<table>
<tr><th colspan="2">ASSET DEVELOPMENT DISPOSAL PROGRAMME (ADDP)</th></tr>
<tr><td>1.</td><td>The Asset Development & Disposal Programme (ADDP) was initiated in 2023/24 with the vision to drive Southampton’s growth through the retention, development, or disposal of SCC’s corporate, operational and investment portfolio. It is a capital transformation programme, with capital receipts secured from the disposal of assets funding future transformation activity across the council, including ADDP resources.

Along with the securing of capital receipts, ADDP is seeking to achieve wider financial benefits through development and disposal activity. This includes achieving additional council tax revenue and business rates, as well as other revenue savings through reductions in utilities and maintenance costs.

One of the early activities within the ADD programme is reviewing corporate and operational assets to assess whether they should be retained, disposed, or redeveloped in the future.</td></tr>
<tr><td>2.</td><td><u>Project Outcomes</u>

The project outcomes are expected to be:
Ensure all asset management data is up to date and robust to enable effective and informed decisions on the future of council assets
Carry out review of SCC’s corporate and operational portfolio, to identify suitability of the building for the service and collect Asset Management Information on the property
Recommendations on assets to be retained, developed, or disposed, and if any investment is required
Update Service Asset Management Strategies for each service area
Where recommendation is disposal, identify appropriate route for disposal and agree disposal timelines
Identify the disposal of sites through the Affordable Housing Framework and commission resource to be able to upscale the sourcing of sites and disposals
Identify optimal return on development of assets and regeneration opportunities.
Identification of new sites for regeneration including housing, affordable housing, and commercial development
Implement development of asset through relevant development routes (over 3-5 years).</td></tr>
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3.	**Financial Methodology** The financial methodology has been developed to enable a net present value (NPV) analysis of future income and the residual value of the asset compared to the savings on borrowing. This analysis uses a discount factor to present the future cash flows as a value as today. This can help to determine whether the financial benefit of disposing of the asset is maintained over the long term. The model includes the net position of the income received over a 25-year period plus the residual value of the asset, less potential savings on borrowing costs, along with any capital refurbishment costs if they are expected to be required to the building within the period. Investment properties are generally let on a full repairing lease basis, so most repairs and maintenance costs are expected to be funded by the leaseholder. A positive figure means that it is more beneficial to hold the asset and retain the income. A negative figure would indicate it would be better to dispose of the asset and utilise the capital receipt to off-set borrowing costs. The NPV analysis discounts future cash flows to the present value based on the premise that the value of the future cash flows decrease over time due to the time value of money. The discount rate used is based on the cost of borrowing of £80K per £1M which works out at around 6.2%.
4.	The governance of the programme is yet to be formally agreed but it is likely to include review through the following boards: