

Date of issue: Friday, 7 October 2022

MEETING	CABINET COMMITTEE - ASSET DISPOSALS (Councillors Swindlehurst (Chair), Ajaib, Anderson, Hulme and Mann)
DATE AND TIME:	THURSDAY, 13TH OCTOBER, 2022 AT 4.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	NICHOLAS PONTONE 01753 875120

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Items 3 and 6 were not available for publication with the rest of the agenda.

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
3.	Asset Disposals Strategy	1 - 26	All

PART II

6.	Asset Disposals Strategy - Appendices 2 and 3	27 - 54	All
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Slough Borough Council

REPORT TO:	Cabinet Committee – Asset Disposals
DATE:	13 th October 2022
SUBJECT:	Asset Disposals Strategy
CHIEF OFFICER:	Richard West, Executive Director Place and Community Steven Mair, Executive Director Finance and Commercial (s151)
CONTACT OFFICER:	Fin Garvey, Group Manager – Place Delivery Peter Worth, Finance Lead Technical Advisor
WARD(S):	None
PORTFOLIO:	Lead Member for Financial Oversight & Council Assets
KEY DECISION:	YES
EXEMPT:	Public with exempt Appendices 2 and 3 under paragraph 3 of Schedule 12A Local Government Act 1972 – Information relating to the financial or business affairs of the Council
DECISION SUBJECT TO CALL IN:	YES
APPENDICES:	Appendix 1 – Asset Disposal Strategy Appendix 2 - Confidential Asset Review Report from Avison Young Appendix 3 – Confidential Asset Pricing & Recommendations from Avison Young Appendix 4 –Phase I List of Assets proposed for marketing and disposal in current financial year Appendix 5 –Asset Disposals Programme Budget

1. Summary and Recommendations

- 1.1. This report is seeking the Committee to recommend to Cabinet approval of an Asset Disposal Strategy further to previous reports on the Council's approach to disposal of assets in order to obtain capital receipts to reduce its debt. The Asset Disposal Strategy set out at Appendix 1 will ensure best use of Council property assets and, where identified for disposal, that best consideration is achieved. Further to detailed analysis of the Council's asset register, Avison Young has prepared an Asset Review report that provides the underpinning data, analysis and structure for the proposed Asset Disposals Strategy.

Recommendations:

1.2. To recommend to Cabinet to:

- a) Agree the Asset Disposals Strategy set out at Appendix 1.
- b) Approve the declaration of the assets listed in Appendix 4 as surplus and to delegate authority to the Executive Director of Housing and Property, in consultation with the appropriate lead member and the Executive Director of Finance and Commercial, to market these assets for disposal.
- c) Approve the proposed Asset Disposals Programme budget.

Reason:

- 1.3. Agreement to the recommendations in this report will contribute to the reduction in the Council's future financial commitments, generate disposal receipts at the earliest opportunity and reduce the Council's borrowing and Minimum Revenue Provision (MRP). The proposed asset sales will be subject to a due diligence process and reflect best consideration for the disposal of the assets in accordance with section 123 of the Local Government Act 1972.
- 1.4. The disposal strategy supports the priority of the new Corporate Plan for "a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users."
- 1.5. The disposal of these assets will enable the Council to simplify the property portfolio and enable the Council to focus on its core activities and services.

Commissioners Review

- 1.6. *"The adoption of this strategy and its delivery at sufficient pace are an essential component of the journey back to financial stability. Cabinet had demonstrated to it, at its last meeting, how accelerated disposals have a major beneficial impact on the Council's overall financial position. There are substantial external environment risks inherent in this programme as forecasting likely values to be achieved will depend on a stable overall economy. It is therefore strongly recommended that the Council aggressively pursue the process of freeing additional assets for disposal and bring them forward as quickly as possible to guard against shortfalls in achievement and building a cushion against future financial shocks.*
- 1.7. *Alongside this it is important that the Council set out a clear operating model which will seek to minimise the use of fixed assets, the cost of which are a first charge on all budgets."*

2. Report – Council’s Asset Disposal Strategy

Introduction and Context

Context

- 2.1. Following a detailed procurement exercise, Avison Young (AY) were appointed to support the delivery of the Asset Disposal Programme in March 2022. The appointment comprises two phases:
- Phase 1 - To develop and report back on an asset disposal strategy for the Council; and
 - Phase 2 – to market and dispose of assets identified under Phase 1.
- 2.2. The Phase 1 report provides the foundation for the Asset Management Strategy being presented in this paper. This strategy supports the requirements of the Treasure Management Strategy [TMS] and sets out the guidance and governance necessary to enable the disposals programme to progress at pace while a more detailed Asset Management Plan [AMP] is being developed. This AMP will be completed in the 22/23 financial year and will ensure the best use of the Council’s assets and will complement the Corporate Plan (22-25) (Improvement and Recovery).
- 2.3. The Council requires a formal approach to the management of its assets and, in particular, their disposal where identified as either surplus or no longer key to the delivery of services. The strategy proposes a structured and controlled methodology to ensure that any asset disposals do not cause longer-term operational difficulties or fail to achieve the best return for the Council.
- 2.4. The proposed Strategy will allow the Council to consider and approve disposals, in advance of the adoption of the AMP.

Wider policy considerations

- 2.5. To ensure that the best outcome is achieved from disposals, these will consider:
- Holding cost of surplus assets if retained for longer term use or sale
 - Running costs for under-utilised assets and how these can be reduced
 - Service requirements across the Council to ensure an asset is not sold if it could provide a cost effective solution for another service area
 - Potential benefits from delaying a disposal
 - Loss of revenue from any income producing assets
 - Impact on the local area from holding assets empty for prolonged periods
 - Additional benefits from regeneration
- 2.6. The structuring of the Assets Disposals Programme is designed to bring forward the less constrained/simplest assets for disposal. This will be delivered through the following four phases:
- I. Vacant small/ medium development sites and investment properties out of borough,
 - II. Income producing assets,
 - III. Assets currently utilised for service delivery, including office accommodation
 - IV. HRA Retail assets and, finally

- V. the Stock Transfer of housing (if approved)

Governance

2.7. The Council recognises that good governance is a key component of this strategy, so it is essential that all decisions to dispose of an asset must follow a defined process. Principally, all matters regarding the disposal of assets will be firstly considered by the Asset Disposals Cabinet Committee with recommendations as appropriate being made to Cabinet. Full details of the governance processes are set out in the Strategy at Appendix 1.

2.8. Asset to be declared surplus

The assets listed in Appendix 3 are now being submitted for Cabinet approval to market.

Council Property Portfolio Review

2.9. The Council's property holdings are diverse in size, type, condition and value.

2.10. The Council's properties are valued annually by the Council's appointed registered valuers, Wilkes, Head and Eve ('WHE') LLP in accordance with accounting standards and RICS valuation standards.

2.11. As at 31 March 2021 the Council's property portfolio was valued at £1.3bn comprising:

- c. £750m non-residential assets and
- c. £550m of residential assets; and

is summarised in the following table.

Asset category	Valuation £m	Valuation basis
Council dwellings	551	Existing Use Value - Social Housing
Other land and buildings	418	Non-specialised assets - Existing Use Value Specialised Assets - Depreciated Replacement Cost
Investment property	163	Fair Value
Plant, vehicles and equipment	15	Depreciated Historic Cost
Infrastructure	118	Depreciated Historic Cost
Assets under Construction	22	Depreciated Historic Cost
Surplus Assets	10	Fair Value
Community Assets	10	Depreciated Historic Cost
Total	1307	

2.12. This asset register has formed the basis for the work undertaken by Avison Young.

Potential Asset Sales

2.13. AY have identified a total of 108 readily saleable assets which could potentially generate £335m of capital receipts from the Council's property portfolio. Excluding HRA (council dwellings) and receipts from SUR assets.

2.14. The table below sets out the potential level of capital receipt that could reasonably be expected to be delivered aligned to current market conditions over the next four years based on the Disposal Strategy.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
Potential receipts based on AY Disposal Strategy	108	83	53	20	71	335

- 2.15. It should be highlighted that the property market conditions are extremely uncertain due to current macro economic factors which are unlikely to improve for some considerable time. This could result in significant volatility and therefore sales receipts could vary from those forecast, especially should there be any delay in taking assets to market.
- 2.16. To mitigate the market volatility risk officers will identify 'surplus' assets for approval for disposal as soon as possible subject to expert advice and review by the Cabinet Committee.
- 2.17. Alongside the review of the general fund property assets, AY have also been asked to provide a potential capital value if the Council were to pursue a large-scale voluntary transfer (LSVT) of its housing portfolio. This work is continuing to better understand what value might be realisable within the housing stock and how it could potentially contribute towards debt recovery targets. Options of partial stock transfer will also be explored. No formal decision has been made to pursue LSVT.
- 2.18. AY have been instructed to provide an indication of what capital receipts could be generated for the Council through selling its assets and in certain cases this has led to a significant difference from the 'asset value' held by the Council. For example in the case of assets such as a leisure centre, the cost of replacement can be far in excess of the price this asset is likely to reach were it brought to market.
- 2.19. AY have categorised the asset portfolio as follows:
- Assets which cannot be disposed of usually because they are inalienable assets such as highways infrastructure
 - Those which are saleable subject to legal processes and
 - Assets which are readily saleable.
- 2.20. The Asset Disposals Strategy will not only focus on the surplus properties but will also consider the Council's wider property requirements so that other opportunities for consolidation and disposal or for a more viable alternative use can be considered.

Progress

- 2.21. Cabinet approved the following early tranche of assets for disposal on 21 September 2022:
- Wickes, Wolverhampton;
 - Euroway, Bradford;
 - Waitrose, Gosport;
 - Odeon, Basingstoke.
- 2.22. The above assets were approved for disposal ahead of the Asset Disposal Strategy as these assets would always need to be disposed of. In addition, high value assets within the Borough have also been marketed and will be reported to Cabinet for disposal decisions in Autumn 2022.
- 2.23. In the light of the progress made to date in identifying and marketing assets for disposal, the forecast of capital receipts has been updated and the forecast at 21 September is set out below for both asset disposals under the AY contract and those

being managed in-house in respect of Slough Urban Renewal. This shows forecast total capital receipts over the period 2022/23 to 2027/28 of £424m.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m	£m
Avison Young	121	85	54	43	46	35	384
SUR sites	22	8	10				40
Total	143	93	64	43	46	35	424

Resource Requirements to Implement this Strategy

2.24. The Asset Disposals Programme will require a separate budget and resource to be set up to allow the correct process to be followed and undertaken in a timely manner. The budget will provide for works, specialist advice, and if appropriate, planning consent to be obtained.

2.25. Any capital expenditure to allow for the relocation of staff, both for the physical move and any new facilities will be required and a suitable budget should be established for asset rationalisation work as part of the strategy.

2.26. Regulation 23(h) of The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, as amended by Regulation 4(c) of The Local Authorities (Capital Finance and Accounting)(England) Regulations 2010 permits local authorities to fund the costs of disposing of General Fund assets from the capital receipt up to a maximum of 4% of the capital receipt.

2.27. The total budget for the proposed asset disposal programme is £8.2m over the six-year period 2022/23 to 2027/28, of which £6.5m will be met from the capital receipts with the remainder being a charge to revenue. The budget is summarised below and detail is set out in Appendix 4.

Cost to be met from:	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Revenue	526	326	277	252	168	163	1,711
Capital Receipts	2,015	1,390	1,120	865	580	525	6,495
Total	2,541	1,716	1,397	1,117	748	688	8,206
Estimated Capital Receipts	143,000	93,000	64,000	43,000	46,000	35,000	424,000
Net capital receipts	140,985	91,610	62,880	42,135	45,420	34,475	417,505
Costs met from capital receipts as %	1.41%	1.49%	1.75%	2.01%	1.26%	1.50%	1.53%

2.28. As can be seen the costs of disposal which can be from capital receipts average at 1.53% which is well below the 4% maximum.

Options considered

2.29. Option A - To progress the assets disposals programme without the benefit of an overriding asset disposals strategy which could lead to missed opportunities, premature decision-making, reduced capital receipts or loss of important revenue generating assets.

2.30. Option B - To agree the proposed Asset Disposals Strategy set out at Appendix 1.

2.31. **Option B is recommended** to Cabinet for approval.

3. Implications of the Recommendation

Financial implications

- 3.1. The Capitalisation Direction was updated in September 2022 and reduced from £479m to 2027/28 to £367m to 2027/28 of which £355m is to be funded from capital receipts.
- 3.2. The Asset Disposal Strategy together with the sales of the SUR sites are estimated to generate total capital receipts of £424m gross and £418m net of disposal costs by 2027/28. The net total is £63m greater than the sum needed to fund the Capitalisation Direction.
- 3.3. Approving the Asset Disposal Strategy to generate this quantum of capital receipts will allow the Council to return to a financially sustainable position by 2027/28 by using the capital receipts to:
 - reduce borrowing to c. £250m which will reduce interest to £7.5m split £4m General Fund and £3.5m HRA; and
 - reduce MRP to £6.5m.
- 3.4. This will bring total debt charges as a proportion of net revenue budget to 7.7% which is affordable and will represent a 70% reduction from 2022/23.
- 3.5. The total cost of administering the asset disposal programme is estimated to be £8.2m over the six-year period 2022/23 to 2027/28 of which £6.5m can be met from capital receipts and at 1.53% is well within the maximum permitted to be charged to capital receipts. The balance of £1.7m of costs will be met from within existing Place Directorate budgets.

4. Legal implications

The Council has statutory powers to dispose of land, including under:

- Section 123 of The Local Government Act 1972;
 - Housing Act 1985;
 - Section 233 of the Town and Country Planning Act 1990;
 - Local Authorities (Land) Act 1963;
 - Housing and Planning Act 2016; and
 - Localism Act 2011.
- 4.1. When disposing of land, the Council has a duty to obtain best consideration under section 123 LGA 1972, not less than the best that can be reasonably obtained. What is reasonable in any particular case depends entirely on the facts of the transaction. Although there is no absolute requirement to market the land being disposed of, or to obtain an independent valuation, in order to comply with the best consideration duty, the Council should obtain independent professional valuation advice, as a failure to take proper advice can constitute a breach of section 123 LGA 1972.
 - 4.2. It is for the authority to demonstrate that it has achieved best consideration; if best consideration is not obtained, Secretary of State approval will be required. A local authority may dispose of land at less than best consideration where the Secretary of State has given permission to do so or under the Local Government Act 1972: General Disposal Consent (England) 2003 in circumstances where the local authority considers the disposal is likely to contribute to the social, economic or environment wellbeing in its area and the undervalue does not exceed £2 million.

- 4.3. No disposal terms should be settled without assessing the legislative requirements arising as a result of the manner in which the relevant land is held (e.g. open space, allotment land, HRA land etc) and concluding any appropriate legal and financial due diligence. Each site will need to be considered on a case by case basis in the form of a report on title, which shall advise on any restrictions or impediments to the disposal of the land.
- 4.4. The Council has employed Avison Young (“AY”) as specialist property advisors to advise on an asset disposal strategy and to market and dispose of the assets identified for disposal. AY will be aware of the Council’s statutory duty to achieve best value pursuant to section 123 LGA 1972 when carrying out marketing exercises and agreeing offers in respect of the disposals.
- 4.5. In relation to the SUR assets, the Council’s existing joint venture (JV) obligations are governed by legal documents, including the SUR Partnership Agreement (PA), the NWQ PA and the individual site Option Agreements. The Council must comply with all relevant legal and governance requirements under the JV arrangements to enable the disposal of SUR assets to take place

5. Risk management implications

- 5.1. The recommendations required from Cabinet, as outlined in this report, are intended to improve the Council’s financial position, by adopting an asset disposals strategy which is targeting the realisation of capital receipts which can then be used to repay Council borrowing from the existing high level and reduce debt servicing charges in the form of interest and MRP. If the recommendations are not approved this will delay the Council being able to return to a financially sustainable position. – specific risks are summarised below:

Risk	Summary	Mitigations
Financial	Delay in realising capital receipts from assets sales will delay the Council’s financial recovery	Cabinet to approve officers to proceed with the sales. Accelerate the disposals process to limit exposure to future market decline.
Governance	Failure to obtain best consideration from the disposals could expose the Council to risk of legal challenge	The Council has employed external property advisors to manage and market the properties, having access to wider markets than officers locally.
Legal	Delay to contract negotiations	Bi-weekly monitoring of asset disposals by commissioners and officers
Governance	Failure to establish robust governance arrangements could expose the Council to risk of impropriety and legal challenge	The Council has established sound governance arrangements for asset disposals to ensure that the Council achieves best consideration from asset disposals

Reputational	Unable to agree a way forward causing delay to asset disposals and failure to deliver capital receipts within the timescales set out in the Debt Reduction/Asset Disposal Strategy	Governance, project management and decision-making operate effectively to deliver asset disposals on time and best consideration for the Council.
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6. Environmental implications

6.1. No environmental implications have been identified as a direct result of this report.

7. Equality implications

7.1. No equality implications have been identified as a direct result of this report.

8. Procurement implications

8.1. The appointment of Avison Young as the Council's external property advisors was secured in compliance with:

- The Public Contracts Regulations 2015
- Council Contract Procedure Rules, and
- Expenditure Control Panel requirements.

9. Workforce implications

9.1. No workforce implications have been identified as a direct result of this report.

10. Property implications

10.1. This report will directly impact on the Council's property holdings. Full details will be provided via progress reports to Cabinet.

11. Background Papers

None

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Asset Disposal Strategy

1. Introduction and Context

Context

- 1.1. Slough Borough Council's Corporate Plan 2022-2025 sets out the Council's new strategic priorities, following a finding by the Secretary of State for Levelling Up, Housing and Communities that it failed to comply with its best value duty and the appointment of commissioners to support the Council with its improvement and recovery plans.
- 1.2. One to the Council's strategic priorities is to be a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users. This will require the disposal of a significant number of assets to reduce the Council's financial commitments and reduce its borrowing.
- 1.3. The Council approved a Treasury Management Strategy for the period 2022 to 2027 covering key areas:
 - Borrowing and debt reduction strategy
 - Prudential indicators
 - Minimum Revenue Provision (MRP)
 - Investment strategy
- 1.4. A key focus of this strategy was to bring the Council back onto a financially sustainable footing through a combination of debt reduction and a programme of asset disposals and to provide an effective framework for future decision making.
- 1.5. The disposal of assets will also enable the Council to simplify its property portfolio and focus on its core activities and services.

Wider policy considerations

- 1.6. To ensure that the best outcome is achieved from disposals, the Council will consider:
 - Holding cost of surplus assets if retained for longer term use or sale
 - Running costs for under-utilised assets and how these can be reduced
 - Service requirements across the Council to ensure an asset is not sold if it could provide a cost-effective solution for another service area
 - Potential benefits from delaying a disposal
 - Loss of revenue from any income producing assets
 - Impact on the local area from holding assets empty for prolonged periods
 - Additional benefits from regeneration
- 1.7. As a general principle, any new property arrangements should be on commercial terms and decisions should be made informed by the full cost of an asset. For lease arrangements, this will be on a Full Repairs and Insurance [FRI] basis with market-facing commercial terms unless otherwise justified.
- 1.8. There may be valid reasons, however, to take a non-commercial approach in certain instances, but the Council should fully test the financial and legal

implications of any such decision, including the need for specific consent to dispose of land at an under-value.

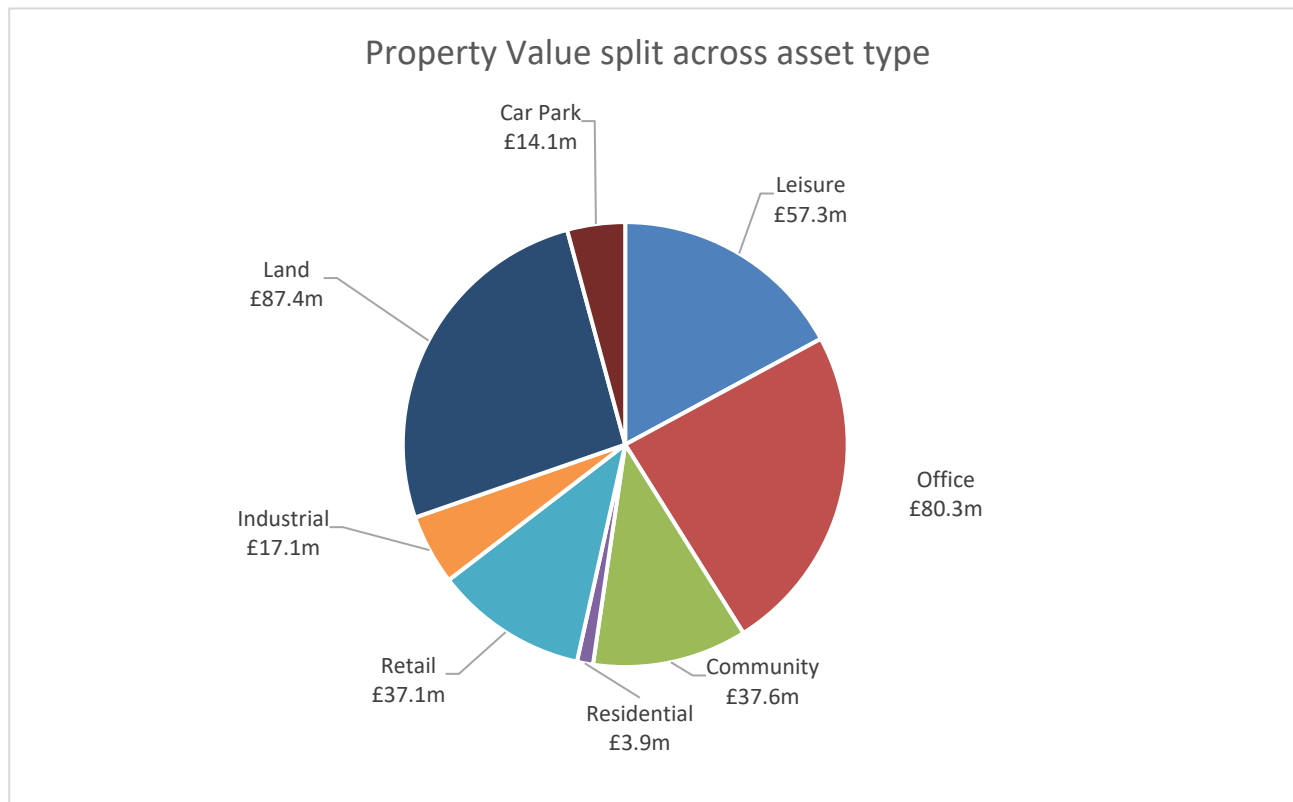
2. Type of Asset Holdings

2.1. At a portfolio level we summarise the following:

- There are a total of 108 readily saleable assets which have been categorised as follows:

AY Sector Category	Properties previously categorised by the Council
Office	Offices
Retail	Retail
Industrial	Industrial
Land	Land, residential development, garages, waste transfer station
Leisure	Leisure, hotel, bus garage, public house, caravan site, bus station, club, sports centre, cinema
Community	Community Centres, Care homes, community use, doctor's surgery, crematoria, library, social services, school, youth resources, resource unit, adult education, court building
Car Park	Car Parks
Residential	Dwellings, Farm, Residential, house, caretakers house

2.2. The pie chart below summarises our view that the Council could potentially generate £335m of capital receipts from the Council's property portfolio.



Office

- 2.3. These properties are currently utilised or designated as office buildings.
- 2.4. The Council owns a total of six office buildings:
 - four are leased out to generate an income of £3.14m per annum (2021/22),
 - one is occupied by the Council (Observatory House), and
 - one of which is vacant (St Martins Place).
- 2.5. Disposal of these assets is contingent upon the Council making decisions about its future occupation requirements. When making a decision, the Council must take account of the cost of fitting out an alternative office building.

Retail Assets

- 2.6. The Council owns a total of 21 retail assets including single units and parades of shops. Some retail assets have been acquired as part of an investment portfolio and are not located within Slough. The majority of the remaining assets are held within the Housing Revenue Account and are below residential housing units.
- 2.7. The disposal of shopping parades will need to consider the implication for residential housing units above.

Industrial Assets

- 2.8. The Council owns a total of five industrial assets. These are generally lower quality assets generating a rental income. One asset is out of borough and the remainder are located in Slough.
- 2.9. Taking account of the rental income generated, MRP and interest charges the analysis indicates that the Council could generate substantial revenue savings in the disposal of these assets.

Community Assets

- 2.10. Whilst some of these assets are generating a rental income, these are not all on commercial terms. Some of the assets are subject to restrictions limited their alternative use. Some assets are also utilised for service delivery of statutory functions. As well as considering the service delivery needs in advance of any decision to dispose of the land, the uses may be protected in planning terms, meaning any planning application will need to demonstrate no net loss of community space. This may impact on the viability of schemes and as such the value of such land.
- 2.11. For community assets, the following considerations must be taken into account:
 - Status of the asset i.e. vacant or occupied
 - If occupied, the terms of that occupation (Council or third party)
 - Consideration of what services are being/ have been delivered within the building and what the current need for these services is in property terms (ie type and quantum of space, location of space, need for co location of groups/ service providers)
 - What obligations sit with the Council to provide these services/ to provide property to enable these services to be delivered

- Its Public Sector Equality Duty relating to those with protected characteristics who either occupy or use the services the occupier provides

Leisure Assets

- 2.12. The Council holds 16 leisure assets varying in quality and type. Leisure and sports facilities are typically protected in planning terms and alternative facilities may be required to satisfy planning policy.
- 2.13. The leisure assets include a hotel and four leisure assets which are subject to management agreements.
- 2.14. The disposal of these assets will also consider the revision to the current leisure strategy which is targeted for completion in early 2023.

Land

- 2.15. The Council owns 24 land assets which comprise a mix of clear development opportunities, designated public open space and some operational assets. A nominal rent is generated from some assets. Some assets are subject to operational use or have a specific designation which limits the options for disposal.

Residential

- 2.16. Aside from the HRA holdings, there are a small number of residential assets which are generating a nominal income. Some assets require consent for disposal or are part of agreements restricting their disposal.

Car Parking

- 2.17. The Council owns 9 car parks which are of mixed quality. This includes surface and multi-storey car parks, one of which is subject to an agreement to supply car parking to a third party. Prior to disposal decisions a full review of car parking needs across the Borough will be required to determine whether the land should be disposed of with conditions in relation to car parking.

3. Phasing of Asset Disposal Programme

- 3.1. The structuring of the Assets Disposals Programme is designed to bring forward the less constrained/simplest assets for disposal and those that were purchased as investments and are not required for service delivery. This will be delivered through the following phases:
 - I. Vacant small/ medium development sites and investment properties out of borough,
 - II. Income producing assets within borough
 - III. Assets currently utilised for service delivery, including office accommodation
 - IV. HRA Retail assets and, finally
 - V. the Stock Transfer of housing
- 3.2. The phasing does not assume the disposal of any specific asset. Decisions on individual assets will be taken by the appropriate decision-making body.

4. Governance

- 4.1. The Council recognises that good governance is a key component of this strategy, so it is essential that all decisions to dispose of an asset must follow a defined process.
- 4.2. Assets identified for disposal will need to be declared surplus. This will require formal approval. For lower value and less sensitive sites this will be agreed by the Executive Director of the service area. The sites will be considered by the internal Asset Disposal Working Group to consider their operational value. Higher value and more sensitive sites will require approval by the Asset Disposal Cabinet Committee and in the highest value sites, by Cabinet.
- 4.3. Once an asset has been declared surplus, a legal site report will be commissioned, following by an independent valuation. An appropriate marketing strategy will be determined to ensure best consideration.
- 4.4. Prior to marketing a site, consideration must be given to consulting with ward members to understand any community significance and local issues that are relevant considerations. In appropriate cases, the Council may need to undertake statutory processes or consult with stakeholders, including the public, to inform its decision on whether and how to market a site.
- 4.5. Upon receipt of satisfactory bids, a report will be prepared for the decision-maker. The report must include the following:
 - A market assessment by a suitably qualified agent familiar with the local market/asset type recommending disposal strategy
 - Evidence of an independent valuation to show that best consideration requirements are fully complied with
 - Review of the financial implications of the disposal
 - Review of the legal implications of the disposal
 - Proposed timing of the disposal
 - Impact/risks of the disposal
- 4.6. The decision-maker for asset disposal is as follows:
 - A disposal decision that forms a key decision or a reserved function of cabinet as set out in the executive responsibility of functions – Cabinet
 - A disposal decision where an officer has declined delegation due to complexity or sensitivity of the decision or where the DLUHC commissioners have advised that the decision should be made by elected members, but a cabinet decision is not required – Asset Disposal Cabinet Committee
 - Non-key decisions to dispose of a site (where the capital receipt is less than £1 million and the disposal is not significant in its impact on more than one ward) - Executive Director of Property and Housing. Before making a decision, the Executive Director should consult the relevant lead member and the Executive Director of Finance and Commercial.

Best Consideration – Definition

- 4.7. Local authorities hold land and buildings on behalf of their local communities. In that sense they can be seen as akin to trustees in relation to such land. For this reason, local authorities are under a duty to sell land at the best price reasonably

obtainable. Section 123 of the Local Government Act 1972 states that a local authority cannot dispose of its land for a consideration less than the best that can be reasonably obtainable in the market, except with the consent of the Secretary of State. There are general consents in relation to a disposal where the under-value is less than £2 million and there are clear economic, social or environmental benefits. A disposal includes sale of the freehold, granting a lease of 7 years or more, assigning an unexpired term of a lease and granting an easement. Case law has determined that entering into an option to purchase the freehold or a lease is also a disposal and removal of a restrictive covenant may constitute a disposal.

- 4.8. In determining best consideration, the only consideration that can be taken into account is that which has commercial or monetary value to the Council. The following are examples of considerations that cannot be taken into account:
 - An undertaking to create a number of jobs for people in the area or the desire to retain a particular use that would create jobs for the area
 - The desirability of the proposed use of the land for a specific purpose
- 4.9. It will be the responsibility of the Property and Housing Directorate to ensure that Best Consideration is achieved on all asset disposals. Decisions to dispose of land at less than best consideration, even where it is in accordance with a general consent, will be referred to Cabinet for a decision.
- 4.10. The Council will not assume that capital, interest, and other financial savings from a potential disposal have been confirmed until the asset has been sold and the net proceeds have been realised.

5. Assets held within Housing Revenue Account

- 5.1. The Council holds some of its land within its Housing Revenue Account. Section 32 of the Housing Act 1985 provides a power for local authorities to dispose of land held for housing purposes. Disposals cannot be made without consent of the Secretary of State, although there are a number of general consents that can be relied upon.
- 5.2. Section 105 of the Housing Act 1985 confirms that local authorities, in their capacity as landlord, shall maintain arrangements to enable those of its secure tenants who are likely to be substantially affected by a matter of housing management to be informed of proposals, to make their views known and for any representations to be considered prior to any decision being taken. Housing management is defined as a matter which relates to (a) the management, maintenance, improvement or demolition of dwelling-houses let by the authority or the provision of services or amenities in connection with such dwelling-houses.
- 5.3. There are specific rules that apply to a decision to undertake a large scale or whole scale stock transfer. Any decision to commence work on a stock transfer will require Cabinet approval and a detailed report setting out the legal and financial implications of such a proposal.

6. Council Property Portfolio Review

- 6.1. The Council's property holdings are diverse in size, type, condition and value.
- 6.2. The Council's properties are valued annually by the Council's appointed registered valuers, Wilkes, Head and Eve ('WHE') LLP in accordance with accounting standards and RICS valuation standards. However, these valuations

were not informed by a legal site report on the individual site and as such will not generally be relied upon as an independent valuation to demonstrate best consideration.

6.3. As at 31 March 2021 the Council's property portfolio was valued at £1.3bn comprising:

- The Council's current asset portfolio and basis of valuation is set out below:
 - c. £750m non-residential assets and
 - c. £550m of residential assets.

Asset category	Valuation £m	Valuation basis
Council dwellings	551	Existing Use Value - Social Housing
Other land and buildings	418	Non-specialised assets - Existing Use Value Specialised Assets - Depreciated Replacement Cost
Investment property	163	Fair Value
Plant, vehicles and equipment	15	Depreciated Historic Cost
Infrastructure	118	Depreciated Historic Cost
Assets under Construction	22	Depreciated Historic Cost
Surplus Assets	10	Fair Value
Community Assets	10	Depreciated Historic Cost
Total	1307	

6.4. This asset register has formed the basis for the work undertaken by Avison Young.

7. Consolidation of property portfolio

- 7.1. The Asset Disposals Strategy will not only focus on the currently surplus properties but will also consider the Council's wider property requirements so that other opportunities for consolidation and disposal or for a more viable alternative use can be considered.
- 7.2. The increased technology and the Council's digital strategies provide opportunities to rationalise the Council's office accommodation needs and to move away from face-to-face service delivery, where services can be delivered via other means. In addition, the Council will look to utilise other community assets to deliver services from, to reduce its reliance on managing its own property portfolio.

8. Marketing and Disposal of Assets

- 8.1. The following guiding principles will be followed for assets that are brought to market:
- A bespoke and tailored marketing campaign
 - Asset specific marketing particulars and due diligence packs are drafted providing all salient details about the property/ properties
 - A combination of targeting mail shots, property wide press advertisements and online portals will be utilised to ensure full expose to potential buyers
 - All marketing materials to be pre-approved by the Council's internal Asset Working Group

- 8.2. An Informal Treaty process will generally be used where sealed bids are called following the marketing period. This helps to drive competitive tension amongst bidders and also tests the ability of parties to 'perform' within a designated timeframe and process which can give an indication of their likelihood to proceed through the contractual period.
- 8.3. An informal treaty process has the benefit of proving a transparent bidding process but does not legally bind the Council to treat with the highest offer.
- 8.4. In certain instances, typically for low value assets or single residential units, the use of either an auction or local estate agent is proposed as these types of assets are more likely to be appeal to local owner occupiers/ investors and additional value is unlikely to be derived through a national marketing and sales campaign.
- 8.5. Given the diverse nature of the portfolio it is not proposed that assets are generally marketed as part of a group portfolio as this could limit bids from local purchasers who are likely to bid keenly for assets due to adjacencies and local interest.
- 8.6. Certain asset types such as offices and retail units may benefit from being offered to market as portfolios. The majority of the retail units are however situated in parades as part of wider HRA property holdings. There is a risk to future regeneration/ development plans if retail units are carved out of the Council's existing holdings so this will be carefully considered in advance of any disposal decisions.
- 8.7. Where possible, key local agents will be used for the disposal of non-specialist assets as they will be best placed to understand the market, demand and major purchases within Slough.
- 8.8. The appointment of a single local agent to work with the Council across a number of the small sites will help to achieve a structured marketing approach that will help maximise value and allow assets to be linked where appropriate.
- 8.9. For larger sites or specialist assets, it will be more appropriate to engage parties who will have the relevant expertise and wider market coverage required for this type of disposal.

9. Review process

- 9.1. All detailed consideration of the progress of individual sites together with a progress monitor with highlighted issues will be reported in future to meetings of the newly established Asset Disposals Cabinet Committee, progress reporting to each meeting and the recommendations being amended accordingly.
- 9.2. Alongside reports on individual sites, the Asset Disposal Cabinet Committee will receive regular update reports on progress of the programme against financial targets and timescales. As part of this review process, this strategy should be reviewed to ensure it remains fit for purpose. A decision to amend the strategy must be made by Cabinet and therefore the Committee should make a formal recommendation to cabinet if the strategy needs amendment.
- 9.3. As well as considering a review of the current strategy, the role of Overview and Scrutiny Committee and Audit and Corporate Governance Committee should be considered in reviewing the performance of the programme and capturing any learning. A key area of learning may be understanding why decisions were made to acquire properties and whether sufficient information was available to inform those decisions. A key element of the internal Asset Disposal Working Group is

to capture learning and ensure it is reported to elected members and that procedures are reviewed to respond to such learning.

- 9.4. Further reports will be developed, for consideration by members, which will address the changes required to the Council's operating model as a result of the asset disposal programme and on-going efficiency reviews.

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Appendix 4 – List of Assets proposed for declaring surplus and marketing

Property Name	Estimated Completion Date	Oper'l Need	Recommended Disposal Auction/Informal Tender/Solus	HRA	Purchase Price	Purchase Date	Purpose
380 Bath Road	Mar-23	N	Informal Tender	N	£4,037,500	26/07/2016	Secure income generator / potential redevelopment site on expiry.
Bus Garage, Stoke Road (Parcel One)	Mar-23	N	Solus	N	£35,000	27/03/1972	1-30 Railway Terrace, Car Park, Highways Act 1959,
Bus Garage, Stoke Road (Parcel Two)					£40,000 (including other property/land)	20/11/1961	1-11 Grays Place, Housing, Town & Country Planning Act 1947
4 Broad Oak	Dec-22	N	Auction	N	£545,000	15/06/2018	James Elliman Homes Ltd. For conversion to HMO/Temporary Accommodation Unit
24 Dawes Moor	Dec-22	N	Auction	N	£180,000	03/07/2018	Empty Property, Compulsory Purchase Order (CPO) under section 17 of the Housing Act 1985 and the Acquisition of Land Act 1981
32 Chalvey Road East	Dec-22	N	Auction	N	Not known	1960s (assumed)	Highway Improvement (assumed)
3/5 Mackenzie Street	Mar-23	N	Auction	N	£37,500	17/08/1965	Central Area redevelopment, Minster of Housing and Local Govt, Town & Country Planning Act 1962, Sec. 68
7 MacKenzie Street	Mar-23	N	Auction	N	£375,000	04/01/2021	Central Area redevelopment, Minster of Housing and Local Govt, Town & Country Planning Act 1962, Sec. 68

546 Bath Road	Dec-22	N	Auction	N	£400,000	07/12/2018	Empty Property, Compulsory Purchase Order (CPO) under section 17 of the Housing Act 1985 and the Acquisition of Land Act 1981
7 - 9 Elliman Ave	Dec-22	N	Auction	N	£120,000	21/04/2021	Empty Property, Compulsory Purchase Order (CPO) under section 17 of the Housing Act 1985 and the Acquisition of Land Act 1981
314 High Street	Mar-23	N	Auction	N	£25,500	03/06/1974	314 & 316 High Street. Town Centre Redevelopment, Town & Country Planning Act
Huntercombe Spur Land	Mar-23	N	Solus	N	£7,600	05/06/1980	Borough of Slough (West Point Allotments) CPO 1974 and Allotments Act 1908
150 Bath Road	Mar-23	N	Informal Tender	N	Unknown	Unknown	Acquired by Bucks CC. Assume for Highways
152 Bath Road					£16,500	22/10/1979	Highways Act 1959
154 Bath Road					£22,000	18/02/1983	Highways Act 1980
156 Bath Road					£18,500	20/06/1980	Town & Country Planning Act 1951 - Blight Notice
158 Bath Road					Unknown	Unknown	Acquired by Bucks CC. Assume for Highways
160 Bath Road					£18,500	22/04/1980	Town & Country Planning Act 1972 - Blight Notice
165 Bath Road					Q3, 23-24	N	Informal Tender
33 Bath Road - Capital Point	Q3, 23-24	N	Informal Tender	N	£12,960,000	18/10/2018	Short term income pre renewals (still 100% let). Strategic site & potentially benefit from proximity of SMP& TVU

12-14 Bath Road, Aquasulis House	Q3, 23-24	N	Informal Tender	N	£6,825,000	05/07/2019	Multi let income generator (seller topped up S.C caps & voids for 12 months)
3 Bath Road - Adelphi	Q3, 23-24	N	Informal Tender	N	£4,600,000	22/08/2018	Short term income and to be assessed against other user options
Extra Care Home Site Wexham Road	Q2, 23-24	N	Informal Tender	N	£12,500	13/02/1952	Physical Training Act 1937 & Slough Corp Act 1949
Norway Drive Land	Q3, 23-24	N	Informal Tender	N	£52,010 including most of Wexham Court Housing Estate)	09/06/1937	Housing Act 1936
2 Victoria Street	Q3, 23-24	N	Informal Tender	N	£400,000	11/05/2017	HRA acquisition. Temporary accommodation.
34 Herschel Street	Q3, 23-24	N	Informal Tender	N	£350,000	11/05/2017	HRA acquisition. Temporary accommodation.
Slough Crown Court Chalvey Park	Q3, 23-24	N	Informal Tender	N	Unknown	Unknown	Acquired by Bucks CC. Assume for provision of court houses.
26 Wexham Business Village	Q3, 23-24	N	Informal Tender	N	£575,000	22/01/2019	Short term let opportunity & located between key development sites
27-28 Wexham Business Village	Q3, 23-24	N	Informal Tender	N	£702,900	02/10/2020	Short term let opportunity & located between key development sites
St. Martin's Place	Q3, 24-25	N	Informal Tender	N	£7,250	12/09/1949	Purchase of land known as 'The Montem' and a few 'cottages'. Purchased for 'Open Space and Expansion of Town Hall'.

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Appendix 5

Asset disposal budget

Description	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
Site Security	20	20					40
Hoardings	25						25
Demolitions	400						400
Site Analysis/options appraisals	100	100	100	100	100	100	600
Planning Fees	50	50	50	50			200
Marketing	150	150	150	50			500
HB Law Legal Fees	450	450	450	450	200	200	2,200
Other Legal Fees	50	50	50				150
Salaries	100	125					225
Property Consultant - Phase I	100						100
Property Consultant - Phase II (% fees)	715	465	320	215	230	175	2,120
Property Consultant - Phase II (time-based fee)	150	150	150	150	150	150	900
Sub-total	2,310	1,560	1,270	1,015	680	625	7,460
Contingency (10%)	231	156	127	102	68	63	746
Total Budget	2,541	1,716	1,397	1,117	748	688	8,206
Funding from:							
Revenue	526	326	277	252	168	163	1,711
Capital Receipts	2,015	1,390	1,120	865	580	525	6,495
	2,541	1,716	1,397	1,117	748	688	8,206
Estimated Capital Receipts	143,000	93,000	64,000	43,000	46,000	35,000	424,000
Net capital receipts	140,985	91,610	62,880	42,135	45,420	34,475	417,505
Costs met from capital receipts as %	1.41%	1.49%	1.75%	2.01%	1.26%	1.50%	1.53%

The pale green shaded rows identify the costs which can be met from capital receipts, totalling £6.495m.

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