



JAMES ELLIMAN HOMES REVIEW

Inner Circle Consulting

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Executive Summary

Purpose of the Review

Slough Borough Council (SBC) commissioned Inner Circle Consulting (ICC) in October 2025 to undertake an independent strategic review of James Elliman Homes Ltd (JEH). The scope of the commission is 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

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.

Methodology

Our methodology reflects a four-phase approach (Discovery, Assessment, Options Development, Recommendations). It combines documentary review, targeted interviews and strategic analysis rather than new financial modelling. This approach was designed to be fast-paced, proportionate and enable Cabinet-ready next-steps.

Key elements include:

- Review of existing documentation (2016 Business Plan, 2025/26 Business Plan, Cabinet reports, SLA, loan agreements, financial accounts, restatements)
- Validation of existing assumptions and identification of key risks
- Targeted interviews with Council finance, housing and corporate officers
- Commentary on alignment with national frameworks, including subsidy control, PWLB guidance, the Prudential Code, and government expectations on local authority companies
- Synthesis of findings into clear principles, options and recommendations

How the Report is Structured

The full report is structured into three parts:

1. **Baseline Diagnostic and Findings**— An evidence-based assessment of JEH's purpose, governance, financial sustainability, market viability, operations and compliance and consolidated findings presented with RAG ratings.
2. **Options Appraisal and Findings**— Assessment of five strategic options and three sub-options within Option 1.
3. **Recommendation and Next Steps** — Identification of the recommended blended wind-down approach, with high-level sequencing and assurance requirements.

Baseline Diagnostic and Findings

The high-level diagnostic provides a clear picture of JEH’s current position and highlights several fundamental weaknesses that limit its ability to operate sustainably or fulfil its intended strategic purpose. Across strategic alignment, governance, financial resilience, market viability, operational capacity and assurance, the assessment identified persistent structural issues that constrain performance and heighten risk.

The key findings are summarised below.

| Area | Summary | RAG |
|--|--|--------|
| Strategic Fit | JEH was established as a mixed-tenure 60:40 market-to-LHA model but now functions as part of the homelessness system. Its purpose no longer aligns with the original strategic intent. | Yellow |
| Governance & Assurance | Governance has improved but remains incomplete. Sole director model, blurred shareholder/operational roles and an underdeveloped SLA weaken oversight and accountability. | Red |
| Financial Sustainability | JEH is structurally loss-making. Operating surplus cannot meet the £1.6m annual loan interest. Liquidity is extremely low and the refinancing risk from 2028/29 is significant. | Red |
| Market Viability | Slough’s yields (gross 4-5%, net c.3-4%) are too marginal to absorb the cost of capital and leave the model highly vulnerable to external shocks. LHA rents have been frozen while costs have risen, making the acquisition-led model untenable. | Red |
| Operational Delivery | JEH has no staff and relies entirely on Council teams. This model requires strong governance and performance management, which are not yet embedded. | Red |
| Compliance, Audit & Assurance | Reporting has strengthened but assurance remains dependent on individuals. Corporate documents and SLA controls remain incomplete. | Yellow |

Options Appraisal and Findings

The options appraisal examined the full range of strategic pathways available to the Council — from retaining JEH in its current form, to repurposing it, through to an orderly wind-down and ultimate dissolution. Five principal options were assessed:

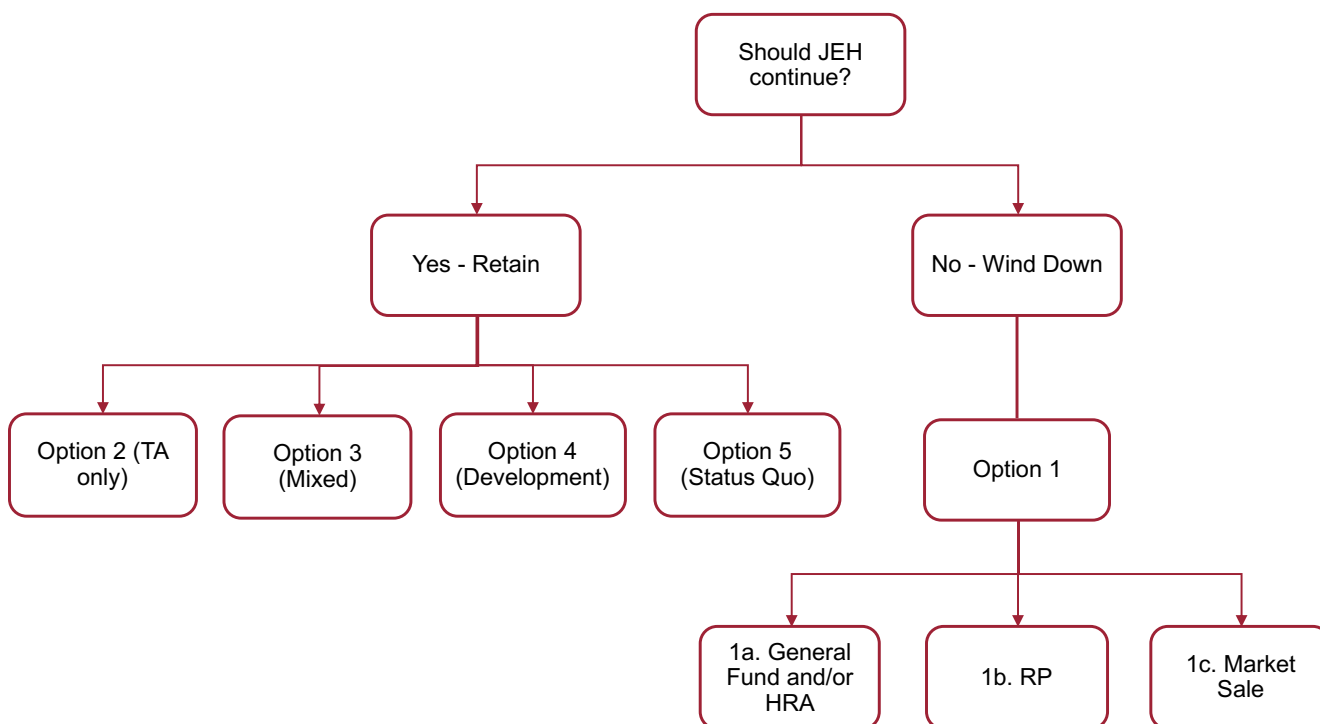
1. Managed wind-down of JEH
2. JEH as a Temporary Accommodation-only vehicle
3. Recreating the mixed-tenure model
4. Establishing a development/regeneration company
5. Status quo

As part of the wind-down scenario, three potential redistribution routes were also examined:

- 1a — Transfer to the General Fund (TA) and/or HRA
- 1b — Disposal to a Registered Provider

1c — Targeted market disposal

A visualisation of the different pathways is below.



Each option was evaluated using a structured set of criteria covering strategic alignment, financial resilience, deliverability, risk exposure and wider public value. These criteria enabled a consistent comparison of benefits, costs and risks across all pathways.

| Evaluation Criteria | Definition |
|--------------------------------------|--|
| Strategic Fit | Alignment with the Council’s housing and homelessness strategy and corporate recovery priorities. |
| Financial Sustainability | Capacity to operate without ongoing subsidy, generate sufficient income to meet costs and manage/refinance debt responsibly. |
| Deliverability and Governance | Legal implementability, clarity of governance arrangements and ease of transition. |
| Risk Exposure | Degree of financial, operational, and reputational risk to the Council. |
| Public Value | Extent to which the option delivers social benefit and supports wider corporate recovery. |

The comparative analysis then identified which routes offer the strongest alignment with the Council’s strategic priorities, financial position and statutory obligations.

The options appraisal demonstrates that Options 2–5 are not viable. 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, Option 1 is the only feasible and sustainable strategic route. Its three sub-options provide the building blocks for a blended

Inner Circle Consulting – James Elliman Homes

approach that would allow JEH to be wound down in a controlled, phased and legally robust manner.

A summary of the findings is provided below.

| Option | Strategic Fit | Financial Sustainability | Governance & Deliverability | Risk Exposure | Public Value | Indicative Direction |
|-----------------------------------|---|--|---|---|---|---|
| 1a – Council Transfer | Strong alignment with statutory duties; enables flexible deployment of stock and long-term control. | Feasible, but does not resolve JEH debt concerns and introduces valuation, investment and affordability pressures. | Clear simplification compared to company-based or RP-led options; direct control improves accountability. | Transitional and operational risks exist during transfer and reclassification, but are materially lower than market-facing or RP options. | Supports statutory duties; improves stability and enables reinvestment. | Preferred within a blended wind-down approach. |
| 1b – RP Disposal | Supports affordable housing if terms protect tenants; TA uncertain. | Could support loan repayment, but valuation and tax risks significant. | Simplifies governance; transfers landlord risk to a regulated RP. | Buyer appetite, decanting and legal/tax risks are material. | Dependent on negotiation; strong if affordability retained. | Useful as part of a blended disposal/transfer mix. |
| 1c – Market Disposal | No alignment with housing or homelessness objectives. | May maximise receipts but depends on market and vacant-possession issues. | Clean governance exit; straightforward structurally. | Highest risk—mass decants, homelessness pressure, market uncertainty. | Very low; removes affordable and TA supply. | Only appropriate for select units within a blended approach. |
| 2 – JEH as TA-Only Vehicle | Partially aligned but too narrow; conflicts with simplification. | TA/LHA rents cannot meet loan costs; deficit persists. | Governance weaknesses remain; regulatory | High—decants, disruption, unresolved refinancing. | Mixed; maintains TA but loses | Not viable. |

| | | | | | | |
|---|--|--|---|---|---|-------------------------|
| | | | burden may increase. | | affordable homes. | |
| 3 – Recreate Mixed-Tenure Model | Some alignment with original intent; misaligned with current duties. | Slough yields cannot support the model; deficit worsens. | Requires complex dual-subsidary governance beyond capacity. | High operational and regulatory risk; subsidy-control issues. | Some value but outweighed by instability. | Not viable. |
| 4 – Development / Regeneration Vehicle | Misaligned with intervention and statutory focus. | JEH cannot sustain development risk; no viable plan. | Governance already stretched; expansion undeliverable. | Very high commercial, construction and compliance risk. | Theoretical benefits outweighed by near-term risks. | Not deliverable. |
| 5 – Status Quo | Misaligned with statutory direction; unclear purpose persists. | Structural deficit and refinancing risk remain. | Improvements noted but governance still insufficient. | Ongoing financial, operational and compliance risks. | Short-term stability only; weak long-term value. | Not credible. |

Recommendation

Preferred Option: Blended Wind-Down

Option 1 is the only option that meets all critical criteria for financial stability, statutory alignment and risk reduction:

- **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.

The recommended approach is a blended redistribution strategy, combining all three redistribution routes within Option 1 to maximise public value and minimise disruption:

- Transfer to the General Fund and/or HRA as appropriate
- Disposals to Registered Providers where affordability and tenant protection can be secured
- Targeted market disposals for assets that are poor fit, high-cost or unsuitable for statutory purposes

Together, these measures enable a planned, lawful and phased wind-down of JEH, minimise tenant disruption and create a stable long-term asset position for the Council.

Next Steps

The Council now needs to progress two parallel workstreams:

1. **The managed wind-down of JEH**, including redistribution of its 214-unit portfolio.
2. **A forward-looking appraisal of how the Council will deliver additional housing supply** following JEH's closure.

These workstreams are distinct but interdependent. The first ensures JEH is closed safely, lawfully and before the refinancing window. The second ensures the Council continues to respond to housing pressures and central government requirements to deliver new homes.

Workstream 1: Wind-Down of JEH

Turning Option 1 into a deliverable programme requires a structured implementation framework that reflects the legal and financial boundaries created by the debenture and hardening period, and sets out clear phasing through to JEH's closure before the refinancing window.

Key next steps are:

1. **Secure formal approval from key decision-makers** to proceed with Option 1 and authorise development of the implementation framework.

2. **Develop a Business Case or Business Plan**, defining the strategic rationale, governance, legal/financial framework, phased programme and routes for transfer/disposal, and – if required – the run-off plan for JEH.
3. **Establish programme governance to deliver the Business Case/Plan**, including a Senior Responsible Owner and cross-departmental oversight.
4. **Obtain legal, tax and accounting advice** on pre- and post-May 2027 restrictions under the debenture.
5. **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 HRA and TA priorities.
6. **Plan phased implementation**, balancing financial, operational and tenant considerations.
7. **Secure the necessary approvals** throughout the process and perform the necessary updates to key stakeholders.
8. **Strengthen compliance and assurance**, including independent valuation, legal documentation and risk monitoring at key milestones.
9. **Develop a communications and tenant engagement plan** to manage expectations, minimise disruption and maintain trust

Workstream 2: Future Housing Supply and Delivery Options

With JEH closing, the Council must determine how it will meet its long-term housing supply requirements—including central government expectations on new homes and the ongoing need for temporary accommodation and affordable housing.

This workstream should include:

1. **A strategic review of housing need** to ensure a refreshed assessment of demand and supply requirements.
2. **An options appraisal for delivery models** to evaluate the full range of delivery routes.
3. **An assessment of whether a company is required** to meet its objectives and – if so – what would be required to avoid the challenges seen in JEH.
4. **A delivery plan of the preferred option** to set out funding options, acquisition routes, sequencing, partnership arrangements and governance.

Baseline Diagnostic Assessment

Purpose of this Section

This section provides an objective, evidence-based assessment of James Elliman Homes Limited's (JEH) current position. It evaluates whether the company's purpose, governance, financial model and operational arrangements remain aligned with Slough Borough Council's (SBC) statutory duties, financial strategy and long-term housing priorities.

Given the statutory directions in place, the governance risks identified, and JEH's ongoing financial reliance on the Council, establishing a clear baseline is essential before appraising any future delivery model or changes to the company's structure and role.

Diagnostic Approach

The diagnostic relies on and draws from the 2016 Slough Homes Business Plan, the 2025/26 JEH Business Plan, relevant Cabinet reports, the SLA review (August 2025), company accounts (including restatements), and interviews with Council officers and JEH representatives (October 2025).

This diagnostic does not replicate the detailed financial modelling undertaken through the Finance Improvement Programme. It provides the strategic and organisational context within which it is advised that future decisions on JEH should be made.

Slough's Strategic, Financial and Housing Context

SBC's financial trajectory continues to be influenced by the intervention following the issuance of a Section 114 Notice in July 2021. The notice prompted formal government oversight, with Commissioners appointed to stabilise financial management, enhance governance, and unwind legacy commercial and regeneration activities. Although significant progress has been made under successive Directions, Slough remains in a state of financial constraint.

The Council continues to depend on substantial Exceptional Financial Support (EFS) to balance its budget, amounting to over £348m, including an additional requirement of approximately £15.7m in 2025/26. The Council's financial statements, Medium-Term Financial Plan (MTFP), and successive Commissioners' reports all emphasise that reserves remain very limited, borrowing levels are high, and the Council's financial resilience is extremely fragile. While the Council has presented a balanced budget for 2025/26, this is only possible due to ongoing EFS and a very constrained capital programme.

Slough continues to experience high demand for costly services, especially temporary accommodation, alongside managing a legacy of past mismanagement, weak financial controls, and poor governance over its companies and partnerships. The MTFP highlights a substantial budget gap in 2026/27 and beyond, with £13.2m needed in savings to cover the expected deficit and an additional £8.6m of unidentified savings to be found. Achieving these savings relies on the Council's transformation programme, which must reform systems, processes, and organisational capacity that were weakened in the years before the intervention.

The Council's borrowing and capital position remains very limited. With gross external borrowing of about £458m and a CFR exceeding £670m, Slough still relies on selling assets to reduce debt. However, after a full review, forecast receipts have dropped sharply—from £200m to £39m by 2027/28—greatly restricting the Council's capacity to fund its capital plans or take on additional borrowing. Consequently, all trading activities, subsidiaries, and loan arrangements are now under increased scrutiny to prevent creating further risk or pressure on the General Fund.

This is the context in which JEH must now be evaluated. The Council cannot support structures, assets, or financial commitments that cause volatility, raise risk, or divert limited capacity from essential statutory services and the wider recovery programme. Any future model for JEH must therefore promote financial recovery, minimise operational complexity, and avoid adding pressure on the General Fund, which the company's current operating model does not accommodate.

National Context: Housing, Temporary Accommodation and Companies

Across England, councils are reporting unprecedented levels of homelessness, with over 105,000 households now residing in temporary accommodation. Rising private rents, frozen Local Housing Allowance (LHA) rates, and a long-term shortage of affordable housing have led local authorities to rely heavily on nightly-paid accommodation and short-term private leasing arrangements.

In Slough, these pressures are intensified by severe local housing shortages. Over 3,000 households are registered on the housing list, and more than 1,300 families are currently placed in temporary accommodation, including B&Bs and HMOs. High rents in London and competition across boroughs for limited housing stock further drive up demand. Additionally, London boroughs' ongoing practice of sourcing temporary accommodation outside their areas, especially in nearby authorities with lower rents, adds extra strain on Slough. This increasingly hampers SBC's ability to find suitable homes within subsidy limits, raising concerns about whether JEH remains an effective, efficient, and financially sustainable option for providing temporary, affordable housing.

Since JEH was established in 2017, the financial, legal, and regulatory environment for council-owned companies has become significantly more stringent. At the time the £51.7m loan facility was created, its structure was designed to comply with the EU State Aid rules then in force. However, the subsequent introduction of the Subsidy Control Act 2022 raises the standard for demonstrating that loans, equity investments, and guarantees are provided on fully commercial terms and do not confer an economic advantage.

Although JEH's loan predates the Act, the Subsidy Control regime focuses on the effect of public support, not just the date of the original decision. Once the Act came into force, councils were required to ensure that any ongoing support—including the continuation of loan terms, drawdowns, refinancing, or interest arrangements—does not confer an uncommercial benefit to the company.

Simultaneously, national guidance regulating local authority investments and companies has been reinforced. The updated CIPFA Prudential Code (2021), MHCLG Statutory Guidance on Local Authority Investments, and revised guidance on companies highlight increased transparency, proportionality, and risk management. Councils are required to show that company activities are clearly connected to service outcomes, financially sustainable, and properly governed.

Higher Public Works Loan Board (PWLB) borrowing rates and the ban on borrowing mainly for yield have weakened the financial assumptions supporting JEH's original business case. The refinancing window in 2028/29 will therefore be subject to a more rigorous and less favourable regime than the environment in which the original loan was taken out.

High-profile failures such as Nottingham's Robin Hood Energy, Croydon's Brick by Brick, and Thurrock's investment companies have raised expectations for robust shareholder oversight, loan governance, risk management, and financial reporting. JEH is being evaluated against that heightened standard.

Local Strategic Housing Framework

Slough's strategic housing landscape has evolved considerably since JEH was established, with rising demand and a clearer focus for the Council on stabilising the temporary accommodation system. The Council's emerging Housing Strategy (2025) highlights homelessness prevention, reducing dependence on bed and breakfast accommodation, and expanding access to suitable, affordable homes as key priorities. These aims are supported by the Corporate Plan, which regards housing as essential to the borough's broader economic, social, and financial recovery.

Within this framework, the Council aims to make better use of existing assets, diversify supply routes, and strengthen partnerships with registered providers and private landlords. The strategy also emphasises the need for delivery models that are financially sustainable, compliant with subsidy control requirements, and capable of reducing long-term revenue pressures linked to temporary accommodation.

JEH operates within and contributes to this broader system of provision. Its stock of 214 homes helps the Council fulfil its homelessness duties; however, its operating model and financial structure no longer fully align with the Council's strategic aims or the expectations outlined in the revised housing strategy. This review, therefore, assesses JEH not only on its individual performance but also on how well its current and potential future role fits within a coherent, affordable, and lawful approach to meeting the borough's housing needs.

Slough Housing Market: Conditions and Viability

The financial viability of JEH - and any council-owned company relying on spot acquisitions - is fundamentally influenced by Slough's housing market. Slough is an expensive, low-yield area: capital values have remained strong, while rental growth has consistently lagged behind inflation and interest rates. This means the gap between gross rental yields and the cost of capital has narrowed over time, making a self-sustaining model inherently difficult unless rental growth begins to outpace both inflation and borrowing costs, which current market indicators do not predict.

For any acquisition-led model to succeed, net rental yields (after repairs, management, compliance, insurance, and voids) must surpass the cost of capital. In Slough, this seldom happens. Typical family homes generate gross yields of 4-5%, generally in line with the 2016 Slough Homes business plan projections of 4.6-4.7%. After operating costs, net yields drop to approximately 3.1-3.5%, leaving little or no margin above financing expenses.

Yields are even lower at Local Housing Allowance (LHA) levels. LHA rates have been frozen for several years, while property values have increased — partly driven by London boroughs

procuring temporary accommodation in Slough. Yield compression decreases the income needed to cover rising operating and financing pressures.

The 2016 business plan recognised this sensitivity. It observed that small shifts in yields or rental composition could threaten viability: for instance, a drop in market yields from 4.66% to 4.2% would necessitate moving from a 40/60 to a 20/80 LHA-to-market rent split just to stay viable. Without acquiring properties below market value, opportunities for value addition through refurbishment, or a sufficient share of market-rent units to cross-subsidise lower-rent stock, the financial model increasingly relies on subsidy.

These market conditions directly support JEH's current financial position. High property values and moderate rental yields result in typical gross yields of 4–5%, LHA yields of 3.5–4%, and net yields often at 3% or less after expenses. Compared to the onward loan from the Council with an effective cost of around 3% (headline 5%), JEH's yield margin is minimal or negative. This is the main reason the company cannot generate enough surplus to cover £1.6m of annual interest or build reserves: the underlying economics do not support a self-financing model unless rental growth exceeds inflation and interest rate changes—an unlikely scenario in the near to medium term.

The original mixed-tenure scheme (60% market rent, 40% LHA) intended to create a cross-subsidy – with market rent generating profit to cover the costs of lower rent. However, rising pressures from homelessness led JEH to focus mainly on LHA and sub-LHA lets, removing the cross-subsidy that the financial model relied on and resulting in a structural deficit.

Even if yields were stronger, JEH faces additional cost pressures that further erode viability:

- Rising repairs and compliance expenditure
- Higher insurance and service charges
- Void risks associated with temporary accommodation
- Cost inflation far exceeding frozen LHA rates

Refinancing

A key risk is the need to refinance in 2028/29. Current PWLB and on-lending assumptions indicate refinancing could cost 9–10%, which equates to approximately 6% effective interest on a blended basis. The original business plan only stress-tested a 0.5% increase and concluded that JEH would require 100% market-rent units to remain viable—an approach that conflicts with the Council's homelessness responsibilities and priorities.

Conclusion

Bridging the viability gap will necessitate structural reform. Enhancing equity, restructuring loans, boosting asset performance, or gradually rebalancing the portfolio may all be required. Without modifications to capital structure, income mix, or financing terms, JEH's position will stay limited. In Slough's market environment, a spot-acquisition PRS model financed primarily through commercial borrowing cannot be fully self-sustaining, and JEH will continue to depend on ongoing Council support—unless rental growth accelerates far beyond inflation and interest rates, neither of which is forecast or supported by local market insight.

Illustrative Yield Calculations – Slough

Assumptions & Market data

- Average market rent (2-bed home): £1,396 per month (£16,752 per year), based on ONS data.

- LHA rate: £276.16 per week, equivalent to approximately £1,196 per month (£14,352 per year).
- Typical purchase price (2-bed home): £350,000–£400,000 (ONS, Zoopla, Rightmove).

Calculation Example

| Scenario | Annual Rent | Indicative Purchase Price | Gross Yield (%) |
|-------------------------------------|-------------|---------------------------|-----------------|
| Market rent – higher value property | £16,752 | £400,000 | 4.2% |
| Market rent – lower value property | £16,752 | £350,000 | 4.8% |
| LHA rent – higher value property | £14,352 | £400,000 | 3.6% |
| LHA rent – lower value property | £14,352 | £350,000 | 4.1% |

James Elliman Homes (JEH) Ltd

JEH: Origins and Purpose

JEH originally began as “Slough Homes,” according to Cabinet reports from December 2016. The company was created to offer an “innovative and tailored approach” to providing “affordable homes to a wider range of people than those who have traditionally been council or housing association tenants” and to help the Council “more easily discharge its responsibilities to homeless residents... and reduce the number and costs of expensive temporary accommodation.” It also aimed at “securing accommodation for specialist purposes, such as providing housing for key workers and care leavers.”

Following Cabinet approval of a detailed business plan produced by Savills in December 2016, JEH was formally established in early 2017 as a wholly owned subsidiary of SBC. It was conceived as a mixed-tenure housing vehicle aimed at delivering both social benefits and financial resilience, with objectives to:

- Expand the supply of affordable housing for Slough residents, including key workers, care leavers and low-income households
- Provide a stable stock of temporary accommodation to reduce reliance on expensive private providers
- Operate a commercially viable model through a 60:40 rental split, with roughly 60% of homes let at market rents and 40% at LHA levels, using market-rent surplus to cross-subsidise affordable lets and service borrowing.

To support these objectives, the Council approved a £65.9m loan facility, financed through PWLB borrowing, aimed at funding the purchase of approximately 225 homes. The business plan assumed that property values would stay steady or rise, and that rental income from the mixed-rent portfolio would be enough to cover operating costs, debt repayments, and a modest return to the Council.

In practice, JEH’s development diverged from this path. Several initial design assumptions were not realised, and the company’s role shifted in response to operational pressures and the Council’s changing requirements.

Portfolio and Operating Model

JEH assembled a portfolio of 214 residential properties financed through the approved loan facility. The portfolio comprises:

- **168 street properties** acquired on the open market, originally intended to support a 60:40 mixed market-rent and LHA-rent model
- **46 temporary accommodation units** at Pendeen Court and 81–83 High Street, Langley, transferred from the Council and leased back under long-term peppercorn arrangements.

The planned rental mix was not achieved. Instead, the portfolio has increasingly been utilised to address rising homelessness pressures, with a shift towards temporary accommodation and below-LHA Assured Shorthold Tenancies (ASTs). Consequently, JEH now operates mainly as an extension of the Council’s homelessness services rather than as a commercially focused mixed-tenure landlord.

JEH has never developed its own operational capacity. All housing management, allocations, repairs, compliance, and tenancy functions are provided by Council teams under a Service Level Agreement (SLA). Repairs and maintenance are carried out by Council delivery teams or external contractors appointed by SBC. In practice, JEH operates within the Council’s core housing responsibilities rather than as an independent commercial agency. While this arrangement can work for a wholly owned company, it requires clear governance, well-defined policies, and robust performance management - none of which have been fully established. JEH does not employ any staff directly.

The latest Business Plan recognises these issues: the original commercial model has not been realised; allocations have been driven by homelessness demand rather than business plan assumptions; and the company has become a mechanism for fulfilling statutory duties, not an independent housing provider.

JEH continues to serve an important role by accommodating around 214 households and helping to decrease temporary accommodation costs by an estimated £1m annually. However, its operating model no longer aligns with the mixed-rent commercial structure envisioned in 2016. The key question is whether maintaining the current company structure remains the most effective and sustainable way to achieve these outcomes.

Financial Baseline and Sustainability

| Metric | 2023/24 (Actual) | 2024/25 (Forecast) | 2025/26 (Plan) | Commentary |
|---|---------------------|-----------------------|-------------------|--|
| Turnover | £2.2m | £2.1m | £2.3m | Income constrained by LHA rents and TA usage; removal of leased-back assets reduced topline. |
| Operating surplus (before interest & depreciation) | £1.0m | £1.1m | £1.2m | Operating performance improving slowly through rent increases and reduced voids. |

| | | | | |
|---|----------|---------|---------|--|
| Interest payable (Council loan) | £1.6m | £1.6m | £1.6m | Fixed effective rate c.3%; remains the primary driver of net losses. |
| Net surplus / (deficit) | (£0.6m) | (£0.5m) | (£0.4m) | Annual losses continue; company unable to service loan from income. |
| Outstanding loan balance | £51.7m | £51.7m | £51.7m | No capital repayment since inception; refinancing risk from 2028 onwards. |
| Cash position (year-end) | £0.24m | £0.3m | £0.3m | Liquidity critically low; dependent on Council support for cash flow. |
| Net assets / (liabilities) | (£1.13m) | n/a | n/a | Solvency driven by valuation movements rather than trading performance. |
| Net current assets / (liabilities) | (£2.86m) | n/a | n/a | Limited headroom; significant short-term creditor pressure. |
| Loan maturity | - | - | 2028/29 | Future refinancing dependent on subsidy control compliance and PWLB constraints. |

Overall Financial Performance

Although the original loan facility was intended to consist of 60% debt and 40% equity, the equity component was never implemented. JEH therefore records the full £51.7m as debt, despite the original aim that a significant portion would function as equity-like funding. This approach distorts the reported position and contributes to the company's technically insolvent balance sheet.

JEH generates a modest operating surplus before interest and depreciation – typically £1.0m–£1.2m per year – driven by rental income from its 214-unit portfolio. However, this surplus is consistently surpassed by the £1.6m annual interest charge on the Council loan. In 2024/25, this resulted in a net deficit of around £0.5m, consistent with previous years.

The deficit is persistent rather than temporary. Since most properties are rented at LHA-level or sub-LHA rents, the income base cannot cover financing costs, restricting the company's ability to achieve a sustainable financial position.

Loan Structure and Refinancing Risk

The £51.7m long-term loan from SBC is the principal determinant of JEH's deficits and its ability to sustain operations.

Structure – The facility was arranged as 60% interest-bearing debt and 40% equity, with the equity intended to demonstrate commercial viability and address subsidy control considerations. The equity conversion was never executed, so the entire amount is recorded as debt.

Interest terms – Interest is charged at 5% per annum on 60% of the outstanding balance, resulting in an effective rate of just over 3% across the full £51.7m. Interest is payable quarterly, but JEH has

repeatedly confirmed that it cannot meet these obligations in full; accrued interest constitutes a significant portion of short-term creditors.

Security – Until 2025, the loan was unsecured. On 12 May 2025, SBC executed a comprehensive debenture granting fixed and floating charges over all JEH assets and a negative pledge restricting further secured borrowing. The debenture is subject to a hardening period until May 2027, which affects any restructuring, transfer or winding-down options.

Refinancing – The loan matures between 2028 and 2030, creating a concentrated refinancing requirement. Given JEH's current income base and reliance on Council support, it is unlikely to qualify for commercial or quasi-commercial refinancing without significant structural change.

The size, structure, and interest burden of the loan are the main factors contributing to JEH's ongoing deficits. With no mechanism to repay capital and an income base insufficient to cover the debt, the company remains fundamentally dependent on SBC. Senior officers have highlighted the importance of a thorough review of both entities' finances, including the loan structure, lease accounting, and historical decisions that may have distorted reported performance.

Liquidity, Solvency and Headline Metrics

JEH operates with very limited liquidity. Year-end cash balances have usually remained between £0.2m and £0.3m, providing little resilience against unexpected expenditure or income shocks. Net current liabilities of approximately £2.9m reflect accumulated interest arrears and creditor balances. The company is therefore dependent on the Council for working-capital support.

The balance sheet is highly leveraged. Property assets valued at approximately £54–£55m are offset against £51.7m of long-term borrowings, leaving a narrow margin that is very sensitive to valuation changes. Fluctuations in asset values have caused JEH's reported equity to fluctuate between positive and negative multiple times. The company currently reports around £1.1m of net liabilities and remains technically insolvent until the loan structure is regularised and the equity position is stabilised.

Headline indicators are summarised below:

- Turnover: c.£2.1m–£2.3m
- Operating surplus (before interest & depreciation): £1.0m–£1.2m
- Interest payable: £1.6m
- Net deficit: £0.4m–£0.6m per year
- Outstanding loan: £51.7m, with no capital repayment to date
- Year-end cash: c.£0.24m–£0.3m
- Net current liabilities: c.£2.86m

Liquidity poses a significant and immediate risk; solvency heavily depends on property valuations rather than underlying trading performance. With no capital repayment strategy and a major refinancing event due from 2028 onwards, JEH's long-term financial stability remains uncertain.

The diagnostic conclusion is clear: financial sustainability relies on structural reform. JEH cannot attain balance through mere incremental operational improvements. Senior officers emphasised that JEH faces fundamental scale challenges: it is “too small to cover overheads, yet too large to be financially sustainable within its current structure.”

Governance and Oversight

Governance arrangements have improved but still lag significantly behind good practice and CIPFA expectations. Key issues identified across 2024/25 and 2025/26 include:

- **Board composition** – JEH continues to operate with a sole director, despite Business Plan commitments to undertake a skills audit and recruit a strengthened board.
- **Blurred roles** – Officers often act simultaneously as shareholder representatives, operational leads and Board advisers, creating conflicts and weakening independent challenge.
- **Incomplete governance documents** – The Articles of Association, Shareholder Agreement and Scheme of Delegation remain under review and have not been finalised.
- **Weak SLA governance** – The SLA review describes the agreement as the “biggest risk” to JEH, citing the absence of KPIs or service standards, unclear recharge calculations and no named accountable officer for monitoring performance.
- **Absence of core JEH policies** – Interviews with officers also highlighted that JEH lacks fundamental landlord and operational policies (including lettings, affordability, arrears, voids, decants, ASB, compliance and disposals), limiting the company’s ability to operate as an independent housing provider.
- **Unclear decision rights and risk ownership** – Officers reported uncertainty around who makes commercial versus housing decisions, who holds responsibility for compliance, and where operational risk (void loss, arrears, maintenance performance) formally sits.

Discussions with officers also highlighted gaps in legal and financial governance, including instances of poor historic legal advice and the lack of a dedicated finance lead with a full understanding of JEH’s financial position.

The Business Plan recognises many of these gaps and outlines corrective actions; however, implementation is still ongoing. Strengthened governance remains crucial whether JEH is retained, restructured, or wound down.

Shareholder Relationship and Operational Delivery

JEH is a wholly owned subsidiary of SBC, with the Council acting simultaneously as the sole shareholder, primary lender, and sole service provider. While this structure grants the Council full control over strategy, governance, and financial exposure, it has also resulted in overlapping roles and blurred accountability boundaries.

Historically, the same officers have authorised loan decisions, provided operational services, and sat on the company’s Board. This has made it difficult to maintain a clear distinction between shareholder oversight, operational delivery, and financial management. Audit reviews and external assessments have repeatedly identified these blurred lines as a key governance risk.

JEH does not directly employ any staff. All operational tasks—including allocations, tenancy management, repairs, compliance, voids, rent collection, and financial administration—are carried out by the Council under a Service Level Agreement. While this arrangement can work well in other local authority housing companies, it relies on strong governance practices, such as transparent recharge mechanisms, clearly defined service standards, and measurable performance indicators. These are not yet fully in place.

Weaknesses in the current arrangements include:

- Limited transparency around recharges and cost allocations
- Inconsistent performance in void turnaround and maintenance delivery
- Uncertainty among Council staff regarding JEH’s legal status and decision-making powers
- A lack of independent capacity within JEH to oversee compliance, asset management or tenant experience

Shareholder oversight is currently exercised through the Executive Director for Regeneration, Housing and Environment, supported by the Section 151 Officer and Monitoring Officer, with major decisions escalated to Cabinet. Daily assurance is provided via monthly financial monitoring and quarterly Board reports.

Recent work has strengthened the governance framework, including revisions to the Articles and Shareholder Agreement, more explicit role descriptions, improved reporting, and tighter financial oversight. However, these changes do not fully resolve the weakness caused by SBC’s multiple, overlapping roles as owner, lender, and service provider.

The Council continues to support JEH’s financial position to ensure the company remains a going concern. While this safeguards tenants and prevents operational disruptions, it also leaves the General Fund exposed to ongoing risk if there is no refinancing or repayment plan. The shareholder will therefore need to decide whether JEH remains the best delivery vehicle or if alternative models—such as direct Council control or transfer to the HRA—would offer clearer governance, stronger financial resilience, and a more transparent alignment with statutory housing responsibilities.

Summary Diagnostic Findings

| Area | Summary Finding | RAG |
|--|---|--------|
| Strategic Fit | Purpose has shifted from mixed-tenure commercial to homelessness delivery; role now misaligned with original objectives and needs formal reset within SBC’s housing strategy. | Yellow |
| Governance | Board capacity limited; roles blurred between shareholder, lender and provider; core documents (Articles, SA, SLA) incomplete. Improvements underway but not embedded. | Red |
| Financial Sustainability | Structural deficit; cannot service £51.7m loan; liquidity critically low; dependent on SBC support; major refinancing risk from 2028/29 | Red |
| Market Viability | Slough yields too low to meet borrowing costs; original spot-acquisition model no longer financially workable without subsidy. | Red |
| Operational Delivery | Dependent on SBC systems and staff; no KPIs or performance controls. SLA governance is weak. | Red |
| Compliance, Audit & Assurance | Accounts restated and reporting improved, but compliance capacity thin and governance framework still incomplete. | Yellow |

Strategic Fit

JEH now functions as part of Slough’s homelessness system, providing homes and easing TA pressures, but no longer aligns with the commercially balanced, mixed-tenure purpose outlined in the original business plan. Its current activities are part of the Council’s statutory duties rather

than a commercial enterprise. A formal strategic reset is therefore needed to assess whether the company remains the most suitable delivery mechanism within SBC's housing system.

Governance

Governance arrangements have improved but are still significantly incomplete. Board capacity remains limited, and roles continue to overlap between shareholder, service provider, and lender. Core governance documents — including the Articles, Shareholder Agreement, and SLA — are still being revised and have not yet been finalised. Until these are completed and put into effect, oversight, compliance, and assurance remain fragile.

Financial Sustainability

The company operates with a structural deficit. Income levels are insufficient to service the £51.7m loan, liquidity is critically low, and solvency relies on valuation changes rather than trading performance. JEH remains dependent on ongoing Council support to continue as a going concern. The refinancing window from 2028/29 poses a significant risk; current market expectations suggest interest rates well above what the business model can sustain.

Market Viability

The Slough housing market does not support a financially self-sustaining spot-acquisition model. Net yields are generally at or below JEH's effective financing cost, meaning rental income cannot cover borrowing costs without subsidy. The original cross-subsidy assumption — a 60/40 market-to-LHA mix — has not materialised due to homelessness pressures, removing the financial cushion the business plan relied on.

Operational Delivery

JEH depends entirely on Council processes and staff for allocations, repairs, tenancy management, and compliance. This approach is viable in principle but needs robust governance practices — such as transparent recharges, service standards, and clear KPIs — which are currently lacking. Weaknesses in SLA governance have led to inconsistent maintenance performance, limited oversight of compliance, and occasional complaints about property condition.

Compliance, Audit & Assurance

Restating accounts, timely submissions, and enhanced reporting mark significant progress. However, compliance and assurance still depend heavily on a limited number of officers, and the governance framework remains incomplete. Until revised corporate documents and SLA agreements are fully adopted, assurance processes continue to be vulnerable and reliant on individuals rather than a robust system.

Conclusion

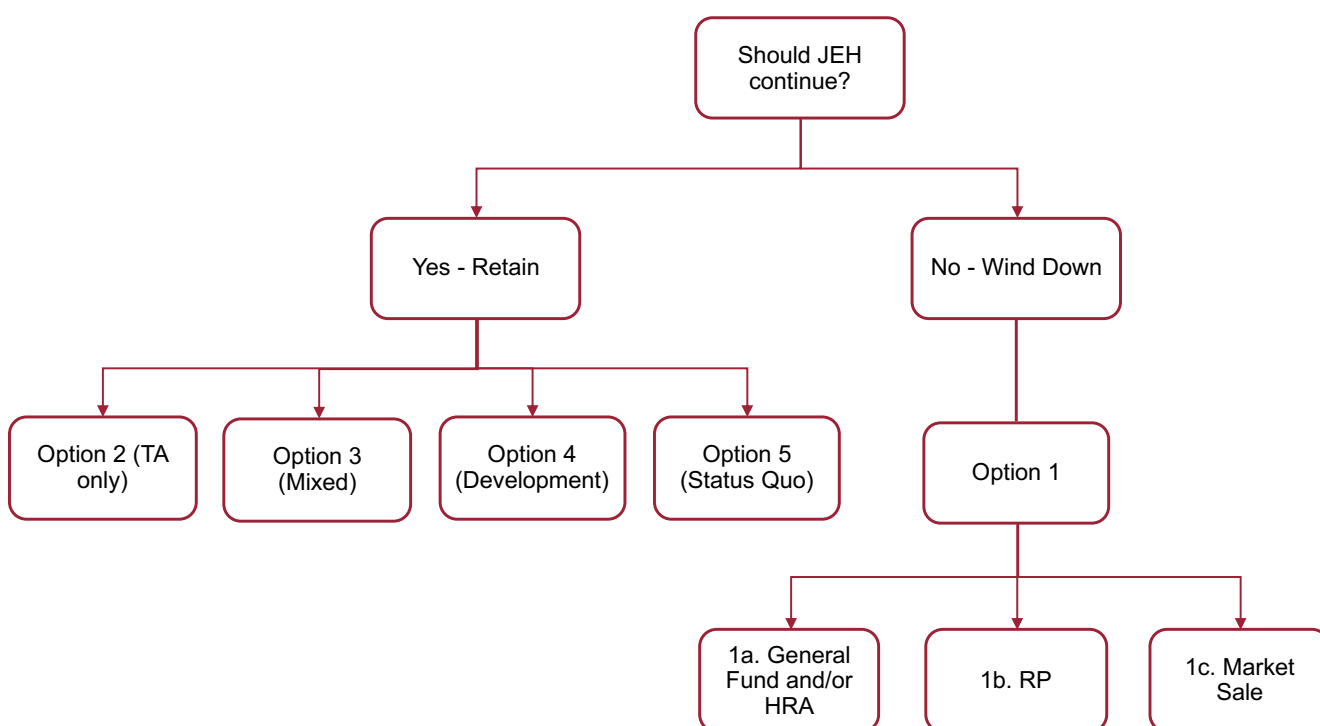
Overall, the diagnostic confirms that JEH's current model is no longer sustainable or aligned with the Council's statutory duties, financial strategy, or broader housing objectives. The issues identified cover purpose, governance, financial structure, and operational delivery, and are structural rather than cyclical. Incremental improvements are unlikely to resolve the underlying deficit caused by the rent profile, financing model, governance gaps, and reliance on Council capacity. As a result, the Council must now consider alternative delivery arrangements that provide more transparent accountability, greater financial resilience, and a more coherent fit with its long-term housing priorities. The following section, therefore, presents a range of strategic options for JEH's future, analysing how each could address the challenges identified through this diagnostic.

Strategic Options Appraisal

Purpose of this Section

This section aims to outline and assess realistic and lawful future options for JEH, examining each against strategic, financial, and governance criteria. The analysis determines whether the company remains the most effective vehicle for delivering SBC’s housing and temporary accommodation priorities or if alternative delivery methods could achieve the same results with less overall risk. It also considers whether JEH could be reshaped or repurposed to serve a different strategic role, should this provide a better alignment with the Council’s objectives and statutory framework.

Options Considered



Approach to High-Level Options Appraisal

All longlist and shortlist options were assessed qualitatively against the following criteria:

| Evaluation Criteria | Definition |
|--------------------------------------|---|
| Strategic Fit | How well the option aligns with the Council’s housing, homelessness and corporate recovery priorities, and its statutory duties. |
| Financial Sustainability | The extent to which the option can operate without ongoing subsidy, generate sufficient income to meet costs, and manage or repay debt on a prudent and affordable basis. |
| Deliverability and Governance | Legal feasibility, clarity of governance and decision-making, and the practicality of implementing the option within existing capacity and regulatory constraints. |

| | |
|----------------------|---|
| Risk Exposure | The level of financial, operational, legal and reputational risk created for the Council, including sensitivity to market conditions and compliance requirements. |
| Public Value | The social value delivered, including impact on homelessness, tenant outcomes, and the contribution to wider corporate recovery and community benefit. |

Any future direction for JEH cannot be evaluated solely on theory. It must be based on Slough’s real operating conditions and the constraints that influence what can be practically delivered.

In reality, Slough’s position is shaped by commissioner oversight, the Council’s financial recovery plan, refinancing pressures from 2028/29, tax and accounting considerations (including VAT, SDLT, and Corporation Tax), the debenture hardening period until May 2027, limited SLA capacity, governance immaturity, and the company’s operational dependencies. These real-world factors greatly influence the viability, timing, and legal risks of each option.

In short, an option might seem attractive in theory but can fail in practice if it cannot be implemented legally, affordably, or within the Council’s organisational capacity. Therefore, this appraisal’s conclusions are based on both the theoretical evaluation of the options and the practical limitations faced by SBC, ensuring the recommended route is not only well designed but also workable in practice.

Option 1 – Managed Wind-Down

JEH will cease trading as a company and be wound up once the debenture hardening period ends in May 2027. This is the only option that fully removes the company structure from the Council's organisation.

Winding down JEH requires the Council to choose both the destination of the portfolio and how JEH's current functions will be managed in the future. Options 1a to 1c describe the main routes for transferring assets and delivering ongoing services, but these options can be combined and are not an exhaustive list.

In practice, the Council could:

- apply one pathway to the entire portfolio;
- pursue a hybrid approach, allocating different parts of the stock to different destinations; or
- adopt a phased combination of options over time.

The sub-options, therefore, demonstrate the range of feasible routes for redistributing the stock and maintaining statutory housing functions after the company has closed, rather than representing separate choices that must be made in isolation.

Option 1a – Transfer to the General Fund and/or HRA

What the Option Is

This option is part of the wider Option 1 – Managed Wind-Down of JEH. Under Option 1a, after JEH is wound up, all or some of its properties transfer to the Council's General Fund and/or HRA, with SBC becoming the direct landlord for each tenancy type.

The General Fund and/or HRA then becomes the sole delivery route for all operational activities currently performed by JEH.

What Happens to the Stock

- The properties will be disposed to the Council and can be used for TA and general stock.

The Council may apply this option to all or some of the JEH properties.

What Happens to the Tenants

- Under this option, the Council would absorb JEH's homelessness and temporary accommodation (TA) function and assume direct management responsibility, with properties held in either the General Fund and/or the HRA, as appropriate.
- The implications for individual tenants would need to be considered carefully on a case-by-case basis.
- Decisions would need to reflect the operation of the HRA accounting mechanism, ensuring that tenants do not subsidise taxpayers, and vice versa, and that the HRA continues to function as a ring-fenced landlord account.
- In determining the appropriate treatment, the company/Council would need to assess the basis on which each property was originally acquired (including whether it was acquired under Housing Act powers) to inform whether holding the asset within the HRA or the General Fund is most appropriate.
- **Temporary accommodation tenants:**
 - For tenants housed in TA, it is anticipated that households could remain in situ with minimal disruption.
 - These properties would continue to be used for homelessness purposes, with management arrangements determined following detailed legal and financial assessments.
- **AST/LHA tenants:**
 - AST and LHA tenancies would require individual assessment.
 - A number of tenants within JEH have significant rent arrears owed to the company. In some cases, eviction may represent the most appropriate course of action, subject to appropriate risk assessments, including consideration of whether eviction would result in a homelessness duty.
 - As the majority of ASTs are granted on an annual basis, renewal points provide a key opportunity for the company to determine the most appropriate future arrangement for each tenancy, taking into account both tenant circumstances and the underlying condition, value and suitability of the property.
- **Long-term affordable housing tenants:**

- Long-term tenants would also require case-by-case assessment.
- While, in principle, such tenancies could transfer into the HRA, the Council would need to carefully consider the legal and financial consequences of doing so.
- In particular, transferring tenants from a company structure into Council ownership may introduce Right to Buy (RTB) implications, creating potential financial and asset-management risks for the Council.
- Market-rent tenants:
 - Market-rent tenancies are likely to present the lowest level of risk to the Council relative to other tenancy types.
 - Where properties are assessed as unsuitable for retention within the Council's portfolio, tenants could be required to vacate, subject to appropriate notice and compliance with tenancy terms.
 - In such circumstances, affected households are likely to be able to seek alternative accommodation within the private rented sector across Slough.

Advantages

- Simplifies governance: removes the complexity of multiple roles (shareholder, lender, provider).
- Improved oversight: direct control over assets, repairs, and compliance.
- Enables consolidation: TA delivery becomes integrated into core council services.
- No ongoing company running costs.
- Reduces risk: eliminates JEH's structural deficit and future refinancing exposure.

Risks and Constraints

- Financial implications:
 - full loan sits on the Council's balance sheet;
 - GF revenue pressures may increase; and
 - VAT/SDLT/CT implications must be reviewed.
- Operational capacity: Homelessness and Housing teams must absorb repairs, tenancy management, allocations, and compliance.
- Debenture hardening period: transfers cannot safely occur until after May 2027.
- Transition complexity: IT, rents, contracts, compliance certificates, and policies all require re-platforming.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|--|
| Strategic Fit | High | Aligns directly with the Council's statutory homelessness duties; integrates TA delivery into core Council operations; simplifies delivery model. |
| Financial | Medium | Feasible but brings the entire JEH loan onto the GF; increases GF revenue exposure; requires careful mitigation around financing, tax and MRP. However, more sustainable than retaining JEH because the structural deficit is removed. |

| | | |
|---------------------|--|--|
| Governance | | Significantly simplifies governance by removing JEH’s complex company structure, shareholder roles, Articles and SLA gaps. GF operation is more transparent and controllable. |
| Risk | | Main risks relate to decanting affordable tenants, operational capacity pressures, and transition complexity. But materially lower risk than Options 2-5 and manageable with planning. |
| Public Value | | Supports statutory duties, maintains stability for TA and AST households, allows reinvestment of savings into homelessness reduction. Provides clear accountability and better long-term system alignment. |

Option 1b – Disposal to a Registered Provider (RP) or similar body

What the Option Is

This option forms part of **Option 1 – Managed Wind-Down of JEH**.

Under Option 1b, some or all JEH properties are sold to a Registered Provider (RP), either:

- as a full portfolio disposal;
- through phased, selective disposals; or
- through a company sale where the RP acquires JEH as a going concern.

What Happens to the Stock

- Properties transfer to the RP either in bulk or individually.
- RP becomes the legal owner, landlord and duty-holder for repairs, compliance and tenancy management.
- TA, AST, LHA, and long-term affordable homes can all transfer, subject to the RP's willingness and regulatory fit.
- The Council can secure nomination rights or management agreements to preserve access to stock for homelessness and affordable housing.

This option can be applied to all or part of the portfolio.

What Happens to the Tenants

The future role of the stock and the positions of various tenancy groups depend entirely on the terms negotiated with the RP. RPs differ in their willingness to accommodate temporary housing, private-rented stock, and mixed tenures, so nothing is assured unless explicitly specified in the sale agreement.

- **Temporary accommodation (TA)**
 - TA households can only remain in situ if the RP agrees to operate TA through a nomination agreement, lease-back or management arrangement.
 - Many RPs do not run TA unless they have specialist provision, so they may require TA units to be decanted. In such cases, affected households would need to be accommodated within the Council's TA provision.
- **AST/LHA tenants**
 - Most RPs will retain AST/LHA tenants, subject to due diligence on affordability, property condition and tenancy type.
 - If the RP requires vacant possession—for example, to re-let or repurpose the unit—all AST/LHA tenants would need to be decanted. Risk assessment would need to be performed to ensure they did not appear as homeless on the Council's register.
- **Long-term affordable tenants**
 - These tenants generally align with RP social housing objectives and can usually remain as assured tenants, but again only where negotiated.
 - Without explicit agreement, the RP could still require vacant possession, in which case affected households may seek alternative accommodation within the Council's housing stock.

- **Market rent tenants**

- Some RPs accept market-rent stock, typically through a commercial subsidiary, but this varies considerably.
- If the RP does not operate private-rented housing, or only wants the asset for affordable use, market-rent tenants may be required to leave but can seek alternative provision within the private-rented sector across Slough.

Advantages

- Removes financial and governance exposure: Council exits JEH ownership, removing exposure to the deficit, liquidity pressures and refinancing risk.
- Potential to recover capital to repay a portion of the loan: disposal may generate a significant capital receipt which can pay off the loan and support broader financial recovery.
- Risks transfer to an experienced regulated housing body: repairs, asset management, compliance, tenancy management and health & safety obligations move to an RP with established systems, reducing operational pressure on the Council.

Risks and Constraints

- Market-buyer risk: no guarantee of a willing purchaser in the area for the portfolio as currently structured. May result in weak offers, protracted sale processes or the need for significant discounts or contractual incentives to secure sale.
- Market value uncertainty: portfolio may sell for below book value or below loan balance.
- Loss of allocation control over long-term affordable stock unless contractually protected.
- Complex legal and tax considerations including SDLT, Corporation Tax, VAT.
- TA continuity risk if RP unwilling to deliver TA.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|---|
| Strategic Fit | Yellow | Could support long-term affordable housing if an RP retains tenants in situ, but TA provision is uncertain and depends entirely on negotiation. SBC loses control over allocations and long-term strategic use of homes. The option does not directly align with homelessness reduction unless contractually secured. |
| Financial | Yellow | A sale may allow partial or full repayment of the £51.7m loan, but valuation uncertainty, SDLT/CT/VAT implications, and buyer appetite all create risk. Achieving best value is not guaranteed and may lead to a shortfall. Financial benefit is possible, but far from assured. |
| Governance | Green | Removes JEH from the group structure, eliminates governance complexity, resolves issues with Articles/SLA/shareholder roles, and transfers landlord compliance risk to a regulated RP. Major simplification for the Council. |
| Risk | Red | Significant risks: uncertain buyer appetite, risk of tenants requiring decanting, potential capital losses, complex legal/tax implications, and reputational exposure. TA is particularly vulnerable, as many RPs will not operate it without specific arrangements. |

| | | |
|---------------------|--|---|
| Public Value | | Depends heavily on negotiation. Public value is strong <i>if</i> the RP commits to preserving LHA/affordable rent levels and accepts existing tenants. Public value weakens significantly if sale terms reduce affordable supply, require decants, or trigger homelessness pressures. |
|---------------------|--|---|

Option 1c – Disposal on the Open Market

What the Option Is

This option is part of **Option 1 – Managed Wind-Down of JEH**. Under Option 1c, JEH's properties are sold on the open market to private buyers or landlords. The homes can be disposed of individually or as portfolio blocks, depending on market conditions and valuation strategy. The main aim is to recover capital receipts to repay as much of the Council loan as possible and close the company once the debenture hardening period ends (May 2027).

This is the most commercially flexible option, but also potentially the most disruptive for tenants and the Council's homelessness system.

What Happens to the Stock

- All or some JEH properties are marketed for sale to private purchasers.
- Sales may be:
 - Individual disposals (most likely to maximise value),
 - Portfolio disposals (faster but typically lower value).
- Sale proceeds are used to repay the outstanding JEH loan to SBC.
- Properties exit the Council's strategic housing control entirely.

What Happens to the Tenants

In an open-market disposal, JEH's social and statutory aims are entirely negated unless specifically safeguarded in the sale contract — which is unlikely in a commercial deal. Private landlords are not obliged to provide temporary accommodation, LHA rents, or long-term affordable housing, and may seek vacant possession as a prerequisite for sale. As a result, most—or all—existing tenancy agreements would need to be modified.

- **Temporary accommodation (TA)** cannot remain in private ownership. Private investors very rarely operate TA, and doing so would create compliance and liability issues for them. TA tenants would likely seek housing from the Council's provision which would now be significantly reduced from the loss of JEH accommodation. This would increase short-term pressure on SBC's homelessness system.
- **AST and LHA tenants** could remain only if the buyer is willing to take them on, but this is not guaranteed. Private purchasers may choose to keep them on new ASTs—often at higher rents and with reduced security—but may equally require vacant possession before completion. Where tenants cannot remain, they must be decanted, and many are likely to present as homeless, increasing reliance on General Fund TA and PRS solutions.
- **Long-term, affordable tenants** cannot remain with an open-market landlord. Affordable housing is not usually part of private rental portfolios, and long-term social rent tenants do not fit a commercial investor's business model. These tenants may seek rehousing within the Council's provision which would be stretched from the loss of JEH units.
- **Market-rent tenants** are the most compatible with private ownership, but even they face uncertainty. Purchasers may still request vacant possession or choose to re-let at new rent levels. If the buyer declines to take them, there are risks as these tenants may present as

homeless. However, these tenants can also seek alternative provision within the PRS in Slough.

Advantages

- Potential for maximum capital receipt if market conditions are strong.
- Allows the Council to fully exit JEH ownership and remove all governance and financial exposure.
- Simplifies the Council’s structure by removing the company entirely.
- No long-term landlord responsibilities for the transferred stock.

Risks and Constraints

- High tenant disruption across all tenancy types.
- Market risk:
 - Private buyers may discount heavily due to the presence of tenants.
 - Lower value for sitting tenancies, TA units, or poor quality of stock.
- Risk of capital shortfall if sale proceeds do not cover the outstanding £51.7m loan.
- Loss of affordable housing supply in Council ownership.
- Homelessness pressures are likely to increase.
- Legal and tax considerations, including SDLT payable, VAT, Corporate Tax, and best value duty.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|---|
| Strategic Fit | | Does not align with SBC’s homelessness, affordability or housing-supply objectives. Removes all TA and affordable capacity from the portfolio and provides no strategic benefit beyond exiting company ownership. |
| Financial | | Potential to maximise immediate capital receipts if market conditions allow, reducing borrowing exposure and enabling loan repayment. However, value uncertainty and vacant-possession requirements may reduce net proceeds. |
| Governance | | Eliminates the need for JEH’s governance structure entirely; significantly reduces long-term oversight burdens. Requires careful process management but provides a clean exit. |
| Risk | | Highest operational and service-delivery risk. Requires mass decanting, triggers possible homelessness presentations, relies on market appetite, and creates major transitional pressures. Exposure to tax, valuation and procurement risks is significant. |
| Public Value | | Removes affordable housing, increases pressure on homelessness services, destabilises tenants, and delivers no enduring social benefit. Short-term financial gain significantly outweighs public value loss. |

Option 2 – JEH Is Retained and Repurposed Solely as a Temporary Accommodation & Homelessness Vehicle

What the Option Is

Under this option, JEH remains a company but is refocused solely as Slough's provider for temporary accommodation and homelessness services. All activities not related to TA—including LHA lets, ASTs, and longer-term affordable housing—would be discontinued to establish a clearly defined, statutory-aligned purpose. JEH would operate only as a specialist TA provider supporting the Council's duties under Part VII of the Housing Act 1996, letting units at LHA or other sustainable rent levels suitable for homelessness support. In practice, this places JEH directly alongside, and potentially competing with, the Council's existing block-contracted TA services.

What Happens to the Stock

- All units would be assessed for suitability, with a view to repurposing appropriate stock for use as temporary accommodation.

What Happens to the Tenants

Under this option, JEH becomes a single-purpose temporary accommodation (TA) and homelessness delivery vehicle, aligned solely with the Council's duties under Part VII of the Housing Act 1996. All wider mixed-tenure and affordable-housing ambitions from the original business plan are discontinued. The company's entire landlord, allocations, compliance and management activity is focused exclusively on TA, delivered through the Council's SLA.

This shift has significant implications for all non-TA tenancy types currently housed within JEH:

- **Temporary Accommodation Households**
 - Can remain in situ with minimal disruption.
 - Become occupants of a re-purposed JEH dedicated solely to TA.
 - Case management and allocations continue through SBC's homelessness service.
- **AST/LHA Tenants**
 - Cannot remain under a TA-only JEH because AST/LHA tenancies fall outside the statutory TA function.
 - Affected tenants would therefore require alternative housing solutions, with appropriate risk assessments undertaken to determine whether displacement could give rise to a homelessness duty for the Council.
- **Long-Term Affordable Tenants**
 - Also, cannot remain under a TA-only company, as these tenancy types relate to long-term housing functions, not TA.
 - Tenants would need to be rehoused into:
 - The HRA (preferred), or
 - Alternative affordable provision.
 - Moves must be carefully planned and supported to ensure housing stability.
- **Market-Rent Tenants**
 - Market-rent activity is incompatible with a single-purpose TA vehicle.

- These tenancies cannot remain in their current form and would require decanting. Affected tenants would generally be expected to seek alternative provision within the private rented sector in Slough, with appropriate risk assessments undertaken to determine whether households might present as homeless.

Advantages

- Retains an established, familiar delivery vehicle.
- Supports a more structured, planned TA offer, potentially reducing reliance on B&Bs and nightly-paid accommodation.
- May offer a financial advantage compared with some existing block-contract TA arrangements, depending on rent levels and operating costs.
- Keeps risk and property management outside the Council's core balance sheet while maintaining full shareholder control.
- Offers clearer financial separation of TA costs and rents.
- Allows JEH to specialise in a single statutory function, simplifying its remit.

Risks and Constraints

- Financial viability weak: TA/LHA rents will not cover JEH's financing and operating costs.
- Does not resolve the £51.7m loan, which would still need refinancing, restructuring or partial write-down.
- Requires major governance reform before JEH could operate lawfully (new Articles, SLA, shareholder arrangements, Board composition).
- Significant decanting effort, operational complexity and transitional disruption.
- Growth is constrained due to borrowing limits and high existing debt.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|---|
| Strategic Fit | Yellow | Aligns with statutory homelessness duties and creates a clear, singular purpose for JEH. However, it narrows JEH's function considerably, does not reflect the full range of housing needs in Slough, and still runs counter to the Commissioner-led emphasis on simplification of delivery models. |
| Financial | Red | TA/LHA rents are insufficient to meet JEH's structural deficit or service the £51.7m loan. Converting JEH into a TA-only vehicle would not fix the company's financial fragility and likely worsens long-term sustainability due to higher compliance and management costs. |
| Governance | Red | JEH's current governance framework is not robust enough to operate even the existing model; narrowing JEH to a TA-only vehicle does not remove governance burdens and may introduce new regulatory considerations. Overall governance capacity remains insufficient. |
| Risk | Red | High risk due to the need to decant all non-TA tenants, major transitional disruption, unresolved refinancing issues, and significant operational pressures. This is among the riskiest options. |
| Public Value | Yellow | Supports homelessness objectives by maintaining TA supply, but results in the loss of all LHA/affordable provision from JEH and |

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| | | significant tenant disruption. Public value is mixed but not wholly negative. |
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Option 3 – Mixed Business Model (Commercial and Social Split)

What the Option Is

This option seeks to recreate the original 2016 vision for JEH as a mixed-tenure housing company comprising:

1. A commercial/market-rent arm generating surplus; and
2. A social/LHA arm providing affordable homes.

The aim is to reintroduce a cross-subsidy model where market-rent income balances lower affordable rents, boosting long-term financial resilience. To operate legally, transparently, and in compliance with subsidy control rules, this structure would likely involve two subsidiaries—one commercial and one affordable/TA—underneath a JEH parent company.

What Happens to the Stock

- All JEH properties remain within JEH, but are reallocated into two distinct arms:
 - Commercial Arm → homes let at or near market rent
 - Social/LHA Arm → homes let at LHA or other sub-market rent levels, which can be suitable for TA

What Happens to the Tenants

Under this option, JEH is reshaped into a mixed-tenure vehicle comprising two distinct arms:

- A social/LHA arm, housing homelessness placements, LHA tenants and long-term affordable tenants; and
- A commercial arm, letting homes at or near market rent to generate surplus that can support the social function, subject to subsidy control and regulatory constraints.

This structure attempts to recreate the cross-subsidy model envisaged in 2016 but requires JEH to operate dual regulatory, financial and governance frameworks. Each tenancy type is affected differently.

- The Social/TA Arm can deliver TA placements using properties currently let at LHA/AST rents, without reconfiguring stock, provided the tenancy type is appropriate.
- AST/LHA tenants would be reviewed as it cannot be assumed that they can remain in situ due to risks surrounding Right to Buy.
- Long-term affordable tenants would need to be reviewed on a case-by-case basis due to risks surrounding Right to Buy.
- The market rents properties can remain in the commercial arm.
- Some properties may need re-profiling to create a viable commercial arm — meaning a small number of decants may still be needed where units are better suited to market rent.

Advantages

- Creates a potential income stream through market rents to partially offset deficits.
- Retains JEH and its social purpose while introducing a clearer commercial strategy.
- Provides flexibility for future growth, partnerships or specialist housing (supported housing, modular TA).
- It could strengthen transparency by separating commercial and social finances.

Risks and Constraints

- Market risk: relies on achieving stable market rents in a low-yield area where JEH has previously been unable to operate viably; commercial returns unlikely to cover debt or refinancing costs.
 - Interviews with officers, as part of this review, indicate that affordability assessments for JEH nominations routinely show households are unable to sustain market-rent levels. This provides further evidence that a mixed-tenure model of this composition is not viable in practice.
- Governance capacity: Slough does not currently have the skills, systems or governance maturity to operate a dual model; previous commercial activity failed and capacity has not materially improved.
- Tax implications: complex Corporation Tax, VAT, and SDLT issues arise if assets are restructured or transferred between arms.
- Strategic misalignment: reintroduces commercial activity at a time when Commissioners and MHCLG are prioritising simplification, statutory focus and risk reduction.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|---|
| Strategic Fit | Yellow | The model retains some alignment with the original intent for JEH and offers a mechanism to support affordable housing alongside commercial activity. However, it does not align well with the Council's current statutory focus or Commissioner expectations for simplification and reduced commercial exposure. |
| Financial | Red | Slough's yield profile cannot support a cross-subsidy model; JEH lacks the commercial headroom required; and creating two arms would introduce new financial pressures. The structural deficit remains unresolved and may worsen. |
| Governance | Red | Requires a group structure with two subsidiaries, distinct regulatory regimes and more sophisticated governance than JEH currently possesses. High risk of non-compliance and capacity overstretch. |
| Risk | Red | Significant operational, financial and regulatory risks. High probability of tenant disruption from reclassifying units. Subsidy control complexity also increases. |
| Public Value | Yellow | Retains some affordable housing and provides delivery flexibility, but benefits are outweighed by financial instability, governance risk and weak alignment with statutory priorities. |

Option 4 – Re-Purpose JEH as a Broader Housing Development Company

What the Option Is

This option would expand JEH's remit beyond temporary accommodation and LHA/AST provision, transforming it into a broader housing delivery and development company. To operate efficiently, JEH would likely need to become a parent company overseeing two subsidiaries: one focused on social/TA housing and the other on development and regeneration.

Subsidiary A – Social/TA Housing Arm

- Responsible for delivering JEH's existing function: TA, AST, LHA and any long-term affordable housing.

Subsidiary B – Development and Regeneration Arm

- Responsible for new-build delivery, land acquisition, regeneration schemes, and mixed-tenure development, potentially working in joint ventures with RPs or private developers.

JEH becomes a holding company overseeing group governance, strategy, financial reporting and risk.

What Happens to the Stock

- All existing JEH properties (TA, AST, LHA, affordable) would be transferred to Subsidiary A.
- None of the existing portfolio is suitable for a development function; Subsidiary B starts with no assets.
- Subsidiary B would require new land, new borrowing and new commercial arrangements—none currently feasible under intervention, prudential rules or JEH's financial position.

What Happens to the Tenants

Under this model, JEH acts as a parent company overseeing two subsidiaries. All existing JEH tenants remain in place within Subsidiary A. Subsidiary B launches a new line of business but does not directly impact current tenants. The option significantly broadens JEH's remit but introduces considerable governance, financial, and delivery complexities.

Subsidiary A – Social/TA Housing Arm

- Retains all existing JEH homes and continues the current function: temporary accommodation, homelessness prevention placements, AST/LHA tenancies and long-term affordable units.
- Acts as the operational landlord for all current tenants, with little immediate disruption.

Subsidiary B – Development & Regeneration Arm

- Takes on all new-build, regeneration, land acquisition, mixed-tenure development and joint-venture activity.
- Would require commercial expertise, development finance capacity, and the ability to take on construction and market risk—none of which currently exist within JEH or SBC at scale.
- Operates entirely separately from day-to-day landlord functions.

Role of JEH as Parent Company

- Holds group-level responsibilities for governance, risk management, consolidated accounts, compliance, audit, and oversight of both subsidiaries.
- Introduces a more complex governance and reporting environment than currently exists.

Advantages

- Could create capacity to deliver new affordable homes and regeneration schemes.
- Separates social housing risk from commercial development activity.
- Limited tenant disruption.
- Offers flexibility for partnerships, joint ventures and mixed-tenure delivery.

Risks and Constraints

- Financial viability is not achievable: JEH is not in a financial position to take on additional responsibilities. The existing social/TA arm is structurally loss-making, and creating a second commercial or development arm would not resolve this deficit; it would likely worsen it.
- Governance complexity far exceeds current capacity: JEH already struggles to meet basic governance expectations. Moving to a group structure with two subsidiaries would significantly increase compliance, oversight and reporting requirements that the organisation cannot currently support.
- Exposure to development and commercial risk is too high: Development activity brings construction, financial, legal and procurement risks. Given Slough’s financial recovery position, the Council is not able to absorb this level of risk or invest in the specialist capability required.
- Commissioners and MHCLG strongly favour simplification and reduced commercial exposure: National recovery expectations emphasise refocusing on statutory duties and avoiding unnecessary financial risk. Expanding JEH’s remit into development would run directly counter to these priorities.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|---|
| Strategic Fit | | Expands JEH into development and regeneration at a time when the Council is under intervention and MHCLG expects simplification, reduced commercial risk and focus on statutory duties. Introducing a development arm moves in the opposite direction of strategic recovery. |
| Financial | | JEH is structurally loss-making and cannot sustain its existing functions, let alone a development subsidiary requiring capital, borrowing headroom, commercial expertise and the ability to take construction risk. No viable business plan could be supported under current financial conditions. |
| Governance | | Current governance is already fragile. A parent-with-two-subsidiaries model would significantly increase board requirements, audit |

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| | | demands, subsidy-control complexity, and assurance arrangements—far beyond current capacity. |
| Risk | | High exposure to development, construction, procurement, and commercial risk; major operational uncertainty; reputational risk under intervention; and potential challenge from auditors or Commissioners. Materially higher risk than all other options. |
| Public Value | | Although development activity could deliver long-term affordable housing and regeneration benefits in theory, the option is undeliverable in practice and would divert capacity from homelessness duties, creating near-term risk rather than public value. |

Option 5 – Retain JEH in Its Current Form (Status Quo)

What the Option Is

This option maintains JEH operating in its current form as a wholly owned company providing a mix of temporary accommodation, AST/LHA tenancies, long-term affordable units, and a small number at market rents. The company would continue functioning broadly as it does now, with minor improvements to governance, reporting, compliance, and the SLA, but without altering the core business model, portfolio mix, or financial structure.

The loan remains active, and the company continues to operate mainly with LHA/sub-market rents and temporary accommodation. JEH still depends on SBC for shareholder oversight, operational delivery, and financial support.

What Happens to the Stock

- All JEH properties remain within the company.
- TA units remain TA; AST/LHA units remain let as they currently are.
- No decanting, reclassification or stock transfer is assumed.

What Happens to the Tenants

Under this option, JEH continues to operate exactly as it does now, delivering a mixed function that combines temporary accommodation, LHA/AST tenancies, long-term affordable lets, and a small number of market-rent properties. The company remains an extension of the Council's homelessness system, rather than the commercially-balanced vehicle envisaged in the original business case, and no strategic clarity is achieved about JEH's role or purpose.

All tenancy types remain in situ:

- **TA households** experience no change and remain placed within JEH-managed units.
- **LHA/AST tenants** continue under their existing terms, with SBC still providing management via the SLA.
- **Long-term affordable tenants** remain in place with their tenancy arrangements unchanged.
- **Market-rent tenants** also remain in situ, continuing under their existing contractual terms, although the presence of mixed commercial and sub-market tenures reinforces the lack of strategic coherence in the overall model.

This option preserves the status quo but does not address the underlying financial, governance or strategic misalignment that currently affects JEH.

Advantages

- No disruption for tenants, staff and services.
- No transfers or decants required.
- Lower short-term delivery effort.
- Opportunity to build on recent improvements.

Risks and Constraints

- Structural deficit remains unaddressed: the company cannot service the £51.7m loan.
- Financial dependence continues: JEH remains reliant on Council underwriting and cannot operate independently.
- Refinancing risk (2028/29) unchanged: a major liability remains on the horizon.
- Market viability issues persist: Slough yields cannot sustain JEH's cost of capital.
- Governance weaknesses remain: the model still blends shareholder, lender and operational roles, with competing priorities.
- Regulatory and subsidy control risk if cross-subsidy or non-commercial activity continues.
- No alignment with Commissioners' emphasis on simplifications and risk reduction.
- Does not fix the underlying problem: the company's purpose and financial structure remain unaligned and unsustainable.

Criteria Assessment

| Criteria | Rating | Commentary |
|----------------------|--------|--|
| Strategic Fit | | The model remains fundamentally misaligned with the Council's strategic direction, statutory duties and commissioner expectations. JEH continues to operate as a hybrid homelessness/commercial landlord without a clear purpose. |
| Financial | | The structural deficit persists. JEH cannot service the £51.7m loan, remains dependent on Council underwriting, and faces a major refinancing challenge in 2028/29. Financial sustainability does not improve under the status quo. |
| Governance | | Governance is improving—Articles, shareholder controls and reporting have begun to strengthen. However, the company still lacks a fully functioning independent board, formalised SLA performance management and a coherent governance structure. Improvements are positive but not yet sufficient to support a sustainable company model. |
| Risk | | Retaining JEH as-is maintains all existing risks: financial instability, compliance weaknesses, refinancing exposure, and operational dependency. No structural risk mitigations are introduced. |
| Public Value | | Short-term stability is preserved for tenants and services continue uninterrupted, which provides some public benefit. However long-term public value is weakened by the company's ongoing deficit, lack of strategic clarity and misalignment with the Council's housing system. |

Other Considerations and Dependencies

Refinancing and Financial Position

JEH's £51.7m loan from the Council matures in 2028/29. Any future strategy must therefore outline how this borrowing will be refinanced, restructured, or repaid, and address the implications for the Council's capital financing, MRP, and overall borrowing capacity. The secured debenture hardening period extends to May 2027, potentially limiting options for early restructuring, asset transfers, or corporate changes without introducing legal or accounting risks.

Any new or amended loan arrangements must comply with PWLB rules, the Prudential Code and the Subsidy Control Act, including evidence that the terms are commercial and do not confer an economic advantage. Tax treatment (Corporation Tax, VAT and SDLT) will affect both feasibility and sequencing, meaning early tax advice is essential.

There are also longstanding accounting inconsistencies within both JEH and the Council. A fully reconciled financial position—covering the loan split, rent subsidies, inter-company balances, and the treatment of Pendeen Court and High Street—is necessary before any refinancing or structural decisions can be made.

Council Structure, Capacity and Governance

Decisions related to JEH fall within the statutory intervention framework and require oversight by the Commissioner and/or MHCLG. Any future model must align with the Council's Recovery and Improvement Plan, MTFs, and future operating model, while avoiding the addition of organisational complexity during intervention.

More complex structures—such as mixed-tenure subsidiaries or development activities—would necessitate capacity and expertise in finance, legal, commercial, and asset management functions that the Council does not currently possess at scale. Any retained company would require enhanced governance arrangements, including:

- Clearly defined shareholder and Board roles
- Compliant Articles and decision-making protocols
- Transparent financial reporting
- Separation of shareholder oversight, operational delivery and financial control

Experience from sector reviews of company failures highlights the importance of strong lender-side control, accurate documentation, sound risk appetite, and alignment between Council and company objectives. Any refinancing proposal must therefore be supported by robust governance, a clear business plan, and realistic assessments of JEH's capacity to service debt.

The current SLA arrangement also poses a constraint. It restricts JEH's ability to operate commercially, lacks transparency in costs, and involves unresolved financial flows (including rent subsidies previously around £380k annually and arrears now exceeding £1.5m). These issues must be formalised or resolved to establish an accurate balance sheet before implementing any structural changes.

Given these issues, decisions regarding the SLA, JEH's operational model, potential staffing, asset strategy, and future purpose require formal guidance from the shareholder. A paper is therefore

needed for the Shareholder Board (currently CLT acting on behalf of JEH and Strategic Projects). This aligns with the emerging strategic position: while the Council may wish to retain a company structure for specific future uses, JEH is not currently suitable for TA delivery, mixed-tenure landlord functions, or development activity.

Legal and Regulatory Compliance

Any future delivery model must operate consistently within the relevant statutory powers, including housing legislation and the general power of competence. JEH must continue to fulfil the requirements of the Companies Act, including director duties, group accounting rules, and audit obligations.

Where services are provided by the Council to JEH, this may fall within a Teckal-style in-house exemption if the statutory tests are satisfied; any external procurement will need to comply with the Procurement Act 2023 and associated guidance. Transfers of stock into the HRA or to external providers will require tenancy normalisation, possibly consultation, and adherence to housing management and landlord regulatory requirements.

Operational Dependencies

JEH has no direct staff and depends entirely on Council teams for housing management, maintenance, finance, ICT, and compliance. The current SLA is outdated, lacks service standards and cost transparency, and would need a complete redesign if JEH were to be retained.

Several properties require investment or are currently vacant, affecting valuations, transfer pricing, and the feasibility of any HRA move. Additionally, whether JEH is wound down or taken fully in-house, substantial work will be needed to consolidate data, systems, and financial records, which are presently dispersed across Council services.

Clear communication with tenants and staff will be vital to prevent service disruption, maintain trust, and safeguard the Council's reputation during any transition.

Impact of the Renters' Rights Act

The Renters' Rights Act is expected to come into force from 1 May 2026. Given the scale and complexity of the proposed wind-down and transfer options, it is unlikely that all properties will be disposed of or transferred before this date. As a result, the provisions of the Act are relevant and should be considered across all options.

From commencement, the Act is expected to introduce the following key changes to the private rented sector:

- **Abolition of section 21 ("no-fault") evictions**, with possession available only on specified statutory grounds.
- **Introduction of revised grounds for possession**, including strengthened tenant protections and evidential requirements.
- **Move to periodic assured tenancies as the default**, removing fixed-term assured shorthold tenancies.
- **Limitations on rent increases**, including:

- restrictions on the frequency and scale of increases,
- enhanced tenant rights of appeal, and
- no provision for back-dating rent increases following determination.
- **Anti-discrimination measures**, including restrictions on blanket policies relating to households with children or pets.

These reforms have direct implications for JEH in its capacity as a private landlord, particularly in relation to rent-setting, tenancy management, and possession strategies. In a wind-down context, they may constrain flexibility to recover possession, restructure tenancies, or increase rents to support financial sustainability.

In light of this, JEH (and the Council, where relevant) should actively prepare for implementation, including:

- reviewing and, where appropriate, implementing any planned rent increases prior to May 2026;
- assessing whether any notices or tenancy actions need to be progressed in advance of commencement, subject to legal advice;
- ensuring policies and practices are aligned with forthcoming anti-discrimination requirements; and
- factoring the Act's provisions into the timing, sequencing, and risk assessment of wind-down and transfer options.

Failure to account for the Renters' Rights Act may increase operational and legal risk, limit available management levers, and reduce optionality during transition.

Emerging Direction of Travel

The appraisal of JEH's current position, strategic purpose, financial model, governance maturity, and operational reality, together with Slough's statutory intervention, financial pressures, and housing needs, consistently points to a single overarching conclusion: JEH cannot continue in its current form.

The evidence shows that JEH offers notable operational advantages, particularly in easing pressure from temporary accommodation and aiding households that would otherwise require Council intervention. However, its current scope and structure do not support establishing a separate company, especially one with a £51.7m secured loan, facing negative equity, and operating a business model that is fundamentally loss-making. JEH's role has narrowed to focusing on statutory homelessness outcomes through LHA-level and TA usage — functions that can be managed more transparently and sustainably within the Council.

Why Continuation Is Not Viable

Three main factors influence the course of action:

(1) Structural Financial Unsustainability

JEH's financial model is irreparably weak:

- Rental income falls short of the £1.6m annual interest charge
- Liquidity is critically low
- Solvency is dependent on valuation movements rather than trading performance
- Refinancing in 2028/29 poses significant risk
- The capital structure remains unresolved, with the unimplemented 40% equity components complicating accounts and compliance

No incremental improvements to operations, rent levels, or governance will resolve a structural deficit of this scale.

(2) Governance and Regulatory Expectations

Commissioners have consistently advised the Council to simplify delivery models, reduce commercial risk, and improve governance. Retaining or expanding JEH would oppose these directives.

JEH currently lacks:

- A functioning board with independent capacity;
- Completed or effective Articles, Shareholder Agreement and SLA;
- A governance framework capable of supporting commercial or mixed-tenure operations;
- The financial resilience required for development or regulated activity.

The effort needed to maintain a company structure exceeds the limited benefits it currently provides.

(3) Strategic Misalignment

JEH no longer serves the mixed-tenure, cross-subsidised purpose outlined in the original Savills business plan. Today, it operates almost entirely within the homelessness system.

This raises a key strategic question: is setting up a separate company the right approach for a function that is mainly statutory and operational? The analysis shows that it is not. The real value is in the assets themselves, not in the corporate structure that owns them.

Recommendation

The options appraisal assessed five routes. Only one, Option 1, is feasible, and the recommendation is not to pursue Options 2-5, with SBC concentrating on implementing Option 1.

Why Options 2-5 Should Be Discounted

Option 2 — Retain JEH as a TA vehicle

Not feasible due to:

- Ongoing financial deficit
- Inability to grow or refinance
- Governance immaturity
- Uncertain regulatory status
- Misalignment with the Commissioner's direction

Option 3 — Mixed Commercial/social model

This option repeats the mistaken assumptions of 2016. Even with more units at market rent, Slough yields struggle to cover borrowing costs at 2016 interest rates, and JEH currently lacks commercial capacity. This adds unnecessary complexity and risk without any financial gain.

Option 4 — Repurpose JEH as a development/regeneration company

Completely unviable due to:

- JEH lacks capital and governance for development
- Construction and commercial risk contradict statutory directions
- Would worsen rather than resolve the company's structural financial weaknesses
- Would require two subsidiaries, significantly increasing complexity

Option 5 — Retain JEH as is

Not a credible option due to:

- Perpetuates a known structural deficit
- Forces ongoing reliance on General Fund subsidy
- Contradicts recovery plans and Commissioner expectations
- Does not address solvency, governance or refinancing risk

Only Option 1 — a managed wind-down — addresses the root causes of JEH's challenges rather than just the symptoms.

Preferred Strategic Direction: Managed Wind-Down and Portfolio Redistribution (Option 1)

A managed wind-down of JEH, combined with a structured redistribution of its stock, offers the clearest, safest and most financially responsible route forward. It resolves legacy issues, strengthens financial resilience, removes unnecessary complexity, and aligns delivery with statutory powers and strategic housing priorities.

It ensures the future use of JEH's 214 homes supports Slough's long-term housing goals, without perpetuating an unsustainable corporate structure.

The preferred direction is to dissolve JEH once the debenture hardening period expires in May 2027, and to apply a blend options 1a-1c i.e. 1d which is a redistribution of the portfolio through a combination of:

- **HRA transfer**
- **General Fund transfer**
- **Disposal to Registered Providers** (where this secures affordability and reduces borrowing exposure)
- **Open-market disposal** (where appropriate and financially favourable)

Note: This redistribution could occur earlier once appropriate legal and tax advice is obtained regarding the disposal of stock during the hardening period.

These pathways are not mutually exclusive. Different routes will suit different properties depending on:

- Condition
- Tenant type
- Rent level
- Location
- Long-term strategic value
- Legal/tax implications

Future Use of the JEH Corporate Entity (If required)

Once the loan is repaid and the assets have been transferred or disposed of, JEH will cease to have any operational functions or financial obligations. At that point, the Council would have two lawful options:

1. Dissolve the company as planned under the preferred Option 1; or
2. Retain the empty corporate shell for a different authorised purpose.

If the Council wished to repurpose the entity, it would effectively amount to creating a new company, as JEH's current business model, assets, liabilities, and purpose would no longer exist. Any such repurposing would therefore require:

- A new business plan and Articles of Association
- New governance arrangements and Board structure
- Compliance with subsidy control, procurement law and the Prudential Code
- Assurance that the new purpose aligns with statutory powers and Commissioner's expectations

This option does not affect the preferred method of winding down JEH or redistributing its assets; it is a technical possibility that could be considered later if the Council identifies a clear strategic reason for creating a separate corporate entity.

Next Steps

The Council now needs to take forward two parallel workstreams. The first focuses on the managed wind-down of JEH and the redistribution of its portfolio. The second addresses the wider strategic question of how the Council will meet its long-term housing supply requirements.

The wind-down outlines the legal, financial, and operational steps required to safely close the company before the refinancing window.

In parallel, the Council must undertake an options appraisal to identify the most effective delivery model for acquiring and delivering additional homes – recognising that, although JEH is no longer viable, future delivery may still require a new vehicle, a partnership model, or direct Council delivery.

Workstream One: Closing Down JEH

1. Seek Approval

The next immediate step is to obtain approval for Option 1 — a managed wind-down of JEH and redistribution of its portfolio. The approval from key decision-makers should also include consent to begin developing the implementation framework for executing this option.

2. Develop Business Case or Business Plan

Once approval is granted, the council should develop a formal Business Case or Business Plan outlining how it will implement the preferred option safely, lawfully, and in a phased manner.

The required document depends on who leads the next phase:

- If Slough Borough Council leads the programme, it must prepare a Business Case covering the strategic, economic, commercial, financial, and management arrangements for implementing Option 1.
- If JEH undertakes the transitional activity, it will need a clearly defined Business Plan governing its run-off period before dissolution.

In practice, both may be necessary: the Business Case to define the Council's overall approach, and a Business Plan for JEH to handle its remaining responsibilities safely and within clear constraints.

The Business Case/Business Plan is therefore the *core document* that sets out:

- Future operating and governance arrangements
- Strategic rationale for the wind-down
- Full programme plan and sequencing
- Legal and financial framework
- Phased approach to transfers and disposals
- Timeline for closing JEH before the refinancing period

The Business Case/Business Plan should structure the programme into three delivery phases.



2a. Establish Programme Governance

The Council and the Company should establish joint programme governance to develop and deliver the Business Case/Plan.

- Appoint a Senior Responsible Owner.
- Create a cross-departmental programme team (housing, finance, legal, governance, commissioning, property).
- Define reporting lines to the shareholder function, the Commissioners, and Cabinet.

2b. Legal, tax and accounting parameters

- The Business Case/Plan must set out, using early specialist advice, the legal and financial boundaries of the programme, including:
 - The impact of the debenture and hardening period (to May 2027)
 - What activity can be undertaken before May 2027
 - What activity must wait until after May 2027
 - Tax exposures (Corporation Tax, SDLT, VAT)
 - Subsidy control, PWLB compliance and Prudential Code constraints
 - Accounting treatment of the £51.7m loan and inter-company balances

This defines the programme's operational "safe zone".

2c. Portfolio Assessment and Blended Strategy

The Business Case/Plan should then set out how the portfolio will be evaluated and segmented, including a structured assessment of all 214 units and classification of each property by:

- Condition and investment need
- Tenancy type and required rehousing pathway
- Financial performance/yield
- Alignment with long-term HRA priorities
- Suitability for GF TA
- Disposal potential (RP or open market)

Using this segmentation, the Business Case/Plan should set out a coherent mixed approach that:

- Identifies units suitable for HRA transfer
- Identifies units forming a stable General Fund TA portfolio
- Identifies disposal tranches (to RPs or the market)
- Sequences work around the hardening period and refinancing timetable
- Minimises tenant disruption and avoids pressure on TA/B&B

This strategy becomes the blueprint for the phased implementation.

2d. Phased Implementation Plan

The Business Case/Plan should outline a three-phase programme to be implemented from 2025 onwards, concluding before refinancing in 2028. The legal advice during the hardening period will influence the timing of the plan. However, the steps and sequence will remain unchanged.

Phase A – Preparatory Work (2025 onwards)

This phase concerns all activities allowed before the hardening period concludes in May 2027:

- Portfolio review and due diligence
- Property surveys, valuations, and legal checks
- Stabilisation of assets (voids, compliance, repairs)
- Data cleansing and tenancy regularisation
- Design of rehousing pathways
- Communications planning
- Engaging RPs and market purchasers
- Early marketing and conditional exchange on disposals, where legally permissible
- Preparation for HRA/GF stock transfers (legal, accounting, systems work)
- Resolving SLA and rent-subsidy issues
- Setting out the plan for the managed run-off of JEH

Although the transfer of title should generally not be completed before May 2027 (end of the hardening period), disposals can proceed with negotiations, agreement on terms, and a conditional exchange. In some cases, they may even reach completion during this period if supported by legal or tax advice and formally approved by the shareholder. If that occurs, the company's formal winding down could be expedited.

Phase B – Transfers and Disposals (pre-2028)

The Business Case/Plan will authorise:

- Completion of disposal tranches already marketed
- Phased transfers into the HRA and General Fund
- Execution of RP disposals with nomination agreements, where applicable
- Targeted open-market disposals to reduce borrowing exposure
- Careful phasing to avoid spikes in decants or TA pressure
- Application of receipts to the £51.7m loan in line with the agreed financial strategy

This phase should complete the portfolio's redistribution.

Phase C – Closure of JEH (pre-2028)

The Business Case/Plan should set out how JEH will be wound down:

- Resolving inter-company balances
- Settling rent subsidies and SLA recharges
- Completing final accounts and audit
- Correcting capital structure issues (e.g., equity conversion, write-downs)
- Choosing the legal route for dissolution (strike-off or MVL)
- Updating group accounts and governance documents

The company's wind-down should be completed before the refinancing period from 2028/29 to avoid refinancing implications.

3. Approvals

The Business Case/Plan must also secure:

- Formal shareholder direction adopting Option 1
- Approval of the wind-down before refinancing
- Approval of the blended redistribution principles
- Approval of the phased programme and timelines
- Updates to JEH's Articles / Shareholder Agreement to reflect its run-off role
- Cabinet and Commissioner approval

4. Strengthen Compliance and Assurance

This work ensures that all activity within the wind-down is legally robust, properly evidenced and subject to proportionate oversight. It would require:

- **Independent valuations and financial checks:** Formal valuations of all assets subject to transfer or disposal, validation of financial assumptions, and assurance that disposal routes achieve best value or comply with statutory exemptions.
- **Legal documentation and transaction readiness:** Preparing and reviewing all legal advice required for transfers, disposals, and JEH's closure (e.g., sale contracts, nomination agreements, intra-group transfer documents, updated Articles, shareholder directives, dissolution documentation).
- **Regulatory and policy compliance:** Confirmation that all activities adhere to subsidy control, PWLB requirements, the Prudential Code, accounting standards, and the restrictions of the debenture/hardening period.
- **Risk management and escalation:** A structured framework for managing financial, operational, legal, and tenant-impact risks, with clear mitigation measures, trigger points, and escalation routes to the SRO, shareholders, and Commissioners.
- **Approvals and governance at each milestone:** Established approval gateways for key stages—marketing, conditional exchange, transfer sign-off, disposal execution, application of receipts, and JEH wind-down—ensuring transparent oversight throughout the programme.

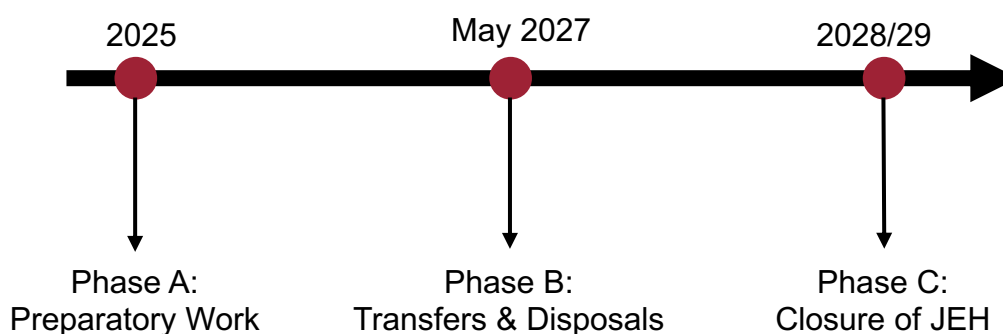
5. Prepare a Communications and Tenant Engagement Plan

This work ensures that tenants, partners, and stakeholders understand the programme, its implications for them, and when changes will take place. It would require:

- **Clear messaging on the purpose and scope of the wind-down**
Simple explanations of why JEH is being wound down, what "Option 1" involves, and what tenants can expect at each stage.
- **Tailored communications for different tenant groups**
Information that recognises differences between TA households, long-term tenants, RP-bound properties and units expected to be disposed of on the open market.
- **Early engagement on rehousing pathways**
Transparent communication on rehousing options, expected timelines and support available, especially for households affected by transfers or disposals.
- **Channels for ongoing dialogue**
Multiple routes for tenants to ask questions and receive updates (letters, drop-ins, phone lines, online FAQs), with clear points of contact.

- **Stakeholder alignment**
Briefing and coordination with Members, Commissioners, Registered Providers, support services and internal departments to ensure consistent, accurate messaging.
- **A timetable aligned with the three-phase programme**
Communications tied to key milestones—portfolio review, preparatory work, transfers, disposals and JEH closure—so tenants receive information before change happens.
- **Support for vulnerable tenants**
Additional engagement and safeguarding arrangements for tenants with higher support needs or complex cases.

Indicative Timeline



Workstream Two: Future Housing Supply and Delivery Options

Alongside the closure of JEH, the Council must also address the broader question of how it will fulfil its long-term housing and development goals. This is a separate programme of work and should be organised as a second, parallel workstream.

The original purpose of JEH was to support the acquisition and delivery of new housing, particularly for temporary accommodation and affordable homes. With the Council now committed to winding down the company, a structured appraisal is needed to determine how these objectives will be met going forward. This workstream should include:

1. Strategic Review of Housing Need

- Reassess housing supply needs across short, medium, and long term, including pressures for temporary accommodation, homelessness obligations, and affordable housing requirements.
- Determine the scale and type of accommodation the Council needs to provide over the next 5-10 years.
- Align this with the Council's Housing Strategy.

2. Options Appraisal for Future Delivery Models

A formal options appraisal should be undertaken to determine the best mechanism for delivering additional homes. This should objectively assess:

- Direct delivery through the General Fund or HRA
- Partnerships or joint ventures with Registered Providers or developers
- Procurement-led approaches (e.g., long-term leasing, purchase programmes)

- Use of a new housing delivery company or group structure
- Hybrid models combining multiple routes

This appraisal should evaluate commercial, legal, financial, and governance implications of each option, as well as alignment with subsidy control, PWLB guidance, and the Prudential Code.

3. Assessment of Whether a Company Structure is Required

Although JEH is no longer viable—operationally, financially, or reputationally—this does not automatically rule out the possibility of employing a different corporate vehicle in the future. The Council should therefore consider:

- Whether a company is essential to meet its housing objectives
- The particular issue a company aims to address (e.g., market agility, tenure flexibility, development risk management)
- Whether alternative delivery models provide better value or lower risk
- If a new company were pursued, what governance, capitalisation and oversight arrangements would be required to avoid the issues seen in JEH

This ensures that any future company is created only if it is demonstrably the best way of achieving the Council's objectives – not by default.

4. Delivery Plan of the Preferred Option

Once the Council has identified its preferred delivery model, the next steps should include:

- Developing a strategic business case for new supply
- Setting out the acquisition, development and investment priorities
- Identifying funding, financing and delivery partners
- Sequencing the programme over the next 5-10 years

This workstream ensures that, while JEH is being wound down, the Council maintains a forward-looking approach to meeting housing demand.

Appendix

Appendix 1: Interviews with Stakeholders

The following stakeholder interviews were undertaken to support the findings and analysis in this report:

- Neil Euesden — Interim Director (Housing Projects), Slough Borough Council; Director, James Elliman Homes
- Pat Hayes — Executive Director of Regeneration, Housing & Environment, Slough Borough Council
- Merin Verghese — Management Accountant, Slough Borough Council
- Victoria Boateng — Head of Housing, Slough Borough Council
- Tracy Corps — System Development Support Analyst, Slough Borough Council
- Carol Maduka — Strategic Finance Manager, Regeneration, Housing & Environment, Slough Borough Council
- Janet Weekes — Head of Temporary Accommodation & Housing Allocations (Consultant), Slough Borough Council
- Anna Dulias — Housing Recovery Lead, Slough Borough Council
- Vicki Palazon — Finance Consultant, Slough Borough Council