

Public Document Pack

Southend-on-Sea Borough Council

Legal & Democratic Services

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13 November 2019

THE SHAREHOLDER BOARD - WEDNESDAY, 16TH OCTOBER, 2019

Please find enclosed, for consideration at the next meeting of The Shareholder Board taking place on Wednesday, 16th October, 2019, the following report that was unavailable when the agenda was printed.

Agenda Item No

8 Porters Place Southend LLP - Adoption of First Business Plan (Pages 1 - 36)

Report attached

Robert Harris
Principal Democratic Services Officer

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Southend-on-Sea Borough Council

**Report of Director of Regeneration and Business
Development
To**

Shareholder Board

**On
16th October 2019**

**Agenda
Item No.**

8

Report prepared by: Emma Cooney, Director of Regeneration
and Business Development
Shareholder Representative
On behalf of the Better Queensway Partnership Board

Porters Place Southend-on-Sea LLP: Business Plan Report

A Part 1 Public Agenda item

1. Purpose of Report

This report accompanies the submission of the new business plan ("the Business Plan") as appended to this report for Porters Place Southend-on-Sea LLP to the Shareholder Board. The report's objective is to provide the Shareholder Board with clarity and assurance in regards to the Business Plan, while highlighting the implications for the Council, in order to support Shareholder Board members in fulfilling their responsibilities in considering the Business Plan.

2. Recommendations

- 2.1** That the Business Plan be recommended for approval subject to the amendments at paragraph 3.8 and section 2 in the part 2 report being made in the Business Plan;
- 2.2** That the updated name of the joint venture (JV) to Porters Place Southend-on-Sea LLP be noted;
- 2.3** That the Director of Regeneration and Business Development in consultation with the Leader is authorised to:
- (a) agree any non-material changes to any Business Plan presented by the JV whereupon any such matters shall be noted for information and reported to the following Shareholder Board.
 - (b) approve, agree or action any necessary outcome or product of or from the Business Plan necessary to progress the Better Queensway regeneration project.

- (c) agree with the LLP the principles and process of establishing what constitutes the “final proposals” (as defined in the Partnership Agreement) that are to be submitted to the Council for approval prior to submission of the planning application.

3. Background

- 3.1** The Better Queensway regeneration project (“the Project”) is a Southend 2050 roadmap project which contributes to a number of the themes and outcomes. These are set out in section 8.
- 3.2** It should be noted that the Business Plan contains commercially confidential information and therefore sections 1.5, 2.8, 3 and 4.1 are considered in a Part 2 appendix paper and marked as confidential.
- 3.3** On 12th February 2019 the Cabinet agreed a report appointing Swan Housing Association as the Council’s joint venture (JV) partner to progress the Project. This was the result of a compliant procurement process through which Swan Housing Association demonstrated how the Council’s requirements and aspirations could be met. As provided in that Cabinet report, Swan established a subsidiary, thereafter confirmed as Swan BQ Ltd, as the Swan Housing Association JV Partner for the purpose specifically for the delivery of the Project. For ease of reference these are referred to both collectively as “Swan” in this report.
- 3.4** The Cabinet report of 12th February 2019 provided that the JV, now named “Porters Place Southend-on-Sea LLP”, will report on a regular basis to the Council’s Shareholder Board and that this reporting will be supported by a paper from the Council assessing compliance by all parties with their legal obligations and will provide any relevant advice or commentary upon the JV’s report.
- 3.5** The JV was initially named “Porters Place Southend LLP” and this has been updated to “Porters Place Southend-on-Sea LLP” to be better aligned with the name of the borough.
- 3.6** The terms of reference of the Shareholder Board have since been updated to include all the joint venture partnerships which the Council is party to.
- 3.7** The Business Plan has been written by and for the JV as the vehicle which has the responsibility for delivering the Better Queensway regeneration project. The Council is represented on the JV by three senior officers who have been appointed to the board by the Council’s Chief Executive in consultation with the Leader in accordance with the Cabinet report of 12th February 2019.
- 3.8** The Business Plan, which this report accompanies, seeks to supersede the business plan which was agreed at the signing of the legal suite of documents, such documents hereafter referred collectively to as the “Partnership Agreement”. This version of the Business Plan was agreed by the JV Board on 10th October 2019. It now requires approval by both the Council and Swan as the JV partners.

It is important to note that a live Business Plan is an essential part of the JV's operation and it is representative of a point in time as the work of the JV is progressively evolving. Following a further review of the Business Plan since its approval by the JV board a small number of matters appear to have been lost through version control. These changes have been requested of the JV Board and agreed in principle by the Chair save for part (b), below that will be resolved through the delegation as provided at 2.3 (c):

- a) 1.1 The activities of the LLP will be in line with this Initial Business Plan until such time that a revised Business Plan is agreed and adopted. *This Plan will be adopted through submission firstly to the LLP Board for approval, and then on to the two LLP Members for their approval (Southend on Sea Borough Council and Swan BQ Ltd.)* – addition of text in italics to affirm the approval process.
 - b) 1.2.1 Quarterly updates against the Business Plan will be reported to the LLP Board and its two Members being Southend Borough Council (SBC) and Swan BQ Ltd. The LLP Board will approve final proposals prior to planning submission. The LLP Board, and its 2 Members, will approve the final proposals prior to planning submission. *to ensure compliance with the Minimum Requirements and Scheme Objectives.* – removal of text in italics.
 - c) 2.2 The programme currently envisages 8 phases with a balance of tenures to accommodate decants and to deliver a viable scheme *as defined by the Land Agreement.* – insertion of text in italics.
- 3.9** The role of the Shareholder Board in reviewing the Business Plan is to represent the Council's interests as Shareholder, and as such to ensure that the Council's objectives are fully reflected in the JV and that in turn the Business Plan addresses the JV's objectives. Whilst it is not within the remit of the Shareholder Board to change the detail of the Business Plan where the principles meet the previously agreed requirements, the Board should ensure it has the assurance that the JV is following the agreed strategic direction and that the Council is safeguarded from any excessive risk taking and from poor performance by the JV.
- 3.10** It should be noted that the Business Plan forms a critical part of the Partnership Agreement signed between the JV partners. This is due to the fact that many of the bid commitments made by Swan through the procurement process were captured as legal commitments through this document. Material changes to the Business Plan must be agreed unanimously by both the Council and by Swan. Going forward, in regards to non-material changes and actions resulting from the Business Plan so as to enable its timely delivery, these are recommended for delegation as detailed at Recommendation 2.3 above so that progress can continue at pace between Shareholder Board meetings with any changes and action reported to the next meeting.

4. The Business Plan

- 4.1** This section will consider the Business Plan section by section and seek to provide members of the Shareholder Board with clarity, assurance and an

understanding of the implications of the Business Plan for the Council. The Business Plan has been reviewed by senior officers on the Council's Partnership Board (who do not sit on the JV Board) and the Council's procured specialist advisors. It is the view of the Council's officers and advisors that this Business Plan meets all the requirements set out in the Partnership Agreement subject to the amends in section 3.8 being made.

- 4.2 1.1 Introduction** – it is useful to remind the Shareholder Board that there is a Business Plan already in place for the JV which is part of the Partnership Agreement. There must always be a live Business Plan for the JV in order to direct its activities and should the version presented now not be agreed by both the Council and Swan the April 2019 version will stand until a revised version is agreed by all parties.
- 4.3 1.2.1 History** – the final paragraph of this section confirms that prior to submitting a planning application the JV board and its two “Members” i.e. the Council and Swan, will approve the final proposals to be submitted. The form and process of this is currently being resolved through delegation 2.3(c) above but currently will not be a review of the whole planning application as this will be undertaken by Planning Committee.
- 4.4 1.2.2 Scope of Development** – it is useful to highlight that **ii) Objectives** confirms that the procurement objectives set by the Council are included in the legal agreements that underpin the JV reinforcing that they continue to provide the parameters for the development. They are appended to the Business Plan for reference.
- 4.5 1.4 Porters Place Southend LLP Structure and governance** – it should be noted that Ian Ambrose has left the Council to undertake a new role. This board seat is now filled by the Head of Corporate Procurement. Both the Council and Swan representatives who sit on the JV board must act in the best interests of the JV rather than those of the Council or Swan. It should also be noted, in relation to the reserved matters referred to, that the Business Plan is one such item.
- 4.6 1.6 Appointments** – the process and responsibilities for these appointments set out in this section were agreed through the procurement and confirmed in the Partnership Agreement.
- 4.7 2.1 Design and Planning: Overview** – The scheme included with the Business Plan is predominantly the scheme submitted as part of the procurement process. The overview is not explicit in how this scheme will meet the minimum requirements and some of the preferences of the procurement, however these are dealt with later in the Business Plan. If the scheme, as included within this Business Plan, underpins the planning consent to be submitted there is no need to submit an updated scheme to the Council. However, as is anticipated, should an updated scheme emerge through the design and consultation process, there will be a requirement to bring the final proposals to the Council for approval. This is anticipated to be through a process in January and February 2020 and due to the timing of this it is likely to require an additional Shareholder Board meeting.

- 4.8 2.3 Highways** – the Cabinet report of 13th February 2018 (item 743) included the design of the highway in the procurement and it is therefore the responsibility of the JV to deliver this. However, so as to ensure that that the highway designed fits with the wider road network and given it will be maintained by the Council on completion, highways engineers are supporting, as appropriate, the work of the JV.
- 4.9 2.4 Housing** – this complies with the procurement requirement to increase the 441 affordable homes. The Council's resolution of February 2019 to actively seek to maximise the number of affordable rented homes is included later in the Business Plan at 3.6.
- 4.10 2.5 Phasing** – this table sets out an indicative approach to the proposed phases of development. Each phase will have implications for the Council, such as housing decant, highways and compulsory purchase. Detailed workplans should guide this, setting out the resources which will be required. Shareholder Board members can be assured that the JV's requirements of the Council are capable of being met.
- 4.11 2.6 Planning Approach and Programme to Planning Submission** - It is the responsibility of the JV to develop a planning application for submission and to engage with residents, stakeholders and other interested parties accordingly. As with the phasing section above, the milestones have implications for the Council, in this instance as Local Planning Authority and in relation to its contractual relationship with Homes England regarding the Housing Infrastructure Fund (HIF) monies allocated to the scheme. In order to fulfil these the Council will need to ensure it is appropriately resourced in the development control, legal and regeneration teams. It is useful to note here, and linking to the next section, that consultation will continue throughout the development period to inform future phases.
- 4.12 2.7 Communications and Consultation** – as the JV is now the vehicle for taking forward the Project it follows that it is appropriate for communication and engagement with Queensway residents about the Project to be via the JV. It is important to note that as the Council is a 50% "shareholder" in the JV partnership, that operationally staff will be working across both organisations to ensure that communication and engagement is thorough and well planned. This reflects the Council's scheme objectives which sought equal input into community/resident engagement, and for the partnership to keep all relevant stakeholders engaged and informed in an open, honest, timely and appropriate way. Until the new homes are built residents will remain tenants of the Council, managed by South Essex Homes, who therefore also have an ongoing role in engaging with their tenants. GL Hearn has been appointed to work with the JV through to planning determination. The timetable in 2.6 indicates initial public consultation in September 2019 - this was the residents' event which took place on 26th September, and a public consultation update in October 2019.
- 4.13 4.3 Delivery Structure** – delivery of the Project is the responsibility of the JV and the structure set out represents that which was included in the procurement process. The relationships are as were explained through the February Cabinet cycle with Council officer involvement as is appropriate.

- 4.14** The JV is contracting with a variety of Swan entities to provide services for the JV in delivering the Business Plan. These were agreed at a headline level through the procurement process that appointed Swan, as the Council's partner. Finalising the detail of this work and managing risks associated with it, is underway and updates will be provided through future reports to the Shareholder Board.
- 4.15** This section includes a number of acronyms which relate to companies within the Swan Housing Group:
- SNH "Swan New Homes"
 - SHA "Swan Housing Association"
 - SCS "Swan Commercial Services"
 - HERA - Swan Housing Association's private property management arm
- 4.16** **5.0 Key Risks** – this section sets out the key risks for the JV.

5. Assurance

- 5.1** The following comments have been provided by the Council's lead advisors 31ten Consulting (31ten) who have supported the Project through its development and procurement process and continue to do so. They have reviewed the Business Plan, also referred to as the "Porters Place Southend-on-Sea LLP – Initial Business Plan" to provide assurance on the completeness and reasonableness of the document. The results of this exercise are detailed below:
- (a) Completeness – The Business Plan process, and document, agreed through the procurement process that appointed the Council's JV partner agreed a specific format for the Business Plan for the JV and any amendments to this format need to be agreed by the Shareholders, Swan and the Council. 31ten reviewed the document to highlight key changes from the previously approved Business Plan. This highlighted a number of material changes which have been reviewed by 31ten who consider these acceptable for this Business Plan. Other than these elements this review highlighted a number of minor amendments, however, these appear appropriate for the Business Plan at this stage.
- (b) Reasonableness – The Business Plan was reviewed for reasonableness based on 31ten's understanding of:
- The Council's role in the JV;
 - The JV activities that have taken place since the last Business Plan, that was approved at the conclusion of the procurement; and
 - The planned activities over the period that this Business Plan covers.

This review did not highlight any reasonableness issues with the document.

- 5.2** Further to the Business Plan other activities of the JV to date provide assurance in regards to partnership ethos and compliance with the requirements and principles set out in the Council's procurement process and can be taken into consideration. These include:

- (a) Development of a shared communications and community engagement strategy retaining the same focus on residents and stakeholders as the Council had prior to entering into the JV
- (b) Appointment of the Project Director which is a Swan appointment but which has been supported by the Council
- (c) Engagement with Homes England regarding the allocation of the Housing Infrastructure Fund monies to the point of issue of a grant agreement.

6. Other Options

- 6.1 Not approving the Business Plan would mean that the Business Plan which was part of the Partnership Agreement stands. That Business Plan therefore does not reflect the last 6 months of work by the JV and only sets out the first year's work, i.e. up to planning submission.
- 6.2 Not approving the Business Plan could also jeopardise the £15m HIF funding from Homes England which has a deadline for spend. Therefore delays resulting from the requirement for an amended Business Plan could result in non-expenditure by the deadline and therefore a gap in project funding.
- 6.3 There is also a risk to the good will that has been established between the parties if the Business Plan having been submitted and is compliant with the Partnership Agreement but is not approved by the Council. This would negatively impact on the relationship between the parties.

7. Reasons for Recommendations

- 7.1 Review of the Business Plan by Council officers and the Council's procured advisors concludes that the Business Plan provides assurance that the JV is following the strategic direction and objectives which have been agreed and is delivering its service and financial performance.
- 7.2 Delegation of agreement of non-material updates to the Business Plan and progression of actions resulting from the Business Plan are recommended in order that the JV can progress the Project at pace and with the necessary agility so as to meet funding and programme deadlines.

8. Corporate Implications

- 8.1 Contribution to the Southend 2050 Road Map
 - a) **By 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer.** A regenerated Better Queensway at the heart of the City with a high quality new development with large new parks and clean and inviting streets will achieve this.
 - b) **By 2050 Southend on Sea is a successful City and we share our prosperity amongst all of our people.** Better Queensway will have been delivered and it is an integral part of a thriving town centre providing a mix of affordable and private sale homes, jobs and aspirational places to live and play for all sections of Southend's community.

- c) **By 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure.** Better Queensway will have improved connectivity with a new Queensway boulevard that reconnects the town centre to the rest of the town, new cycle and pedestrian routes and a variety of digital improvements.
- d) **By 2050 people in Southend feel safe in all aspects of their lives and are well enough to live fulfilling lives.** Better Queensway will have a new green neighbourhood with a variety of homes which have been designed with safety at its heart. It has overlooked streets and active new parks as well as improved connectivity between the town centre and North Eastern Southend.
- e) **By 2050 we will have a thriving, active and involved community that feel invested in our city.** The new neighbourhood will have residents at its heart. Swan will be running a new community concierge service overseeing and managing active parks and open spaces with a range of activities funded by the Better Queensway community fund.

8.2 Financial Implications

The Cabinet report of February 2019 agreed that an investment of £1.5M equity and £13.5M junior debt be made by the Council to match the level of investment by Swan, and that the capital investment programme for 2019/20 to 2023/24 is adjusted to reflect this.

In finalising the JV the funding structure was amended to change the balance of Equity and Junior Loan funding. Instead of the above split being applied, a £1 equity contribution was made by each party and £14,999,999 junior debt facility. This change was immaterial to the Council and was simply made to simplify the arrangements going forward.

The Business Plan also sets out the financial appraisal of the scheme which indicates the scheme is still viable and in line with the Partnership Agreement.

8.3 Legal Implications

The following comments have been provided by the Council's specialist legal advisors who have supported the Project through its development and procurement process:

The Council's legal advisers to the procurement of Swan and the subsequent incorporation of Porters Place Southend-on-Sea LLP, Sharpe Pritchard LLP, has reviewed "Porters Place Southend-on-Sea LLP – Initial Business Plan" (i.e. the Business Plan to ensure that it is consistent with the legal documentation agreed at the signing of the Partnership Agreement. The production of the Draft Initial Business Plan is contemplated by and fully in line with clause 6 of the Partnership Agreement. The two key requirements of the Initial Business Plan, as set out in the Partnership Agreement, are that:

- It incorporates the JV Objectives; and

- It is prepared having regard to and is informed by the Emerging Business Plan (the Emerging Business Plan being the temporary Business Plan adopted at signing of the Partnership Agreement pending the agreement of the Initial Business Plan).

We can confirm that the draft of the Initial Business Plan provided to us when taken together with the Partnership Agreement contains all the JV Objectives. We also confirm that, as far as it is possible to discern the same from a legal perspective, the draft Initial Business Plan has been prepared having regard to and is informed by the Emerging Business Plan. Furthermore, there is nothing in the draft Initial Business Plan that is inconsistent with the provisions of the Partnership Agreement and we have no concerns from a legal perspective.

Upon this basis and in the Council's legal service being involved in the preparation of this report there are no matters of importance that require further mention in this report.

8.4 People Implications

- a) In accordance with the Cabinet report of February 2019 three senior officers have been appointed to the JV board by the Council's Chief Executive in consultation with the Leader.
- b) While the JV is responsible for delivery of the Project, the Project continues to be supported by a number of Council officers as technical experts in fulfilling Council responsibilities and in supporting the work of the JV, and on the Partnership Board which oversees the Council's work in regards to the Project. It may be necessary to consider backfill or additional resource in some teams so as to ensure that other Council priorities are also met and outcomes delivered.
- c) The Council continues to retain and utilise its procured specialist advisors alongside officers.

8.5 Property Implications

- a) The property implications are in line with those set out in the February 2019 Cabinet report

8.6 Consultation

- a) This is within the remit and responsibilities of the JV. Some resident engagement has already been undertaken through the 'launch event' on 26th September.
- b) GL Hearn has been appointed by the JV to support its consultation activity going forward. The next stage will commence in October 2019.

8.7 Equalities and Diversity Implications

- a) The Council has undertaken an Equalities Analysis in regards to the Project and this will be kept under review in regards to the evolution of the Project.

- b) The JV has not included an Equalities Analysis as part of its Business Plan. It will be for the JV to consider how it assesses equalities impacts.

8.8 Risk Assessment

- a) The Business Plan includes a high level risk register.
- b) The Council is revising and updating its risk register in relation to the Business Plan and new stage of the Project.

8.9 Value for Money

The elements of value for money, as identified in the February Cabinet report, still remain as part of this revised Business Plan.

8.10 Community Safety Implications

There are no community safety implications of the Business Plan.

8.11 Environmental Impact

A development of this scale and nature will have a significant impact on the local environment. This will be considered through the planning process.

9. Background Papers

None

10. Appendices

Appendix 1 – Business Plan (Part 1)

Appendix 2 - Part 2 Report

Appendix 3 – Business Plan (Part 2)

Better Queensway

INITIAL BUSINESS PLAN

10 October 2019

1. Background

- 1.1 Introduction
- 1.2 The Project
- 1.3 Objectives of Porters Place Southend LLP
- 1.4 Porters Place Southend LLP structure and governance
- 1.5 *Contained in the Part II Business Plan*
- 1.6 Appointments

2. Design and Planning

- 2.1 Overview
- 2.2 Programme and phasing
- 2.3 Highways
- 2.4 Housing
- 2.5 Phasing
- 2.6 Planning approach
- 2.7 Communications and Community Engagement
- 2.8 *Contained in the Part II Business Plan*

3 Finance

Contained in the Part II Business Plan

4. Plan to Start on Site

- 4.1 *Contained in the Part II Business Plan*
- 4.2 Resourcing
- 4.3 Delivery Structure
- 4.4 Project Control Group
- 4.5 Workstreams

5. Key Risks

- 5.1 Summary of programme risks

APPENDICES

1. Better Queensway Site Location Plan
2. Historic Objectives from SBC used through the procurement process
3. Estimated cashflow and budget breakdown for this Business Plan Period
4. Financial Appraisal Summary
5. Summary of Swan's bid

1. BACKGROUND

1.1. Introduction

This Initial Business Plan covers the design and planning stage of the Better Queensway project through to the award of an implementable planning permission. This is currently envisaged to be September 2020.

This plan covers:

- The Outline Planning Application
- Phase 1 Design and Planning
- Future Phases Design and Planning
- Finance
- Plan to Start on Site
- Funding
- Key Risks

This is the first activity of Porters Place Southend LLP (the LLP). This document sets out the Business Plan principles (including budget) to enable planning submission and obtaining planning consent.

The activities of the LLP will be in line with this Initial Business Plan until such time that a revised Business Plan is agreed and adopted.

The project principles as detailed in this Initial Business Plan are to form the basis of future scheme development. The parties to the LLP will seek to deliver the project in accordance with the proposals as detailed herein except where variations are agreed by the LLP Board and the 2 Members of the LLP.

1.2. The Project

1.2.1. History

Southend on Sea Borough Council (SBC) selected Swan BQ as partner, along with supporting arrangements with Swan Housing Association (a co-signatory to the Partnership Agreement) (Swan) in February 2019 through an OJEU compliant competitive dialogue process to be its funding, development and operational partner for the regeneration of the Queensway Area of Southend-on-Sea. The contracts were signed, and the LLP established in April 2019.

The Better Queensway (BQ) project will regenerate a c. 6Ha site in the Queensway area of Southend-on-Sea, adjacent to Southend Victoria railway station. The site currently includes four 1960s council tower blocks, maisonettes on Sutton Road and properties along Southchurch Road as defined by the red line plan at Appendix 1 and is dissected by the Queensway dual carriage way, which runs in an underpass across the site, resulting in poor pedestrian connectivity across the site and into the town centre and a poor quality, road-dominated environment for residents.

The development is to be undertaken in phases to create c1,650 new homes, a realigned Queensway Road and highway improvements, improved public realm (including a park) and some commercial uses.

The details of the scheme, programme and delivery outputs contained within this Business Plan are indicative and set out Swan's response to the OJEU procurement process. The content of these proposals provides the principles the LLP will use to guide the delivery outputs of the

project. The current proposals are subject to change as scheme due diligence and design progresses.

Quarterly updates against the Business Plan will be reported to the LLP Board and its two Members being Southend Borough Council (SBC) and Swan BQ. The LLP Board will approve final proposals prior to planning submission. The LLP Board, and its 2 Members, will approve the final proposals prior to planning submission to ensure compliance with the Minimum Requirements and Scheme Objectives.

1.2.2. Scope of Development

The regeneration area, and therefore scope of development, was defined as part of the procurement process and is marked by a redline on the plan at Appendix 1.

The LLP has been set up to deliver the BQ project, formed of equal representation by SBC and Swan BQ. The LLP is for a fixed 30 year term.

1.3. Objectives of Porters Place Southend LLP

i) Minimum Requirements

Through the Partnership Agreement, Minimum Requirements have been defined for the LLP These are for the LLP to deliver:

- (a) An increase on the 441 Affordable Housing Units on the Site as at the Effective Date;
- (b) The demolition of the four tower blocks on the Site as at the Effective Date;
- (c) Delivery of the Required Highways Works (as defined in the Land Agreement entered into by the Council and the LLP on 24th April 2019) including the 4 lane highway; and
- (d) Objective 6 in the Council's Objectives (defined in Appendix 2).

The Effective Date was 24 April 2019, which was when the LLP Agreement was signed.

ii) Objectives

As part of the procurement process, SBC set out a set of Scheme and Approach Objectives and these are included in the legal agreements that underpin the LLP.

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The original objectives are appended in Appendix 2 of this document for reference only.

1.4 Porters Place Southend LLP Structure and governance

Porters Place Southend Limited Liability Partnership (LLP) is a joint venture between Swan BQ (Swan) (50%) and SBC (50%).

The LLP is based on equal representation and participation for both parties. The LLP will be governed internally by the LLP Board, with a Project Board managing the day to day delivery of the development.

The members of the Board for this Business Plan period are:

Swan

Geoff Pearce (Chair)
Jamie Smith
Andy Gatrell

Southend Borough Council

Andrew Lewis
Alan Richards
Lee White

Key features of the LLP Board are:

- Three representatives from each Member organisation will be appointed at no cost to the JV, all with decision making authority for LLP activities from their respective organisations.
- Equal representation and voting rights between SBC and Swan (except in matters of conflicts of interest)
- The post of Chair will be held by an appointee of each party in rotation in alternate years (12 month term). The Chair will not have a casting vote.
- Meetings will take place quarterly

There are a number of “Reserved Matters” within the Partnership Agreement for the LLP that are to be decided / approved by the individual Member bodies. These will be referred to the individual member as they arise.

1.5 - PART 2-

1.6 Appointments

Swan and its subsidiaries are appointed through Service Agreements to carry out the following activities for the LLP:

- I. Project Management
- II. Residential sales and Marketing
- III. Construction Management
- IV. Estate Management
- V. Accounting and company secretariat
- VI. Communication and community engagement

The service agreements contained a clause that where an omission of an express service committed to by Swan as part of the bid was not included, the service is deemed to be included.

Consultants and other professional services are required to carry out some of the activities of this Business Plan.

2. Design and Planning

2.1 Overview

As set out in the Objectives of the LLP (section 1.3), the regeneration for the Better Queensway site is an opportunity to transform this important town centre, gateway site and improve the quality of life of residents of the estate. In this Business Plan period, the LLP seeks to obtain an outline planning consent for the Better Queensway Masterplan (red line) alongside a detailed planning application for phase 1a, (Hybrid planning application). This application will seek planning consent for a project which intends to:

- Deliver a mixed-use, residential led scheme;
- Demolish the existing estate and deliver c1,650 new homes across a number of building types and range of building heights;
- Deliver a number of commercial uses;
- Remodel the Queensway road to a 4-lane road, by the infilling of the existing underpass, to increase permeability and simplify the existing roundabout; and
- Improve the public realm, including a new park.

The current design proposals which underpin this Business Plan are subject to change through technical design work as well as consultation. The LLP Board will have delegated approval to approve the design and to submit the planning application on behalf of its Members.

Below is an extract taken from Swan's bid on which the design approach will be based.



2.2 Programme and Phasing

The LLP will seek to ensure that the construction programme is as short as reasonably practicable, will not exceed peak funding capabilities and will provide a regular income from exchanges and completions.

The programme currently envisages 8 phases with a balance of tenures to accommodate decants and to deliver a viable scheme (.

2.3 Highways

The LLP will deliver a new Queensway Road, which will be subject to further highways modelling, and will address severance the current Queensway causes.

The LLP aspires to ensure the sequencing of the highway works are designed so they will be delivered as soon as is reasonably practicable alongside the residential construction and to ensure minimal disruption to local residents and ensure traffic is enabled to flow throughout the development period.

Assuming the LLP have been able to expeditiously achieve all required planning and S278 consents, it is anticipated Highway works will commence in January 2021.

2.4 Housing

The LLP will provide a mix of housing tenures including private sale and with an increase on the 441 affordable units on the site.

This accommodation schedule was developed by balancing:

- The Minimum Requirements as set out by the procurement process;
- The Council's scheme objectives and aspirations;
- Deliverability of the scheme in terms of the highway requirements and site constraints (including the need to decant residents);
- Viability of the development, market advice and cost advice;
- Planning policy on tenure, mix, height, uses, highways, public realm and the details from the pre-application meeting Swan attended; and
- Reviewing the information through pre-application meetings with Southend on Sea Borough Council

An aspiration of the LLP is to optimise affordable housing delivered on site. Exact numbers of affordable housing will be subject to design development (as due diligence is carried out) and viability, however the Minimum Requirements will be met.

2.5 Phasing

Below is the current proposed phasing plan. It provides an indication of the anticipated outputs over the development period of the project based on current proposals.

Phase	Estimat ed homes that could be deliver ed	Commercial uses that could be delivered	Public Realm works	Highways works	Estimat ed start on site	Estimat ed complet ion
1a	267	Make /		Infill	Jan 21	Aug 22

Phase	Estimated homes that could be delivered	Commercial uses that could be delivered	Public Realm works	Highways works	Estimated start on site	Estimated completion
		Create, Retail & Active Fitness		underpass, Sutton Rd, Tyrell Roundabout		
1b	139	Casual Dining, Make / Create	Porters Park South	Northbound Queensway	Jan 23	Sep 24
3a	203			Short junction, St Southchurch Rd	May 23	Aug 25
2a	160	Casual Dining	All Saints Square		May 24	Feb 26
2b	152		Porters Park North		Apr 25	Jun 27
2c	172	Nursery / childcare			May 26	Jun 28
3b	269	Shared workspace/ Co-working	Station Plaza		Aug 28	Aug 30
4	215	Standard Shops			Nov 29	Oct 32

2.6 Planning Approach and Programme to Planning Submission

The LLP will seek to produce a scheme that is acceptable to SBC's planning team and seek to secure an implementable planning permission, through recommendation for approval to the Development Control Committee.

The LLP will prepare and submit a Hybrid planning application, meaning an outline planning permission for the whole redline area and detailed planning application for phase 1a.

The programme is based upon the following key milestones:

Milestone	Workstream	Target date
EIA Scoping Request	Design and planning	September 2019
Pre-application	Design and planning	September 2019
Initial Public Consultation	Communications and social and economic regeneration	September 2019
Design Review	Design and planning	October 2019
Public Consultation Update	Communications and social and economic regeneration	October 2019
Submission of Planning	Design and planning	March 2020

Planning Committee	Design and planning	September 2020
Sign Section 106 Agreement	Design and planning	September 2020
Discharge Pre-Commencement Conditions	Design and planning Construction	November 2020
HIF Spend Date	Design and Planning	March 2022

A hybrid planning application for the Outline Masterplan and Detailed Phase 1a (comprising circa 267 units and the Queensway highway improvement works) anticipated be submitted in early 2020:

- The outline masterplan for future phases will be supported by a design code. The benefit of this approach is that it allows the first phase of development to fit into and inform the latter phases that will be controlled by development parameters and supported by a Design Code. This enables a first phase to commence and for a shared process whereby the applicant and the local planning authority develop the document together;
- Consultation will continue throughout the development period to inform future phases; and
- All subsequent planning reserved matters applications will be supported by a Design Statement and Planning Statement to demonstrate compliance with the principles of the approved design code and established parameters approved at outline stage.

2.7 Communications and Consultation

A robust communications and stakeholder engagement strategy will be delivered ensuring that Queensway residents and wider stakeholders feel engaged, consulted and informed and to ensure the engagement achieved to date by the Council is maintained and enhanced. This will take into account an equalities analysis. Budget is allocated to fund this activity through to securing planning consent and includes a scheme community website and online engagement tools and comms and engagement support from external consultants. A detailed Stakeholder Engagement strategy will be developed and delivered to ensure maximum stakeholder mobilisation in support of the masterplan application. A Community Needs Assessment has been carried out already to inform the communications and consultation strategy.

2.8 - PART 2 -

3. - PART 2 -

4. Plan to Start on Site

4.1 - PART 2 -

4.2 Resourcing

Following a joint recruitment process, the role of permanent Project Director has been filled by Graham Kauders, who is due to start in mid November 2019. Until then, Gilly Tobin will be the interim Project Director. The sole focus of the Project Director will be to deliver Better Queensway.

The Project Director will be the main point of contact for the project and will ensure continuity and quality throughout each phase of project delivery. The role is a Swan appointment, with a side letter setting out the obligations of the post to the LLP.

The appointments of consultants at the design and planning phase will be made by the Project Director on behalf of the LLP, as long as this is within the delegated budget set out within this Business Plan.

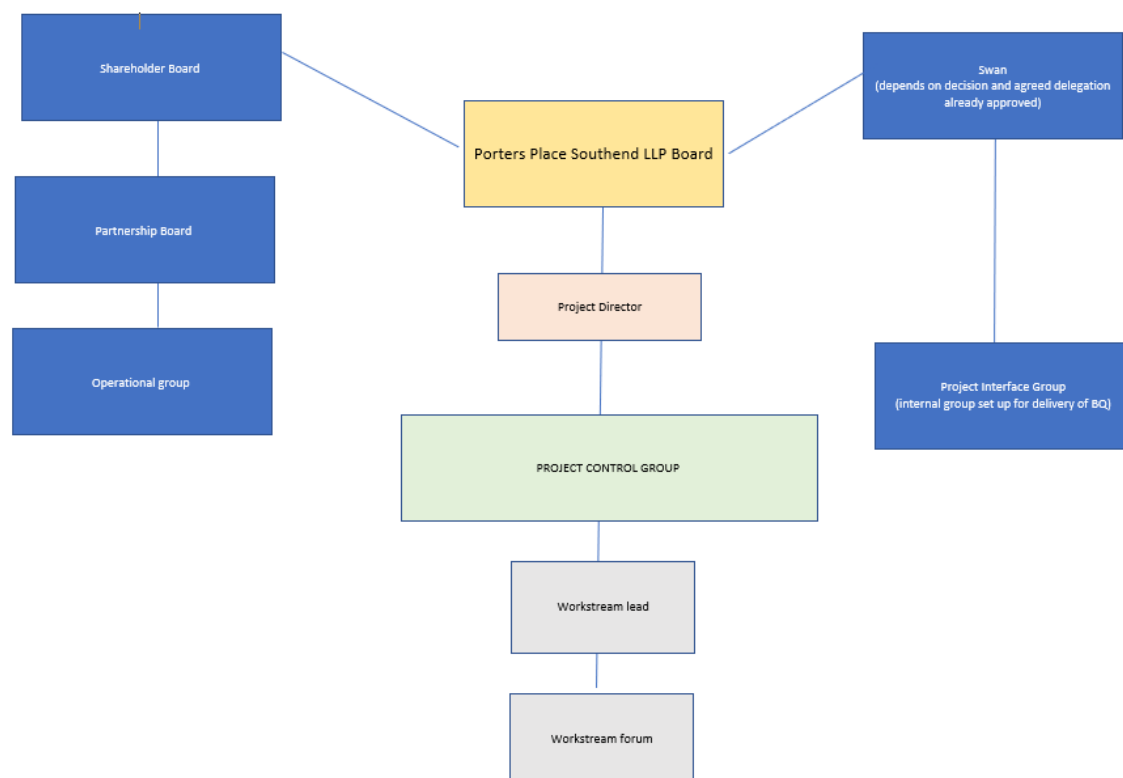
The Project Director will be the lead person and main point of contact for the duration of the Project. They will be responsible for ensuring the quality of the delivery team, liaising appropriately with the LLP Board and SBC and Swan staff and ensuring consistent quality and continuity throughout.

4.3 Delivery structure

The formation of Porters Place Southend LLP (LLP) and the legal suite of documents that Southend Borough Council, Swan Group (and its subsidiaries) and Porters Place Southend LLP signed up to, are to ensure the delivery of the regeneration of the Queensway area. This Business Plan sets out in detail the delivery of the business of LLP.

The diagram below shows the decision-making structure within the LLP:

- The decision-making forum will be the LLP Board, made up of three representatives from each member organisation. This will meet quarterly.
- The Project Director will report to the Board on the delivery of the Business Plan, and present updates to the Business Plan as and when required. The budget will be managed by the Project Director and reported against at each meeting.
- A Project Control Group (PCG), chaired by the Project Director, will be the monthly reporting forum for all the workstreams against programme and output.
- Underneath the PCG will sit each workstream, with an identified lead. The workstream lead will manage the frequency of meetings (as the requirements of the action plan). The workstream lead will be responsible for the action plans for each workstream.
- In blue, either side of the structure are illustrative details of decision making within the two organisations to compliment this. These structures are excluded from this paper and are the responsibility of each member organisation.



Swan identified the lead people in each of the key disciplines in their bid. Swan, in consultation with SBC, will replace staff to the posts of Project Director Better Queensway, Senior Development Manager for Better Queensway and Resident Activation Officer with people of equal qualification and experience and will fully engage SBC in the process as new members of staff join the project team.

Swan will use its internal governance procedures to oversee the project. This will include formal sign off procedures at key stages of the development, regular reporting to the Development Management Team and Project Review Board and monthly appraisal and risk map updates.

The bid process identified the following roles for Swan entities.

Role	Proposed provider	Role and scope of work
Project Management	SNH	<ul style="list-style-type: none"> Manage the day to day delivery of the development and operational stages
JV accountancy and company secretariat	SHA	<ul style="list-style-type: none"> JV company secretarial including managing financial reporting and governance compliance
Sales and Marketing	SNH	<ul style="list-style-type: none"> In-house delivery of sales and marketing for all private sales, shared ownership and non-residential/commercial uses
Community engagement,	SHA	<ul style="list-style-type: none"> Lead communications and community

Role	Proposed provider	Role and scope of work
communication and investment		engagement throughout the development process <ul style="list-style-type: none"> • Work in partnership with SC in leaseholder acquisitions and decant process • Develop and manage the re-housing and resident engagement strategy • Internal resources from Southend and Swan
Construction	SCS	<ul style="list-style-type: none"> • Design, procurement and in-house construction • Partnership arrangement to costs – risk/reward share
Estate management and private sales home management	HERA	<ul style="list-style-type: none"> • Delivery of management and maintenance services throughout the operational life of the project • On-site estate management office to be opened (community concierge)– accessible to residents • Manage public realm and communal areas of all blocks • Services designed to meet the specific needs of the various uses and tenures
Affordable homes and ownership management	SHA	<ul style="list-style-type: none"> • Affordable housing offer by stage and acquisition by SHA to cover future ownership and management costs.
Commercial letting and management	SHA	<ul style="list-style-type: none"> • Co-ordinate the procurement of a non-residential/ commercial sales agent(s) for the LLP if required. •
Customer care and after care	SCS	<ul style="list-style-type: none"> • Support and care post occupation of the new homes for the market and shared ownership tenures.

The LLP has contracted with a number of Swan entities to carry out services on behalf of the LLP as set out in the table above. The table below summarises the agreements in place between the LLP and a number of Swan entities .

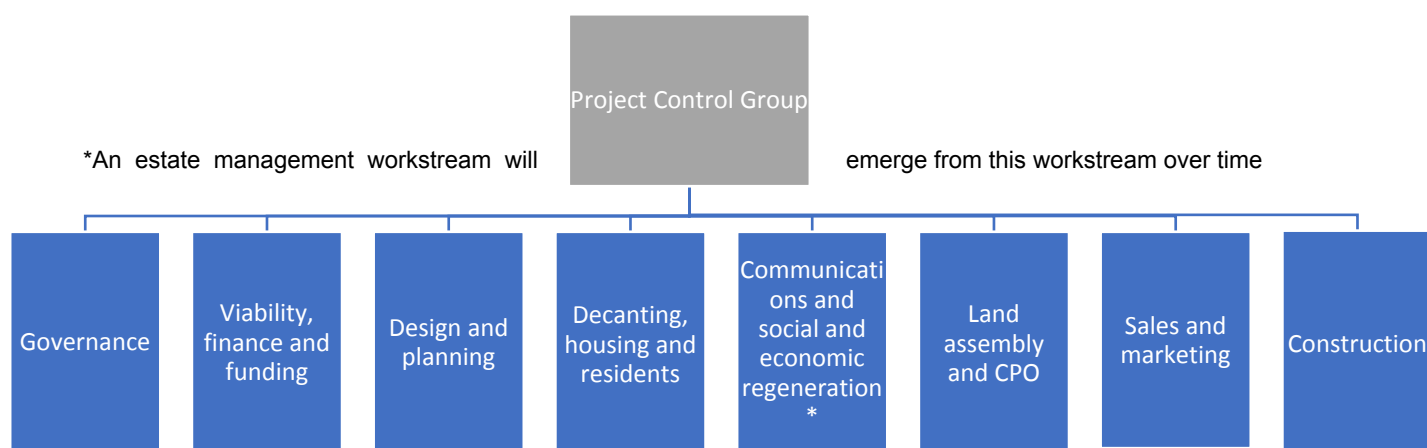
SERVICE AGREEMENTS	
Project Management	LLP and Swan New Homes
Communication and Community Engagement	LLP and Swan New Homes
Sales and Marketing	LLP and Swan New Homes
Company Secretariat	LLP and Swan New Homes
Estate Management	LLP and HERA

4.4 The Project Control Group

The Project Control Group (PCG) will meet monthly and will be made up of the Project Director and the workstream leads (and substitutes when required). The PCG will consider operational issues and how the Business Plan and workstream action plans (and where appropriate strategies) will be implemented to ensure the delivery of Better Queensway. This is in line with the delegation to the management board as set out in the draft LLP agreement.

The Project Control Group will:

- Consider operational issues and will be attended by those officers necessary at any given point of the (development or operational stage) to ensure delivery of the Business Plan of the JV;
- Make recommendations through the Project Director to the Project Board;
- Provide a multi-disciplinary peer review for the multiple expert forums delivering key themes of the Business Plan;
- Monitor regularly the key risks of the development; and
- Provide, through the Project Director, reports on programme, planning, finance, legal and land issues and construction issues which would help the identify the decisions needed to be made by Board.
- Chair to be the Project Director and attended by all leads from workstreams (with deputies identified)
- Attendance from SBCC Project Management Office and Swan's Development team, and when appropriate members, of SBC Operational Group and the Swan's Project Interface Group.. Minutes will be shared on a confidential basis with Director for Regeneration and Business Development at SBC and Development Director for Essex at Swan.



4.5 The Control Documents

The table below sets out how the above process will be managed through controlled documents and diarised frequent meetings.

Forum / role	Responsibility	Frequency	Governing document
LLP Board	Ultimate responsibility for delivery of project in line with the Business Plan	Quarterly	BQ Business Plan

Forum / role	Responsibility	Frequency	Governing document
Project Director	Responsibility for the delivery of BQ through the Business Plan	Ongoing	BQ Business Plan Workstream action plans
Project Control Group	Monitor and measure delivery of the Business Plan through the workstreams and the workstream action plans	Monthly	BQ Business Plan Workstream action plans
Workstream leads	Responsibility for the delivery of the workstream action plans	Ongoing	Workstream action plan
Workstream forums	Workshops / meetings / individual actions to carry out the activities of the action plan	Ongoing	Workstream action plan

The control documents for the delivery of the project will be agreed and signed off at the appropriate level. For the Business Plan, this is a reserved matter and will be signed off by each member of the LLP. The workstream action plans will be signed off by the Project Control Group and Board (where appropriate) and reported against each quarter to the Board.

Key activities for the workstreams for the Business Plan period

The table below is a summary of the action plans that are being developed by each of the workstreams feeding into the PCG.

Workstream	Lead officer	Key activities
Governance	Glen Adams (Swan)	Establishment of accounting process Establishment of necessary Board policies and codes Insurance to be put in place
Viability, funding and finance	David Booker (Swan)	Supporting the Council to conduct the necessary due diligence necessary for HIF funding to be in place in the LLP Draft a funding strategy for the business of the LLP (post this Business Plan period) Continue to assess the viability of the scheme
Design and planning	Gilly Tobin (Swan)	Appointments of the design team Develop the design of the scheme Carry out the pre-application process Consult on the design with all stakeholders Commission all reports necessary to submit planning Submit planning permission
Decanting, housing and residents	Andrea O'Callaghan (Swan)	Finalise the Decant Strategy Start to understand the needs of the residents from October through conducting a Housing Needs Survey
Communications and social and economic regeneration	Sam Wait (Swan)	Finalise the Communications Strategy Plan a programme of activation Deliver activation activities Liaise with South Essex Homes on the management of the existing estate

Land assembly and CPO	Rob Pearce	Finalise the CPO and Land Acquisition Strategy Start collating evidence for the CPO application Sarah Lofts SBC will be the key contact at the Council
Sales and Marketing	Linda Faucher (Swan)	Inform the design as it develops Procure advice and support on marketing and place making
Construction	Julian Kerby and Paul Goodall (Swan)	Liaise with the Planning and Design workstream lead on appointments Agree scope of services for consultants Ensure designs are technically deliverable Provide proragmme and pre-construction support to the design and planning workstream

5. Key Risks

There are numerous risks to the project and its delivery including around areas such as planning, decant, CPO, HIF, programme, political change, market conditions. All identified project risks are recorded in the workstreams and reported to the PCG and reported to the LLP Board quarterly.

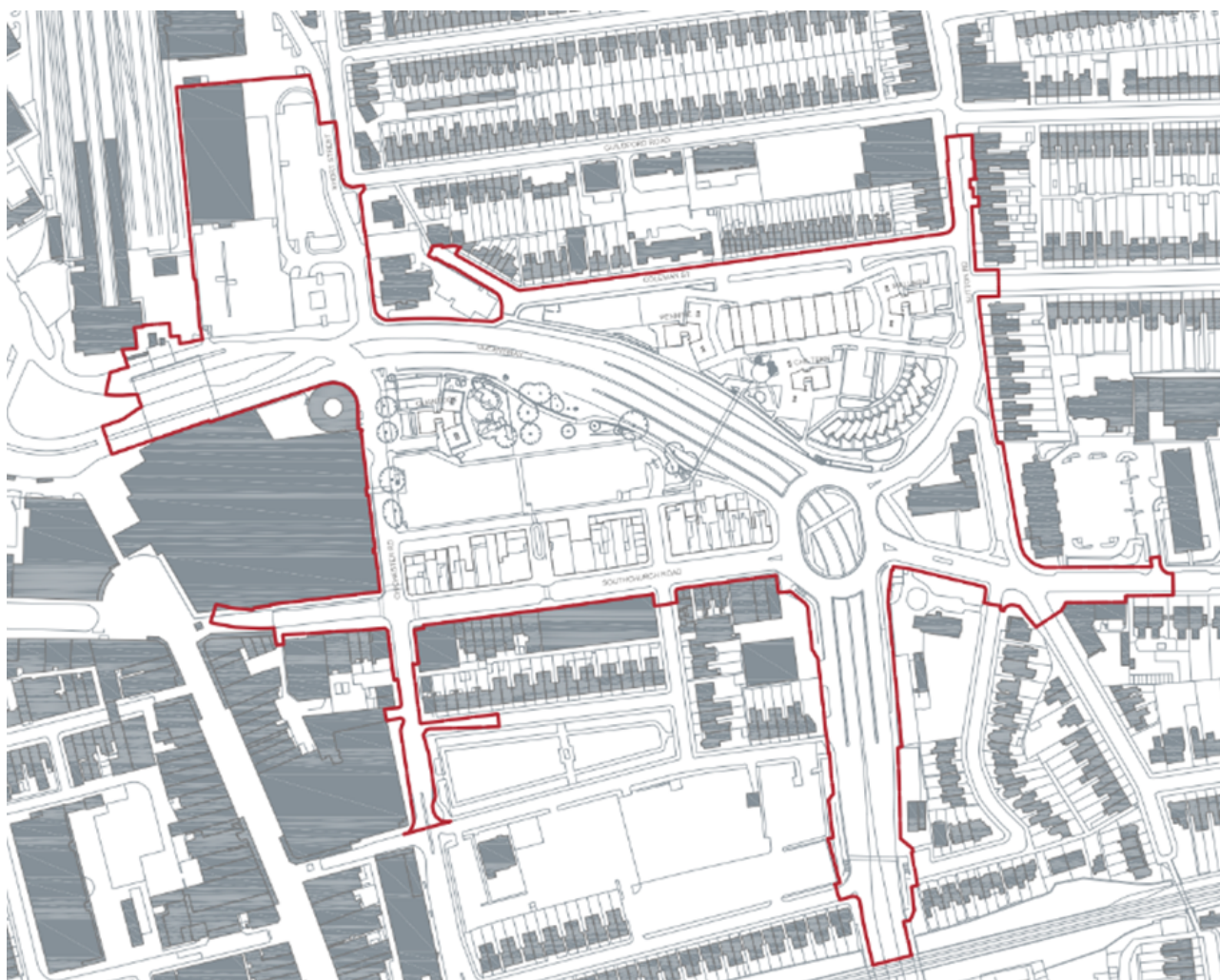
This section highlights the key risks.

Item	Risk	Description	Probability	Impact	Rating	Mitigation	Probability	Impact	Rating
A. GENERAL									
A.1	Governance and management of the LLP	Governance risks include: Board not aware of roles, Board not able to make informed decisions, Board unable to meet, Workstreams not providing sufficient information to enable decisions to be made. Continuity of staff will be important to the delivery of this complex project.	3	4	12	The post of Project Director will ensure the Board is aware of their roles, is informed and will co-ordinate the workstreams to ensure delivery of the business of the Business Plan. Business Plan to set out how governance, reporting and control will work. Joint appointments to post of PD to ensure suitable appointment.	2	3	6
A.2	Reduced performance of business case and baseline viability of Better Queensway	Overall economic case not sufficiently robust requiring a redesign to accommodate more residential units, a more efficient construction works, or less demolition/site clearance, or amended programme to optimise costs.	3	4	12	The current position is robust and efficient but subject to impact by external factors. Changes imposed or risks that materialise may require changes but these will be actively managed through various process including establishing baseline design and economic estimates during design, planning and tender. Involve pre-construction and construction teams early in	2	3	6

						design process. Use flexibilities within the JV contract arrangements to amend phasing under consultation if required. Further mitigation may be achieved via optimisation of design and value engineering, adjustment of tenure mix etc.			
A.3	Lack of understanding of plans, and benefits to residents, businesses and visitors to the area creates opposition to planning application.	Poor communication, engagement and responses to queries may result in residents, businesses and other key stakeholders having a poor understanding of the project and its socio-economic and environmental benefits and therefore there is opposition to the scheme and the planning application.	3	4	12	Swan's RICD team and Communications team will work with existing residents, businesses and other key stakeholders from the start. Setting up of Residents Steering Group to help guide the project. Meeting the commitments made to residents and users of the area in the Residents Commitments document. Communications and PR strategy implemented, managed and monitored from the signing of contracts throughout the life of the JV to establish a joint brand for the area. Appointment to several key posts (including Resident Engagement and Community Activation Officer and Community	2	2	4

						Concierge) to ensure there are points of contact for visitors and users of the area. Provision of signage will assist visitors.			
A 4	HIF conditions not met	HIF has been secured subject to conditions. There is a risk these conditions will not be met.	4	5	20	Action plan to manage conditions of grant. Lawyers instructed. Early engagement with HE jointly and as a JV. Clear planning timetable, delivered through PPA with Council. Early engagement of Council's highways team to progress design and approvals.	3	4	12
A5	Risk of political change over course of the project	Southend on Sea has seen political control change and this could impact on the delivery of the project	3	5	15	The partnership and the objectives have cross party support through Full Council. Monitoring through close partnership working with SC on potential changes. Use of external agencies if appropriate to monitor this. Planning in member involvement to ensure they are aware of plans and to limit potential dissatisfaction, and in particular in reference to affordable housing	2	5	10

	Changes in the market	The scheme contains private sale homes (to cross subsidise the affordable housing), and these are to be delivered across the phases. A downturn in prices or a slowdown in sales will have a negative impact on the performance of the scheme	3	5	15	Regular viability reviews as required by the LLP will identify this risk early so actions such as design changes can take place. Clauses within the legal documentation mean there will be viability tests at each stage of the development.	2	4	8
	Construction costs	The cost of the proposed development could increase, which has been the recent trend, and this could affect viability of the scheme	4	4	12	Construction management approach has been adopted (with an initialled CMA forming part of the legal suite). Design reviews will take place to ensure the efficiency of the design and proposed materials.	2	4	8



Appendix 2: Historical Council Objectives

These are the historical objectives the Council used to carry out the procurement process and are included for reference only.

No	Objectives
Scheme Objectives	
1	The Council requires a mixed use integrated residential and commercial use scheme on the site with mixed tenure housing development of private sale, private rent, and an increase on the 441 affordable units on the site, as well as a scheme that is in accordance with the Council's planning policies.
2	The Council aspires to the expeditious delivery of the scheme as soon as reasonably practicable in accordance with a robust and realistic proposal whilst managing and minimising disruption.
3	The Council is seeking the establishment of a safe, vibrant, sustainable community through the Better Queensway scheme that will impact positively on the economic and social well-being of the Community. This should include the establishment and operation of an on-going Community Fund.
4	The Council requires the delivery of a revised highways scheme serving the Better Queensway site in line with the requirements as set out in the Descriptive Document with all adopted roads continuing to be maintained by the Council.
5	The Council requires the scheme to provide enhanced pedestrian and cycling permeability across the site and links to the town centre.
6	The partnership will offer existing Council tenants on the site the chance to return via an Assured Tenancy. Although this will not be a direct Council tenancy, it will offer the same terms and conditions. The Council recognises that those seeking a secure tenancy will be offered Council housing elsewhere within the Borough as available. Resident leaseholders will be offered a shared equity unit, and the remainder of the affordable units must be genuinely affordable with rents at or below Local Housing Allowance levels on a continual basis. These units must remain affordable on the exit of the partnership. The Council's Residents Offer document must be adhered to when delivering the scheme.
7	The Council is seeking a sustainable development based on excellent design quality of homes, open spaces and supporting infrastructure delivered in accordance with the Better Queensway design policy and principles document.
8	The Council requires the development to be environmentally sustainably delivered both during construction and its lifetime, taking into account the impacts of climate change.
9	The Council requires the scheme to further and contribute to the Better Queensway Smart Cities aspirations.
10	The Council's design aspirations are reflected in the Design Policy and Principles document. The most important aspirations are, in descending order of priority: Increased affordable housing provision; 1:1 car parking provision; and Building heights not exceeding 12 storeys
11	The partnership will obtain planning permission for the scheme and other consents as necessary
12	The Council aspires to maximise all aspects of social value through the Better Queensway scheme in line with the Council's draft social value policy (policy to be finalised during the procurement)

No	Objectives
Approach Objectives	
13	The Council requires a long-term partner to work with it to fund and develop the mixed use scheme identified above on the Better Queensway site including associated highways infrastructure and to fund, manage and maintain all public realm and retained operational units on the site.
14	The Council requires an on-going role in the governance of Better Queensway including equal say on, at least, the following areas: Community / Resident engagement; Changes to tenancy agreements; Rent levels; Tenure changes; Retaining the minimum number of affordable units; Operation of the Community Fund; and Management and maintenance of all affordable units The Council requires a significant influence over, at least, the following areas: Design of the scheme; Branding of the scheme; Sales, operation and rental strategies of residential and commercial facilities; Management and maintenance of all retained operational units and public realm; and Procurement of contractors.
15	Where the Council does not already own the freehold of elements of the site at the point of entering the partnership it will seek to obtain such freehold ownership through the partnership. Any costs associated with CPO will be funded by the partnership.
16	The Council will retain freehold ownership of the entire site throughout the development and operational periods.
17	The Council has some appetite for risk. This could extend to investment beyond the land value and operation of the site. Any such investment must be balanced by commensurate reward. Any investment by the Council must be balanced by private investment. In addition, the Council may provide senior debt funding for the initial development of the scheme
18	The Council expects to receive meaningful financial returns which are to be delivered throughout the development and the life of the operation of the scheme.
19	The Council requires the partnership to keep all relevant stakeholders engaged and informed in an open honest timely and appropriate way.

APPENDIX 3: - PART 2 –

APPENDIX 5: - PART 2 –

APPENDIX 5: - PART 2 –

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