

SALE OF PARKLANDS MOBILE HOMES SITE - PUDDING NORTON, FAKENHAM

Summary: This report provides information regarding the robust disposal process and detailed due diligence undertaken in relation to the freehold sale of the Parklands mobile home site located in Pudding Norton, Fakenham.

Options considered: Officers have previously considered a range of options with regards to the sale of this property. The Council could decide not to accept any of the bids to acquire the site and either retain the site or reconsider the previous alternative options.

Conclusions: Following approval from Cabinet to sell the site, Officers have undertaken a robust disposal process, having procured and appointed a specialist agent to advertise the site on the open market through a range of mediums.

This extensive marketing has resulted in a number of offers from bidders to purchase the property asset and Officers have since undertaken detailed due diligence as part of the assessment process including an interview process, financial and conduct checks.

Alongside this and to demonstrate that best value has been obtained, an updated independent valuation has been undertaken, dated April 2022.

Recommendations: It is recommended for Overview and Scrutiny to:

1. Note the robust process and extensive due diligence carried out regarding assessment of the bids received.
2. That Officers present a report to Cabinet recommending sale of the Parklands mobile home site to the highest bidder on the basis of best value in accordance with section 123 Local Government Act 1972.

Reasons for Recommendations: To show that robust due diligence has been undertaken and best value has been obtained in relation to the sale of Parklands mobile home site.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Cabinet Member(s)	Ward(s) affected
Cllr Eric Seward	The Raynhams

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1. Introduction

- 1.1 The Council is the freehold owner of a residential mobile home site in Pudding Norton, Fakenham known as Parklands. The site covers an approximate area of 1.9 hectares (4.7 acres) and was developed over a period of time to provide the 38 hard standing pitches. The site has been in existence for over 50 years, with pitches rented for the siting of mobile homes which provide year-round private residential accommodation to the owner occupiers.
- 1.2 Having received an unsolicited offer in 2018 from a mobile home operator seeking to acquire the freehold of the site, the Council assessed the potential opportunity to sell the asset, including an independent valuation, dated November 2019, which has since been updated during April 2022 to reflect changes in the current market.
- 1.3 As it was concluded that provision and operation of the site did not form part of the Council's core services, Officers considered whether the Council should continue to operate the facility, as well as a number of alternative options for the site. It was recognised that if the site was to be retained, further investment would be required particularly in relation to improvements to the laundry block and road infrastructure, although this investment could not generate a financial return for the authority.
- 1.4 On the 30th March 2020 the Council's Cabinet gave approval for a sale of the freehold of the site on the open market to be progressed. However, marketing of the site was delayed due to the restrictions caused by the Covid pandemic and the impact it may have caused to residents during that time of uncertainty.

2 Disposal Process and Due Diligence

- 2.1 A procurement exercise was undertaken during Spring/Summer 2021 to appoint an experienced and specialist property agent to give an updated market appraisal and to provide details of their proposed marketing strategy and fees. Three fee bids were received and following evaluation, an agent was appointed.
- 2.2 As the Covid pandemic restrictions were easing, residents were informed of the intended sale in July 2021. Following this, a number of residents made contact with the Council to discuss the potential opportunities around the residents themselves buying individual plots, purchasing the whole site and managing the site on behalf of the Council.
- 2.3 Full marketing of the site commenced in September 2021 by the appointed specialist agent. All applicants on the agent's mailing list who were registered as being interested in mobile home parks in this locality (486 in total), were contacted directly. The agent also advertised the site on the open market utilising their own Caravan Parks website, Businesses for Sale website and Daltons Weekly website.
- 2.4 Due to the level of interest expressed by potential purchasers a closing date of 15th October 2021 for bids was set. Each bidder was requested to provide the following information alongside their bid;

1. Name and address of company and principal contacts

2. Background information on their familiarity with the mobile home park sector, confirm their ownership of mobile home parks and the locations of those parks
 3. The amount of their offer and any conditions attached to the offer
 4. To confirm their source of funding
 5. To confirm the timescale within which a contract could be exchanged and completed
 6. To confirm a plan that would resolve any issues before the grant of a Site Licence and provide details of a similar site where they had previously undertaken such a process
- 2.5 Nine bids were received to acquire the site along with one offer to manage/lease the site. Preliminary due diligence was undertaken by the appointed agent which included seeing proof of funds as requested in the bidding process detailed in 2.4.
- 2.6 An initial shortlisting resulted in the two lowest bids being rejected on the basis of not meeting the best value requirements. The management/lease bid was also rejected on the basis that it did not align with the earlier Cabinet decision to dispose of the site.
- 2.7 Officers recognise the potential concerns of residents regarding the future ownership of the site and that it is important to proceed only with a suitable purchaser that has appropriate experience, skills and conduct to manage the site. Whilst three bids were initially rejected, no other shortlisting had been undertaken to allow for extensive and robust due diligence, to assess the remaining bids as fully as possible. Between October 2021 and February 2022 this work has been undertaken, which includes:
- 2.7.1 Financial background assessments utilising Dun & Bradstreet analysis. This has been carried out by our Finance team both to establish the bidders' financial integrity and their ability to pay for the purchase of the site.
 - 2.7.2 Any bids received from Limited companies were checked through Companies House as were any known associate companies.
 - 2.7.3 A Fit and Proper Person check has been carried out by the Council's Licencing team to verify that the bidders have the ability to manage the site correctly and have appropriate conduct so as to establish if the bidder is likely to be able to gain a site licence to operate.
 - 2.7.4 Other local authorities where bidders have a presence were also asked to comment on any issues they had experienced with the site operators. The Fit & Proper Person requirements are set out in the Mobile Homes (Requirement for Manager of Site to be Fit and Proper Person) (England) Regulations 2020.
 - 2.7.5 The British Holiday and Home Park Association (BH&HPA) is a national organisation for park operators. It is not a requirement that operators are

members of the BH&HPA but it is considered to be good practice. Officers contacted the BH&HPA to establish which of the bidders were members and if any had been members and subsequently excluded from membership of the organisation.

- 2.7.6 Online searches of social media outlets including trust pilot reviews were carried out to establish whether any of the bidders had received poor reviews or bad press.
 - 2.7.7 As part of the final phase of assessment, all remaining (seven) bidders were invited to interview at the Council offices in Cromer with a panel comprising Officers from the Council's Estates and Licencing teams, the specialist selling agent and two representatives from the Parklands Residents Association who were invited to participate in the interviews as observers but have not been involved in decision making process. A range of questions from each of the interview panel had been formulated to ensure each bidder was appropriately assessed and challenged regarding their financial offer, previous conduct, Fit & Proper Person status and future plans for the site. See Appendix A - Interview scores and Appendix B- Interview questions
- 2.7 As a result of this detailed due diligence and appraisal process officers are able to make a clear recommendation to Cabinet that the sale of the Parklands mobile home site in Pudding Norton can proceed and a report in this respect will be prepared for the meeting of Cabinet to be held on 6 June 2022.

3. Conclusion

- 3.1 Following approval from Cabinet to sell the site in March 2020, Officers have undertaken a robust disposal process, having procured and appointed a specialist agent to advertise the site on the open market through a range of mediums.
- 3.2 This extensive marketing has resulted in a number of offers from bidders to purchase the site and Officers have since undertaken detailed due diligence as part of the assessment process, including an interview process, financial and conduct checks.
- 3.3 Alongside this and to demonstrate that best value has been obtained, an independent valuation has been undertaken. Officers intend to recommend that Cabinet approves the best value bid received.