

## **APPENDIX 1**

### **DISPOSAL OF LAND/PROPERTY – PROCESS/PROCEDURE NOTE SUMMARY**

#### **CDC LAND/PROPERTY DISPOSALS (Surplus/underperforming assets)**

Property should be deemed surplus if:-

1. It makes a poor/no contribution to delivery of the authority's services (directly or indirectly), nor generates appropriate income and has little/no potential for future service delivery or community regeneration purposes.
2. An alternative site has been identified which would achieve a lower cost and/or more cost effective service delivery.
3. It suffers a lack of condition, suitability, sufficiency, environmental factors against service standards or has adverse running costs and the problems cannot be rectified by economic capital investment such that replacement is required.
4. A change in service delivery methods results in no property being required.

Property should be deemed to be underperforming if:-

1. Part of the property is vacant and likely to remain vacant for some time.
2. The alternative use value is higher and the current use can be relocated elsewhere and still leave a net capital receipt.
3. The beneficial use or financial return (both revenue and capital growth) generated is below that which could be achieved from an alternative use, or a disposal and alternative investment opportunity.
4. It repeatedly scores poorly in property performance assessments (poor condition, suitability, sufficiency, environmental factors against service standards), or has adverse running costs.

#### **Identification of assets for disposal (non-exhaustive list)**

- Disposals will arise in a number of ways, including as follows:-
- Local Plan designation/development of a Local Development Framework.
- Asset Management reviews.
- Service reviews declaring property no longer meeting operational needs.
- Property has potential for development or redevelopment.
- Approaches from outside parties e.g. developers, adjoining owners.
- Entering into development partnerships such as asset backed vehicles or local housing companies.
- Where a statutory duty to transfer arises.

The disposal mechanism is through the Estates Procedural Note for Disposals (last reviewed 2019).

## **Summary of Procedure Note**

### **Disposal of Land and/or Buildings (freehold or long leasehold requiring Cabinet approval)**

- Once declared surplus land or building(s) should be formally handed over to the Estates Service for management and held until a decision is made as to its future operational use or is sold on the open market.
- Land or buildings declared surplus and within the management of the Estates Service should:
- Be included on the vacant property schedule – (this is to ensure that the Estates Technician includes the interest on regular site inspections. (See procedure notes for vacant premises)
- Be brought forward for consideration by the Commercial Programme Board, (CPB), to establish whether there is a direct Council need for the interest or whether it may be used by another service (internal or external) to meet a Council Objective.
- Unless prior approval is obtained from Cabinet, all disposals should be sold for market value using appropriate marketing techniques and in accordance with best practice. In a rare case where it may be conceived that obtaining best value would be to sell direct to a third party with a special interest then this must be prior approved by Cabinet and supported by a valuation that shows clear advantage to the Council to obtain “best interest”.
- Each site may have different requirements and not every site is the same, therefore not all of the following procedure headings will be appropriate for every site and each must be considered individually.

#### **Step 1) Surplus Land/Property Identification**

1. Surplus landed interests (to previous user) to be included on the vacant property schedule.
2. The Estates Technician is to add to regular property inspections.
3. The site is to be referred to the Commercial Programme Board (CPB).
4. Report to the Valuation & Estates Manager before the next scheduled CPB meeting.
5. If the interest is no longer required to meet a Council objective then a report is to be prepared for Cabinet with a recommendation for the interest to be declared surplus to Council requirements.

#### **Step 2) Overview of Potential**

1. Consider potential uses for the interest and where a number of alternative uses apply undertake a brief “Option Appraisal” to evaluate the “best interest” for the Council
2. Consider potential Community Group uses (consult Community and Leisure Services for any known requirements that also meet Council objectives).
3. Analyse “Option appraisal” results.

### **Step 3) Initial Valuation**

1. Surveyor to produce a valuation report for the Valuation & Estates Manager. Figure to be included in the Revenue/capital income budget and the Disposal programme forecast with expected financial year of sale.
2. Expected capital value to be included in the disposal programme (reported annually to Finance).
3. Pre-Disposal Market Sale Investigations.

### **Step 4) Pre-Disposal Investigations**

1. Request a "Report on Title" from Legal Services, to include; encumbrances that may affect the proposed uses of the land or any third party rights over land (Easement, way leaves, rights of way etc.).
2. Check the Local Plan / Local Development Framework, Planning guidance and circulars.
3. Investigate possible development opportunities and obstacles that need to be addressed to enable a proposed development. Check for: scheduled ancient monuments (SAM) or archaeological interests etc.
4. Make enquiries of the Statutory Undertakers to ascertain location of equipment on/under or near site.(Gas, Electric, Water supply, Water – waste/foul, water – surface, telephone, oil, National networks, etc.)
5. Make enquiries of the Highway Authority as to highway status including Footpaths/bridleways as appropriate to the site. Check for publicly maintained highways, and footpaths, cycleways, etc.
6. If applicable, make enquiries of the Environment Agency (EA).
7. Check "Cost of Sales" budget for site preparation funding. Consider Cabinet report to obtain pre-disposal funding if "cost of sales" budget should be inadequate.
8. Check Council's "Standing Order" procedure.
9. If applicable, obtain a land survey (large site areas), geotechnical & contamination report and flora & fauna survey (large site areas or where there are known issues).
10. If applicable, consult Environmental Protection team for known land contamination issues.
11. Obtain informal advice from the LPA to obtain views on proposed development potential/change of use. Enquire as to on-site Tree Preservation Orders.
12. Check Report on Title to establish if the interest is encumbered by third party rights that will affect development.
13. If statutory undertaker services are situated in, over or under the land with or without correct legal documents, open negotiations to ensure their removal. N.B. A number of statutory undertakers may have CPO powers or "Rights" that will need to be considered. Check with Legal Services.

14. Re-evaluate potential uses for the interest and revise and update "Option Appraisal" to evaluate the "best interest" for the Council.
15. Prepare report to Valuation and Estates Manager including recommendation as to potential use and marketing. Update valuation of the site and include potential costs and issues to be incurred/ resolved prior to a disposal.
16. Revise expected sale price and date, to be included in budget forecast for Capital receipts reported to Cabinet, within the disposal programme.
17. For some sites, it may be decided that disposal with planning permission in place will be the best option; in those cases, additional steps will be taken at this stage to obtain the necessary planning permission.

### **Step 6) Marketing**

1. Consider and agree with the Valuation & Estates Manager the most appropriate marketing strategy i.e. In-house or contract-out to a commercial agent, and method of disposal i.e. informal or formal tender, or best offers by a set date etc.
2. If a commercial agent is to be appointed, then following the Valuation & Estates Manager approval, proceed with obtaining quotes. Instruct agent to proceed following receipt of quotes. Ensure quotes are obtained in accordance with the Council's standing orders
3. If marketing in-house, produce a marketing pack, or agree information to be included in an agents pack.
4. Include requirement for bidder to supply financial information and where the funding for the purchase and development of the site is to be sourced and confirm that this is in place to be drawn down on the forecast exchange and completion date.
5. All offers received to be opened by the Council in accordance with "Standing Orders".

### **Step 7) Post Tender Procedure**

1. Financial information supplied by tenderers or offers received, to be sent to Finance for vetting.
2. Estates (with other declared interested departments) to choose preferred/successful bid following and using a decision matrix.
3. Undertake pre-purchaser investigative work.
4. Invite for interview if information included in tender/bid is unclear and or further clarification of bid is required. Score appropriately tender/bid documentation etc. and inform tenderers of outcome.
5. Report offers to Cabinet (unless not required by Delegated Powers or any previous Cabinet resolution).
6. Reporting to Cabinet will depend on existing resolutions and whether the offers are in accordance with Cabinet requirements.

**Step 8) Post Offer Acceptance**

1. Inform bidders of Cabinet approval.
2. Instruct Legal Services to prepare draft documentation and send to purchaser.
3. Negotiate contract detail/answer pre-contract enquiries and expedite contract completion through Legal Services.
4. It is the responsibility of the Estates Service to monitor and expedite sale to final contracts.
5. On receipt of a completion memo from Legal Services stating that contracts have been completed ensure that relevant information is recorded in to the CAPS Estates management system by the Estates Technician.