

**SURREY COUNTY COUNCIL****CABINET**

<b>DATE:</b>	<b>28 JANUARY 2025</b>
<b>REPORT OF CABINET MEMBER:</b>	<b>NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY, WASTE AND INFRASTRUCTURE</b>
<b>LEAD OFFICER:</b>	<b>SIMON CROWTHER, EXECUTIVE DIRECTOR FOR ENVIRONMENT PROPERTY AND GROWTH</b>
<b>SUBJECT:</b>	<b>DISPOSAL OF QUADRANT COURT, 35 GUILDFORD ROAD, WOKING, GU22 7QQ</b>
<b>ORGANISATION STRATEGY PRIORITY AREA:</b>	<b>GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES</b>

<b>Purpose of the Report:</b>
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This report seeks approval of Cabinet for the freehold disposal of Quadrant Court, Woking following an extensive marketing campaign.

A separate part 2 report contains information which is exempt from Access to Information Requirements by virtue of Schedule 12A Local Government Act 1972, paragraph 3, "Information relating to the financial or business affairs of any particular person (including the authority holding that information)".

The transaction will seek to exchange contracts immediately (subject to expiry of call in) with an aim to formally complete by the end of February 2025. Surrey County Council (The Council) will enter into a short-term leaseback arrangement with the purchaser from completion as outlined in the part 2 report and will provide full vacant possession on the relocation of the Council's operations to Victoria Gate, Woking.

<b>Recommendations:</b>
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It is recommended that Cabinet:

1. Formally declares the asset surplus to operational requirements.
2. Approves the sale of Quadrant Court, Guildford Road, Woking to the party and upon the terms outlined in the part 2 Report.
3. Delegates authority to the Executive Director for Environment, Property and Growth, in consultation with the Director of Land & Property to finalise the transaction and conclude all associated legal agreements.

### Reason for Recommendations:

- Quadrant Court is deemed surplus to operational requirements and to enable the disposal, Cabinet is to formally declare the asset surplus under the Councils Constitution.

### Executive Summary:

1. The property comprises of a substantial office building recorded as offering 7,315 sq. m. of net useable office accommodation within an 8,497 sq. m building (the gross area that includes stairs, toilets, and boiler rooms), which the Council had originally leased then acquired the freehold in 2013.
2. The asset is currently occupied by Council services; however the intention is to relocate to alternative offices as part of the Council's AGILE programme.
3. The asset sits on a site extending to 2.8 acres.
4. An initial round of bids was concluded in September 2024 with subsequent best and final offers and clarifications concluded by early November 2024 (see part 2 report).
5. A summary Report and Recommendation together with a schedule of bids is attached as Appendices to the part 2 report, together with details on the overage and clawback proposals, and background on the preferred bidder. This report confirms that the proposal supports best value in accordance with Section 123 of the Local Government Act 1972.
6. Quadrant Court is currently in office use and has a Site Allocation within Woking Borough Council's (WBC) 2021 Site Allocation policy documents for continuation and enhancement of office uses. The continued use of the site for either office use, or any alternative uses within Planning Use Class E (retail, office, light industrial or life sciences) would otherwise be supported given the existing policy allocation.

If alternative uses were to be sought through a planning application in this location, it remains necessary for any applicant to demonstrate that the current office / employment land allocation is surplus to market requirements through an updated market report / marketing exercise that can evidence the site is no longer needed nor suitable.

The Council has included the availability of the office building on a leasing basis during marketing since March 2024. This evidence will be made available to the successful bidder.

7. Title to the property includes a Deed of Covenant and Undertaking dated 30 June 1983 between WBC and Norwich Union Insurance Group (Pensions Management) Limited related to the original development of the Property (whose terms were satisfied).
  - The Deed, however, still contains an ongoing obligation on the owner of the Property to enter into an agreement for the dedication of part of the site for highway purposes if and when required to do so. At the time of the 1983 Deed, WBC was appointed agent for the purpose of discharging highway functions, but this arrangement has since ceased, and the highway authority now vested with the Council.

- Discussions have been held within Council Highways on this matter with an agreement that only a small slither of land along the Guildford Road (eastern) boundary is required to support future local highway improvements, and marketing details have highlighted this matter.

8. Options considered as part of the pre-marketing included:

- i) A disposal unconditional on planning: In some instances, this might give a lower land value when a purchaser takes on the full site and planning risk, including potential ground condition issues.
- ii) A disposal conditional upon planning: On the basis that a sale would be subject to the successful outcome of planning submitted by the successful bidder. This would pass controls on planning over the site to a third party and defers any capital receipt until all conditions are satisfied (often over 12-24 months), whilst the Council still holds the land and void property risk in the interim.
- iii) The Council submitting and securing an outline scheme for a particular use to de risk a future sale. This premarketing activity would have required substantial investment in town planning matters, together with design, ground, and site survey activities over an extended period. Any secured consent may not have been used by a bidder or simply negated by permitted development rights. Premarket feasibility work is outlined in the part 2 report.
- iv) Retained service use: All service operations are to be relocated to Victoria Gate, Woking by late Spring 2025 as part of the approved Agile programme. hence this report seeks a formal surplus declaration.

9. The Council does not undertake speculative development on surplus properties due to not wishing to hold the development risk.

10. The site remains a previously developed site within the urban settlement boundary. As such, it is located in an area where the principle of development is supported as it makes the most efficient use of land in the most sustainable areas of the district.

11. Legal services have been appointed to provide conveyancing services and to ensure all disposals accord with its legal and statutory obligations.

**Risk Management and Implications:**

	<b>Risk Description</b>	<b>Mitigation</b>
1	Planning permissions	The purchaser will be fully responsible for funding and securing all consents for any redevelopment proposal or change of use. If consent is secured for additional gross floorspace an overage provision applies.
2	Bidders withdraw	Ability to remarket site or revert to a number of bidders.
3	Cost increases: Inflation and Market Costs	All funding risks are passed to the purchaser.
4	Net Zero Carbon targets	The Purchaser will be responsible for securing all required approvals, which include NZC targets, as part of their

		proposals to the planning authority WBC.
5	The Council delay relocations and thus delay ability to complete a sale	The decant of staff to Victoria Gate and removal of all council furniture and fixtures is within the AGILE programme remit.
6	Site/ground conditions	See part 2

**Financial and Value for Money Implications:**

12. The transaction arises from an extensive open marketing campaign, and subsequent rounds of negotiation which secured substantive final bids as outlined in the part 2 report.
13. The sale delivers current Medium Term Financial Strategy targets for both revenue and capital. It also ensures the cessation of ongoing costs of running a vacant building.
14. Legal Services have been instructed to conclude conveyancing matters and to ensure the Council comply with their legal and statutory obligations.

**Section 151 Officer Commentary:**

15. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
16. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
17. The proposed approach secures a capital receipt and enables the reduction in property running costs. As such, the recommendations will deliver the outlined Medium Term Financial Strategy (MTFS) agile efficiency and MTFS capital receipt target.

**Legal Implications – Monitoring Officer:**

18. This paper seeks Cabinet approval for the disposal of Quadrant Court, Woking.
19. Under Section 123 of the Local Government Act 1972 (LGA 1972), local authorities have the power to dispose of land in any manner they wish, subject to the disposal being for the best consideration reasonably obtainable. In pursuing any options to dispose, the Council should ensure that the price for any such disposal is 'market value' to comply with Section 123 LGA 1972.

- 20. Cabinet have also been asked to formally declare this asset as surplus to operational requirements at recommendation 1. For any such declaration, all relevant guidance and the Council’s internal processes must be followed.
- 21. As this may be a complex transaction structure including overage/clawback provisions, legal advice should be sought to ensure that the Council’s position is preserved.
- 22. It is noted at paragraph 9, there is reference to a Deed of Covenant and Undertaking which contains ongoing obligations in respect of adoption of highway land. Specific legal advice should be sought to ensure that there are no ongoing liabilities for the Council and that any other relevant conditions/requirements have been discharged.
- 23. Cabinet is under fiduciary duties to residents in respect of utilising public monies and Cabinet Members will want to satisfy themselves that the recommendations set out in this report should represent an appropriate use of the Council’s resources.
- 24. All relevant steps and necessary checks as to the source of funds should be carried out during the transaction in accordance with the Council’s Anti-Money Laundering procedures.
- 25. Legal advice should be sought at all relevant stages to ensure the Council meets its obligations.

**Equalities and Diversity:**

- 26. A full Equality Impact Assessment is not needed as this proposed disposal does not impact adversely on any specific parties, but a sale is seen as a benefit for the wider community given it will enable the asset holding to be regenerated, whilst providing a significant capital receipt to support Council services.
- 27. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/ Looked After Children	None arising from this report.
Safeguarding responsibilities for vulnerable children and adults	None arising from this report.
Environmental sustainability	None arising from this report.
Compliance against net-zero emissions target and future climate compatibility/resilience	A property disposal has no specific implications.  Future refurbishment or development if pursued falls within WBC planning and Net Zero Carbon policy frameworks otherwise supported by the Council.
Public Health	None arising from this report.

<b>Other Implications:</b>
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28. The sale remains conditional upon the Council providing full vacant possession of the site, with proposals to remove all furniture fixtures and fittings, and solar car ports as part of the approved AGILE programme.

**What Happens Next:**

29. Legal teams are instructed to immediately exchange contracts with completion targeting the end of February 2025 with full handover of the building once the Council can offer full vacant possession, currently indicated at late Spring 2025.

30. The Purchaser will be fully responsible for securing their own planning consents and both delivering and managing the site, together with managing all local stakeholder enquiries.

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**Report Author:** Graham Glenn, Head of Acquisitions and Disposals, 07890 561245

**Consulted:**

- Natalie Bramhall, Cabinet Member for Property, Waste and Infrastructure
- Simon Crowther, Executive Director for Environment, Property and Growth
- Diane Wilding, Director, Land and Property
- Colin Galletly, Assistant Director, Estates
- Property Panel and Capital Programme Panel
- Property Legal teams SCC (Kara Burnett, Property Legal team)
- Finance team SCC (Louise Lawson and Rachel Wigley)

**Annexes:**

Part 2 report

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