

SURREY COUNTY COUNCIL**CABINET MEMBER FOR PROPERTY, WASTE AND
INFRASTRUCTURE, NATALIE BRAMHALL****DATE: 25 JUNE 2024****LEAD OFFICER: SIMON CROWTHER, DIRECTOR OF LAND & PROPERTY****SUBJECT: PROPOSED DISPOSALS BY AUCTION AND ASSOCIATED
SURPLUS ASSET DECLARATIONS****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 from the Cabinet Member for Property, Waste and Infrastructure, in conjunction with the Leader and Deputy Leader to:

- i) confirm surplus declarations on a specific set of assets to facilitate their earliest disposal by auction, and
- ii) to delegate authority to the S151 Officer consultation with the Director of Land and Property to secure best value from their release and to agree “auction reserve prices” - minimum acceptable price for assets.

Securing the release of assets from any service operational need at the earliest point, supports the process for disposal.

Cabinet Member approval (in conjunction with the Leader and Deputy Leader) is sought to authorise surplus declarations and subsequent disposals where a capital receipt is below £1m. Disposals above £1m would require full Cabinet approval. The properties in this Report have been specifically identified for sale by auction with values unlikely to exceed £1m. Some assets may be subject to value bids prior to auction and opportunities to contract sales ahead of an auction will be entertained.

The results of auction sales will be reported separately as part of the monitoring of the County Councils Capital Receipts programme.

Recommendations:

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

1. Declares the assets, outlined in this Report, as formally surplus to operational requirements (and agrees same in conjunction with the Leader and Deputy Leader).
2. Delegates authority to the Section 151 Officer in consultation with the Director of Land & Property in consultation Executive Director – Environment, Infrastructure and Growth to secure best value from the assets released; and

3. Delegates further authority to those officers to agree minimum reserve prices, any specific covenants on the sale of assets to be sold through auction, to finalise each transaction, and enter into all associated legal contracts (including private treaty if assets can be sold prior to auction).

Reason for Recommendations:

The proposed disposal of the assets (as referred to in Part 2) requires formal declaration surplus to Service operational requirements to allow them to be taken forward for disposal.

This list of assets is identified for sale by auction reflecting their individual circumstances usually around site or Land Title issues. A sale by auction route enables an early conclusion of a sale and ideal for sets of low value or constrained assets.

Executive Summary:

1. The County Council's Corporate Plan sets out its ambition to ensure best and efficient use of its resources to support all of its communities.
2. The Asset and Place Strategy 2019 emphasises an objective to acquire, manage, maintain and dispose of its property assets effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities.
3. This objective includes identifying opportunities for rationalisation, disposal or redevelopment of assets no longer required for operational purposes. Declaring properties surplus is part of the process to deliver the strategy and allows further decisions to be made regarding properties that are no longer needed for operational service purposes.
4. For individual asset disposals, the Council may or may not impose covenants or specific obligations on a purchaser. Mechanisms are usually put in place to protect specific uses, ensure obligations are met or simply to protect the Council in the event of longer-term excess value being released for which the Council might seek further payments.

Covenants are registered on Land Registry title documents and highlight to an owner, (or future purchaser and their legal advisors) the requirement to seek consent for future changes to any previously agreed contractual obligations (for which the Council may seek to secure an additional payment for their variation)

Examples might include:

- i) Imposition of Covenants on a plot of land that limit use of the asset to say a single dwelling or for specific purposes only.
- ii) Boundary treatments and maintenance
- iii) where a purchaser secures a more valuable planning consent within an agreed number of years following the grant of an initial planning permission (also known as Overage).
- iv) where a purchaser sells a site within an agreed period then the Council would seek an agreed percentage share of any uplift in value, less any qualifying deductions such as planning and legal costs (also known as Clawback).
5. Given the small-scale nature and often "difficult" type of asset released for auction, a balance has to be reached between imposing restrictions and limiting marketability.

The main advantage of a disposal via auction is the short and certain timescale for the sale, with exchange of contracts occurring on the day of the auction. Typically, the sale would complete 28 days after exchange.

6. It is proposed to declare the following property assets surplus to operational requirements, on the basis that there is no current operational service need for any of the assets, and to pursue a disposal via auction given their nature and status:
 - **Land adjoining 42 Church Road Oxted**, *Single plot with highway access constraints*
 - **Howfield Cottage, Connaught Road, Woking.**, *Canal side cottage in need of modernisation*
 - **124 High Street Knaphill Woking**, *Two-bedroom semi-detached house with garden in need of modernisation*
 - **Limberlost, Laleham Reach Chertsey**, *Derelict chalet on plot of riverside land with access and flood constraints.*
 - **Land at 18 Riverside Laleham Reach Chertsey**, *Landlocked parcel adjacent Thames frontage with no access rights.*
 - **Bramley Grounds Maintenance Depot Gosden Common Bramley**, *Overgrown single plot with derelict barn in semi-rural location with access rights to be formalised.*
 - **Bloggs Way, Cranleigh, GU6 8AR**, *Modular building and parcel of land with narrow access road off High Street.*
 - **Land adjacent Fountain Cottage, The Marld Ashtead**, *Former highway depot (subject to garden licence) with adjoining electricity sub-station (under long peppercorn lease).*
 - **Amenity Land off the Driftway, Nork Banstead**, *Two adjoining areas of amenity land (one used by adjoining school as Temporary Nature Area, the other held by way of garden licence to adjacent residents); limited development opportunity due to Local Plan Urban Open Space provisions.*
 - **Land adjoining 13 Island Farm Rd West Molesey – Surplus** *former educational land); development opportunity compromised by sub-surface major Thames Water pipeline.*
 - **Land and Building adjacent the new Sycamore Centre Epsom**, *Landlocked residual building and parcel with conversion potential*
 - **St David Close Reigate**, *non-adopted highway (cul de sac)- in residential setting*
 - **Land at Bury Close Horsel Woking**, *non-adopted highway comprising front section of cul-de-sac (as owned by SCC) which is poor condition - in residential setting; rear section of cul-de-sac (plus garaging) is subject to third party ownerships.*
 - **Garage at 50 Milton Road, Caterham**, *Single garage in block of 4 beneath a two-storey maisonette.*

- **Land parcels north of 38 & south of 24 St Martins Close, East Horsley, Two separate non-adopted highway verge parcels - potential house plots.**
- **Land at The Willows Ash Vale, Vacant plot adjacent Basingstoke canal, former storage area for Basingstoke Canal Authority. Adjoining access strip to be retained by SCC to enable access to/from Frimley Road to canal.**
- **Land adjacent 2 Park Road Redhill Parcel of land comprising former accessway.**
- **Land west of 52 & 54 Oxenden Road, rear 4 Phillips Close Tongham Parcel of overgrown and wooded lands.**

Land on west side of Oxenden Road Tongham Parcel of wooded land close to A331 and A323 junction.

Consultation:

7. Services have been briefed through Land and Property Strategy and Planning teams on the wider proposals for declaring underutilised assets surplus to operational use, and none of the assets noted have been identified or requested for retention.
8. Property Panel (19/12/23). Asset Strategy Board, Executive Directors and the S151 Officer.
9. The Cabinet Member has been fully briefed and Local Members will be advised of the intent of this Report, pertaining to any asset in their Ward.

Risk Management and Implications:

10. All vacant assets carry risk and associated costs – security and insurance risk, non-recoverable overheads, as well as adverse occupation and reputational risk.
11. Mitigating non recoverable holding costs, such as business rates or security costs can be offset by temporary meanwhile use opportunities providing such uses do not compromise the longer-term strategy for the asset or require significant investment to ensure statutory Health and safety compliance.
12. The assets identified for auction do not offer meanwhile use opportunities, and as a generality imposing restrictions on their Title as part of the sale can impact on disposal as noted above. The County Council will however seek to consider appropriate covenant matters for those individual assets identified as potentially offering future changes.
13. The Council remains in control of the sale as a reserve price (minimum price) can be set. If several buyers are bidding against each other, there is potential to achieve good results. However, this type of sale is at risk if there is a limited pool of potential buyers present at the auction. There is also a risk of the reserve price not being met and therefore the property remains unsold.

Financial and Value for Money Implications:

14. There is no immediate financial impact of this decision, as none of the assets have been generating income. An early decision to market does however enable revenue

efficiencies to be secured and void costs and security risks to be minimised as against continuing to hold an asset vacant for extended periods.

15. Disposals at auction (and on the open market) do incur legal and marketing costs and will be managed and procured through existing supply chains or frameworks.
16. The Medium Term Financial Strategy assumes a level of capital receipts and the recommendations in this report should expediate the receipts.

Section 151 Officer Commentary:

17. 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.
18. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 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 the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
19. The Medium Term Financial Strategy assumes a level of capital receipts to partly fund the capital programme, as such, the Section 151 Officer supports the recommendation.

Legal Implications – Monitoring Officer:

20. This paper seeks Cabinet Member approval for the disposal of various assets by auction sale. 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.
21. The Cabinet Member has been asked to formally declare the assets as surplus to operational requirements. For any such declaration, all relevant statutory guidance and the Council's internal processes must be followed. Any decision by the Cabinet Member should be made in consultation with the Deputy Leader and the Leader. Legal advice should be sought where required to ensure the Council meets its legal obligations.
22. With regard to any required expenditure (e.g., legal and marketing costs), the Cabinet Member will want to satisfy themselves that any expenditure represents an appropriate use of the Council's resources in accordance with their fiduciary duties to local residents in utilising public monies.

Equalities and Diversity:

23. This is a report dealing with a procedural matter only, so an Environmental Impact Assessment is not needed.
24. The proposal will bring continued social, environmental and economic benefits by ensuring surplus property is managed according to the County Councils Asset and Place strategy.

Other Implications:

25. 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. Assets not required
Safeguarding responsibilities for vulnerable children and adults	None. Assets not required
Environmental sustainability	None save that retention or sale can enable upgrading of assets upon redevelopment where applicable
Compliance against net-zero emissions target and future climate compatibility/resilience	None. Assets not required
Public Health	None. Assets not required

What Happens Next:

26. Formal surplus declarations enable work to continue to ensure best value is secured from each asset, with any specific stakeholder discussion, planning or disposal issues addressed as assets are brought forward to auctions over coming months.
27. External lawyers Irwin Mitchell is now appointed to prepare all necessary Auction Sale packs, and Auctioneers have been appointed from our Framework contract with Lambert Smith Hampton
28. Reserve prices and any specific Conditions of Sale (covenants etc) will be agreed. on a case-by-case basis to protect best value.
29. Outcome of Auction results will be reported in due course as part of the Capital Receipts monitoring activities.

Report Author:

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Consulted:

Asset Strategy Board

Property Panel

Finance Team, SCC

Legal Team, SCC

Natalie Bramhall, Cabinet Member - Property, Waste & Infrastructure, SCC

Simon Crowther - Director, Land and Property, SCC

Sources/background papers:

Corporate Plan

Asset and Place Strategy

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