

Report to: Cabinet

Date of Meeting: 29 January 2024

Report Title: Land off Sidney Little Road

Report By: Amy Terry
Property & Commercial Assets Manager

Purpose of Report

To seek approval to proceed with the sale of the land.

Recommendation(s)

- 1. To add the land to the Council's Land and Property Disposal Programme.**
- 2. Approve the disposal of the land in accordance with section 123 of the Local Government Act 1972.**
- 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 land and agree terms of the sale/s.**

Reasons for Recommendations

- Ahead of the wider Council strategic asset review we have conducted an initial review of the Council's assets and identified the land can be brought forward for immediate sale for the reasons outlined in the report.
- The sale could generate capital receipts currently estimated to be worth in the region of £0.9m. The 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.
- 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.

Background

1. The Council owns two areas of land off Sidney Little Road know as Plot PX and Plot NX2 and NX3 as shown on the attached plan.
2. Plot PX adjoins the newly constructed Churchfields Business Centre. It measures approximately 0.94 hectares (2.32 acres) and is allocated for Employment B use classes in the Local Plan: site reference GH8.
3. Plot NX2 and NX3 is south of Plot PX and adjoins a row of units let on a ground lease (Plot NX1). It measures approximately 0.5 hectares (1.24 acres) and is also allocated for Employment B use classes in the Local Plan: site references GH9 and GH11.

Appraisal of Options

4. Council to develop – the Council is not in a financial position to develop these sites and not likely to be in the foreseeable future. This option has been explored extensively in the past and we were unable to identify an end user who could cover the uplift in rent to fund the development costs. No other interested party has come forward. External funding schemes have also been explored, with adjoining land (Churchfields Business Centre) being funded via a combination of grant and core funding. Current regeneration funding is focused more on the town centre and/or on schemes which will be of a smaller nature, and we are not expecting being able to utilise external funding to subsidise build costs and therefore create an affordable market rent for the final unit.
5. Dispose by long lease – unlikely to be market interest.
6. Dispose of freehold – given there is a scarcity of development land available within the area and there is currently still demand for smaller commercial units we consider that selling the land would enable either owner occupiers to develop a unit/units for their own occupation or the private sector to develop. The adjoining Churchfields Business Centre was built to a very high sustainable standard and its hoped this and the infrastructure etc. would encourage similar development here.

Proposal

7. Below is an assessment using the Council's RAG rating system.

Front line service usage – with public access	Suitability - Access/ location in line with Corporate plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve Net Zero	Overall
N/A	N/A	N/A	N/A		Sales valuation estimated £0.9m	N/A	N/A	Will have to meet minimum Building Regulations requirements	Disposal candidate

8. Section 123 of the Local Government Act [Local Government Act 1972 \(legislation.gov.uk\)](http://legislation.gov.uk) provides as follows:

Disposal of land by principal councils.

(1) Subject to the following provisions of this section, and to those of the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Measure 2010, a principal council may dispose of land held by them in any manner they wish.

(2) Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.

(2A) A principal council may not dispose under subsection (1) above of any land consisting or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and consider any objections to the proposed disposal which may be made to them.

9. As the land is likely to fall within the definition of open space, we will place an advert in the Hastings and St Leonards Observer and consider any objections. To enable us to achieve best consideration we would appoint suitably experienced external commercial Agents to market the land and provide as necessary advice on any offers received. The Chief Finance Officer be asked to vouch for the skill sets of the external Agent.
10. The proposal meets the objective in the Corporate Plan to make best use of our land, buildings, public realm and cultural assets.

Economic/Financial Implications

11. The land does not produce any revenue and there are holding costs incurred for managing/inspecting etc.
12. The cost of disposal will comprise: the local newspaper advert (circa £450), officer time from Estates (estimate £8,000) and Legal (estimate £5,000), and Agents fees (likely to be 1-2% of the sale price) total circa £32,000.
13. If an acceptable offer is received and the land is subsequently sold this will realise a capital receipt for the Council and eliminate holding costs (management etc.). It should also enable the sites to be brought forward for development to provide premises for local or new/new to the area businesses supporting jobs and generating business rates.

Risk Management

14. We consider that current market conditions are suitable to dispose of the land but if acceptable offer/s are not received we would not progress with selling.

Recommendation

15. For the reasons outline above it is recommended that the land is added to the Council's Land and Property Disposal Programme and action is taken to dispose of it for the best consideration that can reasonably be obtained.

Timetable of Next Steps

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

Action	Key milestone	Due date (provisional)	Responsible
Get quotes from Agents to market	Appoint Agent to market	ASAP after Cabinet	Property and Commercial Assets Manager
Market for sale	Agent to prepare particulars then market	February 2024	Property and Commercial Assets Manager/appointed Agent
Accept offer	Consider offers	Closing date TBD	Property & Commercial Assets Manager in consultation with the Leader of the Council and Finance Portfolio Holder
	Agree heads of terms for sale with successful bidder	After offer accepted in principle	Property & Commercial Assets Manager/appointed Agent
Complete sale	Legal instructed Contracts exchanged Sale completes	Timescales depend on whether sale is subject to planning	Property and Commercial Assets Manager/Legal

Wards Affected

Hollington

Implications

Relevant project tools applied? Yes/No

Have you checked this report for plain English and readability? Yes/No

Climate change implications considered? Yes/No

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

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix 1 - plan.

Officer to Contact

Amy Terry
aterry@hastings.gov.uk
01424 451640
