

APPENDIX 8 - DISPOSAL STRATEGY

1. Asset Management Policy

1.1 The objectives of the Asset Management Policy are reproduced below.

1. To plan and manage property as a corporate resource for the benefit of the people of Walsall.
2. To provide the right property, fit for purpose, in the right place, to meet current service needs and to plan for the future.
3. To manage and maintain property effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities from the rationalisation and disposal of land and buildings.
4. To use land and buildings to stimulate development and growth, together with supporting local business needs and encouraging new business to the area.
5. To promote joint working where it will provide benefit for service delivery and in securing efficiencies.

1.2 Through the delivery of these objectives, there will be an incremental change to the council's property portfolio, driven by asset challenge and changing operational and service delivery requirements.

2. Identifying Surplus Assets

2.1 The Disposals, Investment and Acquisition Policy (Strategic Asset Plan Appendix 7) sets out the process for assets to be declared surplus to operational requirements:

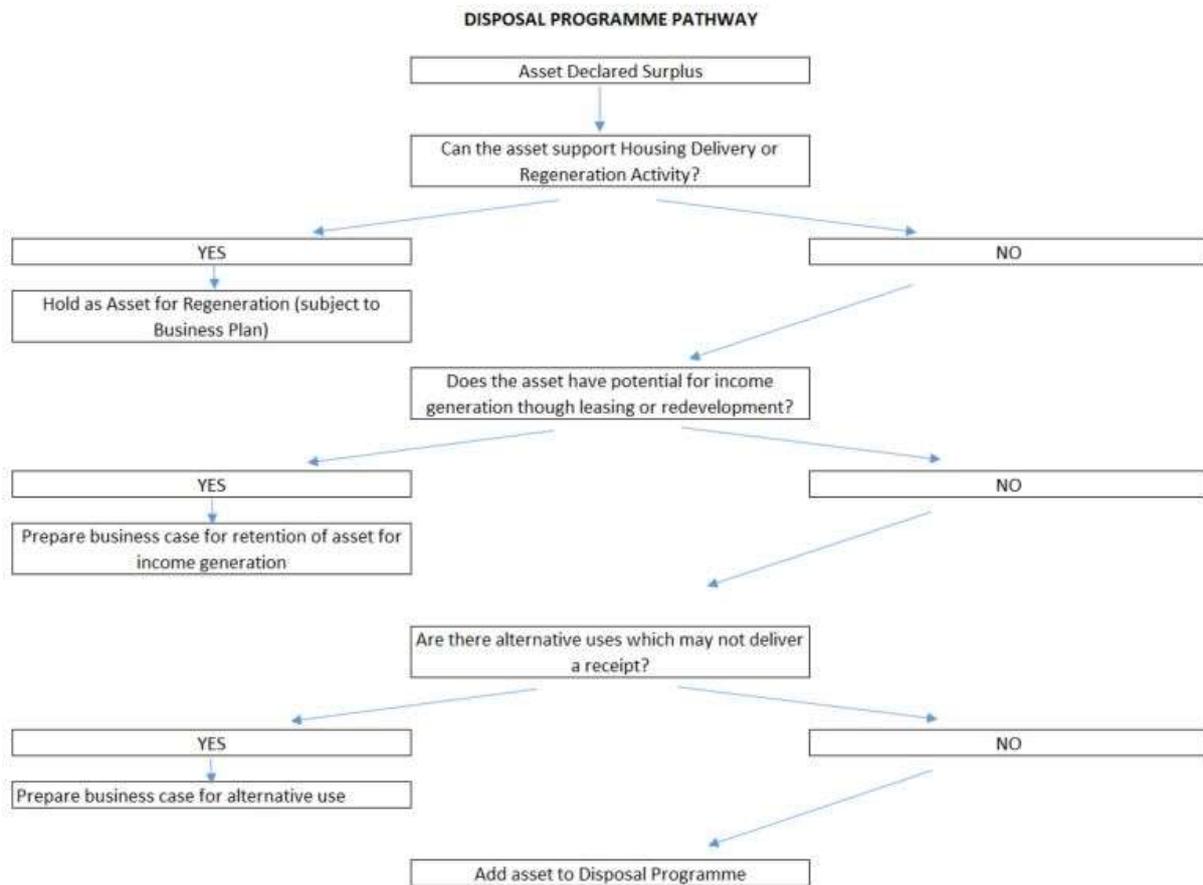
1. Assets may be identified as potentially surplus by service areas in the course of normal business and through the Asset Challenge process.
2. Where an asset is identified as potentially surplus by a service area, the service area will report to Asset Management through its Directorate Asset Review Group.
3. Asset Management will liaise with other service directorates through their Directorate Asset Review Groups to ascertain whether the property can accommodate existing or future operational requirements within other service areas.
4. Where this consultation identifies an alternative operational use for a property, that service area should provide a business case to support the use of the building.
5. Asset Management will consult with relevant stakeholders, including key Portfolio Holders, regarding potential alternative uses for the property.

6. Following this consultation, the Property Manager will report to the Capital Asset Review Group setting out proposals for the disposal (or retention) of the asset in sufficient detail to enable the group to make a decision on the proposal. The report will (as a minimum) provide a brief description of the asset, the current ownership, the reason for it becoming surplus, the current use, details of any proposed alternative operational use (including the relevant business plans for those uses), an assessment of value, the link to corporate objectives, anticipated capital receipt (if applicable) and a recommendation on disposal or retention.
 7. Where the proposal recommends retention for long-term investment or disposal at a later date, e.g. where development potential is not yet realisable but will be available in the foreseeable future, the report should also include:
 - An analysis of investment return or long term capital appreciation,
 - A summary of holding costs,
 - A plan for securing capital appreciation including relevant planning and land assembly considerations,
 - An indicative timetable to disposal where relevant, and
 - Details of payback periods in respect of the invested amount against income or revenue savings.
 8. CARG will consider the available options for the asset and decide whether an alternative use should be pursued or the asset is declared surplus. Where an asset is confirmed as surplus, the Disposal Strategy will be used to determine whether the asset is added to the disposal programme and the priority of the asset within the programme.
- 2.2 Assets are most commonly declared surplus as a result of changing service delivery needs which can lead to different occupational requirements, in terms of size, location and / or specification. In addition to altering requirements, the asset challenge process aims to incrementally improve the quality of the council's property estate through investment and, in some cases, disposal which will lead to properties which do not meet the requirements being declared surplus.

3. Disposal or Retention of Surplus Assets

- 3.1 It is important to carefully consider the available options for surplus properties in the context of the objectives above. The appropriate outcome for a surplus asset is not necessarily a freehold disposal. There are other options that should be considered before a decision is made to dispose, including:
- Use of asset to support housing delivery
 - Use of asset to support regeneration activity
 - Redevelopment to create an investment asset
 - Leasing to generate an income stream
 - Alternative uses which may not deliver a receipt

3.2 These options may lead to surplus assets being retained within the portfolio for future alternative uses rather than being added to the disposal programme. The process for determining whether a surplus asset is disposed of or retained is set out in the chart below.



4. Disposal Programme

4.1 The disposal programme must be prioritised in order to ensure that the council's revenue and capital requirements are met within the workload capacity of the Asset Management team and external partners. It is also important to recognise that the council's disposal programme is finite, and therefore the ability to generate financial receipts from surplus assets is also finite.

4.2 There are a number of issues / influences which have an impact on the strategic approach to disposals which are listed below. These points can assist with the prioritisation of surplus assets for disposal to ensure that the council's financial, operational and regeneration aims are met:

- Costs associated with holding the asset – eg maintenance, security
- Risks associated with holding the asset – eg fire, public liability

- Value / size of potential capital receipt
- Complexity of disposal
- Cost of disposal - eg site investigations, planning
- Potential non-financial outcomes from sale – eg regenerative benefits
- Loss of income streams
- The council's strategic aims – eg housing delivery / self-development

4.3 These influences must be carefully considered when deciding the priority of disposals and maintaining the disposal programme. The scoring matrix below has been created to inform the prioritisation of the disposal programme.

	£	Rating (H/M/L)	£ Score	Rating Score
Holding Cost (pa)				
Risk of holding asset (damage, ASB, Public Liability)	-			
Estimated Capital Receipt vs requirement for Capital				
Estimated cost of disposal				
Complexity / time required for Disposal	-			
Local factors	-			
Non-financial benefits from disposal	-			
Total Score				

4.4 Asset Management will prepare a draft disposal programme using the matrix above which will be considered by Corporate Landlord Board and SIB Funding Sub Group before being presented to Strategic Investment Board for approval. Following approval by SIB, the programme will be reported to ASG.

4.5 Progress against the approved disposal programme will be reported regularly to SIB and ASG.