

Acquisition and Disposal

The City Council maintains two separate programmes for the acquisition and disposal of property linked by the Capital Investment Strategy to ensure that the capital programme, which includes property acquisitions, can be adequately funded.

Acquisitions

The acquisition of a new asset in the form of property should follow the agreed procedures as part of the capital programme and the acquisition process should be managed professionally and effectively. Public perception of the process can be damaged as a result of a “wheeler – dealer” approach. Good project management is therefore essential and good practice procedures indicate that a project team approach ensures that the acquisition process is managed effectively and professionally.

Whilst the Head of Property Services should advise on all acquisition processes, the use of in-house staff can be balanced with the use of outside agents to gain the benefits of their expertise. In each case however, Property Services will advise on the information that should flow from each externally procured valuation to ensure that the legal process can be properly completed and the subsequent property management process can be undertaken.

Principles

- All acquisitions must follow the capital programme procedures prior to funding being agreed and be in accordance with the managing Service’s asset management plan
- All projects requiring the acquisition of property should be guided by a project team that includes the sponsoring Service and Property Services as a minimum.
- All acquisitions must be part of a scheme that is included in the Council’s approved capital programme.

Disposals

In recent years the Council’s disposal plan for funding its capital programme has not been particularly significant. However, from 2007/08 there is a major emphasis on disposals to raise receipts to cover a wide range of programmed works with a significant link to the works required to complete the Access to Services Review and the backlog of repairs.

Where property disposals take place, each case should be considered and supported by the Asset Management Working Group. The property disposal programme for each year should also be considered by the Asset Management Working Group as part of its requirements to look at all investment decisions. Any opportunity disposals that arise outside of this programme should be the subject of an officer recommendation to Cabinet in the first instance following full consideration by the Asset Management Working Group.

Principles:

- All property no longer required following a property review should be sold in accordance with the appropriate guidance and on the advice of the Head of Property Services.
- According to circumstances, this should be by negotiated sales, sale by auction or by tender.
- Where appropriate, Development Agreements should be used that ensure that the Council can retain control over major development schemes and yet ensure that maximum consideration is received as required under s123 of the Local Government Act 1972, as amended.
- All land should generally be sold for the best consideration that can reasonably be obtained, subject only to the proviso that, as set out below, land can be sold at an under value if this is in accordance with the provisions of the ODPM Circular 06/2003, Local Government Act 1972: General Disposal Consent (England) 2003.
- Circular 06/2003 provides for a general disposal consent where the following circumstances are met:
 - (a) the authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident in its area:
 - (i) the promotion or improvement of economic well-being,
 - (ii) the promotion or improvement of social well-being,
 - (iii) the promotion or improvement of environmental well-being, and
 - (b) the difference in the unrestricted value of the land to be disposed of, and the consideration for disposal, does not exceed £2,000,000.
- In considering whether to rely on this General Disposal Consent and to sell land for less than the best consideration that could reasonably be obtained, the Council should consider the following aspects for each case:
 - The legal basis in line with the General Disposal Consent. In particular, the Council will need to consider what evidence is available as to whether and how the economic/social/environmental well-being objectives would be met by the proposed disposal of the land.
 - The need to ensure that the Council complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the under value. In particular, the requirements of the Technical Appendix to the Circular must be met.
 - The Council should have regard to its community strategy when considering the application of the well-being objectives.

- The Council's policy/corporate objectives.
- The Council's financial situation and the financial implications (including VAT) of disposing of the land at less than the best consideration that could reasonably be obtained. Use of the General Disposal Consent should not undermine or significantly increase risks associated with the funding of the Council's investment plans/Capital Programme.
- The feasibility of each proposal, i.e. robustness of business case / ongoing viability, supported where appropriate by a fully documented Business Plan
- Alternative options for land / property in question, including uses and valuations
- The interests of the Council tax payers and proportionality; i.e
 - The extent of any economic/social/environmental advantages that will arise from the disposal, balanced against the financial loss to the Council.
 - Justification of the reasons for disposing of a particular piece of land at less than market value, whilst seeking the best consideration for other land.
- Fairness in dealing with third parties who may have an interest in acquiring the land, or in acquiring other land for which full market value is to be sought.
- Whether a sale at an under value would constitute state aid, and if so whether the "aid" is within any prescribed limits.
- Ensure that if the disposal is to be at less than best consideration, controls are in place to cover future disposal, so that the Council's financial interests are protected.