

Housing and City Development Scrutiny Committee

18 November 2024

Asset Rationalisation Programme - Delivery Progress

Report of the Statutory Scrutiny Officer

1 Purpose

- 1.1 To scrutinise the delivery progress of the Council's Asset Rationalisation Programme and the work being done to revise the current underlying Disposals Policy.

2 Action required

- 2.1 The Committee is asked:

- 1) to make any comments or recommendations in response to the Executive Member for Skills, Growth and Economic Development's report on the ongoing delivery of the Asset Rationalisation Programme and the review of the associated Disposals Policy; and
- 2) to consider whether any further scrutiny of the issue is required (and, if so, to identify the focus and timescales).

3 Background information

- 3.1 The Council is a major owner of property assets, which are used to deliver services and Strategic Council Plan priorities. The Asset Rationalisation Programme is a process for reorganising the Council's property to improve operating efficiencies and increase value, using strategic planning and analysis to determine the best use of a property and to identify assets potentially surplus to requirement. Property assets owned by the Council are public resources, so a clear benefit to maintaining a given asset must be demonstrated. The reasons for holding an asset should contribute to the delivery of the Strategic Council Plan and meet at least one of the following objectives:
- a) to deliver services directly to citizens (leisure centres, day centres, museums, etc.);
 - b) to support the delivery of services (administrative buildings, depots, etc.);
 - c) to generate a financial return to help fund service delivery (commercial properties, etc.); or
 - d) to meet the Council's wider economic or strategic objectives.
- 3.2 The ability to deliver a strong level of capital receipts has a direct impact on the Council's cashflow and borrowing requirements. Therefore, it is recognised that all Council property is a corporate resource even when it is occupied by a specific service, held for strategic purposes or used for income generation. When property assets become surplus, there is a presumption for disposal –

unless there is a strong business case approved for alternative use. However, although the disposal of surplus assets is partly about achieving capital receipts, it also ensures that the Council considers efficiencies in terms of the assets that it uses to deliver best value.

- 3.3 The Committee considered reports both on the policy and process elements in relation to the Asset Management Programme, and on delivery progress and future strategy, at its meetings on 18 December 2023 and 22 January 2024. The Committee encouraged the development of a formal framework for considering the balance of community benefit, wider service impact and best value when assessing the potential disposal of a property asset, alongside a Strategic Asset Plan that would give due consideration to how the Council could sustainably maintain and develop community assets going forward.
- 3.4 The Committee also recommended that there should be clear management plans and effective risk assessments in place for all void property assets, to reduce the costs incurred during the disposal process as much as possible, and that a clear, strategic vision for the development opportunities of surplus property assets was set out so that developers can be engaged with proactively to achieve the best possible returns. Finally, the Committee suggested that careful consideration was given to how the current staffing structure supporting the Asset Rationalisation Programme could be developed, and that work was done around how communities and Ward Councillors were engaged with effectively during the disposal process of a local community asset.
- 3.5 The Strategic Assets and Property team has accelerated the review and disposal of assets over the last two years. Since the Committee meeting in December 2023, the 2023/24 financial year ended with £35.517 million of capital receipts, included £11.27 million of receipts ring-fenced to repay borrowing. From 2021/22 to 2023/24, total capital receipts were £77.830 million. The emphasis going forward is on continuing to accelerate the review and disposal process in line with the Council's current financial requirements. For 2024/25, the requirement originally set out was £38 million, but has now reduced to £32.98 million. The Strategic Assets and Property team monitors the financial requirements and capital receipts through a joint tracker system and any forecast fluctuations are built into this monitoring process. The sale of an asset can be difficult due to its illiquidity and factors outside the Council's control (such as the current wider economic and financial situation), and this can impact on the capital receipts received.
- 3.6 The current forecast for 2024-28 shows a total risk adjusted pipeline of £141.4 million. For the year to date, receipts total £13 million (including a carry-over from 2023/24), with approximately £20 million of assets progressing through auctions across the remainder of 2024/25. The receipts target for this year is expected to be met, but there are still significant challenges associated with resourcing the delivery of the Programme within the Strategic Assets and Property, Legal and Finance teams.
- 3.7 To support the delivery of the Programme, the Strategic Assets and Property team is also reviewing the adopted Disposals Policy, with the proposed

changes largely focusing on ensuring that the Policy properly references other key Council policies, such as the Council Improvement Plan.

4 List of attached information

4.1 Report: Asset Rationalisation Programme - Delivery Progress

4.2 Appendix 1: Asset Review Timeline

4.3 Appendix 2: Asset Disposals Policy (September 2021)

5 Background papers, other than published works or those disclosing exempt or confidential information

5.1 None

6 Published documents referred to in compiling this report

6.1 Reports to, and Minutes of, the Housing and City Development Scrutiny Committee meetings held on:

- [18 December 2023](#)
- [22 January 2024](#)

6.2 [The Council Improvement Plan](#)

7 Wards affected

7.1 All

8 Contact information

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