

## Slough Borough Council

<b>Report To:</b>	<b>Cabinet</b>
<b>Date:</b>	15 December 2025
<b>Subject:</b>	Disposal and potential leaseback of St Martins Place
<b>Lead Member:</b>	Cllr Wal Chahal – Deputy Leader and Cabinet Member for Assets and Transformation
<b>Chief Officer:</b>	Pat Hayes – Executive Director (Regeneration, Housing and Environment)
<b>Contact Officer:</b>	Peter Hopkins – Director – Property and Assets
<b>Ward(s):</b>	Chalvey
<b>Key Decision:</b>	YES
<b>Exempt:</b>	NO – Public with exempt appendices under paragraph 3 of Schedule 12A Local Government Act 1972 – Information relating to the financial or business affairs of the Council
<b>Decision Subject To Call In:</b>	YES
<b>Appendices:</b>	Confidential Appendix 1: Avison Young Asset Disposal Recommendation Report  Confidential Appendix 2: Valuation Report  Confidential Appendix 3: Asset Appraisal & Disposal Framework Calculations  Confidential Appendix 4: Proposed Leaseback Parameters

### 1. Summary and Recommendations

- 1.1 This report sets out a proposal for the freehold disposal of St Martins Place, Slough SL1 3UF following an informal tender exercise carried out by the Council's retained agents Avison Young.
- 1.2 Note that officers, post freehold disposal, will continue to have dialogue with the freehold purchasers, to explore potential future opportunities, should this site be turned into residential, to be used as Temporary accommodation.
- 1.2 The proposed sale has been subject to a due diligence process and reflects best consideration reasonably obtainable for the disposal of the asset in accordance with section 123 of the Local Government Act 1972.

## **Recommendations:**

Cabinet is recommended to:

Agree to the Council sale of the asset referred to in Appendix 1 and known as St Martin's Place, Slough SL1 3UF to the bidder named in Appendix 1.

- a) Delegate authority to the Executive Director of Regeneration, Housing & Environment, in consultation with the Lead Member for Assets and Transformation and the Executive Director of Corporate Resources, to negotiate the final terms of the freehold disposal and enter into the sales contract and any associated documentation in connection with the disposal as per the Heads of Terms in the confidential appendix 1.
- b) In line with the parameters outlined in Appendix 4 note the opportunity for officers to negotiate a potential arrangement to utilise the developed units and to bring that decision back to Cabinet for approval if satisfactory terms can be agreed with the Purchasers.

## **Reason:**

- 1.3 The disposal of St Martin's Place is in accordance with the Council's Asset Disposal Strategy, in that it has previously been agreed and declared as 'surplus' by Cabinet Committee on 12th January 2023, a decision re-validated by Cabinet on 18<sup>th</sup> November 2024 and identified for disposal. Agreement to the recommendations in this report will contribute to the reduction in the Council's future financial commitments, generate disposal receipts at the earliest opportunity and reduce the Council's borrowing and minimum revenue provision (MRP).
- 1.4 The proposed asset disposal has been subject to due diligence process and reflects best consideration reasonably obtainable for the disposal of the asset in accordance with section 123 of the Local Government Act 1972.
- 1.5 The disposal of such assets supports the corporate priority for "a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users."
- 1.6 The disposal of such assets will enable the Council to simplify the property portfolio and enable the Council to focus on its core activities and services.
- 1.7 The potential redevelopment of the asset post disposal may offer the Council the opportunity to reduce the impact of temporary accommodation (TA) costs and secure a longer term solution to help to alleviate some of the pressures of growing demands for TA within the Borough, however further work is required to assess the potential of this option.

## **Commissioner Review**

"This report illustrates the tough choices that Councils must contend with in considering the intricate interplay between financial constraints, long-term planning, and the vital role the Council plays in shaping sustainable communities. The proposed asset disposal has been subject to due diligence processes and demonstrate that the Council is meeting its best

consideration duty, complying with its best value duty and contribution towards financial sustainability.

The opportunities for delivering the wider longer-term opportunities to drive greater value will continue to be explored and the commissioners are content with this report being considered.”

## **Report**

### **Introductory paragraph**

- 2.1 On 18<sup>th</sup> September 2023, Cabinet approved the Asset Disposal Programme Update outlining the principles and process for disposal of non-essential Council Assets i.e., assets not required for the delivery of Council Services which included St Martin’s Place at that time. Furthermore, on 18<sup>th</sup> November 2024 Cabinet approved the latest Asset Management Strategy, Asset Disposal and Office Accommodation Update revalidating the decision to dispose of St Martin’s Place.
- 2.2 A thorough open market exercise (described in Appendix 1) provides assurance that the recommended bid represents Best Consideration. A number of bids were received, across several rounds of bidding, including a final round of sealed bids where all parties were invited to participate in, and this provides evidence of a thorough testing of the market. Officers are satisfied that the bid recommended for acceptance represents the Best Consideration reasonably obtainable for the asset.
- 2.3 A Red Book valuation is shown in confidential Appendix 2 which provides further demonstration of Best Consideration.

### **Options considered**

- 2.4 Option A – To retain St Martin’s Place. Whilst this would potentially provide a possible commercial income stream from a commercial letting the ongoing operational costs of fitting out, retaining the asset outweigh the potential of any income that could be generated. Furthermore, the costs that would be required to bring the asset back into use would be prohibitive.  
**This is not recommended.**
- 2.6 Option B – To dispose of St Martin’s Place by way of freehold disposal. This option provides the greatest financial benefit to the Council, as explained in section 3.1 below.  
**Recommended.**
- 2.7 Option C – To defer the sale of St Martin’s Place in the hope that market conditions improve, having the potential for a direct positive impact on sales proceeds. Market forecasts, together with the continued operational expenditure over time, would suggest that this is highly unlikely.  
This is not recommended.
- 2.8 Option B is recommended to Cabinet for approval for the reasons given in the confidential Appendix 1, subject to planning, which will allow it to reduce its borrowing and contribute to its capital receipts target.

## **Background**

- 2.9 The Council has owned the Freehold interest of St Martin's Place since circa 2007 with a leasehold interest surrendered in March 2009 giving the Council full control over the asset and it then being used as corporate offices until 2019 when the Council relocated to Observatory House.

## **The Asset**

- 2.10 The site is located on the junction of Bath Road and Montem Lane lying to the west of Slough Town Centre. The site extends to 1.40 acres (0.57 hectares) and currently houses an office building extending to approximately 68,455 square feet with 214 car parking spaces.

## **Valuation**

- 2.11 As outlined in paragraph 2.9 St Martin's Place is in the freehold ownership of Slough Borough Council and is the registered owner of the whole site. The Council did not purchase the site and as such there is no recorded value paid for the site, with the lease surrender in 2009 being the only publicly available record. The asset has been transferred into the ownership from its successors in title prior to formation of the Council in its current form.
- 2.12 The asset is held on the Council's balance sheet and is revalued annually at fair value in line with accounting standards. Fair value measures the "highest and best" value in the most advantageous market for an asset (i.e., this method of valuation includes considering alternative uses for the asset as well as its current use).
- 2.13 The recommended offer is in excess of the Net Book Value currently recorded in the balance sheet. Further the recommended offer is also in excess of the value generated by the Council's Asset Appraisal and Disposal Framework (AADF) model as per Appendix 3.
- 2.14 Avison Young (AY) has provided professional advice on the market conditions and recommended disposal to the bidder named in Appendix 1 for the reasons contained in that appendix.
- 2.15 The Council has obtained an independent Red Book Valuation by an independent third party (Appendix 2). The recommended offer is in excess of the Red Book Value.

## **Marketing**

- 2.16 The asset was marketed with the benefit of a comprehensive legal pack that included title information, site plans, income/operational expenditure details, a detailed technical pack and planning documentation.
- 2.17 The property was formally launched to the market on 5 February 2025.
- 2.18 AY also sent out a marketing mailshot detailing the opportunity to approximately 855 recipients, including developers, housebuilders, property companies, and investors. A total of 574 unique parties viewed and engaged with the mailshot. The mailshot included a link to a bespoke marketing brochure.
- 2.18 A total of 47 parties expressed initial interest in the opportunity and requested a copy

of the brochure and technical pack.

- 2.19 A number of accompanied viewing days were undertaken by AY with interested parties.

### **Bids Received**

- 2.20 Initial interest was shown by a number of potential purchasers, from service office operators, developers, family offices and housing developers.
- 2.21 14 parties requested and were sent bid proformas. 17 parties submitted bids, with offers on 'unconditional on planning' and from investors proposing to retain the asset as offices.
- 2.22 5 parties (from the top 10 offers) were then invited to informal interviews to discuss their offers with a deadline set for Best and Final Offers with all parties submitting bids with all improving their initial offers.
- 2.23 A further final bid deadline was set for 28<sup>th</sup> July 2025. During the Best and Final Offer, final round, all 3 shortlisted parties submitted bids.
- 2.24 Following a comprehensive review of bids and commercial and financial assessments a preferred bidder was identified on the basis of their highest financial offer on a subject to planning basis following the last round of bidding.
- 2.25 The preferred bidder has provided sufficient information to support their bid with no onerous conditions and has provided evidence to support their ability, and track record, for delivering similar residential conversions of former office buildings. Subsequent to permitted development restrictions being lifted the offer is no longer subject to planning.

### **Summary of Proposed Terms**

#### **2.26 Agreed Heads of Terms**

- 2.27 Heads of Terms for the disposal have been agreed as set out in Confidential Appendix 1. The Heads of Terms anticipate exchange by mid-January 2026 subject to Cabinet approval and the Purchaser satisfying themselves on a number of technical points; principally subject to there being (i) no flammable insulation and (ii) the existence of fire breaks, in the external wall build up and subject to new building regulations introduced following the original offer not affecting the original fire strategy as detailed within the Heads of Terms, with completion to occur within 28 days post exchange.
- 2.28 During the legal and planning process officers will press on with negotiating a potential lease of the asset for approx. 51 residential units to provide much needed temporary accommodation and subject to a future cabinet approval.
- 2.29 Failure to agree lease terms and/or not obtaining cabinet approval will see the Purchaser under a fit out of approximately 85 units of one and two bedroom units which would not be the required scale or mix required to assist in temporary accommodation requirements.

### **3. Implications of the Recommendation**

#### **3.1 Financial implications**

- 3.1.1 The report sets out how the Council has sought to achieve best value from the sale of St Martins Place following an open market exercise and receipt of Best and Final Offers.
- 3.1.2 The offer is in excess of the Council's valuation on the balance sheet, an independent red book valuation, and also the de-minimus beneficial sale price, as set out in the council's asset appraisal and disposal framework (AADF) model which provides an objective net present value determination of a minimum sale value that is estimated to exceed any net income realisable over the asset life.
- 3.1.3 The disposal will both generate a capital receipt which will be applied against prior years Capitalisation Directions and deliver a revenue saving when the current holding costs in excess of £0.5m per year (business rates and security costs) will no longer be incurred by the Council.
- 3.1.4 With regards to the potential arrangement to utilise the developed units this would be subject to financial modelling to ensure it presents best value for money for the Council, and this modelling would be presented as part of a future Cabinet paper on this.

#### **3.2 Legal implications**

- 3.2.1 Pursuant to section 123 of the Local Government Act 1972 ("Section 123 LGA 1972"), the Council has the power to dispose of land in any manner it wishes, subject to certain provisions. The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions. Section 123(2) permits a disposal at less than the best price reasonably obtainable with the consent of the Secretary of State.
- 3.2.2 When considering the duty under section 123 LGA 1972, what is reasonable in any particular case depends entirely on the facts of the transaction.
- 3.2.3 Case law has determined that whilst there is no absolute requirement to market the land or obtain an independent valuation, if valuation evidence is obtained, it should be up to date and that there should not have been any material and significant changes in circumstances since it was obtained.
- 3.2.4 In addition, obtaining proper professional advice throughout the process on how to maximise its receipts is a material consideration and the Council should limit itself to taking account of those elements of a transaction which are of commercial or monetary value and should disregard irrelevant factors such as "job creation" when assessing whether it is obtaining the best consideration reasonably obtainable. The deliverability or credibility of a bid are commercial factors which are relevant to an assessment.
- 3.2.5 The Council has employed Avison Young ("AY") as specialist property advisors to advise on an asset disposal strategy and to market and dispose of the asset identified for disposal.

- 3.2.6 Following a marketing exercise on the open market reported by Avison Young in Appendix A, the agreed offer prices for the asset exceeds the latest valuation. Avison Young has confirmed that the best and final offer sale price for the asset received following a competitive disposal process and represents best consideration reasonably obtainable in the current market.
- 3.2.7 In addition to meeting its best consideration duty, the Council must comply with its best value duty. This requires consideration as to the income generated from the asset compared to the capital receipt to be achieved upon sale.

### 3.3 Risk management implications

- 3.3.1 The recommendation required from Cabinet, as outlined in this report, is intended to improve the Council's financial position, by realising capital receipts which can be used to repay Council borrowing from the existing high level and reduce debt servicing charges in the form of interest and minimum revenue provision (MRP). If the recommendations are not approved this will delay the Council being able to return to a financially sustainable position. The recommendation will also secure much needed residential units to further assist in reducing the Council's exposure to rising market rents for temporary accommodation (TA) – specific risks are summarised below:

Risk	Summary	Mitigations
Financial	Delay in realising capital receipts from the assets will delay the Council's financial recovery.	Cabinet to approve officers to proceed with the sale.
Governance	Failure to obtain best consideration from the disposals could expose the Council to the risk of legal challenge.	The Council has employed external property advisors to manage and competitively market the properties, having access to wider markets than officers locally and has obtained up to date valuations for the sites for comparison purposes.
Legal	Failure to ensure legal title/deeds etc., which could delay or halt sale.	Legal report on title prepared. Review of all legal documents and preparation of CPSE's has been carried out.
	Delay to contract negotiations.	Regular meetings between officers, legal team and regular All parties calls to discuss issues and progress matters.
	Failure to establish that the buyer is a reputable business and that the buyer's funds are from acceptable sources.	Due diligence on the buyer to assess their business, funding, including anti-money laundering checks and ability to transact.

Governance	Failure to establish robust governance arrangements could expose the Council to risk of impropriety and legal challenge.	The Council has established sound governance arrangements for asset disposals to ensure that the Council achieves best consideration from asset disposals.
Reputational	Unable to agree a way forward; in a reasonable timeframe; causing delay to asset disposals and failure to deliver capital receipts within the timescales set out in the Debt Reduction/Asset Disposal Strategy.	Governance, project/programme management and decision making operate effectively to deliver asset disposals on time and best consideration for the Council.



### **3.4 Environmental implications**

3.4.1 No environmental implications have been identified as a direct result of this report.

### **3.5 Equality implications**

3.5.1 This asset is not used for operational or service delivery purposes. There are no identified equality implications with the disposal of this site.

### **3.6 Procurement implications**

3.6.1 There are no procurement implications.

### **3.7 Workforce implications**

3.7.1 There are no direct workforce implications. Third party suppliers providing security services will be given notice at the appropriate time.

### **3.8 Property implications**

3.8.1 The recommendation in this report directly impacts on the Council's property holdings. Principally this will be a positive impact in reducing property holdings to enable the Council to streamline its portfolio to focus on assets required for core operations and service delivery, whilst providing a capital receipt with the asset then being redeveloped to provide much needed, larger, residential accommodation.

## **4. Background Papers**

None