

CABINET

Corporate Property Strategy 22nd January 2008

Report of Corporate Director (Finance & Performance)

PURPOSE OF REPORT			
To consider a revision to the Corporate Property Strategy to allow consideration of sales of property at less than market value.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Cabinet	<input checked="" type="checkbox"/>
Date Included in Forward Plan			
This report is public.			

OFFICER RECOMMENDATION

- (1) Cabinet are asked to approve an update of the Corporate Property Strategy to provide a framework for allowing consideration of the disposal of assets at less than market value in support of the “well being powers” under the provisions of the ODPM Circular 06/2003, Local Government Act 1972: General Disposal Consent (England) 2003.

1.0 Introduction

- 1.1 At the meeting in December 2007, cabinet resolved:

“That Cabinet updates the Corporate Property Strategy to provide a framework for allowing consideration of the disposal of assets at less than market value in support of the “well being powers” under the provisions of the ODPM Circular 06/2003, Local Government Act 1972: General Disposal Consent (England) 2003 and to bring back the Corporate Property Strategy to Cabinet for approval.”

- 1.2.1 This report provides an update of the relevant section of the Corporate Property Strategy to reflect the Cabinet resolution.

2.0 Proposal Details

- 2.1 The Corporate Property Strategy is a document based on the Asset Management process that the Government has been pursuing in recent years. The current version was approved in 2005 and good practice indicates that it should be updated in 2008.

- 2.2 The Government are in the process of consulting on new guidance and it is likely therefore that a complete revision of the Corporate Property Strategy will be made in the next few months.
- 2.3 In the meantime, the existing the Strategy will continue to be utilised. It comprises of a number of sections, and rather than amend the entire Strategy ahead of the publication of new guidelines, the relevant section on Acquisition and Disposal of Property has been amended to reflect the cabinet resolution, and is attached to this report for approval at Appendix A. In addition the original section of the Strategy is attached at Appendix B to allow comparison.

3.0 Details of Consultation

- 3.1 There has been no consultation on this report.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Option 1 - To update the Corporate Property Strategy to provide a framework for allowing consideration of disposal of assets at less than market value, in support of well being powers. The updating of the Strategy bears no risks in itself. Any risks would arise in individual cases should the Council wish to consider the use of the General Disposal Consent to sell land at an under value.
- 4.2 Option 2 – To update the Corporate Strategy in a manner that reflects Cabinets wishes. This would give the opportunity to consider whether the amount of “under value” referred to in the General Consent is appropriate for the City Council as a District Council. Under the consent, which is available to all authorities regardless of size, the maximum under value is £2m and Cabinet may wish to consider whether a lower value would be appropriate to the City Council. In addition, members may wish to consider whether any additional criteria would be relevant to add into the Corporate Strategy, or whether any are considered to be not relevant. Risks in this option are as identified in option 1.
- 4.3 Option 3 – Make no changes to the Corporate Strategy as currently written until the revised Government guidelines are in place. The existing Strategy would still be in place as would the General Consent, and the Council could consider how to deal with individual cases as they arose. Risks in this option are as identified in option 1.
- 4.4 Option 4 – Confirm the Corporate Property Strategy in its current format and not utilise the discretion of the Council to utilise the provisions of the General Disposal Consent should it be so minded.

5.0 Officer Preferred Option (and comments)

- 5.1 The preferred option is option 1 in which Cabinet is asked to update the Corporate Property Strategy to provide a framework for allowing consideration of the disposal of assets at less than market value in support of the “well being powers” under the provisions of the ODPM Circular 06/2003 Local Government Act 1972: General Disposal Consent (England) 2003.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Property Strategy requires that the council review its asset base and only retain those assets required to meet its agreed objectives and priorities, and where assets are not required for this purpose they should be disposed of at best value. However, this no longer reflects the full range of options now available to the Council.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

There are no specific impact assessments at this stage, although any future development would need to reflect issues such as diversity and Sustainability.

FINANCIAL IMPLICATIONS

Whilst this report has no direct financial implications arising at this stage, in due course it could have very significant and far-reaching implications.

Should Cabinet agree to amend the Corporate Property Strategy, each disposal that sought to utilise the General Disposal Consent would need to be considered on its own merits. There would be the potential to forego the opportunity to receive capital receipts from such disposals, in order to contribute to 'well being'. This could have an adverse impact on the Council's future capital investment plans and on its capacity for further investment, though the draft proposal at Appendix A includes provisions to help mitigate such impact.

The future assessment of the relative merits of disposals considered under the Consent would be crucial, as would ensuring that this takes place within the framework of the Council's overall Capital Investment Strategy.

SECTION 151 OFFICER'S COMMENTS

Updating the Corporate Property Strategy to allow use of the General Disposal Consent is an important decision, given the Council's fiduciary duties to local tax payers and its effective role as "trustee" of public owned assets.

The proposal at Appendix A provides for many factors to be taken into account, to help ensure fairness and to protect the Council's (and local tax payers') interests. Members are advised to satisfy themselves as to whether they feel such factors give sufficient and appropriate protection, for all parties concerned.

In particular, Members are requested to satisfy themselves that the maximum under-value (or income that could be foregone) of £2M is appropriate for the Council. £2M represents around 3% of the Balance Sheet value of land and buildings (excluding council houses) held by the Council as at the end of last financial year, or around 4% of its outstanding capital related debt. As highlighted in the report, £2M applies to all classes of authority, though County Councils, etc will have significantly larger asset bases. A lower ceiling may be considered more appropriate, but this depends on Members' priorities with regard to promoting "well-being" as compared with other corporate objectives and priorities. It is important to realise though that other financial limits may be imposed through the other factors proposed, e.g through state aid limits.

The proposal at Appendix A also makes reference to the Capital Investment Strategy.

Should Cabinet approve an update to allow use of The General Disposal Consent, the Council's Investment Strategy would be updated to reflect this link. This document will be included within Cabinet's budget and policy framework proposals to Council.

LEGAL IMPLICATIONS

The powers contained within O.D.P.M Circular 06/2003 Local Government Act 1972 General Consent (England) 2003 give Local Authorities the authority to dispose of land subject to the provisions contained within. Such statutory framework being satisfied therefore there are no legal implications directly arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer's comments have been incorporated in the drafting of Appendix A. The Monitoring Officer would not support Option 3, as it would be inconsistent to decide not to amend the Strategy whilst at the same time expressing an intention possibly to use the terms of the General Disposal Consent on a case by case basis.

BACKGROUND PAPERS

Corporate Property Strategy.

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