

Property Disposal and County Farms Update

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Cabinet Member: Mandy Chilcott

Division and Local Member: N/a

1. Summary

- 1.1. The report provides a review of property and land sales completed in the last year, including sales of County Farm properties, the receipts received by the Council set against the annual capital receipt target and the proposed and anticipated sales for the 2019/20 financial year.
- 1.2. The disposal of land and property and the capital income received meets the County Plan vision to create a thriving and productive County that is ambitious, confident and focussed on improving people's lives.

2. Issues for consideration / Recommendations

- 2.1. Scrutiny is asked to note the progress with property disposals during 2018/19 and the anticipated sales for 2019/20

3. Background

3.1. Property Disposals

The Council sets an annual target through its Medium-Term Financial Plan (MTFP) for capital receipts achieved through the disposal of land and property identified as being surplus to the Councils both short and long term operational requirements. The decision to declare a Council asset as being surplus to requirement is only taken following a process of consultation with all relevant parties and services, including the Cabinet Member for Resources, Senior Officers and the Asset Strategy Group who consider recommendations and proposals.

The receipts generated from the proposed sale of assets makes a significant contribution towards the Council being in a financial position to meet its annual spending priorities as set out in the County Plan.

The disposal of assets declared surplus to requirements also reduces the demand on the Councils revenue budgets through the removal of the cost of maintaining such assets e.g. utility and running costs, repair and maintenance. The need to meet the on-going costs for maintaining an asset in reasonable condition places a long-term economic burden on the Council. The removal of a vacant building, declared surplus to the Councils requirements, removes the risk of vandalism and other local anti-social behaviour.

The sale of land and property not only economically benefits the Council for the reasons stated above but also has a strategic benefit in the rationalisation of the delivery of Council services. Furthermore, the sale of surplus land for business and housing development has a significant impact in developing the local economy, creating local employment opportunities and supporting local businesses.

The creation, development and support of local commercial opportunities generated from the Council's disposal programme is seen to be a significant driver in boosting Somerset's economy in terms of growth and sustainability.

3.2. County Farm Disposals

Since 2010, the Council has operated under a Cabinet Member decision, following a review of County Farms, which identified those farm holdings which could be sold immediately and without further review (known as List A). The sales would take place as and when the opportunities arose or were deemed necessary. The remaining farms (known as List B) were categorised as being retained for the time being due to their strategic location and future development potential. The policy enabled the Council to continue to "provide some farming opportunities (as) the estate has done over the years".

The Council has managed the estate in this way since 2010 with A List farms and land holdings being sold at the earliest opportunity whilst farms and land on the retained B List were essentially only considered for disposal when suitable development opportunities arose or if they became vacant. The Council manages its estate by letting the farms and land holdings to tenant farmers in return for rental income.

The Scrutiny Committee for Policies and Place established a Task and Finish Group to consider the management of the County Farm Estate under the 2010 policy decision. The Task and Finish Group final report and recommendations to Scrutiny for Policies and Place Committee (5 December 2017) can be accessed via the Background papers and these recommendations are taken into account for each disposal. The farms estate is managed to provide strategic opportunities, and in recent years has provided sites for doctor's surgeries, schools, economic development schemes, community projects and development opportunities to maximise value.

To meet buyer expectations the Corporate Property Team, seek to ensure that the disposals are completed early in the financial year where possible. The negotiated prices reflect the current market value for land. On private sales, a covenant clause will be generally be put in place to restrict the use to agricultural, thereby protecting the Council's interests.

Properties to be sold at public auction will have a minimum reserve price set for each sale and overage provisions where appropriate to protect the council's interests.

3.4 Capital Receipts Received in 2018/19 and 2019 to date

Capital receipts from Surplus Property in 2018/19 were £10,677,725. Sales

included (The completion of the Northgate joint venture with Sedgemoor DC with the sale to Aldi, the sale to the Samaritans of Morley House, Yeovil, the former further education buildings in Minehead and Glastonbury and a number of farms.)

For the current financial year to 30 August 2019 receipts to the sum of £1.61m have been achieved, with contracts exchanged to the sum of £2.67m and an anticipated sum of £3m for Property's currently under offer. Note: some of these potential estimated receipts may of course be received in the following financial year.

4. Consultations undertaken

- 4.1. The Lead Cabinet Member and Local Members are also consulted upon the disposal programme.

5. Implications

- 5.1. The failure to proceed with the existing policy for property and farm disposals will significantly reduce the Councils ability to meet its annual MTFP target for capital receipts, thereby detrimentally impacting its annual programmes of expenditure, and furthermore will place a further financial burden for the maintenance of surplus property and sites.

6. Background papers

- 6.1. Cabinet Member Key Decision – Outcome of County Farms Review 18 October 2010
http://www1.somerset.gov.uk/council/meetings/portfolio_reports.asp?report=92
- 6.2. Scrutiny Committee (Policies and Place) – Report from the County Farms Task and Finish Group 5 December 2017
<http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=184&MId=391&Ver=4>
- 6.3.
- 6.4.

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