

BUSINESS EFFICIENCY SCRUTINY PANEL	Agenda Item No. 7
9 APRIL 2009	Public Report With EXEMPT ANNEX NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

Report of the Director of the Executive Director of Strategic Resources

Report Author – Andrew Edwards

Contact Details – 01733 384530

DISPOSAL OF ASSETS

1. PURPOSE

This report is being provided for information in response to a request from the Business Efficiency Scrutiny Panel.

2. RECOMMENDATIONS

The Business Efficiency Scrutiny Panel is asked to note the contents of the report.

3. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

The efficient and effective management of the property portfolio is a key to the delivery of Council objectives. A property portfolio that is managed correctly assists in the delivery of outcomes at the right place and at the right time. Capital receipts generated by the disposal of Council assets contribute directly to the Capital Programme whilst operational properties allow services to deliver outputs that align with Council objectives

4. BACKGROUND

4.1 Peterborough City Council is a major landowner in the Peterborough Area. In total the Council owns 2000 assets with a current use value of £380m (FY08/09 values). These assets are used to support the Council in the delivery of Objectives.

4.2 This report focuses on the disposal process for surplus assets. Assets are declared surplus in one of two ways:

- **Service Declaration:**

The service that operates from the asset advises the Head of Strategic Property that they no longer have a use for an asset either in whole or part. The Head of Strategic Property will accept responsibility for the asset when certain criteria have been met including the transfer of the property related budget.

The Head of Strategic Property will then examine options for the use of the facility. This will include the possibility of transferring the asset to a Community Group or Partner. In addition

consideration will be given to moving another service into this asset. The aim being to consolidate council activities into those assets that are fit for purpose and efficient to operate.

- Identification of alternative use by the Head of Strategic Property

The Head of Strategic Property identifies an activity that can be moved to one asset thereby allowing the re-use or disposal of another. In this instance relocation costs will be funded by Strategic Property. This could involve more than one service operating from an asset. The residual property will then be disposed of by Strategic Property.

Such a proposal by Strategic Property will take into account the condition of the assets, maintenance liability, location, regulatory compliance etc.

5.0 THE DISPOSAL PROCESS

5.1 Any formal disposal decision is supported by an Option Study which will consider factors such as current and future liabilities, location, condition, future potential etc. This Option Study will then be used to inform consultation with the Ward Members and the Cabinet Member for Efficiency and Business Improvement.

5.2 Assuming that the disposal is agreed then Strategic Property will examine the ways in which best value can be obtained. To enhance value consideration will also be given to obtaining various consents which in turn will reduce risk for a developer thereby increasing value further. This is work that has been undertaken on school sites by obtaining outline planning consents.

5.3 The disposal approach will be dependent upon a number of factors including size, location and the type of asset. For example large sites with an outline planning consent e.g. Bretton Woods will be sold through a formal tender process. Smaller sites could be sold through an auction or through a local estate agents.

5.4 As a 'seller' we are only obligated to accept a price at auction when it exceeds the reserve. Where larger sites are concerned we look at the values received to determine whether or not the offer demonstrates value for money for the Council. Each bid is considered on its own merits before acceptance. We also take into account the liabilities of holding a site. For example there could be rates and security issues that mean we look at disposing at a lower cost than expected on the basis that holding could expose the Council to financial risk.

6.0 KEY ISSUES

6.1 When disposing of an asset it is essential that best value is obtained by the Council. This includes taking into account all of the liabilities associated with holding that asset.

7.0 IMPLICATIONS

7.1 Failure to manage the property portfolio efficiently and effectively will have an impact on the Council's ability to deliver their outcomes.

8.0 CONSULTATION

8.1 There has been consultation with Legal Services and Strategic Finance in the preparation of this report.

9.0 EXPECTED OUTCOMES

9.1 The Panel to note the contents of this report.

10.0 NEXT STEPS

10.1 Further reports to Business Efficiency Scrutiny Panel

11.0 BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

Corporate Asset Management Plan 2008 - 2013
Medium Term Financial Strategy February 2009

12. APPENDICES

Schedule of properties disposed of between 1st April 2008 and 31st March 2009.

This page is intentionally left blank