

Part 3.3
Appendix B
Code of practice: disposal of property

1. This appendix sets out the code of practice for the disposal of property. The Strategic Director of Place is required to comply with this code when seeking to dispose of property (and where the Strategic Director of Place is recommending to either a Cabinet Member or Cabinet to approve the disposal of property).
2. This code of practice applies to freehold and leasehold disposals.

Method of disposal

3. The Strategic Director of Place shall determine the method by which property should be disposed of. This method should require the open invitation of competitive bids, unless the Cabinet has already agreed an alternative method of disposal or the Strategic Director of Place decides, in consultation with the applicable Cabinet Member that an alternative method of disposal would be appropriate. Examples of possible exceptions include:
 - (a) sale to a sitting tenant
 - (b) sale to adjoining owner
 - (c) sale of an access which would enable a purchaser to release development value locked up in backland
 - (d) sale of a part-interest in a property where amalgamation of interests could enable substantial “marriage value” to be realised
 - (e) sale to a party offering other benefits to the Council, such as a housing association.
4. These examples are given on the basis that the Strategic Director of Place considers that negotiations with one party would produce a higher figure or other benefits than competition, and that the best interests of the Council would be served by allowing such exceptions.
5. Where land is disposed of by auction, it will be subject to a reserve price agreed between the Strategic Director of Place and the auctioneer.
6. Any pre-auction bid shall be accepted only upon the recommendation of the auctioneer.

7. Where land is disposed of by public tender, the Council's standing orders relating to tenders and contracts will be applied as appropriate.

Valuation

8. Terms will not be finalised without the benefit of a current valuation. Every valuation by the Strategic Director of Place shall state the date beyond which it is not to be regarded as valid without further certification by him or her.
9. The general presumption is that all transactions will be in accordance with section 123 of the Local Government Act 1972 and disposal will not be at the consideration less than the best that can reasonably be obtained. The General Disposal Consent 2003 provides a framework for local authorities to agree a disposal at less than best consideration in certain circumstances. This is dealt with in paragraph 7.

Transactions at less than market value

10. Approval must be obtained from Cabinet to all disposals (freehold or leasehold) which are proposed to be less than open market value, unless there is already a defined subsidy policy in place which has been agreed by Full Council or Cabinet for the type of transaction proposed. When Cabinet is invited to consider the principle or details of a below market value transaction, the unrestricted value of the property shall be reported so that the level of subsidy is apparent when a decision is taken.
11. The Council has powers derived from the Housing Act 1985 to dispose of land to Registered Social Landlords at less than open market value. Other cases would be dealt with under the terms of the Local Government Act 1972: General Disposal Consent (England) 2003.