

SHADOW EXECUTIVE
25 NOVEMBER 2008

SUBJECT	DISAGGREGATION OF BEDFORDSHIRE COUNTY COUNCIL PROPERTY ASSETS (To provide an update on the negotiations with Bedford Borough Council)
REPORT OF	Director of Corporate Resources
<i>Contact Officer: Peter Burt (Tel. 0845 849 6281)</i>	

IMPLICATIONS

SUSTAINABILITY	The future management of the property assets for Central Bedfordshire has to be decided to provide the maximum benefits for the Council and the community. Making sure CBC receives its proper and rightful share of the County's property assets is the first step in this direction.
FINANCIAL	The disaggregated property will add substantially to the asset base of CBC and provide both capital and revenue income to help support the aims and objectives of the Council.
LEGAL	The transfer of the County property will require the assimilation of the title deeds and the registration of any properties not so far registered.
PERSONNEL/EQUAL OPPORTUNITIES	None
COMMUNITY DEV/SAFETY	None
TRADE UNIONS	None
HUMAN RIGHTS	None
KEY ISSUE	Yes - Property Assets are the largest asset, apart from its staff, that CBC will have. The correct disaggregation of the County's property assets is therefore a key issue in the implementation of the new Councils objectives.
BUDGET/POLICY FRAMEWORK	This income from property assets is reflected in the annual budgets and the greater the asset value that CBC receives from the disaggregation of the County's property the more the Council will be able to achieve.

OTHER DOCUMENTS RELEVANT TO REPORT	None
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RECOMMENDATIONS:

- 1. That the Shadow Executive agrees to adopt the proposed disaggregation of BCC assets as agreed in principle with Bedford Borough Council, and for those properties not agreed they agree to make a formal approach to DCLG to progress and conclude the full and final disaggregation of the BCC property assets.**
- 2. That the Shadow Executive recommends the Director of Corporate Resources to proceed to the transfer of Bedfordshire County Council assets, as agreed to date, by 1 April 2009.**

Reason for Recommendation: In order to comply with the provisions of the Local Government (Structural Changes) Order 2008 the BCC property portfolio needs to be disaggregated between the two succeeding Unitary Councils.

Introduction

1. Under the Local Government (Structural Changes) Order 2008 the County Council is to be replaced by Central Bedfordshire and Bedford Borough Unitary Council's as from 1 April 2009.
2. This report arises from the need to disaggregate the property assets of Bedfordshire County Council in an equitable manner between Central Bedfordshire and Bedford Borough Councils. If the two Councils do not reach agreement for any parts of the portfolio by 31 December 2008 DCLG will appoint one or both Councils as a "caretaker authority" to manage those parts of the portfolio on trust for the other to provide more time for agreement to be reached. If the two Councils still fail to reach agreement within the additional allocated time provision is made within the legislation for an independent arbitrator to be appointed by DCLG to disaggregate the property assets as they consider appropriate.

Background

3. Discussions have been held with officers of Bedford Borough Council to endeavour to reach a full agreement on the disaggregation of the County's property assets. Good progress has been made in the majority of property assets including all operational assets such as schools, libraries, highways, depots day centres and registrars offices which have all been agreed on a geographical basis.

4. Utility sites, such as sub stations, woodlands, commons and meadows and county parks were also considered to be operational for the purpose of disaggregation and therefore, to be the asset of the Council within whose area they geographically reside. Property assets agreed as surplus by the successor council as stated in Part 4 of the Guidance for Local Government Reorganisation (Transfer of Functions, Property, Rights and Liabilities and Transitional Provision) Regulations 2008 before 1 April 2009 will be sold, and the proceeds will be divided to an agreed formula.
5. It should be noted that the current property market it is difficult to predict as is what the surplus properties will sell for and when. It is not a good time to be placing property on to the market and ideally the Council will hold on to most of the property until the market improves to obtain the optimum price.
6. There are now only a few properties remaining that require more clarification before being able to agree to disaggregate geographically or to be placed in the surplus assets category. The disputed assets are in the main the County farms and County Hall.
7. The current understanding is that Bedford Borough Council (BBC) is not willing to agree a geographical division of the farms because 92% of the landed area of the farms is in Central Bedfordshire. BBC's original position was that they should own 32% of the farms in Central Bedfordshire plus the 8% in their area. This would present a number of problems for CBC such as control and influence over land use in its area and ensuring a consistent and co-ordinated approach to the former County Farms in the CBC area. It was then suggested that each Council should have a legal charge over the farm land in the others area giving them a right to the net proceeds of capital if and when disposed of.
8. It is the view of CBC that as BBC have been allocated additional finance of £23 million per annum under the grant formula to take account of the high needs of Bedford and their lack of assets, BBC have been more than adequately recompensed for the disproportionate number of farms being located in Central Bedfordshire.
9. It is highly unlikely that agreement will be reached between the Councils and it is, therefore, recommended that DCLG be requested as soon as possible to advise on the disaggregation of disputed assets. Both Councils will have the opportunity of making representation of their reasons for having ownership of the farms.
10. It is understood that there will be a joint agreement to request DCLG acceleration as the two Councils are not able to reach agreement on the disputed assets. It is also understood that each Council agree it should accept responsibility for the management of the farms in their area on trust for the other until a final decision on disputed assets is received.

Conclusion

11. It is very unlikely that agreement will be reached on the basis of the geographical division of the disputed assets before 31 December 2008. It will, therefore, be necessary for DCLG to appoint one or both Councils to manage the disputed assets on trust for the other until a decision is received.
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Background Papers: None

Location of Papers: N/A

File Reference: N/A