

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Disposals & Acquisitions Policy: Land and Property – Update on Thresholds and the Sharing of Capital Receipts with Town & Parish Councils
Meeting/Date:	Overview & Scrutiny Panel (Performance and Customers) – 7 September 2016 Cabinet – 22 September 2016
Executive Portfolio:	Deputy Executive Leader and Executive Member for Strategic Resources
Report by:	Head of Resources
Ward(s) affected:	All

Executive Summary:

The Disposals & Acquisition Policy: Land and Property was approved by Council in July 2015 and was subject to review by the Corporate Governance Committee (CGC) in July 2016.

Considering the wishes of the Executive and Deputy Leader and the relatively slow use of the Policy over the past 12 months, it is proposed that the current thresholds should remain as they are at present. However, if the pace of acquisition increases, then it is anticipated that the “urgent report” provisions will be used more frequently. In light of this, it is recommended that the thresholds are looked at again in 12 months time.

Further, at the time of considering the Policy thresholds, CGC received a revision to the Policy, which Cabinet is now recommended to endorse, in that:

‘When land is disposed of within a Town or Parish Council area, where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet’.

With regard to the thresholds, there are no direct resource implications of this recommendation. However, if the Council is to share capital receipts with Parish Councils this will reduce the amount financing available to the Council for future capital investment or debt redemption.

Recommendation(s):

The Overview & Scrutiny Panel (Performance and Customers) is invited to comment on the disposal and acquisition thresholds that are included in the Disposal and Acquisition Policy: Land and Property, and the revision of the policy in respect of the sharing of capital receipts with Parish Council as stated in the recommendation to

Cabinet.

The Cabinet is **RECOMMENDED** to:

- i. Endorse the continuation of the disposal and acquisition thresholds for land and property as previously approved by Council in July 2015;
- ii. Approve a revision to the Policy as stated below:

'When land is disposed of within a Town or Parish Council area and where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet'

1. PURPOSE OF THE REPORT

1.1 To update members on the Disposals & Acquisitions Policy

2. BACKGROUND

The [Disposals & Acquisition Policy](#) (Policy) (please follow the link to the document) was approved by Council on the 29th July 2015.

2.1 The Policy is a key element in the successful delivery of the Commercial Investment Strategy (CIS). As the policy has itself been in place for 12 months and the CIS for 6-months, it is considered opportune to review the disposal and acquisition thresholds, which are as shown in **Table 1**.

Thresholds for the Acquisition & Disposals Policy		Table 1
£0 - £500,000	Managing Director (as Head of Paid Service) & Head of Resources (as Section 151 Officer), following consultation with Executive Councillor for Resources	
£500,000 to £2,000,000	Treasury and Capital Management Group	
£2,000,000 +	Cabinet	

3. REVIEW OF THRESHOLDS

3.1 Since the Policy was approved, the Council has:

- disposed of 1 property with a value of £144k.
- acquired two commercial properties, one below the Cabinet threshold the other being above. The impact of being above the threshold has been that an urgent report had to be considered by Cabinet and then there was retrospective reporting to Overview & Scrutiny.

3.2 Considering the current commercial market it is anticipated that the value of the majority of prospective CIS acquisitions will be above the £2m threshold. However, because it is still early-days of the CIS Strategy, at this time it is the view of the Executive and Deputy Leaders of the Council that the thresholds should remain as they are at present; it is therefore expected that the urgent report provisions will be used more frequently. However, it is recommended that the thresholds are reviewed in 12 month's time. This was endorsed by the Corporate Governance Committee at their meeting held on the 20 July 2016.

4. SHARING OF CAPITAL RECEIPTS WITH PARISH COUNCILS

4.1 At the aforementioned Corporate Governance Committee meeting, a further recommendation was tabled as a revision to the Disposals & Acquisitions Policy in that:

'When land is disposed of within a Parish Council area and where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet.'

4.2 The reason for this revision to the Policy is due to the fact that in some Parishes there are parcels of land that are too small to enable the Town or Parish Council to benefit from development funding. Therefore, where the District Council has

opted to dispose of development land for commercial gain, this revision would enable the respective Parish Council to receive 10% of any capital receipt but only if the Parish or Town Council were not able to benefit from development funding such as Community Infrastructure Levy or S106 money. If they were then they would not be eligible. Cabinet is recommended to endorse this revision to the Acquisition & Disposal Policy.

5. COMMENTS OF THE CORPORATE GOVERNANCE COMMITTEE

- 5.1 During consideration of the matter it was confirmed that the proposed Policy amendment would apply to any Parish or Town Council if they were not able to benefit from development funding such as Community Infrastructure Levy or S106 money.

The Committee suggested that there would need to be some criteria to ensure that the capital receipt was allocated specifically for infrastructure and not for items such as new furniture for village halls.

The Committee enquired as to the notification that Parish and Town Councils received regarding disposals of lands within the respective boundaries. In response it was explained that Parish and Town Councils were not notified of small disposals of land and often provided input regarding areas of land that the District Council maintained. There were currently ten potential sites where the amended Policy could apply and the respective Parish or Town Council would be notified of this as appropriate.

It was noted that there was a useful map on the Cambridgeshire County Council website which identified its assets, which would be useful to replicate on the District Council website.

The Committee concurred that the Council had to progress opportunities of disposals and acquisitions expediently. Having agreed that the current thresholds should remain unaltered and that the Disposals and Acquisition Policy thresholds should be reviewed in 12 months' time; the Committee recommended that the Cabinet approve the amendment to the Disposals and Acquisition Policy as indicated in recommendation (ii) and in paragraph 4.1 of this report.

6. KEY IMPACTS

- 6.1 With regard to the acquisition and disposal of land and property, the current safeguards and controls are considered to be operating effectively. The only other impact is the potential increase in the use of the urgent report provisions noted in paragraph 3.1.

7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 7.1 The Policy will support the achievement of the Corporate Plan requirement of "Ensuring we are a customer focused and service led council" by "becoming more business-like and efficient in the way we deliver services".

8. LEGAL IMPLICATIONS

- 8.1 As there is no change to the current thresholds, no changes will be required to both the Constitution and the Code of Procurement.

9. RESOURCE IMPLICATIONS

- 9.1 It is expected that with there being no change to the disposal and acquisition thresholds, that this will not have a negative impact on aims of the CIS. However, where such disposals or acquisitions exceed £2m there may be a delay in the decision making process that could pose a risk to the disposal or acquisition itself.
- 9.2 With regard to the sharing of capital receipts with Town or Parish Councils, at this time it is not expected that this will be significant sums. However, any such reduction in its net capital receipts will mean that the Council will reduce the amount of financing available to the Council for future capital investment or debt redemption.

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 To continue to support the Council in achieving the CIS.

BACKGROUND PAPERS

[Disposals & Acquisition Policy](#) as approved by Council on the 29th July 2015.

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