

County Council – 16 July 2021

Item 11(d) - Notice of Motion by Cllr Milne

Land Use - Briefing Note

Background

Disposals of land by councils is governed in primary legislation. The Council is required to obtain the best value consideration. Section 123 of the 1972 Local Government Act states:

'123 Disposal of land by principal councils.

- (1) Subject to the following provisions of this section, a principal council may dispose of land held by them in any manner they wish.
- (2) Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.'

A general consent for disposals of land under section 123 for less than best consideration has been issued by the Secretary of State. This allows a local authority to dispose of land for less than best consideration if it considers that the disposal will contribute to the promotion or improvement of the economic, social or environmental well-being of its area and the extent of the undervalue is no more than £2m.

Declaring property surplus to requirements and disposing of property

- When a property or piece of land is no longer required for Council operational use, the asset is declared surplus by the Cabinet Member for Finance and Property. All surplus declarations are published as key decisions and the local member will be advised if an asset in their division is to be declared surplus. An exception is land held for highway schemes where a different process is followed.
- Once a property is declared surplus the Property and Assets team will work through the options for the property, the objectives being to rationalise the estate, reduce our carbon footprint and generate capital receipts as per Our Council Plan. All options including social, community or environmental use, can be considered.
- In most circumstances properties will be marketed to ensure best value consideration and a fair and transparent process.
- In most cases of land previously used or held for Education purposes, formal written consent to dispose is also required from the Secretary of State for Education. Such consent can impose conditions on the sale.
- If a decision is made to sell the property after the completion of marketing, and the value is above £500,000 there will be a second key decision by the Cabinet Member for Finance and Property, to approve the disposal and, again the local member will be advised.
- Disposal under £500,000 is delegated to the Director of Property and Assets in consultation with the Cabinet Member for Finance and Property and the Director of Education and Skills (if relating to a former Education asset).

- In the case of property or assets acquired or designated for highway use, the function to declare land and property surplus to highways requirements is delegated to the Executive Director Place Services. Once surplus the property is passed to the Property and Assets team to dispose on the market.

Declaring an asset surplus enables a further decision to be made on either a sale of the asset, or to retain it for other activities or aims of the County Council including for investment via the joint venture, regeneration or other alternative uses. A Surplus Declaration does not automatically mean a property will be allocated to the Joint Venture for re-development or sold.

Asset Management Policy and Strategy

- Our Council Plan 2021-25 focuses on four priorities; Number 4 is Making Best Use of Resources. The plan sets out the objective “to maximise the use of our assets by disposing of surplus assets and looking creatively at how we might use our assets to support economic growth”.
- In 2018 the County Council agreed to adopt an [Asset Management Policy and Strategy](#). An objective of the strategy is to acquire, manage, maintain and dispose of property effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities.
- Options appraisal will include a consideration of all potential uses for the land. For example, County Council-owned land has been set aside for the development of solar farms and a site in Broadbridge Heath has been selected for economic regeneration by the development of a retail park.

Property - Joint Venture

Since 2016 the County Council has sought to use the market to engage in a wider range of property development activity to better deliver on its strategic drivers and achieve a greater level of overall financial return.

The Council undertook significant work in 2018/19 on how to best deliver against these aspirations. The Cabinet Member key decision FR5(19/20), in July 2019, proposed working on a joint venture partnership and approved a process to select a private sector partner as a joint venture partner with the Council in the commercial development of surplus Council land for shared financial returns.

The County Council announced recently that it has completed this process and is making arrangements to enter a long-term joint venture with Lovell Partnerships to construct high-quality developments and a number of sites across the county are under consideration.

Lee Harris

Executive Director Place Services