

# Southend-on-Sea Borough Council

## Report of Executive Director (Finance & Resources)

To

Shareholder Board

On

12th July 2022

Report prepared by:

Alan Richards – Director of Property & Commercial

Agenda  
Item No.

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### Public Sector Plc (PSP) Update

Relevant Scrutiny Committee(s): Policy & Resources Scrutiny Committee  
Cabinet Member: Councillor Paul Collins

### Part 1 (Public Agenda Item)

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#### 1. Purpose of Report

To advise members of the Shareholder Board that PSP will become part of Chartway Group and to consider the implications for the Council in the context of its 50:50 joint venture relationship with PSP (PSP Southend LLP).

#### 2. Recommendations

That Shareholder Board notes the report which is presented for information. No decisions are required by Shareholder Board of the Council. The Council does not have any say or influence over this matter, although it is clearly a matter of interest as it concerns the business of the Council's joint venture Partner, but not the PSP Southend LLP Partnership itself.

#### 3. Background

- 3.1 Members of Shareholder Board will be aware that the Council has been in partnership with Public Sector Plc (PSP) since 2011. PSP's main financial backer is Cabolt Square Capital.
- 3.2 Officers have been advised by PSP that Cabot Square Capital has acquired a majority shareholding in Chartway Group. There is further information about Chartway Group and the merger in the media release from PSP's website (link at the Background Papers section and reproduced at Appendix 1 for ease of reference).

3.3 The bringing together of PSP, Cabot Square Capital and Chartway Group is considered to be a beneficial change bringing access to greater resources and specialisms via our PSP partnership. The Council will continue to deal with the same team at PSP. In operational and financial terms and beyond the positive benefits that their integration should bring for PSP Southend LLP projects, it is not expected that the Council will experience any significant change.

#### 3.4 About Cabot Square Capital

Independently owned for over 25 years and regulated by the FCA, London-based Cabot Square Capital is a specialist mid-market buyout firm investing in European growth companies with a particular focus on growing operating platforms that generate attractive asset-based returns as well as positive ESG outcomes

### 6. Corporate Implications

#### 6.1 Financial Implications

From the Council's perspective, the arrangements will result in a stronger financial position for PSP (and the Group it is now part of) and are not expected to have any wider financial implications.

#### 6.3 Legal Implications

There are no specific legal implications for the Council and the Council's consent is not required to the proposed arrangements.

### 7. Background Papers

[Cabot Square Capital acquires majority stake in Chartway Group - Public Sector Plc](#)

### 8. Appendices

Appendix 1 – Media release from PSP Website (link at 7 above).

Appendix 2 – Letter from PSP

[Cabot Square Capital acquires majority stake in Chartway Group - Public Sector Plc](#)

**Cabot Square Capital has acquired a majority shareholding in Chartway Group, one of South-East England's leading partnerships-based housebuilders. The investment is being made by Cabot Square's existing portfolio company Public Sector Plc (PSP) to create a new merged Group. PSP is a specialist strategic asset manager that partners with public and private sector bodies to add value to land and property assets as well as deliver positive ESG outcomes for local communities.**

**The investment will support the strategic growth of the Chartway Group**

Independently owned for over 25 years, London-based Cabot Square is a specialist mid-market buyout firm investing in European growth companies with a particular focus on businesses that generate attractive asset-based returns as well as positive ESG outcomes.

Cabot Square recently acquired Premier Modular, a leading provider of modular leasing and permanent solutions predominantly for public sector end markets, shortly thereafter creating the Premier Modular Group by adding to it their existing investment in NetZero Buildings.

**Keith Maddin, Partner at Cabot Square, said:** "Chartway Group are a leading South-East England based partnerships housebuilder with turnover in excess of £100 million and a track record of growing profitability year on year since they were established in 2009. We particularly like their capital-light and vertically integrated business model as well as the opportunity to help address the shortage of low carbon energy efficient housing. Their ability to work across all tenures of housing means they are well placed to adapt to changing market conditions over time"

"The new Group is well positioned to benefit from a number of attractive growth opportunities including synergies between the two businesses. Together they can build a high margin and high return on capital asset-based UK business that can also benefit all stakeholders"

Ian Savage, Chartway Group founder, steps up to become Chairman and along with a number of the Chartway senior executives, will remain a significant shareholder.

Steven Cresswell who recently joined Chartway from Thakeham Group will become the new Group Chief Executive with Paul Brown, Chief Executive of PSP, continuing to run the strategic asset management business.

**Ian Savage said:** “We are very pleased that Cabot Square has recognised Chartway’s progress to date and their investment and platform building experience will help us continue in our next phase of growth. This also represents a fantastic opportunity for our staff and customers.”

**Steven Cresswell and Paul Brown added:** “We are excited to be working together and see significant synergies between our organisations. Chartway can add to PSP’s delivery capabilities and PSP will be able to help Chartway expand its relationships with the public sector.”

Advisers to the transaction included KPMG (sellside M&A), Stephenson Harwood (sellside legal), Herbert Smith Freehills (buyside legal), BDO (FDD/TDD), Savills/Mace (CDD) and EY (debt).

Acquisition debt funding was provided by Pricoa Private Capital.

**Jack Gilbert Vice President at Pricoa said:** “We’re delighted to be once again partnering with Cabot Square in a sector we have been a long-term finance provider to and see Chartway as particularly well placed”.

**-ENDS-**

## About Chartway Group

Chartway Group was founded by Ian Savage in 2009 and are a leading South-East based partnerships housebuilder with turnover in excess of £100 million and a track record of growing profitability year on year. They deliver housing of all types and tenure and work with a number of the largest not-for-profit Housing Associations as well as sell homes under their own private sales brand Westerhill Homes. They are a vertically integrated business with ground works, dry lining, construction and builders merchant subsidiaries.

[www.chartwaygroup.co.ukwww.publicsectorplc.com](http://www.chartwaygroup.co.ukwww.publicsectorplc.com)

## About PSP

PSP is a leading strategic asset and development manager to the public sector creating long term partnerships with Councils and Housing Associations to provide technical property services across the UK and Ireland. A PSP partnership provides resources, expertise, and innovative funding solutions to deliver land, property, and asset related projects to support regeneration, climate change, employment, housing and placemaking initiatives.

In the last decade, PSP has established partnerships across the country with Councils to achieve property related goals along with socio economic outcomes to the benefit of the Council, Community, and local stakeholders.

[www.publicsectorplc.com](http://www.publicsectorplc.com)

## About Cabot Square Capital

Independently owned for over 25 years and regulated by the FCA, London-based Cabot Square Capital is a specialist mid-market buyout firm investing in European growth companies with a particular focus on growing operating platforms that generate attractive asset-based returns as well as positive ESG outcomes. Cabot Square provide companies with capital for growth and acquisitions, helping management teams raise equity and debt financing, build-out operations and corporate infrastructure, develop intellectual property and define strategic priorities.

[www.cabotsquare.com](http://www.cabotsquare.com)