Sefton Council

Asset Disposals Policy

Effective Date: February 2026

Prepared by: Property and Strategic Asset Management Team

Review Due: February 2027

1. Introduction & Strategic Purpose

Purpose

Sefton Council owns an extensive land and property portfolio and recognises that through efficient and effective management and disposal, this valuable resource can support the Council's priorities and contribute to achievement of corporate objectives.

This policy sets out the core principles to be applied when considering land or property for disposal. Whilst the primary focus of this document is to provide key policy guidance for officers, elected members, businesses and the public, it is important to note that each individual case will be assessed on its own merits and nothing in this document binds the Council into any particular course of action when dealing with the portfolio.

The Asset Disposal Policy is an active publication that will be refreshed on an annual basis, which aims to:

- set out our broad objectives in relation to how we use our property assets
- summarise the value of the Council's property asset base
- set out the principles we use when making disposal decisions

Objectives

Land and property is a key enabler to promote economic, housing and community activity in the Borough. The Council has three key objectives in relation to our property and landholdings:

- Transparency around property assets and disposal principles and disposing of assets in a way that creates maximum interest from potential buyers when assets are brought to market.
- Disposals are expected to be at best consideration, however disposal at less than best consideration may be considered in exceptional circumstances.
- We expect to use our land and property assets effectively and to support the delivery of a range of housing to meet local needs.

This policy is guided by statutory provisions and strategic documents that underpin the Council's power and discretion to dispose of assets. The Local Government Act 1972 (Section 123) allows for the disposal of land and buildings at the best consideration that can reasonably be obtained and the Local Government Act 1972 general disposal consent (England) 2003 provides for the disposal of land for less than the best consideration, provided that the disposal promotes the social, economic, or environmental well-being of the area and the undervalue does not exceed £2m. Consent from the Secretary of State must be obtained, where the undervalue exceed £2m.

Community Right to Bid

Under the Localism Act 2011 the Council is one of the public bodies covered by the Community Right to Bid (CRTB) under which any properly defined and recognised organisation can ask the Council to list a specified land or property asset (in public or private ownership) as an Asset of Community Value. Should that asset then be sold on the open market there is the opportunity for the qualifying community group to bid for it within a prescribed timeframe and set of Regulations.

The Council publishes a list of assets that have been successfully nominated as Assets of Community Value and one showing unsuccessful nominations. Each request to nominate is considered on its own merit in accordance with the Act.

The disposal principles and information contained within this document will provide context for any CRTB applications on Council owned assets.

Scope of this Document

The Council works in line with industry and professional standards (CIPFA and RICS) and this Policy formally documents the relevant processes and practice. The Policy and procedures will be reviewed annually to reflect any material changes in law, best practice and significant changes in the property market.

This Policy does not consider how capital receipts will be used as this is governed by the Council's Capital Strategy.

Other Development Initiatives

The Council will work with public and private sector partners to explore the synergies available from the combining of adjacent land sites to create viable development opportunities.

Document Structure

The remainder of this document is set out as follows:

- Information about Council's landholdings.
- Core principles in disposal and development.
- Other land and assets – surplus operational assets and non-development assets.

2. The Council's Property Asset Base

Background

The Council's property portfolio covers a wide range of assets and liabilities. The portfolio includes assets held by the Council and its predecessor authorities, for operational use, or because the Council (and its predecessors) were considered best placed to manage the risks associated with

these buildings and landholdings; or for the planning and management of development opportunities, such as infrastructure and expansion of settlements.

Assets are concentrated in the main urban centres, but there is no consistent pattern in terms of land distribution or type of site since the Council's land and asset holdings reflect the history of the Council and its predecessor bodies.

The main categories of assets are:

- The Council's operational property portfolio, including Town Halls and other administrative buildings, Schools, Parks and Green Spaces and other specialist facilities.
- Various land and property interests across the Borough.
- The residue of the commercial ground rent portfolio (after disposal of the Industrial ground rents in 2007/2008).
- The residential ground rent portfolio (Including Chief Rents).
- The investment portfolio.

The value of the portfolio as at 31 March 2025 was as follows:

- £257.424m - Other Land and Buildings
- £15.952m – Surplus Assets/Assets Held for Sale
- £25.054m – Investment Properties

The portfolio value will change over time as assets are reclassified, acquired or sold.

More Information

A list of the Council's property assets is published on the Transparency Section of the Council's website under Land and Property Assets.

3. Asset Disposal and Development Principles

This section of the Policy sets out the key principles the Council will use when considering disposals. Their application needs to be considered on an asset by asset basis and will reflect local market conditions and any specific proposals for the use of the asset.

Value for Money / Best Consideration

The Council will seek to achieve best consideration on disposals given any agreed mix of uses. In exceptional or compelling circumstances, the Council may agree to dispose at less than best consideration, however this is unlikely to occur when a transaction is set in a purely commercial context.

Where the Council is one of several landowners participating in a development scheme, we will work with them where possible, to optimise the mix of uses and to get the best deal for the public sector.

Working with Local Plans

The Council's approach to the maximisation of outcomes from the development and disposal of land will be determined by local Planning policies. Where sites have a planning allocation, we will work within that, unless it is agreed that a revised approach is appropriate. Where there is uncertainty, the Council will work with its partners to consider options for use taking account of wider policies, objectives and site viability.

Supporting Economic Development and Regeneration

In considering the timing and nature of a disposal the Council will seek to ensure that it complements the objectives for the economic development and regeneration of an area.

Promoting Development and Avoiding Residual Liabilities

In disposing of sites where market conditions are difficult, the Council will consider a flexible approach to incentivise development. We will do that on our own land and encourage our partners to do the same.

When disposing of sites, the Council will aim to achieve a clear, sustainable exit having secured the desired uses and achieved financial completion. The Council will seek to avoid residual liabilities.

Partner Selection

Any partner selection process should be transparent and identify the best placed party to develop the agreed use based on value for money and deliverability of proposals – both through the construction phase and long-term management.

The Disposal Process

Each disposal is unique and whilst we set out the core principles influencing the choice of disposal route, the Council will consider each sale on its merits.

Disposals can be progressed by two broad methods:

- Competitively – there is a general presumption that competitive disposals will be openly advertised and methods of sale can include tender, informal tender and auction.
- Non-competitively – sales by private treaty or negotiated disposals.

A competitive sale process is the normal procedure and disposal by private treaty is the exception. A non-competitive disposal would be progressed with a special purchaser, or neighbouring landowner. when it will result in a better overall outcome, in terms of value, quality or outputs. There may be compelling practical reasons relating to the nature of the site and/or the identified party's status as a special or unique purchaser, which means a non-competitive disposal process is appropriate.

Competitive disposals will generally be single stage disposals, with the property being advertised for sale on the open market. However, for larger, more complex disposals, a multi-stage process may be more appropriate, with the first stage enabling short-listing of the interested parties.

The Council will adopt a case-by-case assessment to assess whether disposal opportunities have characteristics which mean that the transaction could be considered as a Procurement of Works. Property transactions are outside the scope of the Procurement Regulations however this position becomes less clear when a simple sale is not adopted and where there is potential for the disposal objective to fall within the Works and Services requirements.

The main stages in the disposal process are as follows;

- Corporate Property Board informed of intention to declare property/properties surplus to requirements and if no other operational need is identified, agreement is given to proceed.
- Operational property closed, declared surplus to operational requirements and available for disposal by relevant Cabinet Member
- Non-operational property declared available for disposal by Cabinet Member Regeneration, Economy and Skills.
- Pre-disposal actions and activity (planning briefs or outline planning consent, disposal terms, method of disposal, etc) agreed by relevant Officers and implemented.
- The disposal will usually be handled by the Council's Property and Strategic Asset Management Team unless it is of a specialist nature that requires external expertise or resource, or will be sold by auction.
- In the case of open market disposals, the asset will be fully marketed using on-line and more traditional advertising methods.
- The disposal process will reflect any moratorium periods under Community Right to Bid
- All offers will be considered for compliance with tender conditions and undergo a value for money assessment, initially by the relevant Council officials, before being reported for Decision Making in accordance with the Council's Constitution.
- After publication of the decision and progression through the call-in process (if instigated) the decision will be implemented, and the Chief Legal and Democratic Officer instructed to deal with the requisite legal documentation and Conveyance/Lease.

Disposals for Less than Best Consideration

Local Authorities have power under Section 123 of the Local Government Act 1972 (as amended) to dispose of land in any manner they wish, the only constraint being that, except in the case of Leases for less than seven years, the sale must be for the best consideration reasonably obtainable.

Section 123 applies to land held for most Local Authority functions, exceptions are disposals of land held for housing purposes or otherwise let on secure tenancies within the HRA (governed by the Housing Acts), and land held for Planning purposes (governed by Planning legislation).

The Local Government Act 1972 general disposal consent (England) 2003 provides for the disposal of land for less than the best consideration, provided that the disposal promotes the social, economic, or environmental well-being of the area and the undervalue does not exceed £2m. Consent from the Secretary of State must be obtained, where the undervalue exceeds £2m.

All disposals need to comply with the UK's Subsidy Control Rules. When disposing of land at less than best consideration, Authorities are providing a subsidy to the owner, developer and/or occupier of the land. Where this occurs, Authorities must ensure that the nature and amount of the subsidy complies with the UK's Subsidy Control Rules. Failure to do so would render the aid unlawful.

Community Led Approaches

The Council is committed to ensuring a level playing field in its partner selection, including community-led approaches for asset sales. A community-led approach could compete on an even footing in a competitive market, either operating on its own or through partnership with a more experienced developer, Registered Provider or other private or public-sector partner.

Sefton Council is committed to the empowerment of local communities and the delivery of sustainable public value. We recognise that in many instances, community groups, voluntary organisations, and social enterprises are best placed to deliver local services, drive regeneration, and increase participation through access to publicly owned land and buildings. The Council will designate Assets as suitable for Community Asset Transfer and the Community Asset Policy sets out how the Council can transfer assets in a structured, transparent, and legally sound manner, supporting the wider goals of civic empowerment and social value creation.

Self-Build

The Council has established a Self and Custom Build Register for people who may seek a self-build or custom build solution.

4. Large/Strategic Development Sites

Options for Use and Planning

The Council has relatively few large/strategic disposal sites following the disposal of key sites since the Asset Disposal Policy was initially approved in 2014. However, for larger sites Planning Brief would generally be agreed with the planning, or an outline consent would be obtained to resolve uncertainty about the use of a site. Having achieved sufficient certainty, the Council would seek to dispose of the site and transfer responsibility for the planning process to the developer.

Sites will be disposed of on the open market on a best consideration basis unless there are exceptional reasons for a sale at less than best consideration, or a non-competitive sale. However, the Council is not bound to accept the highest, or any other bid.

Investment Prior to Disposal

The Council may invest to de-risk the site prior to disposal. As a principle, the Council proposes to undertake the minimum necessary pre-disposal work. Often for key development sites there will be some complexity relating to planning, title, site conditions or environmental status. As many as possible of the investigations should be transferred to the purchaser, however when a return on investment can be demonstrated and the site de-risked further work will be carried out.

To promote development and reflect market risk, larger sites may be sub-divided into manageable development parcels and disposed in phases. If some primary infrastructure is required to achieve that division into phases, the Council will need to consider how it can be funded, given Local Government expenditure constraints. Wherever possible, the Council will look to development partners to provide this infrastructure and use land value and adaptable payment terms to support this, (e.g. an Open Book approach with the provision of infrastructure reflected in the land value paid).

The Council may consider undertaking infrastructure works which would help bring forward sites, but this will be dependent on availability of funding to carry out such work.

Disposal Routes

Larger development sites will generally be disposed of through a multi-stage disposal or in line with the Procurement Act 2023. The Council will generally dispose of strategic land on a single site basis. Smaller development sites may be best disposed of as a package of more than one site.

Joint ventures would normally be considered in the case of substantial or complex sites (with an expected construction phase of over four years) and an Options Appraisal would be carried out prior to selecting the preferred route. If local partners have developed or are developing a joint venture vehicle, the case for linking to or investing the Council's assets in that vehicle would be considered on a case by case basis and be subject to State Aid and tax considerations.

Disposal Terms

The terms of disposal will be drafted on a case by case basis and reflect the development economics of a particular site and the risks associated with its development. The Council will seek to maximise the rate of development on a site (given the local market) whilst ensuring value for money. The decision on terms will focus on the optimal risk transfer to balance those objectives.

In some sales, the terms will be set before the disposal process starts, in other cases the disposal process will be used to test the market and to assess which offers the best value for money for that site. For smaller, self-contained sites where infrastructure costs are low and / or sites where demand is strong, an upfront payment may be appropriate as the sole basis of going to market.

For other sites, bidders would be asked to bid on one or more of three principal bases:

- upfront payment with overage clauses included;
- payment on milestones, for example at agreement of building lease, start on site, completion of phase (with overage), subject to a longstop date; and
- percentage share of sales values as units are sold, subject to a longstop date with a specified payment sum at that date.

Where phased payments are agreed the repayment period would generally be up to five years, but an extended period would be considered if the specific circumstances direct that the extended time period would deliver a better outcome for the Council. Where payment is in the form of a percentage of receipts (the third option above), the longstop date should be within a five-year period, but with the ability to extend if circumstances dictate.

Bids will be compared on consistent basis which may include a discounted cash flow analysis.

When the Council disposes of its own land for residential development purposes, it will include provisions that require developers to sell houses on a freehold basis. This provision will still apply if the developer subsequently disposes of the land to another company.

For Council assets the Council expects a purchaser/developer to use the in-house Building Control section for any Building Regulation applications and Approvals.

Overage and Clawback

Overage is a method to capture, “an element of improved development value where there is a general uplift in the market or where the market value of the end development is not known at the time.” The Council will seek to use overage, where it is appropriate to do so, to capture value increases that were unexpected or uncertain at the time of disposal.

Contracts may also include provision for claw back, including in the circumstances where the scheme is in material breach and forfeiture provisions are triggered requiring the claw back of the undeveloped land.

Form of Contract

The Council's preferred disposal approach is by way of Building Lease (or Licence). These provide the Council with the ongoing legal interest in the land through to development completion thereby providing adequate protection in respect of any imposed conditions or any deferred payment arrangements.

Building Leases provide the following benefits;

- Building Leases are registrable legal interests and as such are preferred by the funders of developers. They are capable of being charged thus providing security to the funding process.
- Building Leases also afford funders adequate step in rights should a developer default.
- The Council will seek to adopt a standardised format which will provide a consistency of approach to the market and ensure that disposal and transactional costs are kept to a minimum.
- The freehold may transfer to the developer or end purchasers after development completion/financial close, e.g. to a purchaser of an individual plot from a developer on completion of the sale.

The Council may also use a reversion clause in isolation or in conjunction with other control mechanisms to ensure that a preferred scheme is delivered.

5. Other Land and Property Sales

Sale of Surplus Assets

Assets, which are not part of larger development sites, or strategic and are surplus to the Council's requirements will be sold to reduce the Council's financial commitment to the asset base and generate capital receipts. The Council will sell these sites in as straightforward a manner as possible.

The Council will also continue to engage positively to requests from existing tenants wishing to acquire the freehold of their property particularly where the transfer will support further investment and job creation, and to reduce the Council's property management liabilities, such as the sale of residential freehold reversions. The principal considerations are as follows:

- A Development Brief would not usually be required. The transaction is likely to be a straight-forward disposal.
- Freehold transfer would normally be used, with any development in accordance with Planning and Building Regulations approvals. Sales would usually be by freehold transfer, with the capital receipt paid on exchange/completion.

- The Council will not hold assets longer than necessary. The prioritisation of selection of assets for disposal will be influenced by holding costs, potential capital receipt and income generated.
- Claw back and overage provisions may be included for change of use from a prescribed purpose.
- For surplus parts of highways, grass verges, etc, we would seek to dispose on a freehold basis with a claw back condition in case of change of use. Disposal to private owners of adjacent properties may be considered if there is a clear indication that the transfer will not be contentious in the locality and they are the only likely purchaser.
- For open space, which is required to be retained as such, the Council would seek to transfer the land to a body such as a local Registered Provider, or a community/not for profit organisation(preferably in perpetuity) with a clear specification of the level of ongoing management required, which will be tested for value for money and affordability. Such disposal would have due consideration to the relevant procurement rules and legislative requirements such as advertisement of Public Open Space Notices

These disposals will reduce the Council's holding and management costs, generate capital receipt and enable the retained assets to be managed sustainably in the future.

6. Disposal Programme

The Council is undertaking a strategic review of its assets and will bring forward land and buildings for disposal as part of the on-going Disposal Programme.

Opportunities will be advertised as buildings and sites are brought forward. Assets suitable for Community Asset Transfer will be advertised in accordance with the Community Asset Policy.

Residential Ground Rents and Chief Rents Portfolio

The Council has a significant ground rent and chief rent portfolio arising primarily from its freehold ownership of residential properties throughout the Borough, the majority of which are held on 999-year leases, with a small number of 99-year leases. The Council disposes of its' freehold reversionary interests and/or chief rents on request from property owners and is taking a proactive approach by contacting property owners on a rolling programme and giving them the opportunity to purchase the freehold of the property that they own.

7. Policy Review

This policy will be reviewed annually to ensure that it takes account of any changes in professional and industry best practice and provides the Council with a fit for purpose means to review and rationalise the property asset base.