
ASSET MANAGEMENT – DISPOSAL OF ASSETS

To: **Cabinet - 19 June 2014**

Main Portfolio Area: **Community Services**

By: **Natalie Beldin, Estates Surveyor**

Classification: **Unrestricted**

Ward: **All**

Summary: To seek the agreement of Cabinet to progress disposal of surplus land and property within the adopted asset disposal process.

Additionally, Cabinet are asked to consider two other property assets, Margate Caves for a lease and an area of Hartsdown Park for a short term licence.

For Decision

1.0 Introduction and Background

- 1.1 The Council uses its property assets for a range of purposes including direct delivery of services, revenue generation and supporting corporate plan objectives. The current general fund portfolio is diverse and is reviewed regularly in relation to maintenance liability, revenue generation and capital appreciation. Assets held on the register that are considered to be surplus are presented to Cabinet for potential disposal.
- 1.2 The Interim Property Disposal Process, adopted in May 2012, requires future disposals to be approved by Cabinet. The list of proposed sites, if approved, will enhance the value of the current asset disposal list and offers the potential to achieve a capital receipt for the Authority to contribute to future capital projects and corporate objectives, whilst reducing maintenance and repair liabilities for the Authority.
- 1.3 In addition to the freehold disposals, Cabinet are asked to consider two further property assets. One of which was subject to an historic disposal decision, the other an area of parkland which a commercial business is seeking consent to utilise.

2.0 The Current Situation

- 2.1 Capital receipts are necessary to fund future capital projects. If surplus property or land is not identified and capital realised, the council's capital projects will be vastly reduced or alternative methods of funding will have to be found. In addition, market conditions can be volatile and unforeseen events may restrict obtaining receipts. Challenging asset performance is essential in ensuring that the land and property portfolio is efficient and fit for purpose, whilst ensuring statutory compliance.
- 2.2 The list of assets, with plans, contained in Annex 1 is proposed as surplus and suitable for progression through the disposal framework, having already been considered by CAMG. In addition, Annex 2 contains property assets which are currently on the asset disposal list. A review of historic records shows that these sites were approved some years ago, the estates department have brought them back to Cabinet as the decisions are considered too distant and should be re-validated.
 - 2.2.1 Cabinet are also asked to consider a further property asset which is the Margate Caves site, Northdown Road, Margate. Full details of the asset and its status are contained in annex 3. Cabinet are asked to authorise removal of the asset from the capital disposal list and consider letting the site to a charitable organisation for opening as a tourist attraction and developing community facilities. The project model submitted does not support payment of rental therefore the charity are requesting a peppercorn rental for the term of the lease. The Council benefits from powers under the Local Government Act: General Disposal Consent 2003 to consider granting an interest in land at less than best consideration which it considers will help secure the promotion or improvement of the economic, social or environmental well-being of its area.
 - 2.2.2 Members are also asked to consider a request received from a private nursery school for Thanet District Council to grant an agreement to occupy land forming part of the public area in Hartsdown Park, Margate. Refer to annex 4 for site plan and further information. The site area is approximately 150 sq.m and comprises grassed area and trees which adjoins the car park. The proposal is for the land to be used for forest school purposes and a boundary fence erected, subject to other statutory consents required. Such exclusion of the public may require publically advertising firstly and representations given due consideration in accordance with s.123 (2A) of the Local Government Act 1972.

3.0 Options

- 3.1 The following are the possible list of options relating to the various sites set out in annexes 1 and 2;
 - 3.1.1 To agree to the list of properties in Annex 1 being surplus to requirements and therefore to be progressed through the agreed asset disposal process.

- 3.1.2 To reject all or some of the assets proposed as being surplus, with reasons and corrective actions necessary.
- 3.1.3 To remove the Margate Caves site from the capital disposal list and agree to Officers progressing lease negotiations to the Margate Caves Community Education Trust for a term in the region of 24 years at a peppercorn rent, fixed for the term.
- 3.1.4 Retain the Margate Caves site on the Capital disposal list and progress for sale and decline the request to lease the site.
- 3.1.5 Consider the request for use of part of the public park at Hartsdown and either agree to the principle and allow Officers to progress the process in granting an agreement for use of the land; give direction to part of the land being used or decline the request and retain as Public Park.
- 3.1.6 It is proposed that of the above options 3.1.1 and 3.1.3 are adopted by Cabinet.

4.0 Corporate Implications

4.1 Financial and VAT

- 4.1.1 From the list of disposals it is anticipated there will be a small revenue rental loss of £3,700 being the total loss of budgeted rental income on the land at Whiteness Road and land adjacent to the Marlowe Academy. This reduction of income will not be offset by the Estates team, but will contribute towards reduced management costs. The direct offset will be a reduction in budgeted running costs for Retort House on disposal of £2,970. It is also noted that Retort House has been the subject of a condition survey which highlights substantial works required, circa £277,000 ex VAT which has not been factored into the Medium Term financial plan.
- 4.1.2 The sale of new sites and those that are listed on the remote decision list could generate in the region of £100,000 for re-investment in the council's capital corporate priorities.
- 4.1.3 Specialist VAT advice will need to be sought on Margate Caves as lease negotiations proceed. As the Council has opted to Tax for VAT on the whole of the Dreamland Site the Triangular Strip of Land within the site proposed for disposal will be subject to VAT at the prevailing rate on disposal.

4.2 Legal

- 4.2.1 Provided that the disposals of assets are dealt with through the agreed process there are no residual legal issues.

4.3 Corporate

- 4.3.1 This report has been prepared with reference to the Property Disposal Process 2012-14, adopted by Cabinet on 10th May 2012 – refer to annex 5 for process.
- 4.3.2 Release of surplus council assets will provide capital receipts to fund priorities aligned to the current Corporate Plan. Should capital not be realised through disposal the risk to the Authority will be in securing funds to deliver such priorities.
- 4.3.3 Retaining surplus sites exposes the Authority to unnecessary maintenance liabilities, costs, management, liability and health and safety property risks.
- 4.3.4 Granting a lease for the Margate Caves site for development of a visitor attraction, education and community space is considered consistent with corporate priorities 3 and 8.

4.4 Equity and Equalities

- 4.4.1 The council's equality duty has been assessed in relation to the elements of this report, but it is not considered that these will compromise the rights and requirements of any group in relation to the adoption of the recommendation.

5.0 Recommendations

- 5.1 That Cabinet agree to the sites contained in Annex 1 as surplus and progressed through the disposal framework for freehold sale;
- 5.2 That Cabinet re-confirm the decision to dispose of sites in Annex 2 so they can be progressed through the disposal framework for a freehold sale;
- 5.3 That Cabinet agree to Officers progressing negotiations for the letting of the Margate Caves site at a peppercorn rental in accordance with option 3.1.3;
- 5.4 That instructions are issued to Officers regarding the land at Hartsdown Park.

6.0 Decision Making Process

- 6.1 This is a key decision which can be taken by Cabinet.

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Reporting to:	Edwina Crowley, Head of Economic Development and Asset Management

Annex List

Annex 1	Proposed asset disposal list requiring Cabinet decision and site plans
Annex 2	Surplus sites and remote decisions with site plans.
Annex 3	Margate Caves plan and information

Annex 4	Hartsdown Park plan and information
Annex 5	Adopted Property Disposal Process

Corporate Consultation Undertaken

Finance	Nicola Walker, Finance Manager – HRA, Capital & External Funding
Legal	Steven Boyle, Interim Legal Services Manager & Monitoring Officer