



Asset Rationalisation Update Overview and Scrutiny – June 2022



Together for Nottingham Theme Two: Asset Management

- The Asset Management programme aims to **generate sufficient capital receipts by selling our property assets** to meet the **current commitments within the capital programme** and **reduce our level of borrowing**.

We need to

- a) Accelerate the sale of those currently declared surplus and on the programme
- b) Increase number of assets for disposal onto the programme
- c) Provide assurance on the way in which we sell our assets.

Asset rationalisation is the only way capital projects will be delivered unless external grant funding can be secured.



Our Current Property Assets

- We currently own over 3600 property assets, with an asset value of over £1bn.
- Split over General Fund, HRA and Bridge Estate,
- Can be categorised as follows;
 - Operational
 - Commercial
 - Investment
 - Community



Identifying a property as surplus

- **Operational Property** –when the service identifies that it is no longer needed to deliver a service and/or its beyond its economic life.
- **Non-operational Property** – identified as surplus when one or more of the following conditions exist;
 - **No longer generate valuable income or repair costs outweigh revenue**
 - Have a risk of significant void;
 - Excessive management time/cost;
 - Significant capital growth in a particular sector.



10 Step Disposal Process:



Asset Rationalisation Board

- Chaired by Cllr Mellen as the Portfolio Holder and meets six weekly.
- Provides monitoring and oversight of progress with the disposal of assets, with particular emphasis on those high value sales.
- Monitors the delivery of the actions within the Recovery plan.



Maximising Capital Receipts – Disposals Policy (Sept 21)

- All disposals must deliver 'Best Consideration' (market value).
- Sales at 'less than best' must have additional economic/social/strategic/ operational benefits, agreed through a business case.
- Method of sale is determined by type of property and outcomes the council wants to achieve.
- Methods considered;
 - **Public auction** – suitable for smaller, straight forward sales – quickest route.
 - **Informal tender** – bids submitted – most likely to get over bids.
 - **Public treaty** – price advertised, best known method but least likely to achieve best value
- Default is to go to open market but may be occasions where a '**Special Purchaser**' is appropriate.
- All properties advertised on Property Plus.



Identifying Property

- **Service reviews/MTFS proposals** – properties surplus to service requirements
- **Asset review of commercial portfolio** – underperforming assets, minimising revenue impact.
- **Review of investment portfolio** – identification of underperforming assets to reduce borrowing.
- Current value of pipeline of properties identified for disposal = £90m+



Capital Receipts to Date

Year	Forecast in April	Amount
2020/21	£11.9m	£12.9m
2021/22	£7.9m	£17.8m
Total	£19.8	£30.7m



Future Years Forecast

	Capital Programme Commitment (EB Feb 22)	Most Likely (less 4%)	Most Likely Risk Adjusted (less 4%)
2022/23	17.316	-51.263	-33.792
2023/24	17.025	-20.371	-11.565
2024/25	7.238	-21.578	-8.286
2025/26	7.116	0	0
Total	48.695	-93.212	-53.642



Risk Management of Asset Disposal

- Risk register monitored monthly.
- Prioritisation of high value assets – weekly monitoring, reporting to each ARB, immediate escalation of issues.
- Ongoing review of forecast.
- Expansion of pipeline through asset review process.
- Asset review process focused on disposals that can be achieved in short timescales.
- Short term - Increased team capacity.
- Long term – implementation of corporate landlord model, to streamline the process and increase strategic asset management.



Actions taken to date

- Development and implementation of Disposals policy – disposal of surplus property as default position.
- New programme governance implemented
- Used different selling methods e.g. auctions to speed up disposal.
- Carried out review of Investment Portfolio – bringing forward recommendations for disposal.
- Asset review of commercial portfolio in progress.
- Produced draft of Community Asset Policy – to ensure consistent decision making.
- External review of property management across the council.



Future Actions

- Complete the commercial asset review and continuing to work with services to bring forward surplus properties.
- Finalise recommendations on investment properties.
- Finalising Community Asset Policy.
- Implementation of the Corporate Landlord model, bringing together property management functions across the council to improve efficiency and effectiveness.
- Development of new Corporate Asset Management Strategy.



Questions?