

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 will improve the quality of the built environment and the image of the town whilst providing much needed housing accommodation. The scheme is being designed with security as a key consideration and will be constructed in line with current Health and Safety regulations.

3b. Five Year Plan Outcomes

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

- **Outcome 3** - Regeneration sites such as Slough Basin, which create new public places and capitalise on natural capital, like the canal, contribute towards ensuring Slough is an attractive place to live, work and visit,
- **Outcome 4** – Residential led regeneration contributes towards our residents having access to good quality homes; and
- **Outcome 5** – Creating high quality mixed use places at gateway location, like Slough Basin which is located on Stoke Road (B416) near the boundary to South Bucks/ Stoke Poges contributes towards attracting and retaining business, investment and jobs.

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.

All reasonable acquisition and development costs incurred by SBC will be added to the minimum land value and recovered on repayment of the loan note.

b) Risk Management

Risk	Mitigating action	Opportunities
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. Planning consent is subject to viability and delivery issues and can be raised with the local planning authority (LPA).	The Council will participate in any growth in value achieved during the construction period. The Council has created a subsidiary company that could acquire a number of the completed properties in this scheme for private rent.
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.	All development works procured by SBC will be in accordance with Health and Safety Executive (HSE) standards.	
Employment Issues	No risks identified	
Equalities Issues	No risks identified	
Community Support	No risks identified	A community liaison manager with ensure local residents are well informed and considered during the demolition process.
Communications	No risks identified	The development of the long awaited scheme is a positive story that makes the best use of Council assets.
Finance – the project cannot sustain the minimum land value payment to SBC	If a planning policy compliant scheme becomes non viable financially planning obligations can be raised with the LPA to ensure delivery.	If land values increase during the promotion period this will be reflected in the land value paid.
Finance –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 Morgan Sindall Investments Limited (MSIL).
Project Capacity – lack of resource delaying delivery	SUR have employed additional management staff to cover increasing work streams and the project is being delivered in conjunction with Waterside Places (a JV between the Canal and River Trust and MUSE)	The ever increasing development programme helps secure a skilled workforce focussed on the regeneration of Slough.

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.

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.

d) Equalities Impact Assessment

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 now in two ownerships: Canal & River Trust (CRT – formerly British Waterways) and Slough Borough Council (SBC).
- 5.2 The Strategic Acquisition Board approved the acquisition of land holdings owned by Travis Perkins at Stoke Wharf for their existing industrial use value (verified by and external valuation undertaken by the District Valuer) and the conditional sale completed in June 2017.
- 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. 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.
- 5.5 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 start on site next year and complete by 2021.

6 **Comments of Other Committees**

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

7. **Conclusion**

- 7.1 The redevelopment of Slough Basin has considerable regenerative benefits and could be one of the most transformational schemes proposed within Slough.
- 7.2 Approving the expenditure of recoverable development costs will enable SBC to eliminate business rate liabilities, through demolishing existing buildings, whilst improving the delivery programme of the project meaning that this important regeneration scheme is realised sooner.

8 **Appendices**

None.

9 **Background Papers**

Cabinet Report – Slough Basin Update – February 2017

Cabinet Report - Slough Basin Option – October 2016

Slough Local Development Framework Site Allocations DPD - November 2010

Slough Parks and Open Spaces Management Framework 2012-2017