Written submission from City of Edinburgh Council

I refer to your letter of 16 December 2014 requesting information in relation to the disposal of local authority assets. I trust the following information will be of some assistance to the Rural Affairs, Climate Change and Environment Committee.

1. The City of Edinburgh Council does not have an arrangement to hold any of its assets in a separate land holding. However there is a formal process for declaring assets surplus and available for disposal whereby a property that is no longer required by the service user is put to a Property Strategy Group. This group comprises representatives from all service areas to consider if the use of the asset would add value or create potential savings to service delivery. If no service area can make a business case for use then the asset is put to a Corporate Asset Management Group to declare surplus and available for disposal. In addition the Council is the ultimate holding organisation of EDI Group Ltd, the principal activities of which are property development and investment and it undertakes specific development activities for the Council in certain circumstances.

2. Land and property assets are valued at Market Value and are purely financial valuations at present. However, a community benefit value may be considered as part of the Council’s proposed Asset Transfer policy.

3. The City of Edinburgh Council has a current “concessionary lets” policy which it is reviewing, and is working on the production of an Asset Transfer policy to take into account the provisions of the Community Empowerment Bill. The current policy is that concessionary lets, other than certain community food growing schemes, will only be granted in exceptional circumstances, unless there a sponsoring Council Department. The Council generally advertises properties at market value but does consider applications from the Third Sector at less than market value and, from time to time, has marketed properties for Third Sector tenants only, depending on the proposed use and location.

4. Some disposals to the third sector have been successful and have been of benefit to the Council and the City, others less so. The difficulties encountered are:

   a) The tension between obtaining a full (or any) capital receipt/rental value against the aspiration to support the third sector

   b) The time required for the third sector to carry out feasibility studies, prepare business plans and obtain funding. In the meantime, the Council incurs substantial holding costs (but this has been avoided in a recent instance when the third sector have been granted a lease for a year while they obtain funding)

   c) The time delay in b) can result in an alternative sale/lease at maximum value being lost

   d) Uncertainty in capital planning
e) Some disposals involve a significant amount of staff time across a number of different Service Areas and also require Committee time. Staff time is lost if the sale/lease is eventually aborted.

f) Some disposals to the third sector may require ongoing financial and other commitments on behalf of the Council.