

## **Divisions Affected – All**

### **CABINET 23 January 2024**

#### **Capital Asset Disposal Process Report of Performance and Corporate Services Overview & Scrutiny Committee**

### **RECOMMENDATION**

1. The Cabinet is **RECOMMENDED** to —
  - a) Agree to respond to the recommendations contained in the body of this report, and
  - b) Agree that relevant officers will continue to update Scrutiny for 12 months on progress made against actions committed to in response to the recommendations, or until they are completed (if earlier).

### **REQUIREMENT TO RESPOND**

2. In accordance with section 9FE of the Local Government Act 2000, the Performance and Corporate Services Overview & Scrutiny Committee requires that, within two months of the consideration of this report, the Cabinet publish a response to this report and its recommendation.

### **INTRODUCTION AND OVERVIEW**

3. The Performance Overview and Scrutiny Committee considered a report on the Council's Capital Asset Disposal Process at its meeting on 29 September 2023.
4. The Committee would like to thank Cllr Calum Miller, then-Cabinet portfolio holder for Finance, Lorna Baxter, Director of Finance, and Michael Smedley, Head of Assets, Estates and Investment, for preparing and introducing the report, and for attending to answer questions.

## SUMMARY

5. Cllr Miller introduced the topic by explaining that the mere existence of the Council's capital asset disposal process marked significant progress; two years previously the Council's asset register had been out of date, having fallen into disrepair following the integration of Carillion staff into the Council. It was noted that there had been much discussion about the role of members in decisions around disposals of property, particularly given public interest in some sites, and that the aim of the process was to provide clarity over how such disposals would be undertaken, keeping in mind its legal obligations around best value. Whilst 'disposal' was the term used to describe the process of determining capital assets to be surplus to Council requirements, engaging with local communities to determine demand for the asset, and going out to market if none arose, did not mean there was either a fire-sale, or that market sales were the only avenue considered. Furthermore, such disposals formed part of a wider strategy in relation to the Council's assets, where decisions on both sales and purchases were made with the Council's long-term financial stability in mind, as well as current and future service requirements.
6. In response to the presentation, the Committee discussed a number of points, including the reasons for there being no policy outlining the Council's priorities when making capital asset disposals, the particular value of cooperative housing, the political shape of the Council and the adequacy of current governance arrangements around disposals, and the learning from other councils over decarbonisation.
7. The Committee makes three recommendations, focusing on clarifying and achieving the outcomes the Council seeks through capital asset disposals, and member communication.

## RECOMMENDATIONS

8. Sitting above any decision to dispose of a capital asset and its potential future uses are the six strategic objectives outlined in the Council's Property and Asset Strategy: 1) Facilitating service delivery, 2) Supporting Oxfordshire communities, 3) Decarbonising our corporate buildings, 4) Enabling agile working and rationalisation of the estate, 5) Maximising our potential investments, and 6) Investing in our schools. What the Council does not have is a policy sitting between individual potential asset disposals and high-level strategic objectives outlining the Council's priorities when making disposals, including who, how the Council would consult, for what purpose assets would be preferred to be disposed of and how different strategic priorities would be weighted.
9. The Committee takes on board the response provided to this challenge, that the best way to get most out of sites, each with their unique characteristics, is to remain completely flexible. This enables it to avoid being fettered by a policy which may not completely align with or appreciate the specific characteristics of the site, nor might it be equipped to include the impact on

the Council of outcomes of other disposals on a particular decision. On the other hand, this approach does have some downsides.

10. Notably, given the different tiers of governance, lower-value but still potentially important assets for residents might be disposed of with only the remote member input of having agreed the strategic priorities. This lacks democratic accountability. Furthermore, allowing officers to make decisions on asset disposals with little steer as to how to weight different priorities is also not particularly transparent. Finally, the Committee is in disagreement with the idea that a policy might be susceptible to making good decisions at an individual level, but that the sum of decisions made under it may not be optimal.
11. To make good decisions it is necessary to be clear on the outcomes you wish to achieve, to know what you are aiming for and to measure possible courses of action against. The Committee considers that the Strategic Priorities are too high level to be meaningful in this regard and the Committee argues that a policy is necessary to develop a vision of the place it wishes to develop and objectives it wishes to achieve through its asset disposals.

**Recommendation 1: That the Council develops a more detailed framework or policy around the outcomes it wishes to see when disposing of capital assets**

12. Strategic Objective 2 of the Council's Property and Asset Strategy is 'Supporting Oxfordshire's Communities'. More specifically, this involves 'working closely with our community and voluntary sector stakeholder to maintain facilities in key locations closer to our residents' and 'focussing on social impact and leveraging the role of our assets and activities in supporting community resilience'. Though more specific, these remain very broad.
13. The Committee's view is that one of the keenest pressures on communities in the county is housing availability and affordability. This pressure merits being recognised specifically. As an illustration of the usefulness of having an picture of what the Council wishes to achieve through its capital asset disposals, the Committee suggests that housing cooperatives are a particularly socially advantageous means through which to address housing availability and affordability.
14. The Committee would like to see the promotion of these, either as part of the policy referenced above, or within the Council's Property and Asset Strategy, as a stated aim of the Council when disposing of assets. As such, it also wishes to see the Council engaging in discussions with local cooperative housing providers to explore opportunities and interest at an early stage.

**Recommendation 2: That the Council amends the strategic objectives it seeks to achieve through an asset disposal to include cooperative housing within objective 2, and that the Council undertakes to engage with cooperative housing providers.**

15. A further (or alternative) means of mitigating the Committee's concerns over passing decisions over asset disposals over to officers, who are not usually part of the community in which the asset sits, is earlier involvement of members. This is felt to be a particular issue for opposition members, given the ongoing interest and updates the Cabinet Member for Finance will have in all capital asset disposals and the expected internal discussions within the administration.
16. Members are elected to represent their divisions. They are better placed than a small team of officers tasked with making decisions across the whole county to understand what the needs of a specific locality are, what opportunities exist, and whom officers might need to speak to in order to explore these opportunities further. If the Council is to engage with local communities to determine demand for assets to be disposed of before going to market, the local knowledge of members is vital in ensuring opportunities are not missed.
17. The Committee encourages much earlier discussion with members to take place as a matter of course to ensure opportunities to achieve the Council's strategic objectives through capital asset disposals are maximised.

**Recommendation 3: That the Council conveys information about potential asset disposals to opposition parties at an earlier point and consults with them over potential uses and helpful community contacts.**

## **OBSERVATION**

18. Strategic objective 3 of the Property and Asset Strategy concerns the decarbonisation of the Council's estate. Whether or not the Council decides to move away from County Hall or not it would do well to learn from other authorities which have significantly decarbonised their municipal buildings. Hampshire County Council is relatively nearby and has recently undertaken a significant programme of decarbonisation, including at their County Hall. The Committee sees value in the Council organising a site visit for relevant staff and interested councillors to see and learn from what has been achieved in Hampshire so as to inform the Council's own decarbonisation efforts.

**Observation 1: The Committee sees value in learning from Hampshire County Council's decarbonisation efforts and encourages the Council to consider arranging a site visit.**

## **FURTHER CONSIDERATION**

19. The Committee is not anticipating it will look at this issue directly again in the medium term, but by the time of Cabinet it will have considered specific

instances of potential disposals through the City Centre Accommodation Strategy. This will likely be how this issue will be addressed into the future.

## LEGAL IMPLICATIONS

20. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
21. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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Annex: Pro-forma Response Template

Background papers: None

Other Documents: None

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