



Key Decision [Yes/No]

Ward(s) Affected:

Proposed Sale of industrial land at:

1. Unit 1, 4 Meadow Road Industrial Estate, Dale Road, Worthing BN112RU
2. 3 Southdownview Way, Worthing, BN14 8NL

Report by the Director for Place

Officer Contact Details:

Chris Maughan, Assistant Director Regenerative Development

chris.maughan@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1. This report is being brought for a decision to sell the freehold of the properties subject to the existing long ground leases in place
- 1.2. The receipt will assist in offsetting future borrowing requirements
- 1.3. The report sets out the rationale for sale and the benefits to the Council. An Exempt Appendix is attached outlining the commercially sensitive elements of the proposed disposals.

2. Recommendations

- 2.1. Recommendation One

- 2.1.1. To delegate authority to the Assistant Director for Regenerative Development to sell the properties and achieve Best Consideration, in consultation with the Cabinet Member for Resources.
- 2.1.2. To delegate authority to the Assistant Director for Regenerative Development to effect the sales to the existing tenants or others and test the sale amounts by reference to a Red Book valuation thus demonstrating Best Consideration or a sum in excess of Best Consideration

3. Context

- 3.1. The Committee should note that the Dale Road address is close to but not adjacent to the Meadow Road operational depot and is surrounded by land that the Council has sold over the years.
- 3.2. The Committee should note that both properties are classified as Employment Land and the sale of either does not change this or put it at risk.
- 3.3. Consequent upon the Strategic Asset Review, the Estates Team reviewed a number of holdings to test each against the principle of continued ownership.
- 3.4. The team selected assets that are non-operational, not parks or community assets, not held for regeneration, not in the Strategic Fund, nor of amenity or potential community value.
- 3.5. Assets selected were further narrowed down to exclude those with outstanding prospects for capital or rental growth, where the income significantly outweighs the costs of holding, and where the sale does not then require the paying back of borrowing.
- 3.6. The remainder were shown to Members in December 2023
- 3.7. A shortlist was agreed with Members and Officers were instructed to effect a measured, careful process of disposals in accordance with The Disposals Strategy and Schemes of Delegation and all subject to Committee approval prior to entering into a committed contract.
- 3.8. During this process Officers were approached by agents acting for the tenants (likely consequent upon national news stories of Councils carrying out property disposals.)

- 3.9. Offers were received and negotiations ensued.
- 3.10. Officers have had regard to s123 of the Local Government Act 1972 in respect of obtaining Best Consideration, by a) supporting the transactions with a Red Book valuation by an independent third party Valuer, and b) obtaining additional potential uplift by way of an overage clause linked to future release of additional value in the case of a planning decision that adds value to the land.

4. Issues for consideration

- 4.1. Please see Exempt Appendix
- 4.2. The Exempt Appendix contains sensitive commercial information relating to the identity and address of the prospective buyers, the agreed prices, subject to independent valuations, and the structure of the deals.

5. Engagement and Communication

- 5.1. No public engagement has been undertaken in respect of this proposed disposal

6. Financial Implications

- 6.1. Worthing Borough Council currently receives rental income of £17,850 across the proposed disposal sites. The treasury benefit of having that income is interest of circa £900 per annum.
- 6.2. Sale of the proposed sites would generate a capital receipt that would reduce the borrowing costs to the council of an estimated £40,000 per annum depending on a final negotiated sale price. Overall the general fund revenue account could see the overall net benefit of approximately £21,250:

Loss of rental income following a disposal	£17,850
Loss of interest of rental income in bank	£900

Reduced borrowing costs from capital receipt from proposed disposal (estimated and net of assumed 5% professional legal)	-£40,000
Estimated net revenue benefit from proposed disposals	£21,250

- 6.3. As set out in section 3.10 officers have had regard to s123 of the Local Government Act 1972 in respect of obtaining Best Consideration, by a) supporting the transactions with a Red Book valuation by an independent third party Valuer, and b) obtaining additional potential uplift by way of an overage clause linked to future release of additional value in the case of a planning decision that adds value to the land.
- 6.4. The actual cost benefit of disposal will be dependent on final negotiated sales values. The Assistant Director for Regeneration liaise with Finance with final values to ensure net benefit is achieved.

7. Legal Implications

- 7.1. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 7.2. s1 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.
- 7.3. Section 123 Local Government Act 1972 provides the Council with the power to dispose of land with the caveat that the Council must not do so for a consideration less than the best that can be reasonably obtained.
- 7.4. Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003 provides criteria and guidance for circumstances when a local authority considers it appropriate to dispose of land at an undervalue.
- 7.5. Section 2(A) Local Government Act 1972 provides that when disposing of land consisting of open space a local authority must first advertise

their intention for 2 consecutive weeks in a local newspaper and consider any objections to the proposed disposal which may be made to them. In these instances there is no public open space.

- 7.6. Section 8 Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 sets out the meaning of a “key decision” which is further defined in Article 12 of the Council’s constitution.
- 7.7. The Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 governs the decision making processes relating to Cabinet decisions and these are encompassed in the Council’s Cabinet Procedure Rules within the Constitution.
- 7.8. Paragraph 3.12.3 of the Officer Scheme of Delegations provides authority to the Head of Major Projects and Investment to dispose of land in connection with the Council’s functions and to grant leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council’s functions. Paragraph 1.11 provides that all delegations shall be exercised in accordance with the Constitution and paragraph 1.12 provides that any officer exercising a delegation shall only do so in accordance with the Financial Procedure Rules.
- 7.9. At Appendix 1 there is an additional document which is exempt under the Local Government (Access to Information) Act 1985 as the information relates to the financial or business affairs of Worthing Borough Council and contains legal advice. This information must be given due consideration and taken into account prior to members reaching a decision.

Background Papers

Link to Disposals Strategy:

- https://docs.google.com/document/d/1Vaz5WN9ZzGw8J_M65jZ7U4BeBlecDmhUnjURgd2TDhQ/edit

Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified

2. Social

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. Environmental

Matter considered and no issues identified albeit the site is in a potentially contaminative use as a tyre depot

4. Governance

Matter considered and no issues identified