

## DISPOSAL POLICY FOR SURPLUS/UNDER-USED COUNCIL OWNED PROPERTY

### Introduction

This statement sets out the procedure to be adopted for the disposal of surplus/under-used property.

#### 1. Definition of Surplus/Under-used property

A site is deemed to be surplus to the Council's requirements if either:

- (a) it makes no contribution to the delivery of the Council's services, strategic or corporate objectives; **or**
  - (b) an alternative site has been identified which would be more cost effective in delivering the Council's services, strategic or corporate objectives.
- and**
- (c) it has no potential for strategic or regeneration/redevelopment purposes in the near future; **and**
  - (d) it will not contribute to the provision of a sustainable pattern of development.

A site is deemed to be under-used if **either**:

- (a) part of the site is vacant and is likely to remain vacant for the foreseeable future; **or**
- (b) the income being generated from the site is consistently below that which could be achieved from:
  - i) disposing of the site and investing the income
  - ii) an alternative use
  - iii) intensifying the existing use**or**
- (c) only part of the site is used for service delivery and this could be delivered from an alternative site.

In the case of open spaces, amenity areas and similar sites the under use tests should also consider the "community value" of the asset, which would include visual amenity, and not be limited solely to income generation or whether the site is vacant etc.

#### 2. Site Identification

Sites for possible disposal may be identified in the following ways:

- (a) Through the Asset Monitoring work being undertaken by the Head of Engineering and Property
- (b) Through development opportunities identified by the Economic Development or Regeneration teams
- (c) Through a structured corporate property portfolio review
- (d) Through Service Units declaring specific sites as being surplus to requirements\*
- (e) Through identifying previously unidentified surplus land from the Land Terriers
- (f) Through Local Plan designation
- (g) Through direct property enquiries to the Council

(\*where an **under-used** asset is generating an income, a Cost/Benefit analysis must be carried out to establish whether it is in the Council's best interests to dispose of the site)

### 3. Site Investigation and Consultation

Once a potential site has been identified the Head of Engineering and Property will consult with Legal Services, Economic Development, Regeneration, Streetscene, Sport and Leisure, Area Development, Housing and Members as appropriate (and in accordance with Financial Procedure Rules) to establish whether there are development or other constraints and to canvass views on disposal. Ground investigation works and desk studies into previous land use history will also be carried out where appropriate.

### 4. Land Use

Unless a site is already designated for a specific use in the Local Plan, the above consultations will indicate the potential range of development opportunities for the site. This will be either:

- a) Housing – Social
- b) Housing – Private
- c) Industrial/Commercial
- d) Leisure/Community

If a site is identified for (a), then it will be referred to the Head of Housing and Welfare for consultation. If a site is identified for (d), then further consultations will be undertaken with the Head of Sport & Leisure or Countryside, Heritage & Tourism. The appropriate Head of Area Development will also be included in this consultation process. If any other use is identified, the possibility of development by the Council is to be considered first.

Consideration will be given to the potential for revenue generation from development of an asset for leasehold purposes, in accordance with the Council's corporate and service objectives and economic development framework.

If development by the Council is not required for investment purposes or social provision, then the site may be brought forward for disposal.

### 5. Method of Disposal

Where the value of the asset for disposal is <£10,000 the Head of Engineering and Property will progress the sale having consulted with appropriate Officers and Members, and having taken financial, legal and valuation advice in accordance with Financial Procedure Rules.

Where the value is >£10,000 an asset sale appraisal form will be completed (copy attached) and submitted with a report for decision by District Executive. The Head of Engineering and Property will recommend a method of disposal e.g. Auction, Private Treaty etc., in this report.

Site information will be circulated to other public sector groups in the Somerset Property Partnership where appropriate.

Unless a "special purchaser" or a "preferred use" has been identified, all potential purchasers are to be given an opportunity to tender/submit an offer.

## 6. Marketing Strategy

The Head of Engineering and Property will determine a marketing strategy where appropriate, either in-house or through an appropriate agent. All staff costs, legal costs, consultants costs etc. associated with any potential disposal of an asset (even where such costs do not lead to an **actual** disposal) are to be re-charged to the appropriate cost centre. Where possible costs will be recovered from the eventual purchaser.

## 7. Timing

The timing of any marketing/disposals will need to be considered against the background of the Council's budgetary requirements, together with the current state of the market. Before recommending that a disposal is to proceed, the following factors are to be taken into consideration:

- Current market conditions
- Potential for the site value to increase in the future
- Has the Head of Finance advised of a need to raise capital receipts?
- Current Development Plan (presently Structure Plan and District Wide Local Plans).

## 8. Asset Management Group

A report on the proposed disposal or leasehold development of any sites deemed to be surplus or under-used where the estimated value is >£10,000 is to be considered by the Asset Management Group.

## 9. Committee approval

The Head of Engineering and Property will prepare a report for the next appropriate Committee cycle in accordance with Financial Procedure Rules.

## 10. Negotiations

The return from any disposal is to be maximised unless there are over-riding factors identified in the Corporate Plan or otherwise agreed by the Council that take precedence over the receipt of capital e.g. preferred use or special purchaser.

## 11. Instructions

Once a purchaser has been identified and all the terms of the disposal have been agreed, Legal Services will be instructed.

## 12. Completion

Once the disposal has been completed the relevant Portfolio Holder will be informed and the corporate land and property database updated.

## 13. Receipts

If the receipt is <£10,000 it will go the appropriate service revenue budget.

Where the value is >£10,000 it becomes part of the Council's capital receipts and must first be used to offset any related loss of revenue before it becomes available for other purposes.

