

Council

Thursday 6th August 2026

Title	Disposal of a Commercial Asset
Purpose of the report	To make a decision
Report Author	Coralie Holman – Group Head Assets
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	Resilience
Recommendations	Committee is asked to: 1. Approve the proposed disposal on the terms set out in this report; and 2. Delegate authority to the Chief Finance Officer and Group Head of Assets, in consultation with Chair and Vice Chair of Corporate Policy and Resources Committee to agree minor variations to the Heads of Terms and adjustments to the sale price; and 3. Delegate authority to Group Head of Corporate Governance to enter into a transfer to complete the disposal and any ancillary legal documentation required in relation to the proposed disposal.
Reason for Recommendation	Agreement to the recommendations in this report will contribute to the reduction in the Council's future financial commitments, generate a capital receipt at the earliest opportunity and in particular before 31/3/27 and reduce the Council's Capital Financing Requirement (CFR), repay borrowing and reduce West Surrey's Minimum Revenue Provision (MRP) liability.

1. Executive summary of the report

What is the situation	Why we want to do something
• The Council is under statutory directions to implement debt reduction plan and asset rationalisation programme • Disposal of the asset has previously been agreed by Full Council • The recommendation in this report aligns with the Statutory Intervention objectives	• All the Council's investment assets, once financing costs are considered, are loss making and are a burden on the Revenue Budget. To move the Council/West Surrey to a sustainable financial position it is necessary to dispose of these assets
This is what we want to do about it	These are the next steps
• To dispose of Summit Centre and generate a capital receipt	• Enter into contract to sell the asset

2. Key issues

Background

- 2.1 The proposed disposal of The Summit Centre is to be considered at the Corporate Policy and Resources Committee on 29th July. Any comments made by The Committee will be shared with Council as part of the introduction of this report.
- 2.2 This asset, Summit Centre, Sunbury was previously approved for disposal in March and September 2025, however the sale did not complete. The asset was purchased for £14.7m (including fees and stamp duty) funded by borrowing from the Public Works Loan Board (PWLb).
- 2.3 In November 2025 to comply with the Statutory Direction issued May 2025, the Council restructured its PWLB loans to reduce borrowing and changed its MRP Policy to set MRP fully in line with the Statutory MRP Guidance as directed by the Secretary of State in the May 2025 Statutory Direction to the Council.
- 2.4 Whilst the debt restructuring has reduced overall borrowing, interest rates on the replacement borrowing are significantly higher. All the assets in the investment asset portfolio are therefore a burden on this Council's budget.
- 2.5 In response to the Statutory Direction issued May 2025, the Council have adopted an Improvement and Recovery Plan (IRP). The IRP focuses on the Council's commitment to achieve long-term financial stability of which a key requirement is rationalising the Council's commercial asset portfolio over time to reduce borrowing and put the Council and West Surrey Council on a more sustainable financial footing.
- 2.6 The disposal of several assets prior to commencement of the West Surrey Council tenure, to reduce its MRP charge for 2027/28, is therefore considered a vital proactive priority to reduce the financial deficit from underperforming property and therefore relieve financial pressure on the new council. This will

enable West Surrey Council to maintain vital service provision for residents and the wider community of which Spelthorne forms a key integral part.

Assets review

- 2.7 Following the Council's decision in December 2025 to implement a commercial asset rationalisation plan, Knight Frank, a leading real estate agency, were appointed following a procurement exercise, to advise the Council on its asset rationalisation proposals and undertake the marketing of selected assets for disposal.
- 2.8 Knight Frank undertook a comprehensive review of all the Council's commercial assets and provided advice centred around a phased disposal programme to ensure best consideration (which is the requirement under s.123 of the Local Government Act 1972) would be achieved for each disposal. Consideration was given to the property specifics of each asset in terms of tenant profiles, security of income, forthcoming lease expiries and the level of vacant space within a building. These criteria were used and considered against the property market conditions and current investor preferences and risk which in turn identified suitable assets for inclusion in the phase 1 disposals. It is proposed that phase 1 disposals would be marketed during the first half of the financial year 2026/27.

Marketing

- 2.9 Open marketing of this asset took place together with organisations being 'targeted' who were known to be seeking similar asset types in terms of use, location, financial return and risk. A marketing brochure has been prepared and was circulated to interested parties; the target disposal price was £16m.
- 2.9 Inspection days were set up to allow all interested parties to view the asset, and all were given access to a virtual data room, which contained all relevant information about the asset.

Bids received and proposed sale terms

- 2.10 There was positive interest in the asset, and all interested parties were invited to submit bids.
- 2.11 All interest was carefully assessed in terms of financial outcomes, bidder profile and timescales required to secure completion. This determined the preferred bidder that has been selected for approval by the Council.

Asset Performance

- 2.12 The property has been identified as an underperforming asset. In the financial year to 31 March 2026, it negatively contributed to the revenue budget with the property income insufficient to cover the operating and financing costs. Selling the property will generate a capital receipt, which the Council will apply to repay loans and reduce the CFR and in turn future years' MRP charges associated with the site. This will relieve pressure on this Council's and West Surrey Council's revenue budget due to reducing financing costs and removal of on-going vacant property costs relating to this asset.

- 2.13 The disposal is in line with the IRP which seeks to reduce this Council's exposure to commercial property risk and debt.

3 Options appraisal and proposal

3.1 Option 1 – Agree the offer in principle and approve the disposal (recommended)

The marketing of an asset is the best way to determine its realisable value, therefore based on the circumstances set out above, the disposal price is expected to be the highest price the Council will achieve for the asset. This is supported by a recommendation from Knight Frank.

The sale will save the Council substantial revenue budget costs in 2026/27 (and MRP financing costs from 2027/28) which is currently having a negative impact on the Council's financial position.

The Council is under a Statutory Direction to reduce borrowing and the capital receipt generated will be applied to reduce borrowing and reduce CFR and MRP.

3.2 Option 2 – Decline the offer and continue to market the property

Further marketing is not expected to achieve a higher sale price. Knight Frank, the Council's appointed agent, have approached other parties, as outlined above. There is no evidence to support a higher sale price if we continue to market for a longer period. This option is not recommended.

3.3 Option 3 – Hold the property

This option is not recommended as it results in the Council continuing to incur significantly greater financing costs, than income received. In addition, the Council has received clear statutory directions from Government to reduce debt, improve financial resilience and implement an asset rationalisation programme.

4 Risk implications

- 4.1 The Council's appointed advisers, Knight Frank and Clyde & Co, will undertake the mandatory money laundering checks on the prospective purchaser and any person of significant control within the company. The buyer has been professionally advised and has a UK based solicitor. Until contracts are exchanged, as with any disposal the legal process proceeds at risk of going abortive. To mitigate this risk the sale process will be monitored by the Asset Management Team and Knight Frank.
- 4.2 The sale is subject to the legal due diligence process, a satisfactory report on title and an agreed contract. The Council's external legal advisers Clyde & Co will draft the sale contract and ensure all legal compliance. It is possible that an issue of concern to the purchaser is raised during the legal process which may result in the purchaser reducing their offer or withdrawing completely.

5 Financial implications

- 5.1 Disposing of the asset for the sale price will generate a capital receipt in 2026/27. This will be used to reduce the Council's Capital Financing Requirement (CFR) and reduce the Minimum Revenue Provision charge to the General Fund; this is in line with the Statutory Direction to reduce debt. It will also avoid the future decline in the value of the asset and the ongoing annual losses.

6 Legal comments

- 6.1 Further to sections 120-123 of the Local Government Act 1972, the Council has the powers to acquire and dispose land and property subject to complying with the certain statutory requirements, one of which is securing the best consideration that can reasonably be obtained. To satisfy the best consideration requirement, an independent valuation and advice are strongly advisable.
- 6.2 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.
- 6.3 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.
- 6.4 In accordance with part 3(b) of the Constitution decisions on freehold disposal of investment assets are within the remit of Corporate Policy and Resources Committee, but in view of the corporate significance this disposal is referred to Council for final approval.

Corporate Implications

7 Commissioners' comments

- 7.1 Commissioners strongly support the recommendations of this report, as they
- align with the directions issued to the Council by the Secretary of State on 8 May 2025;
 - align with the principle of asset rationalisation agreed by Council on 17 November 2025;
 - enable the council to deliver on the 26/27 budget and reduce the risk of a need to make further savings during the current financial year; and
 - support the delivery of the MTFS over subsequent years and the sustainability of West Surrey Council and therefore reduce the risk to West Surrey residents of future cuts to services

8. S151 Officer comments

- 8.1 As the report sets out, the Council has a statutory Best Value Direction, requiring it to rationalise its commercial assets portfolio, to protect the medium-term financial sustainability of the Council/West Surrey. This will enable capital receipts to be generated which can be applied to pay down external debt, reduce CFR and in turn reduce further years' MRP charges to the Revenue

Budget. This proposal is line with the Direction. Positively the offer is slightly higher than the previous offer considered and represents a small gain over the original acquisition price. The S151 Officer therefore supports the recommendation to accept the offer.

9. Monitoring Officer comments

- 9.1 The Monitoring Officer has been consulted on this report and confirms that subject to the matters set out in the report, and provided that all applicable statutory requirements (including Best Value Directions of May 2025) have been addressed and proper process is followed, the proposal can be considered legally compliant.

10. Procurement comments

- 10.1 There are no procurement implications arising directly from the recommendations in this report.

11 Equality and Diversity

- 11.1 There are no direct equality and diversity issues arising from a property disposal as the sale doesn't impact the current operation of or occupiers of the asset. The marketing, viewing and bidding process was undertaken ensuring there was no discrimination against prospective buyers.

12. Sustainability/Climate Change Implications

- 12.1 The site has a varying EPC rating between C and E valid until 2029 which complies with The Energy Performance of Buildings (England and Wales) Regulations 2012.

13. LGR / other considerations

- 13.1 Not disposing of this asset in 2026/27 would have significant financial implications for the new West Surrey Council in terms of not reducing its MRP in line with the current MTFS projections and thereby increasing revenue budget costs because of higher financing costs. In turn this will mean the reserves Spelthorne will be passing across to West Surrey will be used up more rapidly. This would prejudice the financial resilience of West Surrey Council and would have a significant impact on West Surreys' budget setting. Consequently, this is very likely to adversely affect their ability to continue to maintain services currently provided by Spelthorne Borough Council.
- 13.2 This property is anticipated to provide a negative contribution to the Council's/West Surrey's revenue budget over the next six years.

14. Timetable for implementation

- 14.1 Exchange of contracts following the legal conveyancing process being completed with completion targeted 15 days after exchange.

15. Contact

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Appendix 1 – Exempt information