



CABINET 18 JANUARY 2012	REPORT
Subject Heading:	Disposal of Under Utilised Sites within the Housing Revenue Account
Cabinet Member:	Councillor Roger Ramsey, Cabinet Member for Value
CMT Lead:	Andrew Blake-Herbert, Group Director, Finance & Commerce
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Policy context:	The criteria for retaining ownership of land and property assets is set out in the 2010-2011 Corporate Asset Management Plan
Financial summary:	The disposal of the properties identified in this report would generate capital receipts that would accrue interest until they were used to deliver the capital programme
Is this a Key Decision?	Yes
Is this a Strategic Decision?	No
When should this matter be reviewed?	Not Applicable
Reviewing OSC:	Value

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	[X]
Championing education and learning for all	[X]
Providing economic, social and cultural activity in thriving towns and villages	[X]
Valuing and enhancing the lives of our residents	[X]
Delivering high customer satisfaction and a stable council tax	[X]

SUMMARY

- 1.1 At various occasions over the last few years Cabinet approval has been given to the disposal of a number of Council owned sites that had been identified as surplus either as a result of specific projects or more general property reviews carried out by Strategic Property Services. More specifically, at various occasions, approval has been given to the disposal of a number of small, under-utilised sites held within the Housing Revenue Account (HRA) and these disposals have resulted in an increased flow of affordable houses and capital receipts. A further review of potentially under-utilised sites within the HRA has been carried out and more potential disposal/development opportunities have been identified.
- 1.2 As the Council has pursued a policy of selling surplus sites for many years it becomes more difficult to identify new sites for disposal that do not pose challenges, either technically or in terms of planning, and especially in respect of objections to disposal that arise in many cases. Nonetheless, constant and ongoing appraisal of property assets to identify disposal opportunities is a requirement on all local authorities and at Havering is essential in providing capital receipts to fund spending to support and enhance Council services.
- 1.3 This report identifies further sites that do not appear to meet the Council's approved criteria for property ownership and therefore need to be considered for disposal.

RECOMMENDATIONS

- 2.1 **That the properties identified in this report (details of which are shown in Appendix 1) be declared surplus and authorisation be given for their disposal (subject to obtaining any necessary planning permissions and other consents as appropriate) and that the Property Strategy Manager in consultation with the Assistant Chief Executive (Legal and Democratic Services) be authorised to deal with all matters arising and thereafter to complete the disposal of the properties identified.**

REPORT DETAIL

- 3.1 Over the last few years the Cabinet has considered several reports that dealt with the results of a number of systematic property reviews and service led projects that identified surplus property assets.

Following this consideration approval has been given to a number of property disposals.

- 3.2 One of these ongoing, systematic reviews has considered relatively small, under used sites that are often found within the residential estates held within the Housing Revenue Account. On 16 September 2009 Cabinet approval was given to the disposal of a number of these sites. The report identified 84 sites and noted that many of them attract anti-social behaviour, make a very limited contribution to the area and are under used. The disposal programme arising from this approval has progressed well.

Contracts for sale have been exchanged with Registered Social Landlords who have made planning applications. As a result, 84 new dwellings have been approved with a further 38 dwellings being considered by the planning department presently. Through this route the problems that these small sites sometimes cause is removed, a capital receipt is secured and, in these cases, the supply of affordable housing has been increased.

- 3.3 The review process in respect of such sites is ongoing and a further number of potential disposal/development opportunities have been identified. These are set out in Appendix 1.
- 3.4 As reviews of this type proceed it is the case that the opportunities identified tend to become more challenging with the increased risk of a sale not proceeding to completion as a result of market conditions, technical difficulties, planning issues or objections to the principle of disposal. Nonetheless, constant and ongoing appraisal of property assets to identify disposal opportunities is a requirement on all local authorities and, especially in this case, is essential to address existing issues and to provide capital receipts to fund spending to support and enhance Council services.
- 3.5 From a policy perspective the Council's Asset Management Plan states that land and property assets should only remain in Council ownership if they:
- need to be retained in Council control for the provision of services
 - are of great value to the Council, community and other stakeholders and are in need of the degree of protection from development or other uses afforded only by ownership
 - are investment properties providing a financial return that can fully satisfy relevant investment criteria
- 3.6 The individual data sheets on each site provide site details and indicate that none of the sites currently appear to meet any of these criteria. Consequently, disposal should be considered.

REASONS AND OPTIONS

4 Reasons for the decision:

- 4.1 In order to improve the efficiency of the Council's portfolio of land and property assets and to generate further capital receipts it is important to ensure that surplus assets continue to be identified for disposal.

5 Other options considered:

- 5.1 If these sites are not sold, the most likely alternative is that they remain in their current use or will remain vacant. Any other alternatives are identified in the individual appendices for each site.
- 5.2 If the sites are not sold it is likely that the capital programme will have to be reduced or funded from borrowing which will incur additional revenue costs.

IMPLICATIONS AND RISKS

6 Financial implications and risks:

- 6.1 Proceeds of sale from the disposals identified in this report have been highlighted as potential receipts within the capital programme and are required to match the existing strategy.
- 6.2 Disposing of the sites would generate capital receipts that would accrue interest until they were used in the capital programme.
- 6.3 Interest on the receipts identified will be dependent on the timing and size of the receipt but will be available until the receipt is used for capital purposes.
- 6.4 Capital presale expenses up to the allowable maximum will be offset against the capital receipt. Any costs over and above this, or of a revenue nature will be met through the prioritisation of existing resources.
- 6.5 Where appropriate other financial implications are highlighted on the individual appendices that deal with each of the proposed disposals.
- 6.6 There is a risk that the disposal proceeds may be less than anticipated or that additional pre sale expenses may be identified in which case the Property Strategy Manager would reconsider the position in consultation with the Cabinet Member for Value.

7 Legal implications and risks:

- 7.1 There are no direct legal implications in the property review itself or in identifying that certain properties are potentially surplus to the Council's requirements and can be sold.
- 7.2 The legal implications for each individual disposal will be considered on a site by site basis as they are brought to the market.

8 Human Resources implications and risks:

- 8.1 The report deals with the disposal of surplus land and buildings and therefore has no direct Human Resources implications or risks

9 Equalities implications and risks:

- 9.1 The report deals with the disposal of surplus land and buildings and therefore has no Equalities or Social Inclusion implications or risks.

BACKGROUND PAPERS

None