

## Property Disposals Update

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Cabinet Member: Mandy Chilcot

Division and Local Member: All

### 1. Summary

- 1.1. The Committee requested an update of the Councils disposal programme to include the sales of parts of the County Farm Estate. The Councils disposals in the last financial year amounted to capital receipts of approximately £7.7M. In the last 10 years the Estates team have raised £72M in capital receipts.
- 1.2. Objectives set out in the County Plan are as follows:
  - “sell off buildings we no longer need and use that money to support our other services”
  - “Reduce the number of buildings we operate to free up funding for frontline services”
  - “Ensure that by 2020 when Government ends its funding for our day-to-day services, we will be in a sustainable financial position”

### 2. Issues for consideration / Recommendations

- 2.1. Once identified as surplus, consideration will be given to the best mode of sale. We deal with many disposals each year ranging from relatively simple sales of land to highly complicated developments. Each disposal is considered to achieve best consideration in the light of market factors. Our preferred method of sale is by auction as this sets the time parameters and the basis of which we are prepared to sell. There are some properties that are not suited to auction, perhaps because we have identified a special purchaser in which case we would conclude a sale by negotiation /private treaty.
- 2.2. We consider what works could or should be done to enhance value, the cost and time of doing the same and the liability and risk of holding vacant property before making informed decisions. Such examples could be the gaining of planning consent to enhance value or the fencing out the site to be sold.

### 3. Background

- 3.1. The attached Appendix A details the sales concluded in the financial year 2017/18. Appendix B contains the details of properties either sold, under offer or being progressed/negotiated for sale within this financial year.
- 3.2. Oversight of progress with the disposal programme has traditionally been achieved by reporting to monthly meetings of the Asset Strategy Group (ASG). Since October 2017, that role has been fulfilled by the Asset Management

Group (AMG). ASG now meets quarterly and receives the minutes of AMG meetings, for information only.

#### **4. Consultations undertaken**

4.1. The value of the proposed sale directs the level of consultation, although most sales are in line with policy and consultations at that time were considered.

4.2.

#### **5. Implications**

5.1. The raising of capital receipts is critical to the Authority, some disposals to achieve enhanced value and the promotion of strategic land for development is for the longer term.

5.2. The values reported in the Councils 2016/17 accounts for land and buildings is £502.408m however the method of this valuation is not market value. The continuing sale of assets surplus to the Councils requirements will over time reduce our property stock and asset value until we hold only property needed for delivery of our core services, at this stage the flow of capital receipts to support the Council will be much reduced.

#### **6. Background papers**

6.1. Officer Key Decision 8 November 2017 Asset Rationalisation and Review of the Corporate Asset Management Plan

County Asset Management Plan; Policy for the Disposal of Property Assets (including the strategy for the disposal of property assets)

<http://www.somerset.gov.uk/organisation/council-buildings/>

**Note** For sight of individual background papers please contact the report author