

Slough Borough Council

Report To:	Cabinet
Date:	22 June 2026
Subject:	JEH Review – Business Plan and Strategic Direction
Lead Member:	Cllr E Ahmed – Deputy Leader and Lead Member for Corporate Resources
Chief Officer:	Ian O'Donnell – Chief Operating Officer (S151 Officer)
Contact Officer:	Peter Walsh – Director of Property (Acting)
Ward(s):	All
Purpose of report:	For decision
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES
Appendices:	Appendix A - Inner Circle Report Appendix B - JEH Business Plan Appendix C – Letter of Assurance

1. Summary and Recommendations

- 1.1 This report sets out the direction of travel for the future of the Housing Company, James Elliman Homes Limited (JEH) following the external review of the Company undertaken by external specialist consultants - Inner Circle.
- 1.2 The report also seeks confirmation and approval of the JEH interim Business Plan for 2026/27 appended.

Recommendations:

Cabinet is recommended to approve:

- a) Approve proceeding to a detailed business case following the outcome of the Inner Circle review at Appendix A. The detailed business case will cover two options that:
 - a. the Council continues to support JEH during a phased wind-down of the Company by 2028 (Option 1); or
 - b. to repurpose JEH as a temporary accommodation vehicle (Option 2).
- b) Approve the interim JEH Business Plan for 2026/27 in Appendix B.

Cabinet is asked to note:

- c) The council's underwriting of the financial operating risks to the extent contained within the letter of assurance (Appendix C).

- d) In Cabinet approving the recommendations, there are no immediate equality impacts and no tenancy changes are being approved at this stage.

Reason:

JEH is a company limited by shares wholly owned by the council holding 1 ordinary share of £1.00. The company registration number is 10603870 and was incorporated on 6 February 2017. This decision is required now because:

- Cabinet must approve the company business plan as shareholder;
- the company requires an agreed operating basis for 2026/27;
- delay would prolong financial uncertainty and governance risk; and
- The Council, as sole owner of the company, needs to keep under review the strategic basis for the company's continued operation. The Council commissioned Inner Circle to conduct an options appraisal and this review recommended that the company is wound down. This option, along with a second option to retain the company as a vehicle for delivering Temporary Accommodation will be taken forward to a detailed business case. As JEH owns properties and these are tenanted, the Council needs to support JEH with a managed wind down and this may take up to two years to complete, if option 1 is pursued.

Commissioner Review

Commissioners note the content of this report, letter of assurance and expressly the ongoing associated financial and governance challenges for the company and the Council.

Under the statutory directions the Council needs to consider the case for continuing with each subsidiary company of the Authority (except Slough Children First). JEH continues to be a loss-making entity and reviews in relation to the above in some form, have been ongoing for JEH since 2021.

The Business Plan describes the purpose of the company, its strategic vision within its present operating context and suggests that 2026/27 will be a 'year of transition' during which it will develop its exit strategy for the Council. Given the legacy issues which have delayed the development and delivery of these plans, Cabinet should seek assurance through its oversight that the company and Council is appropriately resourced to execute its exit strategy, balanced with the requirement to ensure efficient operation of private rented housing and good standards of governance.

In view of the ongoing financial viability, it is critical that the Council establish and adopt a robust reform plan or exit strategy. The report from the commissioned review provides an overview of the options available. However, with the developing housing and homelessness prevention strategies, alternative temporary accommodation models being considered, which were not assessed within this review, and increasing financial implications for the Council in fulfilling its housing duties, consideration should be given to Option 2 also being included in the shortlist for full financial exploration. A business case with the impact assessments for the tenants and risk mitigation plans, should be presented to Cabinet in 2026/27.

Options considered

Option	Description
1. Do nothing, provide no company update or business plan	<p>Do not provide a company update or approval of the annual business plan to the council as shareholder. Under the council's constitution (Part 3.5, table 3, 15), Cabinet is required to approve the annual business plan for companies. Under the council's constitution (Part 3.5, table 3), Cabinet Committee is to receive a report on the company's activities and performance, at least annually.</p> <p>This option is not recommended</p>
2. Provide company update and recommend approval of the business plan and the Shareholder future strategic direction for the Company	<p>This option allows elected members to scrutinise company performance, approve the business plan and to consider the future direction of the company.</p> <p>This option is recommended</p>

2. Report

- 2.1 James Elliman Homes Limited ("JEH") is a company which is 100% owned by Slough Borough Council (the Council). JEH was set up as a housing company with the strategic aim to provide good quality accommodation on terms that are affordable to the household, either as temporary accommodation, or as a permanent solution to their housing needs. JEH currently own either the freehold or leasehold of 214 units, some of which are leased back to the council for temporary accommodation.
- 2.2 The previous report to Cabinet in March 2025, outlined the progress of an options appraisal for JEH's future strategic direction. A further update to Cabinet in December 2025 noted the commissioning of the strategic options appraisal from specialist external consultancy, Inner Circle Consulting.

Options Appraisal and Future Strategic Direction

- 2.3 The Council, as Shareholder, commissioned Inner Circle Consulting (ICC) in October 2025 to undertake an independent strategic review of JEH. The review was considered by the Shareholder Panel, CLT, and at the Lead Members and Directors Meeting 6 January 2026. The scope of the commission was to provide:
- A clear and objective assessment of JEH's current position
 - Validation and synthesis of existing financial, governance and operational analysis
 - An appraisal of viable future delivery options
 - A recommended direction supported by clear, Cabinet-ready next steps
- 2.4 This work is part of the Council's broader financial recovery and housing improvement programme and aims to assist decision-making before a Cabinet decision on the company's future.

2.5 Five principal options were assessed:

- Option 1** – Blended managed wind-down of JEH (e.g. council transfer, registered provider disposal and market disposal)
- Option 2** - JEH as a Temporary Accommodation–only vehicle
- Option 3** - Recreating the mixed-tenure model
- Option 4** - Establishing a development/regeneration company
- Option 5** -Status quo.

2.6 As part of the wind-down scenario, four potential redistribution routes were also examined: 1a — Transfer to the General Fund (TA) 1b — Transfer to the HRA (affordable housing)

2.7 The options appraisal included a baseline diagnostic to understand Slough’s strategic, financial and housing context, the national context, local strategic housing framework, Slough’s housing market and JEH. Each of the five identified options was then evaluated against strategic fit, financial sustainability, governance and deliverability, risk exposure and public value before arriving at the indicative direction.

2.8 The options appraisal indicated that Options 2–5 are not viable as currently scoped. None resolves JEH’s structural financial deficit, several run counter to Commissioner expectations for simplification, and all either maintain or increase the level of risk to the General Fund. As a result, the ICC review concluded that Option 1 is the most obviously feasible and sustainable strategic route, which would allow JEH to be wound down in a controlled, phased and legally robust manner. The full report is attached as Appendix A.

2.9 The preferred option, being Option 1, is a blended managed wind down. This was the only option that met all of the criteria for financial sustainability, statutory alignment and risk reduction. Page 8 of the Inner Circle Consulting report notes the following:

- Financial: Addresses the structural deficit, reduces refinancing exposure and closes a loss making subsidiary.
- Strategic: Repositions assets within statutory structures that align with homelessness duties and long-term affordable housing need.
- Governance: Removes a high-risk company, simplifies oversight and strengthens accountability.
- Operational: Enables a coherent approach to TA management, voids, decants and long term supply planning.
- Compliance: Reduces exposure under subsidy control, the Prudential Code and company governance standards.

2.10 Whilst option 2 is not specifically recommended by Inner Circle Consulting, the detailed business case will incorporate a full analysis of Option 2 to repurpose JEH as a temporary accommodation vehicle to fully understand whether this option should be discounted in the context of the council’s future operating model for Temporary Accommodation. This option is being taken forward into the final business case for further consideration given the scale of the financial challenge presented by Temporary Accommodation and the need to robustly consider any option to control costs within the council’s MTFs.

2.11 Next steps, following Cabinet approval include:

- a) Develop a business case, defining the strategic rationale, governance, legal/financial framework, phased programme and routes for transfer/disposal, and – if required – the run-off plan for JEH
- b) Establish programme governance to deliver the business case, including a Senior Responsible Owner and cross-departmental oversight.
- c) Obtain legal, tax and accounting advice on pre- and post-May 2027 restrictions under the debenture.
- d) Undertake a full portfolio assessment and develop a blended redistribution strategy, segmenting all 214 units to determine transfer potential, disposal routes, rehousing needs and alignment with Housing Revenue Account and Temporary Accommodation priorities.
- e) Plan phased implementation, balancing financial, operational and tenant considerations.
- f) Secure the necessary approvals throughout the process and perform the necessary updates to key stakeholders.
- g) Strengthen compliance and assurance, including independent valuation, legal documentation and risk monitoring at key milestones.
- h) Develop a communications and tenant engagement plan to manage expectations, minimise disruption and maintain trust.
- i) Return to Cabinet with a final decision following detailed business case analysis of Options 1 and 2.

2.12 It is important at this stage, the recommendations in this report do not approve any change to existing tenancy arrangements, tenancy rights or day-to-day housing management for current tenants of JEH properties. Tenants will continue to occupy their homes on their current contractual terms unless and until any future decision is taken through the appropriate governance process.

2.13 If Cabinet approves the recommended strategic direction, any future proposals affecting homes, management arrangements or tenancy-related matters would be developed in a phased and managed way. This would include clear communication with affected tenants, appropriate consultation and engagement, and consideration of individual circumstances, vulnerabilities and equality impacts before any changes are implemented. The Council's intention would be to minimise disruption, maintain housing stability and protect tenants' interests throughout any transition.

2.14 External expertise support will be commissioned to develop the business case that will inform the managed wind down or retention as a TA vehicle, having regard to the steps set out in paragraph 2.10 of this report. To support JEH's continued operation pending implementation of that approach, Cabinet is asked to approve the Council's continued underwriting of the company's operating financial risks considered within JEH's interim annual business plan for 2026/27 to the extent of current letter of assurance provided by the council on 11 March 2026 (Appendix C).

JEH Business Plan 2026/2027

2.15 To allow the company to operate and protect the council's interests, an interim one year business plan has been considered by Company Board Director and submitted to the council as Shareholder for approval. The business plan covers the period 2026/27 (Appendix B).

- 2.16 The strategic aim of JEH remains to provide good quality accommodation for residents in Slough, either as temporary accommodation, discharge into the private rented sector or as a permanent solution to their housing needs. The business plan is an interim plan to ensure that the properties are managed in line with legislation and has been prepared in the basis that the company will continue in its current form but will take action to increase its income and reduce its ongoing costs. The council notes the context that the interim business plan has been prepared within.
- 2.17 The business plan includes detail of high level risks such as lack of future strategy, failure to address financial viability, governance structures, voids allocation policy to maximise revenue, operational support and risk associated with building safety within a block of apartments. The company holds a detailed risk register to manage their risks.
- 2.18 The business plan was prepared for council approval in January 2026 and approved by the Company at that time. The key activities have been updated to reflect the current progress against the actions, most of which have been completed although it is recognised that some activities have been delayed as there are dependencies within this Cabinet report or decisions to be made between the company and the council.

3. Implications of the Recommendation

3.1 Financial implications

- 3.1.1 The business plan provides the forecast 2025/26 position (the accounts for JEH are being drafted at the time of publishing this report) and a projected loss of £1.943m for 2026/27 on continuing operations and retention of 214 units. The company has limited options to reduce losses further as the business plan already assumes increases in rent (its primary income source), minimising voids and ability to significantly reduce operational costs. Cabinet, therefore, need to be aware of the continued financial operating risks.

The business plan does not take into consideration further opportunities to improve the position such as any variation / terminating the existing lease agreements for Pendeen Court and High Street that the company acts as landlord with the council as tenant or potential disposal of housing stock.

- 3.1.2 The filed accounts for JEH to the year ended 31 March 2025 and have been incorporated within the council's Group financial statements on a line by line basis eliminating intra-group balances and transactions in full as follows:

Balance Sheet – Extract for JEH consolidation	£000s
Property plant and equipment (Valuation of JEH properties)	54,424
Cash and cash equivalents (JEH bank balance)	556
Short term creditors (Amounts JEH owe to third parties)	(421)
Provisions (Deferred tax linked to assets revaluations £0.992m and bad debt provision of tenant arrears £0.667m)	(1,659)
Net assets	52,900

Revaluation reserve (Unusable) (Amounts held in relation to the property assets. This records the unrealised gains / losses from changes in the valuation of property within the annual valuation.	10,448
Profit and loss reserve (Usable) (of which £1.995m in 2024/25)	(12,052)
Total reserves	(1,604)

- 3.1.3 Additionally, the council as lender, has provided £51.7m loans to JEH which are due to mature in October 2028 and October 2029. In accordance with accounting practice, the council have set aside £12.4m Minimum Revenue Provision as at 31 March 2025. In the gradual wind up of the company, net asset disposal proceeds is expected to offset the loan. There is a risk that assets will not meet the current valuation of £54.424m on disposal which is based on an accounting desktop exercise at market rental values and full vacant possession. The business plan will incorporate property, financial, taxation and legal advice on disposal of assets and consequential impact on the company and the council.
- 3.1.4 JEH's retained losses is expected to worsen as it continues to make operational losses of around £2.000m per annum. The full estimated financial impact will need to be presented back to Cabinet in due course within the business case.
- 3.1.4 From a company perspective, it is advantageous for any wind up of the company (if taken forward) to be undertaken via a solvent wind up process. The company's current balance sheet does not meet the solvency tests under the Insolvency Act 1986.
- a) Options for closing a limited company will be dependent on whether the company is solvent (can pay its bills) or insolvent (cannot pay its bills) as defined by the Insolvency Act 1986. The options include:
- Circumstances where the company could be wound up voluntary outlined within the Insolvency Act 1986 Sections 84-86. The company would pass a resolution to wind up either by a Creditor Voluntary Liquidation (CVL) if the company cannot pay its debts or a Member Voluntary Liquidation (MVL) if the company can pay its debts. Under MVL, the Directors would need to make a declaration in accordance with Section 89 of the Act. Section 90 outlines the distinction between a members and a creditors voluntary wind up. The Act requires a liquidator to be appointed and all powers of the directors cease unless notified otherwise by the liquidator. Under MVL, the process can take up to 12 months, whereas the CVL process can take up to 24 months and the liquidators will investigate the directors regarding their conduct of running the company with the liquidators acting in the interest of the creditors. If the liquidators decides that director conduct was unfit, the directors can be banned from being a director for 2 – 15 years.
 - Another option for a solvent company is voluntary strike off under Section 1003 of the Companies Act 2006, no trading or liabilities remain and has been dormant for three months or more, providing a simpler, faster alternative with minimal costs (e.g., no liquidator fees).

- The company, if insolvent would not seek to enter into administration. The company would hold no assets or generate turnover to warrant entering into administration.

3.1.5 The business case prepared will consider options on company wind up if that decision is taken forward.

3.2 Legal implications

3.2.1 To meet its best value duty, the council should ensure it has good governance arrangements in place for JEH. The guidance on best value standards and intervention state that a well-functioning authority should have the following:

- Proper member oversight (as shareholders) of companies and partnership bodies, in accordance with the [Local Authority Company Review Guidance](#), and their existence is regularly and independently reviewed.
- The purposes of companies are carefully considered and regularly reviewed, with effective governance and oversight arrangements in place.
- Effective risk management arrangements to consider the risks arising from companies.

3.2.2 Legal advice will continue to be sought to support future decisions on the winding up of JEH.

3.2.3 At present JEH is operating with only one director. JEH's new articles set out an expectation that it will have a board of at least two directors, however it can operate with one director whilst taking active steps to recruit additional directors. Until the Council approves a direction of travel for JEH, it is difficult to recruit directors with the right skill set, as the skills required for an operational housing company are different from the skills required in a managed wind down situation.

3.3 Risk management implications

3.3.1 The council's corporate risk register includes the risk CR14 – Failure of council subsidiary companies for JEH. The latest position for Q3 2025/26 was presented to Audit and Corporate Governance Committee and remains a significant risk for the council. The full detail on the risk can be seen on pages 68 – 71 of the [report](#). The company is at high risk of failure and requires the council to provide assurance that liabilities will be underwritten.

3.3.2 The council has executed a debenture which has been filed with Companies House that secures the assets to protect against default of loan repayment. The debenture is subject to a two year hardening period that should the company enter into insolvency, the insolvency practitioner can challenge the validity of the debenture. The council has sought legal advice on this matter and the debenture does not prevent decisions being taken to dispose of properties or other steps to improve JEH's financial situation..

3.3.3 There remains an outstanding external audit statutory recommendation that the council has not yet fully discharged relating to company governance.

3.4. Environmental implications

3.4.1 There are no direct environmental implications resulting from the recommendations in this report.

3.5. Equality implications

3.5.1 When preparing the next stage business case for JEH, a full equality impact assessment will be required. This will primarily consider the impact on existing tenants and whether these tenants have protected characteristics or vulnerabilities which will need to be considered.

3.5.2 In Cabinet approving the recommendations, there are no immediate equality impacts and no tenancy changes are being approved at this stage.

4. *Background Papers*

None