

Report to:	Cabinet	Date: 13 October 2021
Subject:	Accelerated Land and Property Disposals Programme – Phase 3 List of Assets	
Report of	Leader and Cabinet Member for Finance and Growth	

Summary

1. The Council is taking active steps to rationalise its land and buildings, hereafter referred to as property assets. Many of its property assets are surplus to the requirements of the Council and there is an urgent need to dispose of many of them to help meet urgent savings targets and rationalise the estate.

Further to the reports where approval was given at Cabinet for the Council's Accelerated Land and Property Disposals Programme on 24th November 2020, Phase 1 at Cabinet on 24th March 2021 and Phase 2 at Cabinet on the 30th June 2021; this report identifies the Phase 3 list of sites and seeks approval for disposal.

The report also sets out how the recommendation accepted by the Overview and Scrutiny Committee (from the Cabinet meeting 1st September 2021) will be taken forward in relation to Community Asset Transfers (CATs).

Recommendations

2. That:
 - Approval is given for the disposal of the Phase 3 property assets that have been identified as surplus to the Council's requirements.

Reasons for recommendations

3. Reasons:
 - To enable the Council to achieve its revenue savings targets through the Transformation Programme, as well as generate capital receipts that can enable other Council projects to be supported.
 - To support community groups take on the management of property assets via CATs. This will allow residents to continue to enjoy the benefits they provide to local communities. This will also support the Council's 'Let's Do It Real' strategy – the work around the Neighbourhood Model and Team Bury's Community Wealth Building Framework.

Alternative options considered and rejected

4. The options were:
 - Do nothing/not dispose of property assets – revenue savings and capital receipts would not be generated by not reducing the number of property assets and the Council would continue to be responsible for maintaining them with a finite budget.
 - Identify other Council programmes where revenue savings could be made, and capital receipts generated. Other areas across the Council have already been earmarked for further revenue savings and this programme is required to enable savings targets to be met. With regards to the latter, there is no other programme that will bring about capital receipts.

Background

5. Appendix A contains the 16 property assets that make up the Phase 3 disposals list. Unlike Phases 1 and 2, this phase predominantly includes property assets that are operational buildings as there is increasing pressure for the Council to consider revenue savings in the context of its occupied buildings.

Appendix B includes additional land in relation to 1 asset approved for disposal from the Phase 1 disposals list.

It must be noted that approving these property assets for disposal does not mean that the Council is obliged to sell them and sell straight away. It means that the approval has been given for the Council to declare them surplus to its requirements. The decision on the method of disposal and timescale will be given careful consideration and full consultation will take place with Members, senior management and affected individuals.

Disposal of the property assets will be through a range of methods – land transaction, auction, marketed through an agent, CATs. Consideration will be given to each asset on an individual basis. Disposal does not mean that the Council will sell all the property assets, each asset will be assessed on its own merits for the best method of disposal.

It is important that there are a range of available disposal options, as not all property assets will benefit from being disposed of in the same way.

Also, approving these property assets for disposal does not necessarily mean we will or can dispose of them. The disposals process may determine that some property assets may be better reused by other Council services.

Therefore, although this report seeks approval in principle to dispose of more of the Council's property assets, it does also reserve the right not to dispose of a property asset, should it be determined that the Council should retain it.

Community Asset Transfer (CAT)

6. The Accelerated Land and Property Disposals Programme (Phase 2) Cabinet decision taken on 30th June 2021 was called in for consideration by the Overview and Scrutiny Committee.

The Overview and Scrutiny Committee met on the 29th July 2021 to discuss the above and made the following recommendation to Cabinet:

"The Overview and Scrutiny Committee strongly support Community Asset Transfers and recommend to Cabinet that policies are reviewed and strengthened to incorporate earlier communication with residents."

The matter returned to Cabinet on 1st September 2021. Cabinet agreed to the recommendation and strongly support the community asset transfer procedure.

Future Strategy

7. Officers have an established strategy for the identification of future property assets. A template for property review has been formulated to prioritise assets for disposal, alongside a matrix and criteria list. This also includes liaison with officers across the Council that will be required to support the process, the process is set out in the Governance/Consultation section below.

Identification of future property assets for disposal will be on a rolling programme. However, it must be noted that all future phases will be manageable phases in line with levels of resource to ensure the success of the programme.

Governance/Consultation

8. Key Council officers through the Council's Asset Working Group and the Estate Transformation Board have identified and agreed the list of property assets recommended for disposal, and the Council's Executive team was briefed on the list on 13th September 2021.

A team brief and a staff e-mail has been circulated and a Communications Strategy is being developed to ensure that all affected staff are kept fully informed. Unison has also been briefed on the property assets that are currently occupied by Council services still operating from them.

As part of the agreed governance process, respective Ward Members have been consulted on the property assets that are in their wards. Previous engagement was via e-mail only but to ensure that all have been fully briefed and had the opportunity to raise any matters, a drop-in session (via Teams) has also taken place. This new additional step will ensure that all ward members are fully sighted on the property assets in their wards.

Conclusion

9. Declaring the next phase of property assets surplus to requirements will further support the Council meet its savings targets, as well as rationalise its estate so that it becomes a manageable portfolio of assets in the future.
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Links with the Corporate Priorities:

10. 'Let's Do it Real' (neighbourhood model)– if a disposal is via a CAT, this will support the further development of community groups and develop/enhance their skills in managing property assets. Such groups will be able to support their local community and provide facilities for enjoyment by all.
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Equality Impact and Considerations:

11. The Accelerated Land and Property Disposals Programme does not affect equality.
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Environmental Impact and Considerations:

12. A reduction in the number of buildings operated by Bury Council will lead to a reduction in energy use and therefore a carbon saving for the Council.

In relation to the sale of land and assets, in disposing of the assets we will be relinquishing direct control. However:

- Our new Local Plan under Places for Everyone, which is currently under development, is likely to have a requirement that all new developments will be carbon neutral from 2028. Any developments between disposal and 2028 will only be required to meet the national building regulations standards and therefore may not be carbon neutral or capable of becoming carbon neutral easily. This will mean that a further intervention will be needed before 2038 to ensure that the building meets our 2038 carbon neutral target.
 - Green spaces disposed to community groups via CATs will have the opportunity to benefit from green initiatives such as the Cities of Trees. The developing Green and Blue Infrastructure Strategy will support community groups protect, enhance and develop the Borough's existing natural environment and greenspace.
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Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Services currently managing the operational buildings disagree with them being surplus to requirements.	Part of the disposals process will involve consultation with respective services, including their director/senior management. All Directors are already

Risk / opportunity	Mitigation
	sighted on the need to dispose of property assets via Executive.
Services/staff occupying any operational building do not agree with its disposal and are concerned about relocation.	Any affected staff and Unison will be fully consulted before disposal takes place.
Recession leads to lower land values and receipts.	A large disposal programme would be required to meet targets. Property assets can be re-marketed or alternative disposal method agreed if anticipated returns might not be met.
Land and property disposals are notoriously labour intensive and are at risk of not being favoured within a community.	Governance in place that includes consultation with ward members where they might be impacted and disposal can be considered for a CAT, subject to policy conditions being satisfied.
Purchaser fails to meet obligations placed on an agreed disposal and a dispute breaks out.	Strict legal process in place that allows the Council to act if the agreed obligations were not met within an agreed timescale.
Resources to undertake the land and property disposals are not adequate to ensure the successful delivery of the programme within expected timescales.	Additional resources (Programme Manager and property lawyer) to that of the existing teams are being recruited but there is still a risk that the posts are not attractive enough. Market supplements may need to be agreed.

Legal Implications:

13. There are no legal implication arising from this report. Legal support will be required in relation to each of the proposed disposals. The legal route for disposal will be considered in the manner as set out in this report. As with all disposals of land the Council will ensure that its best value duty is met.

Financial Implications:

14. The Council is undertaking a review to rationalise its surplus land and property assets and received a report back in November 2020 which included phase 1 of those property assets and a further report in June 2021 which included phase 2. This report now includes those assets identified as phase 3.

The previous reports identified that the total pipeline of sites indicated that c£8m in capital receipts can be generated. Work is being undertaken to validate if these assumptions are still valid

A maximum of 4% of capital receipts can be offset against cost of sales, and this amount will be maximised, as appropriate, to limit any costs against the Council's revenue budget. £0.6m is likely to be needed to drive forward the programme primarily through the appointment of a programme manager, property agent and property lawyer. These posts will form part of the cost associated with selling the assets and therefore can be allocated to the capital receipts. However, the amount chargeable is capped by Government legislation so consideration needs to be given to potential revenue implications of those costs of sale that exceed the 4% limit.

There are further capital costs of £1.6m that have already been incurred related to this programme and while these costs have been funded in 2020/21, they have increased the Council's borrowing need and this will need to be offset by the receipts once they are realised.

Any capital receipts in excess of the costs above, and the opportunity they provide, will need to be considered in the context of the Council's financial strategy.

This report refers to the disposal of Humphrey House which was agreed as part of the transformation paper approved at last month's Cabinet, the revenue savings from the Council vacating this property have been built into the budget as part of the transformation savings on estates rationalisation.

The Council has also secured Brownfield Land Grant which will support and fund some of the costs associated with the overall programme. This funding is however time limited, and the proposals therefore need to be progressed at pace to avoid any of the grant funding being returned.

Regular monitoring and reporting of the process will be needed to ensure that receipts are delivered within anticipated timescales and that the Council does not incur costs without seeing the benefit of receipts and also to mitigate against the risk of clawback of grant monies. As part of the development of the governance arrangements for the capital programme, monitoring of capital receipts and the progress against the disposal programme will be factored into the quarterly monitoring reports to Cabinet.

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Background papers:

Appendix A – Phase 3 property assets

Appendix B – Additional land for an approved Phase 2 property asset

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
Community Asset Transfer (CAT)	A change in management of land or building from a local authority (or other public body) to community and voluntary sector groups to achieve a local social, economic or environmental benefit.
Disposal	Removal of a property asset from the Council's ownership and/or direct management. It is not solely relating to a sale of an asset.