

PROPERTY DISPOSALS UPDATE

Cabinet – 5 November 2015

Report of Chief Officer Communities & Business

Status: For Approval

Key Decision: Yes

Executive Summary:

This report updates Members on the disposal of surplus property assets at Timberden Farm, Shoreham and seeks approval to agree terms for the disposal of Lots 2, 3 and 4.

This report supports the Key Aim of Value for money

Portfolio Holder Cllr Fleming

Contact Officer(s) Mark Bradbury Ext. 7099

Recommendation: That Cabinet approves the disposal of surplus land at Timberden Farm comprising Lots 2, 3 and 4 for the sum of £825,000 and delegates authority to the the Head of Economic Development and Property to agree detailed Heads of Terms.

Reason for recommendation: Disposal of surplus and underperforming assets will generate capital receipts that can be reinvested in higher performing assets in accordance with the Council's approved Property Investment Strategy.

Introduction and Background

- 1 At its meeting on 25 March 2014 the Finance & Resources Advisory Committee recommended to cabinet that they approve the disposal of a number of properties including Timberden Farm, Shoreham
- 2 Cabinet on 10 April 2014 approved the disposals in principle.
- 3 Timberden Farm was extensively marketed in 2014 in 4 lots or as a whole. No offers were received for the whole and no offers or combination of offers were received at a level which could be recommended.
- 4 Cabinet on 11 December 2014 agreed that the property would be withdrawn from the market and remarketed in summer 2015.
- 5 In the intervening period a number of alternative options for the disposal of Timberden Farm were considered and after due consideration 3 options were

presented to the Policy and Performance Advisory Committee on 9 June 2015 and Cabinet on 16 July 2015 for consideration.

- 6 Cabinet resolved that the Council should :-

Pursue planning consent for a mixed residential and employment use on the agricultural buildings, develop and sell the residential property (with adjacent land for equestrian/smallholding use) and lease and retain the employment unit as an ongoing investment. Remarket the balance of the land.

- 7 Consultants have been appointed to pursue planning consent for the reuse of the redundant agricultural buildings. Three options have been prepared and these are currently being appraised for both their viability and delivery. A verbal update on progress will be presented at the meantime.

Disposal

- 8 In the meantime the Council's agents, Carter Jonas have re-approached all parties who had previously expressed an interest in acquiring significant areas of the farm (the previous Lots or areas of similar extent) or the whole farm as well as marketing the opportunity to their extensive database of interested parties. Following expressions of interest from several parties Final and Best offers were invited by 2 October 2015.
- 9 4 offers were received.
- 10 2 of these were for very small parcels of land and cannot be recommended for acceptance.
- 11 1 offer was for Lots 3 and 4 (the two parcels facing Shoreham Village) in a combined bid from a local farmer and a charitable trust. It is proposed that ownership would be split between the two parties but the land would be managed by the farmer.
- 12 The offer is at £355,000 which falls significantly below the revised guide price of £500,000 agreed with Carter Jonas and the Council's asset valuation carried out in March 2015. Acceptance of this offer would also leave the Council with ownership of Lot 2 for which there have been no individual offers in either marketing campaign.
- 13 1 offer is for the whole of the land offered, Lots 2, 3 and 4, and is from a private investor with a significant property portfolio generating income of c £1 million per annum. The bidder has provided evidence of his financial standing and ability to complete a purchase this financial year. He already owns 3 other farms and his intention is that the property will be leased for grazing on Farm Business Tenancies or Licences.
- 14 The offer is at £825,000 which although below the revised guide price of £900,000 agreed with Carter Jonas, is consistent with the asset valuation carried out in March 2015.

- 15 The offer is subject to the purchaser being given an option to acquire Lot 1 should the council decide to sell this in the future. It is considered that this can be accommodated subject to an independent red book/market valuation at the time.
- 16 Carter Jonas have recommended acceptance of this offer (see their report at Appendix A) and the Head of Economic Development recommends acceptance.

Shoreham Parish Council

- 17 Shoreham Parish Council (through their Chair) has been consulted on the disposal process and have advised that they do not have funds to offer for the land themselves.
- 18 They have indicated that they would prefer the District Council to sell Lots 3 and 4 to the local farmer and charitable trust on the basis that this would give them greater reassurance that the land would be managed in the best interests of the local community and that there is less risk of a future application for development on the site.
- 19 They have expressed concern that a purchaser without existing agricultural buildings in the area may in future argue that new buildings are required to viably farm the land. They have also expressed concern that such buildings could later be converted to other uses. We have raised this with the proposed purchaser who advises :-

As far as the use of the land is concerned he will be letting it in the short term under FBT's or licences and expects that local parties will be his tenants. In this regard it is entirely possible that these users will have their own facilities in the immediate vicinity. The only occupiers who may not would be equestrian users who may need field shelters.

- 20 There are a variety of mobile/temporary field shelters on the market which used correctly may not require planning consent and would not create a building capable of conversion.

Conclusions

- 21 The surplus land at Timberden Farm has been extensively marketed across two separate campaigns. An offer has been received for the three Lots that the council wishes to be disposed of at a level which can be recommended by the Council's agents and Head of Economic Development as representing Open Market Value and is consistent with the current asset valuation. It is therefore recommended that the offer be accepted and the Head of Economic Development be authorised to agree detailed terms.

Key Implications

Financial

Disposal of surplus and underperforming assets will generate capital receipts that can be reinvested in higher performing assets in accordance with the Council's approved Property Investment Strategy

Legal Implications and Risk Assessment Statement.

Resources from the Council's legal team are and will continue to be needed to complete the disposal process.

No significant risks have been identified for the council in progressing the sale. The land is not required for operational purposes. There is a risk that a purchaser may seek to develop the land in the future but that risk is inherent in all land disposals. In this instance there are existing clawback provisions in respect of part of the land and the land's setting within the Green Belt and ANOB provides a significant level of protection.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices: Carter Jonas Marketing Report

Background Papers: None

Lesley Bowles

Chief Officer Communities & Business