

Cabinet Committee - Asset Disposals – Meeting held on Thursday, 11th July, 2024.

Present:- Councillors Smith (Chair), E. Ahmed and Manku

Apologies for Absence:- Councillors Bedi and Chahal

PART 1

1. Declarations of Interest

No interests were declared.

2. Minutes of the Meeting held on 14th September 2023

Resolved – That the minutes of the meeting of the Cabinet Committee held on 14th September 2023 be approved as a correct record.

3. Disposal of Upton Lodge, 2a Yew Tree Road, Slough

The Committee considered a report that set out a recommendation for the disposal of Upton Lodge, 2a Yew Tree Road, Slough as part of the approach agreed in the Council's Asset Disposal Strategy. Members were asked to consider the proposed disposal as set in the report and exempt appendices and make a recommendation to Cabinet at its meeting on 15th July 2024.

The Part II appendices were considered and noted during Part I of the meeting without disclosing any of the exempt information.

It was noted that the property had been acquired by the Council in 2018 for £5.95m as part of the then strategy to acquire assets. To date, the asset had provided £1.9m of rental income. Upton Lodge was a 7 storey office block and was currently let to the Department for Work and Pensions (DWP). The lease had an unexpired terms of circa 4 years. The asset had been declared surplus by the Council as it was not required for service delivery, subject to achieving best consideration requirements. Details of the proposed disposal, including the bidder, was detailed in the exempt appendices. The Committee noted that Avison Young had provided professional advice on the market conditions and recommended disposal. The recommendation was to delegate authority to the Executive Director of Regeneration, Housing & Environment to negotiate the terms and enter into the contract to seek the best possible price.

Members asked a number of questions about the proposal including the other options which included retaining the asset. Officers reported that they considered it very unlikely that the current tenants would renew their lease and there would be significant refurbishment costs to the Council to bring the building to an acceptable standard and secure an alternative tenant. The

building was not fully occupied at present despite being well located close to the town centre. Members commented that the site did have potential for a developer, but the Council's strategy was to reduce debt and risk, therefore disposal was consistent with this approach.

Questions were asked about the borrowing the Council took on to acquire the building. Officers confirmed the asset was funded through prudential borrowing and was intended to be an investment asset. The financial implications were summarised as set out in section 3.1 of the report. It was noted that the value of the asset had fallen significantly since acquisition. The rental income was £347k and capital financing costs were £330k, with a net profit of £20k. If disposal was agreed the net annual revenue saving would be £82k.

After due consideration, the Committee agreed that disposal was the best option to reduce the Council's financial exposure and help reduce debt. It was therefore agreed to recommend disposal to Cabinet at its meeting to be held on 15th July 2024.

Recommended to Cabinet –

- (a) That the Council sale of the asset referred to in Appendix A and known as Upton Lodge, 2a Yew Tree Road, Slough to the bidder named in Appendix A to the report be agreed.
- (b) That delegate authority be given to the Executive Director of Regeneration, Housing & Environment, in consultation with the Lead Member for Financial Oversight and Council Assets and the Executive Director of Finance and Commercial, to negotiate the terms of and enter into the contract and any associated documentation in connection with the disposal consistent with the disposal report and Heads of Terms appended at Confidential Appendix A to the report.

Resolved –

- (c) That the methodology to be adopted (Appendix D) for assessing assets in the Asset Disposal Programme be noted, prior to launching to the market, to determine minimum sales values. This framework provided an objective methodology for evidencing Best Value.

4. Disposal of the Council's land which forms a part of the Stoke Wharf Project

The Committee considered a report that set out recommendations for the disposal of the Council's land at Stoke Wharf which was proposed to be sold as part of the larger Stoke Wharf site. The proposed sale had been subject to a due diligence process and reflected best consideration reasonably obtainable for the disposal of assets in accordance with section 123 of the Local Government Act 1972.

The exempt appendices in Part 2 of the agenda were considered during Part I without disclosing any of the exempt information.

The background to the Stoke Wharf site was reviewed and it was noted that it was one of the development schemes under the Slough Urban Renewal (SUR) Joint Venture. The disposal of the Council's land on the site was in accordance with the Stoke Wharf Disposals Strategy agreed by Cabinet Committee on 18th July 2022. Disposal would contribute to the reduction in the Council's future financial commitments, generate disposal receipts and reduce the Council's borrowing requirements. It would simplify and reduce the land portfolio holding and corporate arrangements including moving towards the winding up of SUR which would enable the Council to focus on its core activities and services. The proposed purchaser intended to bring forward their own scheme for the site, which Members welcomed as the town would benefit from the new housing units and regeneration at the same time as the Council being able to reduce its debt and risks.

The site included the former Travis Perkins site acquired in 2017 for total costs of £2.1m as a potential development site. The land arrangements for the site was explained. The Council's expected receipt following the sale of the Stoke Wharf site was in excess of the value currently recorded in the Council's balance sheet and the full financial details were set out in the exempt appendix. The planning considerations were discussed as the sale was subject to a new planning consent. The SUR scheme had been granted planning permission in 2023 but for the reasons set out in the report the proposed purchaser intended to prepare their own design and secure a new planning permission. It was anticipated this would be submitted in November 2024 and potentially be considered by Planning Committee in March 2025. This would mean the contract would be completed in the summer of 2025 and the sale proceeds achieved.

At the conclusion of the discussion the Cabinet agreed to make the recommendations to Cabinet as set out in the report to support the disposal strategy.

Recommendations to Cabinet –

- (a) That the Draft Formal Site Development Plan (the Draft Formal Site Development Plan is the form that is presented to Cabinet) be approved.
- (b) That approval be given for the Council to enter into documentation to give effect to the Formal Site Development Plan and which was anticipated to comprise (i) a Deed of Variation to the Council's Option Agreement with Stoke Wharf Development (SWD) LLP; (ii) (in its capacity as a member of Slough Urban Renewal LLP (SUR) the Sale Contract between SWD (of which SUR is a member) and the Purchaser; (iii) (once the Sale Agreement between SWD and the Purchaser has become Unconditional) a Transfer of the Council's land to the Purchaser (pursuant to the Option Agreement); and (iv) (once

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the Sale Agreement between SWD and the Purchaser has become Unconditional) a Works Access Agreement between the Council and the Purchaser.

- (c) That delegated authority be given to the Executive Director of Regeneration, Housing and Environment, in consultation with the Lead Member for Financial Oversight and Council Assets and the Executive Director of Finance and Commercial to (i) approve the final form of the Draft Formal Site Development Plan that is presented to the SUR Business Board for its approval; and (ii) to approve the final terms of the documentation required to give effect to the final form of the Draft Formal Site Development Plan.

5. Asset Disposal Programme - Surplus Housing Revenue Account (HRA) Assets

The item was withdrawn from the Cabinet Committee agenda and would be considered by Cabinet on 15th July 2024.

6. Exclusion of Press and Public

All business was conducted in Part I of the meeting without disclosing any of the exempt information in the Part II appendices. It was therefore not necessary to exclude the press and public from the meeting.

7. Disposal of Upton Lodge, 2a Yew Tree Road, Slough - Appendices

Resolved – That the Part II appendices be noted.

8. Disposal of the Council's land which forms a part of the Stoke Wharf Project - Appendices

Resolved – That the Part II appendices be noted.

Chair

(Note: The Meeting opened at 4.32 pm and closed at 5.16 pm)