

Slough Borough Council

Report To:	Cabinet
Date:	22 nd June 2026
Subject:	Lease – St Martins Place
Lead Member:	Lead Member for Corporate Resources
Chief Officer:	Ian O'Donnell, Chief Operating Officer
Contact Officer:	Peter Walsh – Acting Director of Property
Ward:	Chalvey
Key Decision:	YES
Exempt:	NO – Public with exempt appendices under paragraph 3 of Schedule 12A Local Government Act 1972 – Information relating to the financial or business affairs of the Council
Decision Subject To Call In:	YES
Appendices:	Confidential Appendix 1 – Heads of Terms Confidential Appendix 2 – Commercial & Financial Summary Confidential Appendix 3 – AY Market Assessment

1. Summary and Recommendations

- 1.1 This report sets out recommendations for the Council to enter into a lease of St Martins Place, Slough SL1 3UF following extensive negotiations with the buyer for the provision of Temporary Accommodation.
- 1.2 The proposed lease has been subject to due diligence and detailed financial review process.

Recommendations:

- 1.3 Cabinet is recommended to:
 - (a) Approve entering into the lease of the asset known as St Martins Place, Slough in accordance with the Heads of Terms at Appendix 1.
 - (b) Delegate authority to the Chief Operating Officer in consultation with the Director of Property and Lead Member for Corporate Resources to agree terms and enter into documentation in connection with the lease consistent with the Heads of Terms appended in Confidential Appendix 1.

Reason:

- 1.4 Entering into the lease for St Martins Place will provide much needed residential temporary accommodation within the Borough. Agreement to the recommendations in this report will provide more affordable provision that contributes to reduction in the Council's future temporary accommodation costs and Housing Benefit subsidy loss. It will also provide good standard accommodation that improves the conditions for those needing temporary accommodation compared to what is available from the market for nightly paid accommodation. The proposed lease has been subject to due diligence and detailed financial review.
- 1.5 The lease supports the corporate priority for "a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users."

Commissioner Review

The opportunity to explore a strategic approach to increasing the supply of Temporary Accommodation to support the Council's obligations to meet its statutory homelessness duties and to provide suitable accommodation to residents who present to the services as homeless, was noted at the December 2025 Cabinet meeting.

The proposed leasing agreement aims to secure high-quality properties for long-term use as temporary accommodation or alternative housing need as may be required. This represents a significant rental and maintenance liability for the Council over the period of the lease, however dependent on future macroeconomic conditions and Local Housing Allowance (LHA) subsidy rules for Temporary Accommodation, this proposal should also reduce the council's net General Fund spend.

The proposal is considered to represent the most advantageous combination of cost, quality and sustainability in achieving the stated policy objectives and the commissioners are content with this report being considered.

2. Report

Background

- 2.1 Further to Cabinet approving the disposal of the site in December 2025 matters have been progressed with the buyer on the leaseback of St Martins Place.
- 2.2 Avison Young; appointed agents; have been working with the Council's team to negotiate terms and the agreed Heads of Terms in Confidential Appendix 1 put forward a commercially viable offer for the Council to enter into a lease.
- 2.3 The level of homelessness demand in Sough has been rising for some time. Numbers in temporary accommodation were as high as 1450 at the end of 2025/26. As a small out of London area this is a considerable number and has been raising on a sustained basis for several years. The impact of factors such as housing affordability has been particularly acute with evictions from the private rented sector being the single biggest reason for homelessness locally.

- 2.4 Seen in the context of the national position on homelessness, Slough has 25.0 households in temporary accommodation per thousand of population. This is the 8th highest level in the country. All the authorities with a higher level are in London and those that immediately follow are also in London. This makes clear the scale of challenge.
- 2.5 Leasing back finished housing accommodation will allow for the Council to have access to 51 flats with a mixture of 11 x 5 bedrooms, 12 x 4 bedrooms, 16 x 3 bedrooms, 7 x 2 bedrooms, 3 x 1 bedrooms and 2 x studios, which will give the Council long term cost certainty and availability to support providing temporary accommodation to families. The availability and cost of families sized properties, especially larger homes, is a considerable challenge for temporary accommodation currently and therefore this responds to an under-met need which means overcrowding many larger households in temporary accommodation.
- 2.4 This will be achieved through establishing an improved private sector leasing scheme (3-5 year leases), longer term, 10 year plus leasing opportunities for TA, purchase options and development. Properties secured via these routes will offer improved financial position supported by certainty compared to expensive and volatile nightly paid provision. It will also ensure better accommodation standards for residents. The arrangements at St Martins Place will support this strategy and reduce reliance in the long term on nightly paid provision

3. Implications of the Recommendation

3.1 Finance implications

- 3.1.1 Extensive modelling has been undertaken to consider the cost benefits of the General Fund leasing the property from the buyer for the purpose of meeting the Council's Temporary Accommodation needs. The benefits arise principally from being able to reclaim a higher level of subsidy from DWP for those families housed compared to if they remained in nightly paid temporary accommodation sourced from private sector providers.
- 3.1.2 When families are housed in nightly paid temporary accommodation or short term leasing under 10 years the Council has to apply the TA subsidy rate which is fixed at 90% of 2011 LHA rates. For a 2-bedroom accommodation the Council only receives subsidy of £196 per week leaving a £224 'subsidy loss'. However, when families are housed in accommodation provided under a long lease agreement of over 10 years the Council can claim subsidy under the LHA 2025 rates which in the case of a 2-bedroom property equates to £276 a week, a 41% increase. The subsidy rates vary according to property size but the studio to 4-bedroom properties all benefit from increased levels of subsidy under LHA 2025 rates.
- 3.1.3 SMP is offering 51 units comprising a blend of units ranging from studio to 5 bedrooms, 171 bedrooms in total. The cost benefit analysis (appendix 2) compares, over a 20-year period, a 'do nothing' scenario of continuing to provide the same mix of accommodation in the nightly paid sector under current average rental rates and the TA subsidy rate at 90% of 2011 LHA with the cost of leasing SMP. The SMP cost include the lease cost, and a prudent estimate for repairs, voids, management costs and inflation.

- 3.1.4 The financial modelling includes assumptions around the recoverable LHA rate, repairs, voids, management costs and inflation. Whilst the overall financial benefit is dependent on the ability to recover at the 2025 subsidy rate, there is a financial benefit over and above this to the general fund. Should the repairs, void, management costs or inflation assumptions worsen then this would impact on the saving arising from the Council entering the lease, included within appendix 2 is modelling which shows how the saving is impacted by changes in these assumptions. The cost to the GF will be monitored by the service area and finance as part of business as usual.
- 3.1.5 The Council has sought independent assurance that the lease they are entering into represents value for money. AY have validated that the cost of the proposed lease is in line with the market value for the site.
- 3.2 Legal implications
- 3.2.1 Under Part 7 of the Housing Act 1996, the Council has duties in relation to the provision of advice and assistance for prevention of and support to those that are at risk of and find themselves homeless. A statutory code of guidance for homelessness has been published. This requires the Council to have in place a homelessness strategy based on a review of homelessness in the local area. The strategy must be reviewed at least every five years. This strategy sets out the Council's plans for the prevention of homelessness and for securing that sufficient accommodation and support are or will be available for people who become homeless or who are at risk of becoming so. Any accommodation provided in furtherance of this homelessness duty must be suitable, regardless of whether this is provided from the Council's own housing stock or via a third-party landlord.
- 3.2.2 Chapter 16 of the statutory code of guidance provides guidance on securing accommodation. The Council can discharge its duties by securing that suitable accommodation is provided by itself, securing that the applicant obtains suitable accommodation from another person or giving advice and assistance as will secure accommodation is available from another person.
- 3.2.3 The Council has a power to acquire land, houses or buildings which may be suitable as housing under s.9 and s.17 of the Housing Act 1985. Expenditure and income relating to property provided under this part to the Housing Act 1985 must be accounted for in a ring-fenced account known as the Housing Revenue Account (HRA). The HRA (Exclusion of Leases) Direction 1997 excludes from the HRA leases of up to 10 years for dwellings taken out by authorities for the purpose of housing homeless households.
- 3.2.4 However, properties should only be acquired and accounted for within the HRA if they are financially viable for the HRA based on its approved business plan. The Council may acquire leasehold property on a higher annual rent than that which will be recouped via use and occupation charges and this may represent value for money due to comparing this to the cost of using temporary accommodation in the private sector. In this case the Council may not be able to justify using HRA funds. As an alternative the Council could use its power under the Local Government Act 1972 to acquire land and account for this in the General Fund.
- 3.2.5 The Government has set out a Policy Statement on Rents for Social Housing, which directs the Regulator of Social Housing to have regard to the policy statement when

setting the rent standard for registered providers. The policy statement applies for “low cost rental” accommodation, as defined by s.69 of the Housing and Regeneration Act 2008. The effect of this policy statement is to limit social landlords ability to increase rents for existing tenants above a maximum limit and to control the level of new rents. There are some exemptions from this statement including properties let under licence and held outside the HRA on a lease of more than 2 years and fewer than 30 years. In addition since 1 April 2026, social landlords are permitted to charge affordable rent as an alternative to social rent where a property has not previously been used as social housing.

3.3 Risk management implications

3.3.1 The recommendation required from Cabinet, as outlined in this report, is intended to improve the Council's financial position, by reducing the cost of temporary accommodation. If the recommendations are not approved this will delay the Council being able to return to a financially sustainable position as savings identified cannot be achieved – specific risks are summarised below:

Risk	Summary	Mitigations
Financial	<p>a) Delay in realising savings on Temporary Accommodation costs will delay the Council's financial recovery.</p> <p>b) Lease terms are subject to the developer of the asset completing the refurbishment on time and to an acceptable standard.</p>	<p>Cabinet to approve officers to proceed with the lease.</p> <p>Terms agreed with the developer to ensure the Council has sufficient control measures over the development to meet timeline for asset occupation to achieve savings identified.</p>
Governance	<p>Failure to obtain best consideration from the lease could expose the Council to risk of legal challenge.</p>	<p>The financial scrutiny together with the due diligence undertaken demonstrates the savings that can be achieved by the Council.</p>

Legal	<p>Delay to contract negotiations.</p> <p>Failure to establish that the developer is a reputable business and their ability to deliver refurbishment on time and to an acceptable standard.</p>	<p>Regular meetings between all parties – Council officers/Principals/Agents/Legal Advisers.</p> <p>Due diligence on developer to assess their business, delivery track record; including review of previously completed schemes.</p>
Reputational	<p>Unable to agree a way forward causing delay to achieving savings identified.</p>	<p>Governance, project/programme management and decision making operate effectively to deliver savings in timely manner for the Council.</p> <p>Timely decision making, to support transactions with third parties that align with market expectations.</p>

3.4 Environmental implications

3.4.1 No environmental implications have been identified as a direct result of this report.

3.5 Equality implications

3.5.1 This asset will not be used for operational or service delivery purposes. There are no identified equality implications with the entering into a lease of this site.

3.6 Procurement implications

3.6.1 There are no procurement implications arising as a result of this report.

3.7 Workforce implications

3.7.1 No workforce implications have been identified as a direct result of this report.

3.8 Property implications

3.8.1 This report will directly impact on the Council's land and property holdings as set out in this report.

4. Background Papers

Please also refer to December 2025 Cabinet Paper

[Cabinet Report template 2022.23](#)