

DECISION REPORT TO CABINET MEMBER

From: Rebecca Spore, Director of Infrastructure

To: Brian Collins, Deputy Leader

Subject: Freehold Disposals Programme 2026-27

Decision no: 26/00022

Key Decision: *Yes, the decision affects more than 2 Electoral Divisions and involves capital receipts & savings of over £1m*

Classification: **Unrestricted report with exempt appendix B and C**, *not for publication under the Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 refers - information relating to the financial or business affairs of any particular person (including the authority holding that information).*

Past Pathway of report: None

Future Pathway of report: Cabinet Member Decision

Electoral Division: All / County-wide

Is the decision eligible for call-in? Yes

Summary: This report sets out the proposed Freehold Disposals Programme for 2026–27, providing a programme-based framework for the disposal of surplus land and property assets to support the Council's fiduciary duties, and the Medium-Term Financial Plan.

Recommendation(s):

That the Deputy Leader consider the following proposal:

1. APPROVE the Kent County Council Freehold Disposal programme 2026/2027, and;
 2. DELEGATE authority to the Director of Infrastructure, in consultation with the Deputy Leader and relevant Cabinet Members as required, to implement the approved programme, including but not limited to, agreeing all necessary disposal terms and entering into relevant contracts or other legal agreements as required to implement the decision.
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1. Introduction

- 1.1 Kent County Council holds over 16,000 property and land assets, which have been acquired over many years for its operational purposes, supporting the delivery of its policies and services.
- 1.2 As a public authority funded by taxpayers, when Kent County Council no longer has a use or purpose for holding a property asset (such as changes to service delivery models, strategic direction and so forth), it has a fiduciary duty to dispose of the asset, often resulting in revenue savings and capital receipts. These capital receipts can then be used to support the Council's priorities, future service delivery plans, and its medium-term financial plan (MTFP).
- 1.3 Since financial year 2021/22 to 2024/25 KCC has raised over £57m in disposing of surplus property assets, including nearly £22m in the last year, almost doubling previous years' annual outturn. Whilst 2025/26 was a challenging year for Local Government, the property market and Kent County Council, an outturn of £27m was achieved with a pipeline of disposals in the next 12 months estimated to achieve in the region of £17m.
- 1.4 The scale and frequency of disposals have evolved and with this increase, the historic approach no longer provides the most effective governance framework. It has become clear that a whole programme approach provides greater transparency, strategic oversight, but an increased pace and efficiency of delivery rather than a piecemeal approach.
- 1.5 It is proposed that the 2026/27 Freehold Disposals Programme is set out in this report for consideration to:
 - Set out the whole disposals programme envisaged for 2026/27, subject to changes arising from the Council's operational, financial, administrative and legislative requirements.
 - Provide a decision framework to improve the agility of decision making, whilst accounting for legislative and transitional requirements during a period of change and responses to property market changes.

2. Key Considerations of an Asset's Disposal

- 2.1 **The asset is surplus:** Disposal is required where the Council no longer needs a property for operational purposes. In these circumstances, the Council has a fiduciary duty to minimise holding costs and realise value to support its priorities. The governance process involves assessing whether an asset continues to serve a clear purpose, whether it can be reused, reappropriated, or retained for a future requirement, or, where no such purpose exists, whether it should be declared surplus to reduce estate costs and generate capital receipts.
- 2.2 **The decision to dispose:** If a property is declared surplus a decision is made to dispose of it. There are many routes for a disposal, and these have been set out in KCC's current Freehold Disposals Policy. The primary legislation that needs to be considered in every disposal proposition is s123 Local Government Act 1972, where Local Authorities are required to obtain "best

consideration" and this remains the baseline consideration in every freehold disposal decision, even where other factors are to be included within it.

- 2.3 **KCC Governance limits:** KCC's Constitution and more specifically its "Property Management Protocol" provide delegation of terms for disposal to the Director of Infrastructure, provided the value of the disposal transaction is under £1m. Where the value exceeds this delegated limit, an appropriate Cabinet Member decision is needed. Despite rises in property values, this £1m limit has remained the same for over 10 years. As a consequence, more assets have required a Cabinet Member decision.
- 2.4 **Best Consideration:** To determine a best consideration baseline of an asset, KCC will obtain an open market valuation. An open marketing process such as sale by private treaty, tender or auction is used to ensure that best consideration is achieved. Appropriate consideration is given to best consideration within the disposals programme.
- 2.5 **Consultation:** Apart from the disposal of public open space, there is no statutory requirement to publicly consult, although the Council may sometimes consult or issue public notices where they may support considerations to proceed with a disposal and or are legally required. The Constitution requires Local Division Members to be notified of the intention to dispose of an asset in their area, with any views fed back to the decision maker.
- 2.6 **Planning:** Whilst planning potential or consent may influence the value potential of an asset, it is not necessarily a requirement for decision consideration, unless there is a relatable council policy.
- 2.7 **Education Statutory Requirements:** Before an asset previously used for an educational purpose can be disposed, statutory processes may need following and these are assessed.
- 2.8 **Assets of Community Value:** Many of KCC's assets are nominated under Localism Act provisions. Where an asset is determined to be so, KCC follows the prescribed disposal process. This can have holding cost implications and will often influence a disposal strategy. The legislation in respect of this is currently being strengthened under new government legislation in the Devolution and Community Empowerment Bill.
- 2.9 **Other legal or statutory requirements:** The Council has acquired property for many purposes and different legislation e.g. Compulsory Purchase which may introduce risk and process.

3. Key Considerations of a Disposal Programme

- 3.1 **The Pipeline of Surplus Assets:** A disposal pipeline is developed from surplus real estate assets identified as a result of the Council's asset review process. The pipeline may also contain assets that have not yet been declared surplus but are likely to become surplus due to service change / development.

- 3.2 **Asset Disposal Requirements:** Each asset has its own challenges before it can be brought to market including title, covenant, planning, legislative and legal matters. This strongly influences when the marketing process can start.
- 3.3 **The Property Market:** The market cycle can move up and down based upon finance availability, economic sentiment, supply and demand factors, planning requirements etc. The market influences the likely value and achievability of a sale and therefore the disposal programme performance.
- 3.4 **Timing Matters and Pace:** There are a variety of factors that will determine pace and delivery which include due diligence and preparation for sale work, necessary legislative steps, route to market and the basis of a disposal, whether from straight auction, unconditional sale to conditional sale. These matters will be assessed at the outset to build the programme and then kept under review until disposal.
- 3.5 **Optimising Value vs. Mitigating Cost/Risk:** Once an asset is surplus and unused, unless a “meanwhile use” can be achieved, holding costs are to protect future value and ensure the site is held safely. The costs are funded from revenue. Where there is potential for an enhanced receipt, managing cost and risk during the holding period may result in a net positive position.
- 3.6 **Risk Management:** Both holding an estate of assets and disposing of assets presents financial, physical, legal and management risk. The property disposal process must be risk managed and risks mitigated, as far as possible. Given the value and nature of property assets they can quickly become a liability. Risk factors of holding property are strong drivers to disposing as quickly as possible with appropriate management interventions in place until disposal is achieved.
- 3.7 **Local Government Reorganisation:** At the time of drafting specific requirements are unknown but as the position becomes clearer and a process on the treatment of disposals is laid down, KCC will adhere to these mandated requirements. This may likely impact on the programme’s deliverability through addition process and timing requirements.

4. A Wholesale Programme Approach - Option 1 (proposal to be progressed)

- 4.1 The Council’s ability to respond to the market when making disposals has lessened over the years. The scale, frequency and strategic role of disposals have evolved, and the historic approach no longer provides the most effective governance framework.
- 4.2 Whilst delegated limits for disposals by the Director of Infrastructure remains at £1m, property values have increased considerably resulting in more Cabinet Member decisions being required.
- 4.3 Local authority disposals are subject to legislation including provisions within the Academies Act and Localism Act, requiring additional steps before a disposal process can commence. A programme approach enables the Council to act in an agile manner reprofiling the programme to provide greater financial resilience.

- 4.4 Moving to a programme decision approach offers wider visibility, strategic oversight and transparency regarding the programme as a whole.
- 4.5 The 2026/27 Disposal Programme set out in this report provides a comprehensive overview to the Decision Maker of all assets planned for disposal in the coming year. Where assets are likely to breach the £1m Cabinet Member threshold, the decision provides appropriate delegations to the Director of Infrastructure in consultation with the Cabinet Member, to agree disposal terms. This will reset the Council's ability to respond with more programme pace, transparency and more visible accountability.
- 4.6 This approach does not derogate from KCC's statutory and fiduciary duties to obtain best consideration and be compliant with its own Constitutional and policy requirements. The usual checks and balances of obtaining valuations, marketing openly and even-handedly etc. will remain.
- 4.7 A progress report will be brought to the Policy and Resources Cabinet Committee on a bi-annual basis to update on the status on the delivery of the programme. Should any asset, not listed in the programme in appendix B and exempt appendix C be brought forward that is expected to have a value greater than £1million, this will subject to a separate key decision process.

5. Alternatives Considered and Discounted/ Discarded

- 5.1 **Option 2 - No Change:** The present arrangement whereby the programme is agreed and overseen by the Cabinet Member with all disposal decisions made on a piecemeal basis according to value and constitutional delegated limits is no longer considered effective and continuing on this basis is likely to impact on the Council's ability to release capital from its surplus assets and likely adversely affect the holding risk of surplus assets with a reduction in pace of delivery.
- 5.2 **Option 3 - Cease the Disposals Programme:** The Council's MTFP identifies the receipts from disposals as an essential component to financing KCC's investment in the delivery of its services. Holding instead of selling surplus assets would mean that the Council would need to find alternative funding and risks of holding surplus unused assets would increase.
- 5.3 **Option 4 - Increase delegated limits for disposal decisions but retain the current programme framework:** This would likely improve the speed on which decisions can be taken and improve response times to the market. However, given other factors and particularly the advantages of transparency, clarity and comprehension of the whole, this is less attractive than the Wholesale Programme Approach.

6. Draft Programme

- 6.1 In 2026/27 the proposed programme has identified 45 assets for disposal. This may change through the year if a Council reuse of an asset is determined, or assets become surplus in year. Where new surplus assets are likely to exceed

the delegated disposal limit, separate decisions will be sought in line with constitutional requirements.

- 6.2 The Programme's total target value is to generate £49m of capital receipts with projected holding cost savings in the region of over half a million. The number of assets which are likely to generate less than £1 million (and would therefore ordinarily fall within limits delegated to the Director of Infrastructure) is 13 and the number of assets likely to generate over £1m (and would ordinarily require a Cabinet Member decision) is 6.
- 6.3 A list of the assets proposed for the programme are set out in appendix B. The table provides an overall actual/estimated value contribution estimate.
- 6.4 Programme Outturn:

YEAR	YEAR SALES AGREED	RECEIPT DELIVERED
2026/27	£29m	£17m
2027/28	£15m	£17m
2028/29	£5m	£15m

- 6.5 The outturn above is an estimate of when assets are likely to sell against when the capital receipt is likely to be received by KCC. Receipts can be delayed because the asset was sold towards the end of a cycle and will therefore need to be moved into the following financial year, the sale offer accepted was conditional on planning, finance matters, the market's performance or some other reason. A programme, whilst reported cyclically within financial years is ongoing with work being undertaken to move the pipeline of assets.
- 6.6 Exempt appendix C (Detail for Assets over £1m) sets out more details and description of valuable assets as separate proformas. These assets would be most likely to require Cabinet Member decision and so this additional information has been provided. Assets that have already received approval from a Cabinet Member and were reported to previous Policy and Resources Committees in prior years have not been included here. The appendix is exempt as it contains confidential detailed information that is commercially sensitive. Note some assets are valued at under £1m but have been included as there could be a greater risk that the market may take an optimistic view as to their value with a potential of them receiving offers over the delegated decision threshold.

7. Financial Implications

- 7.1 Appendix B sets out the proposed assets which subject to the surplus declaration KCC intend to bring forward for disposal during the course of 26/27. As set out above the actual receipts of disposals is dependent on the nature of the transaction and has been profiled over a 3-year period.
- 7.2 Capital receipts are required to support the Medium-Term Financial Plan and the delivery of the Councils capital programme. Any proceeds are reinvested in the Councils Priorities as agreed by Full Council. A programme approach enables KCC to respond with more agility which provides a greater level of certainty in relation to receipts.

- 7.3 Disposing of assets that are surplus to the Councils requirements reduces the financial cost and liabilities associated with holding vacant property that would otherwise fall to the revenue budget.

8. Legal Implications

- 8.1 KCC, as all local authorities has a fiduciary duty to its taxpayers to mitigate risk and cost liability such as holding costs for unused property and should not be holding assets for no purpose. To be clear, Councils can hold assets empty with a future purpose such as a requirement, development etc. Once a property is declared surplus however, then there is no holding purpose.
- 8.2 Local Authorities are bound to s123 Local Government Act 1972 in the disposal of assets. This requires Councils to obtain “best consideration”. This does not have to be financially defined by “best price” although this would be a common benchmark to determine such. The Freehold Disposals Policy recognises non-monetary returns as valid to consider under the General Disposals Consent Order 2003, however these considerations would have to be fully justified and evaluated before consideration.
- 8.3 The delivery of the disposals process includes the engagement of Legal Advisors at the beginning through to the end of the disposal of an asset.

9. Equalities implications

- 9.1. An Equalities Impact Assessment (EqIA) has been undertaken and identified no direct equalities implications arising from this decision.
- 9.2. For each asset disposal, the equalities impact will be assessed at the time that a decision is taken and included for consideration by the decision maker.

10. Data Protection Implications

- 10.1. A Data Protection Implication Assessment (DPIA) screener has been performed and has confirmed that there are no DPIA implications and that a further DPIA assessment is not required in respect of this decision.
- 10.2. In the handling of marketing/conveyancing for each site Data Protection regulations will be observed.
- 10.3. Sites will be inspected prior to disposal to ensure that no sensitive material remains on site.

11. Other corporate implications

- 11.1. This decision will not impact other areas of the Council’s work negatively. It should generate capital receipts which will be used to fund KCC’s priorities including investment capital for statutory services and service development and realignment programmes.

- 11.2. Note that service changes and emerging new requirements may require property assets for delivery and while assets may be declared surplus and entered into the programme for disposal, before any final decision is taken to proceed with disposal, a step check to determine whether an asset may be required is made so that opportunities for necessary reuse are not lost.

12. Governance

- 12.1 Approval of the Freehold Disposals Programme 2026/27 establishes a programme-based decision-making framework for the disposal of assets included within the programme.
- 12.2 Where an asset is included within the approved programme and has been confirmed as surplus to operational requirements, no separate Key Decision is required for the disposal of that asset. Disposals may be progressed under delegated authority to the Director of Infrastructure, in consultation with the Deputy Leader and relevant Cabinet Members as required, in accordance with the Council's Constitution, Property Management Protocol and statutory requirements.
- 12.3 For transparency and forward planning, the programme may include assets where disposal is dependent upon one or more prerequisite Key Decisions relating to service provision. In such cases, inclusion within the programme does not remove the requirement for those Key decisions to be taken, and disposal activity will not proceed until surplus status has been confirmed.
- 12.4 Once all prerequisite Key Decisions have been completed and surplus status confirmed, the disposal may proceed under the approved programme framework without the need for an additional disposal Key Decision.
- 12.5 Should any asset, not listed in the programme be brought forward that is expected to have a value greater than £1million, this will subject to a separate key decision process.

13. Conclusions

- 13.1. The Freehold Disposals Programme for 2026–27 decision approach, responds to the increasing scale and complexity of property disposals whilst supporting the Council's fiduciary duties, capital receipts and Medium-Term Financial Plan. The proposed programme approach improves transparency, pace and efficiency in decision-making, provides clearer oversight of the disposal pipeline and associated risks while remaining fully compliant with statutory, constitutional and best consideration requirements.
- 13.2. KCC has no operational requirement to retain sites detailed within the Freehold Disposals Programme for 2026–27.
- 13.3. The sale of the assets will result in capital receipts which will be reinvested in KCC's priority projects and programmes.

- 13.4. The disposal of the property will remove holding costs associated with the property easing pressure on revenue budgets.
- 13.5. Disposal of assets within the programme will be subject to ensuring a surplus status has not changed, all necessary governance to ensure compliance with statutory requirements including Asset of Community Value legislation and any requirements following Local Government Reorganisation directions.

Recommendation(s):

That the Deputy Leader consider the following proposal:

1. APPROVE the Kent County Council Freehold Disposal programme 2026/2027, and;
2. DELEGATE authority to the Director of Infrastructure, in consultation with the Deputy Leader and relevant Cabinet Members as required, to implement the approved programme, including but not limited to, agreeing all necessary disposal terms and entering into relevant contracts or other legal agreements as required to implement the decision.

14. Background Documents

14.1. [KCC Freehold Asset Disposal Policy](https://democracy.kent.gov.uk/documents/s112706/22%2000053%20-%20Report%20Appendix%20B%20-%20KCC%20Freehold%20Property%20Assets%20Disposal%20Policy.pdf)

<https://democracy.kent.gov.uk/documents/s112706/22%2000053%20-%20Report%20Appendix%20B%20-%20KCC%20Freehold%20Property%20Assets%20Disposal%20Policy.pdf>

- 14.2. Property Management Protocol – See section 13 of [KCC Constitution](https://www.kent.gov.uk/_data/assets/pdf_file/0018/209331/Constitution-.pdf) - Financial Procedures
https://www.kent.gov.uk/_data/assets/pdf_file/0018/209331/Constitution-.pdf

15. Appendices

- 15.1. Appendix A – Proposed Record of Decision
- 15.2. Exempt Appendix B - Programme overview
- 15.3. Exempt Appendix C – Site Specific Information for assets over £1m
- 15.4. Appendix D - Equalities Impact Assessment

16. Contact details

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