

Wiltshire Council

Cabinet

13 June 2023

Subject: Disposals Programme Update

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

Key Decision: Non Key

Executive Summary

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

Proposal(s)

Cabinet is requested to:

- a) Note the position in respect of completed receipts for the financial year 2022/3.
- b) Note the projected position for the following financial years.
- c) Approve the sale of the freehold interest of the two assets in Appendix 2 to generate capital receipts in support of the Council's capital programme.
- d) Authorise the Director for Assets to dispose of the freehold interest in the assets, or in their absence the Corporate Director Resources, in consultation with Cabinet Member for Housing, Strategic Assets, Asset Transfer.

Reason for Proposal(s)

To note the year-end position in respect of capital receipts for the financial year 2022/23, note the projections for following financial years, and confirm the freehold interest in the 2 assets can be sold to generate capital receipts, after a review of the options to determine how the best overall interest of the Council can be achieved.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

13 June 2023

Subject: Disposals Programme Update

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

Key Decision: Non Key

Purpose of Report

1. The purpose of this report is to note the year-end position in respect of capital receipts for the financial year 2022/23. Also, to confirm the freehold interest in the assets can be sold to generate capital receipts. The freehold interest in the 2 assets referred to in Appendix 2 are to be declared surplus and capable of review, to determine the best overall 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 strategy (MTFS) which subsequently supports the Council's Business Plan and its aims and targets. Specifically, the business plan describes a need to *review and rationalise the Council's assets*. Re-use of assets may contribute to service delivery, community or strategic outcomes.

Background

3. On 26th March 2019, Cabinet approved a revised approach to disposal of surplus assets. 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 overall 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. The 2 assets listed in Appendix 2 are recommended for declaring surplus and capable of review.

Main Considerations for the Council

6. Capital receipts from the sale of assets are 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. When assets become surplus to the core requirements of the Council and 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 remains to be adopted by the Council and will continue into the foreseeable future. Exception cases will be considered where the disposal facilitates the homeowner to make modifications to assist with caring responsibilities and where there is support from a social care perspective.

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 or reuse 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 Strategy (MTFS) 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. This is balanced against service delivery, community or strategic outcomes.

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. The realisation of capital receipts from the sale of assets is used to support the MTFS and Council Business Plan. Reducing sales and the delivery of capital receipts will reduce the amount that the Council can invest in its communities through the capital programme and/or be used to reduce borrowing requirements and thus free up revenue for delivering services. The forecasting of disposal of surplus assets is not only integral to the council's medium term financial planning but is part of good asset management practice balanced against service delivery, community or strategic outcomes.
20. Projected Capital Receipts for two years from 2021/22 to 2022/23 were initially set at £5.916m. The actual amounts received from sales, net of allowable costs for 2021/22 was £2.892m and £1.827m for 2022/23. A total of £4.719m.
21. For 2022/23 the Capital Receipt balance brought forward was £5.797m. This means Capital Receipts in 2022/23 is £7.624m. The approvals for 2022/23 are to use £3.937 to fund the Capital Programme and £1m under Flexible use of Capital Receipts to fund Transformation programmes across the council. The forecast remaining balance for future years will therefore be £2.687m. The final financing position in 2022/23 will depend on the actual spend in year of the programmes, and this will be reported through the budget monitoring process and the final position and balance will be reported to Cabinet as part of the Outturn report.
22. The projected Capital receipts for 2023/24 have been set at £3.8m, reprofiled for 2024/25 at £2.25m and for 2025/26 the target is £1.25m. From 2026 onwards the target is projected at £1m.
23. These forecasts will be used for Budget Setting assumptions, and recommendations for the use of balances will be presented as part of Budget Setting for approval.

Legal Implications

24. 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, where the resolution is to sell, the asset will 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 MTFS and will not be available for Community Asset Transfer unless Cabinet subsequently decides otherwise.
25. 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 or reuse.

Workforce Implications

26. 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

27. 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

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

Andy Brown (Corporate Director Resources & Deputy Chief Executive)

Report Author: Rob Scott, Robert.Scott@wiltshire.gov.uk,

5th April 2022

Appendices

Appendix One – Asset review process
Appendix Two – Assets for consideration

Background Papers

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

None