

Report to: Audit Committee

Date of meeting: 24 November 2023

By: Chief Operating Officer

Title: Annual update on Property Investment Strategy and Key Sites 6 monthly Update

Purpose: To provide Audit Committee with an update on the disposals of surplus assets

RECOMMENDATIONS: Audit Committee is recommended to:

- 1) Note the update on key disposals work undertaken to date, and next steps for disposals in 2023/2024 and 2024/2025; and
 - 2) Note the annual update on Property Investment Strategy.
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1 Background

- 1.1 This report provides an update on the key disposals and the plan of activity for 2023/24.
- 1.2 The Council's Asset Management Plan 2020-2025 provides the strategy document behind key workstreams that ensure its assets are efficiently used. The Council's services have evolved since 2020, so the overall footprint of its non-school assets has reduced. There is greater focus on reducing running costs and also improving energy efficiency plus reducing carbon emissions wherever possible.
- 1.3 There has been a full review of the current surplus assets as well as considering future assets that will become vacant in 2023/24 and whether they will be put forward as disposals. The Council's Asset Management Board considers options for all surplus assets that are due to be become surplus to operational need. The Property Investment Strategy is shown at Appendix 1.
- 1.4 Capital receipts are an important source of funding, and the council seeks to maximise the levels of these resources which will be available to support the council's capital plans and reduce the need to borrow.
- 1.5 In November 2022, the Audit Committee was presented with an annual update on the Council's property investment strategy. The strategy has been reviewed and no notable changes are currently proposed, though it will be kept under review due to the ongoing uncertainties in the property market. It is attached as Appendix 1.

2 Supporting information

- 2.1 An exempt report at a later agenda item shows details of key disposals and the various stages they have progressed to. There are regular monthly updates to the Capital Finance team to profile future capital receipt projections.
- 2.2 The recent economic climate has impacted on many sectors of the property market and the lack of confidence has resulted in nervousness from developers to committing to land

acquisitions. This has impacted on the disposal programme and the resultant timing of banking of capital receipts.

- 2.3 In addition, recruitment challenges within Property have impacted on the speed of delivery of disposal cases. A team restructure has been proposed with a new Head of Estates Management and Disposals being in post since January 2023. There is a heightened focus on accelerating the capital receipt programme for 2023/24 and beyond, through bolstering resources where possible given the recruitment challenges.

Additional surplus sites being assessed for capital receipt in 2023/2024 and in early 2024/2025

Land at Causeway, Lewes

- 2.4 Human Nature submitted a planning application to the South Downs National Park Authority (SDNPA) in February 2023 for a mixed development including 656 homes in North Street quarter. They wish to acquire East Sussex County Council (ESCC) land to facilitate site access and negotiations have commenced, with external specialist advice being sought. It is anticipated heads of terms will be agreed if or when planning consent has been granted. A report will be prepared for the Lead Member for Resources and Climate Change (LMRCC) to consider subject to approval of planning permission, which may occur in Quarter 3 or Quarter 4 2023/2024. A previous Lead Member decision in 2018 declared the ESCC landholdings to be surplus to operational requirements but the proposed scheme and developer has since changed, so a further decision is to be considered by the Lead Member. Property Services are working with Communities, Economy and Transport (CET) colleagues to ensure bus layby solutions are included in the wider organisation commercial deal. The SDNPA Planning Committee on 12 October recommended deferral of the decision for a number of reasons. We do not yet know what Human Nature's intentions are in response to this decision.

Sidley Depot, Bexhill

- 2.5 The new highway contractor did not wish to use this facility as part of the commencement of the new highways contract in May 2023. The depot is next to a Rother District Council owned industrial estate. It was not considered viable to rent the site as an income stream due to the dilapidated buildings on site, however the site was considered to have development potential as a commercial or business use and was recommended for disposal. The Lead Member for Resources and Climate Change approved the disposal of the site on 17 October 2023 and a capital receipt may therefore be possible before the end of 2023/2024.

Former School Site, Broad Oak CPS, Broad Oak, Heathfield

- 2.6 This is a former school site. Department for Education (DfE) consent is in the process of being secured to sell the main school site, with this being anticipated for Quarter 4 2023/2024. Following consent being granted, a report is to be prepared for consideration by the Lead Member for Resources and Climate Change. There are decoupled playing fields that do not form part of the DfE consent for disposal. These will be held as surplus land for the time-being and a grazing licence is in place for maintenance. A number of objections were received from the local Community with regard to the former playing fields being sold. These objections were in response to the application from the DfE to dispose of the site, rather than any marketing ESCC had undertaken.

3 Conclusion and reasons for recommendations

- 3.1 There are significant capital receipts planned despite a general downturn in the property market. Careful consideration has been made as to the timing and type of sites being brought to the market.
- 3.2 Capital receipts are an important source of funding, and the council seeks to maximise the levels of these resources in order to support the council's capital plans and reduce the need to borrow. In turn, disposing of surplus assets reduces the cost burden of maintaining and securing properties that are no longer needed for operational purposes.
- 3.3 Audit Committee is recommended to:
- Note the update on key disposals work undertaken in 2023/2024 and next steps for disposals in 2024/2025.
 - Note the annual update on Property Investment Strategy.

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