

Slough Borough Council

Information needed	Details
Report To:	Cabinet Committee
Date:	17 th October 2024
Subject:	Langley Resource Centre, Spitfire Close, Slough SL3 8GY
Lead Member:	Cllr Chahal – Deputy Leader and Cabinet Member for Financial Oversight, Council Assets, Procurement and Revenue & Benefits
Chief Officer:	Pat Hayes – Executive Director (Regeneration, Housing and Environment)
Contact Officer:	Peter Hopkins - Property and Assets Director
Ward(s):	Langley - Foxborough
Key Decision:	NO
Exempt:	NO
Decision Subject To Call In:	YES
Appendices:	NO

1. Summary and Recommendations

- 1.1 This report sets out a recommendation to declare Langley Resource Centre, Spitfire Close, Slough, as surplus to requirements to allow it to be marketed for sale.

Recommendations:

- 1.2 Cabinet Committee is asked to recommend:

A) Declaring Langley Resource Centre, Spitfire Close, Slough as surplus.

Reason:

- 1.3 Declaring Langley Resource Centre as surplus aligns with the Council's desire to simplify its property portfolio, and in this case particularly as the property has lain vacant since early 2020.
- 1.4 Declaring Langley Resource Centre as surplus will enable disposal of an under-utilised asset falling within the Council's Asset Disposals Strategy. Recommendations in this report will go towards contributing to the reduction in the Council's future financial commitments, generate a disposal receipt at the earliest opportunity and reduce the Council's borrowing and MRP. Any proposed asset sale will be subject to due diligence process and best consideration will be achieved in accordance with section 123 of the Local Government Act 1972.

Commissioner Review

The asset disposal programme is of significant importance to the Council's financial recovery, and an integral part of the approved financial strategy and 'minded to' Capitalisation Direction.

Assets declared as surplus to requirement by the operational departments, should also be considered for any proposed alternative uses against the benefits of disposing of the asset.

Commissioners are content for this report to be considered.

2. Report

Introduction

- 2.1 On 18 September 2023, Cabinet approved the Asset Disposal Programme Update outlining the principles and process for disposal of non-essential Council Assets i.e., assets not required for the delivery of Council services.

Options considered

- 2.2 Option A – To retain Langley Resource Centre, Spitfire Close, Slough. This would require capital expenditure to carry out essential repairs to the property. The costs associated with servicing any capital expenditure and the Council debt required to do so would outweigh the income generated. At present there is no evidence of a sufficient rental income from a third party to justify this level of expenditure or a need for this site for service delivery. This is not recommended.
- 2.3 Option B – To declare Langley Resource Centre, Spitfire Close, Slough as surplus to enable disposal. This option would provide the Council with some financial benefit. **Recommended.**
- 2.4 **Option B is recommended** to Cabinet for approval. Declaring the asset as surplus should allow the Council to receive a capital receipt by way of disposal during the current financial year, which will allow it to reduce its borrowing and contribute to its capital receipts target.

Background

- 2.5 Langley Resource Centre was constructed in the late 1980's, early 1990's with the primary function as a day care facility. Whilst Council records aren't clear it appears that use of the facility gradually declined and the property was last used in very early 2020; pre lockdowns, and has remained vacant since.
- 2.6 The property is located on Spitfire Close, a cul-de-sac, which is a predominantly residential location with Slough Mencap located adjacent to the property. At the end of the cul-de-sac is a public open space with a number of parking spaces. There being no parking at the property itself.
- 2.7 The property is detached, brick built with a concrete tile roof, with double glazed windows and benefits from central heating; not tested.
- 2.8 The property has an area of approximately 226.20sqm/2,434.80sqft on a gross internal area (GIA) basis, and the site has an area of approximately 0.2 acres.

- 2.9 The asset is held in the Council's balance sheet and is revalued at existing use value in line with accounting standards. This does not reflect any alternative use value for the property. The last valuation completed at the end of 2023 provided a valuation of £300,000.
- 2.10 Initial due diligence has been undertaken and the site is currently un-registered and has no current energy performance certificate. Both matters will be dealt with prior to any disposal.

3. Implications of the Recommendation

3.1 *Financial implications*

3.1.1 This report seeks to declare Langley Resource Centre surplus to requirements in order that the asset may be marketed for sale. There is currently no rental income incurred from this site, nor is there a likelihood of generating income in the future. Estimated annual running costs (including maintenance and security) are deemed to be some £10k per annum.

3.1.2 The current condition of the building means that it is likely to incur continued additional costs to the council if retained.

3.1.3 There is no outstanding debt associated with this asset, disposal income would therefore be directly attributable to the Capitalisation Direction.

3.2 Legal implications

3.2.1 Pursuant to section 123 of the Local Government Act 1972 ("Section 123 LGA 1972"), the Council has the power to dispose of land in any manner it wishes, subject to certain provisions. The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions. Section 123(2) permits a disposal at less than the best price reasonably obtainable with the consent of the Secretary of State.

3.2.2. When considering the duty under section 123 LGA 1972, what is reasonable in any particular case depends entirely on the facts of the transaction.

3.2.3. Case law has determined that whilst there is no absolute requirement to market the land or obtain an independent valuation, if valuation evidence is obtained, it should be up to date and that there should not have been any material and significant changes in circumstances since it was obtained.

3.2.4 In addition, obtaining proper professional advice throughout the process on how to maximise its receipts is a material consideration and the Council should limit itself to taking account of those elements of a transaction which are of commercial or monetary value and should disregard irrelevant factors such as "job creation" when assessing whether it is obtaining the best consideration reasonably obtainable. The deliverability or credibility of a bid are commercial factors which are relevant to an assessment.

3.2.5 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 asset identified for disposal.

3.2.7 In addition to meeting its best consideration duty, the Council must comply with its best value duty. This requires consideration as to the income generated from the asset compared to the capital receipt to be achieved upon sale.

3.3 Risk management implications

3.3.1 The recommendation required from Cabinet, as outlined in this report, is intended to improve the Council's financial position, by realising capital receipts which can be used to repay Council borrowing from the existing high level and reduce debt servicing charges in the form of interest and minimum revenue provision (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 asset disposals will delay the Council's financial recovery.	Cabinet Committee to approve declaring asset as surplus to enable officers to proceed with the disposal of asset.
Governance	Failure to obtain best consideration from a disposal could expose the Council to risk of legal challenge.	The Council has employed external property advisors to manage and competitively market the property, having access to wider markets than officers locally and obtained up to date property comparables to assist with their advice.
Legal	Failure to ensure legal due diligence is undertaken could delay or halt any disposal. Initial due diligence undertaken has established property is currently un-registered.	Complete all legal due diligence ahead of marketing property in conjunction with legal and property advisors. Process to complete first registration of property has been started.
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/programme management and decision making operate effectively to deliver asset disposals on time and best consideration for the Council.

3.4 Environmental implications

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

3.5 Equality implications

3.5.1 This asset is not used for operational or service delivery purposes. There are no identified equality implications with the proposed disposal of this site.

3.6 Procurement implications

There are no procurement implications.

3.7 Workforce implications

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

3.8 Property implications

3.8.1 This report will directly impact on the Council's property holdings; however, this will be a positive impact in reducing property holdings to enable the Council to streamline its portfolio to focus on assets required for the operational and service delivery.

4. **Background Papers**

None