



To: Audit and Procurement Committee

14th December 2015

Subject: Capital Receipts & Property Transactions

1 Purpose of the Note

- 1.1 To update Audit Committee regarding the realisation of capital receipts from the disposal of City Council assets and providing the strategy employed for selection and disposal of these assets.

2 Recommendations

- 2.1 Audit Committee is requested to note the information provided.

3 Information / Background

The Audit Committee has expressed a wish to be updated on the following issues:

- How do properties get identified / selected for disposal?
- At what stage do we market properties for sale – is it whilst they are being used or do we wait to they are vacant?
- What are the disposal mechanisms that the Council use to dispose of properties and how are these selected to ensure the Council gets the best price?
- How do the Council ensure that its gets value for money from all sales?

3.1 How Properties are identified for Disposal

The Council disposes of a number of types of land /property:

Operational Properties Declared Surplus to requirements - Surplus properties from the operational portfolio are included in the disposal programme. Usually the decision to dispose is approved by Cabinet/Cabinet Member as part of the authorising report to close the facility and declare it surplus.

Land Suitable for Development – The Council holds land for development, sometimes as the result of previous investment decisions; former agricultural land at Elms Farm for example. These sites have traditionally contributed to the Councils capital resources and their disposal is consistent with the Councils land use policies as local planning authority. The decision to dispose would normally be taken by Cabinet.

Regeneration projects - Larger regeneration projects such as Canley, NDC and Swanswell which include part Council and private land ownership are more site specific when seeking disposal and have been accompanied by a specific cabinet approval as the decision to dispose is intrinsically linked to the decision to invest in regeneration of the area concerned.

Opportunities – The Council needs to be able to react to opportunities that present themselves in respect of its property holdings. Direct negotiation with a single party is permitted where it can be demonstrated to be in the best interest of the Council, this method of disposal must be approved under delegated authority exercised by the Assistant Directors – Place Directorate. Terms are reported for formal approval by Cabinet/Cabinet Member if they are above the threshold of £50,000.

3.2 Marketing

Operational property is not generally marketed prior to the building being vacated as it can be unsettling to the occupants, particularly in the case of care facilities or residential homes for the elderly or vulnerable.

Where Council offices or surplus land are being disposed of, it is usual to try and achieve a sale prior to vacation. This has been achieved in respect of CC1-4 and Elm Bank.

3.3 Disposal Process

The method of disposal will be selected on a case by case basis and in such a way as to ensure the Council achieves best consideration. For larger sites it is usual to sell by way of informal tender. Smaller sites and smaller surplus properties can be disposed of by auction. Occasionally sites will be sold without exposure to the open market. This occurs when there is a “special purchaser” e.g. the owner of an existing site or leaseholder of that site or where there is a strategic reason for only dealing with one party. Such disposals would be the subject of formal approval.

3.4 The Approval Process

Under the Council’s ‘Practice Note for Disposals’ in disposing of assets officers must ensure:

- The Council receives the best consideration for disposal of assets thereby satisfying its obligation under Section 123 of the Local Government Act 1972
- Disposals are undertaken with transparency, fairness and probity required to fulfil the expectations and standards of the Council as a public body.
- In terms of approval, the following applies
 - Disposals up to £50k – Approved by the Assistant Director (CPM) under delegated powers.
 - Disposals greater than £50k but less than £1m - Approved by Cabinet Member (Business Enterprise & Economy)
 - Disposals greater than £1m but less than £2.5m – Approved by Cabinet
 - Disposals greater than £2.5m – Approved by Council

Any disposal at less than best consideration has to be justified and be the subject of a formal report for approval.

A Certificate of Value signed by a qualified valuation surveyor accompanies an instruction to Legal Services to complete a disposal to certify that the agreed terms are appropriate.

Richard Moon
Development Services
Place Directorate
Tel: 02476 832350