

## Wiltshire Council

### Cabinet

27 November 2018

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**Subject:** Approval to dispose of the freehold interest

**Cabinet members:** Councillor Toby Sturgis - Cabinet Member for Spatial Planning, Development Management and Strategic Property

**Key Decision:** Key

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#### **Executive Summary**

The council continually reviews and rationalises its asset portfolio in order to identify assets where the freehold interest can be considered for sale. A total of 4 assets are considered to be surplus to the Council's operational requirements and it is recommended they be added to the disposals list and progressed to sale in support of the Council's wider capital programme. The 4 assets are listed in Appendix 1.

#### **Proposal(s)**

- That members confirm that freehold interest of the 4 assets can be sold by the Council.
- That members note the continuing approach set out in paragraph 8
- Authorise the Director for Housing and Commercial Development to dispose of the freehold interest in the assets or in his or her absence the Corporate Director for Growth, Investment and Place.

#### **Reason for Proposal**

To confirm the freehold interest in the assets can be sold in order to generate capital receipts in support of the Council's capital programme.

**Alistair Cunningham**  
**Corporate Director – Growth, Investment and Place**

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### Purpose of Report

1. The purpose of this report is to declare that freehold interest in the 4 assets referred to in Appendix 1 can be sold by 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*.

### Main Considerations for the Council

3. Since its inception in 2009 the council has sold assets in excess of £70m. There are a number of other assets in the programme which are currently scheduled to be marketed and sold between now and the end of 2019/20 and it is anticipated that they will realise in the region of £30m.
4. In addition, the 4 assets listed in Annex I are recommended for disposal of the freehold interest which will be sold over the next few years.

### Background

5. 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.
6. 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.

7. Assets then become surplus to the core requirements of the Council and once sold, the capital realised can then be used to support further investment.
8. At Cabinet on 12 September 2017, the Cabinet resolved that the Council would not consider domestic / low value requests for land purchases. By way of background, the Council receives a number of requests for purchase of land, ranging from small scale residential/domestic requests to larger site purchases. Resource is currently not available for a number of the domestic / low value requests to be considered and below sets out 3 tests that need to be met for the Council to consider such disposals:
  - a. The land in question is not held by the Council as public open space
  - b. The purchaser will pay all costs associated with the disposal (internal and external surveyor and legal costs)
  - c. The land is being sold to support a wider Council objective or being supported / promoted by department of the Council (for example the Housing Revenue Account)

### **Overview and Scrutiny Engagement**

9. Overview and Scrutiny monitor the capital programme via its Financial Planning Task. It will consider the latest Capital Budget monitoring report on 19th September 2018.

### **Safeguarding Implications**

10. There are no safeguarding implications with this proposal.

### **Public Health Implications**

11. There are no public health implications with this proposal.

### **Procurement Implications**

12. 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**

13. None

### **Environmental and Climate Change Considerations**

14. Where a sale envisages potential development, any environmental and/or climate change issues are best considered through the planning application process.

## **Risk Assessment**

15. Regular reports on progress of property disposals are provided to this Committee within the Capital Monitoring Report. These reports are based on a review of risks of each disposal that takes into account legal issues and 3<sup>rd</sup> party interests over the asset, planning, market conditions and other factors to review and adjust future receipt out turn forecasts.

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

16. The 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 or failure to sell those that are currently declared will impact on the council's ability to achieve its business plan.

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

17. 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 has been considered by the Corporate Directors and Directors and no service has identified a need that could be fulfilled by any of the properties on the list in Annex I.

## **Financial Implications**

18. 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 borrowings 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.

## **Legal Implications**

19. 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 this report, 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.

## **Options Considered**

20. The alternative options would be to transfer the properties in another way or to not dispose of them at all, both of these have been discounted for the reasons set out in this report.

## **Conclusions**

21. 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.

## **Proposal**

22. That members confirm that freehold interest of the 4 assets listed in Appendix 1 can be sold by the Council.
23. That members note the continuing approach set out in paragraph 8
24. That members authorise the Director for Housing and Commercial Development to dispose of freehold interest of the assets or in his or her absence the Corporate Director for Growth, Investment and Place.

## **Reason for Proposal**

25. To confirm the freehold interest in the assets can be sold in order 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.

**Alistair Cunningham**  
**Corporate Director – Growth, Investment and Place**

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Report Author:  
Mike Dawson  
Asset Manager (Estates & Asset Use)

## **Background Papers**

None

## **Appendices**

Annex I: Asset List