

	<p style="text-align: center;">Performance and Finance Select Committee 8th September 2009</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For Information	Wards Affected: ALL
<p>Report Title: Property Asset Disposals 2008/09</p>	

1.0 SUMMARY

- 1.1 At Full Council on 21st May 2007 the threshold levels for utilisation of officer delegation in respect of property asset transactions was raised to £100,000 for rental and £300,000 for acquisitions and disposals. At a previous Council meeting in 2006 it was agreed that the Head of Property and Asset Management would be required to prepare an annual report on all such transactions and for this report to be presented to Performance and Finance Select Committee (PFSC).

2.0 RECOMMENDATIONS

That the Committee:

- 2.1 Note the schedule of disposals attached as Appendix I detailing transactions for the financial year 2008/09.
- 2.2 Note the schedule of all transactions completed under delegated powers at Appendix 2

3.0 DETAIL

- 3.1 As part of the overall rolling capital programme a target of £10.73m of capital receipts has been set for the period 2008/09 – 2011/12. The setting of a financial target seeks to achieve a dual outcome. Firstly, it introduces a measure of performance for disposal of council assets. Secondly it helps to ensure there is a challenge to the retention of assets to ensure they are required or likely to be required as an operational resource.
- 3.2 The target set is based on the Council's capital programme, taking into account external funding and the continual requirement to adapt and improve

assets rather than dispose and also to assist in reducing the backlog maintenance.

- 3.3 However the Council's asset base does not have any significant surplus resources due to an extensive disposal programme in the 1990's. Therefore the vast majority of opportunities are one-off disposals arising from review of service provision. The impact of the financial downturn has resulted in falls in the order of 40-50% in development land values with a fall in value of buildings in the region of 20-25%. This unprecedented situation will impact upon the level of receipts that can be realistically generated.
- 3.4 In order to ensure we do not dispose of an asset which may be required for another use, a formal review procedure has been established at officer level. Thus it is a requirement that all potential disposals should be referred to the Head of Property and Asset Management. A paper on the asset is then taken to Assets Board, chaired by the Director of Finance and Corporate Resources, and officers representing the various services are requested to put forward any alternative use. Thereafter a report is presented to Capital Board and the asset is either cleared for disposal or the alternative internal bid is supported. Where the officer decision is to seek disposal, dependent upon the value attributed to the asset, it is then either prepared for disposal or the Executive are requested to approve the proposed action.
- 3.5 It is worth noting that given the relative small size of the Council portfolio invariably certain assets which have been declared surplus attract bids from other services. Whilst it is good that the council is making effective use of its asset base it does put pressure on the capital receipts target as assets can be withdrawn as disposal opportunities at this stage.
- 3.6 The internal process established for all disposals will ensure we consider all aspects of an asset before it is sold and this can include whether a public sector partner might be interested. Assets which, for whatever reason, are not to be sold at market value are always referred to Executive for decision.
- 3.7 The prospects of significant receipts in 2009/10 are limited with the property market stalled. Furthermore where properties could be disposed of Service Departments are seeking to reuse property.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The 2008/09 Capital Programme included a target for capital receipts of £3.08m and Appendix I details the actual completions on disposals achieved in the year at £1.12m. The target in 2007/08 was exceeded by £1m.
- 4.2 There is currently an £10.73m target for capital receipts plus costs derived from disposal of General Fund land and properties over the four years of the programme from 2009/10 to 2012/13. The target is extremely demanding and

there are conflicting demands on use of receipts from disposals. Proceeds cannot be used to fund both the capital programme and replacement assets and that may mean difficult decisions will need to be made at future points. If there are proposals to use assets for alternative public use – including for example, disposing at below best value to housing associations – then the cost of this will need to be factored into the capital programme.

5.0 LEGAL IMPLICATIONS

- 5.1 Section 123 of the Local Government Act 1972 permits a local authority to dispose of land it owns in any manner it so wishes provided that in the case of a freehold disposal or the grant of a lease for 7 years or more it obtains the best consideration reasonably obtainable (unless it obtains the consent of the Secretary of State to disposal at an undervalue). This is usually demonstrated by extensive marketing of the property and acceptance of the best price or by disposal at auction.
- 5.2 The 2003 General Disposal Consent allows Local Authorities to dispose of property without obtaining the specific consent of the Secretary of State if the local authority is of the opinion that the disposal will help it to secure the promotion or improvement of the economic, social or environmental well being of their areas and the difference between the unrestricted value of the land to be disposed of and the consideration being received for the disposal does not exceed £2,000,000 (two million pounds). Regard must be had to the Community Strategy if appropriate.

6.0 DIVERSITY IMPLICATIONS

- 6.1 There are no specific implications that have been identified.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS

- 7.1 There are no specific implications that have been identified.

8.0 BACKGROUND PAPERS

- 8.1 Background papers held in Property and Asset Management

9.0 CONTACT OFFICERS

- 9.1 Richard Barrett, Head of Property and Asset Management

DUNCAN McLEOD
Director of Finance and Corporate Resources

Capital Receipts Achieved 2008/09

COMPLETIONS	Achieved £(000)
52A The Venue	10.0
9 Riffel Road	1.1
Palmero Road	6.25
The Lodge, Birchen Grove	5.0
10D Milman Road	22.0
21a Buxton Road	83.4
32a Linacre Road	253.2
24 Hiley Road	324.3
64 Ceder Road	459.0
Miscellaneous	12.5
TOTAL	£1,176.7

PROPERTY AND ASSET MANAGEMENT

Delegated Authority Monitoring
From April 2008 to March 2009

Disposals

Roundwood Lodge Café, Roundwood Park, Harlesden Road, NW10	Approved	To approve the reviewed rent in the sum of £20,000 as at 1 st October 2000 and approve the current open market rental value in the sum of £35,000
South Kilburn Regeneration scheme – Granville New Homes	Approved	Sealing of 2 leases to EDF Energy in respect of Transformer Chamber
The Lodge, Birchen Grove, NW10	Approved 23/05/08	Sale of the freehold reversion to the leaseholder for £5000
Tokington Recreation ground & Land between 22&24 Park View Wembley	Approved 6/06/08	Alperton to Neasden 11K Electricity Cable Route easement in favour of EDF Energy Contracting Limited – The grant of a permanent easement of 3m width for cables as identified on daft plan ere. SK008 s1-4 – Premium £18,585 plus costs
26 A&B Palermo Road, NW10	Approved 13/06/08	To agree the proposed sale of the freehold to the leaseholders for a premium of £6,250. The purchaser to pay all reasonable legal costs and reimburse valuation fees
60 Pound Lane, Willesden NW10	Approved 18/06/08	To agree the disposal of a strip of land adjoining 69 Pound Lane to the Brahma Kumaris University
36 Barnhill Road, Wembley	Approved 09/07/08	To agree the disposal of amenity land located at the rear of Anton Place comprising 10 sq.m for a nominal £1.00
Hampton House, 1B Dyne Road London NW6 7XG	Approved 17/07/08	To approve the subletting of the ground floor of Hampton House, 1B Dyne Road to Brent Mind
Brent House, High Road Wembley	Approved 01/08/08	To approve a wayleave agreement for provision of 90mm diameter UPVC duct fibre optic cables and building entry point to Brent House
21A Buxton Road, Willesden NW2	Approved 12/08/08	To agree the disposal of a long lease (Brent's equity share) at Auction by the Lessee's executors
10D Milman Road, NW6	Approved 20/08/08	To agree the proposed sale of the loft space to the leaseholder for a premium of £22,000
88c Brondesbury Road, Kilburn London NW6	Approved 07/10/08	To agree the proposed sale of loft space to the leaseholder of the top floor flat
Kenton Road, Harrow (Clock Cottage Depot)	Approved 10/10/08	To agree renewal of lease for siting of portacabins at the Clock Cottage Depot to St Luke's Hospice. Lease to commence

Appendix 2

		12/10/08
Kenton Road, Harrow (Clock Cottage – storage)	Approved 10/10/08	To agree the grant of a lease for storage at part of the Clock Cottage building to St Luke's Hospice
Salisbury Road Car Park – Advertisement Hoarding	Approved 10/10/08	To agree the renewal of a lease to Adrenalin advertising Limited for five years
Watford Road, Vale Farm Centre (Former Parkside Lawn Tennis Club)	Approved 17/10/08	To agree a new lease to the Metropolitan Police Authority for a term of 10 years at a rent of £5,000 per annum exclusive of rates and all outgoings
179 Church Lane, NW10 – advert hoarding on land at rear	Approved 19/11/08	To agree the granting of a wayleave to Titan Outdoor Advertising for three years at a rent of £500 per annum
Unit S56, The Designworks, Park Parade, Harlesden	Approved 27/11/08	To approve the granting of a lease of Unit S56 to Hestia Housing Support for a term of 3 years at an annual rent of £2,500
Victoria Road, Kilburn, Public Convenience	Approved 20/01/09	Approve the granting of a lease to Veolia for the use of the depot for a term of 5 years in return for £80,000 capital expenditure on restoration work
Unit 9 Bridge Park Community Leisure Centre, Harrow Road	Approved 20/02/09	Approve the granting of a lease to Mr Frank O'Callaghan for a term of 2 years at rent of £4,900 per annum
Unit 4 Bridge Park Community Leisure Centre, Harrow Road	Approved 20/02/09	Approve the granting of a lease to Kevin McGowan for a term of 3 years at a rent of £4,410 pa, £4,920 pa and £5,430 pa
Unit 1 Bridge Park Community Leisure Centre, Harrow Road	Approved 20/02/09	Approve the granting of a lease to Mr Frank O'Callaghan for a term of 2 years and 3 months at rent of £4,800 per annum
Unit 11 Brent New Enterprise Centre, Cobbold Road NW10	Approved 20/02/09	Approve the granting of a lease to Mr Naran Shamji Gorasia for a term of 5 years at a rent of £4,400 pa.
Unit 6 Brent New Enterprise Centre, Cobbold Road NW10	Approved 20/02/09	Approve the granting of a lease to Mr Larry Jarvis for a term of 3 at rent of £2,832 per annum
Unit 14 and rear car park Brent New Enterprise Centre, Cobbold Road NW10	Approved 20/02/09	Approve the granting of a lease to Mr P J Coleman for a term of 5 years at a rent of £12,424 per annum
67/68 Lilburne Walk St Raphael's Estate, London NW10	Approved 20/02/09	Approve the granting of a new lease to Lydia Barfield, 6 Lomond Close Wembley for a term of 5 years at a rent of £9,000 per annum
Room 8 Bridge Suite, Designworks Park Parade London NW10	Approved 03/03/09	Approve the granting of a lease to Horn Stars for a term of 3 at rent of £3,492.00 per annum
F35-F36 The Designworks, Park Parade London NW10	Approved 08/05/09	Approve the granting of a lease to Age Concerns Brent for a term of 3years (break

Appendix 2

		clause any time after 12months) at rent of £4,300.00 per annum
S59/60 The Designworks, Park Parade London NW10		Approve the granting of a lease to Mr C Jakeman trading as Pipe Clear Drains & Plumbing Services Ltd for a term of 3 at rent of £.00 per annum
7 Mulgrave Road, NW10	Approved 24/03/09	To agree the disposal of Head lease to the Underlessee
Drury Way – Advertising Hoarding	Approved 25/3/09	Approval for the Council to enter into a new lease with JC Decaux for three years from 01/11/2007 for an existing 2x48 sheet advertising hoarding at Drury Way
22 Marshall House South Kilburn NW6 5DS	Approved 17/03/09	Approve the acquisition of residential property in advance of CPO, utilising SKNDC/GOL monies, including appropriate disturbance and statutory compensation.
13 Marshall House South Kilburn NW6 5DS	Approved 30/03/09	Approve the acquisition of residential property in advance of CPO, utilising SKNDC/GOL monies, including appropriate disturbance and statutory compensation.

Acquisitions

6 Marshall House South Kilburn NW6 5DS	Approved 17/03/09	Approve the acquisition of residential property in advance of CPO, utilising SKNDC/GOL monies, including appropriate disturbance and statutory compensation.
9 Marshall House South Kilburn NW6 5DS	Approved 17/03/09	Approve the acquisition of residential property in advance of CPO, utilising SKNDC/GOL monies, including appropriate disturbance and statutory compensation.
11 Marshall House South Kilburn NW6 5DS	Approved 17/03/09	Approve the acquisition of residential property in advance of CPO, utilising SKNDC/GOL monies, including appropriate disturbance and statutory compensation.
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