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Southend-on-Sea Borough Council

Legal & Democratic Services

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01 February 2019

POLICY AND RESOURCES SCRUTINY COMMITTEE - WEDNESDAY, 30TH JANUARY, 2019

AGENDA ITEM 6 REFERS – SUPPLEMENTARY PACK 2

Referring to the above agenda item, and to the information circulated to all Councillors on 25th January, please find attached responses to the supplementary questions by Cllr Ayling, which were circulated to all Councillors on 29th January 2019 and as referred to at the Policy & Resources Scrutiny Committee meeting held on 30th January 2019.

Fiona Abbott
Principal Democratic Services Officer

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The Proposed Development of the Sea Way Car Park

Supplementary Questions from Councillor Ayling on 25, 27 and 28 January 2019

25th January 2019

1. Why did Homes England pay £1.5 million for a property purchased a few months earlier for £6-800,000 and is now not going to provide any homes?

The Council purchased 29 Herbert Grove and the Rossi Factory on 29 March 2007 and 1-3 Herbert Grove on 25 March 2009, both with funding from the East of England Development Agency whose focus was regeneration and economic growth.
(Homes England is a successor in title to the East of England Development Agency).

The principle funding output is job creation, not housing.

The property was purchased for the price which it was available for at the time.

See section 5.11 of the 17th January Cabinet Report.

2. Why does this report, identify that 1-3 Herbert Grove is not part of the Turnstone development but Turnstone have written to the leaseholder stating he must vacate his property at the end of his lease with SBC?

1-3 Herbert Grove is part of the overall development.
It is not within the land to be leased to Turnstone, but is still required for the Development.
This is set out clearly at section 5.11.4 (d) of the 17th January Cabinet report.

The Council has written to the leaseholder as explained in section 5.11.4 (e) of the Cabinet report.

Turnstone wrote to all near-neighbours advising that the planning application had been submitted on 7th December 2019.

3. 1-3 Herbert Grove is a substantial property and is to be demolished, when Helen Boyd (Portfolio Holder) is searching for £700,000 for a Children's Home.

Officers have discussed the possibility of alternative use of the property (including for Temporary Accommodation and as a hostel) with Homes England.
However Homes England have been clear that the Council must use the property as part of the scheme for which it was intended, or repay the grant.

The reason for demolishing 1-3 Herbert Grove is set out at section 5.11.4 (c) of the Cabinet report.

4. The tone of Alan Richard's letters to Savills and the VOA requires investigation as it portrays a need for support rather than constructive analysis?

The emails make it very clear that both firms are required to reach their own views.

5. Again and again the valuation of the Seaway site cannot be £3.8 million and further investigation will support this statement and unless the Council (Officers and Administration) give more time for due scrutiny, I will have to take action.

The Council uses, and relies on external valuers to ensure independent assessment, particularly in important matters such as this.

In this case, in an unprecedented move, the Council has then required that Savills' valuation be reviewed by a further external valuer (DVS) and the full DVS report has been provided to all councillors.

27th January 2019

(a) Savills have given an existing valuation of £3.8m in their letter (valuation 1). This seems far too low. In order to scrutinise this figure I need to see the methodology, the assumptions, the calculations, the formulas and the yield used. Also reasoning behind the above. Without this the £3.8mn valuation is just a meaningless number.

DVS were appointed to review the valuation, and Savills' approach generally. Please see pages 14 and 15 of the DVS report.

(b) You have still not released the full Savills report, citing commercial confidentiality although I do not believe this should apply to members of the council. In light of this please release immediately the section of the Savills report concerning valuation 1. This is based on existing information such as council income, etc. It does not involve any commercially confidential information with regards to Turnstone.

Savills were asked to provide a report to the Council that excluded sensitive commercial information and could therefore be made public with the necessary details for councillors to make a decision. This was appended to the Cabinet report and a clarification letter was also issued and has been circulated to all councillors.

Savills also provided a more detailed confidential report setting out commercial terms and including confidential details of arrangements between Turnstone and tenants and prospective tenants. This is the report which the DVS has reviewed in detail. We are currently in discussion with Savills and their lawyers to see if any further details can be made available to councillors having regard to the potential legal and commercial consequences for various parties and will report back.

(c) Also, I need to communicate with Homes England but their website address was not working. I am certain that the £1.5 million they paid for the site, presumably for housing, would not sit well with them, if the site is given away for a few shrubs to be planted. Please supply contact details for Homes England.

As stated in answer question 1 above, the principle funding output is job creation, not housing.

The relevant Homes England officer has confirmed that he is unable to attend the Policy and Resources Scrutiny Committee but has agreed to write to confirm the Homes England position. This letter should be received and ready to circulate before the Committee.

(d) Also, please explain why 1-3 Herbert Grove is not included in the site redevelopment but Turnstone wrote to the leaseholder stating he should vacate in August 2019. Am I to understand that the Rossi site, 29 Herbert Grove and 1-3 Herbert Grove are to be given to Turnstone?

Nothing is to be 'given' to Turnstone.

The Rossi Factory and 29 Herbert Grove are to be included within the Lease as set out in section 11 of the 17th January Cabinet Report.

The other elements of this question are answered above.

(e) Finally for now, if Cllr Boyd is seeking £700,000 for a children's home, why is 1-3 Herbert Grove, a 15 bedroom, substantial property being demolished?

This question is answered above (Question 3).

28th January 2019

1. The original plan for Seaway re-development included residential housing, which is why, I presume Homes England (or East of England) provided the funding. When, who authorised this and why was the residential plan removed? I would like to see the application to Homes England for the funding.

The funding issue is dealt with in answer to Question 1 above.

The authorisation for this change is set out in the 17th January Cabinet Report, see sections 5.4, 5.8 A and recommendation at 2.4 in particular.

2. Valuation of Seaway at £3.8 million just does not make sense and thus the FULL Savills report should be circulated, even if as a Part 2 item.

This question has been answered - see (b) above which is repeated here:

Savills were asked to provide a report to the Council that excluded sensitive commercial information and could therefore be made public with the necessary details for councillors to make a decision. This was appended to the Cabinet report and a clarification letter was also issued and has been circulated to all councillors.

Savills also provided a more detailed confidential report setting out commercial terms and including confidential details of arrangements between Turnstone and tenants and prospective tenants. This is the report which the DVS has reviewed in detail. We are currently in discussion with Savills and their lawyers to see if any further details can be made available to councillors having regard to the potential legal and commercial consequences for various parties and will report back.

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