



Title	Land & Property Asset Disposal Policy
Purpose of the report	To make a decision
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Emma Gee, Director of Economic Growth & Neighbourhood Services
Report author	Charan Dhillon, Assistant Director Property & Asset Management
Lead Councillor	Cllr Micky Leng, Lead Councillor Planning & Assets
Council priority	Ensure Reading Borough Council is fit for the future
Recommendations	<ol style="list-style-type: none">1. That Policy Committee agrees that the Land & Property Asset Disposal Policy (Appendix 1) be approved, adopted and implemented.

1. Executive Summary

- 1.1. This report seeks approval to adopt and implement a new Policy and procedure framework for the disposal of the Council's land and property assets.
- 1.2. The proposed new Policy framework is in Appendix 1.

2. Policy Context

- 2.1. The new Policy will replace the existing Policy Statement and Guidance Note for Premises Occupied by the Third Sector, which was adopted by Policy Committee on 15 February 2016.
- 2.2. The existing Policy relates only to premises to be occupied and leased to the third sector. No other Policy exists covering all other disposals.
- 2.3. The new Policy will supersede the current third sector Policy and formalise the Council's overall disposal process. It is aligned with the Constitution and delegations therein, and other relevant strategies, such as the Capital Strategy and Financial Regulations.

3. The Proposal

- 3.1. It is best practice for the Council to adopt a Policy formally, so that the process for disposal of land and assets is transparent. The Policy will provide information about the Council's approach to sales and lettings, so parties interested in using, leasing or buying Council property, whether commercial or third sector are clearly informed of the process.
- 3.2. The proposed Land and Property Assets Disposal Policy as attached in Appendix 1, applies to all disposals of property held by the Council:
 - Freehold disposals
 - Any leasehold disposals whether for a premium, on a commercial market rent basis

- or, subsidised community use basis
- Any Disposal at less than best consideration (where adherence to this Policy will ensure legal compliance)
- Longer term regeneration or development projects and partnerships that involve the sale or transfer of Council assets to unlock the scheme
- An exchange of Council owned land or buildings
- Granting of easements, options and other interests in land

It excludes:

- Residential properties within the Housing Revenue Account (HRA) (where Right to Buy rules will apply), statutory lease extensions and shared ownership disposals.

- 3.3 The Policy sets out the methodology by which properties will be identified for disposal and what can be expected to happen next. Assets will be reviewed on a cyclical basis or when Service needs change.
- 3.4 The Policy sets out the Council's legal obligation under Section 123 of the Local Government Act 1972, where the Council must obtain the best consideration reasonably obtainable when disposing of land and property.
- 3.5 The Policy outlines the requirements where the Council wishes to dispose land or property at undervalue, including the need to evidence that the disposal will promote economic, social or environmental wellbeing.
- 3.6 The Policy sets out the disposal process and procedure, including how land and property will be marketed, sold or leased.
- 3.7 The Policy sets out governance and responsibilities, outlining how decisions are made and by whom. It also provides details of how bids will be evaluated.

4. Contribution to Strategic Aims

- 4.1. The Council Plan has established five priorities for the years 2025/28. These priorities are:
 - Promote more equal communities in Reading
 - Secure Reading's economic and cultural success
 - Deliver a sustainable and healthy environment and reduce our carbon footprint
 - Safeguard and support the health and wellbeing of Reading's adults and children
 - Ensure Reading Borough Council is fit for the future
- 4.2. In delivering these priorities, the following set of principles will guide us:
 - Putting residents first
 - Building on strong foundations
 - Recognising, respecting, and nurturing all our diverse communities
 - Involving, collaborating, and empowering residents
 - Being proudly ambitious for Reading
- 4.3. The Land and Property Assets Disposal Policy will support the above strategic aims by disposing of property in a fair and transparent way with a clear set of standards by which interested parties can put forward their interest and offers.
- 4.4. The proposal supports the Corporate Plan Foundations of remaining financially sustainable to deliver service priorities in accordance with the Medium-Term Financial Strategy.
- 4.5. Disposing of surplus assets supports Council priorities as they can be re-purposed to respond to service demands including social care, housing, education, regeneration, supporting local growth etc.

4.6. Disposing of surplus property will reduce the Council's carbon footprint, therefore supporting the Council's drive to net zero.

5. Environmental and Climate Implications

5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).

5.2. Each disposal will be considered on its own merits in relation to all impacts including environmental and climate impacts. However, in general the disposal of assets will be positive in terms of the environment as the properties that are usually disposed of are obsolescent and in poor condition.

6. Community Engagement

6.1. In drafting the Policy, engagement has been undertaken with the third sector via Reading Voluntary Association (RVA), which generated a range of interest from the community and voluntary sectors.

7. Equality Implications

7.1 The Council has reviewed the scope of the proposals as outlined within this report and considers that the proposals have no direct impact on any groups with protected characteristics.

8. Other Relevant Considerations

8.1. None arising from this report.

9. Legal Implications

9.1. The proposed Assets Disposal Policy aligns with section 123(2) of the Local Government Act 1972 (S.123) whereby a council should not dispose of its land for a consideration less than the best that can be reasonably obtained in the market (Best Consideration), except with the express consent of the Secretary of State.

9.2. The General Disposal Consent 2003 removes the requirement for authorities to seek specific consent from the Secretary of State under S123 Local Government Act 1972 for any disposal where the difference between the unrestricted value of the interest to be disposed of and the consideration accepted ("the undervalue") is £2m or less.

9.3. If a sale at undervalue is greater than £2m then a Secretary of State specific consent is required.

9.4. The overriding consideration when deciding what constitutes Best Consideration is the commercial value of the asset that is capable of being assessed by a valuer. Best Consideration is the best value that can be achieved for the disposal of the property together with that which has commercial or monetary value to the local authority.

10. Financial Implications

10.1. The introduction of this Policy supports the disposal of our assets, supporting the Council's Medium Term Financial Strategy (MTFS) through delivering Capital receipts.

10.2. The value of the expected Capital receipts will be reported through the budget setting process.

10.3. This Policy aligns to the Council's Financial Regulations.

11. Timetable for Implementation

11.1. The Policy will be implemented immediately following approval by Policy Committee.

12. Background Papers

12.1. There are none.

Appendices

Appendix 1 - Land & Property Asset Disposal Policy