

Subject: DISPOSAL OF SURPLUS
PROPERTIES - DECISION
FRAMEWORK

Status: For Publication

Report to: THE CABINET

Date: 5th July 2006

Report of: Executive Director of Resources

Portfolio

Holder: Finance and Risk Management

Key Decision:

NO (Matter for Council Approval)

Forward Plan
Relevant Box

General Exception

Special Urgency

"X" In

1. PURPOSE OF REPORT

- 1.1 To secure agreement to the process by which the Council will authorise the disposal of assets deemed surplus to its operational requirements

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Financial Management – through defining clear processes through which the Council will make decisions about the realisation of the investment tied up in property assets.*

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- There is a lack of clarity in the current decision making process which leads to risk in terms of inappropriate or inadequate scrutiny of decisions and to the possibility of decisions being made at the wrong level in the organisation.

- The lack of clarity exposes the Council to risk of having its decisions challenged. However, over the last 12 months this has been mitigated through major disposal decisions for surplus property being taken at full Council.
- There is a risk that decisions are currently being made on an inconsistent basis that does not link to the delivery of the corporate priorities.

4. BACKGROUND AND OPTIONS

- 4.1 The Council's current constitution makes no provision for a procedure by which the Council can make decisions to dispose of assets which are no longer required for the provision of services, or which have ceased to have an economic benefit to the Council. There is, however, a longstanding extra-constitutional procedure (the Purchase, Lease Rental (PLR) Scheme) to deal with circumstances where the Council is approached to sell land or property, although this generally relates to small parcels of land for garden or parking use.
- 4.2 It is important that there is clarity in relation to the decision making process for any property transaction to ensure both that the interests of the Council generally and the position of officers handling such transactions is protected. Any transaction must begin with a formal decision that the particular asset is surplus to the Council's requirements. This is implicit in the operation of the PLR scheme; however, there are no criteria against which to judge this decision. Criteria of this sort will be developed as part of the disposals policy within the Asset Management Plan and Capital Strategy suite of documents.
- 4.3 The question that arises, given that appropriate criteria for determining that something is surplus are developed is where this determination should be made. Under the PLR scheme this effectively rests with the Head of Legal and Democratic Services for assets valued at up to £100,000. For the assets identified as surplus as part of the Accommodation Strategy the decision was made by Full Council, although under a formal Cabinet system, as now operates, such decisions are made by the Cabinet as they are an Executive matter. It is suggested that future responsibility be allocated as follows: -

CATEGORY	DECISION MAKER
For assets valued up to £100,000 by the Council's Valuer	Executive Director and Resources (as the Corporate Property Officer) in consultation with the portfolio holder for Finance and Risk Management
For assets valued at over £100,000 by the Council's Valuer	The Cabinet

- 4.4 This means that for each asset identified for disposal there will be a clear recorded decision which can be examined against criteria which will previously have been scrutinised and approved by members. The mechanisms used for consulting the wider membership of the Council used within the PLR scheme at present will not be changed.
- 4.5 The usual form of resolution where a disposal is being authorised would be
 “To declare x surplus to the Council’s requirements and authorise its disposal on terms to be agreed by the Head of Legal and Democratic Services“.
- 4.6 As in most Councils the power to agree terms is circumscribed by a value threshold, in Rossendale of £100,000. It is not proposed to change this, however, where the highest offer is being accepted and the offer either matches or exceeds the Council’s valuation it would seem sensible to extend the current delegation. Thus it is recommended that Council be asked to grant authority as set out below.

CATEGORY	DECISION MAKER
All acquisitions /disposals of land , buildings or other property interests where the Council’s valuer values the property at less than £100,000	Head of Legal and Democratic Services in consultation with the relevant portfolio holder
To refuse requests for the purchase or lease of land or property vested in the Council on the grounds that disposal would not be in the interests of the Council	Head of Legal and Democratic Services in consultation with the relevant portfolio holder
All acquisitions /disposals of land , buildings or other property interests where the Council’s valuer values the property at more than £100,000 but less than £250,000 and it is proposed to accept the highest bid and the highest bid matches or exceeds that of the Council’s valuer.	Head of Legal and Democratic Services in consultation with the relevant portfolio holder
All acquisitions /disposals of land , buildings or other property interests where the Council’s valuer values the property at more than £250,000 but less than 1 million and it is proposed to accept the highest bid and the highest bid matches or exceeds that of the Council’s valuer. In all cases whatever the value where the buyer is either an elected member or a member of the Council staff .	The Cabinet The Cabinet
All disposals where the Council’s valuer values the property at over £100,000 and it is proposed to accept either a bid other than the highest, or where the highest bid neither matches nor exceeds that of the Council’s valuer	The Cabinet

4.7 A more clearly defined set of authorities of this sort will also ensure that most member attention is devoted to those transactions where there is a departure from the norm and concentrates attention on the initial decision to dispose of an asset rather than whether or not to accept a particular bid which confirms to the expectations for a transaction. In addition transactions with a value in excess of £100,000 will constitute key decisions, require publication in the Forward Plan and will be subject to the call in provisions in the Constitution.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

5.1 The report and recommendations further improve the Councils procedures and understanding in matters of finance and risk management.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

6.1 This constitutes an amendment to the Councils Constitution . As such this report is required to proceed via the Standards Committee and Full Council

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

7.1 There are no Human Resource implications arising from this report.

8. CONCLUSION

8.1 Current processes in relation to asset disposal are less clear than they should be and it is important that the issue is addressed in order to reduce the Council's potential risk exposure.

9. RECOMMENDATIONS

9.1 The Cabinet are recommended to recommend that the Council authorise the Head of Legal and Democratic Services to amend the scheme of delegation in the terms set out in the tables at paragraphs 4.3 and 4.6 of this report.

10. CONSULTATION CARRIED OUT

10.1 Chief Executive, Portfolio Holder for Finance and Risk Management, Statutory Officers.

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No background papers