

**Climate Change, Environment and Growth
Executive Advisory Panel
Tuesday 22nd November 2022**

Report Title	Draft Asset Disposal Policy
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List of Appendices

Appendix A – Draft Asset Disposal Policy

1. Purpose of Report

- 1.1 The Chief Responsible Officer, confirmed as the Executive Director, Place and Economy (Deputy Chief Executive) is responsible for ensuring that procedures are put in place detailing arrangements for the management of property and land assets.
- 1.2 This includes producing an asset strategy, a policy and processes for governance purposes and ensuring the Council maintains accurate records on its land holdings. This record system is called the Terrier.
- 1.3 This report introduces the draft Asset Disposal Policy; a policy and process that supports the constitutional delegations by providing a co-ordinated approach to internal asset review.
- 1.4 The draft Asset Disposal Policy will form part of a suite of asset management policies, with an overarching asset strategy to be brought before Executive in Spring 2023.

2. Executive Summary

- 2.1 The Council holds an extensive portfolio of land and buildings and has an obligation to bring forward surplus sites for development within a reasonable timeframe and generate opportunities to stimulate housing and inward investment leading to economic growth and job creation.
- 2.2 It is government policy that local authorities should dispose of surplus and under-used land and property, wherever possible. The Council has wide discretion to

dispose of its assets (such as land or buildings). When disposing of assets, the Council is subject to statutory provisions. The Council grants delegations for disposals in the constitution which set financial limits, based on best consideration. Details can be found in Appendix A of the draft Policy Document.

- 2.3 It is important that the Council maintains a central process for asset evaluation and review, to ensure opportunities are maximised and risks of unplanned costs are mitigated. A co-ordinated approach supports good governance and ensures that assets are progressed in a timely manner.
- 2.4 The asset management team are responsible for maintaining the Council's property and land Terrier, responsible for publishing data and for obtaining annual statutory valuations, which is an important part of the Medium-Term Financial Planning process.
- 2.5 The draft disposal policy and process due to be presented to Executive in December will support these requirements by providing a central forum for governance and documentation.

3. Recommendations

- 3.1 It is recommended that the Executive Advisory Panel consider and provide feedback on the proposed draft Asset Disposal Policy.
- 3.2 Reason for Recommendations:
 - 3.2.1 The Council has fiduciary responsibilities to progress surplus vacant sites within a reasonable time, which government policy recommends is no later than two years, to ensure value for money is achieved. The draft Asset Disposal Policy supports this outcome.
 - 3.2.1 Progressing disposals of surplus properties in a co-ordinated way will contribute to the Corporate Plan and the commitment to be carbon neutral by 2030.
 - 3.2.2 The draft Asset Disposal Policy supports a timely process, which will reduce revenue costs and assist the council to achieve capital receipts as identified in the Capital Strategy.
 - 3.2.3 The Policy supports centralised current record keeping; a requirement of the constitution.
- 3.3 Alternative Options Considered:
 - 3.3.1 The Council could choose not to adopt a co-ordinated draft Asset Disposal Policy, but, this would lead to uncertainty and increased risks of unplanned expenditure.

4. Report Background

- 4.1 The way the Council manages its land/property assets can have a significant impact both on the quality of services delivered to the public and the local environment.
- 4.2 Effective asset management is essential in bringing 'agility' to land and property assets so that the delivery of the Council's goals and objectives are realised in a sustainable manner, at the right time and on budget.
- 4.3 The consolidation of separate legacy councils into one Unitary Council in April 2021, brought with it the amalgamation of different property portfolios. The consolidation of property databases and asset valuations is ongoing and detailed information on the portfolio is held on the asset Terrier.
- 4.4 The central Terrier is required to:
- Provide data for the annual publication of the property and land register as required in the Transparency Code.
 - Provide accurate information to the Council's valuers for annual review as part of the financial code.
 - For the asset management team to review and analyse the portfolio for alternative uses and make recommendations to the Council.

5. Issues and Choices

- 5.1 The Council is required to have detailed arrangements in place for property and land management. The constitution delegates broad authority in relation to asset disposals, but, is silent on the mechanisms the council employs for co-ordinating asset disposals across the council.
- 5.2 The draft Asset Disposal Policy documents the way that surplus and underutilised assets will be reviewed across the Council, creating a formal forum for sharing information before assets are progressed to the wider market. This mitigates any risk of an un-coordinated approach to asset disposal across the organisation.
- 5.3 Once the Council has determined an asset is not required for council use, there will be an opportunity to progress assets to the wider market, to other public sector partners and or for community asset transfer. Appendix B of the policy document provides greater detail on the review and decision-making process.

6. **Next Steps**

- 6.1 Implement the draft Asset Disposal Policy, including establishing the Asset Management Review Group as detailed in the policy.

7. **Implications (including financial implications)**

7.1. Resources, Financial and Transformation

- 7.1.1 A critical source of funding required to finance the Council's Capital Programme is capital receipts from the sale or disposal of Council owned land and buildings. Other sources of finance available include Government grants, borrowing (that requires repayment via existing revenue budgets), capital reserves and revenue financing (although due to increasing pressures on revenue budgets, this is no longer viable in many cases).
- 7.1.2 The value of a capital receipt received in any financial year, if less than £10,000 per asset can be allocated to the Council's revenue budget. Any capital receipt that exceeds this de-minimus value will be a corporate receipt to support the funding of the Council's capital programme.
- 7.1.3 Incidental revenue costs of asset disposals (such as marketing and legal costs) can be offset against the capital receipt up to a maximum limit of 4% of the gross capital receipt (on an asset-by-asset basis). Where significant additional costs are anticipated or required (such as demolition and site clearance costs), these costs will need to be met from either existing revenue budgets or additional budget approvals, which will result in additional financial pressures in the short to medium term. If site preparation activity is deemed to enhance the future value of the site, then such additional costs may be financed from capital resources. This will minimise the short-term revenue budget pressures but places further demand on the financing requirements of the Capital Programme.
- 7.1.4 Surplus sites incur revenue holding costs, direct costs include security, inspections, business rates or council tax, and reactive repairs. Such sites are not secured as long-term holdings and, if the council were to retain them longer term, then insurance representatives would need to be consulted on additional security measures and so costs would increase further.

7.2. Legal and Governance

- 7.2.1. The most common legislation regulating asset disposals is the Local Government Act S123 which requires a council to obtain best consideration that can reasonably be obtainable.
- 7.2.2. The Councils financial procedure rules require assets to be marketed on the open market unless there are exceptional circumstances specific to the site, whereby the only reasonable option is to sell by private treaty. A council may dispose of a site in this way subject to obtaining market value.

7.2.3 The Council must ensure that it complies with its Disposal Policy and all relevant laws when determining that assets are surplus to requirements and subsequently selling those assets.

7.2.4 Risk Management: The Council have an agreed policy which sets out the mechanism for progressing the potential sale of surplus assets. The policy seeks to ensure that any disposal is carried out in a fair and transparent manner and, in adhering to the policy, it is anticipated that any risks associated with the sale of any Council land and property is mitigated.

7.3. Relevant Policies and Plans

7.3.1. These proposals will assist the Council in delivery its fiduciary responsibilities and assist the Council in meeting its commitments in the Corporate Plan, in particular providing Modern Public Services that are value for money.

7.4. Risk

7.4.1. The recommendations above ensure the council mitigates the risks associated with holding vacant property or surplus property.

7.4.2. A marketing campaign for all relevant sites provides transparency and gives opportunity for the wider market to tender. This mitigates the risks of challenge.

7.5. Consultation

7.5.1. Ward Members will be consulted as part of the disposal process.

7.6. Consideration by Executive Advisory Panel

7.6.1. This report has been considered by the Executive Advisory Panel Climate Change, Environment and Growth.

7.7. Consideration by Scrutiny

7.7.1. Scrutiny Commission can consider the Policy as part of their work programme and will also include feedback on the draft policy from the Asset Rationalisation Scrutiny Panel.

7.8. Equality Implications

7.8.1. An Equality Screening Assessment has been completed and confirms there are no negative impacts on one or more equality groups.

7.9. Climate and Environment Impact

7.9.1. The Council, having declared a climate change and environment emergency in June 2021, is committed to reducing its climate impact both within its own Council buildings and in working with businesses and the wider community to achieve carbon neutral emissions. Disposal of the sites with buildings would directly reduce the Council's carbon footprint.

7.9.2. Any developments would be required to meet the energy standards contained within the building regulations.

7.9.3 As part of the Asset review process, consideration as to the sustainability of the asset will be included, in particular whether retaining the asset can support the Council's climate change objectives and carbon reduction target.

7.10. Community Impact

7.10.1 This proposal has no direct community impact. The proposed policy works in tandem with the Council's Community Asset Transfer policy, which seeks to provide opportunities for community groups to forward expressions of interest in Council assets.

7.11. Crime and Disorder Impact

7.11.1 There are no direct crime and disorder impacts arising from this report.

8. Background Papers

8.1 There are no background papers to this report.