

## Report to Cabinet

20 July 2023

By the Cabinet Member for Local Economy and Place

**DECISION REQUIRED**



**Horsham  
District  
Council**

Partially Exempt (Appendices not for publication – exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972)

### Possible Property Purchase - Horsham

#### Executive Summary

This is an opportunity to purchase a building which could be used for a variety of uses, such as light industrial use, or for community use, or as a potential medium to long term residential redevelopment.

The property is not under offer at the time of writing the report. Approval is therefore required to negotiate suitable terms for the acquisition up to a maximum figure (Figure 1 as contained in Appendix A plus £10,000). If the property cannot be acquired for a sum at or below Figure 1 plus £10,000, it will not be pursued.

An additional budget is being sought in order to fund improvements to the property. This would take the total budget envelope up to [Figure 2 as contained in Appendix A] including costs. It is not expected that works would increase the rental value but they would make the property lettable and reduce any rental void.

Full due diligence will be undertaken prior to any purchase completing.

#### Recommendation

That the Cabinet is recommended:

- i) To approve the acquisition of the property (at a purchase price that does not exceed Figure 1 plus £10,000), subject to full Council approving the allocation of funds for this acquisition;
- ii) To delegate authority to the Director of Resources in consultation with the Cabinet Members for Local Economy and Place, and, Finance and Resources to approve terms negotiated on behalf of the Council provided that the purchase consideration is less than Figure 1 + £10,000 and the total budget envelope is less than or equal to Figure 2, including costs and the value of works.
- ii) To recommend to Council that a capital budget of Figure 2 is allocated to the capital programme in 2023/24 for this purchase.

#### Reasons for Recommendations

To allow a purchase of the property to proceed.

**Background Papers**

None

**Wards affected:** Denne

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## **Background Information**

### **1 Introduction and Background**

- 1.1 The Council has an investment portfolio that is valued in the order of £58m and delivering an income of +£3.7m per annum. This portfolio has been assembled over a period of time and provides a reliable source of income for the Council, which is used to fund the Council's day to day activities.
- 1.2 There are no current plans to expand the portfolio and there is no budget allocated for capital purchases. However, an opportunity has been identified in Horsham town centre, which is relatively low cost and is an interesting opportunity for the short and long term.

### **2 Relevant Council policy**

- 2.1 The purchase would provide an income for the Council and has the potential for sustainable residential redevelopment which are both objectives in the corporate plan.

### **3 Details**

See exempt Appendix

### **4 Next Steps**

- 4.1 Next steps are to agree terms if possible and then refer the matter to Council for allocation of a budget.

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

- 5.1 The Local Economy & Place, and, Finance & Resources Policy Development Advisory Groups were both supportive of the proposal.
- 5.2 The comments of the Monitoring Officer and the Director of Resources are incorporated in this report.
- 5.3 There are no staffing implications to the proposal.

### **6 Other Courses of Action Considered but Rejected**

- 6.1 This is an opportunistic discretionary purchase and the Council could decide not to proceed.

### **7 Resource Consequences**

See exempt Appendix

## **8 Legal Considerations and Implications**

- 8.1 Section 120 of the Local Government Act 1972 provides that Local Authorities may acquire land by agreement for the purpose of (i) any of their functions, or, (ii) for the benefit, improvement or development of their area.
- 8.2 The acquisition of this property will be subject to legal due diligence and officers will ensure that the contract and formal transfer deed reflect the terms agreed.
- 8.3 Officers will ensure statutory compliance pertaining to the chosen use of the property.

## **9 Risk Assessment**

**Risks:** The main risks are identified as:

- The unit may not be lettable or may become void in the future if the demand for light industrial units falls. If void, the Council would become liable for business rates. This would reduce the return on the investment. However, the site would be available for development.
- The value of the site may fall in the future.
- The Council may not be able to achieve planning permission for other uses, such as housing in the future. However, the property could continue to be used for commercial rent.
- Letting to a community group might bring with it additional responsibilities and commitments to find suitable alternative accommodation if the Council decides to redevelop the site in the future for other purposes. This can be mitigated by managing expectations from the outset.

## **10 Procurement implications**

- 10.1 There are no procurement implications for the purchase and if works are required the Council's procurement rules will be followed.

## **11. Equalities and Human Rights implications / Public Sector Equality Duty**

- 11.1 Changes to the property may include additional WCs which would if required include an accessible WC.

## **12 Environmental Implications**

- 12.1 The property has an EPC of C, which means that it is lettable up until 2030. At 2030 the expected legal requirement is for property to be a B rating. As the building is older, it is more likely that it would be redeveloped as residential use rather than significant refurbishment.

## **13 Other Considerations**

- 13.1 There are no GDPR implications.