

**AGENDA ITEM: 10**

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Meeting	Cabinet Resources Committee
Date	21 July 2005
<b>Subject</b>	<b>Property Disposals</b>
Report of	Cabinet Member for Resources Cabinet Member for Policy and Performance
Summary	The report provides a progress up-date in respect of Council owned land and buildings, which have been approved for disposal, and considers disposals connected with the various regeneration scheme.

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Officer Contributors	Dave Stephens, Chief Valuer & Development Manager Pam Kettle, Head of Finance – Core Accountancy
Status (public or exempt)	Public – with a separate exempt report
Wards affected	Throughout the Borough as noted in the report
Enclosures	Appendix 1
For decision by	The 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 content of the report be noted.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 As noted for each property in the exempt report.
- 2.2 Cabinet Resources Committee 10.2.05 – received the second 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 improved asset and contract management. Comments upon how the disposals referred to in this report were or will be set out in reports to Cabinet Resources Committee or Cabinet dealing with the disposal of individual properties.
- 3.2 The budget report to Council on 2<sup>nd</sup> 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 The achievement of disposals is significantly influenced by the ease or otherwise in securing planning permission and whether or not offers are made unconditionally or subject to conditions. Where conditions attach it is not unusual for transactions to take two or more years to complete – and in some instances, if the conditions are not met, then completion may not take place at all. To counter these difficulties the disposals programme includes a larger number of properties for potential disposal in any one year than will actually be achieved. This thereby provides a degree of flexibility.

## **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 As part of the capital planning process capital receipts are identified as a source of funding capital spending. 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 2006-07, which in turn makes financial planning over the whole of the 5 year forward planning period difficult. However, the attached five year programme (Appendix 1) identifies potential property disposals that could generate future capital receipts.

## **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 With a gross asset valuation of circa £4bn it is clear that the Council still has a large portfolio of land and property assets. However, 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. Thus, with an on-going disposals programme there will be 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. More often potential disposals arise from the better management and utilisation of assets and the implementation of strategies such as the accommodation strategy.

- 8.2 In line with the stated intentions in the Asset Management Plan and with 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. The schedule includes reference to the property assets which may 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 previous financial year:

Hertford Lodge, East End Road

Friern Barnet Town Hall and annex

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

Land at Hartley Avenue

In addition, the final two payments for the former curriculum centre were received from Barnet College.

- 8.6 Other properties which were the subject of negotiations or disposals approval in 2004/05 but which have not yet sold have now been moved into this years programme.

## **9 LIST OF BACKGROUND PAPERS**

- 9.1 None.

MO: RAB

BT: CM

POTENTIAL DISPOSALS

APPENDIX 1

5 YEAR PROGRAMME

2005/06 PROPERTY - GENERAL FUND	2006/07 PROPERTY - GENERAL FUND	2007/08 PROPERTY - GENERAL FUND	2008/09 PROPERTY - GENERAL FUND	2009/10 PROPERTY - GENERAL FUND
Totteridge Library	Church Farm	Friern sewage works phase 2	Land at Trott Road - subject to MOL change	Cricklewood phase 3
South Friern Lib	Watling Avenue car park	Perryfields	Land at Colney Hatch Lane - subject to MOL change	
Park House	Friern sewage - phase 1	Daws Lane offices, NW7 - subject to change of green belt status	Garden Centre, Daws Lane - subject to MOL change	
HFC	Cricklewood phase 1 - part	Cricklewood Phase 1 part	Cricklewood phase 2	
Watling Boys Club land at Hankins Lane	176 Hendon Way The Bull Theatre			
Lyndhurst Avenue	Deansbrook Sports Ground			
Land fronting 1105/1111 High Road, N20				
Land at Bunns Lane				
Land at Grahame Park Way				
Darlands Farm 31 Green Road				
Deansbrook Day Centre NCR lands				

Land at Great Strand  
The Leys  
East End Road tennis  
courts

**PROPERTY - HRA**

Spencer House  
14 Green Road  
  
Burnt Oak freeholds  
  
Gervase Road  
129 West Hendon  
Broadway, NW9  
225a Watling Avenue

**PROPERTY - HRA**

4-10 Hermitage Lane  
Watling Avenue  
shops  
site at Alexandra  
Road