

SURREY COUNTY COUNCIL**CABINET**

DATE: 26 NOVEMBER 2024

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

LEAD OFFICER: SIMON CROWTHER, EXECUTIVE DIRECTOR PROPERTY, ECONOMY AND GROWTH

SUBJECT: DISPOSAL OF THE FORMER ABBEYWOOD CARE HOME, ASH

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 approval of Cabinet to the freehold disposal of the former care home at Abbeywood, Ash, following an open market campaign. The asset is offered with full vacant possession and the transaction conditional on several factors outlined in this report.

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 Cabinet:

1. Formally declares the asset surplus to operational requirements.
2. Approves the sale of the former Abbeywood Care home at Ash to the party noted in the part 2 report and on the terms recommended.
3. Delegates authority to the Executive Director Environment Property and Growth, in consultation with the Director of Land & Property, to finalise the transaction and conclude all associated legal agreements.

Reason for Recommendations:

Cabinet has previously endorsed rationalisation of the surplus estate, and the reported bid follows an open marketing campaign of the former Abbeywood care home at Ash, where bids were received after eleven viewings and enquiries. The bids are as reported in the part 2 report.

Full status and funding enquiries have been made of the recommended bidder and further information on the company is in the part 2 report.

To enable the disposal, Cabinet is to formally declare an asset surplus to operational requirements under the Surrey County Council's (The Council) Constitution.

Executive Summary:

1. The property comprises of a purpose-built care home that was constructed in the 1980s and provided accommodation for up to fifty-one occupiers over ground and first floors. The asset was formally closed by the Council in 2022 as deemed not fit for purpose and has been vacant since.
2. The asset sits on a site extending to 0.4 hectare (1.04 acres).
3. At close of marketing, a range of bids were received from a mix of private sector residential and care home developers (see part 2 report).
4. All bids were reviewed for deliverability risk between our agents and planning consultants against which recommendations were made. The full capital receipt has been forecast in Medium Term Financial (MTFS).
5. Although the Council continues to bring forward projects for care, extra care and supported living schemes across its Adult and Children Services, the Abbeywood site has been rejected as it does not support their current modelling and locality needs. On that basis it is recommended as a surplus declaration.
6. Options considered as part of the pre-marketing included:
 - i) Demolition of the asset to mitigate site security risk, and void holding costs. Estimate demolition and full site clearance £225,000. Year 1 void costs include site hoarding and security of £50,000.
 - ii) 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.
 - iii) A disposal conditional upon planning: On the basis that 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 the Council still holds the land risk in the interim.
 - iv) The Council submitting and securing an outline scheme to de risk a future sale. This premarketing activity would have required direct investment in town planning, ground and site survey activities, but may not ultimately have been used by a bidder (i.e. a consented scheme for houses would be jettisoned by a care home developer bidder).
 - v) Retained service use: After extensive reviews across all services, the asset was not required, hence this report seeks a formal surplus declaration.
 - vi) Halsey Garton Residential (HGR) declined the opportunity on the grounds that it does not take on speculative development risk and its current portfolio is currently existing income producing assets. Whilst the Council is keen to support housing of all types, it is not a direct housing developer.

7. The site is a previously developed site within the urban settlement boundary. As such, it is in an area where the principle of development is supported as it makes the most efficient use of land in the most sustainable areas of the district. Furthermore, the site exists within a defined urban settlement, Ash, which remains a focus for new housing as outlined by the emerging Local Plan. The part 2 report includes the Agents report and recommendations and the schedule of bids.
8. Legal Services has been appointed to provide conveyancing services and to ensure all disposals accord with statutory obligations.

Risk Management and Implications:

	Risk Description	Mitigation
1	Planning permission	The purchaser would be fully responsible for funding and securing their own consents as may be required
2	Bidders withdraw	Ability to remarket site
3	Cost increases: Inflation and Market Costs	All funding and construction risks are passed to the purchaser
4	Delay to Project or Non delivery	See part 2 report.
5	Net Zero Carbon targets	Any new development will have to accord with Waverley Borough Council planning policy and design standards, which include NZC targets.
6	Site/ground conditions	The Purchaser will undertake early due diligence and their own surveys to confirm their bid
7	Site security	See part 2 report

Financial and Value for Money Implications:

9. The transaction arises from an open marketing campaign which secured valued bids as outlined in the part 2 report.
10. The recommended bid was confirmed as supporting best value by the marketing agents and their summary report, is attached as an Appendix 1, part 2 report.
11. After extensive reviews across all services, the asset is not required for other capital schemes. The receipt will contribute to the MTFS capital receipt targets and the sale will ensure there are no ongoing revenue and void costs to maintain the site, (which are currently estimated at £25,000 per annum). This saving is assumed in the MTFS.
12. Legal Services has been instructed to conclude conveyancing matters and to ensure the Council complies with its legal and statutory obligations.

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. Surrey County 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 rationalisations and the capital receipt supports the funding of the capital programme, as assumed in the MTF5. Furthermore, there is a small revenue saving for this building as assumed in the MTF5. As such, the Section 151 Officer supports the recommendation.

Legal Implications – Monitoring Officer:

16. This paper seeks Cabinet approval for the disposal of the former Abbeywood Care Home, Ash, as outlined in the part 2 report.
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. It is noted that Cabinet have also been asked to formally declare this asset as surplus to operational requirements at recommendation 1. For any such declaration, all relevant guidance and the Council's internal processes must be followed.
19. Cabinet is under fiduciary duties to residents in respect of utilising public monies and Cabinet Members will want to satisfy themselves that the recommendations set out in this report should represent 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. It is noted that the title to the property contains restrictive covenants which could impact the future use of the site. Due diligence should be undertaken to facilitate the disposal.
22. Legal advice should be sought at all relevant stages to ensure the Council meets its obligations.

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 enable the asset holding to be regenerated.

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 refurbishment or development if pursued falls within Waverley Borough 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 and seeking to exchange early contracts and completion of the land transfer, subject only to Cabinet approval.

26. The purchaser will be fully responsible for the delivery and management of any scheme, together with managing all local stakeholder enquiries.

Report Author: Graham Glenn Head of Acquisitions and Disposals Tel: 07890 561245

Consulted:

- Natalie Bramhall, County Cabinet Member, Property, Waste & Infrastructure
- Simon Crowther, Executive Director, Environment, Property and Growth
- Diane Wilding, Director of Land and Property
- Colin Galletly, Assistant Director, Estates
- Local Member
- Asset Strategy Board
- Property Panel and Capital Programme Panel
- Property Legal Teams (Kara Burnett)
- Finance Team (Louise Lawson, Rachel Wigley)

Appendices:

See part 2 report.

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