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## **Performance and Finance Scrutiny Committee**

**10 March 2023**

### **Response to Call In – FP20 22/23 Property and Assets: Freehold Disposal of Marle Place, Burgess Hill**

#### **Report by Assistant Director of Property and Assets**

**Electoral division: Burgess Hill North**

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#### **Summary**

The Council owns the freehold estate of Marle Place, Burgess Hill which was declared surplus to the County Council's operational requirements by Key Decision ([Ref FP10 22/23](#)) in October 2022. A key decision to dispose of Marle Place has been published in March 2023 ([Ref FP20 22/23](#)).

An options appraisal was undertaken in line with the County Councils Asset Management Policy but no other viable options were identified or forthcoming in this case. This included consideration of potential community use. Partial re-use or dividing up the property would have not made economic or practical sense.

#### **Proposal**

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

- 1.1 West Sussex County Council owns the freehold estate of Marle Place Burgess Hill. Over the years the various buildings on the site have been subject to a number of alterations and additions to support the current commercial use, providing classrooms and teaching facilities.
- 1.2 Marle Place comprises of two separate and self-contained former residential properties, providing approximately 11,000 sq ft of accommodation, set within a 1.44 acre/0.58 hectares site, including mature trees, shrubbery and a large tarmac hard standing area used for parking.
- 1.3 Marle Place was acquired by East Sussex County Council in 1949 for use as a home for children in care. Under the Local Government Act 1972 the boundaries of the county changed, so on the 1st April 1974, the property transferred to West Sussex County Council. From the records still available it appears the property was used as a Further Education establishment from the 1960s.
- 1.4 Until recently Marle Place had been leased to a provider of Adult Education services. The lease expired in August 2022 and the property returned to the estates team in September 2022 after clearance.
- 1.5 The site and buildings are tired and dated, requiring substantial investment if the buildings were to be retained or re-purposed. This would be necessary to

bring the property into good repair and condition, address backlog maintenance and ensure safe, lawful compliance. Costs were projected to be over £350,000.

- 1.6 An options appraisal was undertaken giving due consideration to a range of options including social, community or environmental use, particularly where this could complement the Council's ambitions relating to climate change where it is viable. No viable options were identified in this case. The property was declared surplus in October 2022 (Ref FP10 22/23).
- 1.7 In accordance with usual practice, external marketing agents were subsequently appointed and the property was offered for sale on the open market. Details of the offers received are included in (Ref FP20 22/23 ). Part II of Key Decision (Re available for Members only).
- 1.8 The proposal is to sell the property to the preferred bidder as outlined in attached key decision (Ref FP20 22/23 ). The financial details and anticipated capital receipt are included in (Ref FP20 22/23 ). Part II of Key Decision (Re available for Members only). The accepted offer is in excess of £2.5m. West Sussex County Council and the purchaser have committed to complete the sale within 8 weeks of receipt of documents. The sale is subject to contract, survey and legal due diligence only.
- 1.9 It is also proposed to dispose of a very small strip of land held under the same freehold title to Mid Sussex District Council to facilitate a new improved cycle and footpath, part of the Burgess Hill Place and Connectivity plans – known as Green Links Phase 1. The freehold title will be split to allow for the separate disposal of this area and the prospective purchasers of Marle Place have been made aware of the amended demise of the disposal.

## **2 Decision to Dispose of Marle Place**

- 2.1 The decision to put Marle Place on the market was taken based on the statutory duty to secure the best value in the disposal of assets under Section 123 of the Local Government Act.
- 2.2 As per this duty, and the commitment in the Council's new Asset Management Policy 2022, the Council considered a range of options including;- considering the property for an alternative County Council operational use, repurposing for education use, leasing out to a third party on full repairing and insuring terms, letting to multiple occupiers, community use, environmental schemes, redevelopment through our Joint Venture and disposal.
- 2.3 No alternative County Council service use was identified for the property and the property was surplus to all operational service requirements.
- 2.4 Although the property is not formally listed as an Asset of Community Value the County Council did consider whether any community use may be viable.
- 2.5 The community in Burgess Hill and the Town Council were aware, since early July 2022, that the previous tenants were due to leave Marle Place and that the property was going to be vacated. The first emails regarding the future of Marle Place were exchanged with local councillors on the 1st July 2022 and the local Member was shown round the property on the 12th July 2022.

- 2.6 These parties were advised that all options would be considered as part of the appraisal, and they were asked to advise if they were aware of any firm and appropriately funded proposals for the property, which should be considered as part of the option appraisal process.
- 2.7 The interest that was received during this time was of a general nature or related to only a part of the property. This included expression of interest by a local gardening charity who asked for some of the garden land to be adapted for growing food and education for the local community. There was also some interest from the Town Council in turning the gardens into allotments. Partial re-use would have not made economic or practical sense due to the detrimental impact on the disposal value as a whole.
- 2.8 The estate agents advise that it would be challenging to attribute a value to the walled garden area, (suggested as a possible allotment space), however the loss of value would be in the region of £400,000 to £700,000 off the overall sale price, for approximately 0.24 of an acre. This is based on the proportion of the overall site, whilst also accounting for how the loss of this area could impact any scheme that could be potentially deliverable on the site.
- 2.9 Though no formal interest in taking over the management of Marle Place from community groups and/or Town Council was received, officers did also engage with Mid Sussex District Council Community Facilities Project Officer and they indicated there was unlikely to be an organisation in a place to take on the asset.
- 2.10 After considering the options that were available as referred to above, the most viable option for the County Council was to sell the property, either as is, or for development, hence why the property was marketed by estate agents. This also resolves the projected maintenance costs for the site, which are expected to exceed £350,000, to modernise and refurbish the premises.
- 2.11 During the formal marketing period it is understood Burgess Hill Town Council visited the property. It is understood the Town Council resolved at its Council Meeting in November 2022 that it did not wish to purchase Marle Place.
- 2.12 The estate agent reports that it did not receive any formal offers from community groups during the marketing period for either the whole or part of the property.
- 2.13 The sale will generate capital receipts which will help to fund the capital programme with investment across the whole county. Use of capital receipts to fund the capital programme proportionately reduces the County Council's borrowing requirements and makes economic sense which is again of benefit to the whole of the county.

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

- 3.1 An options appraisal was undertaken giving due consideration to a range of options including social, community or environmental use, particularly where this could complement the Council's ambitions relating to climate change where it is viable. As set out above the options were explored. No viable options were identified in this case.
- 3.2 No alternative County Council service use was identified for the property and the property is surplus to all operational service requirements.

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

- 4.1 The Local Member for Burgess Hill North was consulted and has been kept up to date with this matter since it first became apparent that the property would become vacant. This included extensive correspondence regarding a number of queries, which were all responded to fully. Consultation included an early visit to the property prior to the options appraisal process.
- 4.2 Interested Town Council Members were also kept up to date with the progress of the property vacation, the surplus declaration and the subsequent marketing and undertook a visit during the marketing period.
- 4.3 The Community Facilities Project Officer at Mid Sussex District Council was also consulted for information on community organisations seeking space in Burgess Hill.

## **5. Finance**

### **5.1 Revenue consequences**

The disposal will reduce expenditure on security, utilities and other holding costs associated with vacant property. Disposal will also negate the need to invest in the property, which is tired and dated, requiring investment to modernise, address disrepair and ensure safe, lawful compliance. The cost of works has been projected to exceed £350,000, by externally appointed surveyors.

### **5.2 Capital consequences**

A capital receipt will be achieved as detailed in ([Ref FP20 22/23](#) ). **Part II of Key Decision (Re available for Members only).**

### **5.3 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 sum. 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. This saving will be reinvested within the budget to support further rationalisation of the corporate estate.

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

The proposal supports the Asset Management Policy 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 be re-marketed potentially resulting in a decrease in the offer and a reduced capital receipt	A deadline of two months will be given to the purchaser to exchange contracts from the exchange of documentation. Should the sale to the preferred bidder not proceed, the Council will engage with other bidders to secure a sale above the agreed minimum value or make a decision as to when best to remarket the property.
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 and a longstop date.

## 7. Policy alignment and compliance

- 7.1 The proposal supports the [Asset Management Policy](#) 2022/23 to 2025/26 which has a key objective to manage, maintain, acquire and dispose of surplus property effectively, efficiently and sustainably, together with optimising financial return. In line with this strategy the County Council now proposes to dispose of its freehold estate in this property.
- 7.2 This proposal aligns with the Council Plan 2021 – 2025 by “Making the best use of our resources” a key objective being that we will maximise the use of our assets by disposing of surplus assets.
- 7.3 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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