

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 8
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TITLE OF REPORT : LAND AND PROPERTY DISPOSALS

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

1. SUMMARY

- 1.1 To seek the Committee's views on the disposal of Council owned property Baldock Town Hall prior to consideration by Cabinet on 25th January 2011.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that was first notified to the public on the forward plan December 2010.

3. BACKGROUND

- 3.1 The District Council owns Baldock Town Hall. Our property holdings are reviewed on a regular basis as part of our Asset Management Plan and the latest review has identified a number of properties including Baldock Town Hall that may be suitable for disposal. The plan attached is approximate and for identification purposes only.
- 3.2 At its meeting of 18 November 2010 the Council's Asset Management Group reviewed a number of potential properties and land for disposal including Baldock Town Hall. Following the meeting the Officers have not identified any requirements for use of Baldock Town Hall for the Council's service delivery.
- 3.3 There are a number of constraints that may delay or frustrate potential property disposals including the obtaining of planning permission for change of use or for development, legal issues such as restrictive covenants, supply and demand for property, market confidence and availability of finance.
- 3.4 In order to minimise abortive work both Legal Services and Planning Services will be consulted before commencing marketing of the various individual sites and buildings to be considered by Cabinet. Depending upon their responses, some of the identified properties that will be reported to Cabinet may not turn out to be suitable for disposal.
- 3.5 Ideally the timing of disposals needs to be influenced by property market conditions. When values are low it may be preferable to defer disposals until the property market improves and values increase. It is not possible to accurately predict what will happen with the property values and financial markets over the medium to long term. Values could increase or drop further.

- 3.6 Another issue to consider is the balance between capital receipts and rental (revenue) income. Currently Baldock Town Hall requires expenditure but does not produce any rental income. The benefit of the sale of non income producing properties is that they provide a capital receipt without either reducing income or bring to an end annual expenditure.
- 3.7 Having considered a number of sites and properties including Baldock Town Hall, Officers have concluded that a disposal programme could be drawn up with a view to identifying capital receipts to help fund the future capital programme.

4. ISSUES

- 4.1 Baldock Town Hall has been vacant since 31 July 2005. Since then it has been used for a few weeks for an Arts Festival.
- 4.2 On the 8 December 2010 the Town Hall Group, comprising representatives of The Baldock Community Centre, The Baldock Mail, The Baldock Festival, The Baldock Museum and Local History Society, The Baldock Society, The Baldock Town and District Partnership, Joanna Cherry and Dr Jennifer Gosling, submitted a formal expression of interest in the use of the Town Hall. A copy of the letter is attached to this report. The proposal is subject to "a considerable amount of detailed planning to be undertaken by the group before it can commit". The group have raised issues regarding the condition of the building if it was handed over to them and have indicated they need to explore the potential of other funding streams and grants. It is not clear who these would be, the likelihood of success, if it would include the District Council and any special requirements prospective funders may require from the District Council. The Town Hall Group are looking for a lease from NHDC and have requested information on likely terms under which such a lease might be granted. Cabinet will be informed of this expression of interest.
- 4.3 Over the last four years approximately £1,500 per annum average has been spent on building maintenance. Additional costs include business rates and statutory services such as electricity and sewerage. If the building was leased to the Town Hall Group the running costs are likely to be higher. It is not clear from the Town Hall Group's letter who would fund the works to improve the condition of the buildings. It is too early to establish if the Town Hall Group's income would exceed expenditure or how much time they need to make a more detailed proposal to the District Council. The Group has asked the Council to provide additional information.

5. LEGAL IMPLICATIONS

- 5.1 Cabinet has within its terms of reference to prepare and agree to implement policies and strategies other than those reserved to Council.
- 5.2 Where land or property has been declared surplus to requirements the Strategic Director of Finance Policy and Governance shall have authority to dispose of land for consideration not exceeding £250,000.
- 5.3 Even after land or property has been declared surplus to requirements, a resolution of Cabinet would be required to dispose of the land where consideration exceeds £250,000 but does not exceed £2,500,000. Where the consideration exceeds £2,500,000 a resolution of Council would be required to dispose of the land.

5.4 The Contract Procurement Rules and specifically Appendix F apply to the sales of land or property. If Cabinet follows the recommendation in this report then the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.

5.5 Under Section 123 of the Local Government Act 1972 a Council has the power to dispose of land or property in any manner it wishes. However under the Council's constitution the Council may only dispose of land using the following methods:

- Private Treaty
- Public Auction
- Formal Tender
- Informal Tender
- Statutory offer back to the former owner
- Grant of a long lease i.e. a virtual freehold

5.6 Section 123 of the Local Government Act 1972 requires the Council not to dispose of land or property for a consideration less than the best that can be reasonably be obtained, unless the Secretary of State consent to the disposal.

5.7 The Secretary of State has issues a general consent in the form of The General Disposal Consent (England) 2003. This means that specific consent is not required for any disposal for less than the best consideration reasonably obtainable where:

The Council considers that the disposal will help it secure the promotion or improvement of the economic, social or environmental well being of its area; and

The undervalue does not exceed £2,000,000

5.8 There will be specific legal implications for each property. Issues such as (without limitation) covenants on title, easements burdening the land, and rights of third parties, may complicate or prohibit disposal. Such issues will be identified as a result of a detailed analysis of the title deeds and documents relating to each site. This analysis will be undertaken in respect of any site declared surplus to requirements to the extent that such analysis has not already been completed.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 Application of an asset disposal programme will provide funds for future capital investment.

6.2 Disposing of assets reduces the risk to the Council arising from the duties under the Occupiers Liability Act 1957 and 1984. The Council is currently maintaining property insurance cover for Baldock Town Hall. Disposal of assets would remove the insurance costs as well as general maintenance responsibilities and costs of the building.

7. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

7.1 The Council's Asset Disposal Strategy, approved in July 2004, sets out that consultation should follow the following process; *"the relevant Ward Member(s) will be consulted on any proposals and consideration be given to wider community consultation. Following consultation a report on the officers recommendations will be presented to the appropriate Area Committee for their views before seeking approval from the relevant delegated Member or Committee"*.

7.2 As part of the consultation Baldock Area Committee's views are sought. Its recommendations will be reported on the night of the Cabinet meeting of 25th January 2011.

7.3 The Baldock Town Hall Group will be informed of the reports to Baldock Area and Cabinet Committees. Consultation with outside organisations is not necessary.

8. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

8.1 There are no human resource or equality implications arising from this report.

9. RECOMMENDATIONS

9.1 That as part of the consultation process, the Committee gives its views to Cabinet on the proposal to dispose Baldock Town.

10. REASONS FOR RECOMMENDATIONS

10.1 To provide financial receipts to help fund the 2011 to 2015 capital programme programme.

11. LOCATION PLAN

11.1 Plan attached for identification purposes only

12. REPORT AUTHOR

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14. BACKGROUND PAPERS

14.1 Land holding records.

14.2 Letter Baldock Community Centre Association, 8 December 2010