Committee Report Checklist

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1
Report checklist – responsibility of report owner

ITEM	Yes / No	Date
Councillor engagement / input from Chair prior to briefing	N	
Relevant Group Head review	N/A	
MAT+ review (to have been circulated **at least 5 working days before Stage 2**)	Yes	29/10
This item is on the Forward Plan for the relevant committee	Yes	
	Reviewed by	
Finance comments (circulate to Finance)	AB	30/10/26
Risk comments (circulate to Lee O'Neil)	LO	30/10/26
Legal comments (circulate to legal@spelthorne.gov.uk)	LH	29/10/26
HR comments (if applicable)	N/A	

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.
Do not forward to stage 2 unless all the above have been completed.

Stage 2
Report checklist – responsibility of report owner

ITEM	Completed by	Date rec'd
Monitoring Officer commentary – at least **5 working days before MAT**	L Heron	29/10/26
S151 Officer commentary – at least **5 working days before MAT**	T. Collier	30/10/26
Commissioner engagement	B.Scarr	09/11/26
		Comments in S. 7
Relevant MAT member sign-off		
Report reviewed by Management Team		

Corporate Policy & Resources Committee

Monday 30th November 2026

Title	Disposal of a Commercial Asset
Purpose of the report	To make a decision and a recommendation to Council
Report Author	Coralie Holman – Group Head Assets
Ward(s) Affected	All Wards
Exempt	Report and Appendix 4 – No Appendices 1-3 - Yes
Exemption Reason	Appendices 1-3 (inclusive) 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 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 contract or other type of negotiation with a prospective purchaser who could then know the position of the Council
Corporate Priority	Resilience
Recommendations	**Committee is asked to:** 1. Consider and agree in principle the offer and the proposed disposal; 2. Recommend that the Council: 2.1 Approve the proposed disposal on the terms set out in this report; and 2.2 Delegate authority to the Chief Finance Officer and Group Head of Corporate Governance, 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 2.3 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 enable the approved Asset Rationalisation Programme to be progressed

	towards achieving the agreed target level of sales receipts by 31st March 2027.

1. Executive summary of the report

What is the situation	Why we want to do something
• The Council approved an asset rationalisation programme in December 2025. • Disposal of the asset has previously been agreed by Full Council. • Previously proposed disposal options have not progressed, and the site has been re-marketed. • The Red Book valuation supports the offer price	• The recommendation in this report implements relevant work required to further asset rationalisation
This is what we want to do about it	**These are the next steps**
• Progress the disposal of a key asset within Spelthorne, to generate a capital receipt and de-risk the Council's future ownership of the site.	• If approved in principle by Corporate Policy and Resources Committee, it will be presented to Council on 3rd December 2026 for final approval

2. Key issues

Background

2.1 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.

2.2 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.

2.3 This asset, Summit Centre, Sunbury was previously approved for disposal in March and September 2025, then July 2026, however the sales did not complete, and the site was remarketed during September and October 2026,

where further offers to purchase the site were received as detailed within this report.

Asset Performance

2.4 The Summit Centre was acquired in September 2019 as part of the Council's commercial property assets acquisition programme, which intended to realise additional income for the Council to fund discretionary front-line services. The Summit Centre 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. This asset has seen a significant fall in value since acquisition in 2019.

2.5 The Summit Centre remains largely vacant, with a further tenant vacating the site in January 2027, increasing vacant space on the site to 29,750 sq ft. In addition, this results in further vacant holding costs for the Council covering Service charge and Business rates, which places further pressure on the revenue budget of this Council and from 1st April 2027, West Surrey Council. Due to the condition and configuration of the accommodation, the units are considered unlettable even with substantial capital investment.

2.6 In summary, The Summit Centre comprises a mix of two-storey office buildings and a terrace of small industrial units. The industrial units are let to local occupiers on flexible lease terms, and we have a charity occupying a unit. The site is 4.49 acres and contains 2 freehold interests outside Spelthorne Council's ownership. As a result of these 2 owner occupiers, it is unlikely that the site would be suitable for alternative uses other than light industrial. It is also zoned for employment land and sits close to the busy A306 which becomes the M3.

2.7 Due to the condition, configuration and fragmented layout of the buildings within the asset, it has always been anticipated the site would be sold for redevelopment opposed to continued use of the existing buildings as an investment opportunity.

Market Conditions, Marketing and Bids Received

2.8 A marketing brochure has been prepared and was circulated to interested parties; the target disposal price was £13-15m. 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.

2.9 Open marketing of this asset took place over 5 weeks and generated interest from 14 parties all of whom identified industrial redevelopment as the preferred end use. Seven parties undertook a detailed review of the opportunity, including site inspections, to assess the development potential and likely scale of redevelopment that could be achieved. Offers were received from 2 parties.

2.10 Whilst both offers are significantly below the previous offers, the market has been subject to significant headwinds since Quarter 1 2026 with higher borrowing costs, economic uncertainty coupled with softer occupier demand. Ongoing geopolitical instability, including the conflict in the Middle East and its potential impact on energy prices, supply chains and wider economic confidence, has further contributed to a more risk-averse investment environment.

2.11 As a result of wider economic conditions, more complex development opportunities, particularly those without planning consent have become less attractive, with investors increasingly favouring income-producing assets and development schemes that offer a clearer route to execution and value creation.

2.12 The Council commissioned an independent RICS Red Book Valuation to ensure a disposal at the recommended level still reflects current market value. The valuation which can be seen in confidential Appendix 1 confirms this to be the case. In addition, financial modelling has been undertaken on the level of offers received and shows a sale at the recommended level remains the financially preferable option due to the high void costs being incurred in addition to the financing costs. Heads of Terms for the proposed sale can be found in confidential Appendix 2 of this report.

3 Options appraisal and proposal

3.1 Option 1 – Agree the offer in principle and recommend to Council for approval (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 and the independent Red Book valuation.

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 the holding costs for the Property are estimated to be £600,000 pa. In addition, the site has the potential to become a management liability as it is prominent, close to main roads and easy for vehicle abandonment and travellers whilst the vacant buildings will become targets for the theft of copper, as already seen at vacant Council owned sites. The site would need to be maintained to preserve access to the other freeholders, therefore all roads into the site need to be maintained and cannot easily be blocked off to prevent anti-social abuse of the estate.

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. We have no concerns over the intention or commitment of the buyer, however, 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.

4.3 Not progressing a sale now may result in the site being subject to additional council resources both in terms of financial and management to address on-going anti-social behaviour, which for the reasons set out in the report are difficult to prevent.

5 Financial implications

5.1 The proposed disposal is consistent with the Council's approved Asset Rationalisation Programme and supports the delivery of the Medium-Term Financial Strategy. The asset has generated a negative financial return in recent years, with rental income insufficient to meet operating, holding and financing costs, and if retained will continue to do so. In addition, increasing vacancy levels are expected to place further pressure on the revenue budget through higher business rates, service charge and property management costs.

5.2 Although the proposed sale price is lower than previous offers received, the Council has obtained an independent RICS Red Book valuation which confirms that the offer reflects current market conditions and represents best consideration reasonably obtainable. Financial modelling undertaken by officers demonstrates that disposal of the asset provides a more favourable long-term financial outcome than continued ownership, when ongoing holding costs, void costs and financing costs are considered

5.3 The capital receipt generated from the disposal will support the Council's debt reduction strategy. Applying the receipt to reduce borrowing will lower the Capital Financing Requirement and reduce future Minimum Revenue Provision (MRP) charges, generating recurring revenue budget savings. The disposal will therefore improve the financial resilience of both the Council and the future West Surrey Council and reduce the risk of additional savings requirements in future years.

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. In view of the wider budgetary implications and the impact of each capital receipt on the Council's Treasury Management Strategy, 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;
- deliver on the principles underpinning the 26/27 budget and mitigate the risk of needing to make further savings during the current financial year; and
- support the delivery of the MTFS 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**.** Whilst the offer is less than the previous offer, as the report highlights the market has deteriorated since the previous offer. Importantly, given the site, due to its void costs, is making an annual loss each year, even before financing costs, disposing of the asset at the offer price will produce a significant saving over the next 10 years for West Surrey. As set out above the Red Book valuation supports the disposal offer price. The S151 Officer therefore strongly 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 buildings forming the asset have varying EPC ratings, which comply 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.

13.3 Statement from West Surrey Council: Spelthorne council has provided its MTFS and financial information to West Surrey to assist it with the development of the MTFS and budget 2027/28. That information is based on implementing the asset disposal strategy agreed by Spelthorne Council in December 2025. It is vital to the financial position of West Surrey that this disposal strategy is delivered to avoid any unfunded liabilities being passed onto West Surrey. Any delays in disposals will add to the financial challenges faced by West Surrey and to avoid this we would fully support Spelthorne council agreeing the disposal of all assets identified in the disposal programme. Minimizing the debt that is transferred to West Surrey will be a great help as we consider how to maintain local services.

14. Timetable for implementation

14.1 If recommended for approval by this Committee, it will be presented to Council on 3rd December 2026.

15. Contact

15.1 Coralie Holman Group Head Assets c.holman@spelthorne.gov.uk

Appendix 1 - Independent Red Book Valuation - Exempt
Appendix 2 - Heads of Terms for the disposal - Exempt

Appendix 3 – Knight Frank Recommendation Report - Exempt
Appendix 4 – Marketing Brochure