

9 March 2021	ITEM: 9
Corporate Overview & Scrutiny Committee	
Asset Disposals	
Wards Affected: All wards	Key Decision: Key
Report Author: Sean Clark – Corporate Director of Finance, Governance and Property	
Accountable Assistant Director: Michelle Thompson – Acting Assistant Director of Property	
Accountable Director: Sean Clark – Corporate Director of Finance, Governance & Property	
This report is public	

Executive Summary

This report sets out proposals for the disposal of property assets during the next 12 month period. It is government policy that local authorities should dispose of surplus and under-used land and property wherever possible.

The Council generally has fairly wide discretion to dispose of its assets (such as land or buildings) in any manner it wishes. When disposing of assets, the Council is subject to statutory provisions, in particular, to the overriding duty, under section 123 of the Local Government Act 1972, to obtain the best consideration that can be reasonably obtained for the disposal. This duty is subject to certain exceptions that are set out in the General Disposal Consent (England) 2003.

The way the Council manages its land/property assets can have a significant impact both on the quality of services delivered to the public and the local environment. Effective asset management is essential in bringing 'agility' to land and property assets so that the delivery of the Council's visions and objectives are realised in a sustainable manner, at the right time and on budget.

The Council has commenced an Asset Review of all Council Assets under the broad headings of Operational, Community and other assets categorised under a 3R's approach Reuse, Retain and Release.

The assets reviewed represent a mix of locations, uses and a variation of those that could be short, medium or long term as well as being disposed of by private treaty, public auction or tender.

The Asset Review considers the business case for disposing of any assets that are no longer of any use to it and is unlikely to be in the future or which provides only a benefit that is proportionate to the opportunity cost of the capital tied up in the asset. Each asset disposal is treated on its own merits and nothing in this report will bind the Council to a particular course of action in respect of a disposal.

This report brings forward the first nine assets for disposal whilst also setting out a policy to inform disposal and a draft process when considering assets suitable for meeting the local and national priority of additional housing.

1. Recommendations:

1.1. That Corporate Overview and Scrutiny comment on the content of this report and proposed policy set out as Appendix 1.

2. Issues, Options and Analysis of Options

2.1. In considering any disposal the Asset Review would have to consider the assets against the table below to consider the rationale for Reuse, Retain or Release.

WEIGHTING	1	2	3	4	5
Type of Asset	Core Business	Operational	Strategic holding	Investment	For Disposal
Operational Fit	Excellent	Good	Fair	Poor	Unacceptable
Utilisation	Very High	High	Reasonable	Poor	Inadequate
EPC	A/B	C/D	E	F	G
Condition	Excellent	Good	Fair	Poor	Unacceptable
Occupation Costs	Economical	Below Average	Average	Above Average	Uneconomical
Best use value	Yes	Partly	50 -50	No	Inappropriate
Good neighbour	Excellent	Good	Fair	Poor	Bad
Cost to vacate	Low	Affordable	Marginal	Unaffordable	High
Market demand	Strong	Good	Probable	Unlikely	
Others					

2.2. This report sets out the options available for the council's portfolio that are then assessed as surplus or under-used assets.

2.3. All assets for potential release would require further scrutiny by the Property Team, property occupiers (where appropriate/applicable) and Members. Further scrutiny would result in the "release list" being evaluated and prioritised according to factors such as:

- Cost of holding;
- Potential value from disposal;
- Ease of /or constraint on sale;

- Site preparation considerations/de-risking and associated costs; and
 - Any wider economic or social benefit of retaining.
- 2.4. Once this has been assessed further disposals of assets maybe brought forward.
- 3. Option 1: Do nothing – Retain the assets, Business as usual, little need or opportunity for change identified**
- 3.1. These assets have been assessed as needing to be retained to support Council business in their existing position. However, this is not say that no further work is required on these premises. They will continue to be maintained and in some instances will require improvement or refurbishment at some future stage. Furthermore, as the review process is established within the Council, their continuing use and occupation will be subject to periodic review and their status
- 4. Option 2: Reuse – For different services or more intensive or changed use**
- 4.1. Many of the assets within this category are subject to ongoing review by the occupying service directorate and it is envisaged proposals will either come forward at the conclusion of those reviews (e.g. leisure, environmental) or through further discussion between the Service and Corporate Property.
- 5. Option 3 Release - Dispose of the site immediately or develop for housing**
- 5.1. A review has been undertaken of the properties listed in Appendix 2 and it is recommended that they are released.
- 5.2. A rationalisation programme to continue with the reviewing of assets, releasing those no longer required in a structured manner to realise capital and or support wider regeneration or housing via affordable housing requirements.
- 5.3. Release in some instances will free the Council from poor performing properties from a compliance, economic and statutory requirement.
- 6. Housing Delivery**
- 6.1. Appendix 3 sets out the options for disposal when the assets would be suitable for housing delivery. The main options include:
- Straight disposal to the private sector;
 - Joint venture with a private or public sector partner;
 - The Housing Revenue Account; or
 - Thurrock Regeneration Delivery.

- 6.2. The process for determining the chosen route will be subject to further reports to Overview and Scrutiny and the Cabinet on Housing Delivery.

7. Reasons for Recommendation

- 7.1. The disposal of surplus assets will support the agreed budget for 2021/22. This report proposes a framework that will ensure assets are considered and disposed of in an equitable and transparent way.

8. Consultation (including Overview and Scrutiny, if applicable)

- 8.1. There has been consultation with services and Directors' Board on the proposed assets in Appendix 2.

9. Impact on corporate policies, priorities, performance and community impact

- 9.1. Assets that are not required for the delivery of council services directly will add benefit to the residents through alternative ownership be it for additional housing or a community facility.

10. Implications

10.1. Financial

Implications verified by: **Sean Clark**
**Corporate Director of Finance, Governance
and Property**

There are two distinct financial benefits from the disposal of surplus assets. Firstly, assets can incur running costs and so this creates a saving. Secondly, income received from disposal, a capital receipt, can be used to meet the costs of transformational activity and also pay for capital expenditure, thus avoiding the need for prudential borrowing and the associated revenue costs.

The disposals included within this paper will contribute towards the target set out within the budget papers for 2021/22.

10.2. Legal

Implications verified by: **Ian Hunt**
**Assistant Director of Law and Governance,
and Monitoring Officer**

The Council is generally empowered to dispose of assets which are underperforming or surplus to requirements. Each asset will need to be checked to ensure its formal ownerships and appropriation enable general disposal with terms to be confirmed. The policy in Appendix 1 sets out the most common restrictions on the management of Council assets and highlights these areas.

A final analysis of the legal title and terms of disposal will be included in the disposal decision report.

10.3. Diversity and Equality

Implications verified by: **Rebecca Lee**
Team Manager – Community Development and Equalities

The Asset Disposal Policy sets out considerations for bringing agility to land and property assets so that the delivery of the Council's goals and objectives are realised in a sustainable manner, at the right time and on budget. The policy itself will be the subject of a Community Equality Impact Assessment to mitigate the risk of negative impact on citizens and communities. Where community assets are identified for disposal, the process set out for the implementation of the CAT Policy and principles of the Collaborative Communities Framework will be applied, this includes the completion of CEIA's on a case by case basis, engagement with the voluntary and community sector, and an assessment of social value that includes support for Thurrock's recovery from COVID-19 and building resilience within communities and voluntary sector networks.

10.4. **Other implications (where significant)** – i.e. Staff, Health, Sustainability, Crime and Disorder, and Impact on Looked After Children)

Assets are used for a range of purposes including direct service delivery, use by community groups and residents.

11. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- There are various working papers within the property and service sections.

12. **Appendices to the report**

- Appendix 1 – Disposal Policy
- Appendix 2 – Properties considered for immediate disposal
- Appendix 3 – Housing Delivery Options

Report Author:

Sean Clark

Corporate Director of Finance, Governance & Property