

This Report will be made public on 12 March 2024



Report Number **C/23/93**

To: Cabinet
Date: 20 March 2024
Status: Non key
Responsible Officer: Samuel Aligbe – Chief Officer, Corporate Estate and Development
Cabinet Member: Cllr Jim Martin, Leader and Cabinet Member for Otterpool Park and Planning Policy

SUBJECT: DISPOSAL OF PROPERTY – STOUR BANK, STONE STREET, STANFORD SOUTH, KENT TN25 6DE

SUMMARY: This report seeks permission from Cabinet to dispose of the property Stour Bank, Stone Street, Stanford South, TN25 6DE, recommending that the disposal is carried out immediately to provide a capital receipt to the council for the financial year 2024/25.

REASONS FOR RECOMMENDATIONS:

The property known as Stour Bank, Stone Street, TN25 6DE was purchased during the land assembly phase for the Otterpool Park project. The property has been rented out since its acquisition in 2020. The property is now vacant, and Officers have explored options for the future of the property and recommend that it is sold to provide a capital receipt for the Council.

RECOMMENDATIONS:

1. To receive and note report C/23/93.
2. To authorise the Director – Housing & Operations to proceed with the disposal of the property Stour Bank, Stone Street, Stanford South, TN25 6DE and achieve best value for the Council.
3. To provide delegated authority to the Director - Housing and Operations to agree the commercial terms for the disposal of the property and to facilitate the transaction through to completion.

1. INTRODUCTION

- 1.1 The property 'Stour Bank' (Stour Bank, Stone Street, Stanford South, TN25 6DE) was purchased by the Council in August 2020 for [REDACTED] as part of the Otterpool Park property acquisitions. Please see appendix A for the property location plan.
- 1.2 Report to Cabinet in July 2018 (C/18/19) gave the Head of Strategic Development authority to proceed with property acquisitions for residents affected by the Otterpool Park development. This property was purchased from the approved budget.
- 1.3 Whilst the property sits outside of the development redline boundary it was deemed appropriate to purchase the property at that time due to the personal health circumstances of the family who owned the property, and concerns about the potential effect that the development would have on them and the health of their child that had significant complicated breathing conditions. The overwhelming rationale behind the purchase in 2020 was that the council should act as a considerate developer and good neighbour, and it was considered a reasonable and appropriate use of funds at that time. The purchase was carried out within the agreed delegated authority and budgets.
- 1.4 As Members will be aware, circumstances surrounding the project have moved on significantly and delivery plans have advanced with a resolution to grant planning secured. The property is not required to facilitate development of the garden town and it will not feature in any of the wider development activities.
- 1.5 Since its acquisition in 2020, the property has been successfully rented out through Smith Woolley for [REDACTED]. However, the property is now currently empty after the tenant vacated on 31st May 2023.
- 1.6 In February 2024 the property was valued by Sibley Pares, and the recommendation from officers, having considered various options, is that best value is sought through disposal.

2. BACKGROUND

- 2.1 The property is located in Stanford South, near to the proposed Otterpool Park garden town, however the property sits outside of the red line boundary for the new development.
- 2.2 Council officers have discussed the possibility of the property being utilised by the council's Housing team. Due to the extensive repairs that are required to bring it up to a suitable standard comparable to the Council's existing housing stock, and its rural location away from other Council Housing stock and amenities, it is currently seen as unsuitable to house prospective council tenants, or tenants requiring temporary accommodation.
- 2.3 The housing team have surveyed the property and put together an estimate of the works required to bring it up to an acceptable standard for Council

tenants. The estimate totals [REDACTED] at current rates for their term contractor to carry out the recommended works.

- 2.4 A Red Book property valuation has been carried out by Sibley Pares Chartered Surveyors and Estate Agents on the 13th of February 2024. The property has been valued at [REDACTED].

Property Valuation	Refurbishment Costs (estimate)	Rental Income (Historic £/pcm)	Payback period for refurbishment cost
[REDACTED]	[REDACTED]	[REDACTED]	3 years 1 month.
[REDACTED]			

3. OPTIONS

- 3.1 Various options for the site have been considered.

3.2 Retain and continue to rent.

The property would require refurbishment, however potential revenue to the HRA is not enough to pay the capital cost of refurbishment in a reasonable time. A 37 month payback period would be required based on the historic rental figure of [REDACTED]. This payback period does not include ongoing management costs, agents fees and any additional maintenance costs.

3.3 Property remains empty.

The property would continue to dilapidate, and the Council will still have ongoing management costs, and liabilities such as Council Tax and service connection charges. There would also be a loss of revenue (rental income) to the Council of [REDACTED] a year. Leaving the property empty would make it harder to sell at a later date if required.

3.4 Disposal

The Council can dispose of the property on the open market and receive a capital receipt for the financial year 2024/25. The capital receipt from the sale of the property would be allocated to the Otterpool Park account, towards paying down the Otterpool Park Loan. Delegated authority should be given to the Director of Housing and Operations to achieve best value for the Council in line with the red book valuation carried out on 13/02/2024.

4. RISK MANAGEMENT ISSUES

4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Property does not sell in current housing market.	Medium	Medium	Seek a budget and authority to refurbish the property and continue to rent until market improves.
Low offers received for the property.	Medium	Medium	Property to be advertised on the open market to maintain transparency.
Low engagement from the market.	Medium	Medium	Enter into multiagency arrangement and appoint an additional agent to market the site. Revisit the asking price for the property.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report. However, if the Council decides to dispose of the property then it must comply with s123 of the Local Government Act 1972 to ensure that it does not sell the land for less than the best consideration reasonably obtainable (unless it obtains the consent of the Secretary of State).

5.2 Finance Officer's Comments (DL)

The various options have different financial implications.

Retain and rent: this option provides a modest revenue stream for the Council's General Fund but would require capital works and revenue maintenance to bring the property up to standard and maintain it for any new tenants. Additional maintenance costs and management fees would need to be considered and would reduce any revenue generated from the rental.

Remain empty: this would not provide any income and incur costs for the General Fund in the form of, for example, Council Tax.

Disposal: the capital receipt from the sale of the property can be used to reduce the borrowing costs to the Council for Otterpool, thereby also reducing the MRP provision required. As the Council has used borrowing to fund the Otterpool project, it is subject to both finance costs (interest) and

MRP. A capital receipt can reduce the borrowing requirement, thus reducing both the interest costs incurred and the MRP required under regulation.

5.3 Diversities and Equalities Implications (GE)

There are no equality and diversity implications directly arising from this report.

5.4 Climate Change Implications (OF)

There are no Climate Implications arising from this report.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Samuel Aligbe – Chief Officer Corporate Estate and Development

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The following background documents have been relied upon in the preparation of this report:

None

Appendix A – Location Plan for Stour Bank, Stone Street