

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 land known as Land to the rear of 4 Middle Farm Close, 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 Land to the rear of 4 Middle Farm Close, 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 Land to the rear of 4 Middle Farm Close, Effingham; and
- 2.2 Authorise the Joint Assistant Director for Assets and Property to negotiate terms for a disposal of Land to the rear of 4 Middle Farm Close, 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 One of the Council's operational assets known as Home Farm in Effingham became vacant in September 2024 after the agricultural tenant served notice to terminate their Agricultural Holdings Tenancy that had been in place for 51 years since 1973. Officers are reviewing future options for the farmland.
- 6.2 Following the agricultural tenant's departure and subsequent vacancy of the farm, the homeowner of a residential property known as 4 Middle Farm Close (located east of the farm's boundary and main accessway) enquired if the Council would sell a small parcel of the farmland measuring 0.07 acres. The parcel of land is located directly to the rear of 4 Middle Farm Close and would form an extension of their garden.
- 6.3 The subject land is only accessible via Home Farm itself, so the only beneficial users of the land are the owner of 4 Middle Farm Close and the agricultural tenant of Home Farm. Given the land proposed for disposal equates to less than 0.1% of the total land area, the overall value of Home Farm is unaffected by selling this land. It should also be noted that access and egress into the farm is also unaffected by selling this land.
- 6.4 Officers obtained an independent freehold valuation via external agents who advised the plot has a value of £30,000. Officers have

entered into discussions with the homeowner of 4 Middle Farm Close who has agreed a purchase price of £30,000. Selling the plot in this capacity is a far greater financial outcome as it would not be worth £30,000 if retained as farmland within the 52 acres of Home Farm.

7.0 Options

- 7.1 To retain the land to the rear of 4 Middle Farm Close within the Council's ownership and continue to include this land as part of Home Farm. 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 prospective purchaser based upon the existing use value of circa £30,000. An overage provision would not be included in the sale contract as the land is considered undevelopable as the land is landlocked and only accessible by the adjacent owner. By selling directly to the enquirer, an open marketing exercise would not be necessary.

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 The land is not to be used for any purpose other than for agricultural use. This has been brought to the attention of the buyer and that they may require planning permission for use as garden land however the sale is not conditional on this being obtained.
- 10.3 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 and rights of way for others.

11.0 Financial Implications

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

- 12.1 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