

**Public Document Pack
SOUTHEND-ON-SEA BOROUGH COUNCIL**

Policy and Resources Scrutiny Committee

Date: Thursday, 9th July, 2020

Time: 6.30 pm

Place: Virtual meeting via Microsoft Teams

Contact: S. Tautz (Principal Democratic Services Officer)

Email: committeesection@southend.gov.uk

AGENDA

1 Apologies for Absence

2 Declarations of Interest

3 Questions from Members of the Public

4 Minutes of the Meeting held on 30 January 2020 (Pages 1 - 10)

****** ITEMS CALLED-IN/REFERRED DIRECT FROM CABINET - 25 FEBRUARY 2020**

5 Housing and Regeneration Pipeline, Including Acquisitions Programme - Update (Pages 11 - 26)

Minute 857 (Cabinet Report circulated separately)

Called in by Councillors Cox and Davidson

6 Seaway Car Park (Pages 27 - 42)

Minute 866 (Cabinet Report circulated separately)

Called in by Councillors Cox and Davidson

7 Notice of Motion - Seaway Car Park Development (Pages 43 - 44)

Minute 839 (Motion circulated separately)

Referred to the Scrutiny Committee by the Council (27 February 2020), as a result of the call-in of the report considered by the Cabinet on 25 February 2020.

8 In-Depth Scrutiny Projects & Summary of Work 2019/20 (Pages 45 - 58)

Report of Executive Director (Legal and Democratic Services) attached.

Members:

Cllr D Garston (Chair), Cllr D McGlone (Vice-Chair), Cllr B Ayling, Cllr D Burzotta, Cllr D Cowan, Cllr T Cox, Cllr P Collins, Cllr M Davidson, Cllr M Dent, Cllr S George, Cllr S Habermel, Cllr H McDonald, Cllr D Nelson, Cllr I Shead, Cllr M Stafford, Cllr S Wakefield and Cllr P Wexham

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Public Document Pack

SOUTHEND-ON-SEA BOROUGH COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Thursday, 30th January, 2020
Place: Committee Room 1 - Civic Suite

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Present: Councillor D Garston (Chair)
Councillors D McGlone (Vice-Chair), D Burzotta, D Cowan, T Cox,
P Collins, M Davidson, M Dent, S George, S Habermel, H McDonald,
D Nelson, I Shead, M Stafford, S Wakefield and P Wexham

In Attendance: Councillors C Mulroney, M Terry, R Woodley (Cabinet Members) and
K Evans
J K Williams, J Chesterton, A Richards, P Bates, R Harris and
A Keating

Start/End Time: 6.30 pm - 6.50 pm

768 Apologies for Absence

Apologies for absence were received from Councillor Ayling (no substitute).

769 Declarations of Interest

The following interests were declared at the meeting:

(a) Councillors Mulroney, Terry and Woodley (Cabinet Members) - interest in the referred items; attended pursuant to the dispensation agreed at Council on 19th July 2012, under S.33 of the Localism Act 2011;

(b) Councillor Davidson – Agenda Item No. 6 (Draft Housing Revenue Account Budget 2020/21 and Rent Setting) (Minute 773) – Non-pecuniary interest: Non-Executive Director of South Essex Homes; and

(c) Councillor Mulroney – Agenda Item No. 5 (Council Tax Base) (Minute 772) and Agenda Item No. 7 (Draft Prioritising Resources to Deliver Better Outcomes 2020/21 to 2024/25) (Minute 774) – Non-pecuniary interest: Member of Leigh Town Council.

770 Questions from Members of the Public

The Committee noted the responses to questions that had been submitted by Mr Webb to the Leader of the Council. Copies will be forwarded to him as he was not present at the meeting.

771 Minutes of the Meeting held on Thursday 28th November 2019

Resolved:

That the minutes of the meeting held on Thursday 28th November 2019, be confirmed as a correct record and signed.

772 Council Tax Base and Non Domestic Rating Base 2020/21

The Committee considered Minute 690 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Finance and Resources), concerning the calculation of the Council Tax Base for 2020/21 and the submission of the National Non Domestic Rates (NNDR1) form to the Ministry of Housing, Communities and Local Government (MHCLG) by 31st January 2020.

Resolved:

That the following decision of Cabinet, be noted:-

“In respect of the Council Tax Base:

In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003) and Local Government Finance Act 2012 (Calculation of billing authority’s council tax base section 15):

1. From 1st April 2020 the premium for properties (empty for 5 years but less than 10 years) will be increased to 200%.
2. The amount calculated by Southend-on-Sea Borough Council as its Council Tax Base for the year 2020/21 shall be 58,680.94.
3. That the amount calculated by Southend-on-Sea Borough Council as the Council Tax Base in respect of Leigh-on-Sea Town Council for the year 2020/21 shall be 8,845.24.
4. That the new Care Leavers Council Tax Relief Policy set out at Appendix A to the submitted report be endorsed and the subsequent impact on the Council Tax Base, be noted.

In respect of the Non-Domestic Rates Base (NNDR1 Form):-

5. The NNDR1 form attached at Appendix D to the report, be approved for submission to MHCLG.

Note: This is an Executive Function
Cabinet Member: Cllr Gilbert

773 Draft Housing Revenue Account Budget 2020/21 and Rent Setting

The Committee considered Minute 691 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Finance and Resources), setting out the Housing Revenue (HRA) budget for 2020/21, together with the information necessary to set a balanced budget as required by legislation.

Resolved:

That the following decision of Cabinet, be noted:-

- “1. That an average increase on secure tenancy rents of 2.7%, be endorsed.
2. That an average rent increase of 2.7% on shared ownership properties, be endorsed.
3. That an increase of 2.7% for garage rents to £12.02 per week for tenants and £14.42 for non-tenants (being £12.02 plus VAT), a rise consistent with the proposal for the main rent increase (all variants on a standard garage will receive a proportionate increase), be endorsed.
4. That the proposed rent charges in 1-3 above be effective from 6th April 2020.
5. That the South Essex Homes core management fee at £5,971,000 for 2020/21, be endorsed.
6. That South Essex Homes proposals for average increases of 6.36% in service charges and 16.69% in heating charges to reflect the actual costs incurred, be endorsed.
7. That the following appropriations, be endorsed:
 - £60,000 to the Repairs Contract Pensions Reserve;
 - £5,319,000 to the Capital Investment Reserve; and
 - £8,708,000 from the Capital Investment Reserve.
8. That subject to 1-7 above, the HRA budget for 2020/21, as set out in Appendix 1 to the submitted report, be endorsed.
9. That the value of the Council’s capital allowance for 2020/21 be declared as £57,261,000 as determined in accordance with regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations.”

Note: This is an Executive Function save that approval of the final budget following Cabinet on 11th February 2020 is a Council Function
Cabinet Member: Cllr Gilbert

774 Draft Prioritising Resources to Deliver Better Outcomes – 2020/21 to 2024/25

The Committee considered Minute 692 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to all three Scrutiny Committees, together with a report of the Executive Director (Finance and Resources) presenting the draft General Fund Revenue Budget for 2020/21.

Resolved:

That the following decisions of Cabinet, be noted:-

- “1. That the draft Financial Sustainability Strategy (Appendix 1 to the submitted report) be endorsed.

2. That the draft Medium Term Financial Strategy (Appendix 2 to the report) and the resulting Medium Term Financial Forecast and Earmarked Reserves Balances up to 2024/25 (Annexes 1 and 2 to Appendix 2 to the report), be endorsed.
3. That the Section 151 Officer's report on the robustness of the proposed budget, the adequacy of the Council's reserves and the Reserves Strategy (Appendix 3 to the report), be noted.
4. That the appropriation of the sums to earmarked reserves totalling £3.37 million (Appendix 4 to the report), be endorsed.
5. That the appropriation of the sums from earmarked reserves totalling £8.972 million (Appendix 4 to the report), be endorsed;
6. That General Fund net revenue budget for 2020/21 of £130.428M (Appendix 5a to the report) and any required commencement of consultation, statutory or otherwise, be endorsed.
7. That a Council Tax increase of 3.99% for the Southend-on-Sea element of the Council Tax for 2020/21, being 1.99% for general use and 2% for Adult Social care (Paragraph 10.10 of the report), be endorsed.
8. That it be noted that the 2020/21 revenue budget has been prepared on the basis of using £2 million from the Collection Fund for the core budget to allow for a smoothing of the budget gap across the next three financial years (Paragraph 10.9 of the report).
9. That it be noted that the position of the Council's preceptors is to be determined:
 - Essex Police – no indication of Council Tax position;
 - Essex Fire & Rescue Services – no indication of Council Tax position; and
 - Leigh-on-Sea Town Council – proposed precept increase ranging from 4.72% to 8.30%.
10. That no Special Expenses be charged other than the Leigh-on-Sea Town Council precept for 2020/21.
11. That the proposed General Fund on-going budget investment and reprioritisation of £5.355M (Appendix 6 to the report), be endorsed.
12. That the one-off investment items, as set out in paragraph 10.8 of the report and included within the appropriations (Appendix 7 to the report), be endorsed.
13. That the schools budget and its relevant distribution as recommended by the Education Board (Appendix 8 to the report), be endorsed.
14. That the Capital Investment Strategy for 2020/21 to 2024/25 (Appendix 9 to the submitted report) and the Capital Investment Policy (Annex 1 to Appendix 9 to the report), be endorsed.

15. That the new schemes and additions to the Capital Investment Programme for the period 2020/21 to 2024/25 totalling £28.4M for the General Fund and £18.7M for the Housing Revenue Account (Appendix 10, to the report), be endorsed.
16. That the schemes subject to viable business cases for the period 2020/21 to 2022/23 (Appendix 10 to the report), be endorsed.
17. That the proposed changes to the current Capital Investment Programme (Appendix 11, to the report), be endorsed.
18. That the proposed Capital Investment Programme for 2020/21 to 2024/25 (Appendix 12 to the report) be approved and it be noted that the changes to the approved programme will result in a proposed Capital Investment Programme of £204.8M for 2020/21 to 2024/25 (Appendix 12 to the report) of which £51.3M is supported by external funding.
19. That the Minimum Revenue Provision (MRP) Policy for 2020/21 (Appendix 13 to the report) and the prudential indicators (Appendix 14 to the report), be endorsed.
20. That the operational boundary and authorised limits for borrowing for 2020/21 are set at £375M and £385M respectively (Appendix 14 to the report)."

Note: This is an Executive Function save that approval of the final budget following Cabinet on 11th February 2020 is a Council Function
Cabinet Member: Cllr Gilbert

775 Housing and Regeneration Pipeline, Including Acquisitions Programme - Update

The Committee considered Minute 693 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Finance and Resources) and the Deputy Chief Executive and Executive Director (Housing and Growth) providing an update on the work underway on the pipeline of housing and development opportunities across the Borough.

Resolved:

That the following decisions of Cabinet, be noted:-

- "1. That the progress on the Acquisitions Programme for Council Housing as set out in sections 3.5-3.8 to the submitted report, be noted.
2. That the progress of the first phase of housing and development pipeline sites currently in delivery as set out in section 3.12 to the report and the progress with PSP Southend LLP in section 3.14-3.16 to the report, be noted.
3. That the progress of the Allocations Policy as set out in sections 3.18-3.21 to the report, be noted."

Note: This is an Executive Function.
Cabinet Member: Cllrs Gilbert and Woodley

776 Notice of Motion - Transparent and Accessible Council

The Committee considered Minute 702 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Legal and Democratic Services) responding to the Notice of Motion, presented at the last meeting of the Council, requesting that consideration be given to extending webcasting to the Council's Scrutiny Committees and enhancing the use of social media in conjunction with live recorded meetings.

Resolved:

That the following decisions of Cabinet, be noted:-

"1. That webcasting of meetings of the Cabinet and the three scrutiny committees (to be held on the Council chamber) be trialled during the June/July 2020 cycle of meetings, subject to the Chairs of the scrutiny committees being content for the trial to be applied to meetings of those committees.

2. That officers be requested to consider ways of enhancing the use of social media in conjunction with the webcasting arrangements.

Note: This is an Executive Function
Cabinet Member: Cllr Gilbert

777 SELEP - Revised Governance Arrangements

The Committee considered Minute 704 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Legal and Democratic Services), proposing revisions to the governance arrangements of the SELEP in the light of the central government requirement for Local Enterprise Partnerships to set up a company.

Resolved:

That the following recommendations of Cabinet, be noted:-

"Recommended:-

1. That the Council will become a member of South East LEP Limited with Articles of Association as set out at Appendix 1 to the submitted report.

2. That the framework agreement be signed in the form at Appendix 2 to the report.

3. That the Leader will be the Council's initial member of the Board with the Deputy Leader as alternate director.

4. That the Leader will be the Council's initial member of the Accountability Board with the Deputy Leader as principal substitute."

Note: This is a Council Function
Cabinet Member: Cllr Gilbert

778 Additional Outcome Success Measures Reporting

The Committee considered Minute 708 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Chief Executive presenting the Outcome Success Measures report that provides an update on the Council's progression on the 23 Southend 2050 outcomes.

Resolved:

That the following decision of Cabinet, be noted:-

"That the Outcome Success Measures report, be noted."

Note: This is an Executive Function
Cabinet Member: Cllr Gilbert

779 Corporate Budget Performance - Period 8

The Committee considered Minute 709 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Finance and Resources) on the corporate budget performance (Period 8).

Resolved:

That the following recommendations of Cabinet, be noted:-

"Recommended:

In respect of the 2019/20 Revenue Budget Performance as set out in Appendix 1 to the submitted report:

1. That the forecast outturn and mitigating actions for the General Fund and the Housing Revenue Account as at November 2019, be noted.
2. That the planned budget transfers (virements) of £5,651,325 between portfolio services, as set out in section 3.12 of the report, be approved.

In respect of the 2019/20 Capital Budget Performance as set out in Appendix 2 to the report:

1. That the expenditure to date and the forecast outturn as at November 2019 and its financing, be noted.
2. That the requested changes to the 2019/20 Capital Investment Programme as set out in section 3 of Appendix 2 to the report, be approved.

3. That, in respect of the transfer of an asset as set out in section 4 of the report: 12A Ceylon Road be appropriated from the General Fund to the Housing Revenue Account.”

Note: This is a Council Function
Cabinet Members: Cllrs Gilbert and Woodley

780 2019/20 Corporate Risk Register

The Committee considered Minute 708 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Chief Executive, outlining the 2019/20 Corporate Risk Register mid-year update.

Resolved:

That the following decision of Cabinet, be noted:-

“That the 2019/20 Corporate Risk Register and the mid-year updates outlined in Appendix 2 to the submitted report, be noted.”

Note: This is an Executive Function
Cabinet Member: Cllr Woodley

781 Council Debt Position to 30 November 2019

The Committee considered Minute 711 of the meeting of Cabinet held on 16th January 2020, which had been referred direct to Scrutiny, together with a report of the Executive Director (Finance and Resources), on the above matter.

Resolved:

That the following decisions of Cabinet, be noted:-

“1. That the current outstanding debt position as at 30th November 2019 and the position of debts written off to 30th November 2019 as set out in Appendices A & B to the submitted report, be noted.

2. That the write offs greater than £25,000, as detailed in Appendix B to the report, be approved.”

Note: This is an Executive Function
Cabinet Member: Cllr Gilbert

782 Council Procedure Rule 46

The Committee considered Minute 712 of the meeting of Cabinet held on 16th January 2020 which had been referred direct to Scrutiny, in connection with the action taken with regard to the provision of passenger transport.

Resolved:-

That the following decision of Cabinet, be noted:-

“That the submitted report be noted.”

Note: This is an Executive Function
Cabinet Member: As appropriate to the item

783 Exclusion of the Public

Resolved:-

That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the item of business set out below, on the grounds that it would involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

784 Council Procedure Rule 46 - Confidential Sheet

The Committee considered Minute 714 of the meeting of Cabinet held on 16th January 2020 which had been referred direct to Scrutiny concerning action taken under Standing Order 46 – Confidential sheet.

Resolved:-

That the following decision of Cabinet, be noted:-

“That the SO46 confidential sheet, be noted.”

Note: This is an Executive Function
Cabinet Member: Cllr Woodley

Chair: _____

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Southend-on-Sea Borough Council

**Report of Executive Director (Finance and Resources)
and Deputy Chief Executive and Executive Director
(Housing and Growth)**

**To
Cabinet**

**On
25th February 2020**

Report prepared by:
Alan Richards – Director of Property & Commercial
Tim Holland – Interim Head of Housing Supply

**Agenda
Item
No
5**

Housing and Development Pipeline Update

Policy and Resources Scrutiny Committee

Cabinet Members: Councillor Ian Gilbert and Councillor Ron Woodley

Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To update members on the work underway on the pipeline of housing and development opportunities across the borough.
- 1.2 To present the proposed new arrangements for PSP Southend Limited Liability Partnership (the LLP), including the use of the PSP Housing Model to support housing delivery and support wider benefits.

2. Recommendations

- 2.1 To note progress on the Acquisitions Programme for Council Housing as set out in sections 3.5 – 3.9 of this report.
- 2.2 To note the progress of the first phase of housing and development pipeline sites currently in delivery as set out in sections 3.10 – 3.13 of this report.
- 2.3 To note that the new arrangements for the LLP have been settled and the legal work is being completed to establish the new arrangements pursuant to minute 324 of Cabinet 17 September 2019 and Policy and Resources Scrutiny minute 404 on 10 October 2019.
- 2.4 To agree the proposed new arrangements for the LLP including:
 - (i) The updated aims and objectives for the LLP for 2020-2030 as set out in sections 3.13 to 3.34 of this report, including the housing model

(ii) Establishing the new Procedure Agreement and Members Agreement between PSP Facilitating Limited (1), Southend on Sea Borough Council (2) and the LLP (3) and delegating authority to the Executive Director Legal and Democratic Services to finalise and complete the Agreement.

(iii) Delegating authority to the Chief Executive to:

- a. Appoint the Council representatives to the LLP Partnership Board
- b. Appoint the members of the Partnership Board and the Partnership Executives

Including dealing with any future changes to such appointments.

(iv) Delegating authority to the Partnership Board:

- a) To agree the re-branding of the LLP (creation of a new trading name).
- b) The commitment (on behalf of the Council) to funds for feasibility and project delivery within budgets already approved for housing and development delivery.
- c) Following a Cabinet decision to opt land in to the LLP for the delivery of agreed objectives, to progress the development of the land through the LLP in accordance with the objectives for that land subject to each project clearing the required financial and legal due diligence tests.

(v) Delegating authority to the Director of Property & Commercial to request that the LLP consider initial feasibility of sites following their appraisal through the development pipeline process (noting that Cabinet approval will be required prior to any site being legally opted in to the LLP for delivery).

(vi) That any necessary amendments be made to the Constitution to reflect the recommendations in 2.4 above.

(vii) That Councillors note that the matters identified in Appendix 1 to this report are matters which will be reserved for Shareholder Board.

2.5 That subject to Council approval, members agree to identify an initial budget of £5 million in the Capital Programme for the delivery of housing through the LLP and delegate authority to the Executive Director Finance and Resources to finalise the terms and make loans to the LLP within the allocated budget to enable delivery of development in accordance with the principles of the PSP Housing Model and subject to any schemes delivering an appropriate and sustainable return on investment.

3. Background - General

- 3.1 On 25th June 2019 Cabinet resolved to progress with a regeneration framework, develop a pipeline of housing and regeneration projects and proceed with the Acquisitions Programme for Council Housing.
- 3.2 On 17th September 2019 and 5th November, Cabinet noted the progress of both the regeneration framework and the Acquisitions of Programme for Council Housing.
- 3.3 On 17 September 2019, Cabinet also agreed to the re-branding of PSP Southend LLP and to updating related governance arrangements. Agreement was also reached for the Ilfracombe Avenue site to be delivered under the PSP Housing model and for PSP Southend LLP to be invited to undertake the next stage of feasibility for sites which the pipeline assessment work has indicated would be suitable for PSP delivery.
- 3.4 Cabinets reports on 5th November 2019 and 16th January 2020 provided further update on the progress of the Acquisitions Programme, the LLP resetting and rebranding and the Allocations Policy.

Acquisitions Programme Update

- 3.5 On 25th June 2019, Cabinet agreed to proceed with the Acquisitions Programme for Council Housing and agreed the associated £6.6m budget in response to the need for the use of accumulated Right to Buy capital receipts for the Council, which required a spend programme as detailed below:

Quarter	19/20 RTB required investment	Spend*
Q2	£ 1,844,114.14	£ 2,754,500.00
Q3	£ 1,916,028.32	£ 1,615,500.00
Q4	£ 880,947.56	£ 917,500.00
Total	£ 4,641,090.02	£ 5,287,500.00

*value of properties acquired, not inclusive of legal fees, valuations or SDLT

- 3.6 A corporate team has worked with South Essex Homes officers and have been progressing with the identification and acquisition process agreed by Cabinet previously. As of the end of January 2019, 22 properties have been purchased to a value of £5.28m. A further 5 properties are under offer and with solicitors to the value of £1.06m

- 3.7 Of the properties acquired in this programme; 4 are already tenanted, 3 have been identified for adaptations by the Council's Aids and Adaptations team, and 15 have voids works ongoing or pending.
- 3.8 The following table sets out the properties currently completed or under offer and the total anticipated spend:

Property Type	Bedrooms	Offer	Completion Date	Anticipated completion
semi-detached	4	£ 335,000.00	26/07/2019	
semi-detached	3	£ 248,000.00	16/08/2019	
bungalow	2	£ 255,000.00	30/08/2019	
terraced house	3	£ 230,000.00	03/09/2019	
semi-detached	3	£ 320,000.00	13/09/2019	
end of terrace house	2	£ 240,000.00	20/09/2019	
semi-detached	3	£ 260,000.00	23/09/2019	
semi-detached	3	£ 245,000.00	23/09/2019	
flat	2	£ 182,500.00	24/09/2019	
semi-detached	3	£ 254,000.00	26/09/2019	
flat	2	£ 185,000.00	30/09/2019	
end of terrace house	3	£ 270,000.00	04/10/2019	
semi-detached	3	£ 248,000.00	23/10/2019	
semi-detached	2	£ 235,000.00	25/10/2019	
terraced house	3	£ 242,500.00	12/11/2019	
end terrace	2	£ 225,000.00	04/12/2019	
end of terrace house	2	£ 260,000.00	06/12/2019	
flat	1	£ 135,000.00	20/12/2019	
semi-detached	2	£ 245,000.00		14/02/2020
semi-detached bungalow	2	£ 252,500.00	31/01/2020	
maisonette	2	£ 170,000.00	24/01/2020	
terraced house	3	£ 250,000.00	31/01/2020	
flat	2	£ 185,000.00		14/02/2020
house	3	£ 130,000.00		14/02/2020
end of terrace	3	£ 260,000.00		07/02/2020
end of terrace	3	£ 240,000.00		tbc
semi-detached house	3	£ 245,000.00	31/01/2020	
		£ 6,347,500.00		

Regeneration Framework and Development Pipeline

- 3.9 As previously reported, 31ten Consulting (31ten) have been engaged to bring independent advice and rigour to the process of analysing individual sites, their development potential and how they can most beneficially fit in to a comprehensive development pipeline within which capital receipts can be recycled to improve the sustainability of the overall programme. This includes sites for housing, wider regeneration and a range of other land uses.

- 3.10 A housing and development pipeline, including Council owned and private sites, has been collated by a corporate team of Assets, Strategic Planning, Housing, Development Control, Regeneration and Finance officers.
- 3.11 The next stage of the pipeline work is now underway high-level feasibility work on batches of sites. Scale and massing work has been commissioned to establish the development potential of an initial batch. The remainder of the pipeline will be subject to further procurement for which the brief is being finalised to go to the market during February. The outputs of this work will enable a more detailed assessment of the number of homes which could be delivered across the pipeline and inform the decision on the most appropriate delivery vehicle for each site.
- 3.12 A number of sites within the pipeline are currently underway and this section sets out those sites which are approved to proceed and which are now in the delivery phase.

Site	Number of Homes	Delivery Vehicle	Progress comment	Estimated completion
Friars, Constable Way	Nursery plus 9 houses	PSP Southend LLP	Nursery complete and let. Housing is ahead of target. All homes have been sold off-plan while under construction.	Q4 2020
Ilfracombe Avenue Car Park	24 flats	PSP Southend LLP	Agreed to proceed via PSP Southend LLP at Cabinet on 17 th September. Pending agreement at the next stage by the LLP.	Q1 2022
Modern Methods of Construction (MMC) Pilot Project	4-5 Homes	Self Development	Employers Agent (EA) & Architect have now been appointed. Site investigation has been carried out. Full Planning application to be submitted in early 2020.	Q1 2021/22
HRA Phase 3	Estimated 25 Homes	Self Development	Site investigation has now been carried out. EA appointed following procurement exercise in December 2019 and Architect procurement has commenced.	Q3 2021/22
HRA Phase 4	Estimated 20 - 31 Homes	Self Development	Site investigation has now been carried out. EA was appointed in December 2019 and Architect procurement has commenced.	Q4 2021/22

HRA Phase 5 & 6	Tbc	Self Development	Feasibility work to determine Phases 5 & 6 now underway.	tbc
Total	82-94 +			

PSP Southend LLP Update

- 3.13 On 14 June 2011, Cabinet agreed to establish the LLP which has 50:50 representation and ownership by the Council and BV Strategies Facilitating Ltd. (now PSP Facilitating Ltd) respectively. On 12 December 2011, the LLP was formally incorporated the LLP.
- 3.14 On 17 September, Cabinet agreed to the re-branding of the LLP and to updating related governance arrangements with the detail delegated to the Strategic Directors Finance and Resources and Legal and Democratic Services in consultation with the Leader of the Council. Agreement was also reached for the LLP to be invited to undertake the next stage of feasibility for sites which the pipeline assessment work has indicated would be suitable for LLP delivery and this work is underway.
- 3.15 Following Cabinet in September, discussions have been progressing to re-set and re-brand PSP Southend LLP, focussed mainly (but not exclusively) on housing delivery and to align the governance to the Shareholder Board.
- 3.16 These proposed new arrangements have now been settled and Cabinet authority is therefore sought through the recommendation of this report to the establishment of the new governance arrangements, the agreements to enable them and to a series of delegations to enable the smooth and commercial running of the LLP. As previously reported to Cabinet, assuming all matters are agreed, it is expected that the new arrangements will be in place for the start of the 2020-21 Financial Year. Cabinet members have expressed a desire for affordable housing to be maximised and for this to be considered on each site where viability permits.
- 3.17 **How the current arrangements work:**
- A. Under the current arrangements, officers request the LLP to consider early feasibility of projects and this is monitored periodically through the Operations Board (a board consisting of Council and PSP officers).
 - B. As and when projects are ready to be progressed for delivery, they are presented to the Partnership Board (A board consisting of 3 members from each organisation, currently 3 councillors for the Council)
 - C. Assuming the Partnership Board then agrees that the projects are appropriate for delivery, it will request that the Council gives exclusivity for the LLP to progress the site (recognising the need to spend more significant sums of money at this stage).
 - D. At this point, recommendations would be put to Cabinet for the site to be opted into the LLP for delivery. Once approved, a legal option would be

granted to the LLP (subject to clearing financial and legal due diligence) and the site would be progressed through planning and into delivery with periodic reporting back to the Operations and Partnership Boards.

3.18 How the new arrangements are proposed to work.

- A. Under the proposed new arrangements, officers will request the LLP to consider early feasibility of projects as they are identified as potentially suitable for delivery via the LLP through the pipeline assessment work.
- B. The LLP will work up initial feasibility reporting to a project team made up of Council and PSP officers appropriate to the particular project.
- C. If the project is considered to be feasible, it, along with the proposed objectives for the project will be reported to Partnership Board (The new partnership board will be the LLP board with 2 or 3 officer representatives for each entity, note: there would be no councillors on this board following the principles established across the Council's other companies).
- D. If Partnership Board agrees that the project is feasible, it will make a request that the Council gives exclusivity for the LLP to progress the site (recognising the need to spend more significant sums of money at this stage).
- E. At this point, recommendations would be put to Cabinet for the site to be opted into the LLP for delivery. Once approved, a legal option would be granted to the LLP (subject to clearing financial and legal due diligence) and the site would be progressed through planning and into delivery with all decisions being made by the LLP Board provided they align with the objectives approved by Cabinet.
- F. The Partnership Board for the LLP will then report periodically to the Council's Shareholder Board on the overall financial performance of the LLP and on delivery against any agreed project objectives.
- G. The minutes of the Shareholder Board are reported through Cabinet (Scrutiny Committee if called in) and Council.

3.19 As set out above, the primary difference between the old and new arrangements is that the new arrangements have been designed to align with the Council's Shareholder Board.

3.20 Whilst the Partnership Board will be empowered to make most decisions about project delivery (within agreed budgets and to agreed objectives) and to deal with some company matters, most company matters of significance are reserved to the Cabinet via the Shareholder Board and these reserved matters are set out at **Appendix 1**.

3.21 Settling the final details of the legal agreements and completing them is recommended to be delegated to the Executive Director Legal and Democratic Services.

- 3.22 The LLP arrangements also provide opportunities where capacity allows for the Council to charge its staff into the LLP and recover the costs through the capital projects. This has been used to a limited degree to date and these opportunities can be explored further during the next period. Doing this will reduce pressure on revenue budgets whilst also providing staff with the opportunity to work closely with the private sector partnership, gaining different experience while keeping the project knowledge in-house. It should also assist viability by reducing the costs of contractors into the LLP and exploiting officer contacts and knowledge of the Council's governance and processes.

The principles of the PSP Housing Model

- 3.23 The over-riding principles of the housing model are to enable PSP-partner authorities access to their model which will enable authorities to secure housing delivery quickly, loan in capital generating a return in excess of the borrowing cost and delivering private rented (and in some cases affordable) new housing.
- 3.24 Where possible PSP seek to employ modern construction methods to deliver high quality, very sustainable net zero carbon family homes which are built and then managed to a high standard under the LetLife brand (www.letlife.co.uk).
- 3.25 The housing model compliments the Council's existing housing delivery programme and provides another option for delivery. It also supports the Council's commercial mind-set approach through innovative means of delivering outcomes and improving lives whilst generating commercial income.
- 3.26 The Housing Model is not aimed at Housing Revenue Account housing so it is complimentary rather than a straight alternative. The model includes management via PSP partner PRSim which is set up to deliver the full lettings and management service including full compliance and risk management and a 24 hour helpdesk using a central management function linked to a network of local suppliers.
- 3.27 In legal terms, the partnership establishes two subsidiary companies:
- Prop Co 1 builds the houses
 - Prop Co 2 manages the houses
- 3.28 In terms of the finances, the land would be put in to the LLP at nil value.
- 3.29 The Council has the opportunity to grant a loan Prop Co1 to cover the cost of delivery. The Council would receive interest on the loan on commercial terms over the loan term which must exceed the cost of borrowing and it has rights to the capital value of the asset.
- 3.30 Following construction, the asset would be leased to Prop Co 2 who would let and manage the asset. Prop Co 2 would pay all rents (less management and maintenance costs) up to Prop Co 1 and this would in turn flow through to the LLP to the Council as a dividend. The Council has the option to recycle the funds within the LLP or to draw them out.
- 3.31 At exit, the houses could be sold to recover the capital, or re-financed (with the Council).

- 3.32 PSP has undertaken extensive due diligence around the legal, property and tax implications to ensure compliance and efficiency.
- 3.33 Public Sector Plc would receive reimbursement of the pre-construction costs, a facilitation return (akin to a developer's profit) of 7-10% of the gross development costs excluding land and an annual asset/investment management fee of 0.5% p.a. of the investment value.
- 3.34 The benefits to the Council are that:
- The Council is using its access to capital to deliver new housing and to generate a commercial return to support other Council functions.
 - The Council can benefit from any upside arising from the development loan.
 - The model enables schemes to be policy compliant in terms of Affordable Housing (i.e. development will deliver as a minimum the level of affordable housing required by Planning Policy which is currently that proposals for 10-49 units, 20% and 50+ units, 30% - site area criteria also apply). The market often makes the case that this is not possible and delivers significantly less on viability grounds.
 - Council Tax will be received along with new homes bonus
 - The Council retains control over the development through the LLP.
 - The Council retains control over the future of the asset through the leasing structure.
 - The Council and PSP are enabling the wider economic benefits (e.g. construction jobs, investment in construction, new residents in employment, increased local spending which in turn supports further sustainable job creation.
 - The properties are not subject to loss under Right to Buy legislation.
 - The Council benefits from the additional capacity and commercial capability of PSP.
 - The Council could consider using its share of development profit to deliver above-policy affordable housing where appropriate and where viability allows.
- 3.35 The proposal is therefore to set aside £5m for the delivery of housing through the LLP and to delegate authority to the Executive Director Finance and Resources to finalise the terms and make loans to the LLP within the allocated budget to enable delivery of development in accordance with the principles of the PSP Housing Model and subject to any schemes delivering an appropriate and sustainable return on investment.

4. Other Options

- 4.1 Alternative arrangements for the Right to Buy spend such as grants to Registered Providers were considered for the Acquisitions Programme however this would not have resulted in the long term benefit to the Council in the way of HRA property.
- 4.2 The Council does not need to continue the relational partnering arrangement with PSP however this is a useful non-committal additional delivery option for the Council which will be well placed to assist with capacity and delivery,

particularly (but not exclusively) of housing sites, going forward. Feasibility work is also underway within the LLP on several other sites as previously agreed.

- 4.3 The Council could deliver housing through other delivery vehicles however PSP adds resource capacity and brings commercial experience along with the PSP housing model which together will help the council to deliver on its 2050 housing objectives whilst ensuring a robust process is in place to demonstrate financial and legal compliance and best value. The PSP Housing Model also has the benefit of the housing being owned in the LLP therefore it is not at risk of being lost to through right to buy legislation yet still providing the Council with a say over rental levels provided the State Aid thresholds are cleared.
- 4.4 The Council could decide not to fund development through the PSP Housing Model. It does however provide an opportunity for the Council to commercially lend-in to the LLP receiving a finance return as well as the wider development benefits, structured through the PSP Housing Model to deliver a long-term revenue stream (with the opportunity to convert some or all of that to Capital at the Council's discretion). Other funding options are available and may be considered depending on the scheme and the commercial return to the Council.
- 4.5 Cabinet members have also highlighted that there may be opportunities for South Essex Homes as the pipeline work progresses.

5. Reasons for Recommendations

- 5.1 To update Cabinet on the progress of the Pipeline of Housing & Development opportunities namely Phases 3 & 4 HRA infill sites, acquisition programme and LLP developments.
- 5.2 To update Cabinet on the pipeline and regeneration framework.
- 5.3 To update Cabinet on progress in establishing the LLP for the next 10 year period and to enable the new LLP arrangements to be established to provide additional delivery capacity to help the Council meet housing delivery targets

6. Corporate Implications

6.1 Contribution to the Southend 2050 Road Map

- 6.1.1 The development and acquisition of the housing and regeneration pipeline work towards the Southend 2050 Safe and Well outcomes of **“We are well on our way to ensuring that everyone has a home that meets their needs”** and **“We act as a green city with outstanding examples of energy efficient and carbon neutral buildings”**.
- 6.1.2 The development of a regeneration framework and pipeline are also key contributors to the Opportunity and Prosperity outcomes “We have a fast-evolving, re-imagined and thriving town centre, with an inviting mix of shops,

homes, culture and leisure opportunities” and “**Key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bringing prosperity and job opportunities to the Borough**”.

- 6.1.3 Southend’s *Housing, Homelessness & Rough Sleeping Strategy* aims to provide ‘decent high quality, affordable and secure homes for the people of Southend’ and the development and purchase of affordable contributes to this.

6.2 Financial Implications

- 6.2.1 Cabinet has previously agreed the budget of £645k for the next steps of the Regeneration Framework and Development Pipeline. This budget will be called upon for the first stage of the feasibility for the Pipeline sites.
- 6.2.2 The costs and funding of each scheme will require a full business case assessment. Funding for the investment referred to in the report will come from a variety of sources such as capital receipts, HRA capital investment reserve, borrowing, and external funding (both public & private).
- 6.2.3 In terms of PSP projects, the financial implications will be assessed in detail on a scheme by scheme basis and schemes will only proceed when they clear both the Council’s and the private sector partner’s viability measures.
- 6.2.4 The overall financial performance of the LLP will be reported periodically to Shareholder Board along with the progress against agreed objectives for particular schemes.
- 6.2.5 The £5m referenced at recommendation 2.5 and in paragraph 3.35 would be funded from new borrowing with the financing costs more than off-set by the commercial return from the £5m investment into the PSP Housing Model.

6.3 Legal Implications

- 6.3.1 Initial consultation has been undertaken with the Council’s Legal Team for the expansion of the MMC pilot and ongoing work is being undertaken with Essex Legal Services for the Acquisitions Programme.
- 6.3.2 Legal considerations relating to individual sites will be dealt with through the usual due diligence process.
- 6.3.3 Legal considerations relating to the LLP governance changes are being addressed through negotiation as set out in this report with appropriate advice at the relevant stages.

6.4 People Implications

No direct people implications arise however see 3.10 above regarding the extent to which internal resources may be used to supplement the LLP work and then charged back to development projects where appropriate with commercial experience benefits to the staff involved and potential financial benefits to the Council.

6.5 Property Implications

The main purpose of LLP is to review, and progress development opportunities and this will of course generate many strategic and detailed property implications as the work progresses. Such implications will be considered on a site by site basis.

6.6 Consultation

Consultation has taken place with internal colleagues and external advisers in relation to the pipeline of sites and the work is being progressed by a corporate team.

The principles of the changes to the LLP structure have been set out in reasonable detail in the Cabinet Report of 17 September 2019 and at a high level in subsequent Housing Pipeline update reports to Cabinet.

6.7 Equalities and Diversity Implications

The relevant equality assessments will be undertaken if and as necessary.

6.8 Risk Assessment

Risk register and issue logs will be used as part of the development of the sites within the Pipeline and are continued to be used for the Acquisitions Programme.

PSP Project risks will be monitored and managed within the LLP and reported to Partnership Board and where these are significant and appropriate, up to Shareholder Board.

6.9 Value for Money

All spend in relation to the projects will be subject to the relevant procurement rules, to ensure procurement compliance and value for money.

Financial and legal due diligence form a core part of the LLP process including an independent review and validation of each case by CIPFA and external legal review.

6.10 Community Safety Implications

Sites will be considered individually as they progress and through consultation, the Council will look to meet Secured by Design standards where possible and practical.

6.11 Environmental Impact

New pipeline schemes such as the MMC will look to improve energy use and environmental standards in the build process where possible and also will look

to improve landscaping and environmental and economic sustainability where possible.

A core part of the LLP housing offer is the use where appropriate of modular off-site construction (referred to in other papers as MMC or Modern Methods of Construction). This technology enables improvements energy use and environmental standards both through the build process and during the life of the buildings. Sustainability will be a key consideration in any projects and where it presents additional commercial opportunities, these will be explored. For example, very low energy (and therefore low cost to run) homes may be able to generate higher rental levels thereby improving returns depending on the development model used.

7. Background Papers

Cabinet Report, *Future Phases of Affordable Housing Development Programme Update*, 17th January 2019

Cabinet Report, *Housing Update*, 25th June 2019

Cabinet Report, *Housing and Development Pipeline Update*, 17th September 2019

Cabinet Report, *Housing and Development Pipeline Update*, 5th November 2019

Cabinet Report, *Housing and Development Pipeline Update*, 16th January 2020

8. Appendices

Appendix 1 – Matters reserved for Shareholder Board

APPENDIX 1

MATTERS RESERVED FOR SHAREHOLDER BOARD

1. Altering the Members' Agreement, Procedure Agreement and/or any rights relating to the ownership of the LLP;
2. Changes to the rights of any of the Partners pursuant to the Members' Agreement or the Partnership generally;
3. Any material amendment to a legal agreement to which the Partners are a party;
4. The approval of any Capital Contribution by a Partner, save for the Initial Capital Contributions of the Partners as at the Effective Date;
5. Permitting the registration of another member, other than the Council or the PSPF;
6. Changing the nature of the business of the LLP;
7. Any re-organisation of the Members' Capital (or any part of it);
8. The entering into of any commitment by or on behalf of the Partnership with any person with respect to the issue of any loan capital;
9. The making of any borrowings by or on behalf of the Partnership from the Bank or any person or organisation or entity;
10. The making of any resolution or other decision for the voluntary winding up or termination or dissolution of the Partnership;
11. Engaging in any business other than the Partnership Business or any decision to change the Partnership Business as defined in this Members' Agreement;
12. The Partnership forming or acquiring any subsidiary or subsidiary undertaking (as each is defined in the Companies Act) or acquiring any shares in any other company or participating in any partnership or joint venture (incorporated or not);
13. The closing down or the disposal of any material part of the Partnership Business;
14. The Partnership amalgamating or merging with any other company or business undertaking;
15. Alteration of the Partnership Name or registered office;
16. The Partnership entering into any transaction or arrangement of any nature whatsoever with any of the Partners or their directors or any person who is connected (within the meaning of section 1122 of the Corporation Tax Act 2010 or sections 993 and 994 of the Income Tax Act 2007) to any of the Partners or their directors whether or not any other person shall be party to such transaction or arrangement;
17. The Partnership entering into any commitment by way of a transaction or series of related transactions (including without limitation any leasing transaction) which would involve the Partnership in the payment or receipt of consideration having an aggregate value in excess of twenty thousand pounds (£20,000), save where such commitment has been provided for in a Project Budget;
18. The Partnership entering into any arrangement, contract or transaction outside the normal course of the Partnership Business or otherwise than on arm's length terms;

19. The Partnership giving notice of termination of any arrangements, contracts or transactions which are of a material nature in the context of the Partnership Business, or materially vary any such arrangements, contracts or transactions;
20. Any material amendments to any agreed project objectives;
21. The Partnership entering into, as lessor or as lessee, any operating lease (as defined in Statement of Standard Accounting Practice 21) other than as provided in a Project Budget;
22. The Partnership granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Partnership;
23. The Partnership creating or permitting to be created any mortgage, charge, encumbrance or other security interest whatsoever on any asset or its business in whole or in part or any of its shares other than:
 - 23.1 liens arising in the ordinary course of business; or
 - 23.2 any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business;
24. The Partnership adopting or amending the Budget or any Project Budget in any material respect (provided that non-material amendments to the Budget or Project Budget will be subject to each Partner being notified of such amendments and not raising, within five (5) Working Days, any issues in relation to such amendments);
25. Changes to either:
 - 25.1 the Auditors; or
 - 25.2 the financial year end; or
 - 25.3 the Accounting Reference Date;
26. The Partnership making or permitting to be made any material change in the accounting policies and principles adopted by the Partnership in the preparation of its audited accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Acts or any other generally accepted accounting principles in the United Kingdom;
27. The Partnership retaining any Partner's Profit Share to future activities by the Partnership;
28. The Partnership making any loan (otherwise than by way of deposit with the Bank) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) or indemnity;
29. The Partnership giving any guarantee, suretyship or indemnity to secure the liability of any person or assuming the obligations of any person;
30. The Partnership either:
 - (a) opening or closing any bank account;
 - (b) altering any mandate given to the Bank relating to any matter concerning the operation of the Partnership's bank accounts other than by the substitution of any

person nominated as a signatory by the Partner entitled to make such nomination;
or

- (c) changing its bankers;

31. The Partnership:

- (a) entering into or varying any contract of employment providing for the payment of remuneration (including pension and other benefits);
 - (b) establishing or amending any profit-sharing, bonus or other incentive scheme of any nature for executives or employees;
 - (c) establishing or amending any pension scheme or granting any pension rights to any executive, employee, former executive or employee, or any member of any such person's family;
 - (d) dismissing any executive or employee;
32. The Partnership agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any consultant to the Partnership or increase the remuneration of any such person per annum /day, in either case other than in accordance with a Project Budget;
33. The Partnership instituting, settling or compromising any legal proceedings instituted or threatened against the Partnership or submitting to arbitration or alternative dispute resolution any dispute involving the Partnership;
34. The Partnership making any agreement with any revenue or tax authorities or making any claim, disclaimer, election or consent for tax purposes in relation to the Partnership or the Partnership Business;
35. Any decision from time to time referred to the Partners pursuant to clause 3.2.7(j) of the Procedure Agreement;
36. The appointment of any validator or other independent adviser and the terms of that appointment.

Southend-on-Sea Borough Council
Report of Executive Director (Finance and Resources)
To
Cabinet
On
25 February 2020

Report prepared by:
Alan Richards, Director of Property and Commercial

**Agenda
Item No.**

6

Seaway Car Park
Policy and Resources Scrutiny Committee
Cabinet Member: Councillor R. Woodley

A Part 1 (Public Agenda item).

1. Purpose of Report

To update Cabinet on the current situation in relation to the Seaway Car Park.

To present options to enable Cabinet to decide how it wishes to proceed in relation to the proposed development of the Seaway Car Park and associated land ("the Development") and the Agreement for Lease and Sale dated 10 December 2014 made between the Council and Turnstone Southend Limited ("Turnstone") (and subsequently varied on 2 May 2019 pursuant to minute 605 of Cabinet 17 January 2019, minute 668 of Policy and Resources Committee 30 January 2019 and minute 734 of Full Council 21 February 2019) hereinafter referred to as "the Agreement".

It is important to note that this report deals with the proposed Development in the context of the Council's land ownership, regeneration and economic development responsibilities. While the strategic planning context will be mentioned in this report, the planning application deferred on 15 January 2020 for the Development (Ref: 18/02302/BC4M) must be considered quite separately by the Council as local planning authority through the Development Control Committee. Notwithstanding this, the fact that the Development Control Committee deferred a decision has important implications in terms of the Agreement.

2. Recommendations

- 2.1 To note that unless either party takes a decision to terminate, the Agreement for Lease and Sale dated 10 December 2014 made between the Council and Turnstone Southend Limited (and subsequently varied on 2 May 2019 pursuant to minute 605 of Cabinet 17 January 2019, minute 668 of Policy and Resources Committee 30 January 2019 and minute 734 of Full Council 21 February 2019) ("the Agreement") for the development of the Seaway Car Park and associated land ("the Development") remains in full legal force.**

2.2 That Cabinet decides how to proceed; the options being:

2.2 (a) Option 1 – Terminate - That the Council serves notice to terminate the Agreement on the grounds that Turnstone has not satisfied the conditions for which they are responsible, in particular the Planning Condition requiring planning consent to be in place, or for an appeal against a refusal to be underway, at or before 5pm on 17 January 2020, bringing the relationship with Turnstone to an end for this scheme.

2.2 (b) Option 2 – Maintain Support - That the Council maintains its support for the Development and does not serve notice to terminate the Agreement at least until such time as the final decision has been made on the planning application 18/02302/BC4M.

Such support would be maintained on the basis of:

- the economic case including the significant job opportunities that the Development will bring
- the contribution to the Council's published Ambition and Outcomes
- the level of commitment made by the Council and Turnstone
- the desire to maintain the currently committed tenants
- the progress which has been made to date
- the reduced risk of the Homes England funding claw back

While the planning appeal is running, to progress negotiations with Turnstone about the possibility of a lease-wrapper/income strip lease model to accelerate delivery and provide additional rent for the Council through a different model and any other matters which would accelerate delivery.

2.3 In reaching a decision on how to proceed, consideration must be given to the risks in relation to the Homes England Funding in relation to 1-3 Herbert Grove, 29 Herbert Grove and the Rossi Factory (31 Herbert Grove) and future potential funding as referred to at various points in this report and set out in detail in the 17 January 2019 Cabinet report.

3. Summary of previous key decisions:

- 3.1 The principle of pursuing Government funding for the acquisition of the Rossi Factory (31 Herbert Grove) and 29 Herbert Grove was agreed by Standing Order 46 (SO.46) on 27 September 2005. The details of the acquisition were then agreed pursuant to SO.46 on 26 January 2007 when the funding was confirmed.
- 3.2 The acquisition of 1-3 Herbert Grove, again with Government funding, to further support the regeneration and development of Seaway Car Park was agreed at Cabinet 19 February 2008 (minute 1000 refers).
- 3.3 On 29 November 2012, the Economic & Environmental Scrutiny Committee considered a pre-Cabinet scrutiny report on the Seaway Car Park Development. (Minute 544 refers).
- 3.4 On 8 January 2013 the Cabinet agreed the principles of an Agreement with Turnstone for the development of the Seaway Car Park: Minute 637 refers. The

Cabinet decision was noted at Economic & Environmental Scrutiny Committee on 31 January 2013 (minute 744 refers).

- 3.5 On 28 February 2013 the Council noted the minutes 637 and 744 referred to above (minutes 790 and 816 refer).
- 3.6 The final details of the agreement with Turnstone were agreed under SO 46 signed by Councillor Woodley as Leader of the Council in November 2014. This was reported to Cabinet on 6th January 2015 (minute 533 of Cabinet refers). The SO.46 letter records that various “all-Member” briefings had been held and that the terms had been endorsed at the Group Leaders Briefing on 19 July 2013.
- 3.7 On 17 January 2019 Cabinet agreed a report recommending the End Date be extended until 17 January 2020 and the minimum number of parking spaces be increased from 480 to 542 and some other terms be amended as set out in the report (minute 605 refers). The matter was then considered at Policy and Resources Scrutiny Committee together with a substantial amount of supplementary information following further questions. The matter was referred up to Full Council (minute 668 refers) where it was further debated and where Councillors voted 34:12 to note the report and the recommendations made in it (minute 374 refers).
- 3.8 See also the information on the Council’s website¹ which includes links to the key minutes above.
- 3.9 The Agreement was varied on 2 May 2019 to deal with the amendments agreed in the report referred to at 3.7 above.
- 3.10 Most of the key terms of the Agreement are in the public domain. However a few elements remain commercially confidential. It is important that the Council strikes an appropriate balance between transparency and commerciality and the Council’s approach in this case has been upheld by the Information Commissioner.

4. Background and Contractual Summary:

- 4.1 The report to [Cabinet on 17 January 2019](#) and referenced as a background paper together with the supplemental information presented to [Policy and Resources Scrutiny Committee on 30 January 2019](#) provide a full and comprehensive explanation of the background and the contractual position as it was prior to the Deed of Variation being completed on 2 May 2019 which documented the amendments agreed in that report.

5. The Current Position including the Conditions in the Agreement

- 5.1 The Council has discharged its primary conditions in the Agreement by relocating the coach parking and ensuring that the former waste depot is no longer operationally required. The Council is now also in a position to satisfy the conditions relating to the Homes England funding and the Car Park Closing Order

¹ Seaways information on the website including FAQs

https://www.southend.gov.uk/info/100003/communities_neighbourhoods_and_the_environment/873/seaway_project/2

when required. It should be noted that these conditions were not formally satisfied before the End Date.

- 5.2 Turnstone has not yet satisfied any of its conditions under the Agreement although it should be noted that the 'Planning Condition' is the primary condition and most of the others flow from the satisfaction of this.
- 5.3 The Planning Condition requires a planning permission acceptable to Turnstone to be in place and free from planning challenge by the End Date (now 17 January 2020). This has not been satisfied.
- 5.4 Turnstone submitted a planning application to the Council in December 2018 for planning permission for the Development (Ref 19/02302/BC4M). Following two rounds of consultation and the submission of additional information, the application was scheduled to be considered at Development Control Committee (DCC) on 27 November 2019. However this had to be delayed following an application by RPS on behalf of Stockvale to challenge the Council's decision that an Environmental Impact Assessment (EIA) was not required. The Secretary of State subsequently confirmed that the Council's decision (17/01463/RSE) was correct and that an EIA was indeed not required so the application could again proceed to be considered at DCC. Turnstone agreed an extension of the prescribed period for a decision on the application to be made until 15 January 2020. However at the meeting on 15 January, DCC decided to defer a decision.
- 5.5 At 16:53 on 17 January 2020, Turnstone submitted an appeal to the Secretary of State under s.78 (2) of the Town and Country Planning Act 1990 on the grounds that the Council had failed to determine the planning application. However the Planning Inspectorate informed Turnstone's planning agents that certain prescribed documentation had not been sent with the appeal notice and therefore advised that the "appeal is not currently considered valid". In any event as there has been no appeal against an actual refusal of planning permission (the appeal being for non-determination) by the End Date of 5pm on 17 January 2020, the circumstances to trigger an automatic extension to this End Date have not arisen. Accordingly the right for either party to terminate the Agreement has therefore come into effect. Turnstone has been notified that this is the Council's interpretation although they do not agree with it. The Council is advised that Turnstone has now supplied the information to the Planning Inspectorate and that the appeal has been validated (ref: APP/D1590/W/20/3245194).
- 5.6 At this point it is important to note that simply because the Council has the right to terminate, does not mean that it must, or that it should terminate the Agreement. It is important that the Cabinet considers all the matters set out in the 17 January 2019 report in relation to the benefits of the scheme (as well as any downsides) particularly:
- the significant contribution that the proposed Development is expected to make to the delivery of the Southend 2050 Outcomes and the associated regenerative and growth benefits for residents and businesses
 - the positive impact on the town centre and the financial benefits to the Council and the borough as a whole derived through the substantially increased business rates income and the long-term rental income under the lease.

- the importance of the attractiveness of Southend as a place where businesses are prepared to invest; and
- the risks associated to the Homes England funding related to the scheme.

5.7 It is crucially important that Southend builds and maintains a reputation for supporting investment and delivering economic growth to match the population growth and that it does not get left behind neighbouring areas. For example, the Bond Street development has been relatively recently delivered in Chelmsford and Basildon is on-site with its town centre Cinema anchored scheme. Both of these will undoubtedly draw business away from Southend generally and specifically from the town centre unless something is done to enable it to compete in terms of a year-round, all weather leisure offering which holds residents and their spend locally whilst at the same time drawing in spend from a wider catchment.

5.8 It remains the case that the expected benefits associated with delivery of the proposed Development are significant and will make a valuable contribution to the local viability and vitality of the town centre. At a strategic level, the proposed Development will support net additional employment and growth in the borough and more widely in the regional economy giving rise to increased spending in the town centre and seafront areas.

These expected benefits include the benefits for the local economy as set out in the 17 January 2019 Cabinet Report, including:

During Construction:

- Construction and fit out capital expenditure of £47m supporting the equivalent of **94 Full Time Equivalent (FTE)** direct and indirect jobs during the 18 month construction phase.
- Using the average Gross Value Added (GVA) per worker, approximately **£4.4m GVA in the local economy** over the construction period.

Future Operational Phase:

- Based on the proposed floor space, between **270 and 323 FTE net additional jobs** created delivering an additional annual **GVA of between £12.6m and £15.1m** to the local economy.
- Estimated increase in expenditure across accommodation, leisure, food and beverage, cinema and family entertainment resulting in **turnover of between £15.4m and £16.8m annually**.

Linked trip and tourist expenditure:

- Linked trip potential to the town centre estimated at **£1.5 to £1.7m**
- Additional tourism spend estimated at **£0.77m to £0.84m**

Car Parking

- 5.9 The Development enables the land to achieve its full potential, providing year-round, all weather opportunities for residents and visitors alike. It also provides a substantial quantity of publicly available car parking. There will be days when seafront car park demand exceeds capacity. Therefore whilst it is important to maintain capacity in the central seafront area to support residents, workers, visitors and local businesses, it is also important to balance this with an alternative and wider offering so that the full economic and development opportunity presented by this land can be optimised and its full potential achieved.
- 5.10 The thrust of the objection from some seafront traders is related to the parking provision which is of course a key issue for the Council as well as for objectors. The following paragraphs explain why it is considered that the Development proposed delivers sufficient parking.
- 5.11 The current scheme provides 555 spaces which is considerably more than was provided at Seaways until the Council moved the coach parking away and provided additional car parking on a temporary basis. Few of the leisure uses on the seafront provide any significant amount of parking and many have none at all in comparison to the proposed Development where there is a significant provision.
- 5.12 There is already significant public parking available in the vicinity including at Warrior Square, Tylers Avenue/York Road, Alexandra Street, Clarence Road, The Royals and Fairheads Green car parks which are all within a 10 minute walk² of Seaway Car Park. The Gasworks car park is also within a 10 minute walk which has planning permission for 283 car parking spaces and 27 coach bays of which a substantial number have been constructed already with more to follow and assurance has been given that this car park will remain for at least 1 season after the Development at Seaways is open and operational.
- A further 116 additional on-street parking spaces have been identified and created in the last 18 months consisting of:
- 23 new pay and display bays created in Lucy Road by removing yellow lines and amending the taxi rank.
 - 14 shared parking bays available for resident permit holders or pay and display
 - 93 new pay and display parking bays in Clifftown Parade, Station Road and Cambridge Road.
- 5.13 Furthermore, the Council is looking at the viability of increasing the parking capacity at Tylers Avenue/York Road following the completion of the Government-funded right-turn lanes into Warriors and Tylers which make it easier to access these car parks. The junction priorities at Chancellor Road have also been adjusted to improve access to the Royals car park.
- 5.14 None of the proposed sub-tenants for the Development have identified lack of parking in the scheme as an issue, although some seafront traders have done so.

² Google maps walking distances

5.15 In any event, the Council must look at what is best for the town as a whole, for its residents and its visitors and the economic impacts. The car parking provision must be viewed in that context. The prospect of rejecting such significant investment in new facilities with the associated job creation and economic benefits together with the substantial quantum of parking included is a decision which must not be taken lightly. The town centre desperately needs reinforcement and the Seaway development can be an important contributor to this.

6. Options for Cabinet to consider.

The main options available to the Council are set out at recommendations 2.2 (a) and (b) of this report and expanded upon below:

6.1 Option 1 – Terminate (Recommendation 2.2(a)) - That the Council serves notice to terminate the Agreement on the grounds that Turnstone not satisfied the conditions for which they are responsible, in particular the Planning Condition requiring planning consent to be in place, or for an appeal against a refusal to be underway, at or before 5pm on 17 January 2020, bringing the relationship with Turnstone to an end for this scheme.

Considerations in favour of this option:

- Opposition to the Development is principally from Stockvale Group and a small number of seafront traders who have campaigned hard for the Development to be stopped. Termination would satisfy these objectors and give the opportunity to consider an alternative scheme. However the strategic planning context and aspiration for this site is very clear and the proposed Development is a good strategic fit.
- Some seafront traders and other businesses have contended that the proposed development would be detrimental to their businesses. However it should be noted that the proposed uses do not replicate the current seafront offer.
- The site could be left as a public car park leaving the land available for development at a future date
- The Coach Parking could be reinstated at Seaway and the Gasworks car park developed.
- A number of Coucillors supported the previous extension on the basis that it would be the last chance.

Considerations against this option:

- Risk to delivery of Southend 2050 Outcomes and a key scheme on the roadmap
- A significant amount of commitment on behalf of the Council and Turnstone would be wasted and terminating the Arrangement with Turnstone would also mean terminating the arrangements with Sub-tenants which would be hard to resurrect or otherwise maintain
- The Council will soon become wholly reliant on Business Rates, Council Tax and income from commercial sources. The proposed development is forecast to significantly increase the Council's current net income by moving from parking income to income from business rates and rent.

- The scheme is forecast to deliver significant economic benefits which would not otherwise be secured including large numbers of jobs for local people and revenue to town centre and seafront businesses through linked trips and spend.
- There is a risk that Homes England may require the repayment of the funding provided to acquire 1-3 Herbert Grove, the former Rossi Factory and 29 Herbert Grove unless there is a demonstrable commitment to continue to try to secure a comparable scheme.
- The Agreement provides for an overage arrangement to provide funding with which the Council could deliver on the 'Spanish Steps' vision if the scheme is sufficiently profitable.
- There is a significant and growing number of local businesses who would be very concerned if the Development was lost. They believe that the scheme will be very beneficial – even essential - for the town centre and the borough to grow and thrive.
- The Council would not be able to recover the sums due to it at the point the Agreement becomes unconditional; the coach relocation contribution of £100k and the Rossi Factory demolition cost of £113k.
- There is a risk of legal challenge from Turnstone. However, given the Council's support for the scheme to date over the long term and the fact that the Agreement has been varied and extended already, it is considered the Council could robustly defend any such challenge. The reputational implications probably present a greater short-medium term risk.

Other considerations:

- While the Council could market the opportunity, the Seaway site will have suffered a degree of blight and given the current planning uncertainty it is likely to be a significant challenge to secure an alternative developer at all, let alone on comparable or better traditional terms. Potential sub-tenants will also have regard to the background in considering whether to commit to any comparable scheme.
- If the Agreement is terminated, there are reputational risks for the Council which could well affect other potential developments in the borough. At a time when the Council is eager to drive much needed development and economic growth forward; this would be unfortunate. This position has been informed by informal views expressed through conversations with developers and property consultancy firms.
- If the Council is seen to take a hard line on developers in spite of very substantial financial commitment and this could have implications for others considering investment in the borough, particularly on larger schemes. The Council should take a firm, considered, fair and consistent approach.
- In current market conditions delivering the proposed Development has some challenges. However other authorities are finding different ways to enable such development to proceed as mentioned elsewhere in this report.
- The benefits of terminating are not clear and the balance of advantage to the town must be considered. The Council must take a view of what is in the best interest of the borough. Simply terminating the Agreement leaves the Council without a fall-back position in relation to this site and puts the existing tenant commitments at risk.
- Whilst an extension to 17 January 2020 was agreed, the planning process has been running through this entire period. This is still not resolved as explained above.

6.2 - Option 2 – Maintain Support (Recommendation 2.2(b) - That the Council maintains its support for the Development and does not serve notice to terminate the Agreement at least until such time as the final decision has been made on the planning application 18/02302/BC4M.

Such support would be maintained on the basis of:

- the economic case including the significant job opportunities that the Development will bring
- the contribution to the Council's published Ambition and Outcomes
- the level of commitment made by the Council and Turnstone
- the desire to maintain the currently committed tenants
- the progress which has been made to date
- the reduced risk of the Homes England funding claw back

While the planning appeal is running, to progress negotiations with Turnstone about the possibility of a lease-wrapper/income strip lease model to accelerate delivery and provide additional rent for the Council through a different model and any other matters which would accelerate delivery.

Considerations in favour of this option:

- Turnstone, which has invested c.£1.4m to date, has lodged a planning appeal which has been validated and they have demonstrated their intention to pursue the appeal and press ahead with the scheme. Incidentally there is significant advantage in the site benefitting from Planning Permission regardless of the contractual position with Turnstone.
- The Council is seen to support a major investment in the town centre with all the associated economic benefits.
- Turnstone has already invested c.£1.4m in the scheme and the Council has committed a significant resource to the project and this option would enable that investment to be built upon rather than lost.
- Under this option, the sub-tenants which are already committed to Turnstone for the scheme including Hollywood Bowl, Empire and Travelodge would not be put at unnecessary risk.
- In the short-medium term, the Turnstone development offers the best option for the development of the site with its associated investment in the town centre at a time when it is much needed.
- The Council would recover the costs in relation to the costs of demolishing the Rossi Factory and the Coach Park relocation contribution from Turnstone.
- While the planning appeal process runs its course, the Council and Turnstone would look at additional and/or alternative leasing arrangements which could help to accelerate delivery. Any such arrangements could provide significant financial benefits, including increased income and the ability to own the scheme outright after 35 years. This would need to be in the Council's interest, be financially sustainable in the long term and secure delivery. Cabinet approval would also be required for any significant changes.
- There may be potential for the rent to the Council to be increased and for that income and the business rates income to be accelerated under different arrangements if these can be achieved within the procurement constraints. For example, a number of similar schemes in other towns across the country have

been converted to income-strip lease arrangements. These include cinema schemes in Rochdale, Stevenage and Durham with the local authorities underwriting them to enable and accelerate delivery and secure significantly improved income and the substantial economic and other benefits, with the Council having the option of owning the entire scheme after 35 years. A similar arrangement could be considered here if it could be demonstrated to be financially sustainable and commercially viable.

- Southend's reputation in the commercial and property investment sector is perceived as one which is supportive and welcoming of investment aligned with the 2050 ambition.
- The Council has already recognised the macro-economic and scheme specific reasons for the delay and so this position would continue to be reflected.
- The significant economic benefits would still be delivered.
- The Homes England funding risk and the Council's potential reputational damage would both be mitigated.
- It would prevent the site from being blighted and give delivery a better prospect of success.
- The risks of legal challenge from Turnstone (considered low in terms of likelihood and likely success) is reduced.

Considerations against this option:

- The Council has already exercised considerable goodwill through the previous contract extension and is not required to do so again. A number of Councillors supported the previous extension on the basis that it would be the last chance.
- The Council is seen to be less robust on developers in spite of non-delivery. It is also seen to appreciate the challenges of the delivery of major schemes and the market influences at play.
- The risk profile associated with any different agreement such as an income strip is different and would require careful analysis.
- This option would undoubtedly lead to continuing objection from a small number of businesses.

Other Considerations:

- The Council is not obliged to terminate the Agreement, neither does it automatically come to an end. A decision by either the Council or Turnstone is required to effect a termination.
- The Council could try to acquire land to deliver the 'Spanish Steps' which could be included in any future development opportunity. Such a feature can of course be delivered separately and is not an inherent part of the scheme although the current Agreement does provide a mechanism which gives rise to the potential for overage to meet the cost of doing this.
- Procurement considerations, financial implications and planning risk would need to be carefully examined.
- Any changes to the key elements of the Development would not only necessitate a renegotiation of the terms but also the submission of a fresh planning application would almost certainly be required.
- There will undoubtedly continue to be opposition to the Development from the vocal objectors although there is an increasing weight of support for the scheme from other businesses.

7. Other Options.

A - That the Council does not serve notice to terminate and maintains its support for the Development but does not seek to secure any benefits by renegotiation.

This option is not dealt with in detail because it does not do anything to help or accelerate delivery.

B - That the Council serves notice to terminate as at 2.2(a) above and then separately enters into negotiations with Turnstone for alternative arrangements.

This option is not dealt with in detail because terminating the Agreement will put current sub-tenant commitments at risk and would only cause complications.

8 Reasons for Recommendations.

8.1 To enable Cabinet to decide how it wishes to go forward.

9. Corporate Implications

9.1 Contribution to Council's Ambition and 2050 Outcomes

Southend 2050 Ambition – the relevant sections are emboldened below:

Our ambition The year is 2050.

How does our borough, Southend-on-Sea, look and feel?

Inevitably the place has changed a lot since the early years of the century, but we've always kept sight of what makes Southend-on Sea special. **Prosperous** and connected, but with a quality of life to match, Southend-on-Sea has led the way in how to **grow a sustainable, inclusive city** that has made the most of the life enhancing benefits of **new technologies**.

It all starts here - where we are known for our creativity, our cheek, our just-get-on-with-it independence and our welcoming sense of community. And so, whilst the growth of London and its transport network has made the capital feel closer than ever, we cherish our estuary identity - **a seafront that still entertains** and a coastline, from Shoebury garrison to the fishing village of Old Leigh, which always inspires. We believe it's our contrasts that give us our strength and ensures that Southend has a vibrant character of its own.

- Pride and Joy: People are proud of where they live – the historic buildings and **well-designed new developments, the seafront and the open spaces**. The **city centre has generated jobs, homes and leisure opportunities, whilst the borough's focal centres all offer something different and distinctive**. With its reputation for creativity and culture, as well as the draw of the seaside, Southend-on Sea is a place that **residents and visitors can enjoy in all seasons**. Above all we continue to cherish our coastline as a place to come together, be well and enjoy life.

- **Safe and Well:** Public services, voluntary groups, strong community networks and **smart technology** combine to help people live long and healthy lives. Carefully planned homes and **new developments have been designed to support mixed communities and personal independence, whilst access to the great outdoors keeps Southenders physically and mentally well.** Effective, joined up enforcement ensures that people feel safe when they're out and high quality care is there for people when they need it.
- **Active and Involved:** Southend-on-Sea has grown, but our sense of togetherness has grown with it. That means there's a culture of serving the community, getting involved and making a difference, whether you're a native or a newcomer, young or old. This is a place where people know and support their neighbours, and where we all share responsibility for where we live. **Southend in 2050 is a place that we're all building together – and that's what makes it work for everyone.**
- **Opportunity and Prosperity:** Southend-on-Sea and its residents benefit from being close to London, but with so many **options to build a career** or grow a business locally, we're much more than a commuting town. Affordability and accessibility have made Southend-on-Sea popular with start-ups, giving us the edge in **developing our tech and creative sectors, whilst helping to keep large, established employers investing in the borough.** People here feel valued, nurtured and invested in. This means that they have a love of learning, a sense of curiosity and are ready for school, employment and the bright and varied life opportunities ahead of them.
- **Connected and Smart:** Southend-on-Sea is a **leading digital city and an accessible place.** It is easy to get to and get around, with **easy parking for residents, visitors and businesses.** Everyone can get out to enjoy the borough's **thriving city centre, its neighbourhoods and its open spaces.** Older people can be independent for longer. It is also easy to get further afield with quick journey times into the capital and elsewhere. Our airport has continued to thrive, opening up new business and leisure opportunities overseas – but it has done so in balance with the local environment. Southend-on-Sea - it all starts here.

Pride and Joy:

Residents told us they want:

- The seafront continues to be our pride and joy
- Our town centres & public places are clean, attractive, thriving and reflect our success
- I feel inspired by the arts, culture and attractions that are available year-round in Southend.
- We are a 'destination' people want to visit, live and study all year round and from far and wide

Seaway will help achieve this by:

- New developments generating jobs and employment opportunities
- Reputation for creativity and culture
- A place that residents and visitors can enjoy in all seasons

Safe and Well:

Residents told us they want:

- Sunshine and fresh air! A light, bright place with great quality of life
- Everyone feels safe at all times of the day

Seaway will help achieve this by:

- Carefully planned...new developments...support mixed communities
- Improving the quality of the public realm and reducing anti-social behaviour through good design and activated spaces.
- Providing a substantial amount of parking to serve the Development and the wider town centre and seafront area.

Active and Involved:

Residents told us they want:

- A sense of family and community, enjoying and supporting each other – a strong sense of settled communities
- Everyone takes responsibility for protecting our environment

Seaway will help achieve this by:

- The creation of a year-round new family leisure destination
- Modern development incorporating a range of environmental measures and reducing surface water run-off and therefore the risk of seafront flooding.

Opportunity and Prosperity

Residents told us they want:

- My education opportunities have given me the best start in life
- There are so many options for a rewarding career
- There is a good balance of retail, residential and social space in our town centres
- We are well known as a hub for innovative and creative industries and ventures
- Large business support residents' aspirations
- It's easy to do business here – bureaucracy is minimal and overheads are affordable

Seaway will help achieve this by:

- Providing up to 500 jobs and a range of training opportunities
- Generating significant added value to the town centre, seafront and wider economy
- Providing new and improved public realm including a new public square in front of St John's Church
- Providing an additional modern hotel thereby increasing the opportunities for in-bound tourism, longer dwell-time and linked trips and associated spend to the town centre and seafront.

Connected and Smart:

Residents told us they want:

- Easy connectivity with minimal barriers, however I chose to travel
- Parking is cheap and easy for residents and visitors
- Lots of opportunities to be in open space

Seaway will help achieve this by:

- Using technology to integrate with existing vehicle management systems and evolving smart technology.
- Providing good quality, competitively priced public parking.
- Providing new, high quality public realm.

The Council has held and maintained a long-term ambition, to redevelop Seaway Car Park with leisure, restaurants, retail, hotel, parking etc. and this ambition was referred to in the Council's Corporate Plan & Annual Report 2017 which was confirmed by Council on 20 July 2017 (see pages 25 and 37).

The 17 January 2019 report demonstrates how the development of Seaway is woven through a whole range of strategic plans adopted by the Council.

Seaway Leisure has been carried forward in to the 2050 Roadmap which forms part of the Southend 2050 Ambition and Outcomes – The Council's strategic plan.

9.2 Financial Implications

- (a) The financial implications were set out in detail in the report to Cabinet 17 January 2019.
- (b) The detailed financial implications, including the s.123 Local Government 1972 best consideration implications will vary depending on the option selected and will need to be further considered and developed. Cabinet approval would also be required for any significant changes including any lease wrapper/income strip arrangement.
- (c) Extensive staff resources have been and continue to be applied to this important Roadmap project across the Council.
- (d) The risks associated with the Homes England funding and the potential risk of challenge/claims from Turnstone or objectors need to be considered and will carry potential and unknown costs.

9.3 Legal Implications

- (a) The Legal Implications are set out in the main body of this report however depending on which option is supported, the legal considerations will need detailed consideration and development.
- (b) The Executive Director (Legal and Democratic Services) has reviewed this report.

9.4 People Implications

There are no staffing implications.

9.5 Property Implications

The property implications are set out in the main body of this report.

9.6 Consultation

Turnstone ran a public consultation in December 2015 with a stand at the Royals which was well attended and accompanied by a number of linked consultation exercises. Since this time, Turnstone has maintained an open portal on their website to capture comments.

The scheme has received, and continues to receive significant media coverage.

Council tenants affected directly by the scheme have been notified of the planning application and have been provided with all relevant points of contact for representations and discussions.

The Council reports on the scheme are referenced in section 3 above and these have been published on the Council's website.

The planning application has been subject to full public consultation and this is available for anyone to view and comment upon on the Council's website at www.southend.gov.uk/planning under reference number ref 18/02302/BC4M (pending validation at the time of printing).

Turnstone continues to consult on the scheme across various media including property press, local press, its website and social media and leaflet drops.

The Development of Seaway is part of the Council's 2050 Roadmap and Southend 2050 both of which have been produced in extensive consultation with residents and businesses.

9.7 Equalities and Diversity Implications

This Development does not directly affect the delivery of Council services and all those affected by, or potentially affected by the scheme are aware, and have the opportunity to raise any comments or objections through the planning process.

An Equality Impact Assessment will be prepared before the project moves in to the delivery phase.

9.8 Risk Assessment

The main risk relating to this project is the delivery risk because this depends on changing market conditions. This risk is, for the Council, fully mitigated and Turnstone carries all the design, planning, funding, delivery and letting risk under the current Agreement.

There is a reputational risk related to the provision of sufficient parking to support local businesses and this risk is mitigated through the planning process. The above 2 risks could be dealt with differently through the proposed revised arrangement.

Equally there is a reputational risk in not continuing with the project. The project is very public, Turnstone has invested c. £1.4m to date and will need to invest a

further c.£1m to get the scheme to site. For the Council to terminate a deal which would see such significant economic and financial benefits and leave a private developer partner so significantly out of pocket would have far-reaching implications on the Council's ability to secure development partners in the future and could significantly hamper the Council's ability to achieve the 2050 Ambition and a number of the Outcomes.

Further opportunities and risks are set out with the options in section 6 above.

9.9 Value for Money

This will need to be carefully addressed once a preferred option is agreed.

9.10 Community Safety Implications

The site currently suffers from a number of anti-social behaviour issues, particularly in the alleyway behind the church and around the public toilets, recently resulting in a fire being set in part of the toilets.

This space is busy in the late evenings and increased commercial activity along with improved lighting and enhanced public realm should assist with immediate and wider town centre vitality – year round and at all times of day and night.

The scheme will deliver a higher BID levy delivering more money for the BID to invest.

9.11 Environmental Impact

The assessment of Environmental Impact has been fully addressed through the planning process.

10 Background Papers

The most important background paper is the report to [Cabinet 17 January 2019](#), the background information to that report and the supplementary information for [Policy and Resources Scrutiny Committee on 30 January 2019](#) and all councillors are encouraged to re-familiarise themselves with these papers before considering this paper.

See Background section on the Council's Website incorporating frequently asked questions and answers:

https://www.southend.gov.uk/info/100003/communities_neighbourhoods_and_the_environment/873/seaway_project

12 Appendices

None

To Full Council

Notice of Motion

7

Seaway Car Park Development

Any viable development on Seaway Car Park must support tourism and satisfy the seafront's parking needs. The proposed development by Turnstone Estates comprised a 1370 seat multi-screen cinema, 10 restaurants, an 80 bedroom hotel, bowling alley and an amusement centre. Currently, there are 661 car parking spaces at Seaway Car Park. The proposals only contained provision for 555 car parking spaces. Turnstone Estates contract expired on the 17th January 2020.

At a meeting of Full Council in February 2019, both the now Leader and Deputy Leader of the Council are on record as saying that there would be no second extension and this was 'last chance saloon' for Turnstone Estates to get the required planning permission.

At the Development & Control Committee on the 15th January 2020, councillors deferred planning on the development citing concerns around parking and non-compliance of Council Policies.

This Council therefore resolves that it should:

1. Not provide a second extension to Turnstone Estates on their current contract as the Heads of Terms only allowed for an automatic extension upon refusal by the Development & Control Committee.
2. Re-tender the proposals.
3. Any new tender specification to include significantly more car park spaces and address all other concerns raised at the Development & Control Committee meeting on the 15th January 2020.

Proposed By: Cllr Cox
Cllr Buck

Seconded By Cllr Davidson
Cllr Boyd
Cllr Bright
Cllr Burzotta
Cllr Davidson
Cllr Dear
Cllr Evans
Cllr Folkard
Cllr Garne
Cllr Garston
Cllr Habermel
Cllr Jarvis
Cllr McGlone
Cllr Moring

Cllr Nelson
Cllr Salter
Cllr Walker

Southend-on-Sea Borough Council

Report of Executive Director
(Legal & Democratic Services)
to

Place, People and Policy & Resources Scrutiny
Committees

On 6th, 7th and 9th July 2020

Report prepared by: S. Tautz (Principal Democratic Services
Officer)

Agenda
Item No.

8

In-Depth Scrutiny Projects and Summary of Work 2019/20 A Part 1 Agenda Item

1. Purpose of Report

- 1.1 For the Scrutiny Committee to consider progress with regard to the in-depth scrutiny projects due to have been completed during the 2019/20 municipal year.
- 1.2 The report also provides information about the work carried out by each of the scrutiny committees during the previous year.

2. Recommendations

- 2.1 That the Scrutiny Committee note progress with regard to its in-depth scrutiny project due to have been undertaken during the 2019/20 municipal year.
- 2.2 That the completion of the in-depth scrutiny project be carried forward into the 2020/21 municipal year.
- 2.3 That no further topic(s) be selected by the Scrutiny Committee for additional in-depth review during 2020/21.
- 2.4 That the Committee note the summary of the work undertaken by each of the scrutiny committees during 2019/20, attached as Appendix 3.

3. In-Depth Scrutiny Projects – Background

- 3.1 As councillors will be aware, each scrutiny committee undertakes an in-depth scrutiny project each year. The in-depth projects are selected by the committees at the beginning of each municipal year and generally focus on corporate priorities or matters of local concern. Recent in-depth projects have also been aligned with the ambition and outcomes arising from the Southend 2050 programme.
- 3.2 The projects lead to the development of reports and recommendations which advise the Executive and the Council on its policies, budget provision and service delivery. The work of each project is driven through a Programme Working Party (Project Team) appointed by the Council, supported by relevant officers. The appointments for the projects to be undertaken during 2019/20 were agreed by the Council at its meeting on 3rd June 2019 (Appendix 1).

- 3.3 Involvement with in-depth studies enables councillors to ‘get their teeth into’ a particular topic and to influence and shape proposals before they are implemented. Councillors aim to select topics for in-depth review that can identify real service improvements and result in benefits/outcomes. A list of previous in-depth scrutiny projects undertaken since 2012 is attached at Appendix 2.
- 3.4 Occasionally, one in-depth study is conducted jointly by two of the scrutiny committees. This approach occurred in 2016/17 when a joint study was undertaken by the Policy and Resources and Place Scrutiny Committees, to investigate whether there was a need for additional enforcement resources for Southend. A joint project was also undertaken during 2018/19, also by the Policy and Resources and Place Scrutiny Committees, looking at re-imagining the town centre in the context of the vision for Southend 2050.

4. In-Depth Scrutiny Projects 2019/20 – Progress

- 4.1 The undertaking of the following in-depth reviews for the 2019/20 municipal year were agreed by the scrutiny committees during July 2019:

People Scrutiny Committee

- (a) ‘The appropriate use of reablement for older people (65 and over) when discharged from hospital, to maximise the number of people at home after period of ninety-one days.’

Place Scrutiny Committee

- (b) ‘To review the level of domestic waste recycling in the Borough, in order to examine what influences residents in terms of their recycling habits and what the barriers are to achieving a higher rate of recycling and to consider ways of working with residents to improve domestic waste recycling.’

Policy and Resources Scrutiny Committee

- (c) ‘How the Council and councillors communicate with local people and stakeholders and facilitate engagement and participation’.
- 4.2 Progress with regard to each of the in-depth reviews was achieved by the relevant Programme Working Parties in the first-half of the municipal year, including the development of action plans, the receipt of relevant presentations, the identification of witnesses and evidence sources and, in some cases, the holding of appropriate site visits. However, the completion of the projects was subsequently delayed from late-2019 as a result of a number of issues including reduced officer capacity, the unforeseen requirement for the Returning Officer to deliver a parliamentary election at short notice in December 2019 and the need to make significant preparations for the Police, Fire and Crime Commissioner and local elections due to be held in May 2020 (although these elections were subsequently cancelled).
- 4.3 Since March 2020, the impact of the COVID-19 pandemic has also further delayed activity with regard to the completion of the reviews, reflecting the Council’s approach to the handling of the pandemic, including the necessary focus on priority activities and the delivery of new or amended services, the

dedication or redeployment of officer capacity that would have supported the reviews towards key service provision and the adoption of ongoing remote working and meeting arrangements for councillors and a significant number of the Council's employees. As a result, it was not possible for the in-depth reviews to be completed by the end of the municipal year.

- 4.4 In the circumstances, it is therefore recommended that the completion of each current review be carried forward into the 2020/21 municipal year. The completion of the in-depth reviews will be progressed as soon as possible during the year and it is hoped that meetings of the respective Programme Working Parties leading each review can be held through the Microsoft Teams platform in the near future, so that progress can be reviewed by the scrutiny committees at future meetings.
- 4.5 In light of the proposed carry-forward of the current in-depth reviews and the Council's ongoing response to the COVID-19 pandemic, it is recommended that no additional topic(s) be selected by the scrutiny committees for in-depth study during 2020/21. In accordance with usual arrangements, reports will be made to the scrutiny committees in July 2021 to seek the identification of topics for in-depth review during the 2021/22 municipal year.

5. Work Undertaken by the Scrutiny Committees 2018/19

- 5.1 A summary of the work undertaken by each of the scrutiny committees during the 2018/19 municipal year is attached at Appendix 3.

6. Corporate Implications

- (a) Contribution to the Southend 2050 Road Map - Becoming an excellent and high performing organisation.
- (b) Financial Implications – there are costs associated with organising in-depth projects relating to officer time, but this will all be contained within existing resources.
- (c) Legal Implications – none.
- (d) People Implications – none.
- (e) Property Implications – none.
- (f) Consultation – as described in report.
- (g) Equalities and Diversity Implications – none.
- (h) Risk Assessment – none.

7. Background Papers

None

8. Appendices

Appendix 1 - Membership of Programme Working Parties (Project Team

Appendix 2 - List of previous in-depth topics since 2012

Appendix 3 - Summary of work of the scrutiny committees for 2019/ 20

APPENDIX 1

PEOPLE SCRUTINY PROGRAMME WORKING PARTY (PROJECT TEAM)

(NB: Committee members only)

Party	Members	Total 8	Substitutes
CON	Cllr A Dear Cllr D Garne Cllr F Evans	3	All
LAB	Cllr M Borton Cllr C Nevin	2	All
IND	Cllr A Chalk Cllr I Shead	2	All
LD	Cllr A Thompson	1	All

PLACE SCRUTINY PROGRAMME WORKING PARTY (PROJECT TEAM)

(NB: Committee members only)

Party	Members	Total 8	Substitutes
CON	Cllr A Bright Cllr K Buck Cllr D Jarvis	3	All
LAB	Cllr L Burton Cllr S George	2	All
IND	Cllr A Chalk Cllr S Wakefield	2	All
LD	Cllr P Wexham	1	All

POLICY & RESOURCES SCRUTINY PROGRAMME WORKING PARTY (PROJECT TEAM)

(NB: Committee members only)

Party	Members	Total 8	Substitutes
CON	Cllr M Davidson Cllr S Habermel Cllr C Walker	3	All
LAB	Cllr M Dent Cllr H McDonald	2	All
IND	Cllr B Ayling Cllr I Shead	2	All
LD	Cllr P Collins	1	All

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APPENDIX 2

In-Depth Scrutiny Projects Since 2012

Since 2000, the Council has undertaken a number of in depth scrutiny projects and since 2012 has looked at the following areas:

- To review the level of domestic waste recycling in the Borough, in order to examine what influences residents in terms of their recycling habits and the barriers to achieving a higher rate of recycling and to consider ways of working with residents to improve domestic waste recycling - 2019/20 (Place Scrutiny Committee)
- The appropriate use of reablement for older people (65 and over) when discharged from hospital, to maximize the number of people at home after period of 91 days ('Home First' approach) - 2019/20 (People Scrutiny Committee)
- How the Council and Councillors communicate with local people and stakeholders - 2019/20 (Policy & Resources Scrutiny Committee)
- Re-imagining the Town Centre in the context of the vision for Southend 2050 – 2018/19 (Joint project Place / Policy & Resources Scrutiny)
- in context of vision for Southend 2050, what is the vision for young people which improves their lives and what are the pathways to achieve this ambition – 2018/19 (People Scrutiny)
- Maximizing the use of technology – 2017/18 (Place Scrutiny Committee)
- Connecting Communities to avoid isolation – 2017/18 (People Scrutiny Committee)
- Additional enforcement resources for Southend – 2017/18 (Policy & Resources Scrutiny Committee)
- Alternative provision – off site education provision for children & young people – 2016/17 (People Scrutiny Committee)
- To investigate the case for additional enforcement resources for Southend – 2016/17 (Joint Place / Policy & Resources Scrutiny)
- 20mph speed limits in residential streets – 2015/16 (Place Scrutiny Committee)
- Transition arrangements from children's to adult life – 2015/16 (People Scrutiny Committee)
- Control of personal debt and the advantages of employment – 2015/16 (Policy & Resources Scrutiny Committee)
- How the Council assists and excites individuals and community groups to achieve healthier lifestyles – 2014/15 (People Scrutiny Committee)
- The Council's Community Leadership role in promoting safer communities – 2014/15 (Policy & Resources Scrutiny Committee)
- Understanding erosion taking place on the Foreshore – 2014/15 (Place Scrutiny Committee)
- Southend primary schools' falling grammar school entry figures - 2013/14 (People Scrutiny Committee)
- Impact of welfare changes - 2013/14 (Policy & Resources Scrutiny Committee)
- Promoting a positive image for the town - 2013/14 (Place Scrutiny Committee)

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PLACE SCRUTINY COMMITTEE

Work Programme 2019/20 - Evaluation

During the 2019/20 municipal year, the **Place Scrutiny Committee** held **4** meetings and met on the following dates - 8th July 2019, 7th October 2019, 25th November 2019 and 28th January 2020. The meetings scheduled to be held on 16th March 2020 and 24th March 2020 (special meeting) were cancelled as a result of the COVID-19 pandemic.

During the year, councillors undertook the following scrutiny work:-

Call-ins/references from Cabinet and Cabinet Committee – the Scrutiny Committee considered **11 call-in items** from Cabinet and **4 call-in item** from Cabinet Committee. No items were called in from the Forward Plan. **Revised Southend 2050 - Five Year Road Map** was **referred direct** to the Scrutiny Committee on 8th July 2019. **All items from the Cabinet meetings held on 25th June 2019 and 16th January 2020 were referred direct** to the Scrutiny Committee on 8th July 2020 and 28th January 2020 respectively. **2 items** were called-in and **1 item referred** direct from Cabinet on 25th February 2020 to the meeting of the Scrutiny Committee on 16th March 2020 which was cancelled as a result of the COVID-19 pandemic. **One** of these called-in items was considered by the Scrutiny Committee at its meeting on 15th June 2020.

8 items were **referred up** by the Scrutiny Committee to Council for decision.

No items were referred back by the Scrutiny Committee to Cabinet for reconsideration.

Pre-Cabinet items – there were no items considered by way of pre-Cabinet Scrutiny in 2019/20:

Scheduled items - each meeting as appropriate:

- Monthly Performance report – exceptions reports also considered when appropriate.
- Minutes of the meeting of the Chair's Scrutiny Forum held on Tuesday 18th June 2019 (Minute 155 refers)
- **12** Questions from members of the public, responded to by the relevant Executive Councillors.

In-Depth Scrutiny Project: *'To review the level of domestic waste recycling in the Borough, in order to examine what influences residents in terms of their recycling habits and what the barriers are to achieving a higher rate of recycling and to consider ways of working with residents to improve domestic waste recycling.'* – Topic agreed at meeting on 8th July 2019 (Minute 153 refers). Project Plan agreed by Project Team on 17th September 2019 and then full Committee on 7th October 2019 (Minute 388 refers).

Presentations & other matters considered:

None

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PEOPLE SCRUTINY COMMITTEE

Work Programme 2019/20 - Evaluation

During the 2019/20 municipal year, the **People Scrutiny Committee** held **5** meetings and met on the following dates - 9th July 2019, 8th October 2019, 26th November 2019, 20th January 2020 (special meeting) and 29th January 2020. The meeting scheduled to be held on 17th March 2020 was cancelled as a result of the COVID-19 pandemic.

During the year, councillors undertook the following scrutiny work:-

Call-in/references from Cabinet – the Scrutiny Committee considered **6 called-in items** from Cabinet. No items were called in from the Forward Plan.

A revised timeline for the Southend 2050 Five Year Road Map was referred directly to each of the three scrutiny committees by the Cabinet during July 2019. During the year, matters were also directly referred to each of the scrutiny committees by the Cabinet, including the year-end performance report for 2018/19 and performance framework for 2019/20; the corporate risk register for 2019/20; the capital outturn for 2018/19; annual comments, compliments and complaints statistics; the Southend 2050 outcome success measures for 2019/20; and the town centre and seafront Public Spaces Protection Order.

All items from the Cabinet meetings held on 25th June 2019 and 16th January 2020 were referred direct to the Scrutiny Committee on 9th July 2020 and 29th January 2020 respectively. **Two items** were called-in and **one item was referred** direct from Cabinet on 25th February 2020 to the meeting of the Scrutiny Committee on 17th March 2020, which was cancelled as a result of COVID-19. **One** of these called-in items was considered by the Scrutiny Committee at its meeting on 7th July 2020.

No items were **referred up** by the Scrutiny Committee to Council for decision.

No items were referred back by the Scrutiny Committee to Cabinet for reconsideration.

Pre-Cabinet items – the Scrutiny Committee considered **no** pre-Cabinet items during the year.

Scheduled items - each meeting as appropriate:

- Performance reporting via the Southend 2050 Outcomes Success Measures report
- Schools Progress Report
- Minutes of the meeting of the Chair's Scrutiny Forum held on Tuesday 18th June, 2019 (Minute 173 refers)
- **8** Questions from members of the public, responded to by the relevant Executive Councillors.

In-Depth Scrutiny Project – 'The appropriate use of reablement for older people (65 and over) when discharged from hospital to maximise the number of people at home after period of 91 days ('Home First' approach).'

Topic agreed at meeting on 9th July 2019 (Minute 172 refers). Project plan agreed at meeting on 8th October 2019 (Minute 398 refers). The completion of the in-depth scrutiny project has been carried forward into the 2020/21 municipal year as a result of reduced officer capacity and the impact of the COVID-19 pandemic. No further topics have been selected by the Scrutiny Committee for additional in-depth review during 2020/21.

Presentations & other matters considered:

- 9th July 2019 – (a) Report on Statutory Scrutiny Guidance (Minute 171 refers); (b) work programme evaluation 2018/19 (Minute 172 refers)
- 8th October 2019 – (a) The proposed implementation of dementia community support model (Minute 393 refers)
- 29th January 2020 (special meeting) - East of England Ambulance Trust (Shoeburyness Ambulance Station) (Minute 718 refers)
- 29th January 2020 (special meeting) - Sexual Health Services (Minute 719 refers)
- 29th January 2020 (special meeting) - Changes to Clinical Commissioning Groups in Mid and South Essex (Minute 720 refers)

Chairman's Update Report:

- 9th July 2019 – (a) remit of the Committee; (b) draft Quality Accounts submissions to EPUT and Southend Hospital; (c) Scrutiny arrangements for the proposed move of site for Moorfields Eye Hospital; (d) update on STP and referral to Secretary of State and Statement issued by the Chair; (e) briefing regarding Shoebury practices merger; (f) update on work of Children's Services Improvement Plan Scrutiny Panel.
- 8th October 2019 – (a) Mid and South Essex STP & feedback on outcome of referral and next steps; (b) update on the consultation on the proposed move for Moorfields Eye Hospital; (c) update on scrutiny project work; (d) info on HIV diagnosis data; (e) update on work of Children's Services Improvement Plan Scrutiny Panel.

POLICY & RESOURCES SCRUTINY COMMITTEE

Work Programme 2019/20 - Evaluation

During the 2019/20 municipal year, the **Policy and Resources Scrutiny Committee** held **4** meetings and met on the following dates – 11th July 2019, 10th October 2019, 28th November 2019 and 30th January 2020. The meetings scheduled to be held on 18th March 2020 and 25th March 2020 (special meeting) were cancelled as a result of the COVID-19 pandemic.

During the year, councillors undertook the following scrutiny work:-

Call-in/references from Cabinet – the Scrutiny Committee considered **6 called-in items** from Cabinet. No items were called in from the Forward Plan.

A revised timeline for the Southend 2050 Five Year Road Map was referred directly to each of the three scrutiny committees by the Cabinet during July 2019. During the year, matters were also directly referred to each of the scrutiny committees by the Cabinet, including the year-end performance report for 2018/19 and performance framework for 2019/20; the corporate risk register for 2019/20; the capital outturn for 2018/19; annual comments, compliments and complaints statistics; the Southend 2050 outcome success measures for 2019/20; and the town centre and seafront Public Spaces Protection Order.

All items from the Cabinet meetings held on 25th June 2019 and 16th January 2020 were referred direct to the Scrutiny Committee on 11th July 2020 and 30th January 2020 respectively. **Two items** were called-in and **one item was referred** direct from Cabinet on 25th February 2020 to the meeting of the Scrutiny Committee on 18th March 2020, which was cancelled as a result of COVID-19. These called-in items were considered by the Scrutiny Committee at its meeting on 9th July 2020.

The following Cabinet items were referred to Council by the Scrutiny Committee to consider:

- Traveller incursions in the Borough – 11th July 2019 (Minute 190 refers)

No items were referred back by the Scrutiny Committee to Cabinet for reconsideration.

Pre-Cabinet items – the Scrutiny Committee considered **no** pre-Cabinet items during the year.

Scheduled items - each meeting as appropriate:-

- Performance reporting via the Southend 2050 Outcomes Success Measures report
- Minutes of the meeting of the Chair's Scrutiny Forum held on Tuesday 18th June, 2019 (Minute 203 refers)
- **7** Questions from members of the public, responded to by the relevant Executive Councillors

In-Depth Scrutiny Project: - 'How the Council and Councillors communicate with local people and stakeholders' – Topic agreed at meeting on 11 July 2019 (Minute 201 refers). Project plan agreed at meeting on 10th October 2019 (Minute 411 refers). The completion of the in-depth scrutiny project has been carried forward into the 2020/21 municipal year as a result of reduced officer capacity and the impact of the COVID-19 pandemic. No further topics have been selected by the Scrutiny Committee for additional in-depth review during 2020/21.

Presentations & other matters considered:

- Work programme evaluation 2018/19 – 11th July 2019 (Minute 201 refers)
- Statutory Scrutiny Guidance – 11th July 2019 (Minute 202 refers)

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