

<b>CABINET</b>	<b>DATE</b> 16 October 2024	<b>ITEM NO</b> 5
<b>TITLE</b> Asset Review - Initial Outcomes	<b>WARD(S)</b> Abbey Wood, Blackheath Westcombe, Charlton Village & Riverside, East Greenwich, Eltham Town & Avery Hill, Greenwich Park, Plumstead & Glyndon, Woolwich Arsenal	
<b>CHIEF OFFICER</b> Director for Regeneration, Enterprise & Skills	<b>CABINET MEMBER</b> Planning, Development & Estate Renewal	
<b>DECISION CLASSIFICATION</b> Key  Forward Plan – 21 June 2024  Non-exempt Appendix I	<b>IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING?</b> Yes	

## **I. Decision required**

This report makes the following recommendations to the decision-maker:

- I.1. To approve the freehold or long leasehold disposal of the properties listed in Section 4.9 and further detailed in Appendix I of this report
- I.2. To agree, in consultation with the Leader and Cabinet Member for Planning, Estate Renewal & Development, to delegate the process for disposal to the Director of Regeneration, Enterprise and Skills and note the terms of any disposal will be agreed in accordance with Part 3 of the Council's Constitution.
- I.3. To delegate authority to the Director of Regeneration, Enterprise and Skills to make the appointments needed to enable these assets to be disposed of effectively, efficiently and at the best price reasonably obtainable.
- I.4. To note that the Director of Regeneration Enterprise and Skills will implement the disposal process in accordance with prevailing market conditions or other circumstances.

1.5. To note the asset review is ongoing and further reports will be prepared for Member consideration in line with the Council's constitution.

## **2. Links to Our Greenwich missions**

2.1. This report relates to the Council's agreed missions as follows:

- **Mission 8: Development delivers positive change to an area for existing and new communities.**  
It is anticipated that some of these properties may be redeveloped by future owners, which in turn will result in investment into the borough and positive change both directly and indirectly for communities through the regeneration of these assets.

- **Missing 18: Our Council is an adaptive organisation, enabling it to navigate the increasing number of challenges it faces while remaining financially sustainable.**  
These sites no longer serve the objectives of the Council. By agreeing to proceed with a programme of disposals, the Council can anticipate the likely capital receipts and positive revenue impact at the same time as contributing towards the Council's Medium Term Financial Strategy protecting Council services and minimising cuts to services.

Rebalancing the property portfolio align with the Council's Carbon Neutral Plan and Transport Strategy.

- **Mission 19: Our Council works in the most efficient and effective ways possible.**  
The recommended sale of the properties listed in Appendix I, is a necessary step towards meeting the Council's requirement to refine the property portfolio to better meet its wider objectives. Additionally, it will generate both capital receipts and revenue savings, which in turn will improve the Council's financial position and allow it to focus its resources to better effect.

Ongoing maintenance and capital investment will be avoided in respect of the properties, allowing resources to be more effectively directed to the remaining portfolio.

### **3. Purpose of Report and Executive Summary**

- 3.1. The purpose of this report is secure agreement to dispose of the properties listed in this report and detailed in Appendix I of this report. The report also seeks agreement to delegate authority to the Director of Regeneration, Enterprise and Skills to make the appointments needed to enable these assets to be disposed of effectively, efficiently and at the best price reasonably obtainable.
- 3.2. The work undertaken to date has analysed all assets in order to take a strategic approach. The Council has a large corporate property portfolio with significant operating and capital / condition costs. An assessment of the portfolio has been undertaken with a view to right sizing the portfolio, thereby reducing the costs associated with poorly utilised assets. This review supports the Council's Medium Term Financial Strategy and helps protect Council services from deeper cuts.
- 3.3. Each asset has been considered for repurposing to an alternative use by the Council where it is cost effective to do so. Appendix I identifies those properties that Officers are recommending be disposed of and which will minimise cuts to other services.

### **4. Introduction and Background**

- 4.1. As part of the first phase of the asset review, officers have commenced the process of evaluating the commercial portfolio. The initial outcome of that process has identified a number of properties, that are recommended for disposal. These properties are listed in Appendix I. This is an ongoing process and it is expected that the portfolio will be further refined and future disposals or other opportunities identified.
- 4.2. Property is a necessary and intrinsic part of the Council's operations, providing operational premises that enable delivery of key and critical services. It also is a source of income to fund such services. Demands for services are continually changing and it is important that the Council is able to adapt its property portfolio to meet these evolving needs.
- 4.3. Property is held by the Council for a variety of reasons, including the need to provide staff with offices to work from, to provide community and educational facilities, to drive regeneration and to provide income. The increasing demands upon Council resources requires a more agile property

response and consideration of what assets are needed and which are no longer required. This process of right sizing the portfolio will be ongoing, with the key objective to ensure it is affordable, particularly given the increased financial pressures faced by the Council. By bringing identified assets forward for disposal, the funds generated will provide the opportunity to improve the Council's financial position, thereby easing further financial pressures.

- 4.4. Property is typically deemed relatively illiquid: the process of effecting a sale and realising the capital tied up in property assets takes time. The differing nature of the various properties recommended for sale in this report will result in individual timetables being followed for each property. Some of the properties will be marketed with immediate effect and others will follow in due course as deemed appropriate by the Director of Regeneration Enterprise and Skills.
- 4.5. Significant capital is tied up in assets that no longer serve the objectives of the Council. By agreeing to proceed with a programme of disposals, the Council can anticipate the likely capital receipts and generate a positive revenue impact, which will contribute towards protecting Council Services.
- 4.6. A proportion of the Council's portfolio is functionally obsolete, with poor energy efficiency which will require significant capital investment. By bringing them forward for disposal, the new owners will have the opportunity to make the necessary improvements, which in turn supports the Council's Carbon Neutral plan.
- 4.7. The choice of assets recommended for disposal includes three car parks and an ongoing review of their usage will be undertaken in line with the published Transport Strategy. The decision to include these properties reflects the modal shift which has already occurred and the ongoing evolution towards more sustainable modes of transport.
- 4.8. An overarching review of Council owned assets has been undertaken by officers based on the following principles:
  - (i) Maximising revenue potential from the commercial portfolio
  - (ii) Identifying assets for disposal that do not adversely impact optional delivery
  - (iii) Identifying assets that do not restrict future regeneration ambitions
  - (iv) Are realistic and deliverable

- 4.9. The review has identified a number of properties that meet the criteria in 4.8 above and are therefore recommended for sale.

It is possible that following the Cabinet Decision recommended by this report, that an application could be received from a member of the Community for either a Community Asset Transfer (CAT) or for a property to be listed as an Asset of Community Value (ACV).

CAT is an entirely voluntary process which involves the transfer of the management or ownership, of publicly owned assets, to a community based organisation. This is usually by way of a long lease (25+ years), but occasionally freehold sales are undertaken.

The Council currently has no published policy and there is no obligation to do so. There is no specific Legislation in England and Wales setting out the legal obligations or the process.

This is distinct from an ACV for which the Council has a published Policy in line with the 2011 Localism Act. Properties so listed can be in both Public and Private ownership and confers a right to bid for such assets at their open market value.

An advantage to the Council of a CAT could include it being an appropriate way for the Council to meet other community objectives and Council aspirations. In addition, a Community Asset Transfer may pass on liabilities to that group such as repairs, maintenance, insurance, security and management, which the Council would otherwise remain liable for.

However, the disadvantage is that any lease granted or property sold is expected to be at a level which is below the market value or at nil value. Given the current financial constraints and MTFS pressures, this would not optimise financial returns to the Council for investment in services supporting the wider objectives of the Council and its residents. It is also possible that such transfers could involve continued financial support for the Community based group.

It should be noted that some properties may be subject to covenants, easements or agreements which affect the title and prior to a disposal full due diligence will be required and undertaken.

The following properties are recommended for sale with further details outlined in Appendix I of this report.

<b>Category</b>	<b>Site Name</b>	<b>Ward</b>
Industrial	White Hart Road Depot	Plumstead & Glyndon
Corporate Estate	61 King George Street	Greenwich Park
Car Park	Abery Street Car Park	Plumstead & Glyndon
Car Park	Charlton Village Car Park	Charlton Village & Riverside
Car Park	Old Dover Road Car Park	Blackheath Westcombe
Other	Eltham Tramsheds	Eltham Town & Avery Hill
Other	Knee Hill Public Toilet Block	Abbey Wood
Other	Rodmere Street Public Conveniences	East Greenwich
Industrial	Thistlebrook Industrial Estate	Abbey Wood
Other	Mortuary & Coroner's Office	Greenwich Park

#### 4.10. **Risks**

Property is relatively illiquid and the process can become protracted.

#### 4.11 The following Risks and Mitigations have been identified:

- i) Risk: A suitable purchaser fails to be found. This is considered low risk. The assets consist of a wide range of property types and locations across the Borough. Identifying a well-established Agent, with a good track record of the specific property type will be essential.

Mitigation: The Council's Property service are experienced in managing selling agents for property assets. To maximise exposure to the market and bring the opportunity to the attention of potential purchasers, Agents will not simply rely upon their network of contacts but will properties will advertised in national journals and across digital platforms.

- ii) Risk: A purchase falls through after an offer is accepted. This can happen for a number of reasons, often due to financing issues, but is also considered a relatively low risk.

Mitigation: While this cannot be entirely eliminated, the risk can be managed by the agent acting on behalf of the Council carrying out financial checks including proof of funds before an offer is accepted, having clear heads of agreement and agreed timescales for exchange and completion. In the event that a purchaser does fall through, in many cases, previous bidders could be approached and if this is not considered appropriate the property can be remarketed.

- iii) Risk: The purchaser seeks to renegotiate the price during the period when contracts are being drawn up. This can occur and when it happens it is generally close to the point of exchange when there is a perception that the vendor will not want to remarket as this will delay receipt of the capital proceeds. It can also occur because of an issue that is uncovered late in the day that affects the value of the property or the funding of the purchase.

Mitigation: This is a moderate but tangible risk. It can and does happen. Apart from setting clear timescales which helps to keep forward momentum to the sale, it will be made clear that once the price is agreed and formally accepted, that unless it there was a genuine issue that the Council had not previously been aware of and disclosed, any attempt to renegotiate the price would likely result in the sale being terminated.

## **5. Available Options**

- 5.1 Option 1 – To approve the disposal of the properties listed in Appendix I and authorise the Director of Regeneration, Enterprise and Skills to proceed to procure the appointment of marketing Agents to dispose of those properties.

Advantages: The sale of property that no longer supports the Council's service delivery, will result in reduced holding costs for vacant premises and capital receipts will make a positive contribution to the Council's finances thereby minimising cuts to other services

Disadvantages: Retaining these properties will require ongoing compliance, revenue, and capital spend which is not recommended for sites that no longer support the Council's service delivery.

**This option is the preferred and recommended one:** see section 6.

- 5.2 Option 2 – Do not approve to proceed with the disposals and do nothing.

Advantages: In a minority of cases a relatively small amount of income will be retained from those properties currently let.

Disadvantages: The opportunity to mitigate the cost of holding vacant property and realising capital receipts will not be achieved and will not contribute towards the Council’s financial strategy. The costs associated with retaining and operating the retained assets outweigh the existing and potential income.

This option is not recommended.

**6. Preferred Option**

Option 1 is preferred option for the reasons outlined in this report.

**7. Reasons for Recommendations**

7.1. Significant capital is tied up in assets that no longer serve the objectives of the Council. By agreeing to proceed with a programme of disposals, the Council can anticipate the likely capital receipts and positive revenue impact.

**8. Consultation Results**

8.1. Consultation is not required for these proposals.

**9. Cross-Cutting Issues and Implications**

Issue	Implications	Sign-off
<p><b>Legal</b> including Human Rights Act</p>	<p>Cabinet is asked to approve the freehold or long leasehold disposal of 13 sites held by the Council.</p> <p>The Council has multiple powers to dispose of property. The general power is found in section 123 of the Local Government Act 1972. This power has a requirement to not dispose of land at less than the best consideration that can be reasonably be obtained. It is accepted practice that an open market valuation is evidence of the best consideration reasonably available.</p> <p>The Council may also rely upon its general power under s1 of the Localism Act 2011.</p>	<p>Lachlan Atcliffe, Assistant Head of Legal Services, 13<sup>th</sup> September 2024</p>



	<p>This provides local authorities with the power to do anything an individual may do subject to a number of limitations. A local authority may exercise the General Power for its own purpose, for a commercial purpose and/or for the benefit of others.</p> <p>Depending on the purpose for which the properties on the asset list are currently held by the Council, it may be necessary to use the Council's power of appropriation under s122 LAG 1972 prior to carrying out a disposal. This power allows the Council to change the use for which land is held when that land is no longer required for its original purpose.</p> <p>Any land that is held within the Housing Revenue Account (HRA) at the time of disposal will require Secretary of State's consent if that land is or contains a dwelling under section 32 of the Housing Act 1985. A number of general consents have been issued. The Secretary of State has published pre-approved consents for the disposal of an interest in land held for the purposes of Part 2 of the Housing Act 1985</p> <p>The proposed asset list includes land used for education purposes under the School Standards and Framework Act 1998. This land will require consent from the Secretary of State prior to any disposal under s77 of that Act, or under paragraph 4 of Part 1 of Schedule 1 to the Academies Act 2010. This applies to all land (whether playing field or non-playing field land) which has been used wholly or mainly by a school or academy in the last eight years.</p> <p>The proposed asset list may include land classified as Public Open Space. Subsection</p>	
--	---	--

	<p>2A of s123 LGA 1972 contains a specific requirement to advertise any planned disposal for a period of two weeks prior, and consider any objections to the proposed disposal which may be made by members of the public.</p> <p>Legal Services note the possibility of a Community Asset Transfer taking place with one or more assets. The CAT process has no separate legal framework and relies on the General Consents issued under the standard s123 LAG 1972 procedure for disposal of Council assets. It is voluntary for the Council to enter into the transfer procedure.</p> <p>Legal Services will carry out due diligence on all sites on the asset list as part of the disposal process, to confirm they have good and marketable title and are not subject to any title issues or onerous restrictive covenants that could prevent or disrupt a disposal.</p> <p>The disposals will have no direct Human Rights Act implications.</p>	
<p><b>Finance</b> and other resources</p>	<p>Cabinet is requested to approve the disposal of the General Fund assets set out in Appendix I to this report.</p> <p>Utilisation of the Capital receipts generated through the disposal of these assets will be managed via the Corporate Capital Strategy and associated governance reports, which may include application against the forecast Capital Financing Requirement or financing of further Flexible Use of Capital Receipt proposals, subject to the extension of the directive by DLUHC and approval by Full Council.</p>	<p>Michael Horbatchewskyj Accountancy Business Change Manager (P&amp;I) 12/09/2024</p>

	<p>The application of any direct or enabled revenue savings will be prioritised against existing targets agreed under the Medium-Term Financial Strategy approved by Full Council on 6 March 2024. Detailed revenue implications will be captured in subsequent delegated decision reports in accordance with decision 1.2.</p> <p>The Council can apply up to 4% of the realised capital receipt against the cost of disposal. Should further costs be required to enable the disposal, these will be subject to approval in accordance with the Leaders scheme of delegation, set out Part 3 of the Constitution.</p> <p>Best consideration shall be sought in accordance with Section 123 of the Local Government Act (1972).</p>	
<p><b>Equalities</b></p>	<p>The decisions recommended through this paper generally have a remote or low relevance to the substance of the Equality Act. It is recognised that the recommended disposal of those assets that previously provided toilet facilities that have since closed could have a negative impact on some residents in the Borough.</p> <p>The Council’s property portfolio supports many council services and impacts all wards in the borough. The Asset Review is undertaken within the context of RBG’s Equalities Objectives (2020-2024) and Equalities &amp; Equity Charter. The impact of property decisions and recommendations from an Equalities perspective is included as part of the Review’s evaluation, scoring and recommendation process</p>	<p>Karen Surtees Corporate Property Surveyor 2 September 2024</p>

<b>Climate change</b>	The decisions recommended through this paper support the Council in optimising the Council's property portfolio and ensures that under utilised buildings can be considered for other purposes by prospective purchasers. Some of the sites also promote the objectives of the Council's Transport Strategy encouraging modal shift and active travel.	Karen Surtees Corporate Property Surveyor 16 July 2024
<b>Risk Management</b>	Section 4.7 of this report outlines the potential risks associated with this report together with the mitigation actions.  Each sale will be tracked and monitored on a weekly basis to ensure that all risks are managed.	Karen Surtees Corporate Property Surveyor 16 July 2024
<b>Community Engagement</b>	Consultation will be undertaken with affected communities where a disposal impacts directly on service delivery in line with the Community Engagement Pledge dated 24 <sup>th</sup> July 2024	Karen Surtees Corporate Property Surveyor 16 July 2024

## 10. Report Appendices

10.1. The following documents are to be published with and form part of the report:

Appendix I: Details of properties to be disposed.

## 11. Background Papers

None.

Report Author: Karen Surtees Corporate Property Surveyor  
Tel No. 07395 256 918  
Email. [karen.surtees@royalgreenwich.gov.uk](mailto:karen.surtees@royalgreenwich.gov.uk)

Reporting to: Steve Dunevein – Head of Property  
Tel No. 07596 608 484  
Email. [steve.dunevein@royalgreenwich.gov.uk](mailto:steve.dunevein@royalgreenwich.gov.uk)

Chief Officer: Pippa Hack, Director of Regeneration, Enterprise & Skills  
Tel No. 020 8921 5519  
Email. [pippa.hack@royalgreenwich.gov.uk](mailto:pippa.hack@royalgreenwich.gov.uk)