

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	15 July 2015
Subject:	Disposal of Surplus Assets
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	None

Executive Summary:

The Borough Council holds a limited portfolio of land and property assets of any commercial value but nevertheless retains a number of assets that are not required for current or future service use and do not provide a substantial community amenity. Councils are required to 'squeeze' their assets to gain the optimal value and return either in terms of service delivery, financial return or reduced ongoing liability. In this way, assets can make a significant contribution to meet the needs of reduced public spending in unprotected areas of government.

This report introduces a new framework for the Council to consider its use of assets and recommend either the disposal or retention of assets. The only issue under consideration at this time is whether the particular asset is required for continued or future service use. All agreed disposals will be dealt with in line with the Council's Constitution and, where required, subsequent reports will be submitted.

Recommendation:

The Committee is asked to AGREE that the following land and property assets are surplus to service requirements and ask Officers to investigate the potential for disposing of the assets or retaining them to provide an ongoing revenue return:

- 1. MAFF site, Tewkesbury.**
- 2. Land off Evesham Road, Bishop's Cleeve.**
- 3. Land at Uckington.**
- 4. All remaining retained garage sites managed by Severn Vale Housing Society.**

Reasons for Recommendation:

All of the assets recommended for disposal are in the freehold ownership of the Borough Council and either have a current or future financial liability attached to them. None of the assets have been pinpointed for future service provision and therefore provide an opportunity for the Council to realise either a capital receipt or seek out potential of an ongoing revenue stream. The formal declaration of an assets status gives the Asset Management Team confidence in committing scarce staff resources and costs associated with bringing an asset to the market.

Resource Implications:

None directly associated with this report but the declaration of an asset being surplus to requirements could generate either a capital receipt, which can support the Council's capital programme, or potentially an ongoing revenue stream from the leasing of the asset to a third party. In addition there will be a reduction in the management and maintenance liability for the Council.

Legal Implications:

Identifying surplus land is a useful first step prior to consideration of appropriate consultation and disposal methods. Actual disposal of the individual sites is unlikely to fall within delegated authorities, so the request to dispose in each case will have to come back to this Committee with legal comments specific to the sites.

Risk Management Implications:

The reduction in the Council's asset base as a result of the disposal of unrequired assets reduces the risk and liability of managing and maintaining the asset portfolio. In addition, the proceeds of disposal can be used to help meet the risks of the Council in ensuring financial sustainability in the age of austerity.

Performance Management Follow-up:

Further reports will be presented to Members on the proposals for each asset as they are established.

Environmental Implications:

None associated with this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Council currently occupies approximately 45 operational properties. The operational property portfolio comprises any land and property held to facilitate delivery of Council services such as offices, homeless properties, parks, car parks, cemeteries and a depot. In addition, the Council retains numerous small parcels of amenity land usually found within housing developments.
- 1.2** Non-operational property can be described as the Council's investment portfolio. The portfolio is mixed but in the main comprises retail units and a golf club that generate income of circa £200,000 per annum, which forms part of the Council's revenue budget.
- 1.3** The Audit Commission, in its national report 'Hot property – getting the best from local authority assets', recognises that all local authorities face a challenge of modernising service delivery and getting the best from valuable property resources. The Commission points out that a significant proportion of a local authority's revenue budget is devoted to running and maintaining its operational estate. There is an acknowledgement that property is "resource-hungry" and is generally the second most costly resource after staff. Active and effective asset management is essential. This is a view that is echoed across Local Government and from those involved in managing assets and can be seen in many publications in recent years.

2.0 PROCESS FOR DECLARING AN ASSET SURPLUS

2.1 The Council's Asset Management Strategy is currently under revision following the completion of the Strategy for the period 2011-2014 and will be presented to Members for approval in late Summer 2015. One of the issues which is covered in the new strategy is the formalisation of the process for declaring any land and property asset owned by the Council surplus to requirements. This report reflects the process advocated in the new strategy and provides a formal and public declaration by the Council rather than maintain the current ad-hoc arrangements for individual assets. Previous reports on asset disposal have often included elements of a commercially sensitive nature, such as bid prices, which has prevented the full report being aired in open business.

2.2 This report has been brought forward at this time, ahead of the publication of the new asset strategy, in order for the Council to move forward on the key workstream of rationalising its asset base in order to reduce its ongoing liabilities and generate, where possible, capital receipts for reinvestment. The workstream seeks to deliver a leaner but effective operational estate set against key objectives:

- Meeting statutory obligations;
- Aligning property priorities to service delivery outcomes;
- Smaller and better quality estates; and
- Optimising asset performance.

2.3 The proactive nature of the Council's Asset Management Team in identifying surplus assets is one of the ways the Council might declare a property surplus to operational requirements. Separately from any intervention by Asset Management, surplus properties often emerge from service areas as a result of fluctuations in property needs. Finally, approaches from external organisations, such as developers, adjoining owners and tenants seeking to purchase a property, might trigger a property being declared surplus.

2.4 When a property emerges, via one of the above routes, as potentially surplus to the Council's operational requirements, details of the property's availability is reported to the Council's Asset Management Review Group (AMRG) which ensures service areas are made aware of the asset and have an opportunity to put forward a business case to retain it for specific service needs.

2.5 If no service area can demonstrate a clear and robust business need for a property brought before the AMRG then the Council's Executive Committee is asked to declare the property surplus to the Council's operational requirements.

2.6 Having declared a property surplus to requirements, Asset Management Services will consider a number of options on whether the Council should:

- retain the asset as part of the investment portfolio for letting purposes;
- retain the asset for redevelopment; or
- dispose of the asset and generate a capital receipt.

Following an investigation into the possibilities for the asset, a recommendation on the optimum way to proceed will be made and presented in line with the requirements of the Council's Constitution and Scheme of Delegation.

2.7 By instigating and following the process outlined, it is hoped that the Council will establish a robust and transparent position on each asset, allowing early dialogue with both the community and potential bidders, whilst providing proper authority and disposal parameters from which the Asset Management Team can take forward the Council's property ambitions.

3.0 ASSET REVIEW – SUMMER 2015

3.1 Following a review by the AMRG, a number of assets have emerged which are surplus to service requirements and can be put forward for disposal. A summary of each asset is shown below.

3.2 MAFF Site, Tewkesbury

3.2.1 The site is located to the north of Morrison's in Tewkesbury, comprises an area of 2.2 acres and was originally purchased by the Council in 2001. Since its purchase, the site has been reviewed on a number of occasions to ascertain its suitability for the provision of services including both a depot facility and a new leisure centre. With the Council's depot services joining Ubico Ltd from 1 April 2015 and therefore securing its operation from the base in Swindon Road, Cheltenham and also the commencement of the build of a new leisure facility on the Public Service Centre site in Tewkesbury, there are no longer any service delivery requirements from this site.

3.2.2 This particular site is one of the largest owned by the Council and represents an opportunity to deliver a significant financial return for the Council. Whilst all realistic opportunities for the site need to be explored, it is suggested, given the size of the site and the Council's financial position, that this site is earmarked to return the highest possible return from the market.

3.3 Land off Evesham Road, Bishop's Cleeve

3.3.1 The Council owns the freehold of a triangular site, approximately 0.43 acres in size, located to the south of Evesham Road, Bishop's Cleeve and situated adjacent to the Lidl store. The Council acquired the site in 1995 following the approval of a planning application to develop the adjacent site as a food retail store. The land has been retained for the last 20 years as community amenity land and requires regular grounds maintenance.

3.3.2 The site is public open space and abuts a larger strip of privately owned public open space towards its western boundary. Other boundaries are the Lidl supermarket and a deep ditch with stream with limited access to the site available off Evesham Road. The site has previously benefitted from planning approval that allowed for the development of both the privately owned land and the Council's land.

3.4 Land at Knightsbridge Green, Elmstone Hardwicke

3.4.1 The Council owns the freehold of a site located off the A4019 approaching Cheltenham at Knightsbridge Green, Elmstone Hardwicke. The site is 1.26 acres in size and is located to the west of the properties of 1 – 7 Knightsbridge Green. The site is currently split in two and leased to two owners of the adjacent properties to be maintained as extensions to their gardens. Current annual returns from this site are £70.

3.5 Retained Garage Sites Managed by Severn Vale Housing

3.5.1 Following the Large Scale Voluntary Transfer of housing stock to Severn Vale Housing Society (SVHS) in 1998, the Council retained ownership of a number of garage sites in residential locations throughout the Borough. A separate agreement was entered into which passed management responsibilities for the garage sites to SVHS. Since the agreement, the majority of retained sites have been transferred to SVHS for redevelopment leaving just 11 sites still in the ownership of the Borough Council. These are listed in the Table 1.

Table 1 – Garage sites owned by Tewkesbury Borough Council

1	Canterbury Leys, Tewkesbury	36 units
2	The Crescent, Brockworth	5 units
3	Neville Road, Tewkesbury	23 units
4	Site 1 Bloxhams Orchard, Ashleworth	6 units
5	Site 2 Bloxhams Orchard, Ashleworth	7 units
6	Abbey View, Winchcombe	48 units
7	Harrison Road, Shurdington	68 units
8	Lambert Terrace, Shurdington	11 units
9	Dispenser Road, Tewkesbury	0 units
10	Hawthorne Drive, Churchdown	16 units
11	Queens Road, Prior's Park	23 units

3.5.2 All of the sites listed in Table 1 are of a similar construction and age and range in size from 94m² up to 811m². The units are manufactured from a concrete frame and asbestos roof and are suffering from their age. They are considered to be uneconomical to repair and maintain given the type of construction and the rental income from the units with no value in replacing the units. In addition, many of the sites have suffered from various types of antisocial behaviour over the years. In terms of garage unit lets, around 20% of units are currently let to tenants of SVHS with 45% let to private tenants. Void units currently account for 35% of the total, a proportion that is increasing.

3.5.3 The garages agreement with SVHS allows first refusal on the site to be given to SVHS should the sites no longer be required for garage use. Should the Council wish to work with SVHS to redevelop the sites, SVHS would also be able to relocate many of the existing tenancies to other garage units within their stock.

4.0 CONSULTATION

4.1 Consultation has been undertaken internally within the Officer Asset Management Review Group. In addition, the Lead Member for Finance and Asset Management has been consulted on the proposals. Actual proposals for disposal will need consultation in line with the requirements of the Council's Constitution.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 The Council's Asset Management Strategy is currently under revision but this report reflects the proposals within the draft strategy.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 Rationalisation of asset portfolio which reduces on-going management and maintenance liabilities.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

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Appendices: None