

SURREY COUNTY COUNCIL**CABINET MEMBER DECISION**

DATE: 17 DECEMBER 2024

REPORT OF CABINET MEMBER: NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY, WASTE AND INFRASTRUCTURE

LEAD OFFICER: DIANE WILDING, DIRECTOR OF LAND AND PROPERTY

SUBJECT: DISPOSAL OF LAND AT SPITAL HEATH, DEEPDENE AVENUE, DORKING

ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES

Purpose of the Report:

This report seeks Cabinet Member approval to the terms agreed for a joint disposal of land at Spital Heath, Deepdene Avenue, Dorking in conjunction with the Surrey Police and Crime Commissioner (the Police).

A separate part 2 report contains information which is exempt from Access to Information Requirements by virtue of Schedule 12A Local Government Act 1972, paragraph 3, "Information relating to the financial or business affairs of any particular person (including the authority holding that information)".

Recommendations:

It is recommended that the Cabinet Member for Property, Waste and Infrastructure:

1. Approves the disposal, in conjunction with the Surrey Police and Crime Commissioner on the terms and conditions, and to the party, outlined in the part 2 report.
2. Delegates authority to the Director of Land and Property, in consultation with the Executive Director for Environment, Property and Growth to finalise a best value transaction and conclude all associated legal agreements.

Reason for Recommendations:

- Cabinet has endorsed rationalisation of the surplus estate, and the Cabinet Member has previously formally declared lands at Spital Heath, Deepdene Avenue, Dorking surplus to operational requirements. The transaction offers an opportunity to secure a capital receipt on an asset that is otherwise landlocked by land owned by the Police.
- Completion of the transaction will be conditional upon the outcome of planning proposed by the purchaser as outlined in the part 2 Report.

Executive Summary:

1. The outcomes reported follow on from the previous report and surplus declaration approved by the Cabinet Member on 29 October 2024 (Appendix 1).
2. A comprehensive and competitive marketing exercise has been carried out by consultants, Vail Williams, since July 2024 on lands at Spital Heath Dorking extending to 1.32 acres together with 3 houses. Surrey County Council (the Council) own 0.4 acres of non-highway verge land within the parcel, but this is landlocked by the Police ownership. (Marketing brochure Appendix 2)
3. Based on the land description previously reported the parties have agreed a price and cost sharing arrangement noting the Police own the larger element of the land plus the 3 extant houses together with full access control to the County's landlocked parcel.
4. Agreement with the Police included:
 - Open marketing via the Police's appointed framework agents (Vail Williams).
 - Joint review of all offers to demonstrate best value.
 - Overall division of proceeds and marketing costs.
 - Both parties responsible for managing their own land parcels but enabling any site surveys required.
 - Both parties bearing their own legal costs.
 - Subject to Contract and appropriate Governance approvals.
5. Options considered as part of collaborative discussions for a marketing proposal included:
 - i) A disposal unconditional on planning: This normally gives a lower land value as the purchasers take on the full site and planning risk, including potential ground condition issues. This option would provide the least risk to a disposal for both parties.
 - ii) A disposal conditional upon planning: On this basis a sale would be subject to the successful outcome of planning submitted by the successful bidder. This would pass controls on planning over the site to a third party and defers any capital receipt until all conditions are satisfied, whilst both the Council and Police still hold the land risk in the interim.
 - iii) The Council and/or Police submitting and securing an outline scheme to de-risk a future sale. This activity would require direct investment in town planning, ground, and site survey activities - but may not ultimately be used by a bidder (i.e. a consented scheme for houses jettisoned by a roadside developer bidder).
 - iv) The Council could reject the approach and keep the status quo of managing the roadside parcel (via highways maintenance)

Options (i) and (ii) were the recommended ways forward and the parties agreed key principles including the price sharing mechanism and their governance controls.

6. The land owned by The Council is not part of the adopted highway. Any planning application that may be submitted to the local planning authority, Mole Valley District Council, will still require the Council to act as statutory consultee on highway matters relating to any development proposals.

7. Conclusions

The Council has had an opportunity to facilitate an added value, disposal opportunity alongside its public sector stakeholder, the Surrey Police and Crime Commissioner.

Following a comprehensive marketing campaign, terms have been agreed as outlined in the part 2 report.

8. Risk Management and Implications:

	Risk Description	Mitigation
1	Planning permission	The purchaser will be fully responsible for funding and securing their own consent, whether and unconditional or conditional sale is pursued. The Planning authority is Mole Valley District Council.
2	Bidders withdraw	Ability to remarket site.
3	Vacant site	The Council site will continue to be managed until completion via its highway maintenance contract
4	Cost increases: Inflation and Market Costs	All funding and construction risks are passed to the purchaser.
5	Contract period	The parties have agreed to a long stop date to any contract for sale, aligned to the outcome of planning and /or appeal as may be required.
6	Net Zero Carbon targets	The purchaser will be responsible for delivery of all design and net zero carbon standards, within policies adopted by Mole Valley District Council.
7	Site/ground conditions	The purchaser will undertake their own due diligence and surveys at pre contract stage.

Financial and Value for Money Implications:

9. The proposal arises from collaborative discussions between The Council and the Police for a joint open marketing campaign, details of which are outlined in the part 2 report.
10. There is an added value benefit to be secured through joint marketing given the parties adjacent land interests, noting the Police land enables access for the Council land, whilst the Council land provides best roadside viability to the Police land.
11. A value sharing mechanism has been agreed between the parties.
12. Land maintenance and twice-yearly mowing is carried out by the highways team as part of its wider highway contract arrangements, and thus the transaction will secure a small revenue saving once a sale is concluded.

Section 151 Officer Commentary:

13. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. The Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost-of-service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
14. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/5 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for most of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, to ensure the stable provision of services in the medium term.
15. The proposal in this report supports the wider strategy for asset rationalisation and the capital receipt supports the funding of the capital programme, as assumed in the MTFs. There is minimum revenue impact. As such, the Section 151 Officer supports the recommendation.

Legal Implications – Monitoring Officer:

16. This paper seeks Cabinet Member approval to the disposal of land at Spital Heath, Deepdene Avenue, Dorking under a collaborative arrangement with the Surrey Police and Crime Commissioner.
17. Under Section 123 of the Local Government Act 1972 (LGA 1972), local authorities have the power to dispose of land in any manner they wish, subject to the disposal being for the best consideration reasonably obtainable. In pursuing any options to dispose, the Council should ensure that the price for any such disposal is 'market value' to comply with Section 123 LGA 1972.
18. The Cabinet Member has previously declared this asset surplus to operational requirements (29th October 2024).
19. Due regard to the Council's fiduciary duties to residents in respect of utilising public monies should be considered, and the Cabinet Member will want to satisfy themselves that the recommendations set out in this report represents an appropriate use of the Council's resources.
20. All relevant steps and necessary checks as to the source of funds should be carried out during the transaction in accordance with the Council's Anti-Money Laundering procedures.
21. This disposal is conditional on the purchaser's ability to obtain planning permission for the site. It should be noted that there is no guarantee that any such permission will be granted by the relevant Local Planning Authority, and this is outside of the Council's control.
22. Legal advice is commissioned to ensure the Council meets its obligations throughout all stages of the process.

Equalities and Diversity:

23. A full Equality Impact Assessment is not needed as this proposed disposal does not impact adversely on any specific parties, but a sale is seen as a benefit for the wider community given it will be brought back into full use through redevelopment.

Other Implications:

24. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/ Looked After Children	None arising from this report.
Safeguarding responsibilities for vulnerable children and adults	None arising from this report.
Environmental sustainability	None arising from this report.
Compliance against net-zero emissions target and future climate compatibility/resilience	A property disposal has no specific implications. Future development if pursued falls within Mole valley District Council planning and Net Zero Carbon policy frameworks otherwise supported by the Council.
Public Health	None arising from this report.

What Happens Next:

25. Lawyers are instructed to work jointly with the Police to secure early contracts based on the transaction outlined in the part 2 report.
26. The successful bidder will be fully responsible for securing their own planning consent and both delivering and managing the scheme, together with managing all local stakeholder enquiries.

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Consulted:

- Natalie Bramhall, Cabinet Member for Property, Waste and Infrastructure
- Simon Crowther, Executive Director, Environment, Property and Growth
- Diane Wilding, Director, Land and Property
- Colin Galletly, Assistant Director, Estates
- Local Member
- Property Panel and Capital Programme Panel members
- Legal teams (Kara Burnett, Property Legal team)
- Finance team (Louise Lawson and Rachel Wigley)

Sources/background papers:

Appendix 1 Cabinet member decision 29 October 2024
Appendix 2 Vail Williams Marketing Brochure
Appendix 3 Vail Williams Report and Recommendation (Part 2)
