

POLICY AND RESOURCES COMMITTEE**Wednesday, 12 July 2023**

REPORT TITLE:	STRATEGIC ASSET DISPOSALS PROGRAMME
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

The purpose of this report is to agree a list of property assets which will form a programme of disposals over the next few years. This report follows the approval of the Asset Strategy by this Committee on 9 November 2022 and the directive of the Department for Levelling Up, Housing and Communities to meet the capitalisation directive.

The disposal programme will generate capital receipts which will help the council in delivering a number of the priorities of the Wirral Plan 2021-26.

The matter affects a number of Wards across the Borough and is a key decision.

RECOMMENDATION/S

The Policy and Resources Committee is recommended to:

1. Declare the list of assets set out in appendix A of this report as surplus to requirements.
2. Authorise the Director of Regeneration and Place, in consultation with the Director of Law and Governance to:
 - a consider and determine any responses or objections to the sale of any asset listed in appendix A to this report which is considered to be open space as defined by Section 123 of the Local Government Act 1972; and
 - b progress and conclude sales of the assets listed in Appendix A on the best terms reasonably possible.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Council needs to develop a disposal programme of surplus assets to meet the capitalisation directive and also to meet the aspirations of the Asset Strategy.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council needs to develop an asset disposal programme, so the only option would be to review those properties included in the list. The assets listed are considered by officers to be the most suitable for disposal.

3.0 BACKGROUND INFORMATION

- 3.1 The Council, at its meeting of the Policy and Resources Committee of 9th November 2022, approved the Council's Asset Strategy 2022-2027. The strategy identified the need to establish a 5-year strategic property asset disposal programme.
- 3.2 This programme was also required by the Capitalisation Directive. Standard accounting practice does not allow capital funding sources, which are ordinarily related to the acquisition, construction or enhancement of non-current assets, to be used for revenue expenditure purposes ie day-to-day expenditure including salaries, utility bills and service contract payments. A capitalisation direction is a means for the government to permit a Council to not comply with the above standard accounting practice by granting permission, with specific conditions, for capital funding, such as external borrowing, to be used for specified revenue expenditure. To demonstrate to DLUHC that the Council has sufficient assets for disposal the council has to demonstrate that it can meet the capitalisation sum of £12.371m. The capitalisation directions of 2020/21 and 2021/22 were granted following an application to permit the use of capital streams to fund revenue expenditure incurred by the Council in respect of the pressures or income losses emanating from financial pressures.
- 3.3 Failing to meet the requirements of the capitalisation directions could lead to Government intervention in local decision-making and any financial failings in respect of the requirements would have the potential to lead to a situation whereby a Section 114 notice could be issued by the Director of Finance. The issuance of S114 notice is a very significant step; it means that no new expenditure is permitted, except for that which funds statutory services, including safeguarding vulnerable people, however existing commitments and contracts will continue to be honoured.
- 3.4 In response to this, a review has been undertaken of the Council's assets and a list, attached as appendix A, has been prepared of those which are appropriate for disposal as either:
- no longer required to deliver a service;
 - vacant following the office rationalisation programme;
 - vacant with development potential; or

- income generating assets which are either poorly performing or will require significant expenditure in the future.

- 3.5 The full list of assets is included in appendix A of this report with further detail including address, description, potential rental income, estimated potential receipt, holding costs and a general comment on each. At the end of appendix A is a list that sets out the sites which have not yet sold, but which have previously been approved. These are only included to show the full amount of potential receipts over the period of the disposal programme.
- 3.6 To assist in the delivery of the disposal programme, steps have been taken to procure a property consultancy partner to assist in development and implementation of the disposal programme to ensure best value is achieved for each.
- 3.7 It is likely that, through further rationalisation, asset reviews, services reviews and regeneration initiatives that other assets will become available for disposal and these will be brought through the appropriate reporting process in the future.
- 3.8 The future of use or development of asset once sold will be controlled through the usual planning processes. Where a future use of the asset could challenge or conflict with the current planning designation, restrictions will be included in the sale if considered appropriate.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The disposal of assets will generate capital receipts. Estimated receipts are listed in appendix A, but the final disposal price will be based on a marketing exercise or specific advice from the appointed property consultants.
- 4.2 The non income producing properties will all have holding costs. In the case of cleared sites, this could be grass cutting and removal of fly tipping. For buildings, the holding costs may include, business rates, energy costs, security, insurance, repairs etc. Where known, or can be estimated, these costs are identified in appendix A.
- 4.3 In the case of income generating properties, the capital receipt will be in lieu of annual income as identified in appendix A.
- 4.4 Consultancy / Agency fees will arise from the marketing and advising on each sale.

5.0 LEGAL IMPLICATIONS

- 5.1 When disposing of property assets, the Council is obliged to obtain the best price reasonably obtainable under s 123 of the Local Government Act 1972. The use of property consultants will assist in ensuring that this is achieved.
- 5.2 Should any of the properties include land which is open to public access a proposal to dispose may need to be advertised in the local press in accordance with the Local Government Act 1972. Any agreed sale will be subject to the outcome of this process.
- 5.3 Where property is held for a particular purpose, usually the relevant Policy and Service Committee with responsibility for the site should be asked to consider

declaring the site surplus to requirements with Policy and Resources Committee deciding on any such site if the value of the site is in excess of £500,000. Policy and Resources Committee may make this decision given that the totality of the proposed assets are considered significant in terms of their impact on the Council's revenue or capital.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no IT or staffing implications arising from the disposal of these assets.

6.2 The disposal of these assets is in keeping with the Council's Asset Strategy.

7.0 RELEVANT RISKS

7.1 Failure to achieve the required level of receipts could result in challenge from the capitalisation directive as described in the report.

7.2 Some sales may become delayed or fail to complete. Officers will continue to review progress, but will also continue to review other assets to determine whether they can be brought forward for disposal.

7.3 Some of the sites listed have been identified for housing delivery within the emerging local plan. Failure to bring these sites forward for development may have an impact on the viability of the plan.

7.4 The estimated values identified for each property are based on a point in time and reflect the prevailing market conditions. As such they are susceptible to fluctuations in the economy and can go down as well as up.

8.0 ENGAGEMENT/CONSULTATION

8.1 The list of assets has been shared with and endorsed by the Council's internal Corporate Property Board.

9.0 EQUALITY IMPLICATIONS

9.1 There are no direct equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The disposal of buildings requires that Energy Performance Certificates are provided which show the rating of buildings along with methods of improving efficiencies. Where properties are to be redeveloped, they would need to be constructed according to current energy efficiency requirements.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The sale of some of these assets will bring forward redevelopment opportunities and bring previously vacant properties back in to use.

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APPENDICES

Appendix A: List of Assets
Appendix B: Value of Assets (Exempt)

BACKGROUND PAPERS

Corporate Property Board paper

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with Section 1.2(b)(iv) of its Terms of Reference, regarding land and property including major acquisition and disposals, which includes reserved decision making concerning any purchase, sale or transfer of a value in excess of, or likely to exceed, £500,000.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Asset Strategy – Policy and Resources Committee	2 November 2022