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PARTNERSHIP BUSINESS PLAN 2023 - 2028

2023 UPDATE

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FOREWORD

Slough Urban Renewal (“SUR”) is a Local Asset Backed Vehicle (“LABV”) it was formed as a 50:50 Limited Liability Partnership between Slough Borough Council (“the Council”) and Community Solutions for Regeneration (Slough) Limited (“the PSP”) a subsidiary of Morgan Sindall Investments Limited (“MSIL”), itself a subsidiary of Morgan Sindall Group plc. The joint venture (JV) was formed in March 2013 for 15 years with the ability to extend it by a further ten years and governed by the Partnership Agreement (“PA”). It has now been in existence for 10 years.

In January 2021, a change in control of the PSP was enacted. Community Solutions for Regeneration (Slough) Limited was transferred from MSIL to Muse as part of an organisational restructure in Morgan Sindall Group to align the mixed-use property development activity including the management and provision of services.

The Partnership Business Plan (“PBP”) was originally prepared and adopted in 2013 by SUR. The PBP forms an overarching strategic framework, informing and integrating the individual Site Development Plans (“SDPs”) and Community Project Plans (“CPPs”). It serves as a management tool for JV Partners and Representatives and provides strategic guidance for the Development Management team.

CONTEXT

The last PBP was approved in March 2021; this update has been prepared based upon direction from the SUR Board in December 2022 that requested a condensed summary to reflect the planned business activity anticipated over the next 5 years.

Further to the Going Concern Statement debated at Extraordinary Audit and Corporate Governance Committee on 18 May 2021 and Grant Thornton Audit dated 9 May of the same year, on 2 July 2021 SBC issued a 114 Notice which led to a full DLUHC review. On 25 October 2021, it was announced that the Secretary of State would appoint Commissioners to oversee functions associated with financial management and governance within the Council. As part of this, SBC confirmed that it was no longer able to partake in development activity/risk or meet its planned future equity obligations of the Partnership Agreement.

Subsequently a council-wide renewal and recovery plan was put in place to improve its financial position and reduce its capital programme.. Senior Council officers have engaged with SUR and the JV is seeking to support the Council in its recovery to financial health.

The Partnership Objectives and business of SUR remains unchanged, as set out in Clause 5 of the PA; this PBP summarises the strategy for each individual site or project and will be subject to further updates and approvals of relevant SDP/CPPs.

SUR continues to act as a flexible, innovative and commercial development and regeneration partner to the Council with high levels of transparency, accountability and with joint governance between the JV Partners.

SUR ACHIEVEMENTS 2021 AND 2022

Summarised below are the key milestones and achievements by the JV since Jan 2021.

Old Library Site – mixed use development

On 1st February '21, the UK's first Moxy and Residence Inn double-decker hotel with 244 rooms were successfully completed and handed over to Cycas Hospitality (some 2 months early). Since then, the Marriott International hotels have been trading well and made a positive impact to the vibrancy of the town centre and facilities on offer to local people, tourists, and business travellers.

In March '21, the Novus Apartment building was completed and sales commenced for the impressive collection of 64 studio, one and two-bedroom apartments. With both Help to Buy and £2.5m of First Homes grant funding the sales have progressed well with 53 apartments sold by the end of January 2023.

This project has proven to achieve multiple awards. In December '21, the project scooped the coveted 'Development of the Year' accolade at the Thames Valley Property Awards reflecting its transformational impact and delivery through effective partnership working. It was also shortlisted for the International Partnership Awards in the regeneration category. Furthermore, the Project Manager was awarded Construction Manager of the Year 2021 and Cycas have since received numerous accolades for the hotels and their staff.

Montem Lane – new residential development

In January '21, the JV secured planning permission for its proposed residential scheme on the western edge of Slough Town Centre at the old Montem Leisure centre site. The residential development for 212 new homes, comprises a mixture of apartments and family houses - helping to meet the need for affordable, high-quality homes within the borough and was made possible by the delivery through SUR of The Centre in 2019; Slough's new £18m leisure centre.

Stoke Wharf – new residential development

In February '21, Stoke Wharf Developments LLP (a partnership between SUR and Waterside Places) successfully secured a resolution to grant planning permission for a new residential development, situated adjacent to the Grand Union Canal in Slough.

This underused and much neglected area is set to be transformed into a vibrant new community, incorporating an array of new homes, while opening up the waterways for the use and benefit of the wider community. It includes 312 new homes along with public open space, moorings and facilities for canal boats and commercial space such as a cafe. The homes will include a mixture of studio, one- and two-bedroom apartments, along with 2 & 3 bedroom houses.

Wexham Green: A collection of 104 new family homes

Following the last home being sold in April 2020, the JV has successfully handed over the site to the Management Company placing it in the ownership and responsibility of the residents.

Nova House

Nova House is a private 7 storey tower block of 68 flats located on Herschel St/Buckingham Avenue in Slough that was a 2015 office conversion and owned by Ground Rents Estates 5 Limited (GRE5) a subsidiary of the Council.

In September 2020, a project commenced to remove and replace cladding materials and replace the balconies and external staircase since it had failed safety tests. Subsequently in March 2021, the main works commenced to remove the defective cladding with grant funding from Homes England. This was achieved by December 2021, however in doing so a series of other building issues were discovered. GRE5, SUR and its supply chain have sought to address these further defects with surveys and design work continuing during the period. Subject to further approvals the works are expected to be completed in 2024.

Small Sites Affordable Housing programme

Alpha Street

In April '21, construction was completed on the redevelopment of a small council owned car park in the town centre to transform it into 14 new homes. The 12 car parking spaces at the former Alpha Street North car park became 6 one bedroom and 8 two-bedroom apartments and completed for Council tenants to move straight into.

The development was completed to a high standard and included carefully designed open plan kitchen and living spaces, well specified bathroom suites and flooring throughout. Works had begun on site in December 2019 and construction by LifeBuild continued safely with revised workplace measures during the coronavirus pandemic.

Phase 4 Small Sites: Delivering more affordable homes for more local people

In October 2021, the works were completed at Belfast Avenue which meant that SUR completed the fourth phase of small site developments as part of the programme to deliver new affordable homes for Slough Borough Council.

The Britwell Ex-Servicemen Club Residential Development was shortlisted in the Affordable Housing category in the 2021 British Homes Awards which was a great achievement.

During the last two years, the JV and its supply chain have been completing any defects works and securing Highway's certifications; this was accomplished in early January '23.

1. PLANNED ACTIVITY – SITE DEVELOPMENTS

This section summarises the intended approach for each Site Development in accordance with the PA (CI 6.2.2) to enable commercial projects to be managed on a business case basis and follows best practice reflecting incremental development stages.

Based upon the SUR strategy, defined by the Business Board in previous years, the business will prioritise the progress of commercial development within its existing pipeline and seek to deliver commercial returns to its shareholders commensurate with a balanced approach to risk. It will also effectively manage the remaining 5 years of the partnership, seek to mitigate any further liabilities and minimise costs.

1.1 85 High St, The Old Library site (Site 22)

This town centre mixed use development was completed in early 2021 comprising two Marriott hotels, 64 residential apartments and 4000sq ft retail on the ground floor. The JV will continue to manage the sales of the remaining 11 homes at Novus Apartments and the letting and subsequent investment sale of the two retail units, which once completed will lead to the JV's exit from the development.

1.2 Montem Lane (Site 20)

Planning permission was obtained for a scheme providing 212 new homes, comprising 170 private and 42 affordable homes, and public realm enhancements. Previous SDPs proposed the scheme would be delivered directly by SUR.

In the summer of 2022, the JV and its shareholders approved a business case for the unconditional sale of the site and, following a targeted procurement process, has selected a purchaser. The disposal was approved in October '22 and expected to proceed in early '23.

1.3 Stoke Wharf (Site 28)

Stoke Wharf Developments LLP ("SWD") was established in 2019 as a 50/50 joint venture partnership between SUR and Waterside Places to directly design, plan and deliver the Stoke Wharf scheme. Planning Committee approval was achieved in February '21 for a development to provide 312 new homes (including 20% affordable/64 units), alongside canal side and public realm enhancements around the canal basin.

In the summer of 2022, the shareholders agreed to proceed with a joint disposal of the site with the benefit of planning permission to achieve best value. Connected persons consent and execution of the Unilateral Undertaking are required to enable a joint land sale. Subject to further business case approvals, SWD is expected to market and dispose of the site in 2023/24. A decision to market the opportunity will be taken by SWD having regard to market conditions.

1.4 North West Quadrant (NWQ LLP)

The NW Quadrant of the Heart of Slough (former TVU site) comprises a potential mixed-use scheme with c.1400 units residential, c.270,000 sq. ft commercial and c.40,000 sq. ft leisure/retail.

The JV and its shareholders have agreed an approach which enables the Council to undertake a land disposal. On 15 March the SUR Board approved the SDP relating to the sale of the site to Homes England and the novation of the Option Agreement to CSR.

1.5 Wexham South

This is the proposed residential development of a small 0.7-hectare site between Norway Drive and the south of Wexham Green. In May '21, the Planning Committee approved the scheme for 24 2 & 3-bed houses for open market sale together with the enhancement of adjacent public open space. Subject to vacant possession being available in 2023, the JV will review the development strategy and establish an agreed business case.

1.6 Haymill (Site 8)

The proposed scheme has the potential to deliver c.35 new houses and public realm enhancements including onsite affordable homes. The cleared site is a former college building located in Burnham and in a prime location within close proximity to the Elizabeth line station. Subject to a business plan approval, targeted for Q2 2023, SUR will seek to progress the design of a residential development on the Haymill site and secure a satisfactory planning permission with the intent to dispose of the scheme in 2024.

2. COMMUNITY PROJECTS

The Council has indicated it does not anticipate initiating any new Community Projects.

2.1 Nova House - Recladding project for GRE5

SUR will continue to work in partnership with both GRE5 and Morgan Sindall Construction on the recladding and rectification of building defects at Nova House. Revisions to the business case will be required to enable the appropriate contract variations and additional works during 2023/24.

3. JV MANAGEMENT

3.1 Communication, engagement and continual improvement

SUR will continue to promote the regeneration of the borough through its business activities and tailor this to reflect the individual development strategy for each site/project. The JV will maintain the website and use this as the principal means to share news and information about its achievements.

SUR will continue to be engaged and involved in relevant events that seek to shape regeneration in Slough. It will continue to consult with key stakeholders to further the goals of the partnership and site strategies.

The JV continues to be committed to achieving and demonstrating, continuous improvement and value for money across the business' performance.

3.2 Business Board

The Business Board is responsible for delivering the PBP and the management provisions are detailed at CI 13 & 14 of the PA. To ensure the shared governance arrangements, the SUR LLP Business Board has three Representatives from each LLP Member and this is replicated in the sub-LLPs. The SUR LLP Representatives are nominated by the Members and the current appointments are as follows;

Slough Borough Council

Richard West
Savio DeCruz
Councillor Fiza Matloob

Community Solutions for Regeneration (Slough) Ltd

Mike Auger (Chair)
Chris Scott
Joe Everett

The Business Board will meet on a quarterly basis and on an adhoc basis for further business decision making including the approval of SDPs and CPPs. It is the responsibility of the LLP Members to ensure they provide the appropriate approvals in a timely manner (as defined by the LLP Member).

Following the successful completion of commercial development at Ledgers Rd, Wexham Nursery and the Old Library Site, the sub-LLPs will be wound up.

3.3 Development Management

Muse will continue to provide management support to the Partnership and be actively engaged in providing organisational capacity, resources and expertise to drive forward the agreed SDPs effectively and efficiently.

The General Manager is responsible to the Business Board for production and recommendation of the strategy and overall management of the business. The General Manager will continue to ensure the delivery of the Services set out in the Development Management Agreement ("DMA") including;

- General management
- Development management
- Accounting and finance

- Financial modelling
- Company Secretarial

Delivery and completion of SDPs and CPPs on behalf of the Partnership is the responsibility of the Development Manager in accordance with Clause 6.2 and Schedule 9 of the PA.

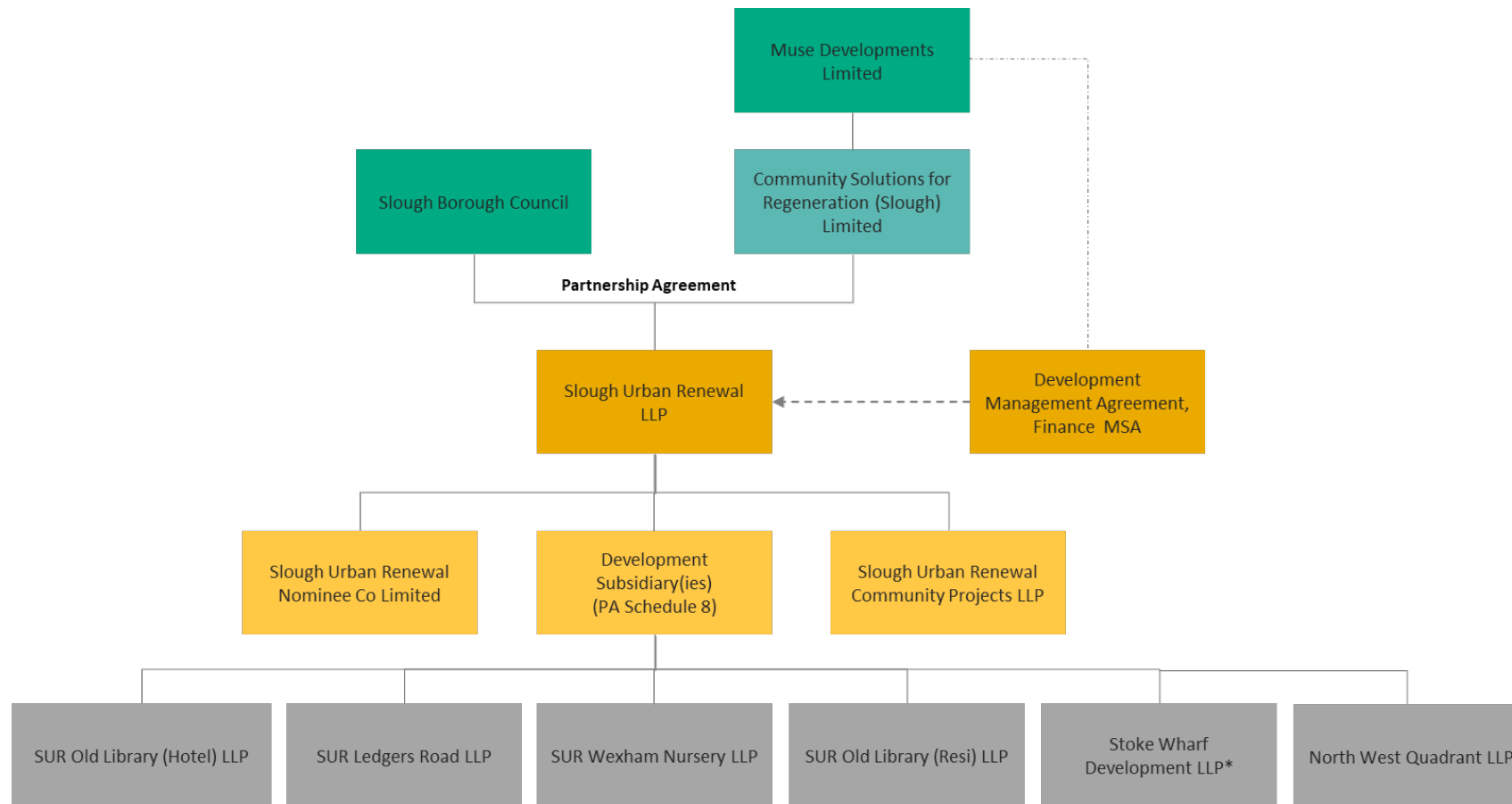
The DM is authorised to appoint and manage external consultants in accordance with the approved business plans together with the effective management of the PBP. This includes auditors, tax advisors, communications & marketing and PR specialists. The DM will provide quarterly Progress reports in accordance with the PA and DMA.

3.4 Supply Chain Management

Supply chain management and procurement of works and services will comply with the Procurement Policy as set out in Schedule 7 to the PA and the detailed information included in individual SDPs or CPPs as appropriate.

4. STRUCTURE OF THE LLP

The diagram below sets out the ownership and structure of SUR LLP companies:



* 50/50 LLP with Waterside Places

5. POLICIES AND PROCEDURES OF THE LLP

The corporate policies and procedures of the Partnership cover each element of the works and services including, but not limited to, Health & Safety, Quality Management, Anti Bribery, FOI/EIA, Equal Opportunities, and Environmental. The SUR policies are appended to the 2021 PBP, the Procurement Policy is Sch 7 to the PA.

6. FINANCIAL

The finance section is **Commercial in Confidence** and provided separately at **Appendix A**.

7. RISK

7.1 Risk Management

Effective risk identification and management is an essential business process of the Partnership. The Business Board is responsible for identification, assessment and management of the key business risks facing the Partnership and will take an acceptable approach to risk in the context of achieving expected returns and the Objectives as set out in the PA. The Partnership Risk Register provides an overarching risk management tool, consolidating risk management best practice and the risks potentially arising at both Partnership and SDP/CPP level.

The Risk Register is a dynamic tool, it is compiled comprehensively on the basis of the key political, economic, social and technological factors having regard to the particular nature of the Partnership's Business the threats, and related mitigation measures, to which it may be exposed to from time to time. The Risk Register is appended to the 2021 PBP and was updated to include the risks associated with the Covid 19 pandemic.

7.2 Risk Update

Since Jan 2021, the country has had to cope with a global pandemic and an extended period of financial and economic instability with UK inflation hitting a 40 year high. The conflict in Ukraine has impacted energy supplies with a knock-on effect on prices and the cost of products and services. This has been experienced throughout the supply chain, impacting procurement periods and the availability of supplies in general for both the construction sector and the wider domestic market.

In the UK, political changes and budgets to counter inflation saw an adverse reaction from the markets; devaluing the pound and increasing interest rates. This has had a negative impact on the UK economy and housing market; for example, the availability of mortgage products has reduced and investors have been more cautious in proceeding with projects.

Since November '22, the markets have been steadying as the government and Bank of England take steps to mitigate and control inflation. The ONS bulletin reported UK GDP is estimated to have grown by 0.1% in November '22 following growth of 0.5% in October.

7.3 Partnership risks

The following general partnership risks have been updated and summarised below;

Risk description	Description of the potential impact	Risk mitigation/reduction actions
Covid 19 virus and risk to health	Covid 19 continues to be in the community and has the ability to affect the health of our workforce and disrupt development activity.	<ul style="list-style-type: none"> • The UK's major vaccination programme has significantly reduced the impact of the virus. • Increased HSE safety guidelines related to SSOW and social distancing are now in place. • Our development and construction activity has their own policies and procedures based on applying the latest health and government guidelines to minimise any further impact. • The JV and our supply chain has flexible working policies to enable remote working and to limit the transmission of the virus.
UK economy and financial stability - cost of living and inflation	The extended period of financial and economic instability has resulted in inflation hitting a 40 year high. The conflict in Ukraine has impacted energy supplies with a knock-on effect on prices and the cost of products and services. The risk is increased costs through the supply chain, extended procurement periods and the availability of supplies in general costs making projects less viable.	<ul style="list-style-type: none"> • Effective cost planning including the appointment of PQS • Regular monitoring of market forces and reviews of economic forecasts • Effective planning and due consideration in business cases
UK economy and financial stability – impact on the housing sector and commercial markets	Financial and economic instability has devalued the pound and increased interest rates. This has had a negative impact on the UK economy and housing market; for example, the availability of mortgage products has reduced and investors have been more cautious in proceeding with projects. The potential is for a continued or increased impact on the housing market (decline in sales values/demand) and corresponding reaction by housebuilders and commercial investors. Also, the potential for increased management and void costs on completed developments.	<ul style="list-style-type: none"> • Regular monitoring of market forces and reviews of economic forecasts • Effective planning and due consideration in business cases • Effective cost planning including the appointment of PQS • Engagement with agents and the supply chain to identify ways to mitigate cost increases • Use prudent sales values assumptions in appraisals and assume the need to provide incentives • Monthly marketing reviews with professional team to monitor general market trends and project specific performance. • Regularly review economic conditions, sales values and competing developments • Effective sales management and use of government housing grant schemes
Financial Impact of SBC 114 Notice	The Council are seeking to deliver a financial recovery plan and to prioritise the delivery of frontline services. As	<ul style="list-style-type: none"> • Ongoing engagement with SBC finance team

Risk description	Description of the potential impact	Risk mitigation/reduction actions
	such they are unable to invest in SUR as previously anticipated.	<ul style="list-style-type: none"> • Early engagement with officers and Councillors to prepare revised SDPs • Forward planning to allow for additional governance steps by SBC • Alternative strategies to be adopted to enable project delivery and the partnership objectives
SBC political changes	SBC has 'all out' local elections in 2023 together with reconfigured ward boundaries. This may affect the leadership and administration of the authority. During the period of purdah, elections and establishing a new Cabinet there is limited decision making capacity within the Council. This could impact the political/strategic direction of the authority and possible leadership changes could cause delays in decision making.	<ul style="list-style-type: none"> • Ongoing engagement with SBC • Monitor the national and local political environment • Regular engagement with officers and Councillors • Forward planning and effective programme management
Changing management structure and staff in SBC	Following the 114 Notice there has been changes in the senior leadership team and officers at many levels have left the Authority. This causes a lack of continuity/engagement combined with a limited understanding about how the JV, the Partnership Agreement and JV functions.	<ul style="list-style-type: none"> • Cultivate relationships at all levels of the council • Cultivate relationships with officers in each department • Engage early with any new officers/Members involved with JV • Provide information and enable joint working to share knowledge and understanding • DM to ensure continuity and lessons learned applied to projects
Council capacity to engage with the JV and fulfil its obligations	Due to lower staff levels, financial constraints and prioritising frontline services the progress of development activity is hindered.	<ul style="list-style-type: none"> • Attempt to prioritise key actions for Council • Assist in tracking issues and pre-empt constraints • Work with the council to establish key points of contact for priority work streams • DM to ensure continuity of project information and knowledge
Changes in Law (incl. Housing & Planning Act, Building Regulations etc)	Changes in law may cause increased pressure on project viability and the overall risk profile of undertaking development activity. This may include the planning arena, affordable housing provision, building safety regulations and fire safety all impacting on increased project costs and the delivery programme.	<ul style="list-style-type: none"> • Monitor possible legislative changes including housing, tax and planning • Engage with specialist consultants to advise on and pre-empt changes in design and detailed building specifications • Review and mitigate risk in project risk registers