

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 16 April 2018

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PORTFOLIO: Cllr Swindlehurst - Leader

PART I **KEY DECISION**

SLOUGH URBAN RENEWAL – PARTNERSHIP BUSINESS PLAN 2018-2023

1 Purpose of Report

- 1.1 The purpose of this report is to update Cabinet on the progress of Slough Urban Renewal (“SUR”). The report summarises the content of the Business Plan for the five-year period from April 2018 to March 2023, with a focus on 2018/19.

2. Recommendation

Cabinet is requested to resolve:

- (a) That the performance of SUR as set out in Section 5.4 be noted;
- (b) That the performance targets for SUR for 2018/19 as set out in Section 5 be agreed;
- (c) That, subject to (b), agree the Partnership Business Plan for the period to December 2023.
- (d) That it be noted that the SBC board representatives for SUR would be subject to review.

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 – Upon completion of Wexham Green, SUR will deliver over 200 new houses and flats from the first two sites developed and dependent on the Council approving the masterplan for the North West Quadrant, 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 SUR is contributing to improving the image of the town. Having completed over 10 projects including 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 includes 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.
- More active healthy lifestyles – SUR is delivering the Council's investment in new leisure facilities including Arbour Park CSF, the Ice Arena Leisure Centre, Langley Leisure and Salt Hill Activity Centre.
- 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 and quality 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 development expertise of the Morgan Sindall Group, 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 SUR 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 (land value and share of development profits) that exceeds £50m over the next five years (excluding the TVU site development).

There are three key financial elements contained within the SUR 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 and dependent on SBC taking an equal share of risk and providing additional funding. The PBP shows net profit receivable to the end of 2023, based on the completion of projects set out in the Financial Appraisal. This figure is subject to change over the course of the development process 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 procure through SUR.

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.	SBC has the ability to quickly initiate project delivery through the vehicle based on agreed forms of contract without the need for individual OJEU procurement.
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	A Communications and Community involvement plan is part of the suite of documents that makes up the Partnership Business Plan	SBC has the ability to promote its regeneration agenda and the positive PR of the town through projects delivered by SUR and commercial developments that

approach by the community.		raise the profile of the borough.
Community Safety	n/a	
Financial	See comments above	
Timetable for delivery	n/a	Effective and timely decision making has the ability to deliver an ambitious programme of change through SUR.
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 (“SDP”) or a business plan for each community project known as a Community Project Plan (“CPP”).

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 a 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 SUR was established, SUR has since established a Equality and Diversity Policy. 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”) and was most recently approved by Cabinet in April 2017.

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 formally agreed by both partners. For SBC, Cabinet is the identified decision-making body.

Summary of SUR Performance 2017/18

5.4 The table below highlights actual performance against activities and actions set out in the PBP for 2017/18. As follows:

Planned Activity	SUR Comments	RAG Status
Completing the development of ‘Milestone’, the 73 unit development at Ledgers Road.	SUR’s first residential development of 73 new homes at Milestone was completed in 2017 (50 private for sale and 24 affordable homes). The private units all sold off-plan to homeowners, with 48% sold to local buyers and 88% were first time buyers. Over 80% of purchasers at Milestone used the Government’s Help to Buy initiative.	GREEN
Continuing the development and start the marketing at	Sales and marketing commenced in 2017 at Wexham Green whilst construction progressed on the phased build of 104 new 2, 3 and 4 bed homes. The first section of 18 affordable homes were successfully handed over to SBC in November 2017 and now fully occupied. The second section of 16 affordable homes are due to be complete in	AMBER

'Wexham Green'.	March 18. Sales on the private homes have been slower than forecast; however the first completions were achieved in December/January and reservations were being secured; typically with buyers who have a property to sell.	
Continue the design development for Slough Basin.	At Stoke Wharf, the development partners (SUR and Waterside Places) have secured all the parcels of land and progressed the site clearance whilst revisiting the architectural design and finalising the commercial JV arrangements. Over 250 new high quality homes are planned, to be surrounded by public open space in the reinvigorated park and alongside the canal.	AMBER
Completing the Construction of Arbour Park Community Sports Facility	A phased development of a 1,950 seat stadium and a multi-use floodlit, synthetic sports pitch for community use. With FA accreditation since August 2016, Arbour Park has enabled Slough Town Football Club to return to playing their home matches in the borough. The development also included refurbishment works at the adjacent St Joseph's School, the provision of a new four court sports hall and extensive landscaping. Completed May 2017.	GREEN
Progressing the refurbishment of Slough Ice Arena	The refurbishment and extension of the Montem Ice Arena, together with a new café, climbing wall with clip n climb, gym and changing facilities is now complete.	GREEN
Commence the development of the new leisure centre at Farnham Road.	New community facility including a 25m swimming pool, learner pool, four court sports halls, gym, studios and community café is under construction.	GREEN
Assisting the Council to develop a portfolio of small sites linked to the HRA	Construction of Phase 1 small sites to provide 6 new homes on 5 sites was completed in September 2017. Construction of the second phase of new Council homes began in September 2017 and provide 16 new affordable homes on 6 sites across the Borough. Lydia Court was completed in October 2017 to provide 11 new 1, 2 and 3 bed flats. The third phase of new Council homes achieved Contract Close in March and will provide 25 new affordable home on 6 sites across the Borough. The fourth phase of over 30 new Council homes have progressed through the planning process.	GREEN
Commencing the design and planning for the refurbishment of Salt Hill ten pin bowling centre.	The Conversion of a 10 pin bowling centre to provide a new family activity centre to include soft play, trampolining zone, caving activity, high wires activity, bowling, café and party rooms.	GREEN
Completing the extension of St Mary's, Claycots and James Elliman Primary Schools.	The extension and remodelling at James Elliman Academy was completed in Sept 2017. The main extension at Claycots and St Mary's Primary schools were completed in December 2017 and all external works will be finalised in the Spring.	GREEN
Commencing work on the detailed design and submit a planning application for the construction of 2 hotels, 2 restaurants and residential units	A mixed use development in the town centre to include a 152-room Moxey Hotel and a 92-room extended-stay Residence Inn, together with 62 one and two bed apartments and retail use at ground level. Planning application submitted December 2017. Subject to planning approval, anticipated site start September 2018	GREEN

on the old library site.		
Assist with the Development Strategy and introduction of Herschel Homes.	Whilst this new company has been incorporated, priority has been given to James Elliman Homes, which will make a contribution to alleviating homelessness. No input has been required from SUR.	RED

- 5.5 Over the past 12 months, one of the most significant achievements for the partnership has been the close working between the Council and SUR to develop proposals for the former Thames Valley University (TVU) following its acquisition by SBC in 2016. Subject to conditions approved by Cabinet in January 2018,, SUR has secured an option to be the Developer to bring forward this major regeneration site; a key part of the Council's wider plans to transform the town centre. Whilst still in the preliminary stages the indicative masterplan shows the potential for a transformational scheme that will set the benchmark for large-scale developments that will come forward for planning within the next 3-5 years.
- 5.6 A significant planned activity that was omitted from the report to Cabinet in 2017 was Langley Leisure Centre. This major refurbishment to the swimming pool and extension of gym facilities together with landscaping and increased car parking is on site and is scheduled for completion in June 2018.

Future Development Opportunities & Performance Targets 2018/19

Section 4 of the PBP sets out the future development opportunities for SUR. Sections 5.7-5.13 below set out the targets for Commercial, Leisure, Affordable Housing and Education projects for the 12 month period from 1/4/18. As follows:

5.7 Commercial Projects Targets

No.	Project	SUR Description	Performance Target 2018/19
1	Wexham Green	Residential development of 104 aspirational and family sized dwellings - with a mix of detached and semi-detached houses. The development is mixed tenure with 70 houses (67%) for open market sale and an affordable element purchased by the Council of 33 houses and one 'lifetime home' bungalow (33%).	Handover to SBC of Section 6 (16 affordable houses) by Spring 2018. Construction completion by the end of 2018. Sales complete by December 2019.
2	Upton Road	10 large (4/5 bedroom houses) high-end properties for sale. See 5.8 below.	Subject to negotiation with SBC, secure planning consent and enter into the S106 Agreement by May 2018.
3	Stoke Wharf	A circa 250 unit development consisting of 1 and 2 bed apartments and 3 bed houses, extensive landscaping, public realm and community use..	Planning application submitted by [date] to allow an anticipated site start by [date]
4	Alpha Street	14 apartments which (subject to planning) will be developed simultaneously with the hotels project to provide affordable housing.	Planning application approved by July 2018. Construction to be in conjunction with 85 High St.

5	85 High Street	The redevelopment of the old library site to provide two Marriot branded hotels, circa 62 residential units and two ground floor restaurants.	Subject to planning application approved by July 2019 and SBC approval of the final business case - site start by October 2019
6	Montem Lane	The redevelopment of the Montem car park and former Leisure Centre site to provide circa 130 new homes. See 5.9 below.	Planning consent secured for the site development prior to SBC providing Vacant Possession to enable construction to commence.
7	Wexham South	Proposed residential development of 24 2 and 3 bedroom homes for private sale adjacent to the Wexham Green development	Planning application submitted by August 2018 to with anticipated site start before 31 March 2019
8	North West Quadrant	A potential mixed-use scheme providing residential, commercial and leisure uses	Commence masterplanning by year end subject to viability and scheme scope as defined in conjunction with SBC as landowner
9	Weekes Drive	Prepare a preliminary planning and concept designs for a circa 90 unit development.	Concept design prepared by [date]
10	Haymill	Prepare a preliminary planning and concept designs for a circa 35 two and three bedroom residential development.	Concept design prepared by year end in conjunction with the Haybrook College extension project.

5.8 The Council granted SUR an option for the Upton Road site (project 2 above) in August 2016, following which SUR secured planning permission for the proposed 10 unit scheme. The Council is reviewing its approach for the delivery of this site in consultation with SUR to maximise the value of its asset and speed of return.

5.9 The SUR description for the scheme at Montem Lane (project 6 above) is based on a feasibility study originally undertaken in 2015. This proposal pre-dated the Planning Authorities condition of disposal for 160 car parking spaces for the Ice Arena and did not take account of a Cabinet decision in 2012 to provide some form of bus route into Chalvey. A revised feasibility and capacity study is being undertaken in 2018, which is likely to affect the scheme layout and impact the development costs.

5.10 In approving the original PBP in 2013, Cabinet granted SUR an option for Weekes Drive (project 9 above). The Council is working with SUR to establish the most appropriate strategic use for this site.

5.11 Leisure Projects Targets

No.	Project	SUR Description	Performance Target 2018/19
11	The Centre	New wet and dry leisure centre – under construction	Completion and handover by February 2019.
12	Montem Ice Arena	The extension and refurbishment contract is under construction.	Completion and handover by 23 March 2018
13	Langley Leisure	The extension and refurbishment contract is	Completion and

	Centre	under construction	handover by end May 2018
14	Salt Hill Activity Centre	The conversion and refurbishment contract is under construction.	Completion and handover by end May 2018

5.12 SBC Small Sites Targets

No.	Project	SUR Description	Performance Target 2018/19
15	Phase 2	16 new affordable homes on 6 sites across the Borough	Anticipated completion by June 2018.
16	Phase 3	Third phase of new Council homes and will provide 25 new homes on 6 sites across the Borough.	On site by April 2018 and completion in May 2019.
17	Phase 4	Fourth phase of new Council homes and will provide circa 30 new homes on 6 sites across the Borough (STPP)	On site by September 2018] and completion by end 2019
18	Rochford Gardens	Residential development of 21 flats on behalf of the Council; planning consent granted.	Construction to commence 2018 - subject to confirmation of SBC funding

5.13 Education Projects Targets

No.	Project	SUR Description	Performance Target 2018/19
19	St. Marys Primary School	Completion of remodelling and external works	Completion and handover by April 2018
20.	Wexham Secondary School	Under construction	Completion and handover by December 2018
21.	Marish School SEN Extension	Primary school SEN extension to include 6 classrooms and a multipurpose hall/dining facility.	Construction to commence April 18 - Subject to confirmation of SBC funding.
22.	Haybrook College	Secondary school new standalone Pupil Referral Unit and extension to the existing school to accommodate circa.70 more children.	PCSA in place by April 2018 – subject to confirmation from SBC

Links to Economic Development

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

5.15 The role of SUR's Community Benefits Employment & Skills Coordinator, has had a positive impact over the last year engaging with the Council and third parties about planning, managing and delivering the community benefits programme. This includes providing opportunities to improve skills and training, attending careers advisory events, managing the supply chain to deliver against the CITB targets, arranging apprenticeships and work experience and overall supporting a series of community & schools events with our projects.

Across the delivery partners and the supply chain, over 25 apprenticeships/training positions have been achieved including trades, administrative and degree/management level positions. SUR also still have 4 existing apprentice/training

positions from 2016 projects. As a result, when SUR received its annual CITB national Skills academy for Construction review it achieved 50% of the 36 month target in the first year alone.

- 5.16 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.

Governance

- 5.17 Delivery of the objectives the PBP is the responsibility of the Partnership Business Board. To ensure the shared governance arrangements of SUR (and deadlock provisions), the Board has equal representation from SBC and MSIL (three members each). The General Manager of SUR is responsible for the day-to-day management of the Partnership's activities.
- 5.18 The Council is currently reviewing its board representation – but will retain two members of staff and one elected member.

6. Comments from other Committees

None

7. Conclusions

- 7.1 SUR has been established since 2013 and 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, introduce training places and maximise opportunities for people in Slough.

8. Appendices

- 8.1 Confidential Appendix One – Extract from Partnership Business Plan

Note: A copy of Section 8 (Financial Appraisals) of the SUR Partnership Business Plan 2018-2023 (which contains commercially sensitive information) can be viewed by Councillors (contact Stephen Gibson 01753- 875852 or stephen.gibson@slough.gov.uk)