



Performance & Corporate Services Overview & Scrutiny Committee

29th September 2023

Capital Asset Disposal



Capital Asset Disposal Process 1

- Prior to the disposal of a capital asset (property or land), it must have been declared surplus for statutory requirements. Services need to have confirmed that they have no immediate or future need for the asset to deliver any statutory requirements of the Council. There is also wider engagement to ascertain interest from partners or other parties.
- Disposals should be in line with the Property & Asset Strategy objectives
- Each capital asset will be unique in its consideration of disposal depending on the market conditions and developer (including other LA partners).
- All disposals need to meet the requirement of achieving the Best Value requirement under s123 of LG Act 1972.



Capital Asset Disposal Process 2

- Depending on the value of any disposal, a report with recommendations will be prepared as per the Council's Capital Governance process and financial regulations, and relevant board(s) or Cabinet approval is sought.
 - Property Capital Board
 - Strategic Capital Board
 - Cabinet
- As set out in Financial Regulations and the Capital Strategy approved by Council annually, all capital receipts generated through the disposal of land or property assets are treated as a corporate resource and used to support the capital programme unless it is specifically agreed otherwise by Cabinet based on recommendations by the Strategic Capital Board



Capital Disposal Approval Limits

5.5.1 Approval Limits

The Director for Property should seek appropriate financial and legal advice before any disposal. **The Council's protocols concerning member engagement will be followed for all land and property disposals.** Then, depending on the value of the disposal, different levels of approval are needed, as follows:

- (i) Where the estimated disposal value is *less than £500k*, the **Director for Property may arrange for the disposal of land or property, in consultation and support with the Property Capital Programme Board subject to complying with the requirement to record decisions by officers, as set out in the Constitution.**
- (ii) Where the estimated disposal value is greater than **£500k**, a decision by the **Strategic Capital Board** to proceed with the disposal is required.
- (iii) Where the estimated disposal value of individual property assets is **£1million or more, a decision by Cabinet** to proceed with the disposal is required.



Best Value Requirements

Local authorities are given powers under the Local Government Act 1972 to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements.

Section 123 of the Local Government Act 1972 specifies that surplus property should be sold on the open market for the best consideration that can reasonably be achieved.

There are a number of exemptions to Section 123 that enable local authorities to make discounted disposals when they think they are justified on [social, environmental or economic grounds](#).

Under the exemptions, there is a legal discounted threshold of £2m. If we exceed this, the secretary of state's approval is required. This is reflected in the Financial Regulations



Discounted Approval Limits

- (i) Where the *'undervalue' is less than £50,000*, the Director for Property may arrange for the disposal of the land or property
- (ii) Where the *'undervalue' is between £50,000 and £500,000*, the Director for Property must prepare a report to the **Property Capital Programme Board** requesting approval to proceed with the disposal
- (iii) Where the *'undervalue' is £500,000 or more* a report to the **Strategic Capital Board** requesting its approval to proceed with the disposal is required.
- (iv) Where the *'undervalue' is over £1,000,000* **Cabinet** must approve the disposal.



Property & Asset Strategy

Cabinet approved the overarching Property & Asset Strategy in November 2022. This set out a long term vision and six strategic objectives.

The county council's
long-term vision for
its estate is:

TO CREATE AN EFFICIENT, INNOVATIVE AND ACCESSIBLE PROPERTY ESTATE, WHICH DELIVERS OUR CLIMATE ACTION OBJECTIVES AND GENERATES SOCIAL VALUE FOR OUR RESIDENTS, WORKFORCE AND CUSTOMERS OF THE PROPERTY SERVICE. WHEREVER POSSIBLE WE WILL USE OUR ESTATE TO SUPPORT REGENERATION AND THE LONG TERM FINANCIAL SUSTAINABILITY OF THE COUNCIL.



6 Strategic objectives

The long-term vision for Oxfordshire County Council's property and estates assets is underpinned by six strategic objectives.

1

Facilitating service delivery

- Maintaining fit for purpose operational accommodation in suitable locations and creating places and spaces that support the effective delivery of public services.
- Investing in solutions to support outcomes for Oxfordshire residents using our adults and children's services and ensuring our operational estate is welcoming and accessible for service users.

2

Supporting Oxfordshire communities

- Working closely with our community and voluntary sector stakeholders to maintain facilities in key locations closer to our residents.
- Focussing on social impact and leveraging the role of our assets and activities in supporting community resilience.

3

Decarbonising our corporate buildings

- Developing and implementing a comprehensive approach to reducing the environmental impact of our estate, in line with our corporate climate commitments.

4

Enabling agile working and rationalisation of the estate

- Working to improve our existing operational portfolio by creating modern, flexible and functional workplaces.
- We will identify and rationalise underutilised workspaces and seek co-location opportunities with partners wherever possible.

5

Maximising our potential investments

- Undertaking asset performance review and investing in (or disposing of) assets to support the council's financial sustainability.
- Working to address legacy backlog maintenance and refurbishment to maintain the quality and value of the estate and where appropriate to generate income.

6

Investing in our schools

- Working to meet the increasing demand for pupil places through delivering new schools and improving existing assets.





Property & Asset Strategy – Priorities for first year (to Nov 23)

- Agree a road map for Oxford city centre accommodation and the rationalisation of office and operational accommodation across the county
- Develop costed business case to implement the agreed road map
- Plan to give up leased properties realising savings through rationalisation
- Plan to reutilise or dispose of key empty properties including Glebe House and Speedwell House
- Develop options and feasibility for implementation of community hub (next twelve months).
- Ongoing delivery of decarbonisation programme



Current Priorities & Activities

- City Centre Accommodation
 - Next Steps Outline Business Case
 - CAG / PCB / SCB / IC / Cabinet (Oct/Nov)
- Rewley Rd Site
 - Cabinet approval to proceed with disposal
- OUFC
 - Cabinet approval to proceed with lease
- Disposal Planned Capital Receipts – 23/24 : 24/25 : 25/26
 - non-operational assets which range from sites that are already contracted to be sold, to sites that require planning applications to be submitted, and former OCC owned land where OCC retained rights to overage payments from future developments
 - key stakeholders as part of the disposal process



Engagement with Social Housing Providers

The Estates team are in regular dialogue with a number of Social Housing providers to identify and deliver opportunities. Examples include:

- Terms agreed with Oxford City Council for the sale of Northfield House site for social housing having jointly submitted a planning application for a larger development (Cabinet Member decision in September)
- Ongoing discussions with social housing providers for vacant sites e.g. Glebe House , Kidlington.
- Discussions with Oxford Hospital Charity about development of sites for keyworker housing.
- Ongoing discussions with Academy Trust looking at key worker housing on school sites.
- Opportunities reviewed, with sister organisations, through direct relationships and One Public Estate.