

Wiltshire Council

Cabinet

29 June 2021

Subject: Disposals Programme Update

Cabinet Member: Cllr Phil Alford Cabinet Member for Housing, Strategic Assets and Asset Transfer

Key Decision: Non Key

Executive Summary

The council has a programme of sites that are surplus to operational requirements and disposal or reuse for alternate purposes generates capital to support Councils overall Capital Programme. This report sets out performance over the last three years and forecast receipts from disposals for the next two financial years. The report further seeks approval to declare specific sites surplus and capable of review to determine the best financial return for the council; the 3 assets to be declared surplus are listed in Appendix 2.

Proposal(s)

That Members:

- Note the position in respect of disposals for financial years 2021/22 and the projected receipts for 2022-4.
- Confirm that the freehold interest of the 3 assets can be sold by the Council.
- Authorise the Director for Housing and Commercial Development to dispose of the freehold interest in the assets or in his absence the Corporate Director – Resources, following consultation with the Cabinet Member for Leisure, Libraries, Governance, Facilities Management and Operational Assets; and Cabinet Member for Strategic Assets and Asset Transfer.

Reason for Proposal(s)

To note the current position in respect of capital receipts and the new targets for the next two financial years and confirm the freehold interest in the assets can be sold to either generate capital receipts in support of the Council's capital programme or reuse to generate income for the Council.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

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Purpose of Report

1. The purpose of this report is to note the position in respect of capital receipts targets for the last three years and the new targets for the next two financial years. Also, to confirm the freehold interest in the assets can be sold to either generate capital receipts in support of the Council's capital programme or reused to generate income for the Council. The freehold interest in the 3 assets referred to in Appendix 2 are to be declared specific sites surplus and capable of review to determine the best financial return for the council.

Relevance to the Council's Business Plan

2. The disposal of assets raises capital to assist and support the Council's medium term financial plan (MTFP) which subsequently supports the Council's Business Plan and its aims and targets. Specifically, the business plan describes taking *a commercial approach to managing assets* as part of the *Working with partners as an innovative and effective council priority*.

Background

3. On 26th March 2019, Cabinet approved a revised approach to disposal of surplus assets and the process is outlined in Appendix 1. This report sets out the current and forecast position for disposals and capital receipts.
4. Once assets are declared surplus each site is considered by the Asset Gateway Group to determine the best financial return for the Council, during which time other uses of the sites are considered. The Group determines what is in the best interest for the Council, from a service, community or financial perspective.
5. In addition, the 3 assets listed in Appendix 2 are recommended for declaring surplus and capable of review.

Main Considerations for the Council

6. The receipt of capital from the sale of assets is used to support the capital programme of investment in the communities of Wiltshire. Examples of the

types of investment made and programmed to be made are provided in the Council's Budget but they range from investment in better roads, waste collection and recycling, extra care homes, health and wellbeing centres and initiatives to provide better and more efficient customer access to Council services.

7. Running, managing and holding assets is expensive but with careful investment as described above, services can be transformed and delivered in a way that improves customer satisfaction and relies less on needing a building/asset for service delivery.
8. Assets then become surplus to the core requirements of the Council and are available for alternate uses. One option is disposal where the capital realised can then be used to support further investment.
9. At Cabinet on 12 September 2017, the Cabinet resolved that the Council would not consider domestic / low value requests for land purchases. This approach will continue into the foreseeable future.

Overview and Scrutiny Engagement

10. The Financial Planning Task Group, on 26th November 2020, considered the Cabinet paper for 1st December 2020 and the comments from the group have been incorporated into the process of dealing with surplus assets.

Safeguarding Implications

11. There are no direct safeguarding implications with this proposal.

Public Health Implications

12. There are no direct public health implications with this proposal.

Procurement Implications

13. The decision to dispose of the freehold interest does not have any direct procurement implications. However, when the appointment of agents to market the assets or when pre-marketing surveys are required, their procurement is carried out in accordance with the Council's procurement rules and policies.

Equalities Impact of the Proposal

14. None

Environmental and Climate Change Considerations

15. Where a sale envisages potential development, any environmental and/or climate change issues are best considered through the planning application process. Should the review identify an opportunity to retain sites the environmental and climate change considerations shall be considered as part of the business case for re-use of the site.

16. Consolidation of the Council's estate contributes to a reduction in our carbon footprint overall and therefore our council carbon neutral goal.

Risks that may arise if the proposed decision and related work is not taken

17. The Medium Term Financial Plan (MTFP) for the Council is, in part, dependent on the success of the disposal of property and assets. Failure to decide to declare new freehold interests to be sold, failure to sell those that are currently declared or an inability to re-use existing assets for alternate purposes will impact on the council's ability to achieve its overall business plan.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

18. A risk that may arise is that due to legislative or other changes a service need arises for an asset after it has been sold and the Council then has to look to acquire or rent in an asset. However, the list of assets will be considered by the Chief Executive and Directors, via the Asset Gateway Group, to determine if there is an identified service need that could be fulfilled from any of the properties on the list in Appendix 2. The purpose of the Asset Gateway Group is to establish service needs and establish the appropriate property solutions to satisfy these.

Financial Implications

19. As explained above, the realisation of capital from the sale of assets is used to support the MTFP and Council Business Plan. Reducing sales and the delivery of capital receipts will reduce the amount that the Council can invest in its communities and/or be used to reduce borrowing requirements and thus free up revenue for delivering services. The disposal of surplus assets is not only integral to the council's medium term financial planning but often makes good asset management sense too.
20. A capital receipt target for three years from 2018/19 was set at £24.969m and the actual receipts from sales is set out below, net of costs of enhancement and sale:

Summary			
As at 31/03/21			
	Receipts targets	Sites	Total
2018/19	£ 10,575,520	25	£ 11,262,577
2019/20	£ 9,066,000	22	£ 9,388,585
2020/21	£ 5,327,800	19	£ 5,709,117
	£ 24,969,320		£ 26,360,279

Variance

£ 1,390,959

The targets to be applied across the next two financial years are noted below, together with an early indication of the number of sites and values expected to contribute towards meeting those targets. Performance against targets is undertaken through a monthly monitoring process:

Next receipt targets

(as at 01/04/2021)

		Sites	Banked		Forecast		Total
2021/22	£3,277,000	24	£ 859,537	£	3,108,127	£	3,967,664
2022/23	£2,639,000	17		£	2,639,007	£	2,639,007
	£5,916,000		£ 859,537	£	5,747,134	£	6,606,671
					Variance	£	690,671

Legal Implications

21. There are no legal implications with the paper other than it will result in legal work to formalise them. In respect of the assets being put forward as part of the programme, each asset is to be sold at or above market value, thereby ensuring that the best price properly payable will be received thus satisfying the requirements of s123 of the Local Government Act 1972. Market value will be determined by either open marketing of the sites or through an external valuation being procured to reflect any special circumstances. The assets will also be categorised as strategic assets due to their strategic importance to contribute to the MTFP and will not be available for Community Asset Transfer unless Cabinet subsequently decides otherwise.
22. Legal Services will work with Estates & Development to investigate the freehold titles to the properties and identify any site constraints that will need to be considered on any proposed disposal.

Workforce Implications

23. The sites being declared surplus do not have any staff located, thus there are no workforce implications to be considered. Any work on reviewing assets will be carried out within existing staff resources.

Options Considered

24. Declaring additional assets surplus to the requirements of the Council will provide additional funds for the Medium Term Financial Plan and Council's Business Plan. Prior to disposal the Council will undertake a thorough review of the options for assets ensuring the outcome is in the best interest of the Council.

Conclusions

25. To note the progress of property sales to generate capital receipts in support of the Council's capital programme and to maximise the amount of capital from them to support the MTPF and Council Business Plan, after a review of the options to determine how the best interest of the Council can be achieved.

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Appendices

Appendix 1 - Disposal Process

Appendix 2 - Sites to be declared surplus

Background Papers

The following documents have been relied on in the preparation of this report:

None.