

Guildford Borough Council

Report to:	Executive
Date:	28 November 2024
Ward(s) affected:	Clandon and Horsley
Report of Strategic Director of:	Finance & Resources and S151 Officer
Report Author:	Vince Sibley, Asset Surveyor
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Lead Executive Member:	Cllr Richard Lucas
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Status:	Partially Exempt
Key decision:	Yes

Freehold Disposal of Old Manor House, East Horsley

1.0 Executive Summary

1.1 The Council owns Old Manor House, a Grade II Listed residential property in East Horsley. The Executive approved the freehold disposal of the property on the 22 February 2024, see Background Paper 1. The property has been openly marketed for sale by local estate agents for 4 months who have received a range of offers. Officers are seeking Executive approval to agree the best offer the Council can achieve within the range of offers received, enabling the conveyancing process to commence and the freehold sale of the property to complete.

2.0 Recommendation to Executive

That the Executive resolves to:

- 2.1 Dispose of the freehold interest in Old Manor House at best consideration based on the offers set out at paragraph 6.1 of this report and enter into all agreements necessary to give effect to this disposal.
- 2.2 Delegate authority to the Joint Assistant Director for Assets and Property to consider any objections received in response to the

advert under Section 123 (2A) Local Government Act 1972, as set out at paragraph 10.2.

3.0 Reasons for Recommendations

- 3.1 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.
- 3.2 To dispose of a liability and remove significant ongoing costs from future revenue budgets.
- 3.3 To bring a large, vacant and depreciating asset back into residential use for the benefit of the Guildford community.

4.0 Status of Report

- 4.1 This report is partially exempt, containing exempt appendices.
- 4.2 The content of Appendices 1 and 2 are to be treated as exempt for the purposes of the Council's Access to Information Procedure Rules because they contain commercially sensitive information and are therefore exempt by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act as follows: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5.0 Strategic Priorities

- 5.1 **Decent and affordable homes** – Old Manor House currently comprises 7 residential flats and benefits from an opportunity to create further residential dwellings, subject to planning permission and conservation area consent being obtained. A disposal would bring a depreciating property back into use and deliver a corporate priority which is to facilitate housing within the borough.
- 5.2 **A resilient and well-managed council** – The capital receipt generated from the disposal of Old Manor House will contribute towards the Council's finances, reducing its debt repayments and borrowing requirements.

6.0 Background

- 6.1 The property has been marketed for sale at £1,500,000 following advice set out within the independent valuation report dated 22 August 2023, see Appendix 1. After a comprehensive 4-month marketing campaign by local estate agents, offers have been received ranging between £750,000 and £1,100,000 plus overage payments. The estate agent marketing the property on behalf of the Council advises that the costs to restore it to a habitable state are higher than previously estimated therefore the asking price of £1.5 million is unrealistic and the highest offer currently placed at £1.1 million is acceptable.
- 6.2 On the 22 February 2024, the Executive authorised the Joint Assistant Director for Assets and Property to negotiate terms for a disposal of Old Manor House at best consideration and subsequently enter into all relevant legal documentation required to complete the sale of Council owned land in return for a capital receipt.
- 6.3 The highest offer currently submitted is at £1,100,000 plus an additional overage payment. Due to the disparity between the asking price and the range of offers received, approval from the Executive is being sought to agree the disposal of the freehold interest and enter into all agreements necessary to give effect to this disposal.

7.0 Options

- 7.1 To agree to sell the property for the best price the Council can achieve, with offers currently ranging between £750,000 and £1,100,000 plus additional overage payments. The Council's agent advises that the market has been tested and there has been no new interest in the property following receipt of the highest offer. The range of offers submitted therefore represent best consideration. These offers may be withdrawn failing a positive response from the Council therefore officers wish to act quickly.
- 7.2 To not agree to sell the property for the best price the Council can achieve and instead keep the property on the open market. This option may lead to a withdrawal of the offers currently received and an unsuccessful prolonged marketing exercise. This option may

result in the Council incurring significant ongoing revenue costs to keep the building in repair whilst on the market and may lead to further depreciation in value.

8.0 Consultation

- 8.1 The Lead Councillor for Assets and Property, Councillor Richard Lucas was consulted and supports the officer recommendations laid out in this report.
- 8.2 Ward Councillors were consulted and were happy for this report to proceed but sought reassurance that the access arrangement for the owners of the adjacent cottages would be maintained post disposal. Confirmation that it would be maintained was provided. Ward Councillors also wished to ensure that the building is retained as it is a Listed Building and highly representative of the local character and history of East Horsley.

9.0 Key Risks

- 9.1 The bidders have made it clear that they are unable to increase their offers from the levels currently submitted because any redevelopment would be cost-prohibitive beyond these levels. By failing to respond positively to those submitted between £750,000 and £1,100,000, it is likely the bidders will withdraw their interest altogether. There is a risk any new offers may be less than those currently submitted, and the Council may fail to maximise the capital receipt achievable.
- 9.2 The Council's appointed local estate agent advises there is no new interest in the property. By failing to act on the offers currently received, there is a risk the property will sit on the market falling into further disrepair, continuing to incur significant ongoing revenue costs and depreciating in value.
- 9.3 There is a risk the Council may face reputational damage by failing to respond to the market which presently represents best consideration and failing to meet its strategic priority of providing homes within the borough.

10.0 Legal and Governance Implications

- 10.1 The land is held by the Council under the Town and Country Planning Act 1959 and therefore the Council can dispose of the property provided this is in accordance with the general consent from the Secretary of State.
- 10.2 Part of the land has been appropriated as open space under the Open Spaces Act 1906. The Council will therefore need to comply with Section 123 (2A) of the Local Government Act 1972 for two consecutive weeks prior to disposing of the land and consider any objections that have been made.

11.0 Financial Implications

- 11.1 The net proceeds from the sale of Old Manor House 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.
- 11.2 Agents fees will be payable following successful legal completion of the transaction and will be financed from the proceeds of the sale.

12.0 Human Resources Implications

None.

13.0 Equality and Diversity Implications

None.

14.0 Climate Change and Sustainability Implications

None.

15.0 Next Steps

- 15.1 Officers wish to accept the best offer that can be achieved within the range of offers received, the highest of which is currently submitted at £1,100,000 plus an additional overage payment. Officers then propose finalising terms with a prospective purchaser and instructing solicitors to commence the conveyancing process and complete the sale.

15.2 Finance will be required to budget for and arrange collection of the capital receipt.

16.0 Background Papers

Executive Report dated 22 February 2024 – Freehold Disposal of Old Manor House, East Horsley.

17.0 Appendices

17.1 Appendix 1 – Independent External Valuation dated 22 August 2023 (Exempt)

17.2 Appendix 2 – Marketing Overview including a summary of offers received dated 17 October 2024 (Exempt)

Report clearance progress:

Finance	Solomon Akuffo	21 October 2024
Legal & Governance	Claire Beesly	16 November 2024
Human Resources	Francesca Chapman	22 October 2024
Equalities	Francesca Chapman	22 October 2024
Strategic Director	Richard Bates	22 October 2024