

SLOUGH BOROUGH COUNCIL

REPORT TO Cabinet **DATE:** 13th October 2014

CONTACT OFFICER: Stephen Gibson, Head of Asset Management
(01753) 875852

WARD(S): Chalvey

PORTFOLIO: Neighbourhoods & Renewal - Cllr Swindlehurst

PART I **NON-KEY DECISION**

WINDSOR ROAD REGENERATION SCHEME UPDATE

1 Purpose of Report

- (a) The purpose of this report is to update Cabinet on the progress made towards delivery of the regeneration of Windsor Road following the decision on the 15th September 2014 for Slough Borough Council (SBC) to work collaboratively with Shanly Homes Limited (MSH) and its asset holding subsidiary regarding comprehensive redevelopment of the area.

2 Recommendations

Cabinet is requested to resolve:

- (a) That progress with the proposed sale be continued, conditional upon planning consent, at existing use value, to Shanly Homes Limited and/or its asset holding subsidiary with a view to comprehensive redevelopment of the area for private residential use, and
- (b) Seek to appropriate Council land to planning purposes to facilitate this.

3 Corporate Plan

- (a) The proposed collaboration is a positive move forward. It will bring forward a scheme expediently that promotes Slough as place to live, will improve the lives of local residents in Windsor Road, promote economic growth, protect the Council's finances and complement the town centre regeneration strategy.

4 Joint Strategic Needs Assessment

- (a) The scheme will complement the aims and objectives of the Heart of Slough programme and enhance strategies that aim to promote Slough as a place where people want to live, work, stop, and shop and do business. The capital investment will improve transport links, reduce dissatisfaction from local residents and generally improve the image of the town.

5 Other Implications

(a) Financial

The Council has obtained independent valuations of its assets and has undertaken robust development valuations of all of the options available on the above. The chosen route represents the most cost effective and commercial way forward. The sale would be in compliance with Section 123 of the Local Government Act 1972 which imposes a statutory duty on local authorities to achieve best value in the context of land disposals.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal – Risks in connection with the acquisition of freehold rights to the leasehold properties where the Council is a qualifying tenant.	Council to follow due process under Chapter 1 of Part I of the Leasehold Reform Housing and Urban Development Act 1993	Negotiating a settlement with the freeholders outside the formal process will avoid undue delays
Finance – the Council does not realise best value for the site	Independent valuations and robust development appraisals prove that the current option is the most cost effective route forward.	The Head of Terms includes specific clauses that will increase the capital receipt in the event that anticipated profit or development quantum increases.
Property – Inability to secure land required for road widening scheme	The Council has already passed a resolution to use CPO powers, however this could be challenged at a Public Inquiry	The agreement with MSH has secured land required between 81-127 Windsor Road without the need for CPO. Negotiations are ongoing with qualifying persons from 12-46 Windsor Road with the aim of reaching an agreement by mutual treaty.
Employment Issues	No risks identified	.
Equalities Issues	No risks identified	
Human Rights	No risks identified	

(c) Human Rights Act and Other Legal Implications

None

(d) Equalities Impact Assessment (EIA)

The completed road widening scheme will include facilities to improve accessibility into the town centre for cyclists, pedestrians and motorists. A full EIA will be undertaken.

(e) Legal

The vast majority of the land held by the Council is held for highway purposes and a small balance for housing purposes. As it is now proposed to use the land for purposes which would amount to planning purposes. The Council will need to formally resolve that the land held for highways purposes is no longer required for such purposes and to appropriate it to planning purposes under Section 122 of the Local Government Act 1972 and Section 227 of the Town & Country Planning Act 1990. The land held for housing purposes may be disposed of under the General Housing Consents 2012 issued by the Secretary of State under Section 32 of the Housing Act 1985 which permit disposals of land at a consideration equal to its market value.

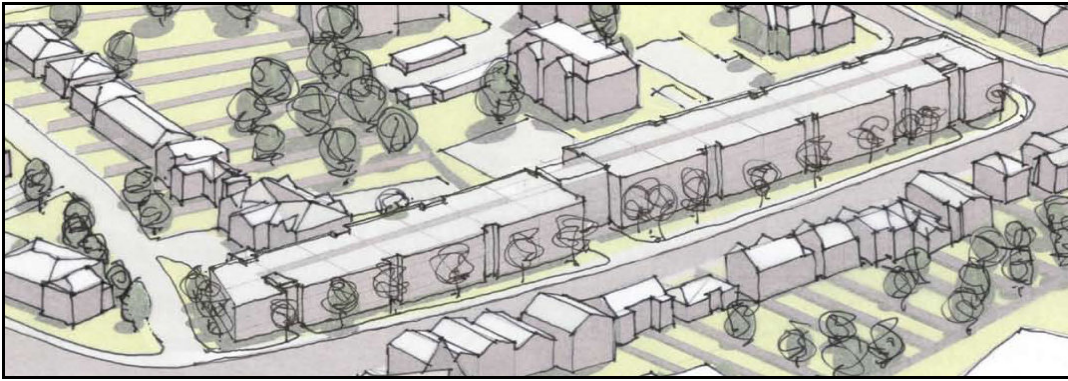
Having sought external legal opinion, the Council has been advised that it qualifies to acquire the freehold interest in the two properties at 107 and 109 Windsor Road under the provisions of the Leasehold Reform, Housing and Urban Development Act 1993. The Council is also permitted under Section 120 of the Local Government Act 1972 to acquire by agreement any land for the benefit, improvement or development of their area. Following the decision by Cabinet on 15 September 2014, solicitors have been instructed to seek to acquire the freehold interest for the Council using these powers.

(f) Land and Property Implications

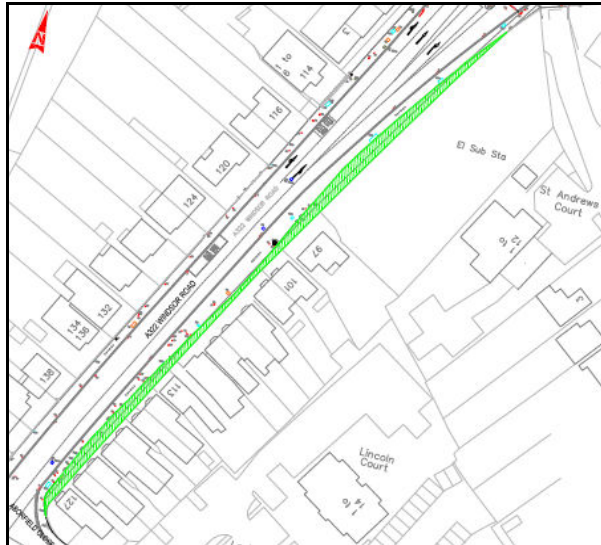
The property implications are covered in Section 6 below.

6 Supporting Information

- (a) On 15 September 2014, Cabinet delegate authority to the Strategic Director Regeneration, Housing and Resources to agree Heads of Terms with MSH to dispose of the Council's interest from 81-121 Windsor Road to realise the long-term objectives of delivering the road widening scheme and regeneration of properties from 81 – 127 Windsor Road.
- (b) Following this meeting, Heads of Terms have been agreed with Sorbon Estates (SE) the subsidiary of MSH that owns the properties to the south of the site and the access land to the rear of the property, which is subject to planning permission for a scheme that would introduce circa 110 flats.



- 6.3 Cripps LLP has been appointed as the solicitors on the sale agreement.
- 6.4 Concerns raised by Cabinet at the meeting on the 15th September 2014 have been addressed by negotiating the inclusion of the following principals into the Heads of Terms:
- 6.4.1 The purchaser will practically complete the scheme granted under the satisfactory planning consent within 3 years of planning consent being granted unless the Nationwide House Price Index falls (7.5%) below today's figure or an extension has been granted by SBC (not to be unreasonably withheld) on the grounds of delayed commencement due to obtaining discharge of pre-commencement planning conditions.
- 6.4.2 If consent is achieved for a scheme of more than 110 two bedroom flats the vendor will pay a planning clawback proportional to the current land value per unit.
- 6.4.3 Should the purchaser sell or assign the site within 5 years of the date of purchase, the purchaser shall pay to the vendor 100% of the uplift in value within the three years with 50% thereafter, less reasonable costs (including but not restricted to SDLT, legal expenses, surveys and interest costs).
- 6.4.4 On practical completion of the scheme the actual revenues and actual cost attributed to the scheme will be calculated and if the net development profit (i.e. GDV less all development costs including finance) is more than 17.5% of the schemes Gross Development Value the purchaser will split the profit achieved above this level 50/50 with SBC.
- 6.4.5 SE transferring the Highways Expansion Land (outlined and hatched in green on the Plan overleaf) or any part thereof at market value in the event that the agreement does not proceed.



- 6.5 Once the Heads of Terms have been signed by the Commissioner the sale agreement will be prepared with the legal pack issued to Sorbon Estates.
- 6.6 Sorbon Estates will then have 4 weeks to agree and exchange on the sale agreement.
- 6.7 Once exchanged Sorbon Estates have 6 months to submit a planning application.
- 6.8 Once consent is granted SE will have 3 years to practically complete the scheme.
- 6.9 The Highways land can be drawn down by SBC at any point.

7 Conclusion

- 7.1 As mentioned above, the disposal to MSH is the most cost effective and expedient way to deliver a key scheme that will provide an impressive gateway into the town centre and facilitate the long-term aspiration of resolving highways issues in the local area.

8 Appendices

None

9 Background Papers

None