

Disposal of Property Assets

Newport City Council - draft



Introduction

The purpose of this document is to provide a brief overview of how an asset is declared surplus by a Service area before commencing the disposal process and the following progress to disposal of an asset whether by way of freehold sale or leasehold.

Procedure

If a service area has an asset that is surplus to requirements, they must advise the officer Strategy Asset Management Group (SAMG). This allows other service areas to declare an interest in the asset based on service demand and available funding.

If the asset is not required by any of the service areas and is declared surplus by the service area, then a discussion should take place to decide why the Council would continue to hold the asset. The following points should be considered, and the asset added to the SAMG Disposal Tracker, maintained by the Council's property services partner.

Community Benefit

Does the asset currently provide a community benefit? Does the location of the asset mean that the asset could be utilised by a third-party organisation for the benefit of the wider community. If so, the Community Asset Transfer Policy will be considered.

Alternative Use

Is the asset suitable for an alternative use which will assist the Council with meeting other wider goals and objectives – for example supported housing etc. This could include disposal by way of freehold or lease. If yes, this should be considered further, and Council Officers will consider on a case by case basis, considering service demand, risk, community implications, capital and revenue funding requirements and availability. This would also be subject to approval in line with the agreed governance through the Scheme of Delegation.

Investment Asset

If the asset could be classed as an investment asset (no Social Value) to produce income for the Council, the Council's property services partner could advise on an expected income and if agree should be transferred to People, Policy, and Transformation for inclusion in the Commercial and Industrial Portfolio.

Financial return

Whether the asset will achieve significant capital receipt, or provide revenue savings within the Council's medium term revenue budget, or by reducing future liabilities.

Disposal

If no wider community benefits / Social Value and not considered suitable as an income producing asset, the Council could choose to sell the asset to bring in a Capital receipt, subject to approval in line with the agreed Scheme of Delegation. The following disposal process will then be followed.

The Disposal Tracker will be tabled at each SAMG meeting for discussion and with the Council's property services partner at the regular Client meetings. This list will also detail current Community Asset Transfer requests / programme.

Even though an asset has been declared surplus by a Service Area it may not be appropriate to sell it right away. For this reason, the register is reviewed regularly at SAMG. The Service Area will continue to hold the asset as per the managing vacant property protocol.

Once it has been agreed to sell an asset, the Council's property services partner as the Council's property agent look to progress this through to completion. A Disposal report will be prepared which will provide an overview of why the asset was held, detailing why it is no longer required and how its disposal satisfies the councils obligations set out in legislation to include the Wellbeing of Future Generations Act.

As the asset is council owned under Section 123 of Local Government Act 1972, there is a requirement to ensure best value is achieved when disposing of an asset and this is taken into consideration when looking at how to market and sell the property.

There may be occasions when instead of exposing an asset on the open market an individual party is approached directly where this is more appropriate for place based planning.

How an asset is exposed to the market will depend on its value and how it is to be sold. Methods of selling will be through formal/informal tender, through agent / advertising or auction. Assets disposed of via other means result in proposals / responses that need to be considered and a decision made. The Council's property services partner will review all responses and present a summary with recommendations to the Council.

Whilst the Council's property services partner may advise, the final decision on how to proceed lays with the Council, supported by legal and finance advice through the usual governance arrangements.

Once an offer has been accepted, heads of terms are agreed and following appropriate approvals, NCC Legal are advised to complete the disposal process.