

Report for: Cabinet – 17 June 2025

Item number: 16

Title: Property Disposal Programme 2025-26

Report authorised by : Jonathan Kirby – Director of Capital Project and Property

Lead Officer: Sarah Lavery – sarah.lavery@haringey.gov.uk

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key Decision

1 Issue under consideration

- 1.1 The purpose of this report is to seek approval and delegated authority from Cabinet to adopt the proposed property disposal programme for the financial year 2025-26, shown at Appendix A.
- 1.2 Delivering a targeted level of capital receipts in alignment with LBH's approved Budget and Capital Strategy. This report sets out LBH target income from disposals of by 31 March 2026.

2 Cabinet Member Introduction

2.1

The council owns a broad range of Land and Property Assets, from corporate properties where our staff provide services, to retail outlets, commercial units and community spaces. They provide a valued source of income for us and social value to our residents; however, they incur significant running and maintenance costs. As a corporate landlord, we must ensure we are managing these assets to the highest standard on behalf of taxpayers and for the benefit of all our residents.

Following an extensive review of our land and property assets, we have found that a number are surplus to requirements. They may be costing us money to maintain, unable to be used for housing and service delivery or lacking development potential.

This paper is asking Cabinet to approve the Land and Property Disposal Policy, which sets out a robust and transparent governance process. This strengthens the approach that we have taken in our Strategic Asset Management and Property Improvement Plan (SAMPIP), a key component of the Corporate Delivery Plan.

Having undertaken a detailed assessment of the properties on the list under consideration for 2025-26, we are asking permission to put together a business case for each asset ahead of its disposal.

This policy and accompanying programme will allow us to better utilise, divest and rationalise our property portfolio. This will make finances and resources available to deliver council priorities.

3 Recommendations

3.1 Cabinet is recommended to:

- 3.1.1 Approve the adoption of the Land and Property Disposal Policy shown at Appendix B.
- 3.1.2 Declare as surplus to requirements, the land and property identified within the property disposal programme for the financial year 2025-26, shown at EXEMPT Appendix A, and approve its disposal to support the Council's income targets.
- 3.1.3 Delegate authority to the Corporate Director of Finance and Resources to dispose of any land and property identified within the property disposal programme for the financial year 2025-26, shown at EXEMPT Appendix A for a capital receipt of £3m or less, and to market the property, negotiate terms and approve the final terms of the disposal, and to enter into the contract and any associated documentation, in connection with the disposal subject to the disposal for best consideration reasonably obtainable.
- 3.1.4 Authorise the Corporate Director of Finance and Resources to procure agent or agents to market the property.
- 3.1.5 Delegate authority to the Corporate Director of Finance and Resources, in consultation with Cabinet Member for Placemaking and Local Economy to make minor amendments to the Land and Property Disposal Policy at **Appendix B**.
 - **Note** for Land and Property valued at more than £3m, a separate report will be presented to Cabinet to approve the disposal.
 - **Note** Land and Property identified for disposal within **Appendix A**

4 Reasons for decision

- 4.1 LBH launched its Strategic Asset Management and Property Improvement Plan (SAMPIP) 23-28, an important programme over three-five years (focused on properties within LBH's general fund) with the following vision and purpose: Driving Haringey's improvement and growth through the retention, development or disposal of the LBH's corporate, operational and investment portfolio, whilst delivering capital receipts.
- 4.2 From the SAMPIP 2023-28, LBH must have a formal approach to the management of assets and in particular their disposal where they have been identified as either surplus or no longer required for the delivery of services. This must be done in a structured and controlled manner to ensure that any disposal does not cause longer term operational difficulties or fail to achieve the best return.

- 4.3 The approach to asset disposal has been set out in the “Land and Property Disposal Policy” at Appendix B.
- 4.4 LBH has a capital receipts target in Financial Year 2025/26. The Council’s ability to meet this target partially depends upon disposing of the assets detailed in Appendix A. In identifying these assets as surplus to LBH’s requirements, it provides opportunities to support the General Fund capital programme through capital receipts and the revenue budget through reduced running costs.

5 Disposal Governance

- 5.1 Appended to this paper (Appendix B) is a proposed Land and Property Disposal Policy. Within this is the detailed consideration and governance stages that will be followed for each disposal. Decision making for disposals is consistent with the Council’s Constitution.
- 5.1.1 Part Three – Responsibility For Functions - Section C – The Executive: The Leader, the Cabinet and Cabinet Bodies, provides at paragraph 2.1 Financial Management and resources, that the Cabinet is ***“To have responsibility for the acquisition or disposal of Council interest in land and buildings with a capital value equalling or exceeding £500,000.”***
- 5.1.2 Part Three – Responsibility For Functions Section E – Scheme of Delegation – Section 2 General Delegations to Directors, Property Matters, Paragraph 3:
- a) ***Decisions to acquire or dispose of any land or property with a capital value equalling or exceeding £250,000 but less than £500,000 except by use of compulsory powers or in advance of identified requirements is reserved to the Director of Placemaking and Housing;***
 - b) ***Decisions to acquire or dispose of any land or property with a capital value of equivalent or less than £249,999 except by use of compulsory powers or in advance of identified requirements is reserved to the Assistant Director for Capital Projects and Property;***
- 5.2 The Disposal Programme set out in Appendix A identifies all assets subject to disposal activity for 25/26, for disposals under £500,000 this is already delegated to Officers, however given the cumulative impact of the programme, these assets are listed for approval. How assets are considered for disposal is outlined in Appendix 2, Section 10. All decisions to dispose of an asset must be subject to a business case report that will include a minimum set of requirements, including:
- 5.2.1 The financial case for a disposal - this must show holding costs and potential savings through reduced borrowing and any loss in (revenue) rental income.
- 5.2.2 Proposed timing of the disposal - to include plan to vacant possession, likely marketing and due diligence/legal work prior to exchange. Any proposed conditional sales should include estimated timelines and longstop dates for planning.
- 5.2.3 Method of disposal – this will be chosen to reflect the nature of the property and consider the best way to maximise value and minimise holding costs.

- 5.2.4 Impact(s) risks of the disposal – financial, reputational, political, operational, etc.
- 5.2.5 Supported by an independent Royal Institute of Chartered Surveyors valuation to demonstrate best consideration.
- 5.2.6 A market assessment by a suitably qualified Agent.

6 Alternative options considered

- 6.1 LBH could continue to hold the assets listed in Appendix A in perpetuity and rely on any income generated to offset the costs of ownership. This would not align with the cabinet decision under the SAMPIP to better manage property assets and would mean the Council is failing to demonstrate responsible financial property management.
- 6.2 The assets listed in Appendix A could potentially be developed / repurposed for corporate occupation or service delivery and continue to be held within the General Fund. There isn't however any current identified service requirement. This option would also result in missing a significant opportunity to generate capital receipts.

7 Background information

- 7.1 The land and Property listed in Appendix A is held within the General Fund, with the majority sitting within the Investment Portfolio and fall within the following categories:

7.1.1 Commerical

LBH has several commercial assets in various wards across the Borough. Many of these assets are in a poor state of repair and require significant capital expenditure to bring back up to an appropriate standard. Other do not meet the expectations investment return expectations. The commercial units identified within Appendix A all provide either investment or development opportunities for the private sector.

7.1.2 Community Facilities

LBH recently published its Community Assets Social Value policy. In reviewing the existing asset base, vacant or underutilised assets were identified and found to be in a poor state of repair and require significant capital expenditure to bring back up to a lettable standard. The Community Facilities identified within Appendix A are considered surplus to community requirements and disposals will conform with Appendix B Annex paragraph 14.

7.1.3 Land

LBH own several parcels of land across the Borough. Many of these sites are vacant, cleared and undeveloped providing no, or low levels of income. The parcels of land identified within Appendix A all provide development opportunities for the private sector and could be utilised to meet housing demand.

7.1.4 Residential

LBH holds some residential assets in the General Fund, these are legacy “tied accommodation”¹ or former care homes that no longer meet requirements or in a poor state of repair and require significant capital expenditure to bring back up to an occupiable standard. The residential assets identified within Appendix A have all been considered for potential development/ repurposed for Council Housing delivery and do not meet scope requirements, but all provide either investment or development opportunities for the private sector.

7.2 Further review work is to be undertaken, and it is anticipated that this will identify further Land and Property, which will be brought back to Cabinet for a decision.

7.3 The proposal to dispose of underperforming assets has other financial benefits. This includes cost reduction, reducing liabilities and management burden associated with property ownership, permitting revenue income and could be utilised with greater efficiency and for other purposes. Nevertheless, prior to any disposal, land and property identified in this paper, each will be subject to further detailed analysis to the completion of full due diligence.

7.4 Maintaining a Disposal Programme delivers non-financial benefits. Transferring the ownership of these assets is likely to enable investment in them (by the new owners). This should mean development coming forward (e.g. additional housing) and investment in assets where there is not likely to be a change of use arising from a sale. This provides benefits to the residents of the Borough and the wider Community.

8 Contribution to the Corporate Delivery Plan 2024-2025 High level Strategic outcomes

8.1 The Property Disposal Programme and Land and Property Disposal policy sets out an overarching strategy for why LBH should rationalise its assets and a decision-making framework for how disposing of underperforming and underutilised assets to support the delivery of Council services and the Council's Corporate Delivery Plan.

9 Statutory Officers comments (Director of Finance (procurement), Director of Legal and Governance, Equalities)

9.1 Finance

9.1.1 The recommendations of the report are to:

- Approve the Land and Property Disposal Policy at Appendix B;

¹ Tied accommodation, also known as accommodation, that comes with a job, is housing provided by an employer to an employee as part of their employment agreement. This accommodation is often, but not always, directly tied to the employee's ability to perform their job duties.

- Approve authority to dispose of land and property identified within the property disposal programme for the financial year 2025-26, shown at Appendix A to support the Council's income targets; and
- Delegate to the Corporate Director of Finance and Resources authority to dispose of any land and property identified within the property disposal programme for the financial year 2025-26, shown at Appendix A to support LBH's income targets, in line with the legal requirements outlined in and on such terms as officers deem most appropriate up to a value of £3m for a single asset.

9.1.2 The disposal of properties will give rise to revenue savings in running costs of building ownership. The financial implications of each disposal will be provided in the delegated authority report that will document the disposal decision.

9.1.3 The Council has an assumption within its capital programme that of capital receipts will be applied to fund the use of exceptional financial support leading to savings in capital financing costs (reduced minimum revenue provision charge and interest on debt).

9.1.4 The use of capital receipts to fund the capital programme and Exceptional Financial Support reduces the borrowing requirement. Every £1m of borrowing results in approximately £72,000 of borrowing costs for the revenue budget.

9.2 Strategic Procurement

9.2.1 Strategic Procurement have been consulted in the preparation of this report.

9.2.2 Strategic Procurement note that the recommendations in section 3 of the report relate to property and land policy and disposal rather than a procurement related decision.

9.2.3 Strategic Procurement have no objections to the recommendation in section 3 of this report.

9.3 Director of Legal & Governance

9.3.1 The Director of Legal & Governance has been consulted in the preparation of this report.

9.3.2 Under Section 123 of the Local Government Act 1972 local authorities have powers to dispose of property in any manner they wish, provided that the consideration is not less than the best that can be reasonably obtained, unless it first obtains the consent of the Secretary of State (disposals by way of a short tenancy are excepted from this rule.)

9.3.3 The Council may not dispose of any land consisting or forming part of an open space unless, before disposing of the land, it causes notice of its intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and considers any objections to the proposed disposal which may be made to it.

This is relevant if any of the properties identified for disposal in Appendix A that may consist of open land.

- 9.3.4 The Secretary of State has given a general consent for local authorities to dispose of property at an undervalue of up to £2m where the disposal is for the promotion or improvement of the economic, social or environmental well-being of its area (the 'Local Government Act 1972: General Disposals Consent 2003'). A disposal of property at an undervalue can still amount to a public subsidy so there remains a need to ensure compliance with the provisions of the Subsidy Control Act 2022.
- 9.3.5 The Council's statutory duty to obtain the best price reasonably obtainable subject to certain exemptions, depends entirely on the facts of the transaction. However, to reduce the risk of legal challenge, the Council should before agreeing to terms for the disposal of any interest in land for a price which may be less than the open market value, ensure that it obtains a robust valuation of that interest. Although not a legal requirement, it is advisable that an independent valuation is obtained in all proposed disposals, so the Council can demonstrate it has acted reasonably and with regard to its duty to achieving best consideration.
- 9.3.6 It should be note that valuation should be up to date and that there are no material changes in circumstances since it was obtained.
- 9.3.7 A report on title will be commissioned at an early stage to identify whether there are any title issues that may affect the disposal of the property and if there is any action is required to resolve those issues.
- 9.3.8 If appropriate, an overage clause may be considered within heads of terms for the sale. Overage is an additional payment that a seller may receive after the sale of land or property, if certain conditions are met, usually if the land increases in value due to future development.

9.4 Equality

- 9.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share protected characteristics and people who do not.
 - Foster good relations between people who share those characteristics and people who do not.
- 9.4.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 9.4.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 9.4.4 The decision in question concerns the adoption of the Land and Property Disposal Policy, which outlines the process by which the council will dispose of underutilised property and land. The report also sets out the assets that, upon adoption of the Policy, will be declared surplus to requirements and approved for disposal in support of the council's income targets.
- 9.4.5 This decision is unlikely to affect residents who share protected characteristics, as the identified assets are largely unused and in a significant state of disrepair. Community assets marked for disposal have been determined to be surplus to community requirements through consideration of the council's social value policy, which itself underwent a detailed equalities analysis.
- 9.4.6 Overall, this decision is expected to have a neutral impact on individuals with protected characteristics and, therefore, has no direct equalities implications. In the long term, selling surplus assets to fund other areas of council activity may have an indirect positive impact on equalities within the borough, but this cannot be determined at this stage.

10. Use of Appendixes:

Appendix A – Exempt report

Appendix B - Land and Property Disposal Policy