

# **POLICY FOR THE DISPOSAL OF PROPERTY**

## **1. INTRODUCTION:**

- 1.1. Gloucestershire County Council (GCC) property, comprising land and buildings, is owned corporately
- 1.2. The disposal of surplus property forms a crucial aspect of managing GCC's estate, ensuring effective use is made of property assets
- 1.3. Property disposals will reflect the requirements of the current organisation
- 1.4. Disposals must secure the optimum benefit for Gloucestershire and demonstrate propriety
- 1.5. For the purposes of this policy property disposals include the granting of any leasehold interest in GCC property for a term exceeding forty nine years, but not such leases required under statutory arrangements e.g. the Academies Act 2010.

## **2. POLICY OBJECTIVES:**

- 2.1. Set out a procedure for declaring property surplus and agreeing an annual disposals programme to meet the Council's budgetary requirements
- 2.2. Ensure the proper discharge of the Council's duties and policies
- 2.3. Ensure disposals are undertaken in a transparent and fair manner whilst obtaining best value for GCC

## **3. STATUTORY REQUIREMENTS**

- 3.1. Section 123 of the Local Government Act 1972 requires GCC to obtain the best consideration that can reasonably be obtained when disposing of property, except with consent of the Secretary of State
  - 3.1.1. Circular 06/03 permits GCC to sell property at less than best consideration without the need to seek Secretary of State consent, subject to:
    - 3.1.2. The 'undervalue' being no more than £2,000,000 and the disposal helping to secure the improvement of the economic, social or environmental well-being of its area
- 3.2. Secretary of State approval is required to sell school land under Schedule 1 of the Academies Act 2010 (as amended), and school playing field land under Section 77 of the School Standards and Framework Act 1998
- 3.3. Section 123 (2A) of the Local Government Act 1972 requires a notice to be published for the intention to sell open space

## **4. DISPOSAL PROCESS:**

- 4.1. All disposals are managed by Asset Management and Property Services (AMPS)
- 4.2. Disposals of GCC property can arise in a number of ways:
  - 4.2.1. Property being vacated by services due to changing GCC operational needs. In these cases, the service must follow AMPS property handover procedure
  - 4.2.2. GCC land held for strategic purposes coming forward for development
  - 4.2.3. Approaches from interested parties (e.g. adjoining owners)
  - 4.2.4. Statutory duty: e.g. Schools, Standards and Frameworks Act 1998; purchases by tenants under Housing Act 1985
- 4.3. The flow chart at Appendix 1 outlines the pre-disposal process

## 5. DECISION MAKING:

- 5.1. Prior to recommending property surplus to requirements and subject to the service having undertaken any required statutory consultation, GCC's Property Board will consider the suitability of property for other GCC purposes. The Board will also refer potentially surplus GCC property to One Gloucestershire Estates Group (or similar replacement forum) to determine potential use by partners
- 5.2. Alternative use by GCC or partners must be supported by a proper business case submitted to the Property Board
- 5.3. AMPS will submit an annual report to Cabinet recommending property to be declared surplus and a programme of disposals for the following financial year
- 5.4. AMPS will submit an update report to Cabinet after 6 months seeking approval for any outstanding disposals to the end of the financial year and a summary of the previous years programme
- 5.5. Following approval of the disposals programme by Cabinet, AMPS shall submit disposal strategy reports for approval, setting out the disposal method and basis, as follows:
  - 5.5.1. Property with an estimated sale value below £250,000 - reports to be submitted to the appropriate Officer for approval, under the scheme of delegation/authorisation.
  - 5.5.2. Property with an estimated sale value exceeding £250,000 - reports to be submitted to the Property Board. The Board will recommend these disposals for approval to the appropriate Officer, under the scheme of delegation/authorisation.
- 5.6. Following marketing of property in accordance with the approved strategy, AMPS shall submit disposal recommendation reports for approval by the appropriate officer under the scheme of delegation/authorisation, setting out the offers received for the property and the recommended disposal value.

## 6. NOTIFICATIONS:

- 6.1. The Lead Cabinet Member for Finance & Change will be kept apprised of progress on the disposals programme by way of regular briefings
- 6.2. Local members, district, parish and town councils will be advised of sales in advance of property going on the market
- 6.3. One Gloucestershire Estates Group will be advised on proposed sales as outlined in 5.1

## 7. PROPERTY DISPOSALS:

- 7.1. GCC will normally sell property on the open market at market value in accordance with this policy using the appropriate advertising and marketing methods
- 7.2. Sales to special categories of purchasers can arise:
  - 7.2.1. **Community organisations: parish and town councils, voluntary/community groups, registered charities , housing associations:**
    - 7.2.1.1. Requests to sell property at market value to this category on a 1:1 basis can be approved by the appropriate Officer under the scheme of delegation/authorisation, in consultation with the Lead Cabinet Member for Finance & Change
    - 7.2.1.2. If GCC receives a request to sell property at less than market value a report will be submitted to Property Board for approval in consultation with the Lead Cabinet Member for Finance and Change. Where the 'undervalue' is estimated to be more than £250,000 or 20% of its market

value, a report will be submitted to Cabinet for approval. The service or the Property Board, as appropriate, must provide a business case for such disposals.

7.2.1.3. In these cases AMPS will assess the market value, the level of any 'undervalue' and the need to impose uplift, covenants or other restrictions/obligations

**7.2.2. Former owners:**

7.2.2.1. The Crichel Down Rules may require public bodies to offer land acquired by or under threat of compulsion, back to former owners, their successors, or to sitting tenants

**7.2.3. Sitting tenants:**

7.2.3.1. Sale of property to sitting tenants can be determined by legislation giving certain tenants rights to purchase at a discounted value

**7.2.4. Adjoining owners:**

7.2.4.1. On receipt of a request from an adjoining owner to purchase GCC land, AMPS will advise the party of the process to be followed. Such sales will only be considered where there is a clear benefit to GCC in terms of disposal value and/or removal of maintenance liability

7.2.4.2. AMPS will consider if the land is surplus or, if operational, whether it can be declared surplus.

7.2.4.3. If a disposal is considered appropriate by AMPS, it will fall within one of two categories:  
- 1:1 sale – for a land locked plot and/or where the plot can only be used by the party requesting to buy. AMPS can negotiate on a 1:1 basis and proceed with a disposal where best price is agreed and the buyer agrees to pay GCC's reasonable costs  
- Market sale – where, in the opinion of AMPS, there are other potential buyers, the property should be advertised for sale on the open market and sold at best price

**7.2.5. Members, Employees**

7.2.5.1. Members and employees can buy GCC property. AMPS must ensure any such sales are conducted at 'arms length'

7.2.5.2. Members and employees can bid for property that is being advertised on the open market. Where AMPS are aware that a such a person has submitted the highest offer, the Monitoring Officer will be advised before the offer is accepted

7.2.5.3. Where members or employees request to buy property on a 1:1 basis, the Monitoring Officer shall be advised before negotiations commence

**8. GUIDANCE NOTES:**

8.1. Detailed disposal guidance, procedure and best practice notes are provided to AMPS Disposals Team

**Head of Corporate Property Services, October 2012**

**APPENDIX A - Proposed AMPS Disposals decision making process**

