

**DISPOSAL POLICY**

*To:* **General Purposes Committee**

*Meeting Date:* **7th October 2014**

*From:* **LGSS Director of Finance**

*Electoral division(s):* **All**

*Forward Plan ref:* **Not applicable**      *Key decision:* **No**

*Purpose:* **To set out a proposal for a revised Disposal Policy.**

*Recommendation:* **General Purposes Committee is recommended to approve the revised Disposal Policy as set out in this report.**

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## 1. BACKGROUND

1.1 Following a review of the current disposal policy documents, the revised policy is set out below. The policy areas break broadly into two parts: the decision to dispose; and the process of disposal itself. (The main areas of change are highlighted in **bold** in section one below)

1.2 The Decision to dispose:

- (i) The council's core policy is that all surplus property should be disposed of, and that disposals should be at 'best consideration', to meet the requirements of s.123 of the Local Government Act 1972.
- (ii) Disposals are defined as the transfer of a legal interest in land (which could be a freehold sale, grant of a lease, release of restrictive covenant), other than the grant of a lease of less than 7 years in duration which are exempt from the requirements of s.123.
- (iii) Best consideration is commonly accepted to be best price, which would be expected to follow an open marketing process, or as certified in a formal valuation by a Chartered Surveyor (a 'Red Book' valuation), although this could be represented by the equivalent financial value of a service or other value 'in kind'.
- (iv) There are instances where the council might want to consider a disposal at less than best consideration. Such a disposal would normally require the consent of the Secretary of State (SoS) (other than for the exempted leases under 7 years noted above).
- (v) There is however a General Disposal Consent (GDC) granted by the SoS, which gives the council the ability to forego up to £2m of value, if it can be demonstrated that the disposals meet requirements for a range of community benefits.
- (vi) The council's policy though remains that all disposals should be at best consideration, unless authorised by Members.
- (vii) The council's Constitution now provides that the authority for all property transactions rests with the General Purposes Committee, but there is an agreed delegation to the Director of Finance to exercise that authority for transactions where the capital value is less than £500,000, or the revenue value is less than £150,000
- (viii) Disposals at less than best consideration have not generally been delegated to officers, but there have been a number of different delegations provided for over the years to cater for special circumstances. The current agreed delegation is as follows:-
  - Authorisation of disposals of property assets by occupational agreements of less than 7 years to community-based users on School and other County Council sites at less than best consideration shall be delegated to the Director of Finance, where the annual market rental value of the site is less than £20,000.

### 1.3 The Process of disposal

- (i) Generally, sites will be disposed of on the open market, using appropriate agents selected by the Head of Strategic Assets.
- (ii) Independent valuations are not obtained for disposals on the open market, but the agent acting will provide their opinion of market value in a marketing report to the Council, prior to marketing.
- (iii) Where only one offer is received following marketing, the agent will provide a further report with their recommendation as to whether the offer represents best value. The Local Member will be advised of the offer received and given the opportunity to comment, and the Head of Strategic Assets **in consultation with the local Member and Chairman of General Purposes Committee (GPC)**, may require the agent to place a notice in the local press, advertising the level offer received and inviting further interest
- (iv) All sites will be offered at market value to District and Parish Councils in advance of marketing for a disposal, **except where GPC make alternative provisions when granting an authority to dispose.**
- (v) Clause on offering to Environmental Groups removed.
- (vi) Independent valuations will be sought to confirm best value where a sale is undertaken without marketing i.e. to a Special Purchaser (e.g. a ransom or marriage value situation or a sitting tenant); or on a first right of refusal basis as above. In the latter case the disposal is at the average of two independent valuations (with a third if there is greater than £50,000, or more than 10% difference between the two; the sale price would be the average of the highest two, and a maximum period of six months would be set for completion of the sale).
- (vii) Selling and letting agents appointed to act on behalf of the council will be provided with a schedule of required services. This includes valuation and marketing advice, including agreement of a marketing strategy and schedule.
- (viii) Marketing schedules are agreed with the selling agents in advance of marketing and the use of websites as a marketing tool is a requirement. Additionally use of a nationally recognised property marketing website **used by multiple agents** will be required for all disposals.
- (ix) All freehold disposals will take account of the Community Right to Bid process where the asset has been appropriately registered with the responsible Local Authority.
- (x) The Local Member will be advised of all transactions **proposed** in their Division and their comments sought and reported in Committee papers as required.
- (xi) The council has no policy position on whether disposals should seek capital or revenue returns. Specific provisions may be included in the Decision to Declare Surplus and Authorise the Disposal, where that

decision is made by General Purposes Committee having regard to the general requirement of section 123 of the local Government Act 1972.

- (xii) Each site will be viewed on its merits as to its suitability for disposal for alternative uses and whether best consideration can be achieved by sale or by lease.

## **2. MAKING ASSETS COUNT**

- 2.1 The Council will continue to support disposals between partners in the Making Assets Count programme in accordance with the agreed protocols.

## **3. ALIGNMENT WITH CORPORATE PRIORITIES**

### **3.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

### **3.2 Helping people live healthy and independent lives**

There are no significant implications within this priority.

### **3.3 Supporting and protecting vulnerable people**

There are no significant implications within this priority.

## **4. SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

There are no significant implications within this category.

### **4.2 Statutory, Risk and Legal Implications**

There are no significant implications within this category.

### **4.3 Equality and Diversity Implications**

There are no significant implications within this category.

### **4.4 Engagement and Consultation Implications**

There are no significant implications within this category.

### **4.5 Localism and Local Member Involvement**

No implications have been identified by officers.

### **4.6 Public Health Implications**

There are no significant implications within this category.

<b>Source Documents</b>	<b>Location</b>
Cambridge Public Sector Asset Management Strategy 2011-2021	<a href="\\ccc.cambridgeshire.gov.uk\data\Res Ppd Estates\Team Data\Projects\Strategic Asset Management Information\CCC strategies and policies\12.03.12.public Sector AMS v1.0 FINAL version comp.pdf">\\ccc.cambridgeshire.gov.uk\data\Res Ppd Estates\Team Data\Projects\Strategic Asset Management Information\CCC strategies and policies\12.03.12.public Sector AMS v1.0 FINAL version comp.pdf</a>