

# Decision Pathway Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 04 July 2023

<b>TITLE</b>	<b>Estate Rationalisation – Surplus Asset Disposals</b>		
<b>Ward(s)</b>	Citywide		
<b>Author:</b> Pete Anderson	<b>Job title:</b> Director - Property, Assets, and Infrastructure		
<b>Cabinet lead:</b> Councillor Craig Cheney, Deputy Mayor with responsibility for Finance, Governance and Performance	<b>Executive Director lead:</b> John Smith – Interim Executive Director Growth & Regeneration		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>  <ol style="list-style-type: none"><li>To seek Cabinet approval to the disposal of the BCC assets specified in Appendix A which have been identified by the Estates Strategy Board as being surplus to the Council's requirements</li></ol>			
<b>Evidence Base:</b>  <ol style="list-style-type: none"><li>In February 2023, Full Council approved the 23/24 budget which included specific proposals to generate £36m in capital receipts and make £4m revenue savings related to the Council's asset base.</li><li>In June, a report on the corporate Property Programme for 23/24 was approved by Cabinet which outlined the scope and approach to meeting these financial targets. The report identified the requirement to complete a review of the operational, development and investment estates to ensure that we are retaining the correct property assets for the correct purposes, while releasing suitable properties to the disposals process to contribute to the revenue savings and capital receipts targets. The approach outlined was that any property that does not have an operational necessity or a sufficient financial yield will be released.</li><li>An Estate Strategy Board, chaired by the Chief Executive, has been set up to oversee this work and is currently the governance route for recommending assets for disposal. However, although current Delegated Powers delegate authority to officers to undertake disposals at full market value, it has been agreed that any recommended disposals will be subject to final approval by Cabinet.</li><li>Following initial review of the Council's operational estate, there are a number of assets that are no longer required for service delivery, and which are vacant or could be vacated relatively quickly. The Estate Strategy Board recommends that, subject to Cabinet approval, these should be disposed of to the best financial advantage of the Council as soon as possible.</li><li>As part of the process to dispose of these assets, the Council will specifically consider any potential to transfer suitable assets from General Fund into Housing Revenue Account (HRA) as additional housing stock prior to disposing on the open market. Appendix A2 lists the assets currently in the HRA development pipeline that are being considered for transfer.</li><li>Should approval be obtained for these disposals, Legal Services will be requested to carry out Title Searches /</li></ol>			

clearances on the properties and subject to any transfer potential mentioned at 5 above, they will be placed with agents for sale on the open market.

7. Legal and agency fees of up to 4% will be deducted from the disposal proceeds.
8. If approved for sale on the open market, the assets listed in the attached appendix A1 are estimated to provide a minimum capital receipt in the region of £850k, together with a revenue saving equivalent to premises operating costs which includes Repairs & Maintenance, Business Rates, Utilities and future cost avoidance. In addition to this, the sites in appendix A2 being considered for transfer to the HRA have an estimated total value of between £8 – 9.5m.
9. 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.
10. The inclusion of Jacob Wells Baths on this list does not preclude the Community Asset Transfer process (which runs until the end of June) concluding.

#### **Cabinet Member / Officer Recommendations:**

That Cabinet

1. Approves the 7 assets listed in Appendix A1 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 listed in Appendix A2 to the HRA if required.
3. Authorises the Head of Corporate Landlord, in the event the properties listed in Appendix A2 are not required by the HRA, to place the properties with property agents using existing framework contracts.
4. Authorises the Head of Corporate Landlord in consultation with the Deputy Mayor with responsibility for Finance, Governance and Performance in accordance with the Council's scheme of delegations, and S151 Officer, to take all steps required for disposal of the assets whilst ensuring best value is obtained for each property.

#### **Corporate Strategy alignment:**

Theme 7: Effective Development Organisation From city government to city governance: creating a focused council that empowers individuals, communities, and partners to flourish and lead.

- ED06 Estate Review: 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

#### **City Benefits:**

##### **Estate Review, Disposals, & Investment in Retained Assets**

A smaller and more efficient office, depot, operational, and investment estate where we have the right amount and right quality of properties to serve the required purpose, while disposing of properties that are deemed surplus to requirements to achieve financial benefits for the organisation.

#### **Consultation Details:**

In order that the disposal of surplus assets is achieved at the required pace, a revised 'Surplus assets procedure' has been introduced which ensures that Service Directors and Ward Councillors / Lead Members have been informed of the intention to dispose of identified assets prior to them being recommended by Estates Strategy Board.

**Background Documents:**

Generic:

- [Corporate Strategy 2022-27 \(bristol.gov.uk\)](http://bristol.gov.uk)
- [Feb 2023 -Full Council - 23/24 budget setting savings](#)

Property Programme:

- [\(Public Pack\)Agenda Document for Cabinet, 06/06/2023 16:00 \(bristol.gov.uk\)](#)

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

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

**1. Finance Advice:**

**Capital**

Cabinet is requested to approve the disposal of 7 assets which could, subject to market conditions and net cost of sales, generate capital proceeds totalling £0.850m. Allowing for sensitivity of 10% for potential market movement the gross proceeds could be between £0.935m and £0.637m. After allowing about 4% for the net cost of sales, the potential net receipts that could be raised from these disposals is between £0.897m and £0.612m.

It is anticipated that all the capital receipts will be received this year and will contribute to the council's capital receipts target and thus help to fund the council's core capital programme. The council's current capital strategy requires new capital resources to be spend 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 and the actual income received of less than £10k. The specific budgeted revenue costs for these properties are also nil. However, there is cost avoidance with disposing of these properties as well as corresponding risk reduction. The Service have confirmed that there are some costs of maintaining some of these properties that are in a state of disrepair. Such Budgets should form part of the Corporate Landlord savings once such buildings are disposed.

**Risks**

There are inherent risks in maintaining void properties, with costs for managing that risk and financial implications if the risk is not managed. For example, void properties are vulnerable to break-ins and damage, which in turn have financial impact due to cost of rectifying damages and loss on capital value. The inherent risks can be reduced through security and investment, but this comes with corresponding cost. There is also a time dependency, as the risks and potential costs will likely increase the longer we retain these properties. There is no indemnity insurance or warranty on the properties being sold, these will be sold as seen and no further liability expected.

Approval to dispose these assets will enable the team to make progress towards achieving their Capital receipts target.

The appropriation of assets between the General Fund and HRA needs to follow the necessary CIPFA accounting guidelines. This process will need the agreement and sign-off of the S151 Officer.

**Finance Business Partner:** Kayode Olagundoye, Finance Business Partner - Growth and Regeneration – 21 June 2023.

**2. Legal Advice:**

- The Council is under a duty by virtue of S123 of the Local Government Act 1972 to achieve best value for its assets and any disposal should be at the best price reasonably obtainable.
- Any disposal should be at market value and in the absence of competition an independent valuation is required supporting the proposed disposal terms (including price).
- The Council has powers to hold and appropriate land when satisfied it is no longer required for the purpose for which it is held immediately before the appropriation
- Section 19(1) of the HA Part II permits a local housing authority to appropriate for the purposes of this Part any land for the time being vested in the local housing authority or at its disposal.

**Legal Team Leader:** Andrew Jones, Team Manager – Property Planning and Transport, 12 June 2023

**3. Implications on IT:** I can see no implications on IT in regard to this activity.

**IT Team Leader:** Alex Simpson – Lead Enterprise Architect, 19 June 2023

**4. HR Advice:** There are no HR implications evident

**HR Partner:** Celia Williams, HR Business Partner, Growth and Regeneration, 20 June 2023

<b>EDM Sign-off</b>	John Smith, Interim Executive Director Growth and Regeneration	21 June 2023
<b>Cabinet Member sign-off</b>	Councillor Craig Cheney, Deputy Mayor with responsibility for Finance, Governance and Performance	6 June 2023
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	5 June 2023

<b>Appendix A – Further essential background / detail on the proposal</b> Appendix A1 – Assets for Disposal on Open Market Appendix A2 – Assets being considered for transfer to the Housing Revenue Account	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>