

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 03 October 2023

TITLE	Estate Rationalisation – Surplus Asset Disposals		
Ward(s)	Citywide		
Author: Pete Anderson	Job title: Director - Property, Assets, and Infrastructure		
Cabinet lead: Councillor Craig Cheney, Deputy Mayor with responsibility for Finance, Governance and Performance	Executive Director lead: John Smith – Interim Executive Director Growth & Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: To seek Cabinet approval to the disposal of the BCC assets specified in exempt Appendix I, which have been identified following an analysis of the Council’s investment estate by an externally commissioned partner. Options were presented to the Estates Strategy Board and a list of assets has been identified that best contribute towards achieving the 23/24 capital receipts and revenue savings targets.			
Evidence Base: <ol style="list-style-type: none">1. 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. These targets have since been reprofiled to £23.9m in capital receipts and £4.8m revenue savings for 23/24.2. 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, and allocated funding of £6.04m to deliver this work. 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 respectively. The approach outlined was that any property that does not have an operational and business necessity and/or a sufficient financial yield would be considered for release.3. 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 market value, it has been agreed that any recommended disposals will be subject to final approval by Cabinet.4. BCC commissioned an external review of the operational, development, and investment estates. The consultants completed an options appraisal of assets in scope in line with agreed criteria, to meet the required financial targets whilst minimising any negative impact. The initial findings of this review were approved at September Cabinet, on the understanding that further details would follow in relation to how the financial targets would be met.			

5. A specific review focusing on the Council's investment estate has been completed, which analysed assets in line with the following criteria: impact on revenue budget, future liability for maintenance and sustainability standards, the external market position and whether sales were deliverable within the current financial year.
6. Following this review, a list of assets (exempt Appendix I) has been identified which could be disposed of this year. These assets are the preferred options for disposal based on the criteria referenced above. It is estimated that the capital receipt value attached to these assets is in the region of £2.5 – 3m and this will contribute to meeting the MTFP capital receipts target. However, by selling these investment assets the Council will lose revenue at a rate of around 5% per annum on the estimated capital value. Estate Strategy Board recommends that these assets should be approved for disposal and delegated authority provided to the Executive Director – Growth and Regeneration to agree the timing of disposal based on the most recent capital and revenue performance forecasts to secure the best financial advantage for the Council.
7. Should approval be obtained for the disposals listed in the Appendices to this report, Legal Services will be requested to carry out the conveyancing on the properties and, they will be placed with agents for sale on the open market.
8. Professional fees associated with competing the disposal of assets of up to 4% will be deducted from the disposal proceeds.
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 current and future capital investment or, for any other purpose permitted by Regulation.
10. Finally, Cabinet is asked to note an error in the reports of 4 July 2023 (Appendix A) and 5 September 2023 (Appendix A2) which incorrectly referred to 2 -16 Filwood Broadway. The correct address for this site is 4 -16 Filwood Broadway. The remaining information for this site is unchanged.

Cabinet Member / Officer Recommendations:

That Cabinet

1. Authorises the Executive Director – Growth and Regeneration in consultation with the Deputy Mayor with responsibility for Finance, Governance and Performance and S151 Officer, to take all steps required for disposal of the assets listed in exempt Appendix I, 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. Consultation has also been undertaken with the Cabinet Member for Housing.

Background Documents:

Generic:

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

Property Programme:

- [\(Public Pack\)Agenda Document for Cabinet, 06/06/2023 16:00 \(bristol.gov.uk\)](#)
- [\(Public Pack\)Agenda Document for Cabinet, 04/07/2023 16:00 \(bristol.gov.uk\)](#)
- [\(Public Pack\)Agenda Document for Cabinet, 05/09/2023 16:00 \(bristol.gov.uk\)](#)

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

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

In approving the 2023-2030 Capital Strategy and Medium Term Financial Plan (MTFP), the Council recognised the need to rationalise its estate through the Property Programme, to generate £66.8m of General Fund (GF) capital receipts. Most of these receipts need to be delivered in the first 2 years of the MTFP. This being £36m in 23/24 and £16m in 24/5 to fund approved capital investment schemes, including contingency and spend to support the Council's Top 4 Transformation Programme using the flexibilities provided by the Government's Use of Capital Receipts Flexibility Regulations. The total capital receipts expected from the Property Programme in 23/24 has since been revised to £23.9m with total revenue savings now expected of £4.8m.

A specific review focusing on the Council's investment estate has been completed, which analysed assets for potential disposal in line with the following criteria: impact on revenue budget, future liability for maintenance and sustainability standards, the external market position and whether sales were deliverable within the current financial year. The assets identified in Exempt Appendix I are those that are deemed to best fit the criteria.

Capital

The assets listed in Appendix I, for disposal on the open market, have been estimated by council officers as having a market value of between £2.5m and £3m. The valuation has been reviewed without challenge by a professional external party with experience in this field.

The table below shows that subject to market conditions the sale of the assets could generate capital receipts of between £2.40m and £2.88m (net of the cost of sale).

Assets	Estimated Value		Cost of Sale		Net Potential Value	
	Min	Max	Min	Max	Min	Max
	£'000	£'000	£'000	£'000	£'000	£'000
Disposals of Assets via open market sale	2,500	3,000	100	120	2,400	2,880

It is currently expected that disposal of all the identified assets will take place should there be a clear and justifiable financial need to do so. The capital receipts will contribute to the Council's Property Programme capital receipts anticipated target of £23.9m.

Revenue

As the assets identified for disposal are part of the investment estate, some but not all, generate rental income for the Council. The associated rental income (based on current rents) is estimated at between 5-6% of the estimated capital value. Details of the estimated income is included in Exempt Appendix I.

Given that the assets generate an income stream, before they are offered for sale on the open market, officers should fully appraise the need to realise capital receipts in year based on the latest forecast capital investment and transformational spend to be financed by capital receipts. This will provide an opportunity to determine the best timing for any such disposal based on the prevailing financial needs at the time.

Finance Business Partner: Alison Bennett - Finance Business Partner, 22 September 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. The disposal route suggested by this report (disposal on open market) should ensure best consideration is achieved.

Legal Team Leader: Andrew Jones – Property Planning and Transport, 22 September 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, 11 September 2023

4. HR Advice:

The sites detailed in Appendix I are from the Council's 'investment estate' so no services are delivered from them, and therefore there is no identified HR impact.

HR Partner:

Celia Williams, HR Business Partner 20 September 2023

EDM Sign-off	John Smith, Interim Executive Director Growth and Regeneration	23 September 2023
Cabinet Member sign-off	Councillor Craig Cheney, Deputy Mayor with responsibility for Finance, Governance and Performance	12 September 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	4 September 2023

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO

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	YES
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO