

Mr Hunt, Cabinet Member for Finance	Ref No: FIN17 (19/20)
January 2020	Key Decision: Yes
Property Review: Surplus Declaration, Marketing and Disposal of two sites in Southwick, West Sussex	Part I
Report by Director Property and Assets	Electoral Divisions: Southwick
<p>Summary</p> <p>This report seeks approval by the Cabinet Member for Finance to confirm surplus declarations for two assets in Southwick, West Sussex, deemed surplus to service operational requirements. The report also seeks approval to market the properties for sale, conditional upon planning and dispose of the sites if the properties meet best value criteria.</p> <p>The properties to be declared surplus and marketed for disposal are:-</p> <ul style="list-style-type: none"> • Part of former Eastbrook Primary North, Manor Hall Road, Southwick, Shoreham-by-Sea, West Sussex, BN42 4NF • Lorry Park, Albion Street, Southwick, Shoreham-by-Sea, West Sussex, BN42 4DN 	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The County Council's Future West Sussex Plan sets out its ambition to minimise the burden of local taxation, delivering the best outcomes for residents with the money it spends, whilst living within its means. In 2018 the County Council agreed to adopt an Asset Management Policy and Strategy. An objective of the strategy is to acquire, manage, maintain and dispose of property effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities. This includes identifying opportunities for rationalisation of assets and disposal or redevelopment of assets no longer required for operational purposes. Declaring properties surplus is part of the process to deliver the strategy and allows further decisions to be made regarding properties that are no longer needed for operational purposes. In line with this strategy the County Council also now proposes to market and dispose of these assets.</p>	
<p>Financial Impact</p> <p>There is no immediate financial impact of the decision to declare the sites surplus. The proposal to market and dispose of the sites will generate a capital receipt for the County Council. The capital receipt will be used to fund the County Council's Capital Programme.</p>	

Selling agent's fees will be deducted from the sale proceeds. In the case of the former Eastbrook School site an option will be put to the market to construct and manage units of temporary housing accommodation on land to be retained by the County Council in lieu of a capital receipt.

Recommendation: That the Cabinet Member endorses:

1. That the following assets be declared surplus to service operational requirements and;
2. Commencement of the marketing of the following assets as set out in Appendix A and Appendix B and;
3. Delegation to the Director Property and Assets in consultation with the Director Law and Assurance to complete the sales to the most advantageous bidders, providing the bids meet best value criteria and conditions.
 - a. Part of former Eastbrook Primary North, Manor Hall Road, Southwick, Shoreham-by-Sea, West Sussex, BN42 4NF
 - b. Lorry Park, Albion Street, Southwick, Shoreham-by-Sea, West Sussex, BN42 4DN

PROPOSAL

1. Background and Context

To accord with Standing Orders the properties detailed below need to be formally declared surplus to service and operational requirements in order to allow them to be reviewed for either disposal on the open market or developed further by the County Council, for example as part of the Propco investment programme.

2. Proposal Details

- 2.1 It is proposed to declare these two property assets surplus to operational requirements on the basis that there is no current operational service need for the sites.
- 2.2 The proposal is to then procure a suitable marketing agent to prepare particulars for each individual site, provide an estimated value, market each of the sites, and handle the sales for the County Council.
- 2.3 The proposal is to sell each of the sites to the most advantageous bidder providing this meets or exceeds the estimated values and any other conditions. In the case of the former Eastbrook School land, an option will be put to the market to construct and manage units of temporary housing accommodation for households to whom the County Council owes a housing duty on part of the site to be retained by WSCC in lieu of a capital receipt.

- 2.4 Should the offer from the first chosen bidder be withdrawn in each case the proposal is to sell to the next highest bidder or to another party at an agreed minimum value. Subject to the period of time that may have elapsed, it is possible that the property may have to be remarketed.
- 2.5 The proposal remains subject to contract, planning, survey and legal due diligence.
- 2.6 It is proposed that the Cabinet Member for Finance authorises the procurement of suitable selling agent to advise on value, market the sites, and having regard to best value considerations agrees the sale of the sites being concluded by delegated authority to the Director of Property and Assets.
- 2.7 If the bids for either of the sites fail to meet or exceed the estimated value the relevant site will be retained and a further consideration as to future use undertaken.

2.8 The sites under consideration are as follows:-

2.9 Former Eastbrook Primary North, Manor Hall Road, Southwick, Shoreham-by-Sea, West Sussex, BN42 4NF

- i. The County Council owns the freehold interest of this site, which was formerly the Eastbrook Primary School, but this provision was re-located to the new Eastbrook Primary Academy next door.
- ii. In 2017 the vacant school premises were subject to a very serious fire and the remaining structure was demolished. The site is now a vacant plot of land.
- iii. Recently options to develop the site to provide housing for households to whom the County Council owes a housing duty have been explored with Adur District Council but unfortunately have not been successfully concluded.
- iv. The proposal is to declare the site surplus. The site will then be marketed for offers to purchase conditional upon planning. It is proposed to seek offers from suitable bidders which will allow the County Council to retain a number of residential units on the site for use as temporary accommodation to house homeless families to whom the County Council has a housing duty in lieu of a capital receipt.
- v. Department of Education consent to dispose of the site will be required.

2.8 Lorry Park, Albion Street, Southwick, Shoreham-by-Sea, West Sussex, BN42 4DN

- i. Albion Street Lorry Park is owned by the County Council with parking enforcement on the Council's behalf operated by NSL Services

(contracted to Worthing and Adur District Council). The site is under-utilised and the income generated from the parking is very low, additionally the site has suffered from illegally abandoned vehicles and trespass incidents.

- ii. It has been confirmed that there is no longer a requirement for a Lorry Park in this area of West Sussex.
- iii. It is now proposed to declare the site surplus and close the lorry park. The site will then be marketed for sale on the basis of offers, conditional upon planning approval.
- iv. The site is referenced in the Shoreham Joint Area Action Plan (JAAP). The JAAP has now been published and commits the partnership, of which the County Council is a party, to explore the options for the site, including relocation of businesses from the regeneration area. Relevant businesses will be engaged as part of this proposal and considered alongside any other offers.

FACTORS TAKEN INTO ACCOUNT

3. Consultation

- 3.1 **Members** –The Local Member for Southwick has been consulted. The Cabinet Member for Highways and Infrastructure and the Cabinet Member for Environment have also been consulted regarding the Albion Street Lorry Park and Cabinet Member for Education and Skills regarding the Eastbrook School site. The Leader’s representative on the Shoreham Harbour Regeneration Leaders Board has been advised of the Albion Street Lorry park proposal.
- 3.2 **External** – not applicable.
- 3.3 **Public** – not applicable, other than where town planning approval has been procured.
- 3.4 **Internal** –The Head of Property, Procurement and Environment, Legal Services and the Service Finance Business Partner for Resources.

4. Financial (revenue and capital) and Resource Implications

- 4.1 The buyers will pay the agreed price for the properties and selling agents fees will be deducted from each of the capital receipts.

4.2 Revenue consequences of proposal

Estate Agent Fees and marketing costs will be deducted from the disposal value of each of the sites. In the case of the Eastbrook School site, if temporary housing is constructed on part of the site to be retained by WSCC in lieu of a capital receipt, this proposal would reduce the level of expenditure incurred within the Adult Services temporary accommodation budget.

4.3 Capital consequences of proposal

A significant capital receipt will be secured on completion of the sale for Albion Street Lorry Park.

5. Legal Implications

- 5.1 The County Council will dispose of the freehold estate in the properties and will subject to negotiations impose a clawback covenant to secure a share of any financial gain which a buyer may make by submitting a revised planning permission.
- 5.2 Any outstanding title issues to be resolved before the properties are marketed.

6. Risk Assessment Implications and Mitigations

- 6.1 All vacant property is risk assessed at the time of handover to the corporate landlord by a service and appropriate security measures put in place pending a decision on the future of the property.

	Risk	Mitigating Action
1	The sales do not proceed for whatever reason and the property needs to be re-marketed resulting in a decrease in offers and a reduced capital receipt.	Should the sale to the preferred bidder not proceed, the County Council will offer the properties to the next preferred bidder and so on providing the bids satisfy best value criteria. If none of the original bidders is able to proceed for a sum in excess of the agreed minimum, a decision will be made as to when best to remarket the property given the current market uncertainty. Such a decision might include reviewing the value return potential in a joint venture property development arrangement if in place at the time.
2	There is a continued financial risk in holding on to under-utilised assets, which can delay capital receipts or income, or where there is a no or limited service benefit.	The decision to dispose of the property within an agreed timeframe.

7. Other Options Considered (and Reasons for not proposing)

7.1 Former Eastbrook Primary North, Manor Hall Road, Southwick

Alternative uses have been explored including retaining the site for development by the County Council for residential housing. This was discounted due to the risks associated with housing development and the site was considered too small to be included in the Prop Co programme. There has been an ambition to retain some of the properties on this site for use by homeless families, to whom the County Council has a duty to house. A disposal to Adur District Council, in return for housing nominations for homeless families, was explored but has been discounted as a suitable legal arrangement was not deemed feasible.

7.2 Lorry Park, Albion Street, Southwick, Shoreham-by-Sea, West Sussex, BN42 4DN

Options to deliver the aspirations of the Shoreham Joint Area Action Plan have been explored but to date no clear proposals for business relocation have come forward for the site. The County does not have any allocated capital funding for redevelopment of the site to accommodate these businesses, however the relevant businesses will be engaged as part of this proposal and any offers that come forward duly considered

Other options included relocation of other businesses to facilitate a cycle path in the Shoreham area, but this has been discounted due to the low return on investment that this opportunity would deliver.

Other options also included the County Council progressing to bring the site forward for development. This option was discounted due to the opportunity to achieve capital receipts to fund the County Council's capital programme from a disposal subject to planning.

8. Equality and Human Rights Assessment

- 8.1 The Equality Duty does not need to be addressed as it is a report dealing with an internal procedural matter only.

9. Social Value and Sustainability Assessment

- 9.1 The proposal will bring continued social, environmental and economic benefits by ensuring surplus property is managed according to the County Councils Asset Policy.

10. Crime and Disorder Reduction Assessment

- 10.1 Not applicable

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Appendices:

- Appendix A – Plan for Eastbrook Primary North, Manor Hall Road, Southwick, Shoreham-by-Sea, West Sussex, BN42 4NF
- Appendix B – Plan for Lorry & Car Park, Albion Street, Southwick, Shoreham-by-Sea, West Sussex, BN42 4DN

Background papers - None