

Slough Borough Council

Report To:	Cabinet
Date:	28 th May 2026
Subject:	Lease surrender and grant of long leasehold (at premium) disposal of Manor Park Pavillion
Lead Member:	Lead Member for Assets
Chief Officer:	Ian O'Donnell – Chief Operating Officer
Contact Officer:	Peter Walsh – Acting Director of Property and Assets
Ward(s):	Manor Park and Stoke
Key Decision:	YES
Exempt:	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
Decision Subject To Call In:	YES
Appendices:	Confidential Appendix 1 – Heads of Terms Confidential Appendix 2 - Red Book Valuation Confidential Appendix 3 – DCF Model

1. Summary and Recommendations

- 1.1 This report sets out a proposal for the surrender of the existing lease and the grant of a long leasehold interest in Manor Park Pavilion, Slough, SL2 1NP to the incumbent tenant, the Ujala Foundation, following negotiations and receipt of an offer.
- 1.2 The tenant is considered a “*special purchaser*” due to its existing occupation. As a result, it has a particular interest in the property which gives it a higher value to them than to other potential purchasers in the open market.
- 1.3 The proposed grant of long lease at a premium 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:

1.4 Cabinet is recommended to:

- a) Agree to the Council granting a long lease at a premium of the asset referred to in Confidential Appendix 1 and known as Manor Park Pavilion, Slough to the Ujala Foundation, being the incumbent tenant.
- b) Note the loss of annual income resulting from the disposal representing a budget impact requiring mitigation.
- c) Delegate authority to the Chief Operating Officer, in consultation with the Lead Member for Corporate Resources, to negotiate the final terms of the long lease and enter into the lease and any associated documentation in connection with the disposal as per the Heads of Terms in the Confidential Appendix 1.

Reason:

- 1.5 The disposal of Manor Park Pavilion; on a long leasehold basis; 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 11th September 2025 and identified for disposal. Agreement to the recommendations in this report will generate disposal receipts at the earliest opportunity and reduce the Council's borrowing required under the terms of the Capitalisation Direction with the Ministry of Housing, Communities and Local Government.
- 1.6 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.
- 1.7 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."
- 1.8 The current tenant has a lease on this property until 2044. Disposing of the property on a long leasehold basis rather than the freehold, ensures that the council keeps future control of the asset and ensures that it is used for its intended purpose and not sold on for alternative development.

Commissioner Review

Commissioners note the content of this report and the tension faced in balancing negotiated, off-market price with a special purchaser against the need to adequately test the open market to definitively evidence that the best value reasonably obtainable has been achieved. Determining if an offer constitutes best consideration after factoring in a special purchaser premium is guided by the RICS Red Book Valuation, which should assess market rates, who the potential bidders are and how their special interests impact the property's value.

In not formally marketing the property and granting a long lease, the Council must satisfy itself that its Best Value Duty under the Local Government Act 1999 to secure economy, efficiency, and effectiveness has been achieved. This requires the Council to ensure effective internal safeguards are in place to guarantee that no "connected persons" secure the asset through structural bias or undeclared conflicts of interest, and rigorously evaluate all commercial potential, including the premium offer. A transparent evidenced based audit trail must be provided showing that the transaction does not leave the Council with long term maintenance or hidden legal liabilities and that the special purchaser premium, reflects the unique value the property holds for the tenant (such as avoiding moving costs or extending a lease) and represents the best consideration reasonably obtainable.

2. Report

Introductory paragraph

2.1 On 18 September 2023, Cabinet approved the Asset Disposal Programme Update, which set out the principles and process for disposing of non-essential Council assets,

On 18 November 2024, Cabinet approved the updated Asset Management Strategy, Asset Disposal Programme, and Office Accommodation Update, with the decision by Cabinet Committee on 11th September 2025 declaring the asset as surplus revalidating the decision to dispose of Manor Park Pavilion.

2.2 An independent Red Book valuation is provided in Confidential Appendix 2, demonstrating that the proposed disposal represents best consideration.

Options considered

2.3 Option A – Retain the asset

The passing rent is £45,000 per annum on a 25-year lease from 2025, subject to RPI-linked reviews. While this provides a steady income stream, the total value over the term is lower than the capital receipt achievable through disposal. RPI Index-linked increases also provide limited rental growth.

This is not recommended.

2.4 Option B – Disposal – Grant of Long Leasehold at Premium

This option provides the greatest financial benefit to the Council as it would bring in a capital receipt, as well as ensuring that the Council retained some control over its future use and ensure that an Asset is not sold on for alternative development.

Recommended.

2.5 Option C – Defer disposal

Deferring the sale in anticipation of improved market conditions is unlikely to yield better outcomes, particularly given:

- ongoing operational costs; and
- the tenant's protected lease until 2045, which may limit market interest.

This is not recommended.

- 2.6 Option B is therefore recommended as a capital receipt during this financial year will support borrowing reduction and contribute to capital receipts targets.

Background

- 2.7 The Council holds the freehold interest in Manor Park Pavilion; lease plan as below; and the surrounding land.

The property comprises a former sports pavilion now used as a cultural centre and mosque. It is a single-storey brick building measuring approximately 2,919 sq ft on a site of 0.15 acres.

Accommodation includes:

- prayer areas
- kitchen
- storage
- changing rooms
- WCs

The property is located on Villiers Road, linking the A355 Farnham Road and Stoke Poges Lane, within a predominantly residential area of Slough.

Lease Plan



- 2.8 The property is let under a lease dated 25 June 2024 to the Trustees of the Ujala Foundation for a term of 20 years from 25 June 2024.

Key terms:

- Rent: £45,000 per annum, subject to annual RPI increases
- No break options
- Use: Class F1 or F2
- Full repairing and insuring lease
- Assignment or underletting permitted (whole only)
- Protected under the Landlord and Tenant Act 1954

Valuation

- 2.9 The Council owns the freehold and developed the site; therefore, no historic acquisition value is recorded.

- 2.10 The asset is revalued annually at fair value, reflecting its highest and best use in the most advantageous market.
- 2.11 The recommended offer exceeds:
- the Net Book Value
- 2.12 The Council has obtained an independent Red Book Valuation by an independent third party (Appendix 1) which was carried out March 2025. Due to market conditions that remain largely unchanged, the value set out in the RBV remains relevant.

Marketing

- 2.13 The property has not been formally marketed due to the tenant's status as a special purchaser.

Summary of Proposed Terms

- 2.14 Heads of Terms have been agreed (Confidential Appendix 1), with:
- exchange and completion to take place as soon as possible following Cabinet approval; and
 - completion within 28 days of exchange.

The proposed 250-year lease will enable the Council to retain a degree of long-term control over the site, reflecting its importance within Manor Park.

3. Implications of the Recommendation

3.1 Finance implications

- 3.1.1 The granting of the long leasehold will be considered as a finance lease and the premium accounted for as a usable capital receipt. The net present value of the lease premium is in excess of the future income stream under the current lease arrangement and the Red Book Valuation.
- 3.1.2 The disposal receipt will be utilised to minimise the additional borrowing required under the Council's Capitalisation Direction with the Ministry of Housing, Communities and Local Government. The Treasury Management Strategy approved as part of the budget setting process for 2026/27 assumes disposal receipts of £27.7m in 2026/27.

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 agreed offer prices for the asset exceeds the latest valuation with an independent Red Book valuation also supporting this.
- 3.2.6 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.

Risk	Summary	Mitigations
Financial	a) 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 risk of legal challenge.	A Red Book valuation provides market information and confirms receipt of best consideration.

Legal	<p>Failure to ensure legal title/deeds etc., which could delay or halt sale.</p> <p>Delay to contract negotiations.</p> <p>Failure to establish that the buyer is a reputable business and that the buyer's funds are from acceptable sources.</p>	<p>Precedent legal documents from previous On-Sale site disposals have been used to facilitate a quicker contract management process</p> <p>Regular meetings between all parties – Council officers/Legal Advisers.</p> <p>Due diligence on buyer to assess their ability to transact. Anti-money laundering checks undertaken.</p>
Reputational	<p>Unable to agree a way forward causing delay to asset disposals and failure to deliver capital receipts within the timescales set out in the Debt Reduction/Asset Disposal Strategy.</p>	<p>Governance, project/programme management and decision making operate effectively to deliver asset disposals on time and best consideration for the Council.</p> <p>Timely decision making, to support sales to third parties that align with market expectations.</p>

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.

3.8 Property implications

3.8.1 This report will directly impact on the Council's land and property holdings as set out in this report by virtue of the long leasehold proposed.

4. Background Papers

None