

27 March 2015

Asset & Enterprise Committee

Asset Acquisition, General Disposal and Disposals at less than Best Consideration Policies

Report of: *John R Parling, Strategic Asset Manager*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 The Asset Management Strategy 2014/15 was approved by the Asset & Enterprise Committee on the 15 July 2014. Following on from the adoption of this strategy it is necessary that suitable and appropriate policies are adopted to ensure compliance with statutory requirements to achieve best value and also to ensure transparency and fairness in dealing with community groups
- 1.2 The Policies outline the process and procedures that should be followed when acquiring and disposing of assets including disposals to community groups. A separate report has been prepared relating to the acquisition of revenue entrepreneurial assets.

2. Recommendation(s)

- 2.1 That the policies, relating to the Acquisition, General Disposals and Disposals at less than Best Consideration attached are approved.**

3. Introduction and Background

- 3.1 The key actions for 2014/15 set out in the Asset Management Strategy were:

- Asset Challenge Review
- Delivery of Major Projects
- Develop Housing for Social and Private Tenants
- Maximise Revenue and Capital Receipts

3.2 To achieve these actions policies need to be in place to ensure compliance with statutory codes and ensure fairness and transparency particularly in dealing with local community and voluntary groups.

3.3 The Policy relating to Acquisitions sets out the following process and procedures:

- Business case to be prepared to support an acquisition.
- The Strategic Asset Manager will lead the search for a suitable asset.
- A short list will be prepared and a financial analysis prepared and target acquisition identified.
- The Strategic Asset Manager will lead negotiations to agree the terms to acquire the target acquisition.
- The Strategic Asset Manager will obtain any approvals required to acquire including where necessary Asset & Enterprise, Finance & Resource Committees and Council approvals.

3.4 The Policy relating to General Disposals sets out following:

- A disposal is the transfer of the freehold or leasehold interest of land to a third party.
- Before a property is declared surplus consideration should be given to its suitability for other Council uses.
- The Strategic Asset Manager will determine the best method of disposal and marketing strategy.
- The Strategic Asset Manager will obtain any approvals required to dispose including where necessary Asset & Enterprise, Finance & Resource Committees and Council approvals.

3.5 The Policy relating to Disposals at less than best Consideration sets out the following:

- Section 123 of the Local Government Act 1972 states that Council's, except with the express consent of the Secretary of State, and cannot dispose of land (other than by way of a short tenancy) for less than best consideration.

- Selling land at under value confers a benefit and may breach State Aid rules.
- The General Disposal Consent (England) 2003 enables Local Authorities to dispose of land at less than best consideration if its disposal is likely to contribute to the promotion or improvement of the economic, social or environmental well being of its area. Any shortfall is required to be identified.
- Generally, freeholds will not be sold, short leasehold interest, of 7 years or less will be granted which are excluded from security of tenure. The leases will require the tenant to repair and insure the property, annual rent reviews based upon RPI and annual mutual breaks.
- Any organisation will be required to provide details of its constitution, audited accounts and details of its membership including minutes of its AGM and any extraordinary meetings prior to any letting or renewal and when required by the Council.
- The open market rental value of the property is to be determined and if it is decided by Council to grant a discount or assistance the value of this is to be met as a grant rather than a reduction in the rent. The aggregate of the grants should be recorded on a register by the s151 Officer.
- In the event that an organisation requires a longer lease than that is standard because a funding organisation requires it then in the event that the project is supported by the Council then a longer term may be granted subject to the term being based upon the minimum required by the funder, that the funds have been awarded, and that the extended lease term provides for the rent payable to be regularly reviewed.

4 Issue, Options and Analysis of Options

- 4.1 The Asset Management Strategy 2014/15 outlines a change in the way that the Council's assets are managed. It puts forward a comprehensive and coordinated structure and implementation solutions to ensure that the Council's asset portfolio is efficiently and effectively managed to ensure best use and to maximise revenue and capital receipts.
- 4.2 The Policies provide guidance and a process to deliver the Strategy's objectives in a consistent and transparent manner.

4. Reasons for Recommendation

- 5.1 Members need to ensure that best practice and transparency are maintained.

5. Consultation

6.1 None at this stage

6. References to Corporate Plan

7.1 Corporate Plan 2013 –16, specifically:

- a) A Prosperous Borough
- b) Set planning policy that supports discerning economic growth and sustainable development
- c) Promote a mixed economic base across the Borough, maximising opportunities in the town centres for retail and balanced night time economy

7. Implications

Financial Implications

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8.1 There are no direct financial implications at this stage, although future reports on individual transactions/recommendations will detail relevant implications.

Legal Implications

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8.2 There are no direct legal implications at this stage. The power in Section 123 Local Government Act 1972 to dispose of land is complemented Section 233 Town and Country Planning Act 1990 enabling the disposal of land for development.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

8.3 None

8. Background Papers

9.1 None

10. Appendices to this Report

Appendix A – Acquisition Policy

Appendix B – General Disposal Policy

Appendix C – Disposals at less than best Consideration Policy

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