

MUNICIPAL YEAR 2016/2017 REPORT NO. **134**

**MEETING TITLE AND DATE:**

**Cabinet**  
**16<sup>th</sup> November 2016**

**Report of:**

Director of Finance, Resources  
and Customer Services

**Agenda - Part: 1                      Item 10**

**ASSET MANAGEMENT – POTENTIAL  
DISPOSAL OF COUNCIL OWNED  
PROPERTIES**

**TRANCHE 7                      KD 4413**

**WARDS:** Various

**Cabinet Member consulted:**  
Cllr. Lemonides

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**1. EXECUTIVE SUMMARY**

This report seeks approval in principle to the sale of various Council properties listed in the Appendix which are considered in the Council's overall best interests to sell, subject to satisfactory further evaluation and consultation, in order to assist in funding capital spending.

**2. RECOMMENDATION**

- 2.1 That approval is given in principle to the disposal of those properties listed in the Appendix of the report.
- 2.2 To delegate the method of sale and the approval of provisionally agreed terms of sale to the Cabinet Member for Finance and Efficiency in consultation with the Director of Finance, Resources and Customer Services.

### **3. BACKGROUND**

This is the seventh in a series of reports to Cabinet since December 2010. The general principles for consideration of retention, re-use or disposal of property have been set out in previous reports. The consideration of the properties put forward in this report has been approved by relevant Cabinet Members, Service Directors and the Corporate Asset Management Group.

More specific criteria to reach a final decision to sell now include;

- Consultation with Ward Members
- Consultation with affected users if appropriate
- Cash flow analysis of the worth of current or proposed rental income compared to a potential capital receipt if appropriate.

### **4. PROPOSAL**

Properties recommended for potential disposal are listed in the Appendix to the report.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

Retention of property without regular review is clearly not in the Council's business interests. If property is not disposed of, it would cause a reduction in capital spending or increased borrowing. However evaluation of individual cases may result in retention being the better option.

### **6. REASONS FOR RECOMMENDATIONS**

Potential disposal of the properties is recommended as being in the Council's best financial interests balanced against service and community needs.

### **7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

#### **7.1 Financial Implications**

7.1.1 The appendix to the report contains a list of potential disposals. Each disposal will be evaluated to determine whether the disposal offers value for money.

7.1.2 The proceeds from disposals will be one off and used to fund the existing capital or transformation programmes. The alternative method for funding the programme would be to borrow and the current cost of borrowing is estimated at 7.5% p.a including interest and MRP.

7.1.3 Eligible costs associated with disposals can be offset against the receipt up to a maximum of 4% of the sale price for each disposal. The expenditure will be closely monitored to ensure that all appropriate costs are offset against the capital receipts.

## **7.2 Legal Implications**

- 7.2.1 By Section 123 of the Local Government Act 1972 (“S.123 LGA”) and/or Section 1 of the Localism Act 2011 the Council has the power to dispose of land in any manner it wishes, subject to certain provisions.
- 7.2.2 The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions.
- 7.2.3 In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate Cabinet member or by Cabinet itself.
- 7.2.4. All disposals should be made on a competitive basis, unless justified and approved otherwise, as required by the Property Procedure Rules.
- 7.2.5 In respect of properties held within the Housing Revenue Account, a specific consent to disposal will be required from the Department for Communities and Local Government (DCLG) unless the properties fall within one of the categories of disposal permitted by the General Housing Consents 2013. Before giving a specific consent (if one is required) it is likely the DCLG will require to be satisfied as to the arrangements for future provision of accommodation for any remaining occupiers and will require details of the proposed purchaser and the nature of the disposal.
- 7.2.6 Some disposals may be subject to conditions such as the grant of planning permission which will be a pre-requisite to the completion of the disposal and the receipt of the sale proceeds.
- 7.2.7 Contracts for sale will be in a form approved by the Assistant Director of Finance, Resources and Customer Services (Legal Services).

## **7.3 Property Implications**

The Assistant Director of Finance, Resources and Customer Services (Property Services) will confirm that the proposed terms of individual sales comply with statutory duties and the Council's Property Procedure Rules.

## **8. KEY RISKS**

The risk of property disposals not providing the necessary proceeds to fund the approved Capital Programme will be mitigated as far as possible by prudent budget setting and processes for review and monitoring of progress and assessment of market conditions.

## **9. IMPACT ON COUNCIL PRIORITIES**

### **9.1 Fairness for All**

The sale of property generates capital receipts, which are used to fund spending priorities within the Council, helping protect services essential to those most disadvantaged in the borough.

### **9.2 Growth and Sustainability**

Residential redevelopment will be appropriate for some of the property to be sold, which increases the housing stock, producing more sustainable and carbon efficient homes. The disposal of property for development attracts inward investment and funding and boosts local economic activity.

### **9.3 Strong Communities**

Capital receipts help fund capital projects that assist the Council in building strong communities.

## **10. EQUALITIES IMPACT ASSESSMENT**

Equality Impact Assessments will be conducted on individual properties where appropriate and considered in the Delegated Authority Reports that authorise the terms of disposal.

## **11. PERFORMANCE MANAGEMENT IMPLICATIONS**

Rationalisation and more efficient use of property will contribute to improving service delivery to assist in meeting the Council's objectives.

## **12. PUBLIC HEALTH IMPLICATIONS**

Public Health Implications will be considered in the Delegated Authority Reports that authorise the terms of disposal of individual properties.

## **13. HEALTH AND SAFETY IMPLICATIONS**

Health and Safety Implications are considered in the evaluation of properties and will be reported in the Delegated Authority Reports that authorise the terms of disposal of individual property.

### **Background Papers**

None