to an obligation to get best consideration</p>	<p>Asset Services Manager</p> <p>June 2013</p>
04	No decision was made under delegated powers to accept the informal tender from the building company as the successful tender was to be reported to cabinet following completion of the sale	Collusion Challenge Reputation Damage	H	<p>As above.</p> <p>Procedures should clarify roles and responsibilities, allow for an adequate division of duties and be consistent with the scheme of delegated authority</p>	The recent restructure in assets which included a review of policies and delegations has clarified this element of the review.	In place

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05	The Valuer was the first point of contact for a prospective purchaser expressing an interest. All subsequent communication through to the acceptance of the offer ,pre and post contract negotiations was via the Valuer	Increased risk of collusion through inadequate division of duties	H	<p>The Disposal and Acquisition Strategy should be amended to reflect an adequate division of duties between valuation and sales.</p> <p>Respective roles and responsibilities should be clearly defined and communicated.</p> <p>All valuation of bids should be carried out by at least 2 officers and documentation retained to evidence the evaluation process.</p> <p>A formal risk assessment should be carried out as part of the evaluation process.</p>	<p>Valuations need to be carried out by the officer dealing with the disposal, Process to be implemented to ensure that all valuations are to be counter signed and approved by line manager.</p> <p>See above- already in place as part of delegation process</p> <p>Council has obligation to get best consideration but assessment of bids is always undertaken. In reviewing processes a risk assessment will inform future changes.</p>	<p>Immediate implementation of process</p> <p>Disposal and Acquisition Strategy will be amended by June 2013</p> <p>Asset Services Manager</p>

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06	Due diligence checks carried out prior to the acceptance of the accepted offer were inadequate.	Fraud/Money Laundering Misinformed decisions External challenge Reputation damage if expected benefits of sale are not delivered	H	Documented procedures should be established to ensure that adequate due diligence checks are undertaken, prior to the consideration of any offer, to confirm both I.D and the financial capacity of prospective purchasers. Financial checks should seek to provide independent assurance on the prospective buyer's ability to not only fund the purchase but all necessary investment in the property as outlined in planning briefs and submissions. The source of funding should be clarified.	It is acknowledged that the Purchasers Solicitors has ultimate responsibility in establishing the financial credibility. However a review of financial checking processes will be undertaken to establish guidelines for officers.	Asset Services Manager June 2013
07	Consultation with Members on the proposed delegated decision was carried by the proposer not the officer authorised to make the delegated decision	Lack of accountability by authorised officers Poor decisions	L	If practical, any consultation required with Members as part of the delegated decision process should be carried out by the officer actually making the delegation decision and not the office making the recommendation	Member responses are now required as part of the overall delegation thereby alerting the decision maker to any particular concerns	In place
08	Delegated decision made without legal consultation	Legal requirements not met Reputation damage	M	Authorised officers to undertake consultation with legal, where a marketing exercise has not been carried, out to seek further assurance that proposals meet the legal requirements of the Local Government Act 1972	Further discussions with legal as part of the review will ensure that processes are robust	Asset Services Manager June 2013

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09	Failure to formally terminate negotiation with building company	<p>Reputation damage</p> <p>Financial loss</p>	H	<p>Legal services should keep a record of all conditional contracts issued for sale and flag long stop dates becoming due for monitoring purposes.</p> <p>Procedures relating to planning negotiations should be clearly documented and checklists for each property should be maintained on asset/planning records/files to help ensure compliance.</p> <p>A clear documented audit trail of all negotiations and any monitoring undertaken should be maintained.</p> <p>If negotiations are expected to continue beyond the long stop date, legal should be consulted to consider whether the contract should be extended or terminated</p>	<p>Agreed by the Corporate Director Resources</p> <p>Already in place see above</p> <p>Agreed</p> <p>see above as part of review</p>	<p>Property, Planning and Projects Manager, Legal Services - Immediate effect</p>

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				Authority for making such decisions should be clearly defined and all decisions documented with reasons.	Agreed	
				If a contract is to be recommended for termination, a revised marketing strategy for the property, with timescales, should be agreed as part of the same documented delegated decision. Consideration of the option to retain the property should be clearly evidenced.	Agreed	
				Any decision to vary from the approved strategy should be made under documented delegated authority.	Agreed	
				A copy of the delegated decision to terminate a contract should be passed to legal with an instruction to cancel the interest on the property with the land registry and refund any deposit paid. Remarketing should not commence until written confirmation is received from legal that all previous interests on the property title have been cancelled.	Agreed	

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			H	<p>More guidance is needed in the disposal strategy to outline the circumstances when it is appropriate to use each type of disposal method listed – especially disposal by private treaty.</p> <p>The strategy should require decisions relating to the disposal method to be documented and supported by a business case. The business case should confirm who was consulted. The strategy should also specify who is authorised to approve.</p> <p>If a property is to be disposed of where a previous proposed sale fell through, the decision should be made in consultation with legal to confirm that there is no existing registered interest in the property.</p> <p>Prior to the acceptance of any offer being considered where an appropriate marketing exercise has not been carried out, an independent valuation should be obtained to verify best consideration is being obtained</p>	<p>Agreed</p> <p>These recommendations will be considered as part of the review</p>	<p>Asset Services Manager</p> <p>June 2013</p>

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10	The contract of sale included provision for the Council to fund certain expenses that had not been agreed as part of the delegation decision to accept the offer.	Lack of transparency and accountability	H	<p>Formal letters of offer acceptance should be issued to confirm the basis on which offers have been made and accepted</p> <p>Documented procedures should clarify in what circumstance and how such post offer acceptance negotiations should be carried out and recorded.</p> <p>Procedures should confirm which officers have the authority to make such decisions.</p> <p>All negotiations and decisions should be documented and supported by robust estimates.</p>	<p>Agreed and already in place but this can include electronic communication with copy placed on file</p> <p>Already in place via delegated approval</p> <p>Already in place</p> <p>Agreed-in place</p>	
11	The contract for sale made provision for payment to be made after contractual completion.	<p>Reputation damage</p> <p>Financial loss</p>	H	Procedures should clearly specify that all such decisions should be made in consultation with the Corporate Director , Resources	<p>Should this not be Asset Services Manager and Legal Services?</p> <p>Agreed by Corporate Director Resources</p>	Immediate effect

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12	Lack of transparency and accountability			<p>The Council's Disposal and Acquisition Strategy should be amended and/ or operational guidance notes developed to underpin the strategy, to reflect procedural changes recommended above</p> <p>The Strategy should specify who is responsible for its preparation, approval, monitoring and review.</p>	<p>Agreed</p> <p>Agreed</p>	<p>Asset Services Manager</p> <p>June 2013</p>