

**SURREY COUNTY COUNCIL****CABINET**

<b>DATE:</b>	<b>26 NOVEMBER 2024</b>
<b>REPORT OF CABINET MEMBER:</b>	<b>NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY, WASTE AND INFRASTRUCTURE</b>
<b>LEAD OFFICER:</b>	<b>SIMON CROWTHER, EXECUTIVE DIRECTOR ENVIRONMENT PROPERTY AND GROWTH</b>
<b>SUBJECT:</b>	<b>DISPOSAL OF THE FORMER BARNFIELD CARE HOME AT UPFIELDS, HORLEY, SURREY</b>
<b>ORGANISATION STRATEGY PRIORITY AREA:</b>	<b>GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES</b>

<b>Purpose of the Report:</b>
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This report seeks approval of Cabinet to the freehold disposal of the former care home Barnfield on Upfields, Horley, following an open marketing campaign. The asset is offered with full vacant possession.

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)".

<b>Recommendations:</b>
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It is recommended that Cabinet:

1. Formally declares the asset surplus to operational requirements.
2. Approves the sale of Barnfield, Upfields, Horley, to the party and upon the terms outlined in the part 2 report.
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.

<b>Reason for Recommendations:</b>
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Cabinet has previously endorsed rationalisation of the surplus estate, and the recommended bid follows an open marketing campaign of the former Barnfield care home at Horley where a total of 10 bids (1 unconditional and 9 conditional) were received.

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

**Executive Summary:**

1. The property comprises a 2-storey former care home, gardens and parking originally comprising of sixty-three bedrooms. The asset was formally closed by the Council in 2023 as deemed not fit for purpose and has been vacant since.
2. The asset sits on a site extending to 0.62 hectares (1.55 acres).
3. At close of marketing, bids were received from a mix of private sector residential and care home developers with bids as outlined in the part 2 report.
4. Although the Council continues to bring forward projects for children's homes, care leavers, extra care and supported living schemes across its Adult and Children Services, the Horley site has been rejected as it does not support current modelling and locality needs. On that basis it is recommended as a surplus declaration.
5. Options considered as part of the pre-marketing 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.
  - ii) 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.
  - iii) 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 have been used by a bidder (i.e. a consented scheme for houses would be jettisoned by a care home developer bidder).
  - iv) Retained service use: After extensive reviews across all services, the asset was not required, hence this report seeks a formal surplus declaration.
  - v) 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.
6. The site is a previously developed site within the urban settlement boundary. As such, it is located 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.
7. A full schedule of bids received, and the agents' formal recommendations are attached as part 2 report - Appendix 1.
8. Legal Services has been appointed to provide conveyancing services and to ensure all disposals accord with legal and statutory obligations.

<b>Risk Management and Implications:</b>
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	<b>Risk Description</b>	<b>Mitigation</b>
1	Planning permission	The purchaser will be fully responsible for funding and securing their own consent on any redevelopment proposal or change of use
2	Bidders withdraw	Ability to remarket site
3	Cost increases: Inflation and Market Costs	All funding risks are passed to the purchaser
4	Net Zero Carbon targets	The Purchaser will be responsible for securing all required approvals, which include NZC targets, as part of their proposals to the planning authority Reigate and Banstead Borough Council.
5	Site/ground conditions	Refer to part 2 report

<b>Financial and Value for Money Implications:</b>
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9. The transaction arises from an open marketing campaign which secured bids as reported in the part 2 report.
10. The disposal will be subject to costs of sale including legal and agency fees which will be approximately 2% of the sale value.
11. The recommended bid was confirmed as supporting best value by the marketing agents.
12. After extensive reviews across all services, the asset is not required for other capital schemes. The receipt will contribute to the Medium-Term Financial Strategy (MTFS) capital receipt targets and the sale will ensure there are no ongoing revenue and void costs to maintain the site, (which are currently £25,000 per annum). This saving is assumed in the current MTFS.
13. Whilst there is a risk that the purchaser could withdraw from the transaction, the site would be remarketed incurring nominal marketing costs (£2,000 to £3,000).
14. Legal Services has been instructed to conclude conveyancing matters and to ensure the Council complies with its legal and statutory obligations.

<b>Section 151 Officer Commentary:</b>
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15. 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.
16. 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 much 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.

17. 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 MTFS. Furthermore, there is a small revenue saving for this building as assumed in the MTFS. As such, the Section 151 Officer supports the recommendation.

#### **Legal Implications – Monitoring Officer:**

18. This paper seeks Cabinet approval for the disposal of a former Care home at Barnfield, Horley.
19. 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.
20. 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.
21. 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.
22. 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.
23. It is noted that the title to the property contains restrictive covenants, and due diligence should be undertaken to facilitate the disposal.
24. Legal advice should be sought at all relevant stages to ensure the Council meets its obligations.

#### **Equalities and Diversity:**

25. 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 and modern care use.
26. 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.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/ Looked After Children	None arising from this report.

<b>Area assessed:</b>	<b>Direct Implications:</b>
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 Reigate and Banstead Borough Council planning and Net Zero Carbon policy frameworks otherwise supported by the Council.
Public Health	None arising from this report.

#### **Other Implications:**

27. 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.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/ Looked After Children	N/A
Safeguarding responsibilities for vulnerable children and adults	N/A
Environmental sustainability	N/A
Compliance against net-zero emissions target and future climate compatibility/resilience	Any future development will be subject to Town Planning Regulations and full compliance by the purchaser going forward.
Public Health	N/A

#### **What Happens Next:**

28. Lawyers are instructed and seeking to exchange early contracts and completion of the land transfer, subject only to Cabinet approval.
29. The purchaser 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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**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:**

Part 2 report.

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