



WORTHING BOROUGH  
COUNCIL

Worthing JSC Sub-Committee  
06 March 2023

Key Decision [Yes/No]

Ward(s) Affected: Northbrook

## Acquisition of Leasehold Interest to Enable Housing Delivery at Worthing Caravan Club

### Report by the Director for the Economy

#### Officer Contact Details

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#### Executive Summary

##### 1. Purpose

1.1 To seek authority to purchase the leasehold surrender of land at Worthing Caravan and Motorhome Club (the Club) for the purpose of enabling the land for the delivery of housing.

##### 2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- i. Approve the acquisition for the surrender of the Landlord and Tenant Act 1954 protected leasehold interest held by the Club of their site, at Titnore Way, Worthing.
- ii. Authorise an initial budget of £2.1m to meet all costs of acquisition to be funded from the Strategic Property Investment Fund.

- iii. Authorise the Head of Major Projects to:-
  - a) Enter into the Deed of Surrender and related transactional documents outlined in the Exempt Appendix on the terms set out in that Appendix; and
  - b) To finalise the detail of the transaction providing that the transaction remains within the terms set out in the Exempt Appendix.
- iv. To authorise the appropriation of the land shown on Plan A for planning purposes.
- v. A report to the appropriate decision making body with further proposals for the site.

3.1 The July Joint Strategic Sub-Committee (Worthing) considered a paper at its July 2022 meeting titled “New Priorities for Worthing Borough Council”. This report set out that the Council will work in new and innovative ways to help ensure residents have access to suitable housing. While our drive to deliver new homes is clear, the town’s geographical constraints - its tightly constrained boundaries, the fact that it is bordered to the north by the South Down National Park, by the sea to the south and that the vast majority of its land already falls within the built up area boundary has resulted in a considerable unmet need for both market and affordable housing in Worthing. As such opportunities that do arise where the Council can unlock large areas of land for new homes are considered carefully.

3.2 The Worthing Joint Strategic Sub-Committee considered a report at its meeting on 1st February 2023 entitled Local Plan Adoption with Additional Modifications. This Report contained an attached Exempt Appendix A . These reports set out issues regarding the caravan club site in West Worthing. Since this time, officers have subsequently sought to negotiate the return of all or part of the site to the Council. Since this meeting took place officers have been able to agree in principle, terms for surrender of the lease on the whole of the site. Further information is set out in the Exempt Appendix attached to this Report.

3.3 The report below outlines the key rationale and considerations for purchasing the site from the Club, to enable housing development on the site in line with the Local Plan.

#### **4.0 Background to Proposed Purchase of the Worthing Camping and Caravanning Club Site**

4.1 Worthing Borough Council own the freehold of the Club site at Titnore Way in Worthing. The tenancy produces a modest income to the Council annually which is tied to the popularity of the site for caravanners and normally returns less than £10,000 per annum in income for the Council. The Club has a “protected lease” which means that under the terms of the Landlord and Tenant Act they are automatically entitled to renew their lease at the end of the lease term. The effect of this protection is that the Club is entitled to extend their lease and as a result may prevent the site coming forward for development as allocated in the Local Plan. The area of the lease is shown at Plan A below.

4.2 As landlord, officers have been working with the Club for a number of years surrounding the future use of the site. Various options had been considered including changing the uses to allow for “glamping” and caravan storage, and consideration was given to the club retaining part of the site for a more economic operation. Following the exploration of these options, an agreement had been reached in summer 2021, and Heads of Terms finalised in January 2022 with the Club to return the site to the Council. The Club were to return the site by surrendering their lease. Solicitors on both sides were instructed to prepare a surrender of the existing secure lease and grant a short 2 year lease which would see the site return to the Council in November 2023.

4.3 However in November 2022, following an internal review, the Club decided not to proceed with the agreed Heads of Terms, this was in light of changes to the demand for caravanning pitches during the pandemic.

4.5 Following some extended negotiations with the Club has now agreed in principle to surrender their lease. The detailed terms of these negotiations are contained in the Exempt Appendix attached to this report.

4.6 The purchase out of the leasehold on the site will enable the Council to ensure that an important housing allocation within the town is brought forward at the earliest point possible. It is clear that there is a severe unmet need for new homes within Worthing. In identifying housing needs in Worthing, the Council’s planning department agreed that based on the standard method of calculating housing need, 885 dwellings per annum are required which

equates to 14,160 homes over a 16-year plan period. Furthermore, the Council accepted that there is currently an exceptionally high unmet need for housing and a substantial unmet need for affordable housing within the borough. The Council's emerging Local Plan identifies sites to deliver 230 homes per annum over the plan period.

- 4.7 Furthermore the Council has been unable to demonstrate a 5-year housing land supply and will continue to be unable to do so post adoption of the emerging Worthing Local Plan. In addition, the most recent Housing Delivery Test results for Worthing identify a record of considerable under delivery.
- 4.8 Initial feasibility studies have been undertaken to ensure an understanding of the potential of the site. These set out that 100 homes could be delivered on the allocated part of the site with further potential on the northern half of the site. As such, in undertaking this investment the Council will be able to bring forward a large site through the Local Plan review process, and deliver a large quantum of homes to address the Council's unmet housing needs.
- 4.9 It is considered that in this instance there is a clear plan to promote the site for housing, and a very clear market failure in terms of housing needs and supply within the Borough and that there is a direct policy purpose for the investment.

## **6.0 Alternative Options Considered**

- 6.1 There are a number of alternative options that have been considered which are summarised in the paragraphs below. However all of these options must be considered against the matters set out in the Exempt Report rather than as stand alone options. It is not considered that any of these options are preferable to purchasing the site.
- 6.2 Option 2: Negotiate with the Club to split the site. Agree a lease on area to the north for continued tourism use, and agree to sell the site and share proceeds with the Club. A new lease will need to be granted to the Club of the northern half with appropriate access and utility rights.
- 6.3 Option 3: The Council could resist the S26 request for a lease renewal on ground (f) of s.30(1) of LTA 1954. This would be on ground (f), that we intend to develop the site. The Council could seek to gain vacant possession of the whole site through court process and would require the Council to evidence it has (a) a firm and settled intention and (b) a reasonable prospect of implementing the development soon after regaining possession.
- 6.4 Option 4: Agree to S26 lease renewal subject to statutory terms for the whole site. Through this negotiation we could request to insert a development break

clause in the new lease allowing the Council to get vacant possession of the site when planning permission is granted. The terms agreed would likely be somewhere between what the Club has proposed in their s.26 notice and what they are actually entitled to.

- 6.5 Option 5: Grant the Club a new lease on the whole site. The Council will forego the opportunity to bring forward the site for the foreseeable future (likely in excess of 15 years) as the Club will require a lease with certainty for recovering their infrastructure investment in their site. The rent currently generated from the site is typically £8,000 - £10,000 p.a. Which includes a base rent of £1,750 and an element of the Club's 'Gross Pitch fee income'. A new lease could potentially result in an uplift in the base rent set in 1980. No valuation advice has yet been obtained as to the possible future rent but it is reasonable to anticipate that the rent would increase to £15,000+.

## **7.0 Financial Implications**

- 7.1 Included within the budget is an estimated annual saving of £520k which will be generated from the sale of assets with a total value of around £7m. The final saving will be dependent on the makeup of the disposal programme, the timing of the disposals, and use of the receipt.
- 7.2 The land has an estimated value of between £7m and £10m. The proposed deal should produce an estimated net capital receipt of between £5m and £8m depending on the final consideration. Further information is available in the Exempt Appendix.
- 7.3 The Strategic Property Investment Fund has a remaining budget of £13.7m.
- 7.4 As the Council will need to borrow to fund the lease premium, there will be an initial revenue cost of £62,980 per annum based on a 4.5% interest rate. This will need to be funded from the major projects budget until such time as the land is disposed of. Ultimately this will be financed by the capital receipt once it has been received.

## **8.0 Legal Implications**

- 8.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything to facilitate or which is conducive or incidental to the discharge of any of their functions.
- 8.2 Under section 124 of the Local Government Act 1972 the Council may acquire land for the benefit, improvement or development of their area; surrender of

the Leasehold interest will enable the Council to take possession and control of its Freehold interest at the site.

- 8.3 Section 1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 8.4 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 8.5 The Council is authorised by Section 122 of the Local Government Act 1972 (“Section 122”), to appropriate land within its ownership for any purpose for which it is authorised to acquire land by agreement. The Council is authorised to acquire land for planning purposes pursuant to sections 227 of the Town and Country Planning Act 1990. Before the land can be appropriated pursuant to Section 122, the land must no longer be required for the purpose for which it was held immediately prior to appropriation. The land owned by the Council for the purposes of the construction of housing development is no longer required for its current purposes and is required to be held for a planning purpose and redeveloped for the purposes of new housing in accordance with any future planning permission.
- 8.6 Where land has been appropriated for planning purposes (pursuant to section 122 Local Government Act 1972 and section 227 Town and Country Planning Act 1990), the consequence (under Section 203 of the Housing and Planning Act 2016) is that the erection, construction or carrying out of any building or other works on such land is authorised, notwithstanding that it may involve interference with third party rights where: (a) there is planning consent for the building or maintenance work; (b) the land has been acquired by the Council or appropriated by it to planning purposes; (c) the land could be acquired compulsorily for the purposes of the building or maintenance work; and (d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as under (b). Where such rights are overridden compensation is payable.

## **Background Papers**

- Hm Treasury PWLB Guidance for Applicants – May 2022  
<https://www.dmo.gov.uk/media/zuxnuyir/pwlb-guidance-for-applicants-may-2022.pdf>

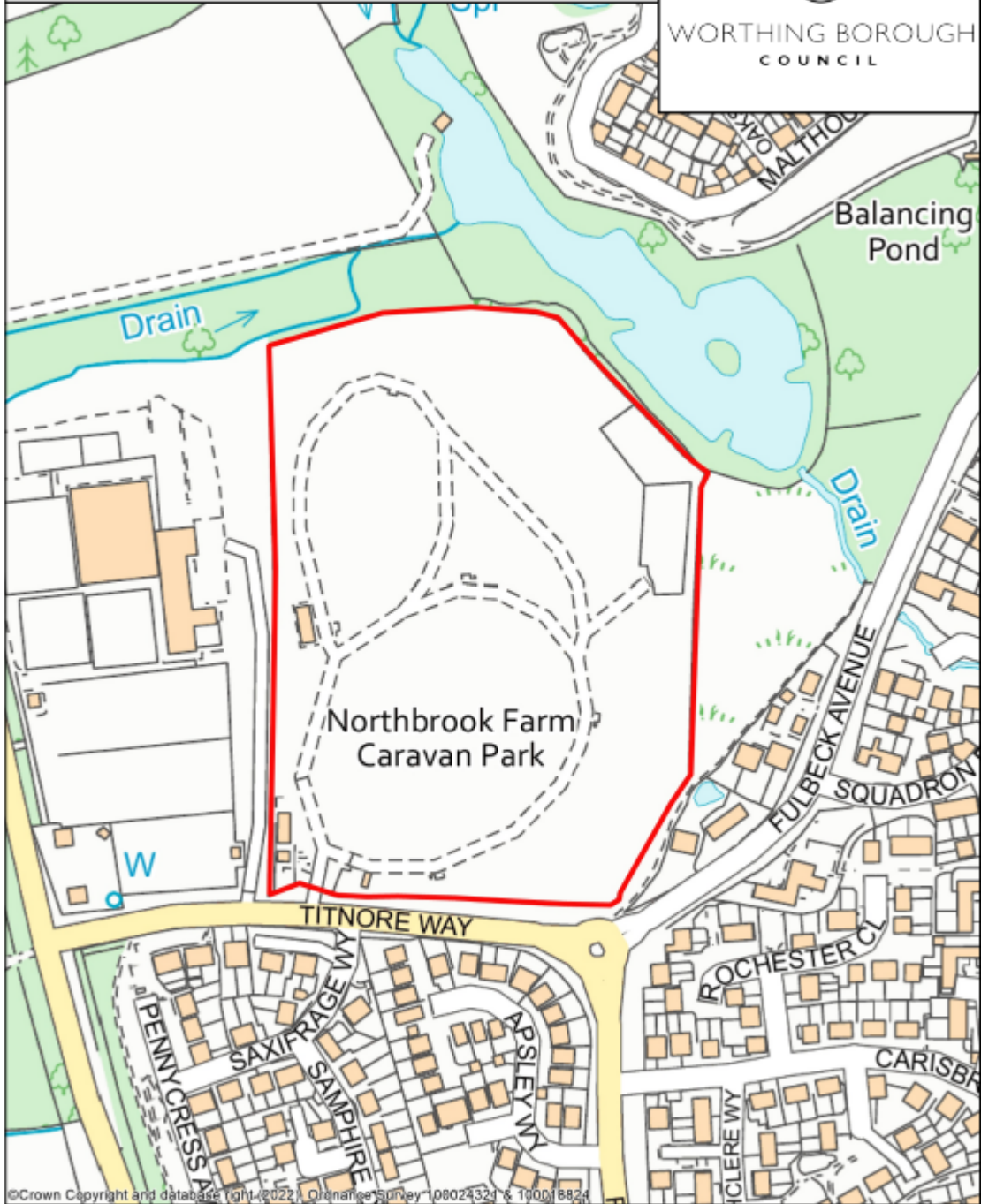
- Report to Joint Strategic Committee 10th March 2021 Strategic Property Investment Fund, Commercial Property Investment Strategy
- Report to Cabinet 1st February 2023 Local Plan Adoption with Additional Modifications and Exempt Appendix A.

**Plan A**

Lease of Northbrook Farm Caravan Club, Titnore Way, Worthing  
BN13 3RT



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## **Appendix A Sustainability & Risk Assessment**

### **1. Economic**

The project is aligned with the requirement to deliver homes in sustainable locations in Worthing.

Redevelopment of the site will be promoted through the SHLAA and Local Plan

### **2. Social**

#### **2.1 Social Value**

In time, development on the site would send a positive message to the community, that change is taking place in Worthing and improvements to the built environment will be realised in the near future.

#### **2.2 Equality Issues**

A large number of affordable homes would significantly address a key social issue facing the town in the lack of high quality affordable housing. This is a significant social value benefit of the scheme over the current site's (under) usage.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

Works will be managed under the Construction Design & Management (CDM) Regulations 2015 or applicable legislation at the time.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified

### **3. Environmental**

The project is aligned to the council's strategic approach to Climate Emergency. Sustainability needs to be addressed in an integrated manner; not just in the context of the existing site, but its wider strategic importance to Worthing. The site is well located in relation to public transport and facilities.

