

**SURPLUS PROPERTY –
ESTIMATED CAPITAL RECEIPT ALLOCATION TO OBAN, LORN & THE
ISLES**

1.0 SUMMARY

- 1.1 The purpose of this report is to advise the Committee of the various properties held on the Surplus Property Account and the likely sale proceeds to the Oban, Lorn & The Isles area.

2.0 RECOMMENDATIONS

- 2.1 That the Committee notes the contents of the report.

3.0 DETAIL

- 3.1 Capital receipts obtained from the disposal of surplus properties are allocated on the basis of 20% of the receipt accruing to the area in which the property is located, 10% accruing to each of the other Council areas and the remaining 50% accruing to the Council's central accounts.
- 3.2 Currently there are 8 properties within the Oban, Lorn & The Isles area which are surplus to requirements and 15 properties within the other three Council areas. The various properties across the Council areas range from individual house sites to vacant schools and residential dwellings. Having regard to the distribution formula detailed in 3.1 the current estimate of the total funds accruing to the OLI area during 2013/14 is £42, 879 which is entirely composed of receipts from the other Council areas.
- 3.3 This figure is an estimate largely based on an assessment of the value of the properties although some surplus properties are currently under offer so the offer figure has been used where appropriate.
- 3.4 The estimated figure for 2014/15 is likely to be around £100,000 with almost half the sum comprising capital receipts from the OLI area. However this figure may be subject to change.

- 3.5 Although offer figures have been used where appropriate it should be noted that most offers come with suspensive conditions. The most common suspensive conditions are the grant of planning permission and obtaining funding. As the type of property the Council typically markets e.g. former schools, community halls, etc, are most appropriately redeveloped to alternative uses the need to obtain planning permission and secure development funding are paramount to the offerors. Therefore until such time as suspensive conditions have been met and the conveyance concluded the offeror still has the ability to withdraw from the bargain. The difficulty in securing finance or securing it at a reasonable rate is still heavily influencing the property market.

4.0 CONCLUSION

- 4.1 The Committee is asked to note the estimated capital receipts likely to accrue to the Oban, Lorn & The Isles area.
- 4.2 With the economic downturn continuing it is likely that the restricted availability of development finance will continue to suppress values and/ or delay sales.

5.0 IMPLICATIONS

- 5.1 Policy: None
- 5.2 Financial: Estimated proportion of capital receipt due to OLI is indicated at 3.2 & 3.4 above.
- 5.3 Legal: None.
- 5.4 HR: None
- 5.5 Equalities: None
- 5.6 Risk: Continuing economic downturn is severely affecting the availability of development financing which in turn is suppressing values and/ or delaying sales altogether.
- 5.7 Customer Service: None

Executive Director of Customer Services

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