



Jim McMahon OBE MP
Minister of State for Local Government
and English Devolution

Friday 28 March 2025

Dear Minister,

Thank you for our constructive meeting on Wednesday 12 March and for the subsequent opportunity to respond to your letter accompanying the release of the Best Value Inspection Report. We understand the seriousness of the report's recommendations and acknowledge the full implications for our authority.

Over the last nine years, since the creation of the commercial property portfolio in 2016, the gross income generated has been £330 million and of that more than £60 million has directly subsidised the running of key services, including community centres, meals on wheels, community transport and grants to voluntary organisations, helping us support our communities. These services are highly valued and support the most vulnerable people within our communities. This authority is committed to serving its residents and businesses (see 2024 [Resident Survey](#) results) but acknowledges the need for immediate key actions before local government reorganisation takes effect.

This Group Administration has faced a challenging time and has been actively pursuing solutions to manage the historical debt and regeneration sites that we inherited. We recognise that intervention aims to enhance and strengthen future finance and risk management. Surrey faces significant financial pressures, with £5.6 billion of debts. Spelthorne is committed to reducing its share through a two-part strategy: steadily repaying debt over 43 years and asset disposals. Progress is clear with the recent full Council decision (18/3/25) to sell two regeneration sites, reducing debt.

This year the Council's commercial property portfolio generated approximately £49 million, which more than covers the cost of interest and capital repayments. The loans were fixed at an average of 2.35% for the duration of the entire loan. Unlike most other councils Spelthorne is not exposed to refinancing risk. Since acquisition of the portfolio, the Council have always fully met our debt obligations and contributed a net £10 million per annum. We expect that they will continue to be a significant surplus beyond the implementation of Local Government Reorganisation.

With the diminishing period of time before a shadow unitary authority takes form, a number of actions are already underway. Some of the BVI report recommendations overlap with the findings of a [recent external audit report](#), in response to which the Council has commenced formulating a comprehensive action plan with some progress made in many areas. A breakdown of these recommendations and the audit action plans are available [here](#).

The Group Administration has implemented strategies to differentiate the oversight of commercial and regeneration assets within the portfolio, 12 regeneration assets have been prioritised, with the top three targeted for specific outcomes: two for sale (one with planning approval and one pending) and a signed hotel lease. Our commercial assets business plans reflect a proactive approach, with pragmatic assessments to inform strategic direction and decisions.



A Transformation Programme is needed to deliver future savings and efficiencies, and Council has approved a Councillors led Reorganisation & Transformation Board to pursue greater service efficiencies to reduce reliance on our commercial income stream. Steps are being taken to strengthen the finance team.

Recognising the importance of a strong organisational culture and collaborative relationships, the Local Government Association will aid Spelthorne with dedicated support. This initiative aims to strengthen relationships, align priorities, and develop a strategic roadmap for the next two years until the new unitary authority is established.

Appendix A outlines misunderstandings and omissions in the BVI report for the Ministry's consideration.

In conclusion, the Best Value Inspection report confirmed the new Administration's view and concerns; and recognises the value of everyone working together in partnership with colleagues from the Ministry of Housing, Communities and Local Government (MHCLG) in the best interest of residents in Spelthorne. The report identified pressures and risks ahead and makes reference to 'inherent risks are *beginning* to materialise' and '*could* accelerate rapidly'. The new Administration has recognised these risks and believes with the appropriate support from the Ministry, the Council can continue to maintain a financially viable authority.

Yours sincerely,

Leader of Spelthorne Borough Council, Cllr Joanne Sexton

Deputy Leader of Spelthorne Borough Council, Cllr Christopher Bateson

Chief Executive Spelthorne Borough Council, Daniel Charles Mouawad