

Overview & Scrutiny Committee Commissioning Committee

From: Graham Morley, Strategic Property Group Manager (01296 38-2032)

Date: 10 November 2009

Subject: Capital Receipts in Buckinghamshire County Council

The September 2008 comments in support of the Recommendations are retained in italics below.

1. Cabinet ensures that the Capital Investment Strategy and its associated processes identifies both the short term and long term capital investment required to deliver quality local public services in Buckinghamshire.

As required under the CPA/CAA - Use of Resources criteria, the Council, through its Transformation, 'Corporate Property' and 'Asset Transformation' Strategies is taking action to demonstrate the alignment of its Capital Investment Strategy more closely to the delivery of quality services from Fit for Purpose property and associated facilities.

- Service Reviews and Action Plans will identify the Services' 'demand' for facilities to deliver the required services.*
- The Asset Management Plan will identify the existing property 'supply' to best fit the demand.*
- The identified 'gaps' will be the subject of Business Cases for both short and long-term investment needs and hence inform the Capital Investment Strategy.*

Cabinet has recently approved the updated Capital Investment Strategy. It is considered, however, that the details of the correlation between the Capital Investment Strategy and the Corporate Property and Asset Management Plan may require further refinement as part of the developing strategic property functions. This will include the introduction of service based Asset Management Plans and the potential establishment of a Corporate Property Group, comprising Service Department Property Representatives, led by the Corporate Property Officer. (This was discussed at the last property Board and is to be the subject of a more detailed report in due course)

2. Cabinet ensures that processes are in place to strike an appropriate balance between the funding demands of the Capital Programme and the value of properties sold.

The Capital Programme details the schemes proposed to meet the requirements of the Capital Investment Strategy. This investment need is funded, only in part, by Capital Receipts. Other sources of funding are available, Section 106 monies, grants, borrowing etc. It is recognised that the Capital Investment Strategy and hence the Capital Programme, should not be limited by the Councils ability to raise Capital Receipts, especially in today's property market.

Details of the known anticipated Capital Receipts from property disposals received in FY 2009/10, are shown in **Annex A**, together with those identified in 2010/11 and 2011/12. In these unpredictable days it is extremely difficult to anticipate receipts with any sense of certainty. Developers continue to delay and are unwilling to proceed. Those with agreed terms, now want to renegotiate or even withdraw from the process.

3. Cabinet evaluate the current progress of the Local Access Strategy programme and agree a BCC Strategic Property Vision by 1st January 2009.

The Cabinet agrees with the need for a Strategic Property Vision that reflects the Local Access Strategy. Work will be needed to assess the property implications of the Local Access Strategy as part of a review of the Asset Management Plan and it is considered that the target date of 1st January is too tight for this to be conducted effectively. It is considered more appropriate for this period to be extended to 31st March 2009, to coincide with the review date in Recommendation 6.

This has not been met yet, due in the main to a lack of resources, which only became available in April 2009. Cabinet have allocated now an additional £250,000 to the Property Services Revenue Budget, to enable the required work to commence in the development a Corporate Strategic Property Vision (see 4 below). This work is also linked to the Council's Transformation Strategy.

4. Cabinet initiate a Property Service evaluation of the likely capital receipts from a programme of additional disposals based on the Lambert Smith Hampton Strategic Property Review, Phase 1 Report, together with the likely redeployment costs and management costs.

The Interim Head of Property Services is in the process of re-organising the structure within Property Services to enable the formation of a Strategic Asset Management Section by 1st January 2009. This Section will conduct a 'Strategic Fit' exercise to take forward the Lambert Smith Hampton data, using both in-house and consultant resources. This will involve appraising the requirements to rationalise and create a fit for purpose property portfolio in association with the Transformation Strategy and Service driven Asset Management Plans. The process will identify property that can be declared 'Surplus to Requirement' together with the costs and resources required to facilitate its vacation and subsequent disposal. It is accepted that this work will require additional resources in respect of valuation, design, surveying and legal professional advice and services to support in-house Property Services staff in bringing land forward for disposal.

The reorganization of Property Services was completed on 17 April, which splits its Strategic and Operational roles. A Strategic Property & Asset Management Group has been formed under the Strategic Property Group Manager, Graham Morley. Within this Group is the Asset Management Planning Team established to development the various strategic property functions. The Section currently has three vacant posts, which it is in the process of filling and once filled, enable the required outcomes, detailed above, to be realised in the fullness of time.

During the interim period between September and April, however, the existing Property Group has taken forward the data from the Lambert Smith Hampton, Phase 1 Report and worked up a number of sites for disposal. Details of these sites, together with an update of the negotiations to date, are shown in **Annex B**. Once fully manned, the Section will be able to accelerate the process, aided by the recent allocation of the additional £250,000 to the Section's revenue budget, to create the required capacity and fund specialist property consultant services.

The anticipated outcome to the process is a detailed Corporate Asset Management Plan built up from the individual Service Asset Management Plans, which will generate the County Council's Strategic Property Vision identifying, the investment required to provide 'Fit for Purpose' property delivering 'Value for Money' services and surplus property available for disposal. These disposal sites will then be the subject of feasibility studies and option appraisals to maximize their disposal potential.

5. Cabinet to review the existing disposal policy for the agricultural estate and consider the disposal of the bulk of the remaining estate to a single estate/management/investment organisation.

Our Agents carried out an update review of the Council's Agricultural Estate in July 2005. The future of the Agricultural Portfolio was again considered in January 2008. Their conclusion was that the current policy of disposing of tenant farms, when they become surplus (1 or 2 per annum) to generate a capital receipt (c. £900k each) should be continued. Current benefits include a Revenue Income of c. £550k per annum, control over the land use (stewardship) within the constraints of planning and retention of future development land values. These benefits also relate to the 'Golden Triangle' and Green Belt land to the South of the County.

Property Services intend to test this existing policy through a detailed review of sites by a specialist Agricultural Surveyor to determine if any additional value can be obtained from the estate, either through disposal en mass, selective site disposal, or retention and disposal on an opportunity basis as now. The review will also consider the estate's current leasing arrangements and the potential for increased rental income.

Property Services has recently appointed an in-house Rural Surveyor. A report is being prepared to evaluate the existing agricultural estate strategy for the whole of the Estate. This will include the policy to dispose of Tenant Farms when they become available and the potential to introduce incentives to speed up the process. The potential to dispose of the bulk of the remaining estate is to be considered, also.

It is intended that the first draft of the report will be available for your next meeting.

The report is to consider the following:

i) Background of the Agricultural Estate linked to Green Spaces / Country Parks / Community Woodlands, managed by Property Services, although income is directed to Countryside & Heritage, Three interests:

Denham Estate,
Green Belt (including reference to Contributing Authorities),
Smallholdings.

ii) Current approved disposal policy;
Sale to tenant subject to the tenancy agreement;
Sale with vacant possession.

iii) Matters affecting the management of the Agricultural Estate, including reference to legislation and requirements of BCC as landlord and expenditure required.

iv) Recommendations for the future policy of the Agricultural Estate, including comment on land, which should be retained and promoted through the Local Development Framework process. In addition, review the holdings that have not yet been declared surplus and recommend the holdings that should be declared surplus. Finally review the potential for a wholesale disposal.

6. P&R OSC to review the progress of recommendations accepted by Cabinet in April 2009.