

Guildford Borough Council

Report to: Executive
Date: 27 February 2025
Ward(s) affected: Effingham
Report of Strategic Director of: Finance and Resources
Report Author: Mark Appleton
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Lead Executive Member: Richard Lucas
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Status: Open
Key decision: No

Freehold disposal of garden land known as Land Adjoining Bridgellis, Orestan Lane, Effingham

1.0 Executive Summary

- 1.1 The Council is required to generate £50 million (net) of capital receipts from the disposal of property assets held within the General Fund. This critical workstream was identified within the Financial Recovery Plan endorsed by Full Council at its meeting on the 30 August 2023.
- 1.2 This report details a recommendation to Executive to approve the freehold disposal of garden land known as Land Adjoining Bridgellis, Orestan Lane, Effingham in line with the Asset Disposal Strategy approved by the Executive on the 18 April 2024.

2.0 Recommendation to Executive

That Executive resolves to:

- 2.1 Approve the freehold disposal of garden land known as Land Adjoining Bridgellis, Orestan Lane, Effingham; and
- 2.2 Authorise the Joint Assistant Director for Assets and Property to negotiate terms for a disposal of garden land known as Land Adjoining Bridgellis, Orestan Lane, Effingham at best consideration and subsequently enter into all relevant legal documentation required to complete the sale in return for a capital receipt.

3.0 Reasons for Recommendations

To generate a capital receipt that will contribute towards the target to secure £50 million (net) of capital receipts from the sale of General Fund property assets, as set out in the Council's Financial Recovery Plan to reduce Council debt and achieve a sustainable financial position.

4.0 Status of Report

Open

5.0 Strategic Priorities

A resilient and well-managed council – the capital receipt generated from the disposal of the property will contribute towards the Council's finances, reducing its debt repayments and borrowing requirements.

6.0 Background

- 6.1 The Council owns a parcel of land known as Land Adjoining Bridgellis. The land comprises 0.39 acres and forms an extension of a garden currently annexed to a residential property known as Bridgellis and fronts onto a footpath extension of Orestan Lane. The land has been licenced to the homeowner of Bridgellis since 1995 and has been used as garden amenity land. The homeowner is currently paying a licence fee of £391 per year under a licence agreement.
- 6.3 The Council has no use for the land therefore it is regarded as surplus to service requirements and has been identified for disposal. Officers obtained an independent freehold valuation via external agents who advised the plot has a value of £17,500.
- 6.4 As a result of its location, access is only available via third party owned land. The access restriction means it is unlikely to appeal to the wider market other than the current licensee. Furthermore, the land offers no scope for development or opportunity to add value as a standalone plot.
- 6.5 On this basis, officers have entered into discussions with the licensee and have agreed a purchase of the land for £17,500 as per the current valuation advice. The Council will include an overage provision so that if future redevelopment is affected, the Council

will obtain a further financial premium based on the increase in the land value.

7.0 Options

- 7.1 To retain the land within the Council's ownership and continue to licence it in its current use as garden land and receive an income of £391 per annum. This option would fail to generate a capital receipt required to support the Financial Recovery Plan and the Council's financial position may be at risk of failure to recover. This option may also result in the Council incurring future revenue or capital expenditure to manage the land in the future.
- 7.2 To offer the land for sale to the adjacent homeowner based upon the existing use value of circa £17,500, which has been independently valued to ensure best consideration is obtained. A robust overage provision would be included with the sales contract to ensure the Council benefits from a share of any future increase in value, should planning consent be granted for alternative higher value uses in the future. By selling directly to the current tenant, the Council would save marketing and agents fees. This option is recommended.

8.0 Consultation

- 8.1 The Lead Councillor for Assets and Property, Councillor Richard Lucas, was consulted and supports the officer recommendation laid out in this report.
- 8.2 Ward Councillors were informed of this decision and no comments were raised.

9.0 Key Risks

- 9.1 If the proposed sale does not proceed for any reason, there is a risk the Council may need to reduce the asking price of the property to generate interest.
- 9.2 Encumbrances are identified that may frustrate or prevent a sale concluding. To mitigate this, the Council will obtain a report on title and identify any potential encumbrances which may impede a sale completing or impact on achieving the market valuation obtained for each individual asset identified for potential disposal.

10.0 Legal and Governance Implications

- 10.1 The Council is bound by Section 123 of the Local Government Act 1972 which states that a council must not dispose of land for a consideration less than the best that can reasonably be obtained.
- 10.2 A review of Title No. SY38904 has been carried out by the Council's legal team which has identified that no restrictions or covenants negatively impact on the land plot however the land is affected by and subject to rights in respect of deed relating to a surface water drain.

11.0 Financial Implications

- 11.1 The asset generates a rental income of £391 per annum which will have minimal impact on the Council's income revenue budget. This is however balanced against the capital receipt generated, as well as the annual saving of ongoing expenditure incurred to repair, maintain, and manage the asset.
- 11.2 Valuers fees will be payable following successful legal completion of the transaction but will be paid for by the purchaser.
- 11.3 The net proceeds from the sale of the property will be a General Fund capital receipt which will offset the Council's underlying need to borrow, thereby contributing to a reduction in Minimum Revenue Provision (MRP) and debt interest charges.

12.0 Human Resources Implications

None.

13.0 Equality and Diversity Implications

- 13.1 None.

14.0 Climate Change and Sustainability Implications

- 14.1 None.

15.0 Next Steps

- 15.1 Assets and Property officers to confirm to the prospective purchaser that the Council is prepared to proceed with the proposed transaction.
- 15.2 Legal officers to progress and complete the legal documentation.
- 15.3 Finance officers to budget for and arrange collection of the capital receipt.

16.0 Background Papers

16.1 Executive Report – Asset Disposal Strategy dated 18 April 2024

17.0 Appendices

17.1 None

Report clearance progress:

Finance	Jo Knight / Solomon Akuffo	28.1.25
Legal & Governance	Claire Beesly	28.1.25
Human Resources	Francesca Chapman	28.1.25
Equalities	Ali Holman	28.1.25
Strategic Director	Richard Bates	28.1.25