

## **Cabinet Committee - Asset Disposals – Meeting held on Thursday, 14th September, 2023.**

**Present:-** Councillors Smith (Chair), I. Ahmed, Bedi and Chahal

**Apologies for Absence:-** Councillor Muvvala

### **PART 1**

#### **1. Declarations of Interest**

SUR Update - Councillor Ahmed declared that he was a member of Wexham Court Parish Council and would not participate and vote on the item given the interest the parish council had in relation to land at Norway Drive.

#### **2. Minutes of the Meeting held on 16th March 2023**

**Resolved –** That the minutes of the meeting held on 16<sup>th</sup> March 2023 be approved as a correct record.

#### **3. Asset Disposal Programme Update**

The Lead Member for Financial Oversight, Council Assets, Procurement and Revenue & Benefits introduced a report that set out the progress made in delivering the first phase of the Asset Disposal Programme and the approach proposed for the second phase.

The Asset Disposal Strategy had been approved in October 2022 and significant progress had been made by the Council in the first year of delivery with a total of £207m of capital receipts up to July 2023. Several other assets were either under offer or undergoing marketing taking the total in phase 1 to £312m. Phase 2 of the programme would include assets in the 'operational' portfolio which were properties that were currently being used to deliver Council services from. The Lead Member highlighted that each asset would need to be carefully reviewed to assess any impacts on service delivery or communities.

A new Asset Disposal Strategy had been drafted and was set out at Appendix 2 to the report. It reflected the improved financial position of the Council and the nature of the remaining property assets. The Committee was asked to review the draft and recommend approval to Cabinet on 18<sup>th</sup> September 2023. The Committee emphasised the importance of ensuring best value was achieved in all disposals made under the programme and that there be strong Member engagement in phase 2 given the potential impacts of disposing of operational assets. After due consideration the recommendations were approved.

**Resolved –**

- (a) That the positive progress that had been made in delivering the first phase of the Asset Disposal Programme as set out in Appendix 1 to the report be noted;

**Recommended to Cabinet –**

- (b) That a new Asset Disposal Strategy as set out in Appendix 2 to the report be approved.

**4. Estates Strategy Update**

The Lead Member for Financial Oversight, Council Assets, Procurement and Revenue & Benefits introduced a report that set out the current position in developing a Phase 1 Estate Strategy to enable decisions to be made about future use and management of the Council's operational property portfolio. The Committee was being asked to review and comment on the report and recommend it to Cabinet on 18<sup>th</sup> September 2024.

The Lead Member highlighted that the Council did not currently have an Estate Strategy and it was important to put one in place. The strategy was focused on the overarching principles for managing the Council's Estate, not on individual assets. The report detailed the initial work that had been undertaken to develop the strategy and sought agreement on the guiding principles, which were fully set out in paragraph 3.6. It was proposed that a report would then be presented to Cabinet in December 2023 with a recommended strategy.

The Committee welcomed the development of the strategy and agreed the guiding principles. Unlocking social value was considered by Members to be an important priority and it was noted that the policy on community asset transfers would be developed. It was agreed that the Council's assets register should be reviewed on a regular basis, which had not been the case in Slough in the past. A clear strategy and strong governance were the priorities for the Committee and it was agreed that this document was an important milestone in this new approach. Members therefore agreed to recommend approval of the principles as set out in the report to Cabinet.

**Recommendations to Cabinet –**

- (a) That the guiding principles set out in the report and in the appendix, to inform the proposed future Estate Strategy be approved.
- (b) That it be noted that a report would be brought back to Cabinet in December 2023 with a recommended strategy document.

## **5. Observatory House - Strategic Business Case**

The Lead Member for Financial Oversight, Council Assets, Procurement and Revenue & Benefits introduced a report that assessed the options for the future use of Observatory House to optimise benefits and value for money. The Committee was asked to make recommendations to Cabinet to develop the business case to enable robust recommendations to be made based on further evidence.

The Committee noted the future options which were as follows:

- Option 1 – Do nothing
- Option 2 – Sell the freehold and exit to another Council building
- Option 3 – Sell the freehold and exit to another building, via a freehold or leasehold acquisition
- Option 4 – Sell the freehold and leaseback three floors only
- Option 5 – Sell the freehold and leaseback the whole building, but only occupy three floors
- Option 6 – Retain the freehold interest and reduce the Council's occupation down to three floors

Members commented on the apparent weakness of the due diligence process carried out in the acquisition of Observatory House and supported an approach that would now develop a robust business case on the future options. In the meantime, it was felt that the building should be more open and accessible to Slough residents and steps should be taken to address this issue. The future need for office space needed to be aligned with a workforce strategy that established future capacity requirements, especially in view of the current low levels of occupancy of Observatory House.

The Committee agreed the recommendations to Cabinet that the business case come back for decision in the Spring 2024, or earlier if possible given the importance of resolving the issue.

### **Recommended to Cabinet –**

- (a) That the strategic outline business case attached at Appendix 2 to the report be approved and that the preparation of a full business case including all six of the identified options be agreed.
- (b) That it be noted that a report would be brought back to Cabinet in Spring 2024 to agree a further developed business case on the future use of Observatory House.

## **6. Slough Urban Renewal - Update**

Lead Member for Financial Oversight, Council Assets, Procurement and Revenue & Benefits introduced a report that provided an update on the Slough Urban Renewal (SUR) joint venture partnership. It was noted that

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having declared an interest Councillor Ahmed did not participate in the discussion or vote on the item.

The report included recommendations which would enable the disposal of key sites to generate capital receipts for the Council, reduce the Council's financial commitments and secure best value in accordance with the Council's Asset Disposals Strategy and statutory obligations. The Lead Member highlighted that the approach being taken was to dispose of assets, not continue to develop through SUR as had been the case in the past, with a view to then winding up the partnership. It was noted that decisions to dispose of the North West Quadrant and Montem sites had already been taken and future decisions would be required on other assets such as Haymill. Members considered and agreed the Site Development Plan for this site and delegated authority to officers to pursue a disposal strategy. The Committee supported the approach to disengage from SUR as set out in the report.

The updated SUR Business Plan for 2023 to 2028 was considered and it was agreed to recommend approval to Cabinet on 18<sup>th</sup> September 2023.

### **Resolved –**

- (a) That the Site Development Plan (SDP) for Haymill be agreed and delegated authority be given to the Executive Director of Property, Planning & Housing in consultation with the Lead Member for Financial Oversight and Council Assets and the section 151 officer to pursue a disposal strategy (including the negotiation and agreement of legal documents that give effect to the disposal) and to report back to Cabinet for approval of the Adopted SDP and the final agreed disposal terms, subject to the demonstration of best value consideration for the disposal.
- (b) That the progress and status of key sites including the North West Quadrant (NWQ) site, Montem Lane, Stoke Wharf and Wexham be noted.

### **Recommended to Cabinet –**

- (c) That the 2023 updated SUR business plan (covering the five-year period 2023 – 2028) be agreed.

## **7. Update on Nova House / Ground Rent Estates 5 Ltd (GRE5)**

The Committee considered an update report on Ground Rent Estates 5 (GRE5) and the current position and future programme of works at Nova House since approval of the annual business plan and a further loan at Committee on 16<sup>th</sup> March 2023.

It was reported that structural works were expected to be completed by November 2023 and the 'waking watch' would then be removed. The

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replacement cladding works were expected to be completed in the third quarter of 2024. The total forecast spend was currently £28.4m which was consistent with the figures reported in March 2023. The costs had risen substantially in previous years and the reasons for this had been reported to Committee in March 2023. The GRE5 Board monitored costs on a monthly basis.

The financial implications were reviewed in depth and the Committee noted the progress in recovery costs through insurance, government funding and leaseholders. The final financial exposure to the Council was not yet known but it was reported that the worst case scenario was that it would be £7.6m. However, a more realistic scenario was that the liability would reduce to £1.7m, which was before the potential recovery of costs from leaseholders. Members of the Committee expressed dissatisfaction about how the Council had got into the position of significant financial exposure, however, it commended the work that had been undertaken to reduce the risks and put in place stronger financial and governance controls to manage the process. It was important that any relevant lessons be learned for the future. The report was noted.

**Resolved** – That the current position on GRE5, including the latest estimate of the final financial exposure of SBC, be noted.

### **8. Exclusion of Press and Public**

All business was conducted in Part I of the meeting without disclosing any of the exempt information in the Part II appendices. It was therefore not necessary to exclude the press and public from the meeting.

### **9. Asset Disposal Programme Update - Appendices**

**Resolved** – That the Part II Appendices be noted.

### **10. Estates Strategy Update - Appendices**

**Resolved** – That the Part II Appendices be noted.

### **11. Observatory House - Strategic Business Case - Appendices 1 and 2**

**Resolved** – That the Part II Appendices be noted.

### **12. Slough Urban Renewal - Update - Appendices**

**Resolved** – That the Part II Appendices be noted.

Chair

(Note: The Meeting opened at 4.30 pm and closed at 5.18 pm)