

## **Report to Cabinet Member for Finance**

**February 2021**

**Property Review: Disposal of 159 Hatches Smallholdings Estate,  
Sinnocks Lane, West Chiltington RH20 2JX**

**Report by Director of Property and Assets**

**Electoral division: Pulborough**

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### **Summary**

To accord with Standing Orders, this report advises on the outcome of the marketing of this vacant smallholding and seeks the approval of the Cabinet Member for Finance to dispose of the County Council's freehold estate in the property. Offers have been received and approval is sought to sell to the preferred and highest bidder.

### **Recommendations**

That the Cabinet Member endorses:

- (1) That the County Council disposes of its freehold interest in this surplus smallholding at 159 Hatches Smallholdings Estate, West Chiltington as set out in the plan in Appendix B of this report and
  - (2) Authority is delegated to the Director of Property and Assets in conjunction with the Director of Law and Assurance to conclude the terms of the sale with the purchaser.
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### **Proposal**

#### **1 Background and context**

- 1.1 Holding 159 Hatches Estate forms part of the County Council's Smallholdings Estate at West Chiltington. It comprises approximately 1.63ha (4.02 acres) of land with a semi-detached three bedroomed house dating back to the 1950's with some outbuildings. The plan of the site is set out in Appendix B.
- 1.2 The holding was previously occupied under an Agricultural Holdings Act tenancy. The County Council obtained vacant possession on 28 September

2020. The property was declared surplus to operational requirements in August 2020 (FIN02 20/210).

- 1.3 Since 1983 there has been a long-term policy for the gradual disposal of the smallholdings estate in order to maximise capital realisation by obtaining full vacant possession value; and also to ensure that any prospects of capital appreciation from development are not lost or severely discounted.
- 1.4 On vacation of any individual holding careful consideration is to be given as to whether there are compelling grounds to retain ownership of the whole or part of the holding, failing which the whole or part not required be sold. Unless there are persuasive grounds for retention, such as the presence of development hope value, the likelihood of the land being required by other County Council services or a disproportionate detrimental effect on other county holdings in the vicinity, the presumption should be for disposal
- 1.5 In accordance with this policy, the property was offered for sale on the open market with the County Council's retained agricultural agents, Strutt and Parker, with best and final offers received by 11 December 2020.
- 1.6 Six offers were received and are set out in **Appendix A (available for members only)** to this report.
- 1.7 The offers received have been investigated by the appointed selling agents in conjunction with the Valuation and Estates team and acceptance of the highest bid is now recommended following a period of due diligence.

## **2 Proposal details**

- 2.1 The proposal is to sell the property to the highest and preferred bidder as outlined in **Appendix A (available for members only)**.
- 2.2 Should the offer be withdrawn 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 would need to be remarketed.
- 2.3 The sale is subject to contract only.
- 2.4 It is proposed that the Cabinet Member for Finance agrees to this transaction being concluded by delegated authority to the Director of Property and Assets in conjunction with the Director of Law and Assurance.

## **3 Other options considered (and reasons for not proposing)**

- 3.1 The property is surplus to requirements and is in need of considerable repair and improvement. It is in a very rural area with no amenities or transport facilities so is not deemed suitable for any current service needs.

- 3.2 The disposal of the property in two separate lots was considered by the selling agents but discounted on the basis that a sale as one lot would produce a higher capital receipt.

#### 4 Consultation, engagement and advice

- 4.1 The Local Member for Pulborough has been consulted.

#### 5 Finance

- 5.1 Revenue consequences

5.2 The disposal will reduce expenditure on security and other holding costs. This saving will be reinvested within the budget to support further rationalisation of the corporate estate.

5.3 The ongoing reduction to rental income resulting from the sale will be managed within the smallholdings estate rental income budget. Details are included in **Appendix A (available for members only)**.

- 5.4 Capital consequences

A capital receipt will be achieved as detailed in **Appendix A (available for members only)**.

- 5.5 The effect of the proposal:

(a) **How the cost represents good value**

This is not a cost but a proposal to deliver a capital receipt income. The property has been openly marketed to ensure that best value consideration has been achieved.

(b) **Future savings/efficiencies being delivered**

Savings in security and other ongoing holding costs associated with the holding of vacant property will be achieved

(c) **Human Resources, IT and Assets Impact**

The proposal supports the Asset Strategy to rationalise the property estate. There are no HR or IT implications.

#### 6 Risk implications and mitigations

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
The current purchaser does not proceed with the sale for whatever reason and the property needs to	A deadline of 31 March 2021 has been given to the purchaser to complete the sale. Should the sale to the highest preferred bidder not proceed, WSCC will engage with other bidders to secure a

Risk	Mitigating Action (in place or planned)
be re-marketed potentially resulting in a decrease in the offer and a reduced capital receipt	sale above the agreed minimum value or make a decision as to when best to remarket the property given the current Covid-19 uncertainty.
There is a continued financial risk in holding onto under-utilised assets, which can delay capital receipts or income, or where there is no or limited service benefit.	The decision to dispose of the property within an agreed timeframe.

## 7 Policy alignment and compliance

- 7.1 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 assets effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities. In line with this strategy the County Council now proposes to dispose of its freehold interest in this surplus small holding.
- 7.2 There are no direct implications arising from the proposal on equality duty and human rights, climate change, crime and disorder, public health or social value.

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### Appendices

**Appendix A (available for Members only)**

**Appendix B – Site Plan**

### Background Papers

None