

Slough Borough Council

Report To:	Cabinet Committee
Date:	14 November 2024
Subject:	Asset management strategy, asset disposal and office accommodation update
Lead Member:	Councillor Chahal, Deputy Leader of the Council – Finance, Council Assets and Transformation
Chief Officer:	Pat Hayes – Executive Director (Regeneration, Housing & Environment)
Contact Officer:	Peter Hopkins – Director of Property and Assets
Ward(s):	All
Key Decision:	YES
Exempt:	NO - Public with exempt appendices 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 A – Corporate Landlord Model Appendix B – Confidential The Curve, Slough Report

1. Summary and Recommendations

This report sets out the principles on which a full Asset Management Strategy will be created, which if agreed will be implemented across the portfolio of General Fund Property Assets.

Following a review of the General Fund assets and how the estate is managed, it is proposed that a Corporate Landlord model is implemented within the Council. This will allow for future revenue savings to be driven from the estate, as well as ensuring that all operational buildings are in line with Health and Safety regulations and are compliant.

The Corporate Landlord model aligns with the introduction of the Target Operating model, to ensure that service departments are in the appropriate buildings in the right locations to deliver best-value services to residents.

This report sets to establish the Council's commitment to retaining Observatory House, The Curve and Britwell Centre for the foreseeable future, whilst feasibility studies are undertaken to ascertain how public services will be delivered from these buildings in future.

Recommendations:

- 1.1 Cabinet Committee is recommended to:

- a) Agree the revised high-level principles as set out within this report to establish a Asset Management Strategy.
- b) Agree the introduction of the Corporate Landlord Model (Appendix A)
- c) Note the revision in the disposals forecast following an internal review to cover the financial years 2025-2027 of General Fund assets, that is set to generate a net net return of circa £27.4m, a full list of sites to be published at Cabinet in Q4 of Financial Year 24/25.
- d) Agree that Observatory House, The Curve and Britwell Centre are to be retained for the foreseeable future, with consideration being given to making these key public-facing access points.

Recommend to Cabinet to:

- e) Confirm the former civic offices at St Martins Place as surplus to requirements and will be marketed for sale.
- f) Delegate authority to the Executive Director of Regeneration, Housing & Environment, in consultation with the Lead Member for Finance, Council Assets and Transformation and the Executive Director of Finance and Commercial, to negotiate the terms of and enter into the contract and any associated documentation in connection with the disposal of the former civic offices at St Martins Place, subject to this demonstrating best consideration reasonably obtainable.
- g) Authorise procurement of a contractor to conduct an external assessment of the asset disposal programme and its feasibility and of a contractor(s) to commission feasibility studies for retained buildings for the purpose for making them suitable for public facing services.

Reasons

- 1.2 The high-level principles set out how the Asset Management for General Fund assets will support the Council to continue to deliver, maintain, run and dispose of its property estate. By embedding these core principles, each asset will be assessed against pre-agreed criteria to ensure that the property continues to deliver best value.
- 1.3 The Council originally approved a phased approach of which phase 1 was approved by Cabinet in December 2023, with a further paper for phase 2 due to be presented in early 2025. However, for the reasons laid out in this paper, a reset on the original approach is required.
- 1.4 The recommendations in this paper will reset that original approach and a further paper (Phase 2) will detail the delivery model , whilst the underlying strategic approach is embedded within the newly emerging Targeted Operating Model (TOM)
- 1.5 This report focuses solely on the value that can be driven from the General Fund. However, the principals set out in this report will also be applied to HRA non council dwelling assets.
- 1.6 The Implementation of the Corporate Landlord model will work alongside the Target Operating Model to ensure that services are able to deliver services in the right properties and within the right locations to continue to deliver services to residents.
- 1.7 The amended target reflects a detailed review of assets and a more realistic figure based on current market conditions and impairment values.

- 1.8 Declaring the sites identified as surplus will enable disposal of underutilised assets 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 Minimum Revenue Provisions (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.
- 1.9 The Council currently owns and is responsible for multiple buildings that serve as back offices, front-facing facilities, community spaces, or are vacant. In order to make decisions on service provision, the Council needs to confirm which buildings it intends to retain for the foreseeable future as its main offices and public facing access points.
- 1.10 This will allow decisions to be made about specific service provision and other buildings. By retaining Observatory House, the Council can release St Martins Place and it is recommended that Cabinet delegate authority to the Executive Director to allow an expedient sale, whilst recognising that the disposal must meet the best consideration test.

Commissioner Review

"The Council needs a formal approach to the acquisition, management and disposal of assets. This must be done in a structured and controlled manner to ensure close alignment with the Council's strategic goals, metrics and initiatives, and achieve the best return for the Council.

The decisions in this report need to be considered in the context that the Council is in receipt of a Ministry of Housing, Communities and Local Government (MHCLG) 'minded to' capitalisation direction, of £321.7million to balance the budget up to 2024/25 and a further £26.3million is forecast in the budget for 2025/26 to 2027/28.

The net receipts generated from the Asset Disposal Programme is necessary to fund the capitalisation direction and reduce the Council's debt. If the Council cannot achieve the required disposals to finance the amounts above, it would need to borrow to finance the capitalisation, increasing external borrowing and debt charges even further in future years, and putting further unbudgeted pressure on the revenue budget. Therefore, alongside the revision to the target it is important that the Council set out a clear target operating model and medium-term financial strategy which is clear on the assets to be retained and the alternatives to capital receipts on its journey back to financial sustainability."

2. Report

Introduction

- 2.1 Members are aware the Council received a formal direction from Secretary of State for Levelling Up, Housing and Community in December 2021 (updated in September 2022) made under s.15(5) and (6) of the Local Government Act 1999, including a direction that prescribed functions are to be exercised by Commissioners; and the appointment of Commissioners from 1 December 2021.
- 2.2 On the 22 October 2024, the Ministry of Housing, Communities and Local Government (MHCLG) wrote to the Council indicating that the Deputy Prime Minister and Secretary of State was minded to extend the intervention and make further directions.

- 2.3 These include requiring an improvement and recovery plan focused on a new Target Operating Model (TOM) that enables both financial stability and the delivery of core services and priorities and a refreshed rolling Medium-Term Financial Strategy, Capital Strategy, and Treasury Management Strategy, aligned with the new TOM and Transformation Plan that demonstrates the Authority's financial sustainability and resilience over the period of the strategies. The Council's TOM will drive its approach to physical assets and in particular public facing access points.
- 2.4 Asset disposals have been a core element in the drive towards financial sustainability. Having a clear financial target in place for the programme, together with plans to deliver to that target, should help to provide some assurance on the Council's recovery.

Options Considered

Corporate Landlord

- 2.5 Do nothing, carry on with managing the property portfolio as is. This will result in inconsistent data, uncertainty about utilisation of buildings and the inability to drive value of money from the estate.

Not Recommended.

- 2.6 By integrating The Corporate Landlord model aligns with the introduction of the Target Operating model, to ensure that service departments are in the appropriate buildings in the right locations to deliver services to residents.

RECOMMENDED

Disposals Target 2025-2027

- 2.7 Do nothing, carry on current Capital income target. The Council does not have the value across its General Fund property asset portfolio to achieve the current target.

Not Recommended.

- 2.8 Upon assessment the Council has identified opportunities to generate a capital receipt of its General Portfolio that can deliver circa £27.4m in the next 24 months whilst working with services to ensure they can continue to deliver to residents in suitable and accessible buildings. Disposal of these buildings will also realise a revenue saving of £0.7m by the end of the 2 year programme.

RECOMMENDED

Disposal of St Martins Place

- 2.9 Retain St Martins Place at a cost of circa £576k per annum and try and lease the space out. The cost of re-energising the electrical supply, continuing security costs and costs to bring the building back into re-use would have a negative impact on to the Councils finances.

Not Recommended.

- 2.10 To dispose of the St Martins Place, in line with the previous cabinet report in October 2022 which agreed a disposal. This option would not have a negative impact on the Councils financial position.

RECOMMENDED

Background

Strategic Asset Management Principles

- 2.11 Following on from a review of the Phase 1 Estates Strategy approved by Cabinet in December 2023, upon further investigation into the buildings originally identified, the development of the phase 2 strategy including the single Public facing service building did not take fully into consideration the impairments against the assets.
- 2.12 Therefore, there is a need to reset the principals and approach to ensure that the new Asset Management Strategy does not have a negative impact on the Councils finances.
- 2.13 The revised Asset Management Strategy will complement the upcoming Target Operating Model that sets out how the service will deliver better value to residents.
- 2.14 In creating a new Asset Management Strategy, which will support the Council in delivering a consolidated estate that is fit for purpose and continues support Council services in delivering outstanding services to residents the following principles will be instilled.
- 2.15 Core Principles
 - 2.15..1 Deliver best consideration for the Council's assets in accordance with s.123 Local Government Act 1972 when disposing of an asset and best value under the Local Government Act 2003 in the way assets are utilised.
 - 2.15..2 To consolidate buildings to support the reduction in revenue and capital expenditure on the Council's property assets.
 - 2.15..3 To carry out a yearly review of property assets and to not dispose of any property asset that will negatively impact on the Council's financial position. In practice this means not to sell any asset whereby the outstanding debt is more than the market value, or where the income generated is higher than the expenditure.
 - 2.15..4 To introduce a new Corporate Landlord Policy, a core priority for the Council is to significantly strengthen the management of corporate assets and use this to ensure they are safe, compliant, and improve the quality and value for money of the service they can deliver,
 - 2.15..5 Optimise assets to meet the Council's corporate objectives: Resident focussed, enabling residents and communities, strengthening partnerships, building trust, and providing financial sustainability.
 - 2.15..6 Consolidation of operational estate into a small number of strategic hubs. Quality not quantity.
 - 2.15..7 Provide quality modern operational buildings for staff and customers that will help the Council to deliver outstanding service to customers and attract and retain talented professional staff. Operational buildings should be efficient, attractive environments that are future-proofed, flexible and support agile working.
 - 2.15..8 Release surplus operational estate to drive capital receipts.
 - 2.15..9 Achieve an estate that is fully compliant with statutory regulatory and health and safety requirements.
 - 2.15..10 Support provision of a properly resourced, professional in-house property team that delivers outstanding service to internal and external stakeholders.

- 2.15..11 Hold a live Asset Register held in Asset Management and GIS Data Systems that are accurate, comprehensive, modernised, accessible, and transparent and ensure that information is published in accordance with the Local Government Transparency Code.
- 2.15..12 Hold live Asset information that can be easily and simply reported/communicated and properly used to strategically optimise asset management as well as respond to enquiries from Members and the public

Disposals Programme

- 2.16 A report was brought to Cabinet on 21 June 2021 which outlined the principles and process for disposing of surplus General Fund land and property assets to reduce borrowing costs. The report highlighted that the Council would seek to dispose of surplus assets to support the following objectives:
- Provide capital receipts to contribute to the 2022/23 budget.
 - Provide capital receipts to meet Capitalisation Directive commitments and align with the Medium-Term Financial Strategy (MTFS)
 - To reduce overall borrowing costs.
- 2.17 On 17 October 2022 Cabinet approved an Asset Disposal Strategy informed by advice from its commercial property advisors, Avison Young. The agreement of the strategy was to contribute to the reduction in the Council's financial commitments, generate disposal receipts at the earliest opportunity and reduce the Council's borrowing and Minimum Revenue Provision (MRP).
- 2.18 The first focus area for the Asset Disposal Programme was an initial review of the Council's asset base by Avison Young. The purpose being to provide assessments of market values, along with an orderly disposal plan that enabled the Council to realise potential capital receipts that could firstly be utilised to finance any Capitalisation Directions, and secondly to repay existing external debt.
- 2.19 The decisions in that paper were based on a Council asset value of £1.3bn comprising:
- C. £750m non – residential assets and
C £550m of HRA residential assets,
And summarised in the following table 1.

Asset Category	Valuation £m	Valuation Basis
Council Dwellings (HRA)	551	Existing Use Value
Other land & Buildings	418	Non specialised assets – Existing Use Value & Specialised Assets – Depreciated Replacement Cost
Investment Property	163	Fair Value
Plant, Vehicle & equipment	15	Depreciated Historic Cost
Infrastructure (ie Bridges etc)	118	Depreciated Historic Cost
Assets Under Construction	22	Depreciated Historic Cost
Surplus Assets	10	Fair Value
Community Assets	10	Depreciated Historic Cost

Total 1307

- 2.20 From the £1.3bn asset valuation, it was identified that the property portfolio could deliver £400-£600m of capital receipts. In coming to this target, an optimistic approach was taken, both to what could be achieved by way of development on each asset, as well as market and economic conditions at the time and the expectation that the market would remain stable and prices would likely continue to increase.
- 2.21 Due to staff turnover within the Council during the external review, incorrect analysis of potential capital receipts likely took place, which may have been a contributing factor to the current situation.
- 2.22 The Property Disposal Programme was then split into two phases. Phase I contained assets that Cabinet provided authority to launch to market having been declared ‘surplus’. The Second phase being assets that required further due diligence before they could be declared surplus.
- 2.23 These were generally assets that have been held for ‘financial’ reasons (i.e. ‘investment’ assets whose aim was to generate ongoing income) or assets that have been held for ‘development’ reasons (e.g. to support regeneration objectives and/or increase housing numbers). These assets are spread across both the General Fund and Housing Revenue Account.
- 2.24 At the September 2024 Cabinet Committee, Members received the Property Capital Programme Review paper that set out the progress made to date, on the Asset disposal against the original target. The report set out that General Fund disposals achieved as of 31st July 2024 created a net benefit to the General Fund of £175m. . There is additional value to still be realised through assets that are currently within the disposals process for this financial year.
- 2.25 The remaining investment assets have been retained due to the impairment values being larger than the capital receipt that would be generated from disposal and would cause a financial detriment to the Council.
- 2.26 The table below sets the forecast of General Fund capital receipts approved by Cabinet in October 2022 against progress made and projections for the 2025-2027 period.

General Fund Disposals Programme	2022 / 23 £m	2023 / 24 £m	2024 / 25 £m	2025 / 26 £m	2026 / 27 £m	Total £m
Potential Disposals based on AY Disposal Strategy (October 2022)	108	83	53	20	71	335
SUR Sites	22	8	10			40
Total Forecast	130	91	63	20	71	375
Achieved / (Forecast)	175			39		214

Internal Review of Property Assets

- 2.27 Historically the Council had relied on Net Book Value (NBV) as a guide to the value of an asset. The NBV is the recording of the value of an asset on a company’s accounting record and takes in to account original purchase price and

expectation of market movement. Given that most book valuations were out of date or inconsistent in implementing the disposal strategy AY's valuations were utilised.

- 2.28 In determining the NBVs, the Council provided asset specific information to the valuer, which at times was inaccurate or not available. As a result, as part of the due diligence process in the disposal of an asset, the weighting of the NBV should only form part of the assessment and not wholly be relied upon.
- 2.29 To support recommendations for disposals as part of the assessment toolkit going forward "Red Book "valuations will be used, alongside the AADF (Asset Appraisal and Disposal Framework) model, internal assessment and NBV.
- 2.30 Officers from Property and Finance have reviewed each asset and produced an expected capital receipt using their expertise of the estate and a methodology consisting of a review of local and recent sales comparable and/or by way of capitalisation of the commercial rental income.
- 2.31 Officers have then allocated a Red Amber Green (RAG) rating against each asset that was based on an assets operational status, known service need, constraints on site, or the requirement to review as part of the planned wider Asset Management strategy.
- 2.32 The assessment of the assets also included the Council's prudential borrowing, outstanding balance, income and revenue income/ expenditure. The assessment at this time does not include future Planned Programme Maintenance assessments as this area of activity has not been undertaken since the issuing of the Section 114 notice.
- 2.33 The Council has adopted an Asset Appraisal and Disposal Framework (AADF) which provides lifecycle costings, however, as the building condition is unknown and the BCIS costings within the model is over four years old (Q4 2019). The council is obtaining fresh data to update the model.
- 2.34 A RAG rating for each asset was assigned based on current use, be that operational, community or income producing and any borrowing or other metric that impacts against the asset value,

Red:

Property Assessment:

- Consists of Investment Assets, operational buildings, community leased buildings, and sites that have technical constraints. These sites would not be able to be sold within the next 12 months and will be reviewed in line with the Target Operating Model, the implementation of the Corporate Landlord function and future Community Asset Transfer strategy, to assess the ability and suitability to move to Amber or Green.

Finance:

- The asset is carrying an outstanding balance higher than could be achieved by sale and/or the income generated over the residual life of the asset, resulting negatively financially and would not be in the interest of the Council to dispose.

Amber:

Property Assessment:

- Assets that are in the pipeline and have the ability to be put on the market within the next 24 months. These Assets currently have technical constraints and/or are occupied but with a plan in place to enable disposals. Where the

asset is used for service provision, a decision on an alternative service location will be taken prior to declaring an asset as surplus.

Finance:

- Assets that could be disposed of subject to a further review of the likely capital receipt and on the basis that the achievable receipt delivers best value to the Council.

Green:

Property Assessment:

- Assets that are either currently on the market for disposal or have the ability to be put on the market within the next 6 months. These assets are not being utilised for service provision.

Finance:

- Sites that could be disposed of and have no negative impact on the Council's financial position.

Market Volatility

- 2.35 When assessing the potential capital receipt that the Disposal programme could deliver over the next two financial years, the council has looked at market volatility and the potential impact that this could have on the Capital Receipt.
- 2.36 When referring to Higher and Lower volatility the council means:
- Lower Volatility – an estimate of the lowest sales proceeds that might be achieved due to poor market conditions, issues that may be uncovered over time, or planning restrictions that may lead to a property selling for less than expected.
 - Upper Volatility – an assessment of the highest sales proceeds that could be achieved due to buoyant market conditions, competitive buyer tension or, for example, better development opportunities due to planning.
- 2.37 For the Council to have a high level of confidence of the internal assessment, an audit needs to be undertaken by a third party, to assess and agree/challenge the assumptions used. This will be procured following approval by Cabinet.
- 2.38 By carrying out the audit and establishing an agreed position, work can be undertaken to assess and release further assets for disposal.
- 2.39 Establishing the number and value (£) of assets that could potentially be sold is a key element in setting the financial target for the programme. However, it is not the only consideration, the Council also has to consider other factors such as the delivery of statutory services and ensuring accessibility of services to residents and undertaking a legal review of the sites to establish whether they are held for a specific purpose or whether there are statutory steps that need to be taken before a site can be disposed of.
- 2.40 As well as realising a capital receipt through disposal, the programme will also produce revenue savings as a result of not having to maintain or run the buildings. At the conclusion of the 2025-2027 programme, revenue savings will rise to £796k per annum, this is a result of £1.703m saved on costs but recognition of £0.907m of income lost.
- 2.41 Further additional opportunities for savings will be recognised and aligned with the new Digital Data and Technology Strategy when implemented.

Observatory House, The Curve, and Britwell Centre

- 2.42 In December 2023, the Cabinet confirmed the retention and continued use of Observatory House as its main civic offices. A further feasibility study is to be undertaken to review how the space can be best utilised and opportunities with third parties and other public sector partners to drive best value from the building.
- 2.43 In September 2024 Full Council Meeting, the Leader of the Council reconfirmed its position that there are no plans for The Curve to be disposed of.
- 2.44 The Curve currently provides statutory services such as Registrars and Libraries, along with Community Learning and Theatre performances by Storyden, which is partnership between Norden Farm and Slough Borough Council, funded by the Arts Council.
- 2.45 Avison & Young carried out a soft market test across multiple sectors during the summer of 2024 to understand interest and establish market value for the Curve building which highlighted the lack of interest or land value that could be realised by disposal (Appendix B).
- 2.46 Due to the outstanding debt against the building versus the value that could be obtained by disposal of the asset, any disposal would have a negative impact on the Council's finances.
- 2.47 Britwell Centre delivers a library service along with community facilities such as hireable rooms. The centre is also used to provide advice and guidance to residents on a range of customer service and housing matters.
- 2.48 Part of the Centre is leased to a GP Surgery, which provides rental income to the council.
- 2.49 The income streams from community bookings and the GP Surgery result in the income being higher than the expenditure on the building, which has a positive effect on the council's finances.

Feasibility Study

- 2.50 In order to optimise the three buildings, a feasibility study is required, this will review the following:
- 2.50..1 Detailed review and analysis of the condition, operating efficiency and use (both by council and external parties) with a view to understanding what consolidation or adaptation might be achievable, and how third-party external income could be increased as a consequence.
- 2.50..2 An assessment to understand how space at The Curve that is currently under-utilised can deliver better returns. Consideration is also required as to the cost of potentially adapting The Curve to accommodate additional council services as well as the potential to generate more income from the private sector and / or educational partnership
- 2.50..3 Financially modelling of any investment required and income that could be recognised.

Former civic offices at St Martins Place

- 2.51 St Martins Place closed in 2019 with the moving of council back office functions to Observatory House.
- 2.52 Following a number of vandalism incidents in the following years, the building has been left with no electrical supply. This has resulted in a physical security presence being on site 24 hours a day to ensure the security of the building.

2.53 The building is currently costing the council circa £576k per annum to hold, this is primarily down to business rates and security costs.

2.54 Cabinet made a decision in October 2022 to dispose of the Asset, however for a number of reasons this was never progressed. With the decision made to remain in Observatory House, the asset is surplus to requirements.

3. Implications of the Recommendation

3.1 *Financial implications*

3.1.1 In September 2021 the Council agreed a Debt Repayment Strategy, recognising it was holding unaffordable level of debt, which was predicated on an orderly programme of asset disposals which could be used “firstly to finance any Capitalisation Directions that may be received from the Government and secondly to repay existing external debt.” The aim of this course of action was to reduce both interest costs and Minimum Revenue Provision (MRP) charged to revenue budgets. The objective of the strategy was to realise £200m of disposal by March 2024, with further disposals of between £200m and £400m by end of March 2027. A total of some £400m of disposals has been assumed in the Treasury Management and Medium-Term Financial Strategies up-to and including the 2024/25 Budget This was later superseded in the 2023/24 Treasury Management Strategy, as approved by Full Council, on the basis of that actual receipts from disposals to the end of March 2023 had significantly exceeded assumptions – and on that basis a further £200m receipts from asset disposals were assumed for 2023/24. However, as at 31st March 2023 actual gross receipts totalled £195.5m, including the Akzo Nobel disposal, and did not distinguish between General Fund and HRA. Actual receipts during 2023/24 totalled just £29.7m.

3.1.2 A detailed review of General Fund assets which were included in the original assumptions has now been undertaken as set out in paragraphs 2.25 to 2.37 of the report, and this has highlighted a number of investment assets, if disposed of at this juncture would render significantly higher impairment costs than is likely to be achieved in the current market, . That would mean a significant net cost to the Council’s Income and Expenditure Account, and with residual debt which would require to be financed from prior years’ capital receipts – with less being available for financing the capitalisation directions The Council continues to face a very significant financial challenge and so continuing with their sale would not be practicable. This does mean that our financial assumptions for asset disposals have to be reduced. Changes to the deliverability of the programme impact upon the Council’s cashflow assumptions, the trajectory of debt reduction and consequential revenue implications arising from the cost of financing that debt (both interest and MRP),

3.1.3 The report sets out the case for retention of Observatory House, The Curve and Britwell Centre. The financial assessment, taking into account debt outstanding, as well as net operating costs has concluded their disposal at this juncture would be at financial detriment to the Council, and would have significant service delivery implications. However, St Martins Place is being retained at significant annual net cost.

3.1.4 Development of a corporate landlord model for the delivery of property services will facilitate a more cost effective and strategic approach to managing the Council’s assets, and notwithstanding the outstanding debt on the property, the cost of impairment is outweighed by the costs of reinstatement and so is recommended for disposal

[3.2 *Legal implications*

3.2.1 The Council has duties in relation to securing best consideration and achieving best value in delivery of its services. This includes ensuring the members are presented with all relevant information to inform decision-making, including background and historic information on acquisitions. There should be an opportunity to identify any lessons to be learned in relation to historic decisions, including the quality of information to inform the decision, the risk analysis and options appraisal and the availability of specialist advice.

3.2.2 When making decisions on operational assets, the Council must first review the services and identify alternatives to service delivery to determine whether the asset is surplus to requirements. This will require consideration of alternative options for a particular asset, as well as alternative options for delivery without reliance on buildings or use of alternative buildings. These decisions may need to be informed by public consultation.

3.2.3. To enable any future sale of assets, having first declared that the assets are surplus to requirements, the Council has a statutory duty under section 123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable. It is for the authority to demonstrate that it has achieved best consideration; if best consideration is not obtained, Secretary of State approval is required, although there are some general consents that can be relied upon, including where the disposal will contribute to the social, economic or environment wellbeing in its area and the under-value is below £2m. Decisions to dispose of assets which are below best consideration, unless required to fulfil a statutory obligation, are reserved to Cabinet. Decisions to dispose of any asset at £1m or more are also reserved to Cabinet.

3.3 *Risk management implications*

3.3.1 The table below sets out the key risks:

Risk	Summary	Mitigations
Market / Economy	Challenging market conditions having an impact on the values that can be achieved	Continue to receive and react to market intelligence
Abortive Sales	Sales aborted where the best market offer could not be supported by the organisation	A new methodology for calculating minimum sales values is being adopted
Programme Target	The current financial target is unachievable	Seeking to change the target through this Cabinet report
Skills / Capability	Programme outcomes limited by the capacity and capability of resources	Additional surveyors recruited into Property team in April 2024
Parking	School and Ice Arena Parking at St Martins Place.	Early communication with effected parties

3.4 *Environmental implications*

3.4.1 Re-shaping and re-purposing the Operational portfolio provides opportunities to improve the environmental performance of the retained estate.

3.5 *Equality implications*

3.5.1 There are no equality impact implications as a result of this report.

3.5.2 Operational sites that may be affected by the disposals programme will have an individual EIA carried out and presented to Cabinet, if and when a site is declared as surplus to requirements.

3.5.3 The Asset Management Strategy will have an EIA on the future impact of the Operational Estate

3.6 *Workforce implications*

3.6.1 A reshaping of the operational portfolio will have some impact on SBC staff. It could change their work location and/or their working patterns. The full impact of this can not yet be assessed.

3.7 *Property implications*

3.7.1 The Estate Strategy and Asset Disposal Programme are key to establishing the future size, nature and management arrangements for the future retained property portfolio.

4. Background Papers

None