

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 21st June 2021

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WARD(S): All

PORTFOLIO: Councillor Swindlehurst, Cabinet Member for Financial Governance, Economic Development & Council Plans

PART I **KEY DECISION**

PROPOSED ASSET DISPOSALS PROGRAMME

1 Purpose of Report

- 1.1 The purpose of this report is to set out for Cabinet the principles and processes that will ensure good governance and best value are achieved with regards to a programme of General Fund land and property disposals over the financial years 2021/2022 and 2022/23, aligning with the Council's Medium Term Financial Strategy (MTFS) to dispose of surplus assets with a view to reducing borrowing costs.

2 Recommendation(s)/Proposed Action

- 2.1 It is recommended that Cabinet:

- a) Note the commencement of the Asset Disposal Programme;
- b) Approve the sequential disposal methodology outlined in 5.3 to 5.10 of this report with regards General Fund asset disposals for the financial years 2021/2022 and 2022/2023.
- c) Delegate authority to the Executive Director of Place, in consultation with the appropriate lead member, after consultation with the S151 and Monitoring Officer to dispose of General Fund assets up to a value of £1m (exclusive of any applicable VAT) subject to proper legal and valuation advice.
- d) Note that any proposed General Fund asset disposals above £1m and/or that are of particular community/public interest will be presented to Cabinet under separate report(s) during the course of this disposals programme.
- e) Note that a further report updating Cabinet on the Asset Disposal Programme will be presented to the Cabinet in December 2021.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

- 3.1 The proposed Asset Disposal Programme is aligned with the Council's MTFS and is required so that the Council can fulfil its capital expenditure commitments without the need to put pressure on its revenue budget by increasing borrowing costs and to fund transformational expenditure approved in the 2021/22 revenue budget.

4. Other Implications

a) Financial

The 2021/22 budget approved by March 2021 Council, included expenditure of £5,051k on transformation to be funded from capital receipts. If disposals are not achieved for this value as a minimum, these costs will have to be charged to revenue which would cause a significant overspend for the Council.

The Council is in receipt of a Ministry of Housing, Communities and Local Government (MHCLG) capitalisation direction, £12.2m of this was used to balance the 2021/22 budget. This Asset Disposal Programme is necessary to avoid further borrowing to fund the capitalisation direction. It is intended that these requirements will be met by future capital receipts over a five year period and this assumption has been included in the Capital Strategy and proposed Capital Programme 2021/22 to 2023/24. If the Council cannot achieve the required disposals to finance this amount, it would need to borrow to finance the capitalisation, putting further unbudgeted pressure on the revenue budget.

b) Risk Management

Risk	Mitigating action
Legal	HB Public Law will be commissioned to carry out reports on the title to each asset identified.
Human Rights	No risks identified
Health and Safety	No risks identified
Employment Issues	No risks identified
Equalities Issues	No risks identified
Community Support	No risks identified
Communications	No risks identified
Community Safely	No risks identified
Finance	No risks identified
Timetable for Delivery – It is anticipated that the proposed disposals will take place during the financial year 2021/2022. For a number of reasons sales may become protracted/delayed.	Ensure bidders/purchasers are in financial position to acquire sites, preferably without relying on 3 rd parties. Ensure sites are 'packaged' where possible to reduce number of transactions. Ensure the Council's solicitors are engaged from outset with regards report on titles, etc. Ensure any potential delays are reported to Executive Board.
Project Capacity	No risks identified
Governance	No risks identified
Performance	No risks identified

c) Human Rights Act and Other Legal Implications

Local authorities are under a duty to comply with Section 123 (2) of the Local Government Act 1972, with regard to land held in the General Fund, as is the case here, which requires that, except with the consent of the Secretary of State, a Council shall not dispose of land under this section for a consideration less than the best that can reasonably be obtained. The Secretary of State has issued the General Consent

2003 (Circular 06/03) which permits land to be sold at an undervalue up to a limit of £2,000,000 if the Council consider that the purpose for which such land is sold is likely to contribute to the achievement of one or more of the economic, social or environmental well-being of the whole or any part of its area or of all or any persons resident or present in its area.

The possible need for Secretary of State Consent will be considered on a site-by-site basis.

d) Equalities Impact Assessment (EIA)

An EIA initial screening has been carried out. The Council will address its statutory Public Sector Equality duty on a site-by-site basis.

e) Property Issues

Property issues are covered in Section 5 of this report.

5. **Supporting Information**

5.1 The Council will seek to dispose of General Fund land and property that will provide capital receipts contributing to the Council meeting its 2021/2022 Budget and Capitalisation Directive commitments and aligning with the Council's MTFs with a view to reducing borrowing costs.

5.2 The following sequential steps will be undertaken with regards to disposing of any asset.

A - Identifying Assets for Disposal

5.3 Officers will carry out the following tasks to identify General Fund assets that could be disposed of during the financial years 2021/2022 and 2022/2023:

- 1) Review of all properties on the Council's Asset Register (730 assets)
- 2) Remove assets that are strategically/operationally/income generating critical.
- 3) Assess remaining assets with regards income generation, revenue cost and current position (ease/speed of sale).
- 4) Produce long list of assets for disposal that will be presented for approval to Executive Director of Place.

B - Legal – Report on Title

5.4 HB Public Law (HBPL) will be instructed to produce a detailed Report on Title on each asset on the long list approved for disposal by the Executive Director of Place to identify any legal constraints and impediments to sale.

5.5 It is possible that some sites approved for disposal by the Executive Director of Place may no longer be deemed suitable for sale at this point.

C - Asset Valuation

- 5.6 In light of the recommendations within the Liverpool City Council Best Value Inspection December 2020 – March 2021, each site remaining on the long list will be valued by an independent RICS registered valuer, taking into account any legal constraints and impediments identified.
- 5.7 The Council will at the same time seek advice as to the most advantageous method of disposal.

D - Disposal and Methods of Disposal

- 5.8 The method for the disposal of assets will be assessed and determined on a case-by-case basis and may be dependent on the advice within the Legal – Report on Title and/or within the independent RICS registered valuer's valuation report.
- 5.9 It is assumed that the majority of assets will be disposed of on the open market or at auction however the Council will choose the method of disposal which complies with section 123 of the Local Government Act 1972 and provides best consideration.

E - Officer Delegation

- 5.10 The Executive Director of Place, subject to proper legal/valuation advice, will have delegated authority to dispose of assets up to a value of £1m (exclusive of any applicable VAT) after consultation with the S151 and Monitoring officers.

6 Comments of Other Committees

- 6.1 This report has not been considered by any other committee.

7 Conclusion

- 7.1 The principles and processes set out above will ensure that good governance and best value is achieved with regards a programme of General Fund disposals over the financial year 2021/2022.

8 Appendices

None

9 Background Papers

None