

Wiltshire Council

Cabinet (Capital Assets) Committee 24 July 2012

Subject: Property Disposals

Cabinet member: Councillor Toby Sturgis - Waste, Property, Environment and Development Control Services

Key Decision: No

Executive Summary

The report updates members on progress related to property disposals during the business plan period to date, and outlines plans to deliver further disposals during the remaining period of the business plan. Headlines contained in the report:

- a. Property sales achieved thus far in the business plan period to date are approximately £8m, with a plan for receipts of £14m in the current financial year
- b. A total of 21 Community Asset Transfers have been completed to date, with a further 50 in the pipeline;

The current position on property disposals in a range of categories is highlighted to clarify the current position, including clarification of the list of disposals which constitute the capital receipts programme.

An interim capital programme gateway process is discussed and proposed.

Proposal

That members:

- a. Note the progress made to date on property sales and community asset transfers in line with the expectations of the business plan;
- b. Review the detailed list of property disposals contained in Appendix F;
- c. Confirm their authority to proceed with the disposal of properties listed in Appendix F, and to delegate the completion of necessary legal transactions to Dr Carlton Brand, Corporate Director, or as permitted by the scheme of delegation;
- d. That Members review the attached interim gateway process at Appendix G and approve its immediate adoption.

Reason for Proposal

To provide clarity as to the full extent of the approved programme of property disposals, and to confirm that all necessary legal authority is in place to complete property transactions in a timely manner.

A review of the end to end process for capital bidding is underway as part of the development of a 10 year Asset Management Strategy, an interim gateway process is required to ensure consistency, sustainability and to reduce risk.

Dr Carlton Brand
Corporate Director

Wiltshire Council

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Purpose of Report

1. The purpose of this report is to provide an update to members on the current status of the Property Disposal programme, and the plans for upcoming disposals. The report also seeks to confirm and clarify the authority in place from members to proceed with specific sales.

Background

2. The current Capital Programme position is included in Appendix A. This demonstrates the level of capital receipts planned within the programme for the period 2012/13-15/16.
3. The Council's Business Plan includes a target for capital receipts of £50m over four years. If receipts are not generated, are delayed or sites are used for other purposes then borrowing has to be undertaken to replace the lost capital receipt. Every additional £1m of borrowing that has to be undertaken results in approximately £0.1m additional revenue costs of borrowing.
4. The council is already committed to borrowing an additional £110m over the next 3 years which will equate to revenue costs of borrowing of around £30m per annum from 2015/2016.

Main Considerations for the Council

Property Sales Achieved

5. Progress on disposals since the start of the business plan period are summarised in the table below. Detail of individual property disposals are contained in Appendix B – Completed Sales. The value of these sales is in the public domain and would be available through the land registry. However, a number of sites have been sold on a “subject to contract” or “subject to planning consent” basis. These are listed and valued in Appendix C - Sales Subject to Contract.

Year	Receipts Planned	Actual receipts
2011/12	£8m	£7.118m
2012/13	£14m	£0.939m

6. It should be noted that discrepancies between planned and actual receipts does not necessarily indicate a reduction in value of receipts achieved. The schedule of sales sold subject to contract indicates that frequently the final receipt of capital may take longer to realise, but this delay enables a stronger receipt to be realised.

Community Asset Transfers

7. A total of 21 transfers were completed during 2011/12 and to date this financial year. In addition to these completed transfers, a further 51 applications or enquiries are being actively progressed at present. The recent policy amendment which categorises applications depending on the complexity or strategic nature of the asset has proved effective in ensuring that transfers progress quickly, and in an appropriate manner. Transfers continue to be a convoluted process, largely due to the work required by both the Council and community bodies to carry out the requisite legal work to complete a transfer. A full schedule of completed and live transfers is contained in Appendix D.
8. Key transfers in progress or completed which of note by members are described below:
- a. Bowerhill Football Fields – transfer of this land was completed in June, to coincide with the designation of the playing fields as a Queen Elizabeth field. Mechanisms are in place to secure the delivery of the A350/ Lancaster Road link road, together with the reprovision of the changing pavilion to facilitate this.
 - b. Trowbridge Town Hall – the group are making good progress in obtaining early buy-in from potential funding bodies. An update report is proposed to be made to the Committee in September by the group to enable members to consider their approach to further support for the group’s process of securing funding. Information on the group’s progress can be found at www.trowbridgetownhall.org
 - c. Playing fields north of Dunch Lane, Melksham – in conjunction with the delivery of the Melksham Campus project and the planned sale of the former George Ward School site, a lease is to be agreed with Melksham Rugby Club to secure their use of the playing fields for September 2012. A full community asset transfer will follow in line with the resolution of a section 106 agreement and the mechanism for provision of changing and parking facilities.
 - d. Urchfont Manor – Cabinet gave its commitment that Officers would work with the local community as far as practicable to protect the community’s continued use of parts of the Council’s landholdings at Urchfont and this will result in further asset transfers or legal agreements that secure the use of Oakfrith Wood, the recreation/school playing field and the cricket field by the community groups.

Surplus Properties identified for alternative Council uses

9. A number of properties previously identified for disposal and included in the capital receipts programme, are subject to decisions by this committee that alternative Council uses will be investigated further. An intrinsic part of these decisions were an acceptance of the subsequent loss of a potential market value receipt in lieu of development of the site for alternative Council uses. Examples of these are listed, and the valuations of these sites is contained in Appendix E for review in part 2 of the meeting.
 - a. Burnham House, Malmesbury – Extra Care Housing
 - b. Browfort Office site, Devizes – Extra Care Housing
 - c. Middlefields/ Hungerdown Lane, Chippenham – Extra Care Housing/ Affordable Housing
 - d. Various sites – Affordable housing PFI sites, West Wiltshire
 - e. 26/28 Endless Street, Salisbury – Coroners Service
10. In addition, a number of properties previously identified for sale within the Capital Programme, have since been deferred pending completion of other programmes of works. These are:
 - f. Pennyfarthing House, Salisbury – retained due to location of CCTV operation, and use for customer care accommodation. Some space is also leased to Visit Wiltshire with an expiry date in 2015.
 - g. 61 Wyndham Road – temporary relocation of Learning Disabilities Day Care Centre from Old Sarum pending future relocation to a campus at Five Rivers. Note: the capital receipt received from the sale of the former Sarum Centre, is legally conditioned upon its use in re-providing the Day Care function within a Campus development.

Upcoming Property Disposals

11. A full list of planned property disposals is contained in Appendix F. This list is divided into two parts:
 - Live – those property disposals which are actively being marketed or prepared for market
 - Pending – those property disposals which are confirmed to be within the scope of the capital receipts programme, on which background preparations are taking place but no active marketing firmly planned, eg. properties that will remain occupied or in use at this time.
12. Members are asked to review this list and confirm their acceptance of its contents, and thus provide authority to proceed with property disposals in a timely manner to achieve the expectations of the capital programme. This does not preclude alternative uses of methods of disposal for these

sites being proposed, but such proposals would need to follow the capital programme gateway process described below.

14. Mansion House and Library site, Corsham – these properties have been the subject of previous reports to the Committee. Following the completion of the marketing process completed in April 2012, no compliant offers were received. Officers recommend that the property be marketed after the building contract for the Corsham Community Campus has been awarded. At that point in time, more detailed knowledge will exist about the delivery dates of the building and the consequential relocation dates for the youth service and library. As a result of this greater clarity of position, the marketing of the property can be conducted without the added complexities created by a deferred date for vacant possession, and without complex arrangements related to maintenance of the existing buildings. The Youth and Library services propose to continue to operate from their existing locations until their new space within the completed campus is available for their use. Strategic Property Services are working proactively with the respective services to ensure that essential maintenance work is planned sensibly, in order to keep functions operational without undue costs being incurred on the fabric of the building.
15. Urchfont Manor – Knight Frank have been appointed as sales agents for this property. Advice provided by Knight Frank recommends investing heavily in legally securing the interests of the various community groups and third parties involved in elements of the wider property holdings. It is also recommended that the optimum time to start a marketing campaign will be in September, to avoid the lull in the market created by the summer period. Officers concur with this approach, in order to simplify the process of securing a sale at a later date, and to ensure the maximum level of interest is obtained in the property.

Capital Programme Gateway Process

16. The Council currently has gateways and bidding processes for capital schemes, but this is not consistently applied. This has led to confusion and reputation risk at Cabinet Capital Asset Committee where bids have come unannounced, and sometimes un-supported.
17. Where bids are predicated on the use of an asset previously identified for disposal there are added financial and programming risks which potentially undermine the deliverability of the wider capital programme. There is therefore a need to ensure that each bid is considered in the context of the wider investment and disposal programme.
18. As part of the development of the Council's 10 year Asset Management Strategy the entire 'end to end' process of capital bidding, approvals and funding is being reviewed. A paper on this strategy will be presented to this committee later this year. It is recommended that a process to manage new bids until and after that is in place is implemented with immediate effect.

19. The proposed interim Capital Bidding Gateway process is at Appendix G. It is designed to 'front load' the process with key information and resources that will ensure the bid is either rejected early to avoid wasted effort or fully supported in the context of the wider goals of the organisation to ensure the resulting business case is robust. Its implementation is also intended to
- Improve/strengthen the control environment.
 - Reinforce the one Council, one team culture.
 - Supporting a sustainable and affordable capital programme and business plan.
 - Reducing unnecessary and wasteful bureaucracy/time spent on failed bids.
 - Improving cashflow management and reducing programme (spend & delivery) slippage.

Environmental and climate change considerations

20. The disposal of properties from the Council's property portfolio, will have the consequential impact of removing their carbon emission from the Council's carbon footprint. Most proposed sales have been previously agreed as part of a wider business case (eg. those becoming surplus through the Hub Programme), and hence the carbon reduction impact of many of these disposals has previously been accounted for within projections made by the ECO team. The carbon saving applies only where the council directly pays the energy bill. For some of the properties in this disposal programme this is not the case. A further assessment will be conducted with the ECO Team to quantify the carbon savings.

Equalities Impact of the Proposal

21. Many or most of the properties being disposed of fall below equalities act compliance, or best practice guidance in respect of accessibility and equality of access. These disposals are, in most cases, brought about by the rationalisation of the estate and subsequent investment in retained facilities which enables the Council to offer greater equality of access for its customers and staff as a result.

Risk Assessment

22. Regular reports on progress of property disposals are provided to the Committee within the Capital Monitoring Report. These reports are based on a review of risks on disposals, and will enable future forecasts on the out-turn position on receipts to be tracked during the course of the year.
23. The introduction of an interim capital gateway bidding process will ensure that risks to the disposal programme and the deliverability of the wider capital programme are assessed, monitored and managed appropriately.

Financial Implications

24. The financial implications are contained within the main considerations sections of this report.

Legal Implications

25. There are no legal implications with the paper other than it will result in legal work formalising property transactions.

Options Considered

26. Options for specific property disposals are considered on a site by site basis. Proposed additions to the programme are reviewed between officers of Strategic Property Services, the Transformation Programme, and key service departments to ensure an ongoing dialogue about alternative or optimal uses for sites.
27. The interim capital bidding gateway process will support this site by site appraisal of options but it will ensure that the discussions and decisions are also made with full consideration of the wider corporate context.

Dr Carlton Brand
Corporate Director

Report Author:

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Head of Strategic Property Services

27 June 2012

Background Papers - None

Appendices

- Appendix A – Capital Programme Approved Disposals
- Appendix B – Completed Sales
- Appendix C – Sales Subject to Contract (Part 2)
- Appendix D – Schedule of Completed and Active Community Asset Transfers
- Appendix E – Properties Identified for alternative Council uses (Part 2)
- Appendix F – Upcoming Property Disposals (Part 2)
- Appendix G – Proposed Interim Capital Programme Gateway Process