

Appendix A

Scrutiny Committee - 17 September, 2pm

KCC Asset Disposal Policy Questions received from Scrutiny committee

	Questions	Answers															
1.	How many assets are currently being evaluated for disposal	<p>So far, this current year 20 assets have been evaluated, with 14 considered for disposal. This includes 8 freehold assets and 3 leasehold disposals being approved. It is important to distinguish between the two: while both types are considered within the disposal programme, only freehold disposals generate capital receipts.</p> <p>There are currently a further 20 assets being considered although only 12 of those are freehold.</p> <p>During 2024 a total of 62 assets were reviewed, with 35 of these being considered for disposal. Of these 35, 18 were identified as being suitable for freehold disposals and 11 were leasehold exits. It should also be noted that there is often a lag between a property being identified for disposal and a capital receipt being realised.</p>															
2.	How many assets have been evaluated and are now being proposed for disposal	There are 71 assets currently on the disposal programme. 31 are actively being marketed or in negotiation and the remainder are preparing to go to market.															
3.	On average how many properties were disposed of per year pre LGR agreement vs proposed to be disposed of post LGR agreement	<p>No decisions have yet been made regarding LGR in Kent and Medway at this point in time. The current disposal programme and its timing is based on the requirements of the Council.</p> <table border="1"> <thead> <tr> <th>Financial Year</th><th>No. of Properties Disposed of:</th><th>Capital Value £M</th></tr> </thead> <tbody> <tr> <td>22/23</td><td>18</td><td>£12,329,250</td></tr> <tr> <td>23/24</td><td>14</td><td>£12,519,980</td></tr> <tr> <td>24/25*</td><td>16*</td><td>£21,965,875</td></tr> <tr> <td>April 25-Sep 25</td><td>4</td><td>£2,421,000</td></tr> </tbody> </table> <p>*Apr24-Dec24 = 5 LGR announcement 10 Jan25, Jan25-Mar25 = 11 Total in 24/25 Financial Year = 16. It should be noted that the MTFP has £16m requirements in the current financial year.</p> <p>*It should be noted that there is a minor difference in the number of assets or total value due to timing and classification of assets</p>	Financial Year	No. of Properties Disposed of:	Capital Value £M	22/23	18	£12,329,250	23/24	14	£12,519,980	24/25*	16*	£21,965,875	April 25-Sep 25	4	£2,421,000
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4.	What is the process used within a directorate to declare an asset surplus	<p>The Options Appraisal (OA) process is a core mechanism within KCC Asset Management Strategy (AMS). It is designed to ensure property decisions are evidence-based, strategically aligned, and deliver long-term value.</p> <p>When a service identifies an asset that they no longer require, due to service transformation, lease expiry, or strategic realignment, the service will undertake the service changes in accordance with the Councils governance processes.</p> <p>The Infrastructure team will initiate an OA to assess any future options for the asset. The options explored always starts with considering if there is another need or use by KCC services. This involves considering other buildings nearby to see if there is a consolidation / rationalisation opportunity and where it is known there is additional space required by a service. If there are any potential alternative uses, this is discussed with the relevant service and explored further to see if it is a viable option.</p> <p>Each appraisal is framed by the AMS's five key objectives including optimising the estate, supporting service outcomes, and ensuring financial sustainability. Legal tenure, operational risks, and financial implications; including potential capital receipts and avoided liabilities, are evaluated. A range of options are considered, including retention, refurbishment, relocation, or disposal (leasehold and freehold), with each assessed against critical success factors such as service continuity, environmental performance, and value for money. The AMS emphasises cross-functional collaboration, and the OA reflects this through engagement with service directorates, finance, legal, planning, and estates teams. This ensures that decisions are informed by operational needs and strategic priorities. The OA culminates in a clear recommendation, supported by feasibility studies and cost analysis. The OA is then reviewed to ensure that proposals align with AMS objectives and authorises next steps, whether that be disposal, reinvestment, or further design development. By embedding the OA process within the AMS framework, KCC ensures that any decision to confirm an asset is surplus is robust, transparent, and contribute to a well-managed, efficient, and sustainable public estate.</p>
5.	Detail the process to evaluate a no further use determination following an asset being declared surplus. What does cross directory engagement look like?	<p>No further use is determined as part of the Options Appraisal process: see the comments above in question 4. On a case-by-case basis engagement is carried out with all relevant stakeholders; service directorates, finance, legal, environmental teams, and if appropriate external partners, making the process transparent and collaborative. Final recommendations are presented as part of any final decision-making process as required by KCC governance processes.</p>
6.	Give recent examples where directorates have put forward business cases to utilise an asset for alternative service	<p>As part of the options appraisal process set out in question 4, we always consider service needs before determining a site as surplus for disposal. This is either where we know there are additional asset needs (mainly Education) or where the available building may be suitable for a relocation from an existing asset.</p>

	delivery instead of disposal. What does this level of engagement look like?	There are some sites that have been on the disposals list for a number of years (due to the complex nature of the site or where the disposal strategy is to advance the site further to increase the return). This has meant there are examples of where the service needs have changed since the site was originally declared surplus, so the site has been brought back into use. Recent examples of where disposals sites were put back into use for Unaccompanied Asylum-Seeking Children (UASC). Sometimes changing educational requirements has meant that disposal sites have been reconsidered for educational use. Currently the disposal of the Former Astor of Hever site in Maidstone is on hold while this site is considered for potential educational use.
7.	Once an asset has been listed as surplus, what does engagement look like with the current building service provider (if applicable), the community, interest party's	Once an asset is declared surplus, KCC engages with service providers, tenants, communities, and interested parties to ensure transparency and informed decision-making. For tenanted properties, lease terms are reviewed, and tenants are formally consulted about future intentions, with support provided for relocation or lease negotiations where appropriate. If the asset is held as a freehold investment, KCC assesses its long-term financial viability and may prioritise disposal where there is limited prospect for growth or strategic benefit. Community engagement includes public notices and opportunities to bid, particularly under the Assets of Community Value framework, with proposals evaluated for social value. Assets are marketed openly, and all offers are assessed against financial, strategic, and social value criteria. This process is documented and informs final decisions under KCC's governance framework.
8.	In the policy document it states that 'Whilst KCC has a main statutory duty to transfer at best consideration (s123 Local Government Act 1972), there are other considerations and a degree of discretion as to the operation of a disposal'. Give examples where discretion has been used.	<p>There are no examples of where this has happened since the policy was put in place.</p> <p>Some sites were discussed with interested parties about potential considerations, but none followed this through to bidding for the sites.</p>
9.	Paragraph (i) of the 'Requirements of the Policy' section states: Sets out KCC's position ensuring an even-handed and transparent approach and meeting all its statutory and fiduciary requirements. Detail how the process is transparent.	Transparency is ensured via multiple mechanisms. Governance involves Cabinet Members and Directors, with decisions made under the Property Management Protocol, which is part of the KCC Constitution. Disposal routes (e.g. open market, statutory transfer) have clear criteria. Assets are marketed openly. Each asset undergoes legal, planning, and valuation assessments. Public notices and consultations are conducted, especially for community interest cases. Offers are evaluated against published criteria, including financial and social value. Community bids are welcomed and assessed using an opportunity cost model. All decisions are documented and reviewed periodically to ensure accountability and continuous improvement.

10.	Paragraph (ii) of the 'Requirement of the Policy' section states: Recognise that opportunity cost may exist within offers that support wider community and social outcomes and consider them where they do not conflict with point ii. Give the latest examples where this has occurred.	There is a current case that is still being considered and a number of others where KCC is expecting cases to come forward. There are no previous examples of this.
11.	Paragraph 5 of the 'Impact' section states: Become a basis for measuring the success of KCC's disposals programme and identify any areas where further improvement is necessary. Have improvement areas been identified?	Improvements include better alignment with the Asset Management Strategy, along with the establishment of the Future Asset board where emerging change activity from Directorates is discussed.
12.	EQIA section states: Disposal of assets do not have any negative impact on any group screened under the EQIA. On transfer, a purchaser may reuse a property that may have positive impacts on groups screened under the EQIA. Why is there a base assumption of no negative impact?	<p>The disposal of an asset can have both positive and negative impacts on groups screened under the EQIA. Once a property is vacant or presumed to be vacant following a KCC decision (for example, when a commissioned service contract ends, the property is no longer required for service, and that decision has already considered an EQIA), the next use of that building is unknown at marketing. It is presumed that the surplus asset will be disposed of in terms of KCC's statutory duty of obtaining "best consideration." A buyer is not obligated to reveal its intended use, and the process is blind in this respect. KCC's responsibility under s123 does not extend to screening the future use of any assets it owns for equality impacts.</p> <p>The assumption of no negative impact is based on the nature of disposals; assets are no longer needed for services, so their sale doesn't affect access to or delivery of KCC services. Before disposal, assessments confirm no current or future service need. The transaction itself doesn't change service provision, making it neutral in equality terms. Moreover, future use by purchasers (e.g., for community services or housing) may positively impact protected groups. The policy complies with the Equality Act 2010, ensuring no discrimination and promoting equality.</p>

13. Is there a target figure which the council would like to reach through capital receipts.

Current MTFP requirements below. It should be noted the any capital receipt requirement is set as part of the MTFP process and the budget that is approved at full council.

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2025-26 TO 2034-35

ROW REF	Directorate	Dir	Total Cost	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	7,003	3,939	549	515	250	250
2	Children, Young People & Education	CYPE	565,619	162,244	97,113	105,761	53,338	27,325
3	Growth, Environment & Transport	GET	1,283,493	371,346	159,098	144,489	113,757	81,163
4	Chief Executive's Department	CED	3,973	1,634	-1,655	3,994	0	0
5	Deputy Chief Executive's Department	DCED	142,475	44,419	27,746	17,932	11,533	3,945
6	Total Cash Limit		2,002,563	583,582	282,851	272,691	178,878	112,683
Funded By:								
7	Borrowing		441,101	74,486	45,168	82,907	50,375	23,165
8	Property Enterprise Fund (PEF) 2		369	369				
9	Grants		1,115,772	349,752	153,413	110,971	77,192	65,353
10	Developer Contributions		183,149	44,695	34,144	56,608	33,685	10,521
11	Other External Funding e.g. Arts Council, District Contributions etc.		27,182	12,969	11,124	3,089		
12	Revenue Contributions to Capital		82,416	13,453	13,469	6,061	6,526	6,333
13	Capital Receipts		42,314	16,710	16,124	4,446	484	650
14	Recycled Loan Repayments		110,258	71,148	9,409	8,589	10,614	6,661
15	Total Finance		2,002,563	583,582	282,851	272,691	178,878	112,683