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Dear Alan

Seaways Car Park, 1-3, 29 Herbert Grove and the former Rossi Factory, Lucy Road, Southend on Sea, SS1 2SA

I refer to your request for a supplementary letter to assist in answering queries arising from the publication of your report to Cabinet on 17 January 2019

I confirm that I have reviewed the report and that

- 1 Our valuation work and advice is aligned to the figures published in the report and the report does not contain any information which would lead us to arrive at different conclusions, or to amend our advice, and
- 2 The report fairly reflects our assessment of the scheme and our conclusions in relation to the Council's position in the context of s 123 of the Local Government Act 1972

You have requested further commentary on the way that 29 Herbert Grove and the site of the former Rossi Factory have been taken in to account in our valuation, particularly the valuation of the existing site (referred to as Valuation 1 within our report dated 21 November 2018)

The position in relation to these is set out very clearly in the Cabinet report of 17 January 2019

The properties were acquired with public funding and their future use is restricted, such that they could not be sold other than in the context of a wider development of the Seaway Car Park and only then with the express permission of the East of England Development Agency (subsequently the Homes and Communities Agency and now Homes England) There is a restriction on the registered title to this effect

Furthermore, part of your original instruction included reference to our report being made available to Homes England, so that they might share it with their advisers, with the aim of establishing the claw-back payment due to Homes England in relation to 29 Herbert Grove and the site of the former Rossi Factory Our report was duly provided for this purpose and it is evident from the Cabinet report that the clawback has been assessed and settled at £166,000

In terms of our valuation, the fact that these properties cannot be sold other than in connection with a wider scheme of development on Seaways means that any potential Market Value is eradicated unless agreement could be reached with Homes England to accept repayment of the grant in exchange for a release of the restrictions on title This would however be at odds with the purpose of the funding, which is to deliver the wider regeneration scheme, be a significant and unbudgeted cost for the Council, and would likely be damaging for the Council in securing future funding



In our view it would also send a clear message to the development market, which is likely to damage confidence, meaning securing future investment (public and private) would be harder

It is often the case with acquisitions connected to wider development schemes that land and property is acquired to enhance a scheme and that the value is only realised as part of the whole scheme. This is one reason why Local Authorities and public bodies are so instrumental in major regeneration schemes and the associated land assemblies so often required

In the Description section of our November 2018 report, the property is described as follows

"The property predominantly comprises a surface level pay and display car park owned by SBC. It is roughly triangular in shape extending to approximately 5.2 acres (2.1 Hectares). The remainder of the site includes highway land, the former Rossi Factor (now demolished), 29 Herbert Grove (a temporary residential let) and 1-3 Herbert Grove (which is due to be demolished). In all, we understand the property extends in total to approximately 6.96 acres (2.82 hectares)."

We have not dwelt on the valuation treatment of 29 Herbert Grove and the Rossi Factory for the reasons set out above. We understand that the Rossi Factory was acquired for £1.55M, subject to a short-term leaseback with onerous strip out obligations and that 29 Herbert Grove was acquired for £200,000. At the date of our valuation, the Rossi Factory was a cleared site and 29 Herbert Grove remained subject to a short-term residential tenancy.

To realise any positive value out of these assets, the Council would first have to repay the grant, leaving it in a negative financial position. For this reason, Valuation 1 assumes that 29 Herbert Grove and the Rossi Factory have no financial value to the Council. The value rests with Homes England and is protected through their restriction on title.

As clearly set out in the Cabinet report, 1-3 Herbert Grove is within the area to be developed, but is not within the area to be leased to Turnstone. We understand it will not form part of any land transaction but instead to be subject to a licence for demolition and landscaping works required to enhance the public realm and we have not attached any value for this property. As with 29 Herbert Grove and the Rossi Factory, the value sits with Homes England.

As set out above, Homes England's advisers have since been provided with our report and the clawback contribution has been settled.

You have requested my view on the release of our full valuation report which was of course prepared on the understanding that it would be confidential with the supplementary s 123 covering letter being prepared for publication with the Cabinet report.

The full valuation report is not suitable for wider circulation. It contains commercially sensitive information of Turnstone's scheme, pre-let arrangements and our detailed analysis of the same. The release of the report would likely prejudice the commercial interests of the Council, Turnstone, and potentially those tenants whom have signed and those yet to sign.

Our report has been disclosed at the Council's request and with Turnstone's knowledge, to Homes England's advisers and to the District Valuer Service (DVS), who both, under the terms of a signed letter of reliance, are to protect the confidential information contained within. I note at the end of the Cabinet report there is a link to the Information Commissioner's view on the disclosure of our original report and the same justifications apply in relation to the latest report.

I confirm that this letter can be released to the DVS for independent review, as was completed for our valuation report.

I also confirm that this letter has been prepared on the understanding that it will be made more widely available.



I trust the contents of this letter are satisfactory for your purposes however, should you require any further information then please do not hesitate to contact me

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul Bird". The signature is written in a cursive style with a large, stylized initial 'P'.

Paul Bird BSc (Hons) MRICS
RICS Registered Valuer
Director
Valuation & Development Consultancy