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	Y	various
Relevant Group Head review	N/A	
MAT+ review (to have been circulated **at least 5 working days before Stage 2**)	Y	13/11
This item is on the Forward Plan for the relevant committee		
	Reviewed by	
Finance comments (circulate to Finance)	AB	16/11/26
Risk comments (circulate to Lee O'Neil)	LO	13/11/26
Legal comments (circulate to legal@spelthorne.gov.uk)	LH	16/11/26
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	16/11/26
S151 Officer commentary – at least **5 working days before MAT**	T. Collier	13/11/2026
Commissioner engagement	Yes	16/11/2026
	Delete as applicable:	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 Elmsleigh Shopping Centre (including Elmsleigh Multi-Storey Car Park and the former Tothill Multi-Storey Car Park), Staines
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 1 – No Appendices 2-4 - 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 with receipts by 31st March 2027 and ensure compliance with Statutory Direction to reduce debt.

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.	• 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 Elmsleigh Shopping Centre in Staines, to generate a capital receipt in compliance with the Statutory Directions.	• Following discussion at Corporate Policy and Resources Committee, the report will be presented to Council on 3rd December 2026 for consideration and decision

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.

Asset Performance

2.3 Elmsleigh Shopping Centre was acquired in 2020 with the intention of contributing to future regeneration proposals within Staines. Since this time the asset has realised some additional income for the Council to fund discretionary front-line services, and (following discussions with external auditors) under Chartered Institute of Public Finance and Accountancy (CIPFA) accounting requirements for balance sheet purposes is treated as and is now classified as an asset held for investment purposes.

2.4 Whilst Elmsleigh Shopping Centre has been predominantly fully let over the last few years, 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 2020.

2.4 The shopping centre comprises 300,000 square feet of retail accommodation and is core to Staines town centre's retail infrastructure. The centre is performing well compared to other sub regional shopping centres offering a well let income stream, being located directly opposite the Two Rivers centre.

2.5 Whilst the Centre continues to be well let, there remains a substantial need for extensive capital expenditure over the coming years forecast to total several million pounds, particularly around the two car parks that are included in the sale (former Tothill MSCP and current Elmsleigh MSCP) with concrete spalling and the necessity to resurface each level of the Elmsleigh multistorey. Furthermore, there is an ongoing RAAC liability in the upper floors of the former Marks and Spencers store. Whilst a remedial solution to support the structure has been implemented for the next 10 years, an estimated £3m will be required to be spent to re-roof the area in question.

Market Conditions, Marketing and Bids Received

2.6 A marketing brochure has been prepared (included in Appendix 1) and was circulated to any potentially interested parties; the target disposal price within the brochure is noted as a gross figure of £30.7m before allowing for deduction for RAAC. This is a gross quoting price, and as is normal with investment acquisitions is subject to the deduction of any significant capital expenditure known about at the time of sale that the new purchaser would need to incur. The Council commissioned building surveys as part of its pre-sale due diligence, which highlighted the presence of RAAC within the centre, the need for refurbishment of lifts, plus other smaller items, hence it was always anticipated interested parties would require the cost of these items, being several million pounds, to be offset from their gross offers.

2.7 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. Approximately 10 parties attended the viewing days, demonstrating the marketing secured a good level of interest.

2.8 Open marketing of this asset took place during October and into November, with offers being progressed on a 2-stage basis. Final stage offers were received from 5 parties. Due to market sensitivity of the bidding organisations the names of the bidders (bar preferred purchaser) have been anonymised. Details of the bids received can be found in confidential Appendix 2 of this report. All offers noted are subject to the same level of rent top deductions. This is where a seller guarantees a specific level of rental income to a buyer for an agreed period post-sale and applies typically where tenants have been granted rent free periods.

2.9 All bids were assessed in terms of value, conditionality and track record of each bidder and deductions from the offer price received. The preferred bidder was selected based on:

- submitting the joint highest net offer (with only rent top ups to be deducted),
- being a cash purchaser,

- having a known track record for reliably completing the purchase of assets they bid on
- being an established retail investor and
- and for acknowledging the Council's aspirations for the town as set out in the proposed Staines Masterplan.

Heads of Terms have been prepared between the parties and can be found in exempt Appendix 3 of this report.

2.10 Knight Frank's recommendation report supporting selection of the preferred bidder and the process undertaken to achieve best value can be read in exempt Appendix 4. As the asset has been fully marketed, a red book valuation is not required to validate the market value of the asset for sale purposes.

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.

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 for Regeneration purposes

This option is not recommended for several reasons:

- Holding costs for the property are estimated to continue to exceed net income, placing increased financial burden on West Surrey's revenue budget in the future.
- Continued ownership of the shopping centre would be unlikely to provide any greater control for the Council over regeneration proposals as the Council is unlikely to take the risk of such a large scheme on its own. As such this would require a private sector joint venture partner who will would apply a commercial approach to any proposals to ensure a profit return was generated on any investment made.

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 considered to be difficult to prevent.

4.4 A Disposal of the Shopping Centre protects the Council regarding the future cost of substantial capital expenditure needed to address the RAAC and other items highlighted in paragraph 2.5 above.

4.5 The proposed purchaser is aware of and acknowledges the draft masterplan proposals for Staines and has not raised any concerns about the proposals. In addition, the Council (West Surrey Council from 1st April 2027) will address any proposed changes to the Shopping Centre in its capacity as Local Planning Authority.

4.6 The public Library within Elmsleigh Shopping Centre will continue to operate unaffected by the sale, with a lease expiring in September 2102.

5 Financial implications

5.1 Selling the asset at the agreed price will generate a capital receipt in 2026/27, supporting the strategy to maximise income from asset disposals. This will be used to reduce the Council's Capital Financing Requirement (CFR), reducing the Minimum Revenue Provision (MRP) charge for West Surrey in 2027/28 and beyond. The receipt will be used to pay down external debt, addressing the Statutory Directions set by the Secretary of State. It will also avoid the future decline in the value of the asset which will reduce as the end of the lease approaches and will address the ongoing annual deficit. The disposal also means that the Council does not need to find the funding to address RAAC and parking issues.

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.

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 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;
- 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. As highlighted in the report, the Centre if retained would need significant investment in the car parking and addressing RAAC. 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 asset has varying EPC ratings, due to being multi-let, 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 This report 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 – Marketing Brochure
Appendix 2 – Schedule of bids - Exempt
Appendix 3 - Heads of Terms for the disposal – Exempt
Appendix 4 – Knight Frank Recommendation Report – Exempt