

# Corporate Policy & Resources Committee

17 March 2025



<b>Title</b>	Summit Centre, Sunbury-on-Thames, Site Sale
<b>Purpose of the report</b>	The Disposal of the Summit Centre
<b>Report Author</b>	Bruce Strong – Asset Manager
<b>Ward(s) Affected</b>	All
<b>Exempt</b>	Report - No Appendices - Yes
<b>Exemption Reason</b>	The Appendices 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
<b>Recommendation</b>	The Committee is asked to recommend that the Council approve the disposal of the Summit Centre on the terms set out in this report and detailed in the appendices.
<b>Reason for Recommendation</b>	The disposal will contribute towards the Financial Resilience of the Council, by generating a capital receipt and help relieve pressure on the Council’s Revenue Budget and Medium-Term Financial Plan. The Council has a statutory obligation to achieve best consideration from its land and property disposals.

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>The Council owns a large portfolio of land and assets, which are held for a variety of purposes and has a statutory responsibility to achieve best value from all its property holdings.</li> </ul>	<ul style="list-style-type: none"> <li>The Council has a statutory obligation to achieve best consideration in relation to its land and property disposals and this directs the Council to focus on financial resilience within its decision making, including disposing of assets, when</li> </ul>

<ul style="list-style-type: none"> <li>The Council's recently adopted Development Delivery Strategy makes provision for progression of the development on specified sites via partnership working which may take the form of a disposal or joint venture style agreements.</li> </ul>	<p>possible, to relieve pressure on the annual revenue budget resultant from financing and holding costs from vacant sites.</p> <ul style="list-style-type: none"> <li>A number of the Council's land and property sites are currently not delivering best value in their existing use and are therefore proposed for sale to generate capital receipts that contribute to the financial resilience of the Council.</li> <li>The Summit Centre is on the list of proposed sites to be sold by the Council in the medium term 3-8 year period. However as per the recent site Exit Strategy (Appendix 1) the holding costs for the site are shortly to be more than the income and the offer on the site is higher than the outstanding debt on the site.</li> </ul>
<p>This is what we want to do about it</p>	<p>These are the next steps</p>
<ul style="list-style-type: none"> <li>From an agreed list of sites following a review of all Council owned land and property assets to commence managed disposals of Council land and property over the coming years, which can be demonstrated as not achieving best value in their current form to generate capital receipts.</li> <li>Dispose of the Summit Centre to the prospective buyer as soon as possible as this will limit the holding costs exposure to the Council and generate a capital sum in excess of the debt on the site.</li> </ul>	<ul style="list-style-type: none"> <li>Take a recommendation to full Council to dispose of the site to the prospective buyer on a freehold sale basis to allow the Council to address and end all financial costs attached to the site.</li> <li>Instruct solicitors to complete the disposal.</li> <li>Suggestions for the use of the proceeds have been discussed with Council leadership in conjunction with reviewing corporate priorities and a further report will be brought to CPRC with options on how the funds can be used.</li> </ul>

## **2. Key issues**

- 2.1 The Council owns a large portfolio of land and assets, which are held for a variety of purposes. The Council has a statutory responsibility to achieve best consideration from all its property holdings.
- 2.2 A sale of the Summit Centre will enable the Council to obtain a capital receipt and where applicable offset purchase and other holding costs and end the borrowing associated with the site. This will, longer term, relieve pressure on the Council's revenue budget.
- 2.3 The overall borrowing costs are accumulating year on year and are currently being funded from the Council's annual revenue budget. Incurring these costs on a long-term basis places greater strain on the Council's financial resources.
- 2.4 The value of the site is higher than the debt held on the site making this an ideal time to dispose of the site at a price in excess of the recent valuation.
- 2.5 The offer from the prospective buyer, while not time restricted on instructing solicitors and completing a sale, is a good offer which we do not wish to lose and therefore instructing solicitors as soon as possible with exchange/completion pending full Council sign off is key to progressing with the prospective buyer.

## **3. Current position**

- 3.1 Following a review of the Council's assets a number of sites have been identified as possible disposal options and may generate financial receipts to contribute towards the Council's longer term financial resilience, which may offer better value than current uses as well as offering revenue savings.
- 3.2 The exit strategy for the site was presented at Commercial Assets Sub-Committee (CASC) in December 2024 where members agreed to take this site to market for sale.
- 3.3 The CASC and Business Infrastructure and Growth Committees in January signed off the tender process for the agency position, with the intention that subsequent marketing by the recommended agent would be signed off at a later CASC meeting and once offers had been received the disposal would be subject to the Council approval. During the agency tender process an offer was received from the prospective buyer on the terms set out in the appendix 2.
- 3.4 The timing to take the proposal through CASC, CPRC and full Council is likely to mean a decision on the offer could not be ratified until around June due to the CPRC timings. At CASC on the 24<sup>th</sup> February it was agreed that, subject to this paper, they would support the recommendation to accept the offer being presented to CPRC on the 17<sup>th</sup> March with full council approval being sought on the 18<sup>th</sup> March.

- 3.5 We have been running the agent tender process where tenders were submitted on the 24 February by 4 parties. Their responses provided guide market pricing between £8m - £17.7m.
- 3.6 Knight Frank have provided a Red Book valuation of £15m.

#### **4. Financial Implications**

- 4.1 The financials for the site and offer are set out in the table in Appendix 3 with further points relating to the financial benefits of the sale set out below.
- 4.2 There will be no agent disposal fees as the offer has come forward before agents have been instructed.
- 4.3 The offer provides certainty on timescales for the Business Hub giving the opportunity to relocate them over some 12 months or more. See Other Considerations, below.
- 4.4 ADT's lease on Unit 3 expires on 3<sup>rd</sup> August this year and they are Landlord and Tenant Act protected and disposing of the site before their lease expires and the rent reduces on the property means we will not be exposed to additional net holding costs. Further comments in Appendix 3.
- 4.5 The site holding costs start to exceed income from September this year although there is now uncertainty on the charity exempt status given on business rates on unit 4. If the exemption is lost, we would start to incur empty rates costs on c. 75% of this space, at £16,500 per month.
- 4.6 Interest and revenue payments are c. £41,250 per month and selling the site without a marketing period will save some 3 months of payments totalling £123,750.
- 4.7 The offer is significantly more than the Red Book valuation of £15M provided by Knight Frank which they have undertaken without knowledge of the offer. A Red Book valuation is subject to significant rigour and has also followed the Local Government Act 1972 general disposal consent requirements.
- 4.8 The prospective buyer will pay for the phase 2 environmental survey. We have had two quotes for this ranging from £15,000 - £43,000 depending on scope. Selling the site without an intrusive survey will lead to either lower offers through assumptions on ground conditions and/or more conditionality. Typically, the survey would be commissioned and paid for by the vendor.
- 4.9 In summary, while the site will not have been fully marketed, the offer appears very full, we would lose the benefit of saving agency fees, incurring the cost of the survey, incur ongoing loan finance costs and incur holding costs. These costs equate to c. £350,000 assuming we would hold the site for an additional 3 months during any marketing period plus any costs and uncertainty associated with ADT.

4.10 The income and costs per quarter are summarised below:

Month End	Jun-25	Sep-25	Dec-25	Mar-26
Gross Income	£141,964	£100,995	£87,476	£87,476
Costs	-£49,678	-£14,798	-£50,461	-£19,895
MRP/Interest	-£123,750	-£123,750	-£123,750	-£123,750
Net Income	-£31,465	-£37,552	-£86,735	-£56,169

The costs in Q2 2025 include £37,500 for legal fees assuming a sale completes during this quarter. The cashflow is continued to March 2026 to show the net position should a sale be delayed.

## 5. Risk Management

- 5.1 Once the Council disposes of its interest in the site it loses control of any future change in proposals by the owner of the building, other than via the Planning Committee and any legal mechanisms (e.g. restrictive covenants or overage) that may be negotiated between the parties.
- 5.2 The prospective buyer is a recognised developer, trading for some 30 years and, as required, money laundering checks will be undertaken once solicitors have been instructed. However, until contracts are exchanged, as with any disposal the legal process proceeds at risk of an abortive completion.
- 5.3 The prospective buyer is financing the intrusive environmental survey and should they not proceed with the sale the benefit of the report will be assigned to the Council at no cost.
- 5.4 There is the risk that by not marketing we could be missing out on a higher offer. However, as the report details, the offer is substantially ahead of the valuation and current market guidance and by not going through a marketing period of 3 months we save some £350,000 in holding costs.

## 6. Procurement comments

- 6.1 Not applicable as this is a disposal.

## 7. Legal comments

- 7.1 Further to sections 120-123 of the Local Government Act 1972, the Council has the powers to acquire and dispose of land for the purpose of any of its functions. Any disposal will need to satisfy the valuation requirements of section 123 of this Act.
- 7.2 Any disposal will be subject to the terms of the contract, transfer and any other necessary legal documentation. The Council's in house Legal Services will support the sale with external legal advice obtained if required.
- 7.3 Any disposal must meet the requirements of Best Duty Value under the provisions of the Local Government Act 1999.

- 7.4 Failure to obtain best consideration from the proposed disposal may expose the Council to risk of legal challenge by way of a judicial review which will result in substantial legal costs and reputational damage.

## **8. Other considerations**

- 8.1 The front part of 33 Hanworth Road (both floors) is occupied by the Council's highly successful Business Hub. The premises is fully occupied and provides an invaluable service for start-up business in the borough via hot desking, office space, mentoring/training, and a strong support network across the businesses. Shepperton Studios have committed £100k over a 5-year term (two years in) to supporting a more creative focus for the Business Hub.

Assets and Economic Development Teams are working together to try to find alternative space where Communications House in central Staines is an option being considered.

- 8.2 The offer from the third party provides for the Business Hub to remain to the later of 31<sup>st</sup> March 2026 or grant of planning for any redevelopment, at nil rent.
- 8.3 Meeting best value requirements and achieving the best consideration on the sale of the site must be a key part of the Council's decision-making process.

## **9. Equality and Diversity**

- 9.1 There are no direct equality issues arising from a property disposal.

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

- 10.1 Requirements relating to the sustainability of any development will be a developer responsibility.

## **11. Timetable for implementation**

- 11.1 Immediately if approved.

## **12 Contact**

- 12.1 Bruce Strong, Asset Manager [b.strong@spelthorne.gov.uk](mailto:b.strong@spelthorne.gov.uk)

### **Background papers:**

- Appendix 1: Exit Strategy  
Appendix 2: Heads of Terms  
Appendix 3: Financial Table