

(DRAFT) DISPOSAL STRATEGY

MARCH 2021

Strategic Context

The Asset Management Plan outlines its vision to align the property portfolio to corporate priorities and service needs. Financial constraints make it difficult to continue managing some property exclusively for uses, which are not a statutory duty. In order to balance the requirements of the Councils priorities against its financial means requires innovation in terms of delivering services and structuring property related agreements.

The disposal of surplus property is a requirement of the Local Government Act and is essential to raise capital receipts to help fund the capital programme and reduce ongoing maintenance and management costs. The approach to all disposals take account of the five ways of working including long term, prevention, integration, involvement and collaboration.

This Disposal Strategy outlines the Councils approach to the disposal of surplus property, which explains the priorities, guides the forward work programme and is an integral part of the Asset Management Plan. This is not a procedural document – a separate Disposal Procedure is in place, which covers all the operational requirements in dealing with disposals. This is attached at Appendix 1.

Capital programme/revenue support

The current target for Capital Receipts from disposals is £600,000 per annum and is regularly reviewed and updated in consultation with Accountancy, in order to fund the Council's Capital Programme. The figure is reviewed to align with the predicted value of disposals for each financial year. These figures may vary depending on the market at any point in time and whether or not planned disposals are subject to clawback to Welsh Government. (Any property, which has been the subject of grant funding, is likely to be subject to the payment of clawback on disposal. This is usually 100% of the property value but in some cases is limited to the value of the grant)

Receipts from disposals of individual assets at a value of less than £10,000 are used as revenue funding. In recent years a significant amount of low value disposals have been identified as part of the property review process and targeted in order to reduce disproportionate management and maintenance costs. This included off-loading many sub-station sites and garage and garden sites. The supply of this type of property has now reduced and therefore the level of receipts generated which can be used to fund revenue,

will also reduce. Priorities will instead be geared towards higher value capital receipts wherever possible.

Historically, an emphasis has been placed on raising Capital Receipts in order to fund the Capital Programme as detailed above. However, in light of continued financial constraints and plans to strengthen the Councils commerciality and income generating potential, it is now equally important to critically consider what long term income potential a surplus property may have before deciding on the most appropriate method of disposal. This may result in a transfer of a freehold to obtain a short-term capital receipt or entering in to a lease agreement to provide a longer-term income. Each disposal will be considered on its own merits and agreed with the Accountants in advance.

Property Review programme

As the public sector continues to face stringent challenges over the coming years, constrained budgets demand radical re-thinking about how and where services should be delivered in the future. Effective Asset Management within the public sector is essential in responding to these challenges, specifically in the areas of delivering financial efficiencies through reducing the size of property portfolios, re-shaping property portfolios to align to more efficient service delivery models, and developing strategies that set a robust path for the property portfolio. The Audit Commission state, “Managing public assets effectively provides value for money, enhances public services and delivers wider economic, environmental and social outcomes for local communities.”

A separate Property Review Strategy outlines the plan for reviewing the Councils property portfolio and informs this Disposal Strategy. The Property Review process has been in place for the last 8 years with an average of £174,000 disposals achieved every year directly as a result.

The Property Review forward work plan from January 2021 to March 2023 includes Service Area reviews, together with individual reviews of Caretakers Houses, Changing Rooms/Playgrounds/Playing Fields and Advertising Hoardings. Any property declared surplus to requirements, because of this process, supports the capital programme/revenue as deemed appropriate in each case.

Local Development Plan

The Council’s adopted Local Development Plan sets out the development priorities throughout the County Borough. The following schedule indicates the allocated development sites that are within Council ownership and the status of each site. This Disposal Strategy attempts to align its priorities to the LDP to deliver on wider corporate priorities.

Allocated Housing Development Sites in LDP	No. Units	Date
Upper Georgetown Plateau	50	2021-2023
Trevor Close, Pant	20	2020-2022
Pen Y Dre Fields, Gurnos	40	2025-2026
Goetre Primary School, Gurnos	120	2029-2031
Haydn Terrace, Penydarren	40	2024-2026
Twynyrodyn	120	2021-2024
Former Mardy Hospital, Twynyrodyn	114	2017-2022
Bradley Gardens 2, Penyard	90	2025-2027
Stormtown, Trelewis	80	2028-2031
Cilhaul, Treharris	30	2024-2025
Oaklands, Treharris	50	2025-2027

Environmental Act/biodiversity/sustainability

The requirements of the Environment (Wales) Act 2016 is a statutory requirement that needs to be fully embedded in to all Council services. The consideration of all property transactions, including disposals, take account of the legislation in order to improve bio-diversity and sustainability for future generations.

Self Build Wales Scheme

The Self Build Wales Scheme is a Welsh Government initiative funded by the Development Bank of Wales, which aims to bring forward public land which is suitable for self-build. It looks to facilitate the preparation of sites, including infrastructure requirements, before making those sites available to the public. The model also supports individuals practically and financially to make self-build more viable.

Consultants have been instructed to investigate a number of Council owned properties for inclusion in this scheme.

Community Asset Transfer Strategy

A separate Community Asset Transfer Strategy is in place and provides clear guidance in considering alternative service delivery models with the third sector. In many cases there is potential to support community organisations in providing community facilities and protecting these services within communities for the future and opening up access to alternative funding sources. A significant number of Community Asset Transfers have been agreed and continue to be monitored against agreed deliverables.

Collaboration

In addition to disposing of property to the third sector by means of Community Asset Transfer, there are other opportunities to collaborate with organisations to provide wider benefits. It is important to work closely with Social Landlords and the Housing and

Regeneration Departments to consider potential joint working schemes. Similarly, work is routinely carried out with Welsh Government to jointly prepare property for disposal where there are joint interests in land, including historic or new grant agreements.

Where we dispose of property to the public sector, we apply the Land Transfer Protocol. The Land Transfer Protocol is provided by the National Assets Working Group, which is part of Welsh Government, to all public bodies in Wales, as a tool for efficiently managing negotiations for the disposal/acquisition and use of property in public authority ownership. This protocol also applies to negotiations between the Council and Social Landlords.

In terms of collaboration, further opportunities need to be considered when dealing with disposals, which are more innovative and explore the potential to achieve longer-term income generation. This may include profit sharing schemes, joint ventures or other mechanisms that exploit the opportunities to deliver on Corporate priorities whilst maximising capital receipts and/or income generation. The Council are exploring training opportunities as part of the Commercialisation Strategy to improve understanding and encourage innovation in this area.

Planning Consent

When dealing with individual disposals, consideration is given to whether or not obtaining planning consent is beneficial. This may be to increase the value of the property or simply to de-risk the property, which will help with marketing.

Generally, properties that are allocated within the Local Development Plan do not require additional planning consent before disposal, but in some cases, where it is considered beneficial, this can be obtained. Each case is considered on its own merits.

Many unallocated sites within the Local Development Plan however do benefit from obtaining planning permission before disposal as this will increase the value and de-risk the site. An invest to save budget for obtaining planning permission to aid disposals has been used to facilitate this recently.

Priorities and Disposals programme

The priority for disposals are aligned to wider corporate priorities. For example, the residential development sites within the LDP are prioritised. Other properties are brought forward where they support corporate objectives or provide significant efficiency savings.

Buildings are always considered high priority as they are vulnerable once empty and carry significant management and maintenance costs.

Disposals that are regularly generated from the property review process or ad hoc disposals generated by general enquiries continue to be dealt with as capacity within the Estates team allows.

The following schedule is an indicative disposal programme for the next 5 years which sets out the priority disposals. This shows major and strategic disposals but does not include the high volume, lower value disposals which tend to be more reactive in nature. Capital receipts obtained from this priority program, together with capital receipts from reactive disposals fund the Medium Term Financial Plan/Capital Programme and Revenue budgets.

Disposal Programme 2021-2026

Property	Comments	Est Completion
Land rear of Edward Street (Trevor Close)	Sold subject to contract. Ecology issues delaying planning consent and completion	21/22
Land at Rhydycar	Sold subject to Contract. Partial clawback applies	21/22
Land at Pant Industrial Estate	Subject to WWU lease. Once surrendered, suitable for auction	21/22
Land adjacent to Tai Mawr Road, Gellideg	consultation required	21/22
Land rear of Penheolferthyr	consultation required	21/22
Land at Caeharris	consultation required. Subject to clawback.	21/22
Ysgol y Graig Primary School	Investigations on-going to prepare for vacation of property in September 2021	21/22
Smyrna Chapel, Aberfan Road	To be advertised to let	21/22
Afon Taf High School - Youth Centre	To be advertised to let	21/22
A465	Various sites to be transferred to WG under CPO	21/22
Land at Cwmlacks	Sold subject to Contract. Partial clawback applies	22/23
Land between Haydn Terrace and Mitchell Cresce	Social Landlord interest in this which is being investigated. Potential Land Transfer Protocol	22/23
Land at Oaklands, Treharris	Social Housing Landlord interest in this which is being investigated. Potential Land Transfer Protocol	22/23
Land at Goatmill Road (Former East Merthyr L.R.S	Small scale site. Interest from adjoining owner.	22/23
Land at Penyard, Penydarren, Merthyr Tydfil -Ea	Sold subject to contract. Subject to 100% clawback	22/23
Land at Goatmill Road and Gwernllwyn Road, Dov	Sold subject to contract for Recycling Plant. 100% clawback	22/23
Georgetown and Cyfarthfa Tips, Merthyr Tydfil	Part suitable for residential development. Subject to 100% clawback (large area to be retained for Valleys Life)	22/23
Land between Glasier Road and Aneurin Crescen	Access issues need to be resolved. Potential Social Housing Landlord interest	22/23
Land at Cilhaul	Only access owned by Council. Possible joint marketing exercise	22/23
Trefechan Nursery School	Investigations on-going to prepare for vacation of property in September 2021	22/23
Central Bus Station	Flood zone issues need to be resolved	23/24
Penydre High School Land and Land at the rear of	consultation required	24/25
Former Steelworks Site, Penywern (Dowlais Recl	Joint venture with Welsh Government. Large scale project. 100% clawback	24/25
Land at Former Colliery Site, Nixonville and Dism	Engineering/flood issues to be resolved. Subject to clawback	24/25
Land at Crescent Street, Merthyr Vale	Engineering/flood issues to be resolved. Subject to clawback	25/26
Land South of Merthyr Tydfil Industrial Park, Peni	Recently allocated as employment site. Part leased for 3 yrs for rail electrification project.	25/26
Penydre High School Land and Land at the rear of	On hold pending completion of school works	25/26
Land adjacent to Trelewis Park	Access issues need to be resolved. Referred for legal advice/action	28/31
Goetre Primary School, Gurnos	May be retained for other purposes.	29/31