

Report to Cabinet

21st March 2019

By the Cabinet Member for Finance and Assets

DECISION REQUIRED



**Horsham
District
Council**

Exempt information in Appendix 1
Not for Publication – Exempt under Paragraph 3 of
Part 1 of Schedule 12A to the Local Government Act
1972

Disposal of surplus Horsham District Council property assets

Executive Summary

The Council's Corporate Plan adopted on 24th February 2016 states the objective to grow the Council's revenue streams. This process includes identifying low/no income assets that may be suitable for sale so that the proceeds of sale can be reinvested to deliver a better return.

The Council owns a wide range of property, including surplus parcels of land and surplus operational properties. The existing portfolio of land and buildings is under review and a first tranche of properties have been identified for sale. These properties are set out in Appendix 1 (exempt).

It is proposed to prepare the properties for marketing and because the timing of sales cannot be predicted, it is proposed to pre-authorise the sale of these properties provided that the agreed sale price is greater than the minimum price reported. The final sale price would be subject to ratification by the Cabinet Member for Finance and Assets.

The benefit of dealing with approvals by delegated authority will be firstly, to provide prospective purchasers with confirmation that the transaction can be approved quickly, before they start incurring legal and survey fees, and secondly it means that the sale process does not lose momentum by taking time to secure Cabinet approval.

The individual properties are set out in Appendix 1 (exempt) with a range of possible prices.

Recommendations

Cabinet is recommended:

To delegate authority to the Cabinet Member for Finance and Assets to ratify and or further approve the heads of terms agreed for the disposal of each asset set out in Appendix 1 (Exempt) provided that the gross value of the receipt (before sale costs are deducted), is greater than the minimum target figure set out in Appendix 1.

Reasons for Recommendations

To simplify the disposal process and to ensure that the proposed disposals can be progressed in a timely manner.

Background Papers

1. Exempt Appendix 1.
2. Plans Exempt

Wards affected:

Billingshurst
Bramber, Upper Beeding & Woodmancote
Southwater
Denne
Chantry (Amberley, Parham, Storrington & Sullington and Washington)

Contact:

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Background Information

1 Introduction and Background

- 1.1 The purpose of this report is to seek Cabinet approval to the sale of a number of properties, subject to the agreed prices being greater than the minimum price set out in Appendix 1.
- 1.2 The proposal is for Cabinet to delegate to the Cabinet Member for Finance and Assets responsibility to ratify and or further approve the heads of terms agreed with prospective purchasers of the assets, subject to the minimum target figure being achieved.
- 1.2 Delegation to the Cabinet Member for Finance and Assets will ensure that the disposals can be progressed in a timely manner and will give reassurance to prospective purchasers that the transaction will have Horsham District Council approval before they start incurring legal and survey fees. The proposal will also avoid the inevitable delay that would arise by referring the matter to Cabinet after marketing has been completed and the risk that this causes the sale process to lose momentum.

2 Relevant Council Policy

- 2.1 The Council will ensure compliance with its statutory responsibilities under section 123 of the Local Government (Miscellaneous Provisions) Act 1972 to dispose of all assets for best consideration reasonably obtainable.
- 2.2 By disposing of surplus, unused or underutilised assets, capital receipts will be generated in order to support the Council's capital programme or reinvestment to provide better returns.
- 2.3 By releasing surplus/unused or underutilised assets that are suitable for residential development, the Council will indirectly contribute to the delivery of the Council's housing numbers stated in the Horsham District Planning Framework.

4 Next Steps

- 4.1 Resolve any legal title issues that may be outstanding and commence marketing of the assets with the objective of securing purchasers at appropriate prices. Following receipt of acceptable offers the Council will instruct solicitors to progress the sales.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Director of Corporate Resources and section 151 Officer supports the proposal. The sale of these assets will help the Council's cash position and give

the Council opportunities to reinvest its money for a better return than holding the property.

- 5.2 The Head of Legal Services and Monitoring Officer has been consulted and her comments are included in this report.
- 5.3 The Director of Place has been consulted.
- 5.4 The Property Investment Sub-Committee has been consulted and is supportive of the disposal of these assets and the proposed delegated authority.
- 5.5 Relevant operational departments have been consulted and have confirmed that the assets are not required for operational activities.
- 5.6 The Finance and Assets PDAG has been consulted. The comment was raised whether any of the land that it is recommended for sale should be considered for the proposed affordable housing company as suitable for development as affordable housing. The Cabinet Member advised that this comment would be taken on board and the viability of sites for affordable housing will be considered before a sale is agreed. A further property specific comment is included within paragraph 1.9 of the exempt appendix.

6 Other Courses of Action Considered but Rejected

- 6.1 Property officers have consulted with the Planning Department to establish acceptable alternative uses in planning policy terms and considered the maximum possible utilisation and return for each property asset.

7 Resource Consequences

- 7.1 The legal work for these disposals will need to be undertaken. The policy of the Council is to handle legal matters in house and this will be the preferred approach, however external resources may be utilised if required.
- 7.2 The proposed disposals have either nil income or have a nominal income. Holding costs, such as empty property rates, will also be saved as a result of disposal of the properties.
- 7.3 The sale of these properties will generate a capital receipt. This will be either reapplied to other capital purchases or held in reserve for future use. Either of these options will create an ongoing revenue stream that is likely to exceed the revenue currently generated by holding the properties.

8 Legal Consequences

- 8.1 Section 123 of the Local Government Act 1972 – Provides a general power for councils to dispose of land.

9 Risk Assessment

- 9.1 The Council may not find suitable purchasers for its assets. The property market remains active at the present time however external economic factors, such as the Brexit process, may impact on timing of sales.

10 Other Considerations

- 10.1 Section 17 of the Crime and Disorder Act 1998 requires the Council to do all that it reasonably can to reduce crime and disorder. There are no crime and disorder implications as a result of this report.
- 10.2 The report is considered to be consistent with the provisions of the Human Rights Act 1998.
- 10.3 Equality & Diversity and Sustainability: the proposal does not change policies or the delivery of any services. The delivery of more housing within the District will contribute to meeting housing need and demand and help deliver sustainable communities.