

Report to Jeremy Hunt, Cabinet Member for Finance and Property

December 2023

Endorsement of Funding for access arrangements and planning, Centenary House, Durrington

Report by: Lee Harris, Director of Place Services

Electoral division: Worthing

Summary

Decision [FP07 22/23](#) declared Centenary House Durrington surplus to service operational requirements.

This surplus asset forms part of a freehold estate jointly held in trust by the County Council and Sussex Police, which limits plans for potential disposal and/or development of the site.

The report proposes the funding of an access road to provide Sussex Police with separate access, to support an agreement with Sussex Police to create separate ownership of two parts of the site and the commissioning of work to enable the land then owned outright by the County Council to proceed to planning.

Recommendations:

That the Cabinet Member for Finance and Property:

1. Endorses that the County Council enters into an agreement with Sussex Police to split ownership of the Centenary House, Durrington site, 60% to West Sussex County Council and 40% to Sussex Police as shown in the plan at Appendix A;
 2. Agrees funding up to £0.89m for technical design and construction of a new access (£0.63m) and service diversions (£0.26m), that will enable the land split;
 3. Approves the commencement of procurement via the Highway Maintenance Services Contract and delegates authority to the Director of Place Services for the award of contract for delivery of the access and service diversion works (a further decision report will be published as appropriate);
 4. Agrees to the County Council underwriting fees up to £0.64m for the cost of preparing and submitting an application to secure planning permission for the redevelopment of the Council land.
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Proposal

1. Background and context

- 1.1 The County Council's surplus asset, Centenary House, Durrington forms part of a freehold estate jointly owned with Sussex Police and Crime Commissioner (SPCC), limiting its potential disposal and or development due to the lack of distinct boundary between parties and constrained by shared and reserved access rights across the site.
- 1.2 The Council and SPCC have negotiated terms and conditions to physically divide the site based on the percentage of existing interest (WSSC 60/40 SPCC) and enabled by providing both with a distinct access to their proposed land allocation.

2. Proposal details

- 2.1 It is proposed that a new access is created to the site. This is critical to physically separating the Council's share of the site and enables a development opportunity or disposal to be brought forward.
- 2.2 As set out in the plan at Appendix A the proposal gives each party a distinct access to their proposed land allocation and crucially the Council takes sole control over its allocated area of land to the east, with exclusive rights to the existing Durrington Lane access (in the north-east).
- 2.3 A legal agreement will be drawn up to specify that the Council completion of the new access removes existing SPCC (and Custody Suite) vehicular access rights across the proposed Council land and removes any overage claims from any uplift in Council land value resulting from either an improved site layout served by its own access or a future planning consent for the Council land.
- 2.4 The Council will appoint technical advisors to finalise highway design and related agreements. An officer delegated decision will support procuring a highway improvement contractor through an existing Council framework. Work to construct the new access road and divert utility services is projected to begin on site in 2024 and be completed in 2025. Completion of this work will enable the separation of land ownership between the Council and SPCC as planned.
- 2.5 The Council established a joint venture (JV) with Lovell, part of the Morgan Sindall Group PLC, via key decision ([OKD69 20-21](#)) in March 2021. This joint venture was formed to carry out property development on the Council's surplus land specifically optioned. It also enables specified types of work such as the preparation for planning permission to be undertaken in relation to land which is owned by the Council but not yet allocated for joint development.
- 2.6 The Council will instruct the joint venture partnership via a limited agreement, to act as planning consultant. Lovell will be appointed by the JV to procure a professional team including architects, designers, surveyors, and engineers to prepare and submit a planning application to secure consent for residential development on the Council's land. The benefit and warranties associated with the planning design will be vested in the County Council. There is no commitment to option the site to the JV as a result of this instruction. Options for the asset will be considered and a proposal will be developed that will be subject to the usual internal governance.
- 2.7 The joint venture partner has agreed to fund the design and planning costs up to £0.64m, on the understanding that the Council underwrites these costs which are

repayable if the Council makes a future decision not to option the site to the JV and takes an alternative route in relation to the site.

- 2.8 The new access and a planning consent will both increase the council's land value and allow the site to be brought forward for development or for disposal with planning for a capital receipt. Other options will remain available for consideration as part of the decision-making process.

3. Other options considered (and reasons for not proposing)

- 3.1 An option appraisal explored the risk and benefits, with independent estate advice on alternative approaches, these included:

- 3.2 Option 1 – Retain for Council Office or Service Use.

All alternative service uses for the property have been explored prior to the site being declared surplus to operational requirements in August 2022.

Option 2 – Disposal.

The ability to attract market interest for capital receipt purposes is diminished as the WSCC site ownership is not defined. The location also has current access rights that represent a significant risk to obtaining best value for the site as it stands.

- 3.3 Option 3 - Do nothing.

With significant holding cost at the location this option is not advised.

4 Consultation, engagement, and advice

- 4.1 The local member for Northbrook supported proposals to declare the CHD land surplus and has supported regeneration. The County Council has worked closely with Sussex Police and Worthing Borough Council and has a project management arrangement in place providing governance over the scheme that provides clear and regular engagement with stakeholders.

- 4.2 The Council's Capital and Assets Board (officer board) has considered and supports the proposal and no material changes have since been made to the proposal or the recommendations.

- 4.3 Pre-application dialogue on the new access proposal was positively received by the local planning authority, Worthing Borough Council. On this basis the Council and SPCC submitted a joint application for a new access, supported by County Highways, and this is expected to be determined soon.

- 4.4 Positive pre-application discussions with the local planning authority have also taken place regarding the potential residential development. The Local Plan allocates the Durrington site for a mix of new homes and employment uses and this includes the Police and Custody Suite areas. Planning proposals would be subject to stakeholder engagement and statutory consultation.

- 4.6 Members of the Performance and Finance Scrutiny Committee have been briefed on the proposal and have provided comments ahead of the completion of this report. The eventual proposal for the future of the asset will be available for further scrutiny.

5. Finance

- 5.1 Revenue consequences – The table below sets out the expected impact upon holding costs, reflecting development or disposal from 2026/27:

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Holding Costs	0.30	0.30	0.30		0.90
Budget Available	0	0.30	0.30	0.30	0.90
Additional Pressure	0.30	0.00	0	-0.30	0.00

The current CHD site holding cost is estimated at £0.3m per annum. The National Non-Domestic Rates (NNDR) charge of £0.216m per annum makes up most of the cost, with the remainder relating to facilities management and site security. This will remain a cost to the Council until the surplus site is disposed of, or the building is demolished, however additional funding to cover the increased costs of holding the property has been included within the 2024-25 budget proposals.

- 5.2 Capital consequences – The Capital budget will fund new access and service diversion to separate site, with a contingency sum to cover the planning costs undertaken by JV, only repayable if the Council decide to dispose to market.

Expenditure	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Totals £m
WSCC - Design & construction of new access	0.10	0.70	0.09	0	0.89
JV - Planning Application*				0.64	0.64
Total Budget	0.10	0.70	0.09	0.64	1.53
Financing					
WSCC Borrowing	0.10	0.70	0.09	0	0.89
Joint Venture*	0.00	0.00	0.00	0.64	0.64
Total Budget	0.10	0.70	0.09	0.64	1.53

*Would need to be funded by WSCC Borrowing if the Council makes a future decision, not to option the site to the JV, and takes an alternative route to disposal.

- 5.3 The effect of the proposal:

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

The Council independent estate advisor, Montagu Evans, confirms that investment in new site access road and diversion of service infrastructure is vital.

This will separate the Council's interests from Sussex Police, giving the Council sole control over its surplus site. It will also attain best consideration by increasing the land value above the proposed expenditure. The advisor indicates the land value could further increase by combining the access with residential planning consent. Confidential commercial advice indicates variations to the land

value uplifts will depend on design of the final scheme, planning conditions, and or the form of disposal.

(b) Future savings/efficiencies being delivered.

Providing the access and service diversions satisfies the contract for separation with Sussex police and allows this challenging site to come forward for disposal, saving on significant holding costs for the council. Progressing a planning application simultaneously will decrease the delivery timeline by a projected two years against saving costs associated with maintaining the building.

(c) Human Resources, IT and Assets Impact

Expected Lifetime of Asset(s) - Positive

6. Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Separate Ownership of Site not secured	Negotiations for the legal agreement with SPCC are well advanced and here remains a positive engagement to complete the transaction on the terms proposed.
Shared Access to Site and access rights continue	The Council and SPCC have made a joint planning application for a new access supporting the separation of areas, each with its own access. These are beneficial to each party. The application has been positively received.
Council Land Value not achieved as projected	Independent estate advice confirms the proposals to construct access, separate site and obtain planning consent on surplus attains best consideration, maximises uplift and level of return.
Planning consent not secured	Stakeholder engagement is underway, planning authority supportive of potential development of the site.

7. Policy alignment and compliance

- 7.1 The redevelopment of the CHD surplus site meets key objectives set out in the County Council’s Asset Management Policy and Strategy, and priorities in Our Council Plan (2021-26), to make best use of resources and support our ambitions to be a net carbon zero organisation by 2030.
- 7.2 The new access and road will be constructed to an adoptable standard and regulations met, with agreements made with Highways to ensure quality of design and product adhered to, such as s278. The design for the Council surplus land will be compliant and secure planning consent and independent advisors will ensure that best consideration is attained for the Council land (Local Government Act 1972 section 123).
- 7.3 The implementation of investment proposals will have a positive impact on carbon reduction plans, by removing inefficient assets and revitalising the disused brownfield site, supporting local economic growth with community benefits and social value.

8. Policy alignment and compliance

- 8.1 The proposal aligns with Our Council Plan 2022-25 to champion the local economy and make the best use of our assets. The Council Asset Management Policy and Strategy (2022) supports the rationalisation of estate and offices and the key decision (FP07 22/23) declared CHD site surplus to service operational requirements (August 2022).

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Appendices

Appendix A – Site Map

Background papers

None