

AGENDA ITEM: 7

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Meeting	Cabinet Resources Committee
Date	10 February 2005
Subject	Property disposals
Report of	Cabinet Members for <ul style="list-style-type: none"> • Resources • Performance, • Partnerships and Best Value
Summary	The report provides a progress up-date in respect of Council owned land and buildings which have been approved for disposal.

Officer Contributors	Dave Stephens, Chief Valuer & Development Manager, Economic and Community Development Julie Oldale, Head of Finance, Borough Treasurer's
Status (public or exempt)	Public – with a separate exempt report
Wards affected	Throughout the Borough as noted in the report
Enclosures	None
For decision by	Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information:
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1. RECOMMENDATIONS

1.1 That the report be noted.

1.2 That no further action be taken in respect to the sum of £5,278.11 owed in respect to the sale of public conveniences at High Road, Barnet.

2. RELEVANT PREVIOUS DECISIONS

2.1 As noted for each property in the exempt report.

2.2 Cabinet Resources Committee 8.7.04 – received the first of a standing item report upon the progress of property disposals.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Corporate Plan commits the Council to “plan and manage land use and development in Barnet to enhance quality of life and provide tangible benefits for the community. The ways in which the various disposals meet this objective were set out in the reports to Cabinet Resources Committee or Cabinet dealing with the disposal of individual properties.

3.2 The budget report to Council on 2nd March 2004 highlighted the dependence of the capital programme on the disposal of surplus land and property and generation of capital receipts. Capital expenditure has to be fully funded in the same financial year and therefore any shortfall would have to be funded from unplanned borrowing and generate unplanned additional revenue costs.

3.3 As part of the response to the Section 11 notice, the Council committed to develop a longer term land and property disposals plan. This plan will integrate with the Asset Management Plan to maximise the potential of the property portfolio held by the Council.

3.4 Officers will be using the Property Review process and the projects scheduled in the Asset Management Plan to identify other potential disposal opportunities.

4 RISK MANAGEMENT ISSUES

4.1 The specific property risk management issues relating to individual properties have been or will be set out in the reports to Cabinet Resources Committee or Cabinet dealing with the disposal of each of those properties.

4.2 In terms of overall corporate risk, the resources made available to the Council from property disposals are integral to the capital programme and assumptions of levels of receipts were made when the budget was agreed. As indicated in 3.2 above, the achievement of the programme is dependent on adequate receipts being available in the relevant years of the forward plan. Slippage in the disposals programme therefore puts the capital programme of the Council at risk and could potentially lead to increased pressure on the revenue budgets due to the burden from additional prudential borrowing. Where this situation arises capital receipts that slip into future years should be set aside for the redemption of this un-planned borrowing rather than be used for further capital projects.

- 4.3 No disposals can be guaranteed. Consequently, other opportunity disposals will be investigated and reported upon during the year.
- 4.4 Over the last 6 months or so the progress of some disposals has faltered as a consequence of defects in the Council's title. Much of the Council's land ownership is not registered. It is not unusual for ownership problems to be revealed further into the disposal process than is desirable with consequential delays whilst work to hopefully resolve the problems is undertaken. Voluntary registration of the whole of the Council's land holdings would be beneficial and this is currently under consideration although there will be resource consequences.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 The specific property issues were or will be set out in the reports to Cabinet Resources Committee or Cabinet dealing with the disposal of individual properties.
- 5.2 The introduction of the Prudential Code from 1st April 2004 means that the government no longer issue borrowing approvals to local authorities. As outlined in the budget report to Council on 2nd March, decisions on the budget must be taken in the context of the Forward Plan with particular attention to the affordability of prudential borrowing required to fund capital expenditure over a longer time frame.
- 5.3 Within the Prudential framework, decisions on capital expenditure now depend upon the availability of a series of funding streams, including capital receipts. Assumptions on the levels of capital receipts were made in setting the Council's budgets over the forward plan period, and also on the levels of revenue resources needed to finance the agreed prudential borrowing. In order to properly monitor the capital programme and sustain the prudential borrowing framework, it is essential to be able to forecast and monitor expected capital receipts over the forward planning period.
- 5.4 A schedule of potential receipts is considered as part of the Corporate monitoring processes. A prudent assessment of the achievability and timing of the disposals is made to establish the certainty of the receipt before it is included in the Capital funding equation. It is currently very difficult to forecast with confidence the levels of disposals beyond 2005-06, which in turn makes financial planning over the whole of the 4 year forward planning period difficult. However, officers are actively working on a possible programme which will be reported to a meetings.

6. LEGAL ISSUES

- 6.1 None.

7. CONSTITUTIONAL POWERS

- 7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property.

8. BACKGROUND INFORMATION

- 8.1 Notwithstanding disposals in previous years, the Council still has a large portfolio of property assets. The majority of these are either held as corporate service properties (i.e. those properties used for service delivery such as schools, offices and libraries) or investment properties (i.e. those properties producing an annual rental income for the Council – although, in terms of asset accounting purposes very few of the rented properties count purely as investments). There are also assets held for the provision of community benefits such as community centres and parks. There is a continuing decline in the number of easily identified surplus assets, such as vacant plots of vacant land, which can readily be offered for sale on the open market.
- 8.2 In accordance with both the stated Asset Management Plan project (Property Review – To review all land and property holdings to identify ... for disposal those properties not meeting the necessary criteria for future service delivery purposes) and good estate management practice, the whole of the portfolio is subject to an on-going review with a view to optimising the use and/or maximising the return from the property assets or identifying assets which may potentially be suitable for disposal.
- 8.3 The exempt report contains a schedule of those property assets which have been approved for disposal, providing a position status for each. This version of the schedule includes reference to the property assets to be transferred to our partners in the housing regeneration areas and similar redevelopment schemes although these are subject to approval by future meetings of the Cabinet Resources Committee or the Cabinet.
- 8.4 The schedule and programme are included within the exempt report because whilst some properties have been approved for disposal others have not and a significant number of the properties are still subject to the conclusion of tendering or negotiations and therefore the information could be commercially sensitive.
- 8.5 The following approved disposals have been completed within the current financial year:
Hertford Lodge, East End Road
Friern Barnet Town Hall (excluding the annex at this stage)
Former Ambulance station and depot at Leicester Road/Lytton Road, New Barnet
Land at Bittacy Rise, NW7
Land at Greenbank Crescent, NW4
Public conveniences, High Road, Barnet
Land at Norfolk Close, N2
The Leys
- 8.6 Members may recall that the public conveniences at High Road, Barnet were knocked-down at the first auction for a top bid of £92,000. The bidder paid the necessary 10% deposit (£9,200) but failed to complete the purchase. The Council retained the deposit. The property was offered for sale at a subsequent auction and sold for £87,000 – a £5,000 short-fall on the original auction bid. This sum was covered by the retained deposit. However, the Council was entitled to seek to recover the additional costs incurred and the loss of interest from the original purchaser. He was pursued for a sum of £5,228.11 but it has not been possible to recover this sum at reasonable cost and consequently the matter will not be pursued further.

- 8.7 In light of the current position with negotiations or planning applications, it is anticipated that the following additional disposals/receipts may be achieved by 31st March 2005:
- Land at Hankins Lane
 - Land at Great Strand
 - Park House
 - The Leys – balance of the receipt
 - Watling Avenue shops.

9. LIST OF BACKGROUND PAPERS

- 9.1 None

MO: POJ

BT: CM