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## **ASSET MANAGEMENT – DISPOSAL OF ASSETS**

To: **Cabinet - 24 November 2015**

Main Portfolio Area: **Community Services**

By: **Mandy Robinson, Estates Surveyor**

Classification: **Unrestricted**

Ward: **All**

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**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 the demolition of other property assets.**

### **For Decision**

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#### **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 the demolition of properties which are in poor condition and where retention, repair or reconstruction would be uneconomical.

#### **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.
- 2.2.1 Cabinet are also asked to consider the demolition of the properties as contained in Annex 2 which have also been considered by CAMG.

### **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 agree to the demolition of the properties in Annex 2.
  - 3.1.4 To reject all or some of the proposed demolitions with reasons and alternative proposals.
  - 3.1.5 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 revenue rental loss of £235 per annum. This reduction of income will be offset by the Estates team from increases in rents on other properties as a result of rent reviews and lease renewals.
- 4.1.2 The sale of sites could generate a sum for re-investment in the council's capital corporate priorities.
- 4.1.3 Prior to being damaged the property at Western Undercliff Kiosk was generating a revenue of £7,500 per annum. This loss of this income will need to be budgeted for although some may be recoverable from insurance. Any shortfall will be offset by the Estates team from increases in rents on other properties as a result of rent reviews or lease renewals. There may also be potential to generate some income from the site by way of a ground lease in the future.
- 4.1.4 The cost of demolition of St Mildred's Hut and the Princess Walk garage will be £5,000 and £2,000 respectively and will be met from the current repairs budget. The cost of demolition of the Western Undercliff Café will be £50,000 which will be recoverable from the insurance. Any shortfall will be met from the slippage reserve.

#### **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 and Land Disposal Process contained within the Corporate Property Asset Management Strategy 2014 - 2019, adopted by Cabinet on 13<sup>th</sup> November 2014 – refer to annex 3 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.

#### **4.4 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 agree to the demolition of sites in Annex 2.

#### **6.0 Decision Making Process**

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

Contact Officer:	Mandy Robinson, Estates Surveyor
Reporting to:	Bob Porter, Interim Head of Housing

#### **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	Adopted Property Disposal Process

#### **Corporate Consultation Undertaken**

Finance	Nicola Walker, Interim Head of Financial Services
Legal	Tim Howes, Director of Corporate Governance & Monitoring Officer