

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 18 January 2021

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WARD(S): Central Ward

PORTFOLIO: Councillor Swindlehurst – Leader of the Council and Cabinet Member for Regeneration & Strategy

Councillor Nazir – Cabinet Member for Housing & Community Safety

PART I KEY DECISION

ACQUISITION OF LAND AT FORMER AKZO NOBEL MANUFACTURING SITE

1 Purpose of Report

- 1.1 On 18 May 2020, Cabinet delegated authority to officers, in consultation with the Lead Member for Housing & Community Safety, to complete Heads of Terms with Panattoni to seek to acquire land on the former Akzo Nobel site for the purposes of supplying future housing.
- 1.2 This report seeks approval from Cabinet to acquire the residential element of the former Akzo Nobel site on Wexham Road and more particularly described at paragraph 5.4 & 5.5 below (“the Property”) for the development of up to 1,000 new homes.

2 Recommendation(s)/Proposed Action

- 2.1 Cabinet is requested to:
 - a) Approve the acquisition of the Property in line with the financial and legal terms set out in **Confidential Appendix C (Part II Report – Financial, Commercial & Risk)**; and
 - b) Delegate authority to the Executive Director of Place, in consultation with the Leader of the Council and the Executive Director of Corporate Services (Section 151 Officer), to agree the detailed terms of the acquisition and take any action ancillary to or necessary to achieve acquisition of the Property; and
 - c) Delegate authority to the Executive Director of Place in consultation with the Executive Director of Corporate Services (Section 151 Officer) and the Leader of the Council (Lead Member for Regeneration & Strategy), to take any action,

including appointing consultants, to review and investigate various development and financing options for the Property and report back to Cabinet within 6 months of the acquisition.

- d) Delegate authority to the Executive Director of Place in consultation with Executive Director of Corporate Services to introduce the proposed Development Project Team, noting that the capital costs will include a budget to cover staffing costs for years 1-5 of the project as set out in sections 2.2 and 2.3 of **Confidential Appendix C (Part II Report – Financial, Commercial & Risk)**.

3. **The Slough Joint Wellbeing Strategy and Five Year Plan**

- 3.1 The acquisition and subsequent comprehensive development of the former Akzo Nobel land will make a significant contribution to the following joint priorities captured within the Slough Wellbeing Strategy 2020- 2025:
- **Priority 1:** Starting Well
 - **Priority 3:** Strong, healthy and attractive neighbourhoods
- 3.2 The acquisition and subsequent comprehensive development of the Akzo Nobel land will make a significant contribution to the following outcomes within the Slough 2020-2025 Five Year Plan:
- **Outcome 1:** Slough children will grow up to be happy, healthy and successful
 - **Outcome 2:** Our people will be healthier and manage their own care needs
 - **Outcome 3:** Slough will be an attractive place where people choose to live, work and stay
 - **Outcome 4:** Our residents will live in good quality homes
 - **Outcome 5:** Slough will attract, retain and grow businesses and investment to provide opportunities for our residents
- 3.3 Further details of how the proposed acquisition accords with these and other strategic priorities of the Council are included in Section 5 of this report.

4 **Other Implications**

Financial

- 4.1 The financial implications are considered in **Confidential Appendix C (Part II Report – Financial, Commercial & Risk)** and the **Confidential Appendix D (Purchase Report)**.

Risk Management

- 4.2 The Council and their external advisors have undertaken due diligence and assessed key risks. A summary of the risks is provided in **Confidential Appendix C (Part II Report – Financial, Commercial & Risk)**.
- 4.3 The key risks that will be considered and managed by the Council are:
- Financial viability – achieving a financially viable development

- Contamination – the cost and environmental liability of contamination associated with the former use of the site
- Design and quality – issues associated with delivering a high quality residential development that properly mitigates residential amenity issues such as noise and sunlight/daylight
- Planning – achieving satisfactory detailed planning consent for each of the phases of the development
- Housing market and delivery – delivering at pace whilst managing housing market and delivery risks
- Wider economic uncertainty created by Co-19 and the UK's withdrawal from the EU.
- Capacity Planning – the ability of SBC to manage the redevelopment of this complex, long-term and multi-phased development concurrently with the existing programme.

Human Rights Act and Other Legal Implications

- 4.4 There are no Human Rights Act implications in relation to the recommendations in this report given there are no residents on the Akzo Nobel site that might be adversely affected by the proposed acquisition.
- 4.5 Under Section 120 of the Local Government Act 1972 the Council has power to acquire by agreement any land for the purposes of any of its functions under the above Act or any other enactment or for the benefit, improvement or development of its area. Accordingly, provided that the Council determines that the acquisition of the Akzo Nobel site meets the criteria in Section 120, it has power under the Section to acquire the site.
- 4.6 The Council has a fiduciary duty to its rate payers and therefore any decision to acquire land at above market value should be demonstrated to be for a purpose likely to help secure the promotion or improvement of the economic, social or environmental well-being of the Council's area.
- 4.7 The Council has the power under Section 9 of the Housing Act 1985 to provide housing accommodation by erecting houses or converting buildings into houses, on land acquired by it for the purposes of Part II of that Act.
- 4.8 The Council can borrow for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs under and in accordance with Sections 1 and 3 of the Local Government Act 2003
- 4.9 The Council can invest for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs under and in accordance with Sections 12 and 15 of the Local Government Act 2003

Equalities Impact Assessment

- 4.7 There is no identified need for the completion of an EIA.

Property

- 4.8 See Section 5 below.

5 Supporting Information

Background

- 5.1 In November 2019, Cabinet approved a report on town centre regeneration that provided a vision for the whole of the centre of Slough. This report articulated our ambitions for a thriving and sustainable town centre that will make Slough a place where people want to live, work, shop, invest and do business. It introduced the concept of the 'Square Mile' and provided Cabinet with an update on the broad range of commercial, industrial, leisure, residential, infrastructure and retail projects and proposals that were emerging. Due to its location and strategic significance, the report included an update on the former Akzo Nobel site, which will make a material contribution to delivery of future housing.
- 5.2 Having subsequently delegated authority to officers to complete the Heads of Terms with Panattoni (May 2020), this report seeks approval to acquire the freehold interest of the southern part of the site from Panattoni to build up to 1,000 new homes that will play a key role in the social and economic recovery of Slough.
- 5.3 The site will support the delivery of our housing targets, providing accommodation that is suitable for our communities by providing a mix of 1, 2 and 3 bedroom properties. The affordable housing element will help reduce the number of people on council waiting lists and those that are in temporary accommodation due to homelessness.

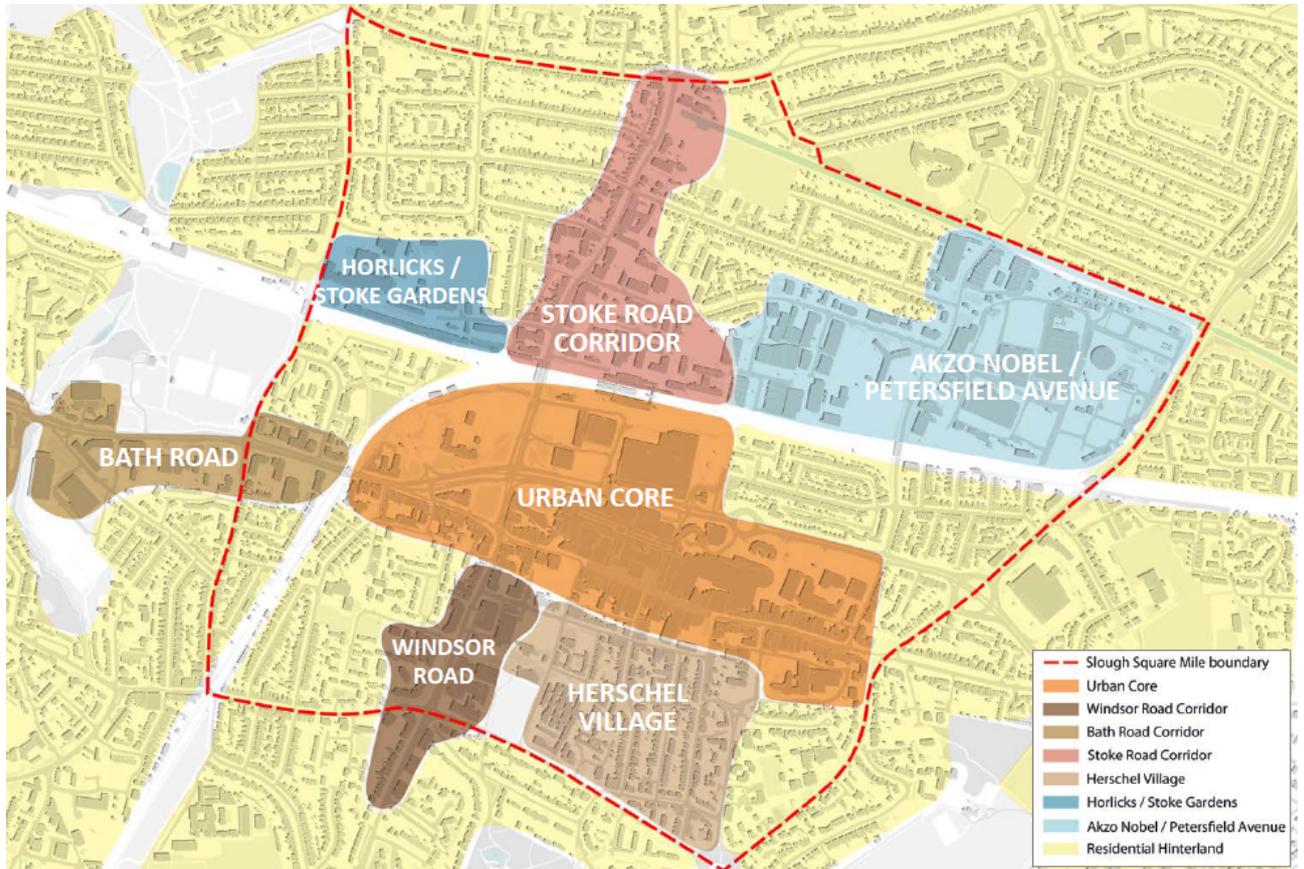
The Site & Opportunity

- 5.4 The circa 12.7 hectare site comprises the former Akzo Nobel paint factory and research and development facility. The site is situated approximately 1.0 km (0.6 miles) to the north east of Slough town centre and railway station. The site is bordered by Wexham Road at its western boundary, Uxbridge Road Gas Works and Uxbridge Road at its eastern boundary, the railway line at its southern boundary and the Grand Union Canal Slough Arm at its northern boundary.
- 5.5 The extent of the residential land that is proposed to be acquired is illustrated below and a plan is included at **Appendix A (Site Plan)**.



- 5.6 Prior to acquisition by Panattoni the site was owned by Imperial Chemical Industries (“ICI”). The paint factory relocated in 2016 with the majority of the units remaining vacant with the exception of the research and development facility.
- 5.7 Resolution to grant outline planning permission was given on 26 August 2020 and the planning decision notice was issued on 19 November 2020. The application includes for up to 1,000 residential dwellings (Use Class C3); along with flexible commercial uses including all of some of the following use classes A1 (shops), A2 (Financial and Professional Services), A3 (Food and Drink), D1 (Non-residential Institutions) and D2 (Assembly and Leisure); car parking; new public space, landscaping; vehicular and pedestrian access. The non-residential element of the consent (not part of the proposed acquisition) provides for a commercial floor space led development.
- 5.8 The Council, through its acquisition of the site, has the potential to promote an exemplar scheme that delivers on our Regeneration Framework and environmental ambitions. Importantly, there is also an opportunity, through Council intervention and promotion of a genuinely mixed-tenure scheme, to improve upon the 15 year delivery timescale envisaged within the Framework.
- 5.9 The residential land at the former Akzo Nobel site (along with adjoining sites including the Gas works and Petersfield Avenue) form part of the wider vision for the creation of clear role and characters for distinct parts of the town.

5.10 Whilst much of the Akzo Nobel / Petersfield Avenue area will remain in industrial use for the foreseeable future, the Akzo Nobel site and Gas Works site and some smaller sites on Petersfield Avenue, will bring new life to the area with a mix of new homes and employment space. This will transform the environments on Wexham Road and Petersfield Road providing positive frontage and animation to these streets. The image below illustrates the character areas within the Square Mile.



Extract from Slough Regeneration Framework – Character Areas

5.11 A major issue within Slough's Square Mile is that many streets, beyond the High Street, do not benefit from either active frontage or enclosure and definition by buildings. The scale of redevelopment coming forward is transformative and, if coordinated, presents an opportunity to establish a coherent block structure in areas that are currently fragmented or lack permeability. The image below illustrates the scale of development coming forward and the context for the Akzo Nobel site.



Extract from Slough Regeneration Framework – Indicative development massing in the Square Mile

5.12 Housing delivery, across a range of tenures, is a strategic priority for the Council; therefore the former Akzo Nobel site offers an opportunity to deliver a genuinely mixed-tenure neighbourhood. The illustrative masterplan has been tested for its adaptability to various tenure mixes; one such scenario is illustrated below:



5.13 The Council has expectations that this site will deliver a high quality living environment and will wish to promote a place-making led scheme. The Council will also aspire to maximise the amount of affordable housing and deliver beyond the current consented 25% level. Therefore it is possible that a scheme of fewer homes and more affordable homes may be the preference of the Council as a residential enabler and developer. Purchase of the above land by the Council will place the control of the mix, quantum, design and environmental standards of the residential development of this site in the hands of the Council, in a development masterplan that reflects its ambitions.

5.14 Key elements of an exemplar scheme will include:

- A genuinely mixed tenure and tenure blind development that provides at least policy compliant levels of affordable housing and meets a wide range of housing needs;
- High quality residential amenity for all residents;
- High quality public realm and open space that is accessible and well managed; and
- A highly sustainable development with low levels of energy and car use.

Strategic Case

5.15 Slough Joint Wellbeing Strategy Priorities

The acquisition and subsequent comprehensive development of the Akzo Nobel land will make a significant contribution to the following joint priorities captured within the Slough Wellbeing Strategy 2020- 2025:

Priority 1: Starting Well

Constructing the new development will improve local employment opportunities as well as increasing apprenticeship opportunities enabling local people to start their working life well and improve their learning and skill base.

Priority 3: Strong, healthy and attractive neighbourhoods

People in strong, healthy and attractive communities are part of a shared local identity and are empowered to have the skills and opportunities to take part in local life. There are a number of benefits arising from the delivery of additional affordable housing units including improved health and wellbeing benefits from being in healthier environments.

5.16 Five Year Plan Outcomes

The acquisition and subsequent comprehensive development of the Akzo Nobel land will make a significant contribution to the following outcomes within the Slough 2020-2025 Five Year Plan.

Outcome 1: Slough children will grow up to be happy, healthy and successful

Development of the Akzo Nobel site will support priorities within Outcome 1 including supporting the creation and promotion of pathways to high quality employment for vulnerable young people and provide children with safe, clean and enjoyable places to play. This will be achieved through jobs and training created at the development, along with the delivery of high quality public realm and amenity spaces.

Outcome 2: Our people will be healthier and manage their own care needs

Development of the Akzo Nobel site will support priorities within Outcome 2 including improve the health and wellbeing of our residents, reducing health inequalities, and increasing levels of activity and improved health through use of our parks, play, outdoor activity areas, leisure facilities and sustainable travel. The delivery of affordable housing will support health outcomes, and the design of an inclusive and sustainable neighbourhood will promote activity and sustainable travel.

Outcome 3: Slough will be an attractive place where people choose to live, work and stay

Outcome 3 priorities include investment in infrastructure, improving the Slough brand and identity, improving air quality, and supporting sustainability. The delivery of a flagship development at Akzo Nobel and taking control of a key strategic site will facilitate wider change and infrastructure investment. The creation of a high quality place-making led development will raise profile and deliver a development with high sustainability credentials.

Outcome 4: Our residents will live in good quality homes

The priorities of Outcome 4 are reducing households in temporary accommodation, driving up standards in the private rented sector, and meet need by increasing supply across all tenures. Development of the Akzo Nobel site represents a major intervention in the housing market and an opportunity to deliver a true mixed-tenure scheme meeting a wide range of needs with high quality homes.

Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

The Council is seeking to engage with town centre communities, stakeholders and ward members to create a clear vision, regenerating major sites and attracting investors and occupiers. Akzo Nobel is a major development that will drive jobs and economic growth and therefore contributing to this outcome providing greater opportunity for Slough residents.

5.17 Covid recovery

On 16 November 2020 Cabinet received update reports on the Council's Covid-19 recovery plans. This included a report on skills and in particular the Future Skills Hub and Construction Academy initiatives. Taking control of a strategic site that can deliver skills and jobs will provide opportunities to support these initiatives. Under the emerging Construction Academy model the Council can lead by example in ensuring construction workers are recruited locally, apprenticeship opportunities are created and the built environment sector is promoted as an industry for those that are looking to pivot their skills from current declining sectors. It also supports delivery of site regeneration programmes enabling a much needed boost to the economy, its supply chains and generates supply and demand ecosystems.

5.18 Inclusive Growth Strategy 2020-25

All six of the strategic priorities will be supported by the acquisition and development of the Akzo Nobel site:

1. Creating secure and productive jobs
2. A skills system working for all
3. Regeneration and infrastructure unlocking growth
4. Enterprise and scale up ecosystem

5. Inclusive and sustainable neighbourhoods
6. Connecting and celebrating Slough

5.19 Emerging 2040 Vision

The Council and its strategic partners are working on a 2040 Vision with key themes around Neighbourhoods & Housing, Transport, Environment, Economy, Health and Community. The outcomes being pursued through the Akzo Nobel acquisition align well with this emerging vision.

5.20 Regeneration Framework Masterplan

At a high level the successful development of the Akzo Nobel site supports the following objectives of the Regeneration Framework:

- Objective One: To deliver a 21st century town centre that is accessible to everybody and enhances health and well-being
- Objective Four: To deliver a range of new homes in the Square Mile
- Objective Six: To create a people focused public realm
- Objective Seven: To improve connections between the town centre and Slough's neighbourhoods and the wider area
- Objective Eight: To deliver a step change in the quality of design and architecture in the Square Mile
- Objective Nine: To provide the right amount of car parking in the right locations

The Regeneration Framework sets the ambition for the former Akzo Nobel site to deliver wholesale redevelopment of brownfield land for residential and industrial uses, with the scale of residential uses able to create a new residential quarter, and offer a broad range of tenures and typologies, both private and inclusive / affordable.

There is significant scope to improve surrounding public realm areas and footpaths, as well as the possibility to secure a new access from the site from Uxbridge Road.

The aspiration is for residential blocks to front onto streets and spaces within the site and to provide a positive frontage to Wexham Road.

A new open space will provide amenity for residents in the heart of the new residential area and tree planting and landscape to enhance the streets and spaces.

The Council, through its acquisition of the site, has the potential to promote an exemplar scheme that delivers on the Regeneration Framework ambitions. Importantly also there is an opportunity, through Council intervention and promotion of a genuinely mixed-tenure scheme, to improve upon the 15 year delivery timescale envisaged within the Framework.

5.21 Low Emission Strategy

The Slough Low Emission Strategy ("LES") was approved by Cabinet on 17 September 2018 and by Full Council on 27 September 2018 and is currently being reviewed. The principal aim of the LES is to: "Improve air quality and health outcomes across Slough by reducing vehicle emissions through the accelerated uptake of cleaner fuels and technologies."

The adoption of the Low Emission Strategy in autumn 2018 introduced a requirement for all new major developments to provide a minimum standard of electric vehicle charging in 10% of car parking spaces for the development, and clearly there will be an aspiration to meet or exceed this on the Akzo Nobel site.

In addition the Council, in implementing a new development at Akzo Nobel, will be able to impact positively on the LES through the following:

- Promotion of sustainable travel modes
- Promotion of low car usage and car clubs
- Air quality mitigations to be integrated into the design stage of the development

5.22 Carbon Management Plan

In designing and operating the housing assets at Akzo Nobel the Council has the capacity to positively impact on all six of the priorities within the Carbon Management Plan:

- Priority 1 - Reduce CO2 emissions from energy consumption across all Council operations
- Priority 2 - Reduce energy consumption revenue costs across all Council operations
- Priority 3 - Embed carbon management in the Council's policies and procedures
- Priority 4 - Raise awareness of carbon management among staff through the Environmental Strategic Board to reduce carbon emissions and energy consumption
- Priority 5 - Incorporate high standards of energy efficiency into new buildings, equipment and contracts
- Priority 6 - Incorporate carbon intensity into the procurement of goods and services

Examples of action the Council can build into the delivery of Akzo Nobel include reducing the need for energy consumption within buildings, the design and procurement of low energy mechanical/electrical installations, and the design of biodiverse environment that support a zero carbon agenda. It can also promote the usage of local supply chains by ensuring contractors and suppliers are local, thus reducing the carbon footprint of any suppliers.

5.23 Strategic Transport Infrastructure Plan

In February 2019, Cabinet approved the key principles of a transport vision to support the emerging Local Plan and regeneration of the town centre. The key principles focussed on improving public transport, improving cycling and walking and improving the public realm to make the Centre of Slough a place where residents want to live, and where businesses want to be based.

The Council has further plans to improve bus services as part of the emerging proposals for a north-eastern expansion to Slough, which would include a Mass Rapid Transit Link (MRT) between the Town Centre, Railway Station and north-eastern expansion area. Whilst the exact details of the entire route are not known at this stage, the route will travel through the centre of the site in the future and space has been provided for this MRT link. This will provide frequent high-quality bus services which will directly serve the proposed development.

In delivering the residential development, the Council will be able to take a leading role in implementing measures through the Residential Travel Plan (as defined in the S106 agreement) that promote the use of the MRT to residents at the scheme, and in turn have a direct impact on achieving the Council's sustainable transport objectives.

5.24 Economic Benefits

The Akzo Nobel site has the potential to deliver the following economic benefits as outlined in the Economic Study that supported the outline planning application:

- Increased population and labour force – 1,220 additional economically active people
- Enhanced local spending power – total income of circa £29.0 million per annum, one-off expenditure in excess of £5.5 million upon first occupation of new homes
- Residents' annual combined retail and leisure expenditure will equate to £22.9 million, supporting 210 jobs
- Local Authority Revenue – £1.7 million in Council Tax £5.4 million in New Homes Bonus payments

Further details are included in the **Confidential Appendix E (Strategic Case)**.

5.25 Wider Economic Benefits

The Akzo Nobel site has the potential to deliver the following wider economic benefits as assessed by the Council's commercial advisor.

- 25% affordable housing: £12.9 million in wider economic benefits
- 50% affordable housing: £25.2 million in wider economic benefits
- £12.3 million uplift in wider benefits through delivery of 50% affordable housing

Further details are included in the **Confidential Appendix E (Strategic Case)**.

6 Comments of Other Committees

Not applicable

7 Conclusion

7.1 The development of the Akzo Nobel site will deliver a range of benefits that are tied into existing strategies. These benefits have the potential to be enhanced through the Council intervening to acquire the site and deliver:

- Housing supply and enhanced levels of affordable housing.
- Increased wider economic benefits.
- The accelerated delivery of the site to improve upon the projected 15 year timescale envisaged in Slough's Regeneration Framework.
- Greater alignment with the Council's key strategies and the overarching vision for the future of Slough.

7.2 External advisors have assessed the acquisition and their reports (covering all key technical, commercial and legal matters) support the purchase of the housing-zoned land within the former Akzo Nobel site. On this basis, this report recommends that

SBC should acquire the residential element of the former Akzo Nobel site for the development of up to 1,000 new homes in Slough.

8 **Appendices**

Appendix A – Site Plan

Appendix B – Confidential Lease Plan

Appendix C – Confidential Part II Report – Financial, Commercial & Risk

Appendix D – Confidential Purchase Report

Appendix E – Confidential Strategic Case Report

Appendix F – Confidential Legal Report

Appendix G – Confidential Environmental Report

9 **Background Papers**

Cabinet report 18th May 2020 – Acquisition of land at Akzo Nobel (Part II report)