

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 24 January 2023

TITLE	Estate Rationalisation – Surplus Asset Disposals		
Ward(s)	Various		
Author: Lois Woodcock / Steve Matthews		Job title: Asset Strategy Manager / Asset Delivery Manager	
Cabinet lead: Councillor Cheney, Cabinet Member for City Economy, Finance and Performance		Executive Director lead: Stephen Peacock, Executive Director Growth and Regeneration	
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report:			
<ol style="list-style-type: none"> 1. To seek Cabinet approval to the disposal on the open market of 6 freehold BCC assets which have been identified by the Estates Strategy Board as being surplus to the Council's requirements. 			
Evidence Base:			
<ol style="list-style-type: none"> 1. The BCC Property Strategy was adopted in March 2020 and sets out the objectives for the property portfolio and the ambition to deliver those objectives by implementation of a new Corporate Landlord Framework. 2. This work is on-going but, in the meantime, the financial pressure on the Council resulting in the need to deliver significant capital receipts and revenue savings from the portfolio mean that work to identify assets no longer required for service delivery is prioritised and accelerated. In order that receipts can be counted in the 22/23 and 23/24 financial years, the disposal process must commence as soon as possible. Consequently, Cabinet approved the open market disposal of 5 surplus assets in July 2022. This report and appendix identifies a further 6 operational assets which are considered to be underused. 3. A comprehensive review of the portfolio is currently taking place in three parts: - <ol style="list-style-type: none"> i. The office portfolio ii. The wider operational portfolio iii. The investment estate 4. The results of these reviews will be fed into an annual report which will be brought to Cabinet for approval in 2023. 5. An Estate Strategy Board, chaired by the Chief Executive has been set up to oversee this work and is currently the governance route for disposals however although current Delegated Powers delegate authority to officers to undertake disposals at full market value it has been agreed that for now these will be subject to Cabinet approval. 6. There are a number of assets that are no longer required for service delivery and which are vacant or could be vacated relatively quickly and the Estate Strategy Board has agreed to recommend that subject to Cabinet approval these should be disposed of to the best financial advantage of the Council as soon as possible but 			

also taking into account any potential to transfer suitable assets from General Fund into Housing Revenue Account as additional housing stock.

7. Once approval is obtained to these disposals Legal Services will be requested to carry out Title Searches / clearances on the properties and subject to any transfer potential mentioned at 6 above, they will be placed with agents for sale on the open market.
8. Legal and agency fees of up to 4% will be deducted from the disposal proceeds.
9. If approved for sale on the open market the assets listed in the attached appendix A are estimated to provide a minimum capital receipt in the region of £3m together with a revenue saving equivalent to premises operating costs which includes R&M, Business Rates, Utilities and future cost avoidance.
10. The proceeds from the sale of all land and buildings (subject to certain statutory limitations) will not be earmarked for use by a specific service but will be pooled and applied to finance future capital investment or, for any other purpose permitted by Regulation.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Approves the 6 assets listed in Appendix A be declared surplus to Council requirements and subject to them not being considered suitable for HRA transfer, or sold to a registered provider, to be disposed of on the open market for the best consideration.
2. Authorises the appropriation of any suitable properties to the HRA if required.
3. Authorises the Head of Property and FM to place the properties with agents using existing contracts.
4. Authorises the Head of Corporate Landlord or Asset Delivery Manager in consultation with the Cabinet Member City Economy, Finance and Performance, in accordance with the Council's scheme of delegations, to take all steps required to ensure any route for disposal of the assets ensures best value is obtained for each property.

Corporate Strategy alignment:

Theme 3 Environment and Sustainability

Decarbonise the city, support the recovery of nature and lead a just transition to a low-carbon future.

Theme 7: Effective Development Organisation.

EDO6 Estate Review

1. The purpose of the estate review is to ensure that service departments are adequately accommodated and to ensure that the future asset requirements for each service are identified and procured. We will, as part of the asset management process, develop a comprehensive approach to reduce the environmental impact of our estate. Property assets are maintained and managed in accordance with corporate strategic priorities and standards and relevant property and health and safety legislation. The Estate Review is designed to enable the council to utilise its assets to deliver better, more efficient services to communities

City Benefits:

Review our operational estate to ensure we have the right amount and right quality of workspaces. Make sure they are carbon neutral by 2025, as well as climate resilient. Explore the potential for a greater presence in neighbourhoods alongside partners.

Consultation Details: In order that the disposal of surplus assets is achieved at pace, officers are in the process of revising the Surplus assets procedure in order to prioritise Housing (focussing on Temporary Accommodation and working with Registered Providers) and Special Education Needs. The buildings listed in this report have been confirmed as having some operational potential and Directors have been informed of the intention to dispose of them.

Background Documents: [Corporate Property Strategy - bristol.gov.uk](https://www.bristol.gov.uk/corporate-property-strategy)

Revenue Cost	£	Source of Revenue Funding	
Capital Cost	£	Source of Capital Funding	
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

Capital

Cabinet is requested to approve the disposal of 6 assets which could, subject to market conditions and net cost of sales, generate capital proceeds estimated as totalling £3m. Allowing for price sensitivity of 10% for potential market movement the gross proceeds could be between c£2.7m and c£3.3m.

Cost of disposal (funded from proceeds of sales) is estimated at 4% of the sales value, this would leave an estimated net receipt of between £2.6m and £3.2m. Disposal is expected within the next 12 months.

The capital receipts will contribute to the target required to fund the council's core capital programme. The council's capital strategy requires new capital resources to be utilised on the financing of spending on live projects, including those carried forward from previous years.

Revenue

The properties proposed for disposal have annual budgeted income of nil as they are all either used by BCC, vacant or let at a peppercorn rent. There are also no specific revenue costs specifically budgeted against any of these properties.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner for Growth and Regeneration – 13 January 2023

2. Legal Advice The Council properties are being sold on the open market. It must be ensured that best value under s123 Local Government Act 1972 is obtained for each property. The arrangements are assuming disposal is at market value and in the absence of competition an independent valuation is required supporting the proposed disposal terms (including price).

If any of the properties are to be appropriated to the HRA appropriation powers are specifically provided to the Council by virtue of section 19(1) of the Housing Act 1985 and the relevant market value accounting adjustment will need to be made between the general fund and housing revenue account.

Legal Team Leader: Andrew Jones, Team Leader 9 December 2022

3. Implications on IT: IT are supportive and available to aid in progressing this work and can be engaged through the existing Work Request process.

IT Team Leader: Gavin Arbuckle - Head of Service Improvement and Performance Team 13 January 2023

4. HR Advice: Some of the sites covered by this report are current bases for BCC staff. Discussions have commenced with the managers of services potentially affected with a view to identifying alternative locations. The Bristol Contract is clear that we will consult affected colleagues and trade union representatives at least one month before a change to the place of work needs to happen – ideally, this should be undertaken prior to the decision to close/dispose of a site.

HR Partner: James Brereton (Head of Human Resources), 11 January 2023

EDM Sign-off	Stephen Peacock, Executive Director Growth and Regeneration	23 November 2022
Cabinet Member sign-off	Councillor Cheney, Cabinet Member for City Economy, Finance and Performance	28 November 2022
For Key Decisions - Mayor's Office sign-off	Mayor's Office	19 December 2022

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	No
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO