

PERTH AND KINROSS COUNCIL**PROPERTY SUB-COMMITTEE****20 MAY 2015****DISPOSAL OF SURPLUS PROPERTY AT AUCTION****Report by the Depute Director (Environment)**

The purpose of this report is to inform the Sub-Committee of the procedure for disposing of property at auction.

1 BACKGROUND / MAIN ISSUES

- 1.1 Until recently, surplus Council property was routinely placed on the market for sale via a selling agent, offers invited and a sale negotiated with the successful bidder. This is a tried and tested method which in the majority of cases continues to be a successful and appropriate method of selling surplus or development property. In certain cases, however, lower value or unusual properties can fail to attract a buyer through conventional marketing methods.
- 1.2 Auctioning property is a method of selling which is appropriate for properties where conventional marketing and disposal methods may have failed or may not be considered the most effective way of selling a particular property. It allows open bidding at an auction and results in a binding contract on the day of the auction. The properties are placed in the auction at a reserve price and cannot be sold below that price.
- 1.3 The Council has recently sold four properties at auction and details of these are attached in Appendix 1. All four properties sold successfully at, or above, their reserve price and the legal process following the sales was normally targeted to be completed within 28 days for each of the properties concerned. It is commonplace that this period can be extended or shortened where appropriate.
- 1.4 The advantages of selling at auction are:-
 - Auctioneers have countywide coverage for marketing through their brochures, contact lists, websites and social media.
 - Auction fees are lower than conventional marketing and disposal using property agents.
 - Sales by auction are very straightforward with no complicated, conditional offers being received.
 - Sales by auction are very swift with a binding deal being struck when the auctioneer's hammer falls and the full legal process being completed within the following 28 days.

1.5 The disadvantage of selling at auction is:-

- The sale is immediate and auction is not, therefore, an appropriate method of sale where the Council wishes to see the property used or developed in a particular way. It does not allow any form of development agreement to be entered into with the purchaser.

1.6 It is considered, therefore, that auction can be considered an appropriate method of disposal where selling quickly for the highest price are the objectives to be achieved.

1.7 Where considered appropriate, properties will be placed in an auction with a reserve price under delegated authority for disposals of property valued at less than the delegated authority level (currently £100,000). The auction process will create a binding contract and the sale will be reported to Committee retrospectively for information purposes.

1.8 Committee approval will be sought prior to placing any property valued in excess of the delegated authority level in an auction.

2. BEST VALUE AND DISPOSAL OF LAND REGULATIONS

2.1 The Council is required to fulfil its statutory duties under Best Value as set out in Section 1 of the Local Government in Scotland Act 2003. Relevant aspects of this duty include:

- Making best use of public resources, including land and property.
- Being open and transparent in transaction.
- Ensuring sound financial controls are in place to minimise the risk of fraud and error.
- Assessing the full financial consequences of decisions at an appropriate level before major financial decisions are taken or commitments entered into.
- Demonstrating responsiveness to the needs of communities, citizens, customers and other stakeholders, where relevant.

2.2 The Council is also required to comply with Section 74 of the Local Government (Scotland) Act 1973 and the Disposal of Land by Local Authorities (Scotland) Regulations 2010 as they relate to the duty to obtain best reasonable consideration when disposing of land and buildings.

2.3 The sale of properties at auction following an open competitive bidding process complies with the Council's requirement to fulfil its statutory duties in respect of Best Value and Best Consideration and also complies with the Council's Disposal of Land and Buildings policy.

3. CONCLUSION / RECOMMENDATIONS

- 3.1 Selling property at auction has proved to be an efficient, cost effective way of disposing of surplus Council property where the type of property is suitable for auction or where conventional marketing has failed to attract a buyer. Four properties have successfully been sold using this process since August 2014.
- 3.2 It is recommended that the Sub-Committee refers this report to the Strategic Policy and Resources Committee for approval that:-
- (i) where appropriate, properties will be placed in an auction with a reserved price under delegated authority for disposals of property valued at less than delegated approval level.
 - (ii) any property valued at over the delegated authority approval level would require Property Sub Committee agreement prior to being placed in an auction.

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	YES
Corporate Plan	YES
Resource Implications	
Financial	YES
Workforce	NONE
Asset Management (land, property, IST)	YES
Assessments	
Equality Impact Assessment	YES
Strategic Environmental Assessment	YES
Sustainability (community, economic, environmental)	NONE
Legal and Governance	YES
Risk	NONE
Consultation	
Internal	YES
External	YES
Communication	
Communications Plan	NONE

1. Strategic Implications

Community Plan/ Single Outcome Agreement

- 1.1 The Perth and Kinross Community Planning Partnership (CPP) brings together organisations to plan and deliver services for the people of Perth and Kinross. Together the CPP has developed the Perth and Kinross Community Plan which outlines the key things we think are important for Perth and Kinross:-
- (i) Giving every child the best start in life
 - (ii) Developing educated, responsible and informed citizens
 - (iii) Promoting a prosperous, inclusive and sustainable economy
 - (iv) Supporting people to lead independent, healthy and active lives
 - (v) Creating a safe and sustainable place for the future
- 1.2 It is considered that the actions contained within this report contribute to objective (iii)

Corporate Plan

- 1.3 The Council's Corporate Plan 2013-2018 outlines the same five Objectives as those detailed above in the Community Plan. These objectives provide a clear strategic direction, inform decisions at a corporate and service level and shape resource allocation. It is considered that the actions contained in the report contribute to objective (iii) outlined in paragraph 1.1.

2. Resource Implications

Revenue

- 2.1 There will be a removal of the maintenance and running costs for all assets disposed of in this process.

Asset Management (land, property, IT)

- 2.2 The sale of these properties will meet the key Asset Management objective of disposing of redundant operational properties and reducing the Council's future revenue liability in this regard.

3. Assessments

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 3.2 This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 This section should reflect that the proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Legal and Governance

- 3.5 The Head of Legal Services and the Head of Planning and Regeneration have been consulted on the issues contained in this report.

4. Consultation

Internal

- 4.1 The Head of Planning and Development, Head of Legal Services and the Head of Finance have been consulted on the contents of this report.

2. BACKGROUND PAPERS

- 2.1 No background papers as defined by section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDIX

- 3.1 Appendix 1.

Appendix 1

Property	Auctioneer	Date/Location of Auction	Market Value	Reserve Price	Sale Price
Aberfeldy Library/Office	Auction House Scotland	31 August 2014- Aberdeen	£50,000	£50,000	£90,000
Rowanbank, Newton Terrace, Blairgowrie	Auction House Scotland	31 August 2014- Aberdeen	£60,000	£60,000	£114,000
*Roadman's Cottage, Waterloo by Bankfoot	SVA Auctions	25 February 2015- Edinburgh	£110,000	£100,000	£100,000
*0.95 acres of land at Waterloo by Bankfoot	SVA Auctions	25 February 2015- Edinburgh	£60,000	£50,000	£80,000

*These properties received prior approval at Property Sub-Committee on 28 November 2014. Report No. (14/522)

