

APPENDIX 1

DISPOSAL POLICY

Objective

The objective of this Policy is to set out a consistent and transparent basis to be adopted by the Council to identify and dispose of surplus assets.

Principles

1. The Council will only retain ownership of land and buildings which are required for any of the following:
 - service delivery
 - redevelopment or regeneration
 - to deliver the Council's Strategic Objectives
2. The Council will dispose of all land and property assets which are identified as surplus. Assets that are surplus are defined as follows:
 - Those that make no contribution to service delivery, either directly or indirectly
 - Those that generate no income and have no potential for future service delivery or community regeneration purposes
 - Those that under-perform in that their revenue return is unsatisfactory compared to the capital value of the asset

Statutory Considerations

Section 123 of the Local Government Act 1972 provides that the consideration should not be less than that which can reasonably be obtained, with the exception of sales under the following.

The General Disposal Consent (England) 2003 provides for the Council to dispose of assets at less than market value provided:

- The purpose for which the asset is to be disposed of is likely to contribute to the promotion of the economic, social or environmental wellbeing of the Borough
- The difference between the unrestricted or market value of the asset and the consideration for disposal does not exceed £2 million

Implementation and Procedures

Assets declared redundant by a Service Department, or deemed to be under-performing by the Head of Asset Management, will be referred to the Corporate Asset Management Group to undertake the following option appraisal:

- Is the asset required by the Council?
- Is the asset required by any partner organisation?

OR, IF NOT

- Is the asset required by the Community?

The results of this option appraisal will determine how the surplus asset is to be sold or transferred.

Any asset of interest to the Community will be dealt with in accordance with the Community Asset Transfer Policy, normally by way of leasehold transfer. However, if the criteria under that Policy are not met and, at any stage, it appears to the Council that there is little or no likelihood of a community based group being able to take over a building, the asset will be dealt with in accordance with this Disposal Policy.

Methods of Disposal

Once an asset has been declared surplus, the Head of Asset Management will decide on the most appropriate method of disposal, selecting from one of the following options:

Public Auction

Surplus assets may be sold at Auction subject to a reserve price previously approved by Cabinet. Once the reserve is reached, the property will be sold to the highest bidder, with completion usually within 28 days. This option demonstrates that the Council has obtained best consideration.

Private Treaty

Assets will be marketed with an asking price and offers considered as they are received. Most common method employed for the sale of private dwelling houses. Local Agent may be retained, subject to the Council's procurement rules.

Special Purchaser

Negotiations undertaken with just one 'special purchaser'. Examples include sales of land adjoining dwelling houses or businesses to provide space for extension or expansion, or the sale of 'ransom' strips which release the development value of adjoining land.

Development/Building Agreements

Used mainly for in sales to Registered Social Landlords and private developers where the consideration is reflected in the type and cost of development that the Council wishes to achieve. The freehold is only transferred on completion of the scheme.

Informal Tender

Sale of property following appropriate advertising seeking informal offers or bids that meet a given specification or set of objectives. Further negotiations in respect of more detailed terms with one or more bidders can be undertaken to secure the best deal for the Council.

Lease

The Council may wish to retain the freehold of the asset and grant a lease. The length of the lease and the terms and conditions will reflect the degree of control that the Council wishes to retain.

Approval of Terms

In the case of Public Auction a reserve price will be agreed by the Cabinet or (if delegated) the relevant Portfolio Holder in advance. All other terms for disposal will require Cabinet's or (if delegated) the relevant Portfolio Holder's approval. The report will include the reasoning behind the choice of the disposal method.