

- Value for money: the SRP is expected to achieve a higher rate of return when assets are disposed of than comparable traditional routes for disposal.

4 Other Implications

Financial

The SRP Business Plan has a significant financial implication for the timing of major capital schemes and receipts to the Council.

The current business plan indicates that the Council will receive capital receipts as follows:

Financial Year	£m
2014-15	-
2015-16	2.5
2016-17	3.8
2017-18	2.6
2018-19	0.1
	9.0

The current Capital Strategy (2014-19) reflects this and assumptions concerning other receipts through the SRP over the life of the strategy for land holdings at Ledgers Road, Wexham Nursery and Montem Lane. These figures will be reviewed and revised on a regular basis and at this stage are not binding on either SRP or SBC.

There are three key financial elements contained within the SRP Business Plan which have implications for the Council:

- 1) Residual Land Value – indicative figures from the latest SRP Business Plan have been included within the capital strategy; however, the Council will need to ensure that these reflect best value at the time of disposal and these numbers will be likely to change over the course of the development process. There is a statutory requirement to ensure the Council receives best value when disposing of sites and if the difference in value between the offer and an independent valuation is greater than £2m then the transaction has to be referred to the Secretary of State. It is the Council's position to achieve best value from capital receipts through the SRP; any proposals that represent less than best value will need to come back to Cabinet for consideration.
- 2) The amount of development profit (returned to the Council at the end of the individual sites being completed) - The SRP Business Plan shows net profit receivable to the end of 2018-19 totalling £5.5m, based on the completed development during this period of Ledgers Road, Wexham Nursery and Haymill. This takes into account the administrative costs of the SRP that are paid before the development profits are distributed. A further £1.6m is anticipated post 2019, from the completion of development at Montem Lane.
- 3) The scale of the capital development of the Council's infrastructure that it decides to place into the SRP to develop - At present the capital programme

includes the completion of the Curve building. Indicative figures concerning leisure facilities (though this remains dependent upon decisions taken concerning the Leisure Strategy) will be presented separately to Cabinet and will be included in future capital strategies.

In addition, investment returns on loan notes issued total £1m in the SRP Business Plan.

Should the Council decide to purchase any affordable housing on the SRP development sites, there would be financial implications which will be worked through on a site by site basis. Any such acquisition is likely to be by means of HRA balances or right to buy receipts which in turn would have implications for the 30 year HRA Business Plan.

There are other financial implications of the SRP through the associated impact on the Council's Treasury Management Strategy.

(a) Risk Management

Risk	Mitigating action	Opportunities
Legal - Some issues detailed legal issues are arising as the SRP is gaining momentum and the complex legal framework that supports it is tested.	Legal advice is sought in all cases to ensure the interests of the council are protected.	
Property – the council entered into SRP in order to maximise the financial benefits from asset ownership and disposal. The risk is that the costs of the agreement are not outweighed by the benefits	Active participation in SRP and effective challenge of the development appraisals submitted by SRP on a site by site basis by informed staff.	The opportunity to maximise the financial benefits to Slough of effective management of the Council's asset base
Human Rights	n/a	
Health and Safety	n/a	
Employment Issues	n/a	
Equalities Issues	n/a	
Community Support	n/a	
Communications – ineffective or inadequate communication about the benefits of SRP to Slough leading to negative approach by the community .	A Communications and Community involvement plan is part of the suite of documents that makes up the Partnership Business Plan	
Community Safety	n/a	

Financial	See comments above	
Timetable for delivery	n/a	
Project Capacity	n/a	
Other	n/a	

(b) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications associated with this report.

(c) Equalities Impact

An Equalities Impact Assessment was completed at the point at which SBC entered into the SRP. The approval of the PBP does not require a separate EIA.

5 **Supporting Information**

The first Partnership Business Plan (PBP) was adopted by Slough Regeneration Partnership (SRP) and by the Council in March 2013. The PBP is a core document for the SRP. It sets out the strategic direction of the Partnership, with governance arrangements, operational business arrangements and provides a rolling 5 year plan of activities for the SRP.

The Partnership Agreement requires that the PBP is updated annually and it has to be formally agreed by both partners. For SBC, Cabinet is the identified decision making body. Appendix B (attached as a separate document) sets out a summary of the SRP Business Plan (MSIL providing). The full SRP Partnership Business Plan (which contains exempt information) can be viewed by Commissioners (contact Vikki Swan 01753 875300 or vikki.swan@slough.gov.uk). Due to the size of the full document an Executive Summary has been provided in Appendix A.

An update report on the progress of SRP in its first 6 months was noted by Cabinet in October 2013. Progress continues with building the Partnership, taking the complex legal agreements and making them work to deliver the Council's ambitions and making practical steps to get regeneration of key sites underway. Key achievements in the first year of SRP include:

- the completion of the contract documentation and final design of the Curve with construction now fully underway on the site; completion in mid-2015
- following a design competition, appointment of architects to design housing scheme at Ledgers Road with submission of planning application in May/June
- SBC Planning team have produced a design brief for Wexham Nursery site, agreed by Planning Committee in February 2014 to bring forward the site development; planning application anticipated summer 2014
- close working with East Berkshire College to ensure that local businesses have an opportunity to be part of the construction supply chain
- developing training and apprenticeship opportunities for local people within the supply chain

The 2014 PBP has been developed following a series of workshops with SBC and Morgan Sindall staff and SRP Board meetings and reflects some of the experience from the first year of SRP working. This is reflected in a changed list of priority sites, a more achievable timetable for site development and increasing robustness around

the financial assumptions and forecasting contained within the site development plans and the financial appraisals contained in them. The format of the PBP is prescribed in the Partnership Agreement and partly is a re-statement of the objectives and governance arrangements of the Partnership and partly a programme plan for the next 5 years with most detail for the first 2 years.

The master programme is attached at Appendix A. The sites listed in the programme are those which were identified in the Partnership Agreement and on which either options to purchase are in place or are potential construction projects (community projects). The programme indicates that construction will commence on Ledgers Road at the start of 2015 and Wexham Nursery around the same time. The 3 other sites under option – Haymill, Montem Leisure Site and Weekes Drive – will not be progressed until later in the programme as each has critical constraints which currently are hindering their development.

On the construction projects (Community Projects), of the 3 sites included in the Partnership Agreement and first PBP, the Curve has commenced construction. The other two Community project sites, Castleview School and The Centre, are not likely to proceed in 2014 and are currently programmed to start in 2015/16.

Following a Strategy day for the SRP Board held in November 2013 it was agreed to request the SRP to focus on the following sites to bring them forward for investigation and possible development in 2014/15: the area around Slough Canal Basin; land adjacent to Mercian Way and Lavender Farm. It is possible for land in third party ownership to be developed by SRP and discussions are underway between SBC, SRP and HCA about the future development opportunities of the existing library site (Old Library) and the possible opportunity for this to be undertaken by SRP. This strategic approach to the development of these assets is consistent with the Council's Asset Management Strategy agreed at Cabinet February 2014.

SBC is also exploring with SRP Board the opportunities to utilise the supply chain of Morgan Sindall and its constituent companies to undertake other construction projects for the council particularly with regard to the development of new housing. At the Cabinet meeting in January, members received details of proposals to redevelop the site of Gurney House and this included further exploration of the benefits of using the SRP supply chain to accelerate development of the site. It has now been established that the SRP supply chain opportunity is only viable for sites of 15/20 units or more. Therefore given that the majority of the available HRA development sites are smaller than this an alternative development approach will be used to bring forward these sites.

The process for bringing forward sites for development is prescribed in the Partnership Agreement. At the core of process is a site development plan (SDP) which is continually evolving as the detail of a project gets greater certainty. Within the process are key stages eg decision to apply for planning permission; moving land from SBC ownership to SRP and crystallising land value; commencement of construction. Attached to this PBP are a series of SDP's for each of the sites under option. These SDP's are a 'snapshot' of the current status on each site with assumptions based on information available at the time of writing. As sites reach the point at which they can be transferred to SRP ownership, and the land value is crystallised, the full SDP and financial appraisal together with independent valuations will be brought to Cabinet for final decision. The SDP's attached to the PBP are not at this stage yet, and their content is not binding on SBC and therefore they are to be noted.

6 **Comments of Other Committees**

This matter has not been considered by any other Committees

7 **Conclusion**

The Cabinet are asked to consider and approve the Partnership Business Plan.

8 **Appendices Attached**

'A' - Master Programme extracted from PBP

'B' - Summary of PBP

9 **Background Papers**

' - Progress Update on Slough Regeneration Partnership – Cabinet, 14 October 2013

