

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 18 April 2017

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WARD(S): All

PORTFOLIO: Cllr Ajaib – Commissioner for Housing & Urban Renewal

PART I **KEY DECISION**

SLOUGH URBAN RENEWAL – PARTNERSHIP BUSINESS PLAN 2017-2022

1 Purpose of Report

- 1.1 The purpose of this report is to inform Cabinet on the progress of Slough Urban Renewal (“SUR”). The report summarises the Business Plan for the five year period from March 2017 until April 2020, with a particular focus on 2017/18.

2. Recommendation

The Cabinet is requested to resolve:

- (a) That the progress being made by SUR be noted; and
- (b) That the Partnership Business Plan for the period to December 2020 be agreed.

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

SUR delivers on the following priorities:

- Regeneration and environment – SUR is a special purpose vehicle that will help deliver a range of regeneration projects and improvement to the environment across the town.
- Housing – SUR will deliver over 200 new houses and flats from the first two site development (Milestone and Wexham Green) and dependent on the Council granting options over larger sites, over 2,000 new homes within 10 years.
- Economy and skills - building the Curve and the development of identified sites for housing will bring direct benefit to the local economy and skills base from a concerted effort to engage local businesses in the supply chain and integrating training opportunities for people employed in the construction process. Anecdotal evidence from investors has already highlighted how the construction of the Curve has given confidence for them to invest in Slough.
- The actions of the SUR will contribute to improving the image of the town. Having completed the Curve and approved proposals to build new hotels on the old library site, the Council has demonstrated ongoing commitment to the regeneration of the Heart of Slough through substantial public investment in

the town centre and through a considered and innovative approach to design of new developments on key sites.

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

3a. **Slough Joint Wellbeing Strategy Priorities**

SUR will contribute as follows:

- Increasing life expectancy by focusing on inequalities – The range of projects being delivered by SUR include integrated community facilities that combine community, health care and commercial services. This is closely linked to One Public Estate Services that seek to improve services to local people.
- Improving mental health and wellbeing
- Housing – Via SUR, the Council has the potential to build over 2,000 new homes within 10 years that will provide a mix of house types and tenures to meet the growing demand for people to live and stay in Slough.

3b. **Five Year Plan Outcomes**

- **Outcome 1** - The PBP includes the creation of new schools, new community facilities and new leisure centres. Combined with improved housing, enhanced public realm and job creation, SUR is making a material contribution to assist children and young people to thrive in Slough.
- **Outcome 2** - The Council is delivering the property related aspects of the leisure Strategy via SUR. The new leisure centre, refurbished Ice Arena and new Community Sports Facility, combined with other projects, will assist to realise the objective of getting more people' more active , more often.
- **Outcome 3** - The proposals being developed for the introduction of the new hotels and the redevelopment of Slough Basin are indicative of how SUR will greatly improve the built environment and make Slough a location of choice
- **Outcome 4** - By working through SUR the Council is able to ensure that good design of new homes on Council land assets is achieved at the same time that a full mix of tenures is provided.
- **Outcome 5** - Using the expertise of Morgan Sindall, enhanced private sector knowledge and understanding is being used in developing the vision and implementation plan for the future of the centre of Slough

4 **Other Implications**

a) **Financial**

The SRP Business Plan has a significant financial implication for the timing of major capital schemes and receipts to the Council. The PBP indicates that the Council will receive capital receipts as follows:

Financial Year	£m
2017-18	3.2
2018-19	9.7
2019-20	
2020-21	1
2021-22	

The plan reflects anticipated receipts for the sites currently under construction at Ledgers Road and Wexham nursery totalling £12.9m, with additional profit shares of £3.73m and £3.42m. The plan also shows the receipt of £1m for the disposal of land to construct the residential element of the old library site, which has a profit share of £1.64m.

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 PBP 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.
- 2) A share of the development profit which is returned to the Council at the completion of each individual site. Whilst this is typically 50% of net profits, this is subject to variation for larger schemes. The PBP shows net profit receivable to the end of 2025, based on the completion of projects set out in the Financial Appraisal. This figure is subject to change and is dependent on SBC granting an option on various sites.
- 3) The scale of the capital development of the Council's infrastructure that it decides to place into SUR.

There are other financial implications of SUR through the associated impact on the Council's Treasury Management Strategy. There are other financial implications of SUR through the associated impact on the Council's Treasury Management Strategy; many of these schemes may require significant investment by the Council in the form of external borrowing e.g. around £32m for the old library site, to realise these profit shares from the SUR and therefore will need to be carefully considered within the Council's Treasury Management Strategy.

b) Risk Management

Risk	Mitigating action	Opportunities
Legal - Some detailed legal issues have arisen as SUR has gained momentum and the complex legal framework that supports it has been tested.	Legal advice is sought in all cases to ensure the interests of the council are protected.	
Property – the council entered into SUR 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 SUR and effective challenge of the development appraisals submitted by SUR 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	The appendices to the PBP includes a Community Benefits Plan, which sets out the SUR approach to creating opportunities for employment, skills and training as well as partnerships with local FE colleges.
Equalities Issues	n/a	A separate SUR Equality and Diversity Policy has been introduced. This policy has been approved by SBC.
Community Support	n/a	
Communications – ineffective or inadequate communication about the benefits of SUR 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 – inability for Council to manage growing SUR pipeline.	The Council is exploring options to increase internal resources to manage the growing SUR portfolio and the anticipated increase in workload associated with key regeneration initiatives that will arise within the next 10 years.	
Other	n/a	

c) Human Rights Act and Other Legal Implications

The Partnership Agreement dated 22 March 2013 (“the Agreement”) made between The Council (1) Community Solutions For Regeneration (Slough) Limited (the Morgan Sindall entity for the purposes of the Agreement) (2) and SUR (3) provides for there to be in place a rolling five year “Partnership Business Plan”.

The Agreement also provides for there to be in place a business plan in respect of each site being redeveloped under the Agreement known as a “Site Development Plan”.

The Partnership Business Plans and Site Development Plans together constitute the “Business Plans” under the Agreement.

The Business Board of SUR are required, under the Agreement, not earlier than three months and not later than one month after 31 December in each year to prepare, agree and circulate for the approval of the Council and of the Morgan Sindall entity which is party to the Agreement a draft Partnership Business Plan for the next five financial years containing detailed content for the next two years and outline content for the following three years.

The Council and the Morgan Sindall entity must then use all reasonable endeavours to agree the plan including any amendments by unanimous vote within 20 business days of the plan being first circulated.

Once the draft plan is agreed by unanimous vote it becomes the “Partnership Business Plan” for the purposes of the Agreement. Any amendments can only be effective if unanimously approved by the Council and the Morgan Sindall entity. Failure by the Council and the Morgan Sindall entity to agree upon the draft business Plan within 20 working days would constitute a “Deadlock Matter” under the Agreement which would then invoke an escalation procedure under the Agreement designed to lead to a resolution.

Continuing disagreement would constitute a “Deadlock Event “ under the Agreement leading ultimately to a winding up of SUR.

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

d) Equalities Impact

An Equalities Impact Assessment was completed at the point at which introduced SUR. The approval of the PBP does not require a separate EIA.

e) Property

See section 5 below.

5. Supporting Information

Background

- 5.1 Slough Urban Renewal (“SUR”) is a Local Asset Backed vehicle (“LABV”) formed on a 50:50 limited liability partnership between Slough Borough Council (“SBC” or “the Council”) and a wholly owned subsidiary of Morgan Sindall Investments Limited (“MSIL”), itself a subsidiary of Morgan Sindall Group Plc. The over-riding objective of SUR is to assist the Council to meet its objectives in regenerating the residential, educational, leisure, social and commercial infrastructure of Slough.

The Partnership Business Plan

- 5.2 The first Partnership Business Plan (“PBP”) was adopted by Cabinet in March 2013 at the time of entering the joint venture with Morgan Sindall Investment Limited (“MSIL”). This document was reviewed and approved by Cabinet in April 2015.
- 5.3 The PBP is a core document for SUR. It covers the strategic, operational and governance framework for SUR. It sets out the strategic direction of the Partnership, with governance arrangements, operational business arrangements and provides a

rolling 5 year plan of activities. 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.

Planned Activities 2017/18

5.4 The updated PBP highlights the continued progress that is being made in building the Partnership and simultaneously realising the Council's objectives. Over the next 12 months these will include:

- Completing the development of 'Milestone', the 73 unit development at Ledgers Road.
- Continuing the development and start the marketing at 'Wexham Green'.
- Continue the design development for Slough Basin.
- Completing the Construction of Arbour Park Community Sports Facility (phase 2).
- Progressing the refurbishment of Slough Ice Arena and commence the development of the new leisure centre at Farnham Road.
- Assisting the Council to develop a portfolio of small sites linked to the HRA development Strategy and introduction of Herschel Homes.
- Commencing the design and planning for the refurbishment of Salt Hill ten pin bowling centre.
- Completing the extension of St Mary's, Claycotts and James Elliman Primary Schools.
- Commencing work on the detailed design and submit a planning application for the construction of 2 hotels, 2 restaurants and residential units on the old library site.

Future Development Opportunities

- 5.5 Section 4 of the PBP sets out the future development opportunities for SUR. Subject to SBC granting SUR an Option for several key sites, this long list of commercial and community projects demonstrates the potential for the pipeline in exceed £250m.
- 5.6 SUR has assisted the Council to develop proposals related to the acquisition and redevelopment of the for Thames Valley University ("TVU") site. Subject to SBC granting SUR and option for this site, the gross development value of the partnership will exceed £750m.

Links to Economic Development

- 5.7 SUR's development activity will support the Council's drive towards achieving a Social Return on Investment ("SORI"), linking property-led investment (whether residential or community) to the creation of jobs, contributing to the wider economy or adding social value.

SUR has introduced a Community Investment Plan that dovetails with the PBP. This document focusses on employment creation, skills development and training and is intended to make sure that the activities of SUR maximise community and economic benefits for people in Slough. For each project, SUR will create a Site Development Plan ("SDP") or a Community Project Plan ("CPP"). These documents will include a statement of local economic benefit appraisals and community involvement, the content of which will vary on a scheme by scheme basis. The Community Investment

Plan will include a range of Key Performance Indicators (“KPI”) that will provide targets on jobs created, work placements and apprenticeships created etc.

- 5.8 These KPI’s will be regularly reviewed to make sure that the Council realises objectives associated with maximising benefits to local people and the local economy.

6. Comments from other Committees

None

7. Conclusions

- 7.1 SUR has been established since 2013. In a comparatively short period of time it has grown into an effective vehicle to deliver a series of regenerative, social, economic and financial benefits for Slough. This PBP indicates how SUR will evolve over the next 5 years. Importantly, the plan balances property and financial-led objectives with strong commitment on how SUR will create jobs, introducing training places and maximise opportunities for people in Slough.

8. Appendices

- 8.1 Appendix One – Extract from Partnership Business Plan