



**Ground Rent Estates 5 Limited**

**Strategic Business Plan**

**April 2026 to March 2027**

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***January 2026***

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## Executive Summary

Ground Rent Estates 5 Limited (GRE5) is wholly owned by Slough Borough Council (the Council). GRE5 owns the freehold lease of Nova House.

Nova House is a block of 68 apartments in Slough town centre which failed flammability tests following the Grenfell fire and further survey work revealed significant defects with the compartmentation within the building.

In 2018, the Council acquired all the shares of GRE5 Ltd due to concerns about the capacity of GRE5 to undertake the substantial remediation works required and concerns about the safety of residents.

GRE5's core activities are the collection of ground rent, freehold extensions and management of some services at Nova House. In addition, GRE5 commissioned significant remedial and development works to ensure Nova House was brought up to a standard to address the fire and structural risks evident from the defects in the building and is in the process of continuing to seek recompense for those works from insurance, homes England, and where appropriate leaseholders and loans from Slough Borough Council.

- The remediation works generally have comprised, sprinkler works, cladding replacement, and structural repairs. All works have achieved Practical Completion and are in the Defects Liability Period and are managed by relevant and appropriate construction consultants.

During the period from the last Business Plan, the lessees of the building has successfully made an application to manage the service charge works. Updates are contained within this Business Plan.

The Company has appointed two new Directors since the last Business Plan, and the previous two Directors have resigned.

The format of this Business Plan follows the requirements of the Shareholder Agreement.

Underpinning the Business Plan is the;

- Shareholder Agreement
- Loan Facility Agreement from Slough Borough Council
- Letter of Assurance
- Underlying value of the freehold interest

Slough Borough Council monitors the performance of the Company and its Business Plan through the Shareholder Panel with the Business Plan approved by the Cabinet. The Shareholder Panel is supported by a Senior Responsible Officer.

## Introduction

In 2018, the Council acquired the shares of GRE5 Ltd due to concerns about the capacity of GRE5 to undertake the substantial remediation works required and concerns about the safety of residents.

On 16<sup>th</sup> March 2023 the Cabinet Report received approval to the Business Plan and also the approval of an increase in the loan facility by £5m to allow the work programme to continue in advance of any recovery via legal proceedings, future grant from Homes England and/or Leaseholder recovery. The current financial position, Profit and Loss, cash flow and loan position is set out in the financial section of this Business Plan and has been submitted to the Shareholder for approval on the basis that the company Directors and Shareholder representative will negotiate and agree the financial liabilities for future write off by the Shareholder.

GRE5's core activities are the collection of ground rent, freehold extensions and management of some services at Nova House. Its income is approximately £15,000 per annum and it has very limited options in terms of raising finance as it has limited assets and value which cannot offset the entirety of loans/interest, hence the reason for funding arrangements secured, although the Company will be utilising its existing cashflow from the final Homes England grant claim and any other funds to minimise the need for any write off.

Whilst a write off is highly likely, it should be noted that the financial position regarding potential write off is much improved since the securing of insurance funding and funding from Homes England some of which is being finalised and negotiated, but it should be noted there will be a shortfall. There also remain some activities which are likely required to continue in relation to the subrogation of the insurance, transfer of the management function and transfer of the Service Charge Management to the Tenants Management Company. The next 12 to 24 months are likely to see the resolution of the outstanding matters and an exit strategy developed for the Company and its net holdings, recognising the Company is highly unlikely to be able to pay of all loans/interest charges to the Council and the Directors will be seeking an early discussion and approval in 2026 to write off loans and interest it will not be able to repay. This is considered elsewhere in the Business Plan.

In 2025 the Lessees of the building made a successful application to take over the service management of the block and have now set up a Management Company to undertake that role. This is backed by Statutory provisions, and the Directors are arranging an orderly handover of the management of the building and in addition the Directors will consider the future freehold ownership of the asset once all outstanding issues associated with the Company and the significant works it has undertaken have been resolved.

The remedial works have achieved Practical Completion, and the works are in Defects Liability Period. An end of Defects Liability Certificate has been issued by the Consultant.

In accordance with the Shareholder Agreement, this Business Plan sets out the following for GRE5 for the period from April 2026 to March 2027:

- Strategic Aims and Objectives of GRE5
- Strategic Plan
- Governance
- Key Business Risks
- Sources of Funding
- Financial Projections
- Key Performance Indicators – including business and financial

## Strategic Aim and Objectives

### Aim

The strategic aims of GRE5 are:

1. to finalise all contractual liabilities relating to the Building Contract for the works outlined previously including the management of defects liability period and payment of retentions due.
2. as freeholder of Nova House, arrange an orderly transfer of the management of Nova House to the lessees and the Management Company they have arranged.
3. to protect the value of Nova House and plan an appropriate exit strategy for the Shareholder, noting that the Shareholder will not be able to recover all funds (capital and interest) and the Directors will be seeking loan/interest write off through the Shareholder representative and the Council as 100% Shareholder.
4. Ensure that the Company remains a trading company and financial support is requested from Slough Borough Council as required to ensure that the Company does not have to be out into receivership or liquidation.
5. Respond to the requirement of the Subrogation of the Insurance Claim.
6. Conclude and arrange for receipts of all funding sources in the Company including Homes England Funding.

### Objectives

The objectives to support the aim are as follows:

#### *Nova House Condition*

- Ensure the safety of residents by ensuring that relevant inspections are undertaken by the Professional Team at the End of Defects Liability Period and the Contractor undertakes appropriate works identified.
- Ensure that Nova House meets all the requirements of the Fire Risk Assessment, a fire risk assessment was undertaken in July 2025 and responsibility for the FRA moving forward will be with the Tenants Management Company

#### *Service to tenants and leaseholders*

- Ensure an orderly transition to the Tenants new Service Management Company and terminate management arrangements with GRE5's Managers and Subcontractors.
- Communicate with our stakeholders where required
- Protect the safety of the residents in the transfer of management responsibilities.

#### *Shareholder interest*

- Protect the interests of the shareholder – Slough Borough Council.
- Achieve maximum achievable cost recovery subject to legal and funding processes to protect the interests of the shareholder and the financial commitment it has made, subject to recent legislation through the Building Safety Act (2022)<sup>1</sup>; and
- Plan for an exit strategy for the shareholder by creating a fit for purpose, properly managed, safe building for residents of Slough.

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<sup>1</sup> The legal implications of the Building Safety Act (2022) regarding restrictions on reclaiming funds from leaseholders has been explored and recovery from leaseholders is limited

## Strategic Plan

An update on the summary of the previous key milestones and targets for the next 12 months is as follows:

Activity	Description/Target Outcome	Target Completion Date
Cladding panel replacement work	Removal of original cladding, replacement of cladding and removal of waking watch. Replace balconies once cladding has been completed.	Complete and in defects liability period which ended December 2025.
Structural/Stability Remedial Works	Structural issues have been identified in the building following the removal of the cladding exposing the structure.  These relate to bracing, welds where the structure was extended and shims on the fourth-floor floorplate.	Complete and in defects liability period which ended December 2025.
Steelwork fire protection/sprinkler	Provide Sprinkler system in lieu of additional work required in relation to the steelwork. Implement mitigation works to the satisfaction of the fire officer.	Complete and in defects liability period which ended December 2025.
Internal works	Internal compartmentation works - Internal works are required to the communal areas to provide safe passage to residents in the event of a fire.  Sprinkler System installation - BS9251 sprinkler system to be designed and installed.	Complete and in defects liability period which ended December 2025.
Building management to complete in 2026	Leaseholder/tenant Liaison	Transfer to Management Company requested pursuant to Statute by Lessees The transfer happened July 2025. There remains a few outstanding matters with regards to paperwork to conclude Q1 2026/27
Funding	Loan, insurance claim, Homes England grant and other funding sources	In 2026 to complete all negotiations on recovery of funding and potential other forms of recovery. Currently this is ongoing but to note there is a short fall between funding and loans and interest due to the Council.
Business As Usual Position	All cladding and remediation work completed and a return to the business-as-usual position of solely providing building management services to Nova House.	Complete

Activity	Description/Target Outcome	Target Completion Date
Subrogation of Insurance	As part of mediation an insurance settlement was achieved subject to subrogation arrangements with the insurer	The Company is obliged to support the subrogation claim being made by the insurer, it is uncertain how long this will take but if legal action is pursued then it could extend the Companies existence beyond 2026/2027. The Company has an obligation to assist but is held harmless from any litigation
Exit	Arrange a suitable exit for the shareholder.	Potential Exits being explored but unlikely before Subrogation of Insurance Claim has completed.

## Key Performance Criteria

The company is measuring its business performance with the following performance metrics:

1. Transfer of management
2. Subrogation of Insurance Claim
3. Company exit strategy
4. Resolution of Homes England Funding
5. Write off of loans and interest
6. Appointment of Company Secretary
7. Appointment of Company Accountant
8. On Board Company Directors
9. Complete 24/25 Audit
10. Investigate transfer of benefits of contracts to Mgt Company

## Building Works

Building works are Practically Complete with the defect's liability period which ended December 2025.

Separately a final audit and sign off of Contracted Works will be undertaken by the Directors.

There remain obligations on the Company pursuant to the Subrogation of the Insurance Claim.

The Sprinkler Contract commissioned outside the main contract with the main contractor must be checked for completeness and fire-stopping.

The Directors will review the availability of letters of reliance, collateral Warranties, guarantees, construction and health and safety files, commissioning certificates, as well as built drawings from main contractor, relevant sub-contractors and consultants. Seek to get all documentation into a data room if that has not already been done.

## Building Management

Leaseholder and Tenant liaison through the managing agents and effective transfer of management to the Lessees Management Company.

## Funding

GRE5 has secured a grant from Homes England to fund eligible works, a loan from the Council to support the cashflow of the works and ineligible costs and an insurance claim. Further detail is included in the Sources of Funding section.

## Business as Usual and Exit Strategy

The exit strategy will be developed now that Nova House has returned to a 'Business as Usual' position. All the works will need to be completed, and the management will need to be up to date, and liabilities settled.

The prevailing investment will also need to be assessed and considered in terms of the timing of the disposal of GRE5.

The Council is currently in the process of appointing advisors to consider the exit options from GRE5.

## Governance

### Board of Directors Responsibilities

#### *Purpose and Scope of the Board*

The key objectives of the Board are:

- To update the Business Plan every 12 months and report into Cabinet Committee and periodically to provide updates to the shareholder panel and shareholder representative.
- To ensure value for money and quality is part of any assessment in relation to the works set out below.
- Board reports are clear and presented to include monthly profit and loss, financial year forecast with a cashflow statement and balance sheet.
- The Board will work with the shareholders on internal and external audits.
- Agreements will be documented between the shareholders and Board for support services.
- The Board will identify any potential conflicts of interest which will be declared and acted upon.
- The Board will meet regularly to consider, review and record discussions and conclusions.
- The scope of the Director's authorities will be documented through the Business Plan and be clear to all parties.
- The Board will regularly review membership ensuring it is fit for purpose.
- The Board will review and understand the organisations risk profile and regularly review the risks and risk appetite.
- A skills audit is undertaken by the Board and a review of ongoing training carried out.
- To document conclusions of the building contract(s) undertaken at Nova House
- To respond to the subrogation of the Insurance claim with Allianz.
- To manage and undertake claims in relation to the grant agreement with Homes England and Loan agreement with Slough Borough Council.
- Review the risks in relation to the risk register for the project.

- To undertake the governance and reporting required for GRE5 in terms of the Board and to the Shareholders, Leaseholders and occupiers of Nova House
- To review and monitor the funding for the project both in terms of the funders and the leaseholders.

The Board of Directors will:

- Manage the day-to-day business activities and finances of GRE5 in accordance with the Companies Act 2006, articles of association and shareholder agreement;
- Act in the best interest of the company and promote the success of the business; and
- Undertake legal responsibilities including preparing annual accounts, tax returns and company records noting some of these activities will be supported through a Service Level Agreement with Slough Borough Council attached.

In addition to general statutory responsibilities, the Directors will seek to:

- Carry out all urgent mitigating works as required as quickly as possible and with minimum disruption to residents;
- Ensure proper management of the building; and
- Recover costs from insurers, leaseholders, and other parties as appropriate.
- Obtain grants where possible including from Homes England.

## Relationship with the Council

GRE5 is a separate, distinct legal entity from the Council. However, the Council retains a degree of control through the ownership of all shares in the company. These shares, along with governance measures below, give the Council the necessary means to exercise appropriate levels of control should this be required. As sole shareholder, the Council has the ultimate sanction of either removing the Board Members and appointing replacements or ultimately resolving to wind up the company.

The relationship with the Council is primarily be governed by the following:

- The Loan Agreement; and
- The Shareholder Agreement
- Letter of Assurance

Funding Agreement(s) - The Funder Role is where the Council acts as a funder and would be instrumental in determining whether to lend money to the company. A loan agreement was put in place in August 2022 for a loan of £10m and subsequently varied in May 2023 to £15m from the Council to GRE5. The loan facility agreement is a capitalised loan at 6% pa. A letter of reliance has been provided to the Company in relation to its financial position. The finalisation of the exit strategy for the Company is likely to realise a write off of loans/interest due to the Council.

The Shareholder Role is the Council acting as the shareholder in GRE5 to ensure that the company delivers against key objectives. Through this role, the Council will ensure that GRE5:

- Complies with good company governance.
- Financial management/audit practices; and
- Has due regard for "brand" and reputation consequences of their business practices.

The underlying intent of a Service Level Agreement (“SLA”) is to provide reassurance that there is transparency in relation to the use of the Council’s core staff and facilities for purposes which relate to the activities of the company and ensure there is a robust mechanism for recovery by the Council of all associated costs. The SLA will set out the range of services (for example office space, IT support, Housing Services, Legal Services and Asset Management support) that will be provided and clarify the cost of each element. The SLA will be reviewed annually. The SLA is currently being developed by the Council with the Directors of GRE5 Limited but will be much reduced in scope compared to the initial proposals.

The company maintains a risk register which is shared with the council’s Shareholder representative and escalated to Shareholder Panel for alignment as necessary into the council’s corporate risk register.

## Sources of Funding

### Turnover – Ground Rent

The principal source of turnover for the company is the ground rent payable by the leaseholders.

The ground rent is collected twice a year – 1st January and 1st July – with invoices normally sent out in May and November. GRE5 continues to use a managing agent to collect ground rent and chase arrears on behalf of the company.

### Funding for Works

#### *Homes England Grant*

Most of the original grant has been received, however Directors continue to work on recovery of the grant and meeting conditions of the grant. Updates will be issued at the Board meeting and through the monthly accounts and financial reports.

A reconciliation is being undertaken between grant received and insurance received to ensure there is no overpayment, if there is there may be a requirement to repay part or all the Homes England grant.

#### *Insurance Claim against the building's warranty provider*

Following the successful recovery of the Insurance, there is a subrogation of the insurance whereas the Insurer against certain parties. GRE5 Limited are required to support the claim but will be held harmless, however there will be work associated and if it goes to litigation may continue over a protracted time. This may have an impact on GRE5 exit strategy and the Directors will undertake further work on this.

#### *Council Loan and Parent Company Guarantee*

The Council has issued a letter of support to GRE5 Limited, but as set out earlier GRE5 does not have the financial capability to repay the loans issued. The Directors will be seeking suspension of interest charges and a confirmation from the funder that they will write off some of the loans as part of the proposed exit strategy.

The maximum financial exposure to GRE5, and therefore the Council as 100% shareholder, is projected to be up to £4m significantly reduced from the original potential exposure in the business plan of £13m. Any ultimate shortfall is subject to the Council's treatment of outstanding debt and interest. A final draft reconciliation will be made during the financial year 2025/26.

#### *Leaseholder contribution*

#### *Other*

Directors will review actions previously reported as undertaken of;

- the Directors have, under the Building Safety Act 2022 reviewed the possibility of a claim against the developer of Nova House via their holding/ultimate parent company. Legal advice is there is limited scope.
- The potential to make a claim against the manufacturer of the cladding for the costs in relation to the waking watch (that are not eligible under the grant funding or insurance claims). This has been explored and is not being pursued.

## Financial Projections

### Forecast Profit and Loss, Balance Sheet and total Equity, Cashflow and Loan

The profit and loss shown in the next tables outlines the cumulative position as at March 2024, as per the statutory accounts, the audited position for 2024, the draft unaudited accounts for 2025 (2024/25) and the business plan projections for financial years 2026 and 2027. The business plan assumptions are based upon the company moving towards an exit strategy following the completion of the cladding remediation and structural works and prior to any negotiation with the Shareholder and council as lender on the existing loan facility agreement.

Whilst the positive actions undertaken by the company to secure government funding through Homes England and an insurance claim has reduced the overall initial exposure to the council of up to £15m ([Cabinet report](#) March 2023), this has been insufficient to date to cover the full loan outstanding as at 31 March 2025 of £5.165m including interest.

During early 2025 and in response to the clarity of previous accounts and Company management and as recognised by the Council as Shareholder, the Directors will be seeking to write off loans from the Shareholder and suspension of issue of credit notes for interest payments. Furthermore, unless the outstanding funding is forthcoming from Homes England the Company will be unable to settle its debts and the Directors are likely to have to seek interim finance to meet ongoing liabilities pending the planned exit plan which is likely to include an orderly wind up of the Company and sale of asset of the one underlying asset.

The current costs to date including the financial projections to achieve an exit strategy are shown in the next table. The forecasts assume current known implications of Homes England funding. The interest payment to the council as lender remains in line with the current loan facility agreement and no assumptions have been made on leaseholder contributions.

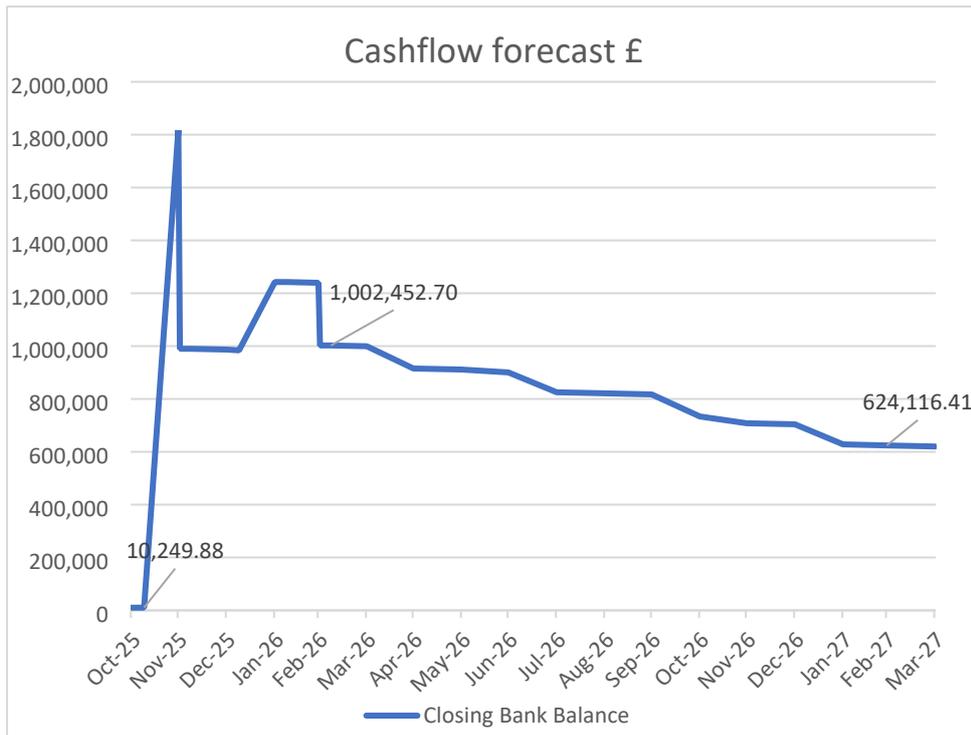
<b>Profit and Loss £m</b>	<b>Up to 2023</b>	<b>2024</b>	<b>(DRAFT) 2025</b>	<b>BPLAN 2026</b>	<b>DRAFT BPLAN 2027</b>
Turnover	0.045	0.015	0.014	0.015	0.015
Less cost of sales	-15.603	-10.082	-7.055	-0.502	-0.077
<b>Gross loss</b>	<b>-15.558</b>	<b>-10.067</b>	<b>-7.041</b>	<b>-0.487</b>	<b>-0.062</b>
<b>Other operating income</b>					
Government grant	7.053	1.991	4.381	0.259	0.000
Insurance claims receivable	13.667	0.918	3.178	0.000	0.000
<b>Administrative Expenses</b>	<b>-5.157</b>	<b>5.117</b>	<b>-0.288</b>	<b>0.000</b>	<b>0.000</b>
<b>Operating profit / (loss)</b>	<b>0.004</b>	<b>-2.040</b>	<b>0.230</b>	<b>-0.228</b>	<b>-0.061</b>
Interest receivable	0.029	0.332	0.036	0.001	0.000
Interest payable	-1.483	-0.372	-0.232	-0.317	-0.316
Fair value movement on investment properties	0.418	0.000	0.000	0.000	0.000
<b>Operating profit / (loss) before taxation</b>	<b>-1.031</b>	<b>-2.080</b>	<b>0.034</b>	<b>-0.545</b>	<b>-0.377</b>
Tax on profit / (loss)	-0.024	0.026	0.008	0.000	0.000
<b>Profit / (loss) for the financial year</b>	<b>-1.056</b>	<b>-2.054</b>	<b>0.041</b>	<b>-0.545</b>	<b>-0.377</b>
<b>Total Equity</b>	<b>-1.035</b>	<b>-3.089</b>	<b>-3.048</b>	<b>-3.593</b>	<b>-3.970</b>

The balance sheet including business plan projections is as follows:

## Balance Sheet £m

	2024	(DRAFT) 2025	BPLAN 2026	DRAFT BPLAN 2027
<b>Fixed assets</b>				
Investment Property	0.418	0.418	0.418	0.418
<b>Current assets</b>				
Debtors	0.056	2.140	0.007	0.007
Cash and bank in hand	2.933	0.014	1.002	0.624
	2.990	2.154	1.009	0.631
<b>Creditors: amounts falling due within one year</b>	<b>-4.316</b>	<b>-0.681</b>	<b>-0.079</b>	<b>-5.019</b>
<b>Net current (liabilities) / assets</b>	<b>-1.326</b>	<b>1.473</b>	<b>0.930</b>	<b>-4.388</b>
<b>Total assets less current liabilities</b>	<b>-0.908</b>	<b>1.891</b>	<b>1.348</b>	<b>-3.970</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>-2.182</b>	<b>-4.940</b>	<b>-4.940</b>	
<b>Provisions for liabilities</b>	0.000	0.000	0.000	0.000
<b>Net liabilities</b>	<b>-3.090</b>	<b>-3.049</b>	<b>-3.592</b>	<b>-3.970</b>
<b>Capital and Reserves</b>				
Called up Share Capital	0.455	0.455	0.455	0.455
Non distributable profits reserve	0.418	0.418	0.418	0.418
Distributable profit and loss reserve	-3.963	-3.922	-4.465	-4.843
	<b>-3.090</b>	<b>-3.049</b>	<b>-3.592</b>	<b>-3.970</b>
Current ratio (liquidity)	0.7	3.2	12.7	0.1

The business plan cashflow forecast is as follows and assumes that the Homes England final grant claim is received during Q4 FY 2025.



The current business plan assumes that loan interest will be paid and before any discussion with the Council as lender.

