

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 06 February 2024

<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 approval to the disposal or re-purposing of Bristol City Council assets.</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 (to contribute to an overall target of £71m by 27/28) and make £4m revenue savings related to the Council’s asset base.</li> <li>In June 2023, 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 ongoing review of the Council’s operational estate, there are assets that are no longer required for service delivery and which are vacant or could be vacated relatively quickly. These are set out in Appendix A1/A2. 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 surplus assets, the potential to transfer suitable assets from General Fund into Housing Revenue Account (HRA) as additional housing stock or to re-purpose the asset to satisfy a key service requirement is considered prior to disposing on the open market. Appendix A2 lists the assets where transfer to the HRA or appropriation to satisfy an alternative Council service requirement is proposed. Any transfers will be subject to a HRA viability assessment on each individual site and the value of the asset being agreed with Property following independent valuation.</li> </ol>			

6. As part of the Council's ongoing efforts to release land for housing development and delivery of affordable homes, and get more land working to support city strategies, a strategy to use BCC assets for accelerated housing delivery is in development. This will include exploring criteria for site selection and options for disposal routes to enable sites to be brought forward for development. Some of the sites identified in Appendix A1/A2 align with this work and opportunities to increase and accelerate development opportunities will be progressed wherever possible.
7. Should approval be obtained for these disposals subject to any transfer potential mentioned at 5 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 disposal, the assets listed in the attached appendix A1 are estimated to provide a minimum capital receipt in the region of £1.45m, 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 £1.65m.
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.
11. BCC are the current freehold owners of the 6.9 hectare Hengrove Leisure Park, which is held by AEW by way of a 999 year ground lease (from 1996) at a peppercorn rent (£1). The lease was assigned to the current owners AEW in 2018 as a possible redevelopment opportunity as it was recognised that the Leisure Park was failing. AEW are in the process of securing vacant possession of the Cinema and Bingo Hall occupiers (due in May 2024) and will be retaining the other uses on site i.e. Premier Inn, KFC, Costa Coffee and relocation of Dominos. AEW submitted an outline planning application for circa 350 residential units in January 2021 which was approved in Sept 2021 (planning reference 21/00531/P). AEW have agreed terms with Keepmoat to acquire their interest and the Council has agreed to release its freehold interest on satisfaction of reserved matters and vacant possession in agreed phases to enable the delivery of the homes. The disposal to Keepmoat will be at market value of £1 i.e. development value deferred 998 years. As part of the transaction AEW will surrender the current lease 998 year lease of the adjoining Play and Wheels Park back to BCC. Under this lease the Council pay an annual service charge of c£60k pa. There will therefore be a saving to the Council (Parks) after surrender.
12. BCC are also the current freehold owners of the sites at 37/39 Whitehouse Street in Bedminster. The buildings are within the Whitehouse Street Regeneration Framework area and, within the context of the regeneration development, the Council have negotiated a prospective purchase of the site by the existing long leaseholder. The sale will facilitate the long term residential redevelopment of the site in line with the Regeneration Framework. In the short term the site will be used as an Interim Energy Centre until a Permanent Energy Centre is constructed. This is an essential part of City Leaps plans for the District Heat Network for the Bedminster area. Heads of Terms for an option agreement have been drafted via a 3<sup>rd</sup> party agent. It is a subject to planning transaction. The properties will be sold at Market Value which will be determined by an independent valuation when planning is granted. The transaction is subject to a minimum sale price, overage, clawback, planning uplift and buy back clauses - all of which protect the Council's position and secure best consideration.

**Cabinet Member / Officer Recommendations:**

That Cabinet:

1. Approves the 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. Approves the appropriation of any suitable properties listed in Appendix A2 to the HRA or to satisfy an alternative service requirement if required.
3. Authorises the Executive Director – Growth & Regeneration in consultation with the Deputy Mayor/Cabinet Member Finance, Governance and Performance and S151 Officer, to dispose of the freehold interest in: -
  - a) Hengrove Leisure Park at a peppercorn rent.
  - b) 37/39 Whitehouse Street at Market Value as per the terms set out in this report.
4. Authorises the Executive Director – Growth & Regeneration in consultation with the Deputy Mayor/Cabinet Member Finance, Governance and Performance and S151 Officer, in accordance with the Council’s scheme of delegations, to take all steps required for disposal of the assets whilst ensuring best value is obtained for each property listed in Appendix A1 and A2 in the event they are not required by the HRA or to satisfy an alternative service requirement.

**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 \(bristol.gov.uk\)](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 \(bristol.gov.uk\)](#)
- [\(Public Pack\)Agenda Document for Cabinet, 03/10/2023 16:00 \(bristol.gov.uk\)](#)

<b>Revenue Cost</b>	<b>£</b>	<b>Source of Revenue Funding</b>	
<b>Capital Cost</b>	<b>£</b>	<b>Source of Capital Funding</b>	

One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>
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**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** This report requests approval to sell the properties, largely car parks, listed at Appendix A1 on the open market. That is expected to generate a minimum of £1.45m which will likely fall in 2024-25. The four car parks are Free District Car Parks that do not charge and therefore there is no loss of income to the sale but instead a small reduction in the costs associated with continued maintenance and upkeep.

The report also requests approval to make available the properties at Appendix A2 to the Housing Revenue Account (HRA) in the first instance. If the properties are not required by HRA which have a maximum total value of £1.65m, following detailed viability assessments, they will be sold on the open market. 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.

We are not collecting income on any of the properties in Appendices A1 and A2 beyond a small amount of rent possibly being collected on the property formerly used by a caretaker. Any costs associated with holding the properties vacant are currently being drawn from the non-operational property budget.

Separately, the report requests approval to release its freehold interest in Hengrove Leisure Park which will be converted into housing. The freehold will be surrendered for a peppercorn rent of £1. As part of the transaction the Council will secure the lease for the Play and Wheels Park for which we currently pay c. £60k so this will be a revenue saving.

Finally, the report requests approval to sell the current freehold in 37/29 Whitehouse Street in Bedminster. The properties will be sold at market value, determined independently for conversion to an energy centre as part of our plans for the area in the Whitehouse Street Regeneration Framework. The transaction is subject to a minimum sale price, overage, clawback, planning uplift and buy back clauses - all of which protect the Council's position and secure best consideration.

**Finance Business Partner:** Ben Hegarty, Finance Business Partner Growth and Regeneration, 29 January 2024.

**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.

Appropriation to the HRA is specifically dealt with in section 19(1) of the Housing Act 1985 (the 1985 Act) where a local housing authority may appropriate for the purposes of dealing with the provision of housing accommodation any land for the time being vested in them or at their disposal. The appropriation will result in an accounting adjustment between the HRA and the General Fund equivalent to the market value of the property appropriated.

**Legal Team Manager:** Andrew Jones – Property Planning and Transport 24 January 2024

**3. Implications on IT:** Any IT work undertaken will be completed as part of the site decommissioning so, I can see no implications on IT in regard to this activity

**IT Team Leader:** Alex Simpson – Lead Enterprise Architect 24 January 2024

**4. HR Advice:** There are no anticipated HR implications associated with the programme, and the assets that are being disposed of are not occupied by BCC staff or used as work bases.

**HR Partner:** Celia Williams, HR Business Partner 24 January 2024

<b>EDM Sign-off</b>	John Smith, Executive Director Growth & Regeneration	16 January 2024
<b>Cabinet Member sign-off</b>	Councillor Craig Cheney, Deputy Mayor with responsibility for Finance, Governance and	16 January 2024

	Performance	
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	16 January 2024

<b>Appendix A – Further essential background / detail on the proposal</b> Appendix A1: Assets for Disposal Appendix A2: Assets for transfer to HRA	<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>