

REPORT TITLE: Surplus Property Disposals 2025/26

Cabinet date	21 st January 2025
Cabinet Member	Cllr Graham Turner (Finance & Regeneration)
Key Decision Eligible for Call In	17/12/2024 Yes
<p>Purpose of Report The purpose of this report is to seek approval and delegated authority from Cabinet for bringing forward the proposed Capital Receipts Schedule for 2025/26 as shown at Appendix A, delivering a targeted level of capital receipts in alignment with the Council's approved budget and Capital Strategy.</p> <p>This report also asks Cabinet to consider the objection received following advertisement of the Council's intention to dispose of open space at the former Gomersal First School, Oxford Road, Gomersal shown edged red on the Plan contained within Appendix B and to determine whether to proceed with the intended disposal of the open space.</p>	
<p>Recommendations</p> <p>It is recommended that Cabinet approves the disposals proposed in the report and delegates to the:</p> <ol style="list-style-type: none"> i. Executive Director for Place authority to dispose of any land and property identified within the Capital Receipts Schedule 2025/2026 (Appendix A) to support the Council's income targets, in line with the legal requirements outlined in paragraph 3.7.1 and on such terms as officers deem most appropriate. ii. Executive Director for Place the authority to dispose of the former Gomersal First School land shown in the red line boundary plan in Appendix B having considered and dismissed the objection. iii. Service Director – Legal, Governance and Commissioning authority to enter into all agreements necessary to affect any of those disposals referred to at (i) and (ii) above. <p>Reasons for Recommendations</p> <ul style="list-style-type: none"> • To support the Council's requirement for capital receipts as part of its budget strategy and to help reduce its long-term revenue commitments through the disposal of surplus buildings and land. <p>Specifically, in the case of the former Gomersal First School:</p> <ul style="list-style-type: none"> • The objection does not highlight any use or value in the open space, not object to its loss. • The objections raised are in relation to issues and concerns associated with the future development and use of the site will be considered as part of the statutory planning process. 	

- The land can be better utilised and maintained compared to its current derelict and unused state.
- A capital receipt would be achieved and is required to part-fund the Capital Plan
- A potential opportunity for local small-scale development and support for the local labour market can be provided.

Resource Implications:

Capital Receipts Schedule

The Council has a capital receipts target of £6M in Financial Year 2025/26. Our ability to meet this partially depends upon disposing of the assets detailed in **Appendix A**. A pipeline of sites is already developed and scheduled for disposal either at auction, private treaty or through freehold reversion based on previous cabinet reports but by identifying these additional assets as surplus it will provide further opportunities to support the Capital Plan through capital receipts.

Thirteen of the assets proposed for surplus declaration are in relation to the existing tenant wishing to purchase the Council’s freehold interest in a ground lease (also known as freehold reversion sales). Ground leases are leases where the Council holds the freehold interest. and the tenant has leased an area of land with an obligation for them to pay for and develop property on this land. The Council regularly receives requests to purchase its freehold interest in these sites from tenants, which we consider on their individual merits.

If terms can be agreed at market value in line with the Council’s Disposal and Acquisition Policy and a sale completes, the Council lose the ability to collect the associated ground rents. It is estimated that the sale of the freehold reversions included in the Capital Receipts Schedule will raise around £2.5m capital but will reduce revenue income to the Commercial Portfolio by £58,103.10 per annum. As a consequence, the Medium-Term Financial Plan will need to be adjusted downwards to recognise the loss of this future unattainable rental income.

Disposal of the Former Gomersal First School site

This site forms part of the disposals pipeline identified for 2025/26. It has already been declared surplus to the Council’s requirements in a previous cabinet report and – if sold – will contribute towards the Council’s capital receipts target of £6m for 2025/26.

Signed off by:

- **Lead Executive Director**
- **Service Director for Finance**
- **Service Director for Legal and Commissioning**

David Shepherd – Executive Director for Place – 08/01/2025

Kevin Mulvaney – Service Director Finance – 08/01/2025

Samantha Lawton – Service Director Legal & Commissioning – 10/01/2025

Electoral wards affected:

Capital Receipts Schedule (**Appendix A**)

Almondbury, Ashbrow, Birstall & Birkenshaw, Cleckheaton, Dalton, Dewsbury East, Dewsbury West, Greenhead, Holme Valley South, Mirfield, Newsome.

Disposal of the former Gomersal First School site (**Appendix B**)

Liversedge & Gomersal

Ward councillors consulted: Yes

Public or private: Public

Has GDPR been considered? Yes – no personal information is presented within this report.

Executive Summary

1.1 This report, in alignment with and in response to the Council's approved budget and Capital Strategy, presents a proposed Capital Receipts Schedule for 2025/26 to be brought forward for delivery as detailed in **Appendix A**.

1.2 As a result of the previous cabinet approval received on the 27th June 2023, officers have moved forward with the disposal of the former Gomersal First School site. The land in question is classed as 'open space' and therefore, requires the advertising of the intention to dispose in the local press to determine if there are any objections to the disposal of the land. Any objections received must be referred to Cabinet for consideration pursuant to Part 3.7, Section F paragraph K(d) of the Constitution. Cabinet is therefore asked to consider the objection received in response to the advertisement of disposal of open space at the Former Gomersal First School site, Oxford Road, Gomersal (**Appendix B**) and to determine if the intended disposal should proceed.

2. Information required to take a decision

Capital Receipts Schedule

2.1 As part of the Council's approved budget, the Capital Strategy presents a £6m minimum 2025/26 in-year target for capital receipts - money received from the sale of property assets (land and buildings).

2.2 Since the last Surplus Property reports in June and November 2023, progress has been made to dispose of the assets declared surplus through a series of auctions, private treaty and Freehold Reversion sales.

2.3 A further review of the estate has identified another batch of surplus property, which is property no longer required to support the Council's strategic or organisational delivery requirements. It is government policy that local authorities should dispose of surplus property wherever possible.

2.4 The property interests identified for disposal have been assembled to form the Capital Receipts Schedule (CRS) for 2025/26, which is presented as **Appendix A** for consideration.

2.5 The property interests identified on the CRS each require further evaluation to determine the appropriate legal process, market value, mode of disposal, and possible timings, to allow a forward delivery programme to be developed and accelerated to achieve the in-year target. Further investigation and consideration of these assets during their passage to market may result in them no longer being considered surplus and therefore not being disposed of.

2.6 Assurance and progress will be monitored, with risks and issues managed by exception by an established Assets Disposal Board. This forum will report progress into leadership and

strategic groups/boards such as the Capital Assurance Board. The Portfolio-holder will be regularly updated.

2.7 Over the course of this year, we have developed a focussed approach in collaboration with other services, particularly legal colleagues, that has been successful in delivering the capital receipts we are targeting. The delivery of the new CRS list will continue to use this proactive and planned approach, with clear lines of communication, management of risks and issues, and inherent assurance/progress monitoring. To ensure seamless delivery, interdependencies and key stakeholders need to be identified and engaged at the earliest opportunity, with resource and capacity requirements actively monitored and planned for.

2.8 Project Management support aids this accelerated approach, as does a continual review of the required capacity and gearing up needs across key services such as Corporate Landlord and Legal Services. There may also be opportunities to consider wider service linkage, where the skills and expertise needed may be present in-house and could be re-prioritised to support the required activity.

2.9 As sites are evaluated, key strategic partners will be consulted as appropriate, thereby dealing with any initial first refusal and/or private treaty opportunities.

Disposal of the Former Gomersal First School site

2.10 Section 123 (2A) of the 1972 Local Government Act requires local authorities wishing to dispose of any land consisting of or forming part of an open space to advertise their intention to do so for two consecutive weeks in a local newspaper. The Council must then consider any objections to the proposed disposal. There is a 21-day objection period.

2.11 As the Former Gomersal First school site was considered open space notices advertising the intention to dispose of this open space were placed on the Council’s website and in the Reporter series of newspapers including the Dewsbury Reporter and the Spenborough Guardian on 31st October and 7th November 2024 with a deadline for objections to be received by no later than 21st November 2024.

2.12 There has been one letter of objection received from the owner of a property which adjoins the Gomersal First School Site. Due to the fact that an objection has been received, it is necessary for this issue be referred back to Cabinet for consideration of the objection pursuant to Part 3.7, Section F paragraph K(d) of the Constitution and for a final decision to be made by Cabinet on whether to proceed with the intended disposal of the land.

2.13 The objections contained in the letter are::

- Not enough information has been provided regarding the future use of the land at the rear of the building.
- The site backs onto the objector’s property.
- There is a public footpath running across the objector’s land which should be re rerouted over the Council’s land.

Planning permission for housing on the site should not be granted because this would:

- Increased traffic on Oxford Road and Hilltop which is already a bottleneck and would prove a danger to the schoolchildren.
- Put the primary and secondary schools under pressure and they are already oversubscribed
- Create a need for more Doctors and Dentists in the area

2.14 An Open Space Notice informs interested parties of the Council’s intention to dispose of public open space. The notice is published to inform the public about the proposed disposal

and to give them an opportunity to detail the value of the public open space and object to the loss of the open space. The Notices conform to prescribed legal requirements.

- 2.15 The objections raised are of a nature which are dealt with via the planning system. The site does not have any planning permission at present – however the proposed sale with unrestricted use and the fact that the land is allocated for housing in the Local Plan, will mean that a subsequent purchaser could submit an application for property development. In accordance with the Government’s National Planning Policy Framework and accompanying National Planning Practice Guidance, consultations are made with all relevant council departments, residents and an information notice will be placed close to the site advising members of the public of any intended development. All comments received are taken into consideration by the Planning Committee before a decision is taken on the application.
- 2.16 Disposal of the site would not affect the route of the public right of way referred to. The public right of way does not cross the Gomersal First School Site.
- 2.17 Cabinet will note that the objection received relates to possible impacts of any future use of the land on the objector's property and neighbourhood. The letter does not object to the loss of open space nor highlight any current use or value in the open space to the objector or the community. Cabinet is therefore asked to dismiss the objection and approve the disposal of the site.

3. Implications for the Council

3.1 Working with people

The agreed continued approach to reviewing the Council’s estate requires Council services to work closely together and proactively to communicate and deliver agreed outcomes. The disposal of the land will potentially provide the opportunity for local small-scale development and support the local labour market.

3.2 Working with partners

As part of the process for bringing forward disposals, key partners will be made aware to help identify any collaborative opportunities.

3.3 Place Based Working

Changes to property can often highlight wider opportunities and be a catalyst for development, which in turn can make our places more attractive and vibrant.

3.4 Climate Change and Air Quality

Rationalising and optimising property assets will deliver a smaller, more efficient and effective estate, contributing to the reduction of the Council’s carbon footprint and commitment towards net zero.

3.5 Improving outcomes for children

None

3.6 Financial Implications

The generation of capital receipts supports the Council’s Capital Strategy and more specifically the delivery of the Capital Programme (and, where appropriate, the transformation

of services through the Flexible Capital Receipts Policy), safeguarding service delivery into the future. Releasing assets for disposal will, equally, contribute to the savings required in the Council's Revenue Budget by reducing the cost of holding assets. The disposal of Freehold Reversions will reduce income into the Commercial Estate by around £58,013.10, which will require an appropriate downward adjustment to the Medium-Term Financial Plan as these ground rents will no longer be achievable due to the proposed disposal.

3.7 Legal Implications

3.7.1 The disposal of property assets will need to be in accordance with the relevant statutory framework which applies to the particular asset. The Council has the legal power to dispose of assets generally under section 123 of the Local Government Act 1972 usually for the best consideration that can reasonably be obtained. Where it is proposed that an asset is disposed of at an undervalue, the General Disposal Consent 2003 (contained within circular 06/93) and the Subsidy Control Act 2022 (and associated regulations) must be assessed, and, where applicable, complied with. Housing assets may only be disposed of in accordance with The General Housing Consents 2013 issued pursuant to section 32 of the Housing Act 1985.

3.7.2 Alongside the Localism Act 2011, which may highlight certain sites for listing as an Asset of Community Value (ACV), the Council's approach to Community Asset Transfers (CAT) will also need to be considered. Both disposal routes require additional lead-in and determination time and need to be highlighted as a significant risk should applicable sites be targeted for disposal within year, or within a specific timeframe.

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

An Integrated Impact Assessment has been carried out as part of the Council Budget setting process and is published on the Council's website. Individual assessments may need to be considered for individual property solutions and should be undertaken as part of bringing each forward for delivery alongside appropriate consultation and communication.

4. Consultation

4.1 Consultation took place with all Ward Members impacted by the proposed disposals in **Appendix A** (see list of wards affected at the start of this report) between 6th and 23rd December 2024. Their comments and any responses provided by Officers will be circulated to Cabinet for consideration prior to any decisions being taken.

4.2 This report has been subject to consultation with the Council's Executive Leadership Team (10th December 2024), Executive Board (16th December 2024) and the Portfolio Holder for Finance and Regeneration (5th December 2024) and their comments have informed the contents of this report.

5. Engagement

5.1 The Portfolio Holder for Finance & Regeneration confirmed that the assets in the CRS are considered surplus to operational requirements.

6. Options Considered

Option A – Do not declare any more assets surplus to requirements.

- 6.1 The Council's Capital receipts target for 2025/26 is £6M. A pipeline is in place consisting of assets that have already been declared surplus. This includes Riverbank Court, strategic housing sites and other land and buildings set to be auctioned during the early part of the next financial year.
- 6.2 Several factors combine to make estimates of the value of these assets' volatile including prevailing property market conditions, economic outlook and risk, site-specific conditions and the number of competing bidders to name a few.
- 6.3 However, it is unlikely that selling our existing surplus assets will ensure we meet the £6M target. Therefore, if we do not declare any more assets surplus, we put the target at greater risk. Furthermore, the need for a further £4M in capital receipts to be raised in 2026/27 means that any assets declared surplus now but not sold during 2025/26 will form part of the following year's pipeline.

Option B – Declare the new list of assets on the CRS attached at Appendix A surplus to the Council's requirements

- 6.4 Our current disposals pipeline based upon the assets that have previously been declared surplus is unlikely to result in the target of £6M for 2025/26 being met. Declaring the assets on the new Capital receipts schedule surplus will enable us to move them towards disposal in 2025/26. This will improve our ability to meet the £6M capital receipts target.
- 6.5 Reasons for Recommended Options**

The officer recommendation in relation to the proposed Capital Receipts Schedule at **Appendix A** is that Option B should be pursued. The reasons for this are as follows:

- Declaring these assets as surplus will improve our ability to reach the target for capital receipts. The income from capital receipts plays an important role in supporting the Council's Capital Plan, reducing borrowing, investing in projects and supporting the Council's financial reserves;
- The supply of small sites, surplus buildings and leasehold interests provides an opportunity for developers to invest, create jobs and business growth for the Kirklees Economy;
- Disposing of surplus assets reduces the Council's maintenance liabilities, thereby easing revenue and capital financial cost pressures.

In relation to the former Gomersal First School site, the officer recommendation is that the site should be released for disposal for the following reasons:

- The objection does not highlight any use or value in the open space, not object to its loss.
- The objections raised are in relation to issues and concerns associated with the future development and use of the site will be considered as part of the statutory planning process.
- The land can be better utilised and maintained compared to its current derelict and unused state.
- A capital receipt would be achieved and is required to part-fund the Capital Plan
- A potential opportunity for local small-scale development and support for the local labour market can be provided.

On this basis, Cabinet is asked to:

- a) Consider and approve the list of assets identified in **Appendix A** as being surplus to requirements, with their disposal being managed as business as usual in line with the contents of this report;
- b) Support the immediate need to limit ongoing revenue liabilities and to meet the requirement for capital receipts, by approving the disposals proposed in the report and delegating authority to the:
 - i. Executive Director for Place authority to dispose of any land and property identified within the Capital Receipts Schedule 2025/2026 (Appendix A) to support the Council's income targets, in line with the legal requirements outlined in paragraph 3.7.1 and on such terms as officers deem most appropriate.
 - ii. Executive Director for Place the authority to dispose of the former Gomersal First School land shown in the red line boundary plan in Appendix B having considered and dismissed the objection.
 - iii. Service Director – Legal, Governance and Commissioning authority to enter into all agreements necessary to affect any of those disposals referred to at (i) and (ii) above.

above

7. Next Steps and Timelines

- 7.1 Following this report, and subject to approval, instruction will be given to proceed at pace with the proposals, forming an accelerated programme for delivery.

8. Contact Officer

Alistair Kimpton: Strategic Manager – Logistics – 01484 221000 – alistair.kimpton@Kirklees.gov.uk

David Martin – Head of Property – david.martin@kirklees.gov.uk

9. Background Papers and History of Decisions

- i. [Surplus Property Disposals 2023/24](#)

10. Appendices

- A. Capital Receipts Schedule (CRS) 2025/26
- B. Red Line Boundary Former Gomersal First School

11. Service Director Responsible

Joanne Bartholomew: Service Director – Development – Place – 01484 210000 – Joanne.Bartholomew@Kirklees.gov.uk