



# Executive Committee

All Wards

10 June 2009

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## **ASSET MANAGEMENT & DISPOSAL PROGRAMME - UPDATE**

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(Report of the Head of Legal, Democratic and Property Services)

### **1. Summary of Proposals**

The purpose of the report is to note progress with asset disposals to date and to seek Committee approval to declaring a number of assets surplus.

The report also seeks to amend the definition of what amounts to a Minor Land Disposal within the Policy, incorporate the Minor Land Disposal Programme into the asset disposal programme to create a single asset disposal programme and to make some minor amendments to the Scheme of Delegation to Officers.

### **2. Recommendations**

**The Committee is asked to RESOLVE that**

- 1) progress on asset disposals to date be noted;**
- 2) the assets scheduled in Appendix 2 to the report be declared surplus, in accordance with current policy; and**
- 3) the Council's Minor Land Disposal programme be incorporated into the Asset Disposal Programme; and**

**to RECOMMEND that**

- 4) the definition of Minor Land under the Policy be amended to the definition set out in paragraph 5.6 of this report and that the Scheme of Delegation to Officers be amended accordingly; and**
- 5) the Scheme of Delegation in relation to forfeiting of business leases be amended as set out in paragraph 5.7.**

### 3. **Financial, Legal, Policy, Risk and Sustainability Implications**

#### Financial

- 3.1 A capital receipt will be generated from the proposed disposals to support the General Fund although Members should note that Community Related Assets, Housing Revenue Account Assets and former English Partnership land may be subject to some element of “claw back”.
- 3.2 Any site with the benefit of planning permission will be classified as “land held for development” and will appear in the Council’s Accounts.
- 3.3 If there is a need to have an extended marketing period to obtain the highest possible capital receipt, there is the possibility that additional resources will be required to provide site and premises interim management.
- 3.4 Council approved a revenue bid on 20 April 2009 for £25,000 to support administration, marketing and planning application costs. The Council also approved a sum of £10,000 for re-investment into Minor Land Disposals.

#### Legal

- 3.5 Under Section 123 of the Local Government Act 1972, the Council is required to obtain the best price possible if it decides to dispose of its interest in any land, including by way of leases.
- 3.6 There is also a requirement under this Act to advertise the intention to dispose of land that falls within the definition of “open space” contained within the Act and subsequent amendments.
- 3.7 This report is not considered exempt in accordance with S.100 I of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006. However, identification and provisional terms of land disposal subject to negotiation are exempt and are contained in the confidential appendix. For the Council to reveal provisional without prejudice terms at this stage may affect the Council’s bargaining position with individual owners, tenants and third parties. It is therefore felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### Policy

- 3.8 The Council's agreed Strategy for the Asset Management Plan is to ensure that asset holdings reflect organisational requirements to meet current service delivery needs.
- 3.9 The monitoring and review of the use of the Council's assets in supporting Value for Money embraces the acquisition and disposal of property.
- 3.10 The current Minor Land Policy defines Minor Land as *"any land and/or building of less than half an acre where the value is £10,000 or less, plus VAT / fees, but excluding land previously designated as a play area, unless it has specifically been declared surplus, by the Executive Committee in accordance with the report to that Committee of 8 October 2003. A copy of the report to Executive Committee of 8 October 2003 is attached at Appendix 1.*
- 3.11 The Scheme of Delegation to Officers authorises the Property Services Manager to conduct and conclude negotiations for the sale of the freehold or leasehold interest of any land or property falling within the definition in the Minor Land Policy (or such limit that may be revised at any time by the Executive Committee, to reflect rising prices). The level has not been reviewed since the Executive Committee of 8 October 2003.
- 3.12 The Scheme of Delegation to Officers authorises the Property Services Manager to institute proceedings to forfeit business leases and licences for non-payment of rent if the tenant is two or more consecutive quarterly payments in arrears, or an annual rent remains unpaid for more than 6 months, and to proceed with obtaining possession of the premises / land without further reference to the Executive Committee;(but no warrant of eviction to be issued without consultation with the Chair of the Executive Committee). (MPS / MLS) (Council – 22.11.04)

### Risk

- 3.13 Fluctuation in land values and demand due to market forces such as changes in interest rates, Government policy or global markets can affect the willingness and ability of purchasers to buy land.
- 3.14 Members of the public may be dissatisfied if they are not able to purchase plots of minor land or secure minor interests from the Council upon request. Conversely, there can be significant public opposition to the sale of land by the Council. In making any decisions in respect of its land, the Council needs to ensure that all relevant factors are taken into account and that due regard is had to human rights.

- 3.15 If the bid for revenue funding to support administration, marketing and planning application costs referred to at paragraph 3.4 is not sufficient it may limit the opportunity for the Council to progress all asset disposals.

### Sustainability / Environmental

- 3.16 Environmental issues will be addressed through the formal planning process. Modern techniques will be enforced to protect any natural habitat adjacent to development areas. The sustainability of any of the Council's assets is taken into account in deciding whether or not to declare an asset surplus.

### Report

#### **4. Background**

- 4.1 The Council's Asset Management Plan requires the Council to keep its assets under review. This can lead to the need to declare a number of sites surplus to the Council's requirements and to identify options for disposal of those sites.
- 4.2 There is a need for capital receipts to support General Fund expenditure and the Council's Vision and Priorities.
- 4.3 The Executive Committee has previously declared a number of sites surplus and these have been incorporated into the Council's asset disposal programme.
- 4.4 Efficient management of assets is a key objective. The proposed updates will allow Officers to take swifter action to minimise rental debt on non-residential assets.

#### **5. Key Issues**

- 5.1 Outline Planning Permission for residential development for a number of sites previously declared surplus by Members has been obtained. Property Services are investigating a number of options for the marketing and disposal of these sites.
- 5.2 A further number of sites have been identified by Officers as having the potential for development. The Development Group (comprised of Officers) has reviewed those sites and considers that several are feasible. The proposed sites have been initially appraised by Officers and planning applications will be submitted following a full appraisal, if Members decide to declare the proposed sites surplus. Members are requested to declare the sites in confidential Appendix 2 surplus before Officers advertise or submit planning applications. Site Plans for each of the sites are set out at Appendix 3.

- 5.3 Property Services Officers, together with Development Group Officers are continuing to investigate and identify other sites that may have the potential for residential and commercial development. It is the intention that an application for Outline Planning Permission will be submitted for each site once the sites are declared surplus by Members. Each site can then be marketed with the benefit of this permission, thus enhancing its value.
- 5.4 A Marketing Strategy is being developed to utilise various techniques to achieve best value for the disposal of differing types of land and property.
- 5.5 Property Services receive numerous requests from the Public to acquire interests that would come under the "Minor Land" category. The resources required to progress all such requests would be better utilised focusing on the higher value asset disposals in the medium term. Any requests for the sale of a parcel of land under the Minor Land Disposal Policy are logged and applicants are advised that cases may take considerable time to be progressed as they are not a priority. In some cases it is advantageous to the Council to consider an early disposal of some minor land parcels and these are progressed at the discretion of the Property Services Manager. The incorporation of Minor Land Sales under the Asset Disposal Programme will enable the delivery of a more comprehensive programme and will allow resources to be allocated more efficiently.
- 5.6 In order to ensure appropriate flexibility to officers in progressing the asset disposal programme, it is proposed that the Minor Land definition contained within the Policy and as set out in paragraph 3.10 is amended as follows:-
- “Defined as any land and/or building of less than half a hectare where the value is £49,999 or less, plus VAT / fees, but excluding land previously designated as a play area **or sites to be developed for one or more dwellings**, unless it has specifically been declared surplus by the Executive Committee in accordance with **the Minor Land Disposal Policy**.”
- 5.7 It is also suggested that the delegation referred to at paragraph 3.12 above is amended as follows to enable Officers to take action in respect of lease breaches:
- “To obtain possession of premises, terminate agreements, authorise distraint or** to institute proceedings to forfeit business leases, licences and agreements if the rent, payment or other terms are being breached.

### 6. **Other Implications**

- Asset Management - The proposed disposals are in accordance with the current Asset Management Plan and have been appraised using good asset management practice guidelines.
- Community Safety - All development will seek to reduce anti-social behaviour and be built in accordance with the principal of “secure by design”.
- Human Resources - None other than Property Services, Legal Services and Asset Maintenance Officer time.
- Social Exclusion - The proposal will encourage social Inclusion as all development will be designed to “secure by design” principals and current planning policy.

### 7. **Lessons Learnt**

The suggested changes to the Minor Land Disposal Policy definition of Minor Land and the proposed changes to the Scheme of Delegation are aimed at improving the Council’s use of its resources

### 8. **Background Papers**

Relevant papers, held within the Property Services Team (some of which are exempt).

### 9. **Consultation**

There has been no consultation other than with relevant Borough Council and County Council Officers.

### 10. **Author of Report**

The author of this report is Rob Kindon (Property Services Manager), who can be contacted on extension 3303 (e-mail: [rob.kindon@redditchbc.gov.uk](mailto:rob.kindon@redditchbc.gov.uk) ) for more information.

### 11. Appendices

Appendix 1 – Report to Executive Committee of 8 October 2003

#### Confidential Appendices

Appendix 2 – Sites to be declared surplus

Appendix 3 - Site Plans

(Identification of specific sites and provisional terms of land disposal subject to negotiation are exempt and are contained in the confidential appendix. For the Council to reveal provisional without prejudice terms at this stage may affect the Council's bargaining position with individual owners, tenants and third parties. It is therefore felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.)