

Report To: Cabinet

Date of Meeting: 7th August 2023

Report Title: Land and Property Disposal Programme

Report By: Jane Hartnell, Chief Executive

Key Decision: Y

Classification: Open

Purpose of Report

To seek approval to the sale of four Council owned sites to generate capital receipts estimated at more than £3m which would help to reduce our over capital borrowing requirements and reduce potential interest costs.

Recommendation(s)

1. Add Land at rear of 419 to 447 Bexhill Road, Mayfield E, 12/13 York Buildings and land at Upper Wilting Farm, to the Council's Land and Property Disposal Programme.
2. Approve the disposal of the sites in accordance with section 123 of the Local Government Act 1972 [Local Government Act 1972 \(legislation.gov.uk\)](https://www.legislation.gov.uk).
3. Delegate authority to the Property & Commercial Assets Manager in consultation with the Leader of the Council and Finance Portfolio Holder to take all actions to dispose of the sites and agree the terms of the sales.

Reasons for Recommendations

1. Ahead of the wider Council strategic asset review we have conducted an initial review of the Council's assets and identified these sites can be brought forward for immediate sale for the reasons outlined in the report.
2. The sales will generate capital receipts currently estimated to be worth in the region of £3m. These capital receipts would then be reinvested into funding the capital programme and reduce external borrowing. This would therefore reduce our borrowing costs such as MRP (Minimum revenue Provision) as well as costly interest charges which are continuing to rise with interest rates.
3. This would have a beneficial impact on our revenue position and take some of the pressure off the Council services and general reserve balance which is continuing to be used to fund the revenue budgets for areas such as Homelessness.

Introduction

1. The Council's Land and Property Disposal Programme (the Programme) was adopted at Budget Council on 15 February 2023. The report recognised that the identification and sale of surplus or underperforming assets remains crucial to funding the Capital programme and minimising revenue costs.
2. One of the recommendations of the Local Government Association Finance Peer report was that we make changes to enable asset disposals to happen as urgently as possible. This should include having clear accountability and decision making on disposals.
3. The Council has commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to carry out a full strategic asset review to be completed by December 2023 with recommendations to follow. In the interim, in response to the urgency highlighted in the LGA report, officers have carried out an initial review and identified four sites to be disposed of as shown on the attached plans and described below.

Land at rear of 419 to 447 Bexhill Road (Bexhill Road south) and Mayfield E

4. These two sites were declared surplus to requirements some time ago and included in the Programme. Outline planning consents for residential development (Bexhill Road south for sixteen units and Mayfield E up to 38 units) were obtained to support their disposal but the sites were subsequently removed from the Programme so the option of the Council developing them directly could be explored.
5. A planning application for approval of reserved matters on Bexhill Road south was submitted in November 2022. This will be pursued and is expected to be decided sometime this year.
6. The current economic climate, the Council's financial position, the housing crisis and lack of capacity have caused us to reconsider our approach to delivering social housing on sites we have identified in our ownership that could be developed. The priority is to bring forward new housing units as soon as possible so our new approach, at least until we have additional officer capacity, will be to seek social housing partners to acquire and deliver on these sites. This should enable the sites to be developed at a quicker pace and generate capital receipts.
7. The Council's aspiration is to achieve 100% affordable housing on both sites.

12/13 York Buildings

8. This is a grade II listed building with a retail area on the ground floor plus associated basement storage and three upper floors converted to 6 x 1-bedroom flats. The Council has been considering options to bring the flats into use for social housing.
9. After much consideration it has now been concluded that due to the unique nature of the property it is unsuitable for social housing delivery. Therefore, the best option is to progress the freehold sale of the whole building including the retail element. As well as producing a capital receipt it will also relieve the Council of responsibility for the costs and management of maintaining the building which are significantly more expensive, and complex compared to traditional social housing.
10. The Council has started a conversation with Homes England about the grant funding which has been provided for the property.

Upper Wilting Farm

11. This lies outside the Hastings Borough boundary in Rother and various parcels, including the farm buildings, have previously been sold.
12. The remaining site is farmland extending in total to approximately 188 acres (76 hectares) and comprises a main block with two smaller parcels of grassland/woodland. Much of the southern areas of the main block is SSSI (site of special scientific interest). The land is let on a Farm Business Tenancy which ends on 24 March 2024.
13. The land has no immediate potential for redevelopment purposes (including housing/affordable housing) as it falls within the Strategic Gap designation of the Rother Local Plan which is designed to restrict/resist built development of all but very minor proposals only allowing development which is in keeping with the designation and part of the site is within Combe Valley Countryside Park.
14. The land currently produces a small amount of revenue giving a modest return and with the ending of the Tenancy this gives an opportunity to capitalise on the value by the sale of the freehold.

Risk Management

15. There are risks associated with disposing of land/property, but it is considered that the market conditions are currently suited to bringing forward the identified sites.

Conclusion

16. For the reasons outlined above it is recommended that the four sites are brought forward for disposal as soon as possible.
17. In the context of the ongoing review of the Capital Programme and assets held by the Council, it is imperative that all options are considered to help reduce the ongoing budget deficit. These additional Capital Receipts would have a significant positive impact on the Council's ability to fund its ongoing Capital programme whilst reducing its revenue burden.
18. As part of the Council's commitment to avoiding the issue of a Section 114 notice by the Section 151 officer it is recommended that these assets are therefore sold.

Timetable of Next Steps

19. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Agent/s appointed to market	Marketing proposals sought from agents	As soon as possible post Cabinet	Property and Commercial Assets Manager
Marketing begins	Timetable of marketing to be agreed with the appointed agent/s	To be agreed	Property and Commercial Assets Manager & appointed agent/s

Offer/s accepted & legal instructed to progress disposal	Detailed heads of terms agreed for sale	To be agreed	Property and Commercial Assets Manager & appointed agent/s
Sale/s complete & capital receipt/s received	Legal documentation drafted and agreed then transfers completed	To be agreed (but likely to be 24/25)	Legal Services

Wards Affected

Castle; Hollington; West St Leonards;

Policy Implications

Reading Ease Score: 83%

Have you used relevant project tools? Y/~~N~~

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y/ N
Crime and Fear of Crime (Section 17)	Y/ N
Risk Management	Y/ N See report.
Environmental Issues & Climate Change	Y/ N
Economic/Financial Implications	Y/ N See report.
Human Rights Act	Y/ N
Organisational Consequences	Y/ N This will require officer capacity but will also reduce deficit.
Local People's Views	Y/ N
Anti-Poverty	Y/ N
Legal	Y/ N Advice has been sought from legal services regarding the potential freehold disposals and any title considerations.

Additional Information

Budget Council Report 15 February 2023 - Revenue Budget 2023/24, and Capital Programme 2023/24 to 2025/26
 Cabinet report 1 August 2022 – York Buildings
 Cabinet report 7 March 2022 – Affordable Housing Development

Officer to Contact

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