

ASSET DISPOSAL PROGRAMME 2017 - 18

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| Cabinet | 16 November 2017 |
| Report Author | Director of Corporate Governance |
| Portfolio Holder | Cllr John Townend, Portfolio Holder (Finance & Estates) |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | Yes |
| Reasons for Key | The decision affects more than one ward |
| Ward: | All |

Executive Summary:

This report details the approved proposed asset disposals and asset transfers for 2017/18.

Recommendation(s):

1. To proceed with the disposal of Forrester's Hall at market value with first refusal given to the Trustees of East Kent Mencap noting that the offer will be will be subject to the sale completing within nine months of the date of the Cabinet decision.
2. After nine months the Council will be free to sale the premises to another organisation at market value.

CORPORATE IMPLICATIONS

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| Financial and Value for Money | The capital programme is part-funded from capital receipts generated from the sale of assets. These disposals are required to enable the continued investment in council assets. The disposal of assets listed in this report will not only generate capital receipts but will also reduce ongoing maintenance costs and reduce the risk of incurring future capital expenditure. |
| Legal | The council may dispose of land held in any manner it wishes but the council shall not dispose of land, otherwise by way of a short tenancy, for a consideration less than best that can reasonably be obtained. There is an exception to this general rule where the council is able to sell a site for less than its market value, but it must seek statutory consent to do so. Specific consent is not needed where the council can demonstrate the land sale will help to secure the improvement of the economic, social or environmental wellbeing of the local area, and the undervalue is only up to £2m less than market value. |
| Corporate | The disposals programme is proposed to ensure the delivery of the Medium Term Financial Strategy and funding of the Capital Programme. It is to be delivered within the parameters of the Asset Management Plan 2017 – 2021. |
| Equality Act | Members are reminded of the requirement, under the Public Sector |

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| 2010 & Public Sector Equality Duty | <p>Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <table border="1"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td style="text-align: center;">√</td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td style="text-align: center;">√</td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> </tr> </table> <p>Are there any assets that are proposed to be disposed of that are used by staff or the public. Yes and we have considered the impact for people with protected characteristics to ensure there is no adverse effect.</p> <p>Do they offer facilities which, if removed as a result of disposal, reduce overall access to services for people with protected characteristics? The assets will be sold without altering the use.</p> <p>Might the transfer of responsibility for managing an asset increase or decrease access to services for people with protected characteristics? The transfer of land to the NHS would increase the services for people with protected characteristics. None of the other transfers will decrease access to services.</p> <p>Would there be consequences for staff or customers if an asset isn't disposed of and deteriorates through lack of funding? Potentially.</p> | Please indicate which aim is relevant to the report. | | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, | √ | Advance equality of opportunity between people who share a protected characteristic and people who do not share it | √ | Foster good relations between people who share a protected characteristic and people who do not share it. | |
| Please indicate which aim is relevant to the report. | | | | | | | | | |
| Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, | √ | | | | | | | | |
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| Foster good relations between people who share a protected characteristic and people who do not share it. | | | | | | | | | |

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| CORPORATE PRIORITIES (tick those relevant)✓ | |
| A clean and welcoming Environment | |
| Promoting inward investment and job creation | √ |
| Supporting neighbourhoods | √ |

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| CORPORATE VALUES (tick those relevant)✓ | |
| Delivering value for money | √ |
| Supporting the Workforce | |
| Promoting open communications | |

1.0 Introduction and Background

- 1.1 The Medium Term Financial Strategy assumes ongoing cost savings in the maintenance of assets to be achieved by rationalising the asset base. In addition the capital programme requires funding from receipts generated from asset disposals.
- 1.2 Forresters Hall, Ramsgate, comprises of buildings built over two periods, one part early 19th Century, the other built in the 1970s (external pictures shown on Annex 1). Forresters Hall is Grade II listed and designated an Asset of Community Value under the Localism Act 2011.

- 1.3 Forresters Hall is owned by Thanet Council as an investment with the net income used to support service provision. The aging premises are now falling in to disrepair. A building condition survey estimated at least £455,145 ex VAT worth of improvement works are required to put the building into reasonable repair (planned maintenance summary Annex 2). These works are now overdue and there is no capital funding available to undertake the work.
- 1.4 The building was subject to four tenancies, all paying market rent. One of the tenants left at the end of September 2017 relocating to the Kent Innovation Centre. Of the remaining three remaining, two are short term agreements (one of these is for temporary storage) and one has acquired a secure leasehold interest.
- 1.5 We have informed the tenants of our review of the building and (in response to their complaints about the condition) that we do not have the funds to repair the building. As a result of these discussions one of the short term tenants is now looking for alternative accommodation and we are serving notice to terminate the storage arrangement.
- 1.6 The estimated net operating income for financial year ending March 2017 year is £18,430 ex VAT, however when another tenant leaves this will reduce further to £3,400 ex VAT.
- 1.7 As the premises no longer represents a good return on income and the Council have no requirement for the building as an operational facility consideration has been given as to whether the building still fulfils its corporate aims.
- 1.8 One of the occupiers, Trustees of East Kent Mencap, has a secure tenancy and the services they provide are of considerable social benefit to the community. Supporting neighbourhoods is a corporate priority and the community benefit provided by Mencap should be retained in the area wherever practicable.
- 1.9 The Trustees of East Kent Mencap have been informed of the asset review and indicated they would like to purchase the property, at market value, which would provide them with an opportunity to invest in the premises to bring it back in to good repair and retain use of the premises for the benefit of the community.
- 1.10 Note that the property is registered as an Asset of Community Value which means that if the Council decide to dispose of Forresters Hall, a moratorium is put on the sale to allow the community an opportunity to put in an offer at market value.
- 1.11 The Trustees of East Kent Mencap, as a registered charity, qualify as a community group so would be able to make an offer to purchase the premises within the moratorium period. However, notice of the disposal would be publicised to the Community, to enable other qualifying groups to register interest in the premises.
- 1.12 To minimise the holding costs to the Council a requirement for the sale of Forresters Hall to the Trustees of East Kent Mencap will be that the sale must complete within nine months of the date of the Cabinet Decision. If the sale does not conclude in this time then the Council is free to sale the premises at market value to another organisation or qualifying group.

2.0 The Proposed Disposal Programme

- 2.1 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 value.

- 2.2 The review of Forresters Hall concludes that the building is surplus to requirements. The proposal is to dispose of Forresters Hall following the statutory process required under the Localism Act 2011, with first refusal to purchase (at market value) given to the leasehold occupiers the Trustees of East Kent Mencap.
- 2.3 Should the sale not complete within nine months from the date of the Cabinet decision, the Council will be free to sale to another organisation at market rent.
- 2.4 More investigations will be carried out in respect of future properties to be listed and brought forward for disposal in the future.

3.0 Options

- 3.1 Members could choose to not dispose of Forresters Hall. Failure to dispose of the asset will mean that the Council needs to fund the capital works required to bring the building in to good repair which will impact on the approved Capital Programme and vacant property costs including reactive repairs will negatively impact the Medium Term Financial plan.

4.0 Next Steps

- 4.1 Assets that have been approved for disposal should be progressed through the adopted disposal framework as soon as practicable.
- 4.2 Further investigations should be carried out in relation to other TDC properties to identify those suitable for future disposal.
- 4.3 All assets should be continually reviewed to ensure the Council is making the best use of its resources by rationalising and disposing of surplus or under-performing assets.

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| Contact Officer: | Tim Howes, Director of Corporate Governance |
| Reporting to: | Madeline Homer, Chief Executive |

Annex List

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| Annex 1 | External elevations of Foresters Hall |
| Annex 2 | Planned Maintenance Summary |
| Annex 3 | Site Plan showing approximate site boundary of Forresters Hall |

Background Papers

| Title | Details of where to access copy |
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| None | Not applicable |

Corporate Consultation

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| Finance | Ramesh Prashar, Head of Financial Services |
| Legal | Tim Howes, Director of Corporate Governance |