

Surplus Land and Property Disposal Strategy

Background

The Asset Management Plan, approved in April 2012, recognised that land and buildings, collectively referred to as property assets, are owned by the Council and not by individual departments. As such, decisions over the future use of them must be taken corporately and not by departments.

The need to reduce the Council's property running costs remains a vital part of the Council's Plan for Change strategy for the continued provision of front line services, against a backdrop of ever reducing financial resources. Finding ways to use less property and to dispose of surplus assets is therefore a key priority for the Council.

Releasing property that is no longer needed for a particular purpose can enable it to be re-used for a different Council use (or in delivery of a service by a partner). Alternatively, it can be used to generate either a capital receipt, or much needed revenue if it is leased.

The release of property assists the Council by both reducing running costs and management time and creating opportunities for investment by subsequent purchasers.

Plan for Change and the pro-active review of our property requirements mean that a large number of assets are being identified by services as surplus to their operational requirements.

Proposal

There needs to be clear and transparent decision-making process in proposing alternatives uses, or declaring properties surplus to the Council's requirements, when its current use ends. Attached is a procedure and flow chart setting out the process. It enables the Council to effectively manage the release of property, including interim management.

The arrangements seek to:

- Contribute positively to the financial requirements of the Council
- Provide a process for identifying surplus property
- Provide a process for proposing alternate uses
- Enable the programming of disposals
- Streamline arrangements for the interim management of property
- Identify resources required during the disposal process
- Improve retained properties for service delivery.

Purpose

The arrangements are intended to supplement and support the Council's Asset Management Plan. The guiding principles of the plan are that:

1. The optimum amount of property is held for the delivery of services.
2. All property will be fit for purpose and working environments at their optimum for staff to deliver services.
3. All property will be cost effective and environmentally sustainable.
4. All property will be flexible to accommodating changing methods of service delivery.
5. The management of property will be undertaken in line with corporate priorities, while also meeting the needs of service users.
6. The high costs of holding property are recognised by all decision makers within the Council and the greatest value for money is derived from these assets.

Review

It is proposed to review the effectiveness of this strategy at yearly intervals and implement any changes which have been considered and approved by the Property Strategy Group.

Procedure for declaring properties surplus

1. Property offered as surplus to current service use

The Property Strategy Group (PSG) departmental representative is to inform the Executive Director for Resources, the Cabinet Member for that service and the Head of Property and Asset Management when a property asset is no longer needed for its current Council service use. This must be done only after prior consultation with the representative's own Executive Director. The declaration is to include details of current use, running costs, issues and expected date of its availability.

2. Consultation period

The Head of Property & Asset Management is to circulate the details of the surplus property to Property Strategy Group members, Six Town Housing and other Team Bury partners. These will include NHS Bury, Pennine Care, GM Police, GM Fire & Rescue and Bury and Holy Cross Colleges. The details will include an initial desktop assessment of what the property might realistically achieve for sale on the open market and the timescale for achieving a sale.

Within a period of four weeks, Property Strategy Group representatives or Team Bury partners are to advise the Head of Property & Asset Management that either:

- (a) They have no interest in the property; or
- (b) They register an expression of interest for an alternative use by the Council, or a service partner.

3. Dealing with expressions of interest

In the event that expressions of interest are made, that service is to prepare an outline business case. The Council's Outline Business Case project documentation template should be used for this purpose. It must include details of Council service benefits that would be achieved compared to savings, receipts and other benefits that would be achieved through a disposal. The business case must include interim management or holding costs for the property likely to be incurred prior to re-use or disposal.

The business case must be accompanied by a statement of support from the Executive Director and the Cabinet Member responsible for that service area. It will be submitted to the Head of Property and Asset Management within a further month, or otherwise as agreed.

Where it is proposed to defer a sale or letting, e.g. land banking or where a property is deemed unsalable, this will be subject to the same business case and decision making process.

The Head of Property & Asset Management will coordinate discussion between members of the Property Strategy Group. This will inform decisions to release, retain or dispose of the property.

3. Decision Making

Where no service interest is expressed there will be a presumption to either sell, rent, or 'land bank' the property. This will be documented in a Decision Notice, to be signed by the Executive Director of Resources and the Head of Property & Asset Management.

Where an alternative use is proposed, the Head of Property & Asset Management is to present recommendations to the Leader of the Council, the Chief Executive and the Executive Director of Resources. The decision would be based upon the business case produced. In the event that it is felt by the Leader of the Council, the Chief Executive and the Executive Director of Resources that there is insufficient detail within the business case; the Head of Property & Asset Management will agree with the service representative a further time period for the case to be sufficiently developed. The process will then be repeated and a final decision made.

4. Monitoring

The disposals programme will continue to be monitored through monthly reports to the Capital Programme Management Group chaired by the Assistant Director of Finance and Efficiency. Updates will be provided as a standing item at PSG meetings. This will include a review of the length of time taken to dispose of property assets.

5. Interim Management of Surplus Property

When declaring property assets surplus, (independent of whether it is to be brought forward for sale or allocated for another use), actual ongoing costs of holding the property until the point of sale / rent are to be identified and agreed with the Head of Property & Asset Management. In the absence of agreement, a budget may be determined by the Executive Director of Resources in consultation with the service department.

Unless agreed to the contrary, there is a presumption that once a property has been declared surplus to existing service use and a budget agreed or determined, its interim management will be undertaken by the Council's Estates team and agreed budgets transferred accordingly.

7. Reinvestment of a Proportion of Receipts

It is proposed that the lesser of 25% of net capital receipts (receipts less direct disposal costs), or £100,000, obtained from the disposal of each surplus property will be reinvested in a property fund. The intention is for the fund to be developed and used to address major capital repairs, refurbishments and green energy initiatives.

Access to the Property Fund should be prioritised and allocated through Capital Strategy management. It would be gained through the application of criteria to be agreed that directs investment into priorities for property across the Council.

Those properties which are governed and funded through ring-fenced and devolved formulaic budgets, such as Council Housing and schools, are to be excluded from these reinvestment arrangements.

8. Disposals

All disposals will be overseen by the Head of Property & Asset Management.

In deciding on a best course of action careful regards is given towards achieving best consideration.

In developing the Disposals programme account will be taken of

- Revenue savings available.
- Risks, disposal and holding costs of individual property holdings.
- Strategic importance.
- Redevelopment opportunities and potential regeneration benefits.
- The effect of releasing multiple opportunities at the same time.
- Saleability in a reasonable timeframe and level of capital receipt.

9. Other provisions

Inward investment

Attracting inward investment from Government Departments and other agencies is increasingly reliant on submitting bids, many of which have to be made within short timescales. These arrangements do not always fit with a planned approach to the release, retention and disposal of property. For this reason, service department are able to take advantage of potential bidding opportunities as and when they occur. Proposals will still be subject to satisfactory business case, as agreed with the Executive Director of Resources, and consultation via the Head of Property and Asset Management. Shortened timescales will be achieved by way of virtual meetings and communication that does not rely on meetings of the PSG.

Existing policies

All proposed changes of use of Council property will be considered as part of the corporate arrangements described within this document. However, due regard must be had to pre existing Council policies and approvals.

For example, arrangements agreed in 2010 for Sheltered Housing schemes to be turned into affordable housing sites.

De Minimus Exclusions

De minimus limits are to apply, to prevent officer time being expended on considering very small properties or pieces of land. Consequently those properties with a capital value of less than £20,000, or of a plot size of less than 30sq.ms, are also excluded from these arrangements. In the event of the de minimus limits applying there will be a presumption towards disposal. However, where it is known, or could be reasonably anticipated, that another Council service would be interested in the property concerned, the disposal arrangements shall apply.

29th October 2013

Prepared by the Head of Property and Asset Management

Corporate arrangements Surplus Property

Procedure flowchart

