

Code of Practice for the Disposal of Surplus Property

1. General

- 1.1 Strategic Directors/Heads of Service should seek to identify property that will become surplus to requirements and arrange for it to be declared permanently surplus to requirements at the earliest possible date. This is
- (i) to avoid unnecessary expenditure on repairs, rates, security and other outgoings;
 - (ii) to allow NPS(SW) Ltd the maximum time to obtain any planning permissions for alternative use / development prior to offering properties for sale;
 - (iii) to minimise the length of time property is held by the authority after it is vacated.
- 1.2 Property forming part of the County Council's industrial estates portfolio which has been identified for disposal following a best value review and property which has been identified for disposal under the Finance Plan for the reorganisation of the County Farms Estate are deemed to have been declared permanently surplus to requirements. These properties do not require further approvals prior to disposal.
- 1.3 All capital receipts will be treated as corporate capital receipts unless specific approval is obtained from the Cabinet for an alternative treatment e.g. "in/out schemes". Heads of Service should forward any such proposals to the Capital Receipts Working Party at an early stage for consideration as to whether they meet the necessary criteria to be recommended for approval by the Cabinet.

2. Procedure for Declaring Property Permanently Surplus to Requirements

- 2.1 Heads of Service should seek approval to dispose of property in accordance with the Property Transaction Process approved by the Council's Executive on 15 January 2008 following consultation with NPS (SW) and the Corporate Asset Group. That approval should indicate the likely timescales for releasing the property. A copy of the letter should be sent to the Local Member for information.
- 2.2 Heads of Service remain liable for the costs of holding property until such time as the County Council's interest is disposed of.

3. Role of NPS

- 3.1 The County Council has established a joint venture partnership with NPS(SW) Ltd whereby the latter is authorised to exercise a broad range of property related powers on behalf of the Council.
- 3.2 The County Council's capital programme is dependent upon capital receipts from the sale of surplus property and the Council is under a statutory duty to obtain the best price reasonably obtainable on the sale of property. The timing of sales is often important in achieving the capital programme and in the case of "in/out schemes". It is anticipated that in most case properties will be offered for sale on the open market.
- 3.3 As part of the County Council's commitment to working in partnership with the public, voluntary and community sectors it is necessary to ensure that where significant surplus properties which may be of interest to such sectors are being disposed of, their availability is drawn to the attention of such organisations. If interest in acquiring surplus properties is expressed by bodies falling within the

categories set out in the table below they will be given the opportunity to purchase at market value in advance of the property being offered on the open market.

	<u>SPECIAL CATEGORIES</u>	<u>JUSTIFICATION</u>
1	Sales or leases to existing occupiers including freehold reversions.	Such sales are likely to achieve values in excess of open market value i.e. the benefits of any marriage / merger value accrue to the County Council.
2	Sales or leases to adjoining owners/occupiers or superior landlords subject to all adjoining owners being approached and invited to bid.	Such sales are likely to achieve values in excess of open market value i.e. the benefits of any marriage / merger value accrue to the County Council.
3	Sales to previous owners where land was acquired under a C.P.O.	In accordance with Crichel Down procedures recommended by the Commission for Local Administration in England.
4	Exchanges of land.	In accordance with Good Neighbour principles where there is mutual benefit.
5	Sales to other public bodies	To assist other public bodies to achieve their objectives in providing services to the people of Devon.
6	Property held for employment generation purposes.	To achieve the County Council's employment generation objectives.
7	Sales / leases to properly constituted Associations.	To assist with the provision of Community facilities where there is proven need.

3.4 NPS is authorised to notify the following organisations of the availability of surplus property in advance of offering it on the open market:

- (i) Other Councils, Devon and Cornwall Police Authority, Devon Fire and Rescue Service, Health Care Trusts, Community Council of Devon.
- (ii) Housing Associations nominated in writing by District Councils
- (iii) Community Associations to assist with the provision of community facilities where there is proven need
- (iv) Other relevant public bodies including appropriate signatories to the Devon Partnership Agreement
- (v) Adjoining owners or occupiers where they can be identified

3.5 NPS cannot be expected to know of all the organisations which may potentially be interested in acquiring surplus properties and discretion will be used as to with whom and in respect of which properties it is appropriate to consult prior to offering properties on the open market. Local Members will often be aware of community needs and aspirations and NPS should consult them when handling the sale of properties that have the potential to be of interest for community use. County Community Strategy Officers might also be consulted in appropriate cases.

3.6 Parties will be asked to express interest within 21 days. Any sale to an organisation within category (iii) would be subject to the approval of the Cabinet. Sales will be at open market value. If terms are not agreed, or a transaction is not

concluded within the period required to meet the County Council's objectives, the offer to sell the property will be withdrawn.

4. Methods of Sale in Other cases

4.1 In all other cases property shall be offered for sale on the open market following public advertisement using such method as will in the opinion of the NPS achieve the best price.

4.2 When property (other than small areas of non-operational land e.g. boundary adjustments and verges) is being sold NPS will notify the Local Member at the following stages;

- (i) if a planning application is about to be made and again if an appeal is submitted against refusal of planning permission
- (ii) when property is about to be put on the market
- (iii) in the event of any significant or contentious event

5 Disposal for other than Full Market Value

5.1 Section 123 of the Local Government Act 1972 (General Disposal Consent) requires the Authority to obtain 'best price' for any property that is sold.

5.2 In some limited circumstances it may be that benefits other than the cash value of the sale may be taken into account. When a disposal at "undervalue" is proposed the following procedures must be followed.

- (i) a certified valuation of the property be prepared by NPS and placed on the relevant file
- (ii) a full economic appraisal of the proposed non-cash benefits must be prepared
- (iii) a statement should be prepared comparing the certified valuation with the cash consideration and the capital value of any other benefits
- (iv) Any proposed disposal for other than full cash value must be approved by the Cabinet Member whose Remit includes Finance and Property.