

.3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

The creation of expediently delivered high quality new housing will maximise the value of the Council's asset base, increase council tax receipts and provide an income stream that can be used to contribute towards the provision of front line services.

3a. Slough Joint Wellbeing Strategy Priorities

The new housing being constructed will create local employment opportunities whilst increasing apprenticeship opportunities, enabling local people to improve their learning and skill base. Delivering new homes is improving the quality of the built environment and the image of the town whilst providing much needed housing accommodation. The schemes are being designed with security as a key consideration and are being constructed in line with current Health and Safety regulations.

3b. Five Year Plan Outcomes

Working effectively and expediently with SUR to deliver this regeneration scheme is addressing the five year plan outcomes through:

- **Outcome 1** - Quality new homes will encourage people who work in Slough to also live in Slough which will in turn help businesses of all sizes to locate, start, grow, and stay,
- **Outcome 2** - The project will include a mix of affordable, PRS and housing for sale to meet need and demand across tenures,
- **Outcome 3** - Regeneration sites such as Slough Basin contribute towards keeping the centre of Slough a vibrant location to live,
- **Outcome 5** - Continuing to ensure that schemes are designed in line with amenity requirements will contribute towards children and young people in Slough being healthy and resilient; and
- **Outcome 7** - Participating in the development risk will ensure that the Council's income and the value of its assets are maximised.

4 Other Implications

a) Financial

SUR is a Limited Liability Partnership owned by SBC and Morgan Sindall Investments Ltd ("MSIL"). Part of its objective is to make a commercial return for the partners. The delivery cost of the scheme is covered by development sale receipts.

On General Fund sites such as the SBC owned elements of Slough Basin; the land value represents the Council's equity investment into SUR. This equity investment is documented in what is termed a loan note. The loan note put simply is a document which records the fact that the Council has loaned money to SUR which is intended to be repaid on the development's completion. Because the land value represents the Council's "equity investment" in SUR, the risk of the development and land value remain with the Council. As a result the precise level of capital that will be returned to the Council at the end of the development will depend upon whether there are sufficient funds available from the eventual sale of the completed development.

Based on the current development appraisals the Gross Development Value ("GDV") of the scheme is in the region of £95m. SBC will receive best consideration for its land holdings whilst participating in SUR's share of the development profits.

b) Risk Management

| Risk | Mitigating action | Opportunities |
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| Legal – SUR is sued by creditors of the joint venture | There are clear firewalls between the Council and the SUR | The SUR is already compliant with EU and UK regulations. |
| Property – House prices could fall, resulting in anticipated sales values being unachievable. | Morgan Sindall are a commercial partner and will ensure all development realised is financially viable and synced to market cycles. | The Council will participate in any growth in value achieved during the construction period. The Council is considering the potential to introduce a subsidiary company that could acquire a number of the properties in this scheme – subject to a robust business plan. |
| Human Rights | No risks identified | |
| Health and Safety – workers are harm or killed during the course of construction or local residents are harm accessing the sites. | Morgan Sindall is a national construction company with established Health and Safety procedures. Any external main or sub contractors need to comply with the partnership's Health and Safety policy. | |
| Employment Issues | No risks identified | SUR is implementing a local economic benefit programme (SMEs, training, apprenticeships etc) so that the more activity SUR does, the greater the potential benefit in relation to job creation. |
| Equalities Issues | No risks identified | |
| Community Support | No risks identified | |
| Communications | No risks identified | The development of the long awaited scheme is a positive story that makes the best use of Council assets. The potential exists to promote SUR to highlight how the JV is helping the Council deliver a range of sites throughout Slough. |
| Community Safely – local residents/ workers harmed during construction. | Morgan Sindall is part of the Considerate Constructor Scheme | Utilising the Considerate Constructor Scheme will reassure residents that the construction works are being built in accordance with best practice. |
| Finance - The transfer land value is not market value | External consultants will be appointed to confirm that the market land value of each site. | If land values increase during the promotion period this will be reflected in the land value. |

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| Finance – Exposure to increased risk due to speculative development activities on the private units. | Morgan Sindall Group PLC is a top 5 construction and regeneration company quoted on the main London stock exchange with an annual turnover of circa £2.2bn. | SBC loan notes issued to the SUR are at 7 to 12.5% generating significantly higher rates of return for a relatively modest risk. These returns are separate and in addition to SBC's land receipt and share in development profits. |
| Finance – One of the developments does not generate a profit or makes a loss | External consultants at transfer will review costs and revenue to ensure that the project is viable and will deliver a profit. | All risk associated with profit is shared with MSIL. |
| Finance – Higher than anticipated construction costs | The land price is fixed at transfer and both the SUR (MSIL/ SBC) would lose profit if costs are not well managed. | |
| Timetable for Delivery – schemes are delayed unnecessarily | | Using the existing legally established subsidiary company will ensure expediency in delivery. |
| Project Capacity – lack of resource delaying delivery | SUR have employed additional management staff to cover increasing work streams. | The ever increasing development programme helps secure a skilled workforce focussed on the regeneration of Slough. |
| Governance – Poor performance | The SUR has an established board of directors that are already competently directing the company's business. | Board members are from both the private and public sector ensuring a balance between commerciality and long term objectives. |
| Performance – failure to develop land transferred to subsidiary | The SUR is already developing sites successfully and interest accrues to SBC from the moment the land is transferred. | Increasing and improving the number of projects and resource within the SUR will improve its long term viability and success. |

c) Human Rights Act and Other Legal Implications

This development is within the scope envisaged during the establishment of SUR which was procured through a process compliant with EU and UK Regulations.

It is understood that the land proposed to be disposed of is presently held in the General Fund and that it comprises open space held for leisure purposes.

Under Section 123 of the Local Government Act 1972 the Council have power to dispose of such land in any manner they wish but they cannot do so (except in the case of a short tenancy of less than 7 years) for a consideration that is less than the best that can be reasonably obtained, without the consent of the Secretary of State.

The Secretary of State has issued a General Consent (Circular 06/03) which permits Councils to dispose of land at an undervalue not exceeding £2,000,000 if the Council considers that the purpose for which the land to be disposed of is likely to contribute to the achievement of the promotion of one or more of the economic well-being, the social well-being or the environmental well-being of the whole or any part of its area or of all or any persons resident or present in its area.

Furthermore, under Section 123 of the Local Government Act 1972, the Council cannot dispose of land comprising or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and consider any objections to the proposed disposal which may be made to them.

d) Equalities Impact Assessment (compulsory section to be included in **all** reports)

There are no equalities issues associated with this report.

e) Property Issues

See section 5 below.

5. **Supporting Information**

Background

- 5.1 The site is currently in three major ownerships: Canal & River Trust (CRT – formerly British Waterways), Travis Perkins Plc (TP - the largest building merchants in the UK) and Slough Borough Council (SBC).
- 5.2 The Strategic Acquisition Board approved the acquisition of land holdings owned by Travis Perkins for their existing industrial use value (verified by an external valuation undertaken by the District Valuer) and the conditional sale agreement exchange in December 2016.
- 5.3 The Slough Basin scheme is to be promoted and delivered in partnership with Waterside Places (“WP”) a joint venture between the Canal and Rivers Trust (“CRT”) and Muse (the regeneration developer arm of Morgan Sindall Plc). SUR and WP will share the profit so SBC will participate in the share attributed to SUR under the joint venture negotiated (currently envisaged as a 50:50 split). Consequently in this scheme, SBC will receive up to 25% of the net profit plus the value of the land that SBC has contributed to the Slough Basin scheme.
- 5.4 In agreeing to grant an option to SUR, Cabinet provided flexibility for Officers to negotiate the acquisition of the Private Rented Sector element (anticipated at 77 units) via one of the newly established Subsidiary Housing Companies.
- 5.5 The working assumption is that the scheme will provide 243 new homes, providing 220 new apartments and 23 new houses, including a mix of tenures. Based on the existing programme, it is assumed that (subject planning approval and a separate report to cabinet seeking approval for a disposal based on the best value valuation) that the project will go on site by March 2018 and complete by December 2020.

Consultation Responses

- 5.6 In accordance with Section 123 of the Local Government Act 1972 notices were published on the 6th and 13th January in the Slough Express to provide an opportunity for residents and interested parties to register objections.
- 5.7 The notice period expired on the 27th January 2017 and no objections were received.

6 Implication on Open Space

- 6.1 The existing Bowyer Recreation Ground is an area of public open space providing for formal and informal recreation. It is recorded in the Slough Parks and Open Spaces Framework as a 'Local Park'. Local Parks have a generalised catchment of 400m radius. This park is in a densely developed area of the town otherwise deficient in open space. Bowyer Recreation Ground is the only space serving this community.
- 6.2 As the only space serving its locality Bowyer Recreation Ground is an important community asset. The site has a multi-use games area (installed in 2015) a children's play area and space for formal and informal use. Access is available to the canal towpath and onwards to the canal corridor. The open space has potential to accommodate more use. It also has potential to contribute to improvement of the quality of the area through improvement to its landscape character and condition. Its location adjacent to and adjoining the canal is a key asset.
- 6.3 Apart from the site at Bowyer, the locality is deficient in open space, notably the larger types of open space capable of accommodating demands for more formal or expansive forms of recreation. The local community is therefore less well served by open space than most other areas and falls below the standards of provision considered necessary to meet community need.
- 6.4 The Slough Parks and Open Spaces Framework identifies the recreation ground as a relatively poor quality site compared to other parks and open spaces in the borough. The park represents a significant opportunity for improvement, especially to its landscape quality and biodiversity, reflecting its location within the canal corridor.
- 6.5 At detailed design stage it will be important that: visual and physical connectivity between the canal towpath and the canal corridor is improved along with circulation and access pathways, that children's play and formal sport facilities are retained and improved; and that a greenfield landscape setting is established around proposed canal moorings.
- 6.6 Further work will need to be undertaken at design stage to provide the necessary reassurances that the best will be achieved for the community in terms of open space benefits derived from the scheme.
- 6.7 Improvement of the land throughout the development and notably the area of open space/ public realm will call for significant funds to ensure appropriately high levels of ongoing maintenance. Maintenance requirements will be substantially greater than existing and financial provision for this will need to be secured as part of the redevelopment.

7 Comments of Other Committees

- 7.1 This report has not been considered by any other committees.

8. Conclusion

- 8.1 The redevelopment of Slough Basin has considerable regenerative benefits and could be one of the most transformational schemes proposed within Slough. The proposed partnership described in this report and the delivery via SUR provides a unique opportunity to assemble the site and deliver an aspirational scheme.

- 8.2 Working in partnership with MSIL and Waterside Places enables SBC to “gear up” its investment and focus third party capital and resources on an important regeneration scheme within the borough which will improve the build environment, maximise the value of the Council’s asset base and help to meet the increasing demand for homes in Slough.
- 8.3 Whilst Cabinet has previously granted an option to SUR, this report recommends that this decision is reaffirmed having consideration to the consultation response.

9 **Appendices**

None

10 **Background Papers**

Slough Local Development Framework Site Allocations DPD - November 2010

Slough Parks and Open Spaces Management Framework 2012-2017