

MUNICIPAL YEAR 2006/2007 REPORT NO. **184**

MEETING TITLE AND DATE:
CABINET 13th December 2006

REPORT OF:
Director of Finance & Corporate
Resources

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Agenda – Part:1	Item: 10
Subject: ASSET MANAGEMENT PLAN – DISPOSALS PROGRAMME UPDATE	
Wards: All	
Cabinet Member consulted: Councillor M Lavender	

1. EXECUTIVE SUMMARY

- 1.1 This report updates Members on the sites/properties sold this financial year, those properties deferred to the 2007/08 and identifies additional properties to be included in the 2007/2008 disposals programmes.

2. RECOMMENDATIONS

That Members note and approve:

- 2.1 The disposals sold to date in this financial year, 2006/2007 and the anticipated capital receipts for this financial year 2006/2007 (contained in Appendix I).
- 2.2 The disposals deferred from this financial year (contained in Appendix II) and those new sites/properties identified in the disposals programme for 2007/08.

3. BACKGROUND AND PROGRAMME UPDATE

- 3.1 Appendix 1 of this report lists those sites and properties sold to date and the anticipated sites/properties to be sold in 2006/2007, which totals £7.7m (approx. inc. HRA receipts)
- 3.2 Appendix II of this report lists those sites deferred from this year's disposals programme to the 2007/08 programme . (Approximately £5m). Members will note that the Burnside Site is currently being marketed with the benefit of outline planning permission and informal tender bids were due in on 1 December 2006. The Assistant Director of Finance and Corporate Resources (Property) will select the highest appropriate bid and it is anticipated that the capital receipt should be achievable this financial year.
- 3.3 The land fronting Camlet Way, Hadley Wood, is deferred to 2007/08 and an application for outline planning permission for residential use on the front part of the site will be submitted shortly, pending the grant of a lease to the Hadley Wood Association for the land at the rear of the site as a Woodland Trust.
- 3.4 Members will note that the sale of the freehold of the BP filling station, Mollison Avenue not proceeding, at the present time, as the freehold bid for the site does not meet the internal rate of return from the rental income. This sale will be reviewed in the future if an acceptable bid is forthcoming. The sale of Sir John Laurence Public House, has also been deleted for the time being, pending a decision regarding wider issues in the area.
- 3.5 Members are asked to approve the addition of 70 Jefferys Road, Brimsdown in this year's disposals programme, involving a sale to the tenant (Regis Tyres Ltd).
- 3.6 It is also proposed to progress potential new disposals in Appendix II of this report for 2007/08. This includes the sale of Slopers Pond Cottages, Waggon road, Hadley Wood, subject to negotiating with the tenants for vacant possession. It is also proposed to investigate with the tenants of the Council owned golf courses, at Crews Hill Golf Club and Enfield Golf Club, with a view to the possibility of the grant of long leases (125 years) at a nominal rent in return for a capital receipt. The clubs consider that this will help to maintain their longevity and the ability to secure future investment in the green belt.
- 3.7 The disposals on long leases will have to satisfy the Director of Finance and Corporate Resources that the capital receipt exceeds the Council's internal rate of return for the rental income. Any disposal will also have to satisfy best consideration under the Local Government Act 1972.
- 3.8 The list of new disposals will be subject to further assessment and full report back to Members for consideration.

- 3.9 Members should note that there are issues regarding the disposals of properties/sites containing restrictive covenants with the Duchy of Lancaster. Proposed sales affected by this covenant have been deferred, pending resolving any outstanding issues with the Duchy, which are currently being addressed.
- 3.10 The sites/properties identified in appendices, I and II will, subject to Members' approval, be disposed of either by auction, tender, or private treaty (in the case of special purchaser). In each case, officers shall, under delegated powers, select and proceed with disposal on the best appropriate bid, subject as always to certification that the selected bid satisfies best consideration under Section 123 Local Government Act 1972. Members should note therefore that tender results etc will not be reported back to Cabinet once a site has been approved for inclusion in the disposals programme, unless such a report is specifically requested by Members.
- 3.11 In the light of the recommendations made in the Green Belt Management Report contained elsewhere in this agenda, future sites identified for disposal will, prior to marketing, have a full land survey carried out, clearly defining boundary responsibilities, rights and liabilities and servicing requirements. These will be contained within the 'buyers pack' and, in certain circumstances, the special conditions of sale, the costs of which will be deducted from the proceeds of sale.
- 3.12 Currently, when a disposal is marketed by tender, the purchaser contributes 2% of this purchase price to offset fees and costs of the sale. Under auction, the purchaser pays a premium of 1½% of the sale price to cover the auctioneer's fees and the Council's costs. It is proposed that, in future, all disposals regardless of size will be subject to a set fee, which will be recovered independently of the capital receipt. Depending on the complexity of the sale the overall charge will vary on each case.
- 3.13 Any new disposals will be assessed against the Council's policy criteria and objectives (Cabinet report 14.07.2004 Report number 52 refers) used to assess under-performing assets, the capital value of which might be better invested in the Council's priority programme.

4. CONSULTATION:

All ward Members and Cabinet Members have been provided with site plans of those sites/properties identified in the 2006/2007, 2007/2008 disposals programmes. Preliminary consultation on all new proposed disposals will be undertaken before submitting recommendations for the new three-year programme.

5. ALTERNATIVE OPTIONS CONSIDERED:

The Council can continue to retain its' assets and receive the revenue income from the commercial portfolio properties.

6. REASONS FOR RECOMMENDATIONS:

To implement the Council's disposals programme in order to ensure delivery of the capital programme.

7. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS:

7.1 Financial Implications

The report identifies several new property disposals with the potential to generate additional receipts, which can be used to fund future capital investment. Members should note, however, that several of the disposals are subject to further evaluation (particularly the golf courses) and obtaining vacant possession, so are by no means certain. Also two properties have been temporarily withdrawn from the programme reducing available resources. The amount of additional resources available to finance new schemes will be considered in the budget report to Council in February 2007.

There is a loss of revenue income to the HRA from the disposals of various public houses amounting to £50k in a full year. The actual loss in the year will depend on the date of disposal. There is provision in the contingent items to cover the loss of income to the general fund. The majority of HRA disposals are in 2006/7 and will be included in the budget for that year with any loss in the current year being met from existing resources.

7.2 Legal Implications

The Council has a statutory duty under Section 123 of the Local Government Act 1972 to achieve the best price reasonably obtainable on disposal (or obtain the consent of the Secretary of State) and this is also reflected in property procedure rules. Members will note that detailed legal appraisals on some of the sites contained in the disposals programme have not been carried out at this stage and the conclusions of such appraisals may have implications in terms of the timings of the disposals and values achievable.

8. PERFORMANCE MANAGEMENT IMPLICATIONS

- 8.1 The Council disposes of under-performing assets, which are no longer required for corporate purposes and performance is measured through the Council's medium term monetary plan.
- 8.2 The reason for the continuation of the Council's disposals programme is to generate capital receipts to fund the on-going capital expenditure programme.

9. PUTTING ENFIELD FIRST

The disposals programme generates capital receipts, which will contribute towards 'Putting Enfield First'.

Background Papers

Report to Cabinet 12 July 2006.