

## **Item: 9**

**Asset Management Sub-committee: 29 August 2023.**

**Surplus Property.**

**Report by Corporate Director for Neighbourhood Services and Infrastructure.**

### **1. Purpose of Report**

To advise on current arrangements regarding property deemed potentially surplus to operational requirements.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The status of potentially surplus property reported to the Asset Management Sub-committee on 22 March 2018, together with an update of the current status of the surplus property, as detailed in section 3 of this report.

#### **2.2.**

Progress with the Change Review in respect of Property Asset Management, as detailed in section 4 of this report.

#### **2.3.**

The impact of the increased delegation, following revisions to the Scheme of Administration and the Scheme of Delegation to Officers recommended by the Policy and Resource Committee in February 2018, as detailed in section 6 of this report.

#### **2.4.**

That the existing governance arrangements will continue to be used to dispose of redundant, surplus assets as officers continue to identify potentially underused and unwanted properties that would be suitable for disposal.

### **3. Surplus Property as at March 2018**

#### **3.1.**

On 22 March 2018, the Asset Management Sub-committee considered its regular updated report regarding a surplus property process which began circa 2003. The purpose of the regular report on the status of surplus property was to raise awareness on underused properties and identify opportunities to dispose of these surplus assets which could provide revenue savings as well as capital income from

sale. At that meeting, members requested fewer update reports with a focus on major outcomes in future.

### 3.2.

The table below summarises the current status of the surplus assets considered by the Asset Management Sub-committee in 2018.

| Item. | Property.                             | Current Status – August 2023.  |
|-------|---------------------------------------|--|
| 1.    | Former Moss Quarry Site.              | Land contamination issues present on site (former civic amenity site).                               |
| 2.    | Keelylang Day Centre.                 | Reallocated to Education – used by the Early Years Team.   |
| 3.    | Former Papdale Halls of Residence.    | Scheduled for demolition once Willow Tree Nursery relocates to new premises.                         |
| 4.    | 14 St Catherines Place, Kirkwall.     | Sold - 31 May 2019.  |
| 5.    | West Mainland Day Centre, Stenness.   | Leased to Historic Environment Scotland since February 2017 – used as a Visitor Centre for Maeshowe. |
| 6.    | Weyland Farm Buildings.               | Most redundant buildings have been demolished – site is future potential development land.           |
| 7.    | Burwick Public Toilet.                | Sold – 23 March 2018.  |
| 8.    | Former Crafty Caravan Site, Kirkwall. | Sold – 22 March 2018.  |
| 9.    | Former Whitechapel Toilet, Kirkwall.  | Under offer.   |
| 10.   | Old Firth Primary School.             | Sold – 14 February 2020.   |
| 11.   | Scarva Taing, Finstown.               | Sold – 4 October 2018.   |
| 12.   | West Tankerness Lane Store.           | Sold – 28 March 2019.  |

### 3.3.

Of the 12 assets detailed in the table above, six have been sold, one is under offer, one has been reallocated to a different service for operational purposes, one has been leased to a third party which supports tourism, one will be demolished in due course and two remain to be dealt with.

### 3.4.

The concept of surplus property and its handling by the Council has evolved and changed in subsequent years as a consequence of other property reduction workstreams and enhanced delegation to officers.

## **4. Change Review – 2016/17**

### **4.1.**

The Council initiated Change Review 01 circa 2016 which sought to undertake a fresh review of the Council's General Fund property assets with a view to releasing revenue savings through disposal of redundant, underused or potentially surplus land and property assets. The work involved extensive review of the operational property portfolio held on the General Fund and working with each Service to identify assets that the Services supported the potential disposal of.

### **4.2.**

Working closely with Service Heads and Directors, officers collated an extensive list of approximately 60 assets which were subsequently rated as Red, Amber and Green to better focus on achievable results in early stages with more challenging assets flagged as having higher risk of causing negative public reaction if disposal options were to be proposed. The rating system identified 13 green rated assets which were considered to be at low risk of adversely impacting service delivery or localised community groups.

### **4.3.**

Officers worked through the green rated assets with a view to identifying disposal opportunities including consulting with tenants where applicable. Officers encouraged tenants to consider whether an asset transfer of ownership would be viable and of interest to the affected tenants, but ultimately none expressed a desire to pursue the opportunity further.

### **4.4.**

Of the 13 green rated assets identified, to date only 15-17 Victoria Street, Kirkwall, was disposed of by sale to the private sector in December 2022. The former Orkneyinga Saga Centre, Orphir, is now subject to a 15 year lease to Orphir Community Council rather than the previous annually renewed lease arrangement that had been in place for many years.

### **4.5.**

Throughout this active phase it was clear that the likelihood of community groups taking the opportunity to own an asset was low and would require a substantial effort on the part of any community group, hence the low uptake. The final update report on Change Review 01 was considered by the Asset Management Sub-committee in September 2019 and as officers worked through the project in the months following, the Covid pandemic struck in March 2020 and focus shifted to other Council and community priorities.

## **5. Strategic Asset Review**

One of the main objectives of the Council Plan is a Strategic Asset Review which will consider the Council's asset footprint and identify opportunities for further disposal.

This is work in progress and will ultimately identify further operational properties that may be suitable for potential disposal.

## 6. Governance Arrangements

### 6.1.

On 31 January 2018, the Policy and Resources Committee recommended approval of a revised Scheme of Administration, together with a revised Scheme of Delegation to Officers. The latter provided for new delegated powers to the Executive Director of Corporate Services in respect of property management and administration, including powers to determine disposals and acquisitions for assets with a market value up to £300,000. The Asset Management Sub-committee retained delegated powers to dispose of or acquire property valued between £300,000 and £1 million.

### 6.2.

The enhanced delegation referred to above has been used on four occasions to authorise disposal of assets that would have been considered to be surplus to operational requirements of the Council, as detailed in the table below.

| Item. | Property.  | Comment.   |
|-------|--|--|
| 1.    | Shapinsay Schoolhouse.                                       | Decision taken in 2019/20, sold in January 2021.   |
| 2.    | 15/17 Victoria Street, Kirkwall.                             | Decision taken in 2020/21, sold in December 2022.  |
| 3.    | Part of redundant hammerhead turning point, Soulisquoy Loan. | Decision taken in 2021/22, sale to neighbouring owner can complete once the road has been modified to suit the new Kirkwall Care Home. |
| 4.    | 18 St Colms Quadrant, Longhope.                              | Decision taken in 2021/22, sold in May 2023.   |

### 6.3.

The enhanced delegation is also used to deal with ad-hoc requests received by the Council in respect of applications to purchase land or property, or part thereof, from the Council. This includes enabling title deed error corrections to be made with neighbouring landowners, utilities companies requesting land for infrastructure improvement projects and community bodies requesting to purchase an asset for the betterment and benefit of the local community where a discounted price is not required.

| Year.    | Requests to Purchase Property Per Annum. |
|----------|--|
| 2018/19. | 3.                                       |
| 2019.20. | 1.                                       |

|          |                 |
|----------|-----------------|
| 2020/21. | 2.              |
| 2021/22. | 5.              |
| 2022/23. | 2.              |
| 2023/24. | Zero (to date). |

#### **6.4.**

Officers continue to identify opportunities to dispose of unwanted land and property assets through a process of strategic review and the delegation referred to in section 6.1 above provide an opportunity to efficiently deal with operational priorities.

### **7. Corporate Governance**

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

### **8. Financial Implications**

#### **8.1.**

Any expenditure incurred on the upkeep of properties is charged to the Fund where the assets are held.

#### **8.2.**

Any capital receipts generated by the sale of properties will be credited to the Fund where the assets are held.

#### **8.3.**

Any associated reduction in property costs realised as a result of the disposal of properties deemed surplus to requirements by sale, rather than transfer to another Service, have not been quantified in this report.

### **9. Legal Aspects**

There are no legal implications arising from this noting report.

### **10. Contact Officers**

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