

**To:**  
**All members of the**  
**Corporate Policy and Resources**  
**Committee**

*Please reply to:*  
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Date: 6 May 2025

### Supplementary Agenda

#### **Corporate Policy and Resources Committee - Monday, 12 May 2025**

Dear Councillor

I enclose the following items which were marked 'to follow' on the agenda for the Corporate Policy and Resources Committee meeting to be held on Monday, 12 May 2025:

#### **11. Use of Commuted Sums**

**3 - 38**

Committee is asked to:

1. Consider options within this report for commuted sum usage to provide affordable housing and select a preferred option; and
2. authorise the Strategic Housing Lead to explore further the preferred option and to prepare a report for this Committee to consider and to recommend a decision to Council.

#### **15. Asset Investment Strategy 2025/26 (including Amalgamated Business Plans)**

**39 - 82**

Committee is asked to approve the Asset Investment Strategy which sets out the priorities and key focuses for proactive management of the Council's Investment and Regeneration Portfolio during 2025/26.

Yours sincerely

**Spelthorne Borough Council, Council Offices, Knowle Green**

**Staines-upon-Thames TW18 1XB**

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Karen Wyeth  
Corporate Governance

To the members of the Corporate Policy and Resources Committee

Councillors:

J.R. Sexton (Chair)	R.V. Geach	L. E. Nichols
C. Bateson (Vice-Chair)	M. Gibson	O. Rybinski
M. Beecher	K.M. Grant	H.R.D. Williams
J.R. Boughtflower	K. Howkins	N. Islam
J. Button	M.J. Lee	
S.M. Doran	S.C. Mooney	

Substitute Members: Councillors: M.M. Attewell, S.N. Beatty, D.C. Clarke, S.A. Dunn,  
J.T.F. Doran, A. Gale and K.E. Rutherford

Corporate Policy and Resources Committee

Date of meeting: 12 May 2025



<b>Title</b>	How to use affordable housing commuted sum
<b>Purpose of the report</b>	To make a Key Decision
<b>Report Author</b>	Marta Imig, Strategic Housing Lead
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	n/a
<b>Corporate Priority</b>	Addressing Housing Need
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <ol style="list-style-type: none"> <li>1. To consider options within this report for commuted sum usage to provide affordable housing and select a preferred option</li> <li>2. Authorise the Strategic Housing Lead to explore further the preferred option and to prepare a report for this Committee to consider and to recommend a decision to Council.</li> </ol>
<b>Reason for Recommendation</b>	To deliver affordable housing in the Borough using commuted sum secured.

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>• The Council secured a commuted sum of £3.85 million towards off site affordable housing provisions within the Borough.</li> <li>• A decision is require how to best spend the funding available.</li> </ul>	<ul style="list-style-type: none"> <li>• To deliver affordable housing for residents of Spelthorne registered on the Council's Housing Register.</li> </ul>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> <li>• Use the commuted sum to deliver affordable housing in the borough.</li> </ul>	<ul style="list-style-type: none"> <li>• Members to provide directions to officers on the usage of the commuted sum</li> <li>• Officers to proceed based on Members' directions and to present details of the specific delivery model in a separate report for approval.</li> </ul>

- 1.1 This report seeks Members' direction on the spend of secured commuted sum for off-site affordable housing delivery.

## **2. Key issues**

- 2.1 On 5 February 2025 the Council's Planning Committee approved the application of Fairview Homes Ltd (planning ref 24/01268/RVC) in respect of land at Elmsleigh Road, Staines, to vary the s.106 agreement attached to the original planning permission. This enabled a payment of £3.85 million towards off site affordable housing in lieu of the delivery of affordable housing on site.
- 2.2 The Deed of Variation was signed (on 6 February 2025) – enclosed in Appendix C. This removed all previous affordable housing obligations from the original s.106 agreement and required a payment of the agreed commuted sum after a period of 6 weeks and 5 days if no Judicial Review (JR) challenge was made (which provided to be the case) and prior to any dwelling being occupied. The payment has now been received.
- 2.3 The commuted sum can only be used for off-site developments to provide additional affordable housing units over and above any required as part of the planning application. The definition of s106 affordable housing is set out in the National Planning Policy Framework [National Planning Policy Framework - Annex 2: Glossary - Guidance - GOV.UK](#).
- Affordable housing is defined as “Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions – (1) social rent e.g. locally set rent which might be anything over 60% of market rent (2) other affordable housing for rent – e.g. 80% of market rent (3) Discounted market sales housing e.g. is sold at a discount of at least 20% below local market value (4) Other affordable routes to home ownership e.g shared ownership, relevant equity loans, other low cost homes for sale.
- 2.4 The commuted sum cannot be used to cover financial losses of a development (e.g. it cannot make an unviable scheme viable). The money may also be used to purchase street properties for affordable housing purposes. All affordable dwellings require nominations agreement to ensure those at most need on the Council's Housing Register are prioritised.
- 2.5 As per the s.106 agreement the commuted sum must be spent or committed as expenditure within 5 years of receipt or it will need to be paid back.
- 2.6 Commuted sum secured on other sites are as follows:

## Level of s106 commuted sums

Site	Sum	Received	To come	Allocated?
Jewsons site, Staines	£80,471	Yes	N/A	Yes. Ashford Cemetery Lodge
Running Horse, Sunbury	£2,500,000	No	50% on 1 <sup>st</sup> occupation. Rest on occupation of 51% of units 2026 onwards	No
Fairview site, Staines ?	£3,850,000	No	2025 (almost immediately after any decision)	No

### 3. Options analysis and proposal

- 3.1 Officers identified the following options to utilise the commuted sum for affordable housing delivery:

**Option 1** - Acquisition of a freehold of a block of 12 flats in Staines, asking price £3,320,000 – details attached in **Appendix A**. If agreed the price will be negotiated. This is a rare opportunity to acquire an entire block of flats, which is ready for occupation immediately upon purchase and would be used as settled accommodation and reduce the numbers on the Council's Housing Register. This block of flats comprises 8 one bedroom units and 4x 2-bedroom units; the graph below illustrates the current demand

**Housing Register Applications by Band and Calculated Bedroom Need:**

Band	Requires a 1-bed	Requires a 2-bed	Requires a 3-bed	Requires a 4 bed or more	Grand Total
A	35	17	6	-	58
B	112	249	100	32	493
C1	321	190	192	32	735
C2	110	118	75	18	321
D	532	321	109	12	974
<b>Grand Total</b>	<b>1,110</b>	<b>895</b>	<b>482</b>	<b>94</b>	<b>2,581</b>

The freehold may be subsequently transferred to Knowle Green Estates Ltd. (KGE). Any such transfer shall be subject to full Council approval and KGE board approval.

The remaining balance (approximately £0.5m ) after the purchase of the above property, could be used to source additional properties for acquisition (and spent within five years). See option 3.

In the event the Committee is minded to proceed with this option, counsel opinion may need to be obtained to assess potential risk of a challenge from the developer on the grounds of the Council passing the benefit of the commuted sums to its wholly owned company.

**Option 2** - Application to Homes England for funding for property acquisition and the use of commuted sum to supplement the funding received – note the new programme is due to be announced in the Spring Budget Review, no current details are known at this stage.

**Option 3** – To work in partnership with a Register Provider (RP) or as the Local Housing Authority to acquire and to manage affordable housing in Spelthorne with nomination rights to the Council.

This could include either market property acquisition or empty homes acquisition. Although, the Council's experience shows that RPs take a long time to deliver such schemes and the Council has no control over the project completion within required timescale.

The purchase of empty homes in accordance with our Housing Strategy is within the Council's control and could include the compulsory purchase of empty properties as outlined in the Housing Strategy 2020 – 2025.

The Council could also consider acquiring affordable housing available at any current developments in Spelthorne. Whilst it is likely that such affordable housing would already be allocated to a specific Registered Provider under planning arrangements, such Registered Provider may be open to shifting their allocations depending on local housing needs.

**Option 4** – the acquisition of additional nomination rights for the Council in relation to the development at Ashford Victory Place.

Nomination rights i.e. the right to nominate applicants on the Council's Housing list to properties held by Registered Providers or other bodies might not meet the requirement to spend the monies on affordable housing as a nomination right of itself might not make the property affordable in accordance with the National Planning Policy Framework.

In the event the Committee is minded to proceed with this option, further research is required and / or counsel opinion may need to be obtained to assess potential risks (if any) associated with this option.

**Option 5** – any other options as directed by Members.

**4. Financial management comments**

- 4.1 A full financial viability analysis will be undertaken before a decision would be made to progress with acquisition with reports to go to Corporate Policy and Resources (CPRC) for approval.
- 4.2 The viability assessment will consider the ongoing cost of the property management.
- 4.3 If property acquisition is agreed with the funding, this will require the Committee to recommend a Supplementary Estimate to the Capital Programme to authorise the gross capital expenditure. With the commuted sum, the Council could take the approach that the net cost to the Council was zero and therefore the assets could be transferred at nil price to KGE.
- 4.4 This approach will provide much need additional affordable housing accommodation, easing pressures on the housing revenue budget and reducing the number of households on the Council Housing Register, without incurring any additional borrowing.

**5. Risk management comments**

- 5.1 The risk to the Council is KGE Board not approving to purchase the properties, if it cannot be demonstrated that the properties would be financially sustainable on a loan term basis should the Company had to cover associated financing costs. To minimise the risk, Council Officers will work closely with KGE Board to ensure suitability when proposing properties for purchase.
- 5.2 Pending approval of transfer to KGE, there are some risks to KGE associated with property management. Such as, bad debt, delays, repairs and risk of void costs. Due to current demand, it is unlikely that the Council will have a shortage of people to nominate to the properties. However, it should be considered as a long-term risk as future demand can change.
- 5.3 There is a risk that a particular property considered for purchase may be found unsuitable for acquisition through findings either in the survey or through the due diligence process.
- 5.4 Risk considerations vary for each of the options set out in section 3. The risk profile of the selected option will be considered in full in the subsequent report.
- 5.5 The selected option must categorically evidence the provision of affordable housing in line with the reason the commuted sums were provided to the Council, failing which the monies could be reclaimed.

**6. Procurement comments**

- 6.1 None arising directly from this report. Procurement requirements in relation to the selected option will be fully considered in the subsequent report.

**7. Legal comments**

- 7.1 Under section 106 of the Town and Country Planning Act 1990 (as amended), the Council as a Planning Authority may secure provision of affordable housing

as a planning obligation in the form of commuted sums in lieu of on-site provision. The commuted sums can only be used for the purpose for which they were provided, in this instance the provision of affordable housing. Typically, s106 monies have conditions which must be met, e.g. when and where the funds must be used.

## **8. Other considerations**

- 8.1 It is proposed that the additional accommodation units would be owned / managed by Knowle Green Estates (KGE), which would also assist with KGE's longer term viability.

## **9. Equality and Diversity**

- 9.1 Equality and Diversity Assessment is enclosed as **Appendix B**.

## **10. Sustainability/Climate Change Implications**

- 10.1 The proposed policy may have an impact on the Council's sustainability / climate change position. Any new property acquisitions would need to be reviewed for their carbon emission totals and potentially upgraded to manage their energy and water efficiency, and potentially options of renewable energy considered depending on location and orientation.

## **11. Timetable for implementation**

- 11.1 TBC
- 11.2 If the Committee agrees to progress, a report would need to be made to Council to recommend a Supplementary Capital Estimate.

## **12. Contact**

- 12.1 [marta.imig@spelthorne.gov.uk](mailto:marta.imig@spelthorne.gov.uk)

**Background papers:** None

### **Appendices:**

Appendix A: London Road offer prospectus

Appendix B: Equality and Diversity Impact Assessment



# 103 London Road

Staines TW18 4HN







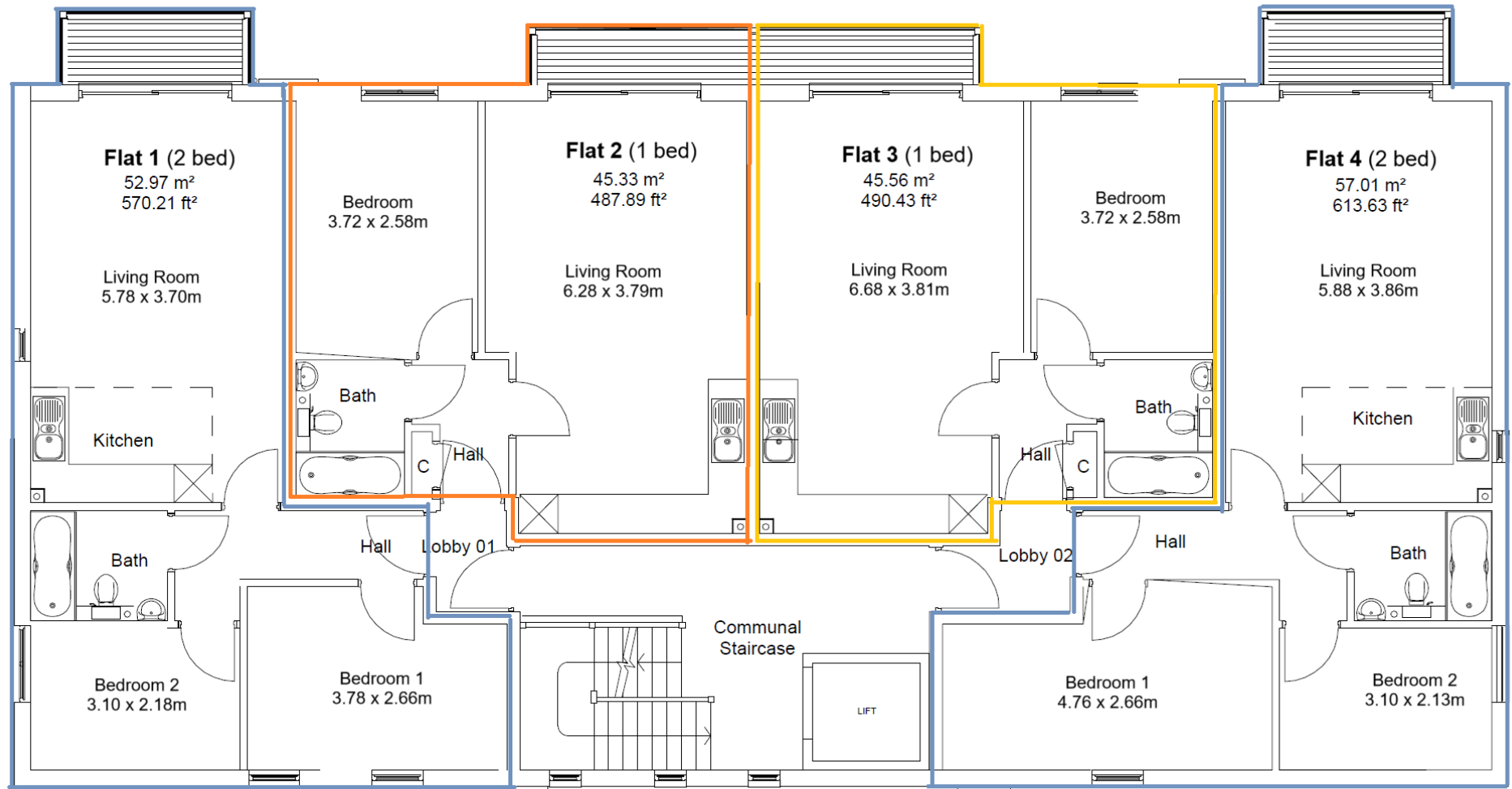


Flat number	No. of bedrooms	Floor	Sale Price	Monthly Rent
Flat 1	2 bedroom	First floor	£310,000	£1500
Flat 2	1 bedroom	First floor	£260,000	£1250
Flat 3	1 bedroom	First floor	£260,000	£1250
Flat 4	2 bedroom	First floor	£310,000	£1500
Flat 5	2 bedroom	Second floor	£310,000	£1500
Flat 6	1 bedroom	Second floor	£260,000	£1250
Flat 7	1 bedroom	Second floor	£260,000	£1250
Flat 8	2 bedroom	Second floor	£310,000	£1500
Flat 9	1 bedroom	Third floor	260,000	£1250
Flat 10	1 bedroom	Third floor	260,000	£1250
Flat 11	1 bedroom	Third floor	260,000	£1250
Flat 12	1 bedroom	Third floor	260,000	£1250
<b>Total</b>			<b>£3,320,000</b>	<b>£16,000</b>

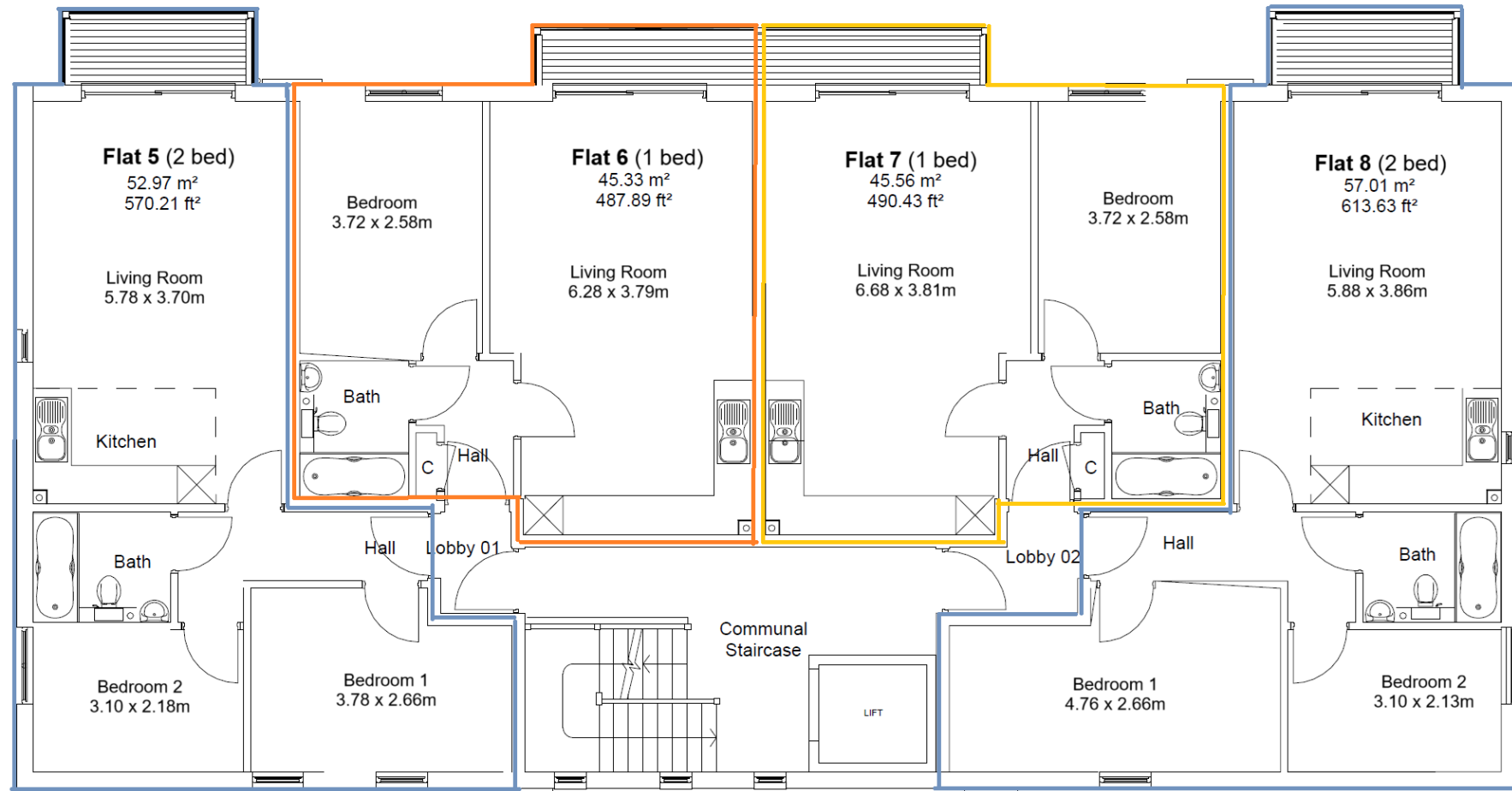
# Key Features

- Exclusive development of 12 newly built apartments in the heart of Staines.
- Freehold single title, owned in a SPV
- 1 bedroom - 8 units
- 2 bedroom - 4 units
- Parking - 8 slots (common)
- Car chargers : 4 (common) - pay as you go
- Solar panels: Feeding communal areas electricity (lift, light, car chargers)
- 8 flats completed in 2022 and 4 flats on top floor completed in 2024.
- Prime location, a short walk from the main shopping centre and Staines train station with direct links to London Waterloo.
- Excellent connectivity to the M25 and Heathrow Airport
- All apartments featuring high-quality fittings throughout
- Private balcony with scenic views over open fields and a lift servicing all floors
- Next to river Ash
- Secure entry system for added peace of mind

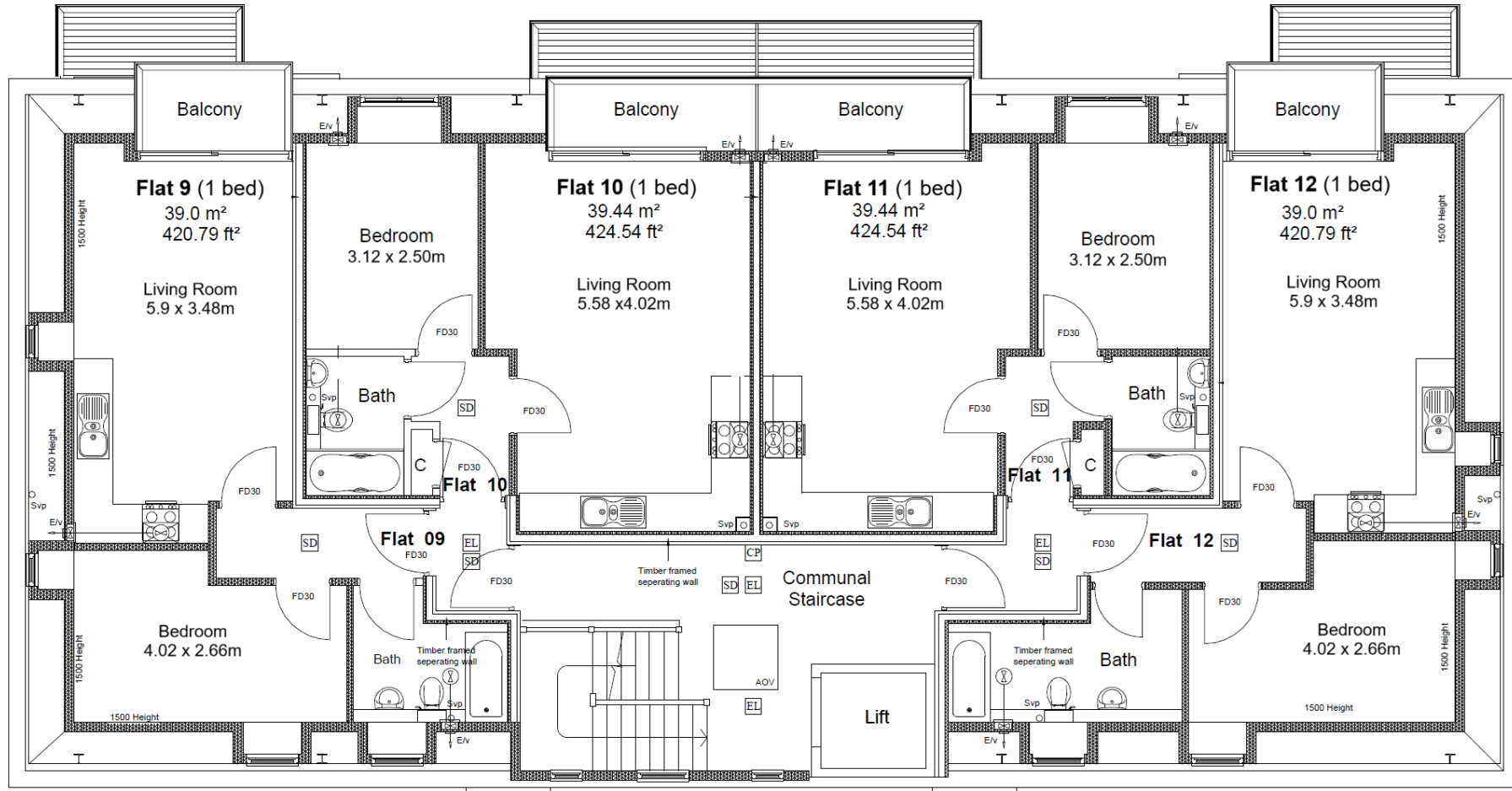
# First Floor



# Second Floor

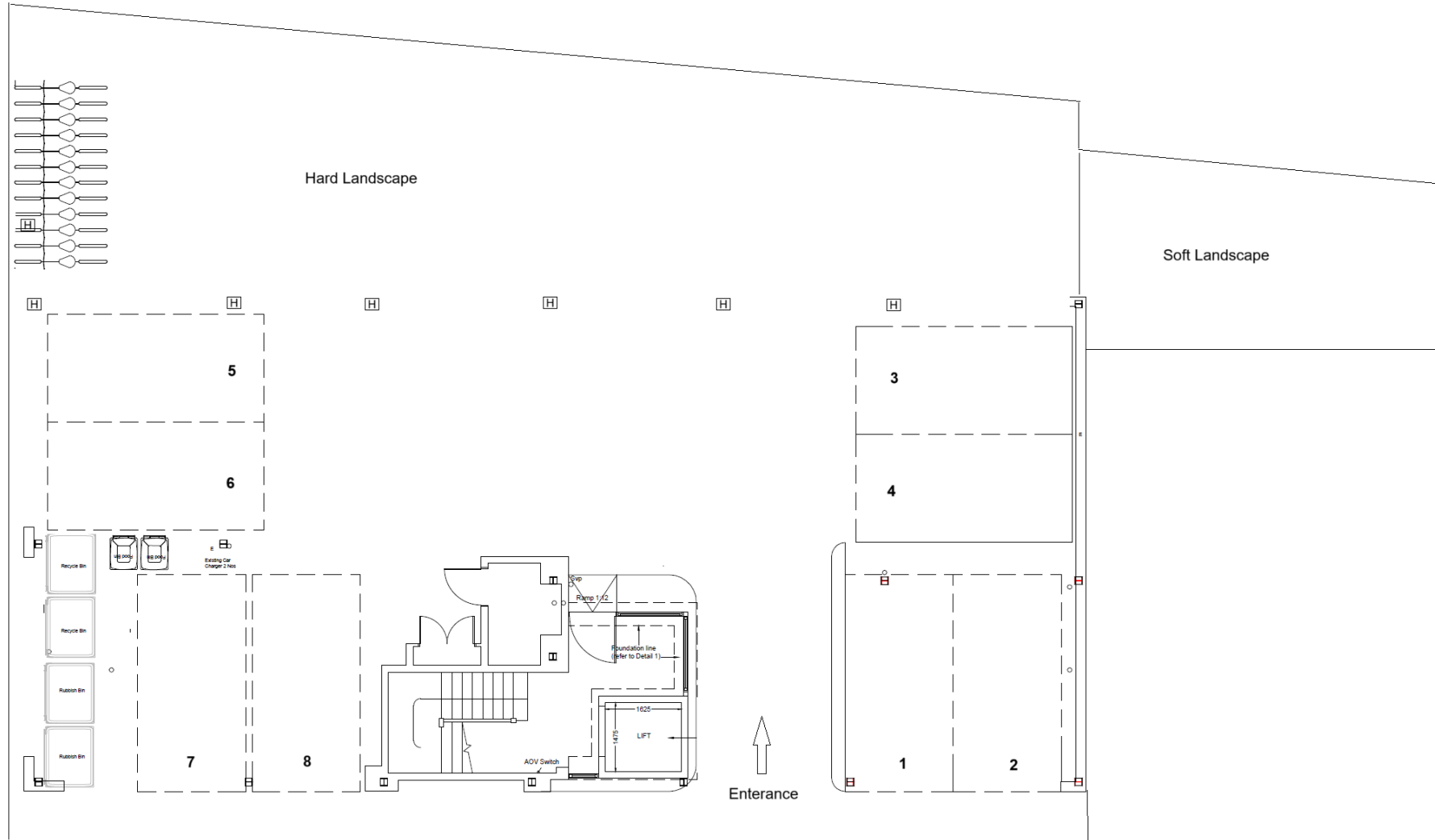


# Third Floor





# Ground Floor









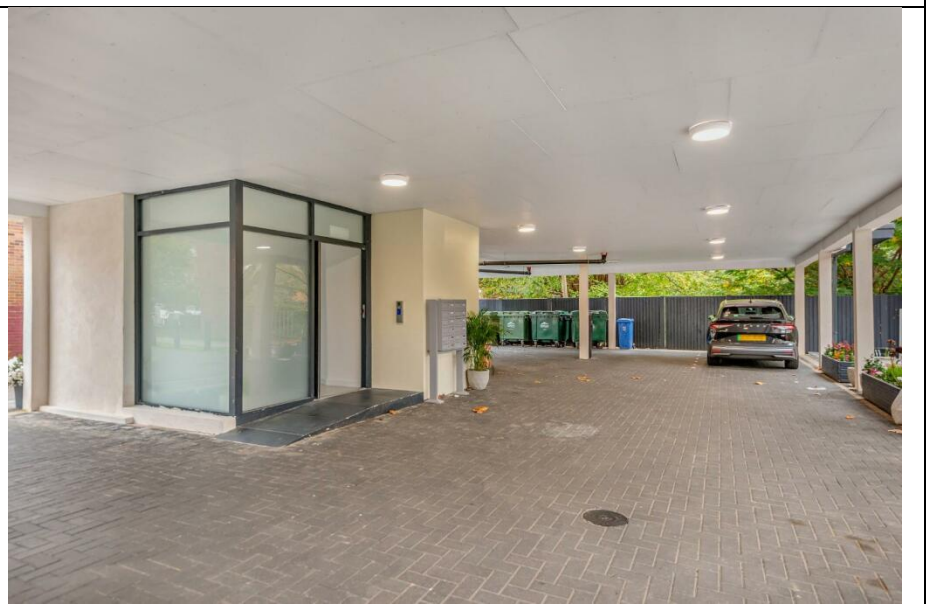








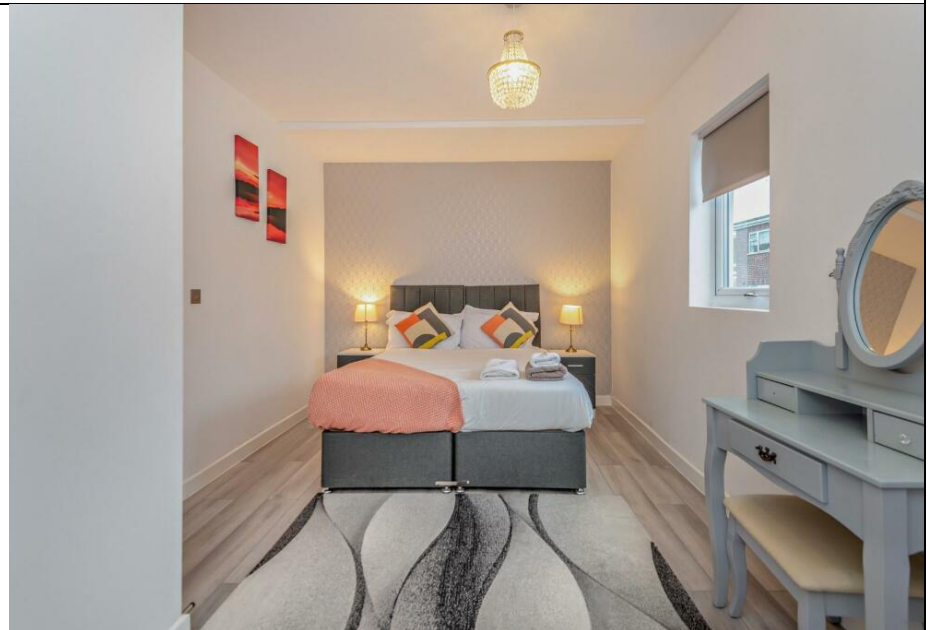
















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## Equality Analysis

<b>Directorate:</b> Corporate Policy and Resources <b>Service Area:</b> Housing Strategy	<b>Lead Officer:</b> Marta Imig <b>Date completed:</b> 24/03/2024
<b>Service / Function / Policy / Procedure to be assessed:</b>  Usage of Commuted Sum	
<b>Is this:</b> New / Proposed <input checked="" type="checkbox"/> Existing/Review <input type="checkbox"/> Changing <input type="checkbox"/>	<b>Review date:</b> n/a

**Part A – Initial Equality Analysis to determine if a full Equality Analysis is required.**

**What are the aims and objectives/purpose of this service, function, policy or procedure?**

The aims of the commuted sum is to deliver off site affordable housing.

**Please indicate its relevance to any of the equality duties (below) by selecting Yes or No?**

	Yes	No
Eliminating unlawful discrimination, victimisation and harassment	✓	
Advancing equality of opportunity	✓	
Fostering good community relations	✓	

**If not relevant to any of the three equality duties and this is agreed by your Head of Service**, the Equality Analysis is now complete - please send a copy to **NAMED OFFICER**. **If relevant**, a Full Equality Analysis will need to be undertaken (PART B below).

## PART B: Full Equality Analysis

### Step 1 – Identifying outcomes and delivery mechanisms (in relation to what you are assessing)

<b>What outcomes are sought and for whom?</b>	To provide affordable housing for residents in Spelthorne in housing need and to reduce the numbers on the Housing Register.
<b>Are there any associated policies, functions, services or procedures?</b>	Corporate Plan Health and Wellbeing Strategy Housing Strategy Homelessness Strategy
<b>If partners (including external partners) are involved in delivering the service, who are they?</b>	The properties are to be managed by the Council's owned company, Knowle Green Estates Ltd (KGE).

### Step 2 – What does the information you have collected, or that you have available, tell you?

**What evidence/data already exists about the service and its users?** (in terms of its impact on the 'equality strands', i.e. race, disability, gender, gender identity, age, religion or belief, sexual orientation, maternity/pregnancy, marriage/civil partnership and other socially excluded communities or groups) and **what does the data tell you?** e.g. are there any significant gaps?

#### General Spelthorne context

According to the Indices of Deprivation 2019, the most deprived borough in Surrey is Spelthorne. Spelthorne has the highest number of lone parent families and the highest level of child poverty in Surrey; it also has the highest under-18 conception rate in the county. That said, residents are largely healthy, with life expectancy for both males and females slightly above the national average.

Spelthorne has a low rate of unemployment: 1.4% of those economically active aged 16 to 64, compared to the South East (2.2%) and UK as a whole (3.5%). Heathrow Airport is a significant local employer, with 8.3% of Spelthorne's working population employed there. Significantly, 21.5% of those in work in Stanwell North are in low level employment compared to an average of 11.6% in Surrey. Average wages are slightly above regional averages at £630 per week for full-time employees.

Whilst house prices remain well above the national average, most residents are owner-occupiers (73%), followed by private rented (13%) and social rented (12%).

We're awaiting the full release of the 2021 census data so existing data is based on the 2011 census. First release of the new census data highlights a population increase in Spelthorne by 7.7%, from around 95,600 in 2011 to 103,000 in 2021. Spelthorne is the 14<sup>th</sup> most densely populated of the South East's 64 local authority areas with 2,295 of residents per square kilometre. Initial data also provides updates to both categories of age and sex as outlined below.

#### Gender / gender identity

Census data from 2021 shows that 50.9% of residents in Spelthorne were female, with the remaining 49.1% being male. There is no data known to be held in relation of other gender identities.

Source: ONS Census, 2021 – Population and household estimates, England and Wales: Census 2021

A White Paper published in December 2018 (Help shape our future: the 2021 Census of population and housing in England and Wales) set out the ONS recommendation for what the census should contain and how it should operate. The White Paper recommended that the census in 2021 include a question about gender identity, asking respondents whether their gender is the same as the sex they were registered as at birth. The question is separate from the question about sex (i.e., whether the respondent is male or female), which is phrased in the same way as previous years. There is currently no official data about the size of the transgender population (the word 'transgender' is used here to describe people whose gender identity does not match the sex they were assigned at birth). The Government Equalities Office (GEO) has said that there may be 200,000 to 500,000 transgender people in the UK, but stresses that we don't know the true population because of the lack of robust data. The ONS has identified user need for official estimates in order to support policy-making and monitor equality duties and has added a voluntary question on gender identity for people age 16 years and over. The 2021 data set has not yet been published by the ONS.

Source: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8531>

#### Age

Spelthorne has a slightly lower population of under-30s (33%) compared to the rest of the country (36%), and a slightly higher population of 30-69 year olds (53%) compared with the national average of (51%). The number of 70+ is 14%, which is broadly in line with the rest of the nation.

Source: ONCS Census, 2021 – Population and household estimates, England and Wales: Census 2021.

#### Ethnicity

The ethnic make-up of Spelthorne is largely in line with the UK average, although we have more residents who identify as Asian and fewer residents who identify as Black than the national average.

Ethnic group	Spelthorne		Region	UK
	Number	%	%	%
White	83,455	87.3%	90.7%	87.2%
Mixed	2,382	2.5%	1.9%	2.0%
Asian	7,295	7.6%	5.2%	6.9%
Black	1,545	1.6%	1.6%	3.0%
Other	921	1.0%	0.6%	0.9%
Total	95,598	100.0%	100.0%	100.0%



Source: <https://commonslibrary.parliament.uk/home-affairs/communities/demography/constituency-statistics-ethnicity/>

Disability

As of July 2019 there were around 2,020 PIP claimants in Spelthorne constituency. In comparison, there was an average of 2,500 claimants per constituency across the South East. Within Spelthorne, psychiatric disorders were the most common reason for claiming PIP. They accounted for 37% of awards, compared to 36% in Great Britain. ‘Psychiatric disorders’ include anxiety and depression, learning disabilities and autism. The second most common reason for awards was musculoskeletal disease (general), which accounted for 17% of awards within the constituency and 21% in Great Britain. Musculoskeletal disease (general) includes osteoarthritis, inflammatory arthritis and chronic pain syndromes.

Source:  
<http://data.parliament.uk/resources/constituencystatistics/personal%20independence%20payment/PIP%20claimants%20in%20Spelthorne.pdf>

Religion

Residents of Spelthorne predominately identify themselves as either Christian or having no religion. There is a smaller Muslim population compared with the national average, but a larger Hindu and Sikh population.

	Constituency		Region	UK
	Number	%	%	%
<b>Has religion</b>	<b>67,392</b>	<b>70.5%</b>	<b>65.0%</b>	<b>66.7%</b>
of which				
Christian	60,954	63.8%	59.8%	58.8%
Muslim	1,808	1.9%	2.3%	4.5%
Hindu	2,332	2.4%	1.1%	1.4%
Buddhist	420	0.4%	0.5%	0.4%
Jewish	206	0.2%	0.2%	0.4%
Sikh	1,325	1.4%	0.6%	0.7%
Other	347	0.4%	0.5%	0.4%
<b>No religion</b>	<b>21,511</b>	<b>22.5%</b>	<b>27.7%</b>	<b>26.1%</b>
<b>Not stated</b>	<b>6,695</b>	<b>7.0%</b>	<b>7.4%</b>	<b>7.2%</b>

Source: <https://commonslibrary.parliament.uk/home-affairs/communities/constituency-data-religion/>

Sexual orientation

There is no accurate dataset which can be used to reflect solely Spelthorne. The White Paper recommends asking a new question about sexual orientation. The ONS has identified a user need for better data on sexual orientation – particularly for small areas – to inform policy-making and service provision, as well as monitoring equality duties. The ONS has previously used the Annual Population Survey (APS) to estimate the size of the lesbian, gay and bisexual (LGB) population in the UK. According to these estimates, just over 1 million people

identified as LGB in 2016 (around 2% of the population). However, the sample population used in the APS isn't big enough to provide robust estimates of the LGB population in smaller areas.

Source: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8531>

**Marriage / Civil Partnership**

More people in Spelthorne are married compared to the rest of England and Wales, and fewer people identify as single.

Marital Status	Spelthorne		England and Wales	
All usual residents aged 16+	78,089		45,496,780	
Single (never married or never registered a same-sex civil partnership)	24,562	31%	15,730,275	35%
Married	38,984	50%	21,196,684	47%
In a registered same-sex civil partnership	153	0%	104,942	0%
Separated (but still legally married or still legally in a same-sex civil partnership)	2,042	3%	1,195,882	3%
Divorced or formerly in a same-sex civil partnership which is now legally dissolved	6,870	9%	4,099,330	9%
Widowed or surviving partner from a same-sex civil partnership	5,478	7%	3,169,667	7%

**Has there been any consultation with, or input from, customers / service users or other stakeholders?** If so, with whom, how were they consulted and what did they say? If you haven't consulted yet and are intending to do so, please list which specific groups or communities you are going to consult with and when.

n/a

**Are there any complaints, compliments, satisfaction surveys or customer feedback that could help inform this assessment? If yes, what do these tell you?**

n/a

**Step 3 – Identifying the negative impact.**

**a. Is there any negative impact on individuals or groups in the community?**

**Barriers:**

What are the potential or known barriers/impacts for the different 'equality strands' set out below? Consider:

- Where** you provide your service, e.g. the facilities/premises;

- **Who** provides it, e.g. are staff trained and representative of the local population/users?
- **How** it is provided, e.g. do people come to you or do you go to them? Do any rules or requirements prevent certain people accessing the service?
- **When** it is provided, e.g. opening hours?
- **What** is provided, e.g. does the service meet everyone's needs? How do you know?

\* Some barriers are justified, e.g. for health or safety reasons, or might actually be designed to promote equality, e.g. single sex swimming/exercise sessions, or cannot be removed without excessive cost. If you believe any of the barriers identified to be justified then please indicate which they are and why.

### **Solutions:**

What can be done to minimise or remove these barriers to make sure everyone has equal access to the service or to reduce adverse impact? Consider:

- Other arrangements that can be made to ensure people's diverse needs are met;
- How your actions might help to promote good relations between communities;
- How you might prevent any unintentional future discrimination.

<b>Equality Themes</b>	<b>Barriers/Impacts identified</b>	<b>Solutions (ways in which you could mitigate the impact)</b>
<b>Age</b> (including children, young people and older people)	Significant number of children staying in the Temporary Accommodation for a long period of time. The uncertainty of living situation have detrimental impact on children's development.	The provision of settled accommodation would improve children's wellbeing.
<b>Disability</b> (including carers)	Anecdotally we know that physically disabled people accessing settled accommodation in Spelthorne have much more limited options available to them due to property adaptation requirements.	This programme would enable access to the settled accommodation for disabled families, without the need to compete for properties on privately rented market.
<b>Gender</b> (men and women)	No restrictions on gender are identified.	Access to property is enabled for both male and female.
<b>Race</b> (including Gypsies & Travellers and Asylum Seekers)	Recent surveys show that people face discrimination on the basis of their race or income when renting a property on a private rented	The properties acquired under this programme will be allocated fairly by the Council.

	market. Our experience in supporting families into privately rented sector unfortunately also confirms the same.	
<b>Religion or belief</b> (including people of no religion or belief)	No restrictions identified	n/a
<b>Gender Re-assignment</b> (those that are going through transition: male to female or female to male)	No restrictions identified	n/a
<b>Pregnancy and Maternity</b>	No restrictions, but the size of the property will need to be considered to meet the need of the expecting family.	n/a
<b>Sexual orientation</b> (including gay, lesbian, bisexual and heterosexual)	No negative impacts identified	n/a

### Step 4 – Changes or mitigating actions proposed or adopted

Having undertaken the assessment are there any changes necessary to the existing service, policy, function or procedure? What changes or mitigating actions are proposed?

No changes required.

### Step 5 – Monitoring

How are you going to monitor the existing service, function, policy or procedure ?

The delivery of the programme will be monitored by the Strategic Housing Group and all properties proposed for acquisition will be presented to Members for decision prior to acquisition.

### Part C - Action Plan

Barrier/s or improvement/s identified	Action Required	Lead Officer	Timescale
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n/a	n/a	n/a	n/a
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Equality Analysis approved by:

Group Head:	Date:
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## Corporate Policy and Resources Committee



12 May 2025

<b>Title</b>	<i>Asset Investment Strategy 2025/2026</i>
<b>Purpose of the report</b>	To seek approval to the Asset Investment Strategy for the financial year 2025/2026
<b>Report Author</b>	<i>Sian Bowen – Principal Asset Manager</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	Report - No. Appendix 1 - No Appendices 2-12 -Yes
<b>Exemption Reason</b>	Appendices 2-12 contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any lease, contract or other type of negotiation with the tenant or developer, who could then know the position of the Council.
<b>Corporate Priority</b>	Service delivery and Resilience.
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <p><i>To approve the Asset Investment Strategy which sets out the priorities and key focuses for proactive management of the Council's Investment and Regeneration Portfolio during 2025/26.</i></p>

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"><li>• Annual Business Plans for the investment and regeneration assets have been presented and approved by the Commercial Assets Sub Committee between January and March this year.</li><li>• The Asset Investment Strategy provides a summary of the previously approved Business Plans setting out the prioritisation of key initiatives and focuses during 2025/26</li><li>• The Asset Investment Strategy also provides the amalgamated predicted income numbers for the next 5 years</li></ul>	<ul style="list-style-type: none"><li>• The Asset Investment Strategy priorities and objectives to allow the Council to understand and monitor the progress of work being undertaken whilst managing the Council's Investment and Regeneration Assets whilst also being able to monitor future income projections</li></ul>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"><li>• The enclosed Asset Investment Strategy builds on the outputs from the Annual Business Plans and clarifies the focus and priorities for the FY 2025/2026</li></ul>	<ul style="list-style-type: none"><li>• The Asset Investment Strategy will form the basis of the Asset team's focus and priorities for the Investment &amp; Regeneration portfolios. It is intended to provide clarity and guidance to the objectives and approach towards managing the portfolios over the current financial year. It will also assist with monitoring performance against objectives.</li></ul>

## 2. Key issues

- 2.1 The Asset investment Strategy sits below the Asset Investment Strategy and Asset Management Plan and provides a more detailed analysis and income projection of those assets within the Investment and Regeneration portfolio.





- 2.2 The Asset Investment Strategy seeks to clarify the approach that the Assets team will take to managing the Investment & Regeneration portfolios over the FY 2025/2026. It highlights the challenges and opportunities for each property within the portfolio and sets out an approach to ensure that rental income is maintained and, where possible, maximised. Equally, it identifies significant risk areas, including lease events (break options and lease expiries) and mitigation measures that are, or will be put, in place.
- 2.3 The Asset Investment Strategy comprises the main report, together with the amalgamated portfolio business plan numbers for the next 5 years contained within Appendix 1. Appendix 2 provides a summary of the key targets and CAPEX requirements for 2025/6 with short form reports on each asset, contained within Appendices 3 to 12. Please note that Summit Centre is excluded from reporting due to its imminent sale.

### 3. Next Steps

- 3.1 The Investment and Regeneration Portfolio is currently being managed with focus on those priorities set out in the Asset Investment Strategy and in accordance with the methodology in the Asset Management Plan 2024-2028, so no operational changes are needed in light of this report.

### 4. Options analysis and proposal

- 4.1 Note the content of the Asset Investment Strategy, which summarises the objectives of each individual asset's business plan as approved by committee between January and March this year. **This is the recommended option.**
- 4.2 Request changes to the Asset Investment Strategy. **This is not the recommended option** as the Business Plans which feed into the Asset Investment Strategy have already been approved and the Asset Investment Strategy is a summary of these individual documents.

### 5. Financial management comments

- 5.1 The Asset Investment Strategy within Appendix 1 (and within the individual asset reports) sets out the financial implications of the various opportunities and threats facing the individual assets and the portfolio as a whole and contributes to the Council's medium term financial planning.

### 6. Risk management comments

- 6.1 The Asset Investment Strategy forms part of the wider Asset Management Strategy and Plan. Without the Council having an agreed Asset Management Strategy that sets out how it will manage its land and property portfolio there is no agreed mechanism for decision making and benchmarking property performance.

**7. Procurement comments**

7.1 None.

**8. Legal comments**

8.1 The Council has a statutory duty to deliver best value across all of its property portfolios (Local Government Act 1999).

**9. Other considerations**

9.1 None.

**10. Equality and Diversity**

10.1 None.

**11. Sustainability/Climate Change Implications**

11.1 These are addressed within the reports contained within Appendices 1 – 12.

**12. Timetable for implementation**

12.1 Immediately, if approved.

**13. Contact**

13.1 Sian Bowen, Principal Asset Manager [s.bowen@spelthorne.gov.uk](mailto:s.bowen@spelthorne.gov.uk)

**Background papers: There are none.**

**Appendices:**

**Appendix 1 – Asset Investment Strategy – Main Report and amalgamated business plans**

**Appendix 2 – Key targets for 2025/6 summary**

**Appendix 3 – BP Campus, Sunbury**

**Appendix 4 – Elmbrook House, Sunbury**

**Appendix 5 – 3 Roundwood Avenue, Stockley Park**

**Appendix 6 – World Business Centre 4, Heathrow**

**Appendix 7 – 12 Hammersmith Grove, London W6**

**Appendix 8 – Communications House, Staines**

**Appendix 9 – Charter Building, Uxbridge**

**Appendix 10 – Porter Building, Slough**

**Appendix 11 – Thames Tower, Reading**

**Appendix 12 – Elmsleigh Shopping Centre, Staines**

**Appendix 13 – Amalgamated Numbers**

**Appendix 1**  
**PORTFOLIO ASSET INVESTMENT STRATEGY**  
**APRIL 2025 – MARCH 2026**

**1. Portfolio Overview (as at 31 March 2025)**

<b>No of assets</b>	11 (8 Investment & 3 Regeneration* inc Summit Centre under offer)
<b>No of tenants</b>	135 (including Elmsleigh)
<b>Rental income</b>	£46.79m pa vs £44.80m pa 2024
<b>Vacancy rate (Investment)</b>	9.96% vs 9.92% 2024
<b>Vacancy Rate (Regen)</b>	9.61% vs 14.34% 2024
<b>South East Office av vacancy rate</b>	26.6% vs 21.9% 2024
<b>Portfolio Net Initial Yield</b>	6.44% (combined Investment & Regeneration) vs 6.45% 2024
<b>Capital Value</b>	£623.85m vs £650.36m 2024

## 2. Summary 12 month strategy 2025-2026

The management approach for the next 12 months will be aligned with the Strategic Objectives for the Investment portfolio as set out in the Asset Management Strategy:-

“The strategic objectives for the investment portfolio are that it:

- Provides a net revenue return to the Council after all costs and risks are accounted for
- Maintains its long-term value
- Contributes to the Council's wider objectives and the economic and social wellbeing of Spelthorne residents
- Does not put the Council in a position of unquantified risk”

The Strategy will be aligned with the requirements of the Improvement and Recovery Plan. The Council will also engage in collaborative work with our Surrey councils to share data on our assets as we move towards the new unitary authorities. The overarching strategy for the next 12 months is to maintain and improve the income received across the Investment and Regeneration portfolios by:-

- a) Securing new leases on vacant accommodation;
- b) Prioritising the removal and/or deferment of break options;
- c) Agreement of lease renewals well ahead of expiry dates; and
- d) Settlement of outstanding rent reviews

At the same time, the Assets team will limit the Council's exposure to revenue expenditure and other financial risk caused by:-

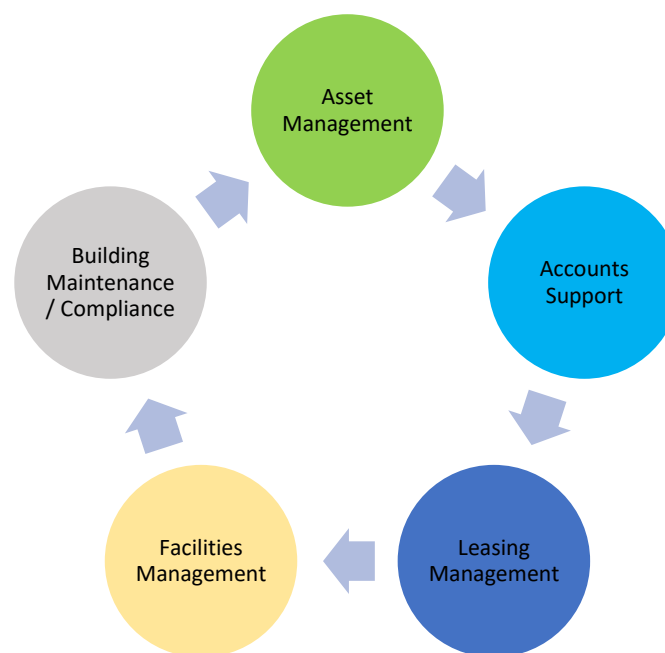
- a) Holding costs on void properties (e.g. business rates, service charge, insurance and utility costs);
- b) Refurbishment costs following a tenant break or lease expiry; and
- c) Fees paid to professional advisers.

In order to achieve these goals, our approach will be to:-

- a) In line with Improvement and Recovery Plan and the assets disposals and debt reduction directions issued following the Best Value Inspection report seek to move forward disposals where there is a business case for doing so
- b) Actively engage with our occupiers to understand their business needs;
- c) Procure any refurbishment or works projects in accordance with Contract Standing Orders to ensure best value for the Council is achieved;
- d) Utilise external advisers prudently and only where the relevant skills are not available within the existing Assets team; and
- e) Maintain the 'Golden Thread' approach to effective Corporate Landlord style management of the portfolio, as identified in the Asset Management Plan

The Corporate Landlord management approach is summarised in the image below, and highlights how the various teams and disciplines within the Assets department are involved in a consistent way to maximise income and mitigate against risk. In addition, the Assets team works closely with other teams within the Council (e.g. Legal, Finance) to ensure a consistent approach towards asset management of the portfolio.

The key lease events and CAPEX for 2025/6 are detailed in Appendix 1 which, due to commercially sensitive information, are contained in Part 2.



As previously reported in the 2024 Asset Investment Strategy, the flight to quality offices remains the key driver of relocating businesses, keen to secure quality offices for their employees and encourage them back to the office. The Council remain well placed in this flight, offering a 'best in class' investment, as re-affirmed in the Jones Lang La Salle report of December 2023, with high environmental ratings and good communal staff welfare facilities. The portfolio which has shown its resilience over the past 3 years retaining a significantly lower than average void rate when compared with SE offices and is well placed to benefit from increased tenant demand and the low rates of new office construction.

The ESG (Environment, Social and Governance) agenda is also becoming notably important to potential occupiers, who are keen to understand buildings EPC's, building wellness ratings and Landlords green policies for the duration of their lease. Whilst the JLL portfolio review (December 2023) highlighted that 75% of the Council's Investment portfolio enjoys EPC ratings of A or B, some do expire in 2027/8.

It is imperative that the Council stay ahead of the curve and to this end we intend to commission a full environment audit in 2025. This will enable us to strategically manage cost exposure both to our tenants and the Council over a number of service charge years in implementing any recommendations in order to retain or improve our EPC and environmental ratings.

Fundamental to our asset management strategy remains our relationship with our Tenants and bringing forward, where possible, lease negotiations to mitigate risk.

One of the major initiatives which commenced in 2024 and is ongoing is the review of the future of the BP SW Corner. Electrical capacity surveys were undertaken in 2024 and the results of these have fed into a report now commissioned by Knight Frank into the future strategy of the site. The report and its viability surveys will feed into our future strategy for the entirety of the site which will be progressed throughout 2025.

During 2024, a number of properties were brought back to be managed in house including World Business Centre 4 and Summit Centre and we recently brought the rent collection for the investment portfolio (offices) in house, demanding the March quarter 2025. This has proved to be beneficial in enhancing the Council's cashflow and has significantly improved rent collection rates across the portfolio achieving 99.63% of rent collectable within 4 days of the quarter day. Building on this success, the Elmsleigh shopping centre will be brought in house in September.

We will also be re-tendering the property management contract in late Spring 2025 for the office portfolio.

Finally, risk will continue to be monitored and addressed through the regular review of Key Performance Indicators and the portfolio Risk Register, as part of the wider Asset Management reporting process (see below). Financial performance against budget continues to be monitored on a monthly basis, working closely with Finance colleagues.





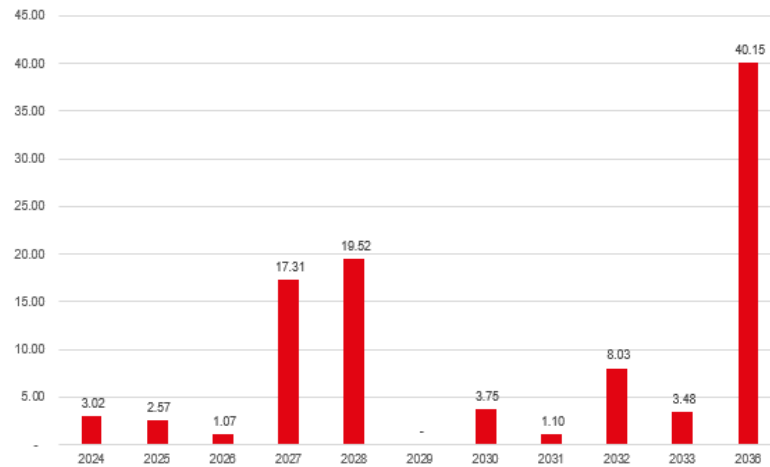
### 3. Medium Term Strategy 2025-2028

It was recommended by the BVI inspection that our Exit Strategies were further developed to inform decision making regarding the future of our assets and an external surveying company will look to develop these further in Q1 2025. The results of these will form our short to medium term comprehensive commercial strategy review which will determine our action plan to determine whether assets should be held, disposed of or consideration should be made towards a change of use, over a 10 year period.

The medium term asset management strategy remains to secure early lease renewals where possible to alleviate the pinch point in lease expiries across the portfolio in 2027/8. With this date now only 2 years off, we anticipate more tenants will commence engaging with us, with many previously citing 2027/8 as being too distance to plan/commit. Where there are buildings with a number of expiries, for example Hammersmith Grove, agents have been instructed to assist with these negotiations.

The graphic below shows the percentage of the portfolio income (by rental value) which is due to expire in each of the years shown.

## Portfolio: Lease Expiry Profile



\*Based on Asset Data supplied.

It will also remain imperative that our assets remain “best in class” and we will be continually reviewing and evolving our asset management medium term strategy to align with marketplace requirements to ensure we maintain our agility to move with trends and occupier demands.

#### 4. Aggregated Business Plans

Detailed below are the aggregated business plans for the next 5 years and exclude Summit Centre (freehold under offer).

Financial Year Ending	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
Annual Gross Rental Income without any deductions	£48,643,510	£51,815,542	£53,902,061	£53,595,989	£57,409,565
Accrued Rental Income pa(excluding Elmsleigh)	£41,903,878	£46,070,860	£45,900,849	£42,785,006	£44,739,726
Rent Free Incentive	-£3,536,720	-£4,565,615	-£6,351,862	-£5,943,237	-£5,344,760
Gross Rental Income less Rent Free	£45,106,790	£47,249,928	£47,550,200	£47,652,752	£52,064,804
Capital Expenditure	-£6,997,459	-£10,546,708	-£4,591,265	-£5,093,238	-£2,986,658
MRP/Interest	-£35,017,005	-£35,078,178	-£35,136,616	-£35,181,361	-£35,217,422
Net Income (less all costs)	£3,092,326	£1,625,041	£7,822,318	£7,378,153	£13,860,724
Amalgamated Accrued Rent (exlcuding Elmsleigh)	£41,903,878	£46,070,860	£45,900,849	£42,785,006	£44,739,726
Costs (excluding Elmsleigh)	-£40,333,860	-£44,038,343	-£38,120,706	-£38,648,307	-£36,629,120
Net Income	£1,570,017	£2,032,517	£7,780,143	£4,136,699	£8,110,606

3 Yr Average	5 Year Average
£51,453,705	£53,073,333
£44,625,196	£44,280,064
-£4,818,065	-£5,148,439
£46,635,639	£47,924,895
-£7,378,478	-£6,043,066
-£35,077,266	-£35,126,116
£4,179,895	£6,755,712
£44,625,196	£44,280,064
-£40,830,970	-£39,554,067
£3,794,226	£4,725,996



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