

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

**March 2021**

**Property Review: Option Agreement for Land to the west of Ravenscroft and the rear of Browns Lane, Storrington, West Sussex, RH20 4LQ**

**Report by Director of Property and Assets**

**Electoral division: Storrington**

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### **Summary**

This report seeks authority for West Sussex County Council to enter into an Option Agreement with a Housing Association, for the eventual disposal of 0.83ha (2.06 acres) of land to the rear of Browns Lane accessed from Ravenscroft located on the southern periphery of Storrington as shown on the attached plan in **Appendix B (available for members only)**.

This land is currently leased to the Storrington and Sullington Parish Council for allotment use and in conjunction with adjoining land the whole area has been allocated in the Storrington, Sullington and Washington Neighbourhood Plan as a residential development site for at least 35 dwellings.

The Housing Association own the adjoining land and have approached WSCC with a view to developing their adjoining land in conjunction with the WSCC land, subject to the grant of planning permission and on the basis that the existing Parish allotment use can be relocated on nearby land also in the Housing Association's ownership.

### **Recommendations**

That the Cabinet Member endorses:

- (1) That the County Council enter into an Option Agreement for the disposal of the freehold land at Ravenscroft, Storrington, West Sussex, RH20 4LQ, as set out in **Appendix A (available for members only)** and that in the event that all conditions of the option agreement are met the land is declared surplus to the Council's requirements and;
- (2) That 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 option agreement and, subject to all the option conditions being met, agree the

eventual sale of the land to the Housing Association based on the minimum sale price.

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## **Proposal**

### **1 Background and context**

- 1.1 This WSCC owned site which comprises approximately 0.83 hectares (2.06 acres), originally acquired for Education purposes, has been used as allotments since the 1970's and is leased to The Storrington and Sullington Parish Council under the terms of a 10-year lease expiring on 31<sup>st</sup> March 2022.
- 1.2 WSCC's appointed agent has acted for the County Council in negotiations and has advised that an option is the most suitable way of proceeding. The combined site has been promoted for development and has now been allocated for residential development in the Storrington, Sullington and Washington Neighbourhood Plan. The existing allotments will also need to be relocated to satisfy planning requirements and WSCC has no other land available.
- 1.3 There will be an option payment on exchange of the option. This will be non-returnable if the buyer does not exercise the option, but will be subtracted from the final price paid for the land if the purchaser proceeds to exercise the option and the purchase completes.
- 1.4 The Option will remain open for a period of 5 years from the date of the exchange of the option agreement, plus an extension period of one year if a planning application has not been determined, a planning appeal is outstanding, or if the judicial review period has not expired following the grant of a planning permission or if a planning consent has been granted but the associated planning agreements have not been completed, or if a planning consent has been granted but the Secretary of State (Housing Communities and Local Government) consent required to relocate the allotments has not been obtained
- 1.5 The Parish Council who lease the WSCC land have been in discussion with the Housing Association directly and are agreeable to the move to the alternative allotment site, subject to the grant of planning approval and the Secretary of State for Housing Communities and Local Government consent

### **2 Proposal details**

- 2.1 It is recommended that WSCC enters into an option agreement with the Housing Association, based on the minimum price as set out in **Appendix A (available for members only)**
- 2.2 The proposal remains subject to contract.
- 2.3 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 Other options considered included WSCC bringing the land forward independently. This has been discounted as the Local Planning Authority is unlikely to look favourably on the site being developed in isolation and the adjacent third party land is required for the relocation of the allotments.

WSCC could work in partnership with the Housing Association to seek planning consent but this has been discounted as it is considered the Housing Association is likely to have more success in the planning process given their track record and experience. The proposed option arrangement with the Housing Association is more advantageous to the County Council as they own land on which the allotments can be relocated and they are more likely to deliver a planning consent and the commensurate financial return in a timely and commercial manner than would be possible for the Council working in isolation.

### **4 Consultation, engagement and advice**

- 4.1 The Local Member for Storrington has been consulted.
- 4.2 The Parish Council who lease the WSCC land has been in discussion with the Housing Association directly and are agreeable to the move to the alternative allotment site, subject to the grant of planning approval and the Secretary of State consent.
- 4.3 The Housing Association held an on-line public consultation on the proposals in December 2020, this confirmed the proposal that new allotments will be provided for existing and new plot holders.

### **5 Finance**

- 5.1 Revenue consequences
- 5.2 None immediately although on eventual transfer of the land, the income receivable from the Parish Council will no longer be received. This ongoing reduction in rental income resulting from the sale will be managed within the rental income budget.
- 5.3 Capital consequences
- 5.4 The Housing Association will be responsible for paying the market value of the land, less an agreed pro rata capped contribution towards promotion and planning costs. WSCC will agree a minimum site value, taking into account these costs, in the option agreement.
- 5.5 There will be an option payment receivable on exchange of the option agreement. This will be non-returnable but will be subtracted from the final market price paid for the land in the event that the option is exercised.
- 5.6 The Capital Receipt will be calculated based on the eventual market value of the site having regard to the planning approval obtained. The date of the capital receipt will be conditional on planning consent being obtained by the Housing Association and the Secretary of State's approval to relocate the allotments, and agreement on the market value.
- 5.7 The effect of the proposal.

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

The option to dispose of the land for development will provide a capital receipt to the council.

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

None.

(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 Housing Association fail to gain planning consent and the option agreement is not exercised.	At expiry of the option agreement WSCC will still retain the freehold of the allotments and will retain a small rental income.
WSCC cannot deliver vacant possession at the end of the option agreement as there is a dependency on Secretary of State approval for relocating the allotments	The legal option agreement will allow for this eventuality as a condition of the proposed transfer, and if Secretary of State consent is not obtained then the purchaser cannot exercise the option

## 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 small piece of land.

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. The option agreement is subject to ensuring that the existing Parish allotment use can be relocated on nearby land.

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## **Appendices**

Appendix A – Restricted report (available for Members only)

Appendix B – Site Plan (available for Members only)

## **Background Papers**

None