

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Deputy Chief Executive (Place)

To

Cabinet

On

12<sup>th</sup> February 2019

Report prepared by: Emma Cooney, Director of Regeneration and Business Development on behalf of The Better Queensway Project Board ("the Project Board")

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## Better Queensway regeneration project – appointment of the joint venture partner

Relevant Scrutiny Committee: Place Scrutiny  
Cabinet Member: Councillor Courtenay

Part 1 (Public Agenda Item) save for Appendix 2 which is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12 A to the Local Government Act 1972

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### 1. Purpose of Report

- 1.1 The purpose of the report is to inform Cabinet of the outcome of the procurement process and agree the appointment of a 50/50 joint venture (JV) partner to work with the Council to deliver the Better Queensway regeneration project (the Project) in accordance with the agreed objectives for the project. It is important to note that this report does not make any recommendations to approve a specific scheme.

### 2. Recommendations

- 2.1 That Swan Housing Association (Swan) is appointed as the preferred bidder, and subsequently the joint venture partner following the conclusion of the competitive dialogue process undertaken in compliance with the Public Contracts Regulations 2015;
- 2.2 That a limited liability partnership (LLP) be established with Swan through a Swan subsidiary company;
- 2.3 That an investment of £1.5M equity and £13.5M junior debt is made by the Council to match the level of investment by Swan, and that the capital investment programme for 2019/20 to 2023/24 is adjusted to reflect this;
- 2.4 That authority is delegated to the Chief Executive in consultation with the Leader to:
- a) Negotiate the final details of, and then enter into, the following agreements:
- LLP partnership agreement;

- Land agreement;
- Compulsory Purchase Order (CPO) indemnity agreement;
- Development and purchase agreement;
- Such further agreements that the Council are party to which are required to enable the delivery of the Project;
- Any ancillary agreements or documents necessary to give effect to the constitution, implementation and functioning of the LLP in accordance with this report and its appendices;

b) Establish and implement a process for the on-going selection and appointment of appropriate individuals to the board of the LLP;

2.5 That authority is delegated to the Chief Executive and S151 Officer, in consultation with the Leader, to identify, declare surplus and dispose of assets to the LLP (subject to the Council's obligations under S123 of the Local Government Act 1972 or any such other statute that is appropriate for any such disposal) and acquire assets within the Project boundary for the purpose of facilitating the delivery of the Project.

2.6 That the terms of reference of the Council's Shareholder Board be amended to include this joint venture.

### 3. Background

3.1 Better Queensway is a transformational housing-led regeneration project which seeks to create a new community in the heart of Southend-on-Sea through the delivery of more, and better quality, housing and a better place through social, environmental and economic improvements. It is the first in a pipeline of major housing projects being developed which include affordable housing. It is identified as a Southend 2050 roadmap project which is integral to all five themes, as set out in paragraph 7.1 of this report.

3.2 On 13<sup>th</sup> February 2018 the Cabinet approved a report (item 743 refers) to commence the procurement of a partner to enter into a 30 year relationship to fund, develop and manage the Project. This was endorsed at Full Council on 22<sup>nd</sup> February 2018. This agreed the extent of the regeneration area and put in place a set of minimum criteria for the Project which had to be met through the procurement, as follows:

- demolition of the four tower blocks;
- an increase on the 441 affordable homes currently on site;
- equivalent tenancy terms and conditions under an assured tenancy for existing Queensway tenants who return to the site; and
- retention of a four lane highway.

3.3 The report also set out a range of aspirations that bidders were asked to address whilst balancing the challenges of developing a viable and deliverable scheme.

3.4 The ability of the bidders to meet the minimum requirements and respond to the Council's aspirations was assessed throughout the procurement process.

### 3.5 Competitive Dialogue Procurement Process

- 3.6 The competitive dialogue procurement process commenced on 22<sup>nd</sup> March 2018 with a launch event at the Royal Pavilion. The Selection Questionnaire (SQ) stage, which required potential bidders to provide significant information about their experience of delivering similar regeneration schemes as well as their financial standing, closed on 10<sup>th</sup> May 2018. The result of this was that four bidders were invited to progress through to the subsequent rounds of dialogue.
- 3.7 Three phases (detailed solutions (ISDS), refined solutions (ISRS) and final tenders of dialogue took place between May 2018 and January 2019. During this period some of the bidders withdrew from the procurement process, resulting in one bidder submitting a final tender.
- 3.8 The Public Contracts Regulations 2015 allow for the dialogue process to continue with a single bidder.
- 3.9 Legal and financial advice was sought which provided assurance that continuing with the procurement was appropriate. Concerns about a potential lack of competitive tension giving rise to a possible reduction in value for money were addressed by reviewing the previously established criteria in the procurement to satisfy the Project Board (senior Council officers) and Sponsoring Group (senior Council officers and Members) that bidders were required, regardless of the number of bidders in the process, to provide transparency around the figures used for the bid. The bidders were therefore required to demonstrate value for money in and of themselves.
- 3.10 Further, a separate value for money exercise was commissioned by the Section 151 Officer (section 7.9 of this report) to provide further assurance.
- 3.11 Throughout the procurement process the bidder was required to develop a solution, supported by their own advisory teams, which could meet the criteria set out by the Council.
- 3.12 A compliant, financially viable bid was submitted by Swan by the final deadline of midday on 21st January 2019. **Appendix 1** provides an overview of Swan.
- 3.13 The purpose of the procurement was to secure a partner with whom the Council would bring forward the regeneration of Queensway. In order to assess the extent of the capability of the partner to meet the Council's criteria, an example scheme was submitted for evaluation. The submission, which will become part of the legal contract and associated documents upon which the new JV is built, shows how the Council's criteria can be met but also the added value that Swan, as a partner, can bring to the Project.
- 3.14 This report is not seeking approval of the submitted example scheme. The proposals which were submitted by Swan, and were assessed by the Council's project team ("the Project Team"), do meet the Council's objectives, but it is important to note that the example scheme developed was produced by Swan alone in order to demonstrate their capabilities through the procurement

exercise in an effort to be selected as the Council's partner. This proposal will not be the final scheme. The new 50/50 JV between the Council and Swan will now develop a scheme together and take it through a number of design and planning stages to develop an appropriate scheme for the site that meets the Council's requirements. This will build on the work already undertaken and will not be starting the design process again. The JV will then submit it to the Council in its capacity as the planning authority to secure planning consent.

### 3.15 Procurement Evaluation

3.16 A challenging and robust set of evaluation criteria were agreed in the February 2018 Cabinet report. Through the SQ stage Swan's financial standing and technical experience relevant to a project of this nature were assessed. Swan met the Council's criteria and achieved the highest score of all SQ submissions at this stage.

3.17 The Project Team were trained in competitive dialogue procedures by Sharpe Pritchard, the Council's legal advisor to the Project. The Project Team were supported by the specialist advisors, procured by the Council, throughout the process. Regular reports were provided to the Better Queensway Sponsoring Group and Project Board as appropriate.

3.18 The team of officers and external specialist advisors assessed the submissions at each round of the process against the agreed criteria and objectives. Multiple people scored each question which was then moderated by specialist external legal advisers, which ensured a robust and consistent methodology was applied.

3.19 Swan has demonstrated its ability to meet the Council's minimum criteria, while being aligned with the Council's wider aspirations within a financially viable scheme.

- **Increase on 441 affordable homes** – this has been achieved in the design submitted that underpinned the procurement process.
- **Delivering appropriate housing offers to returning residents and new affordable tenants** – requirements met by Swan's overall offer and their response to the procurement documents.
- **Demolition of the towers** – In the scheme submitted that underpinned the procurement process all towers and maisonettes are programmed to be demolished.
- **Addressing the Queensway highway** – New highway scheme developed for the procurement process that retains the 4 lanes (2 in each direction) as per the Council's requirements.
- **The red boundary line of the procurement** has been adhered to.
- **The proposals are financially viable.**

- 3.20 The example scheme developed by Swan as part of their response to the procurement process included c1600 homes, of which over 500 are affordable spread across the different tenures within the affordable housing definition. These affordable homes are demonstrated to be locally affordable. The highway maintains four lanes and new green spaces improve walking and cycling permeability and space to play. It also incorporates a community fund, improvements to energy and sustainability, and the whole area being designed using secured-by-design principles. It is important to note that this is indicative information based on an example scheme which was for procurement purposes and is subject to change by the JV partners prior to submitting a planning application.
- 3.21 **Appendix 2 (Part 2)** sets out how the objectives have been addressed by the submission and includes commercially confidential information.
- 3.22 Audit**
- 3.23 Given the size and complexity of the Project, the robustness of the procurement process should be noted. At each stage of the procurement an audit of the process was undertaken by the Council's internal audit team which included specialist external advice.
- 3.24 Throughout the procurement process Corporate Procurement and the Project Team have worked closely with the Council's Internal Audit service to review processes and procedures and develop learning to ensure that a robust process is being followed. There have been individual audits at various stages of the process (post SQ evaluation and moderation, post ISDS stage, post ISRS stage and throughout the final tender stage). Any recommendations made by Audit have been considered and processes strengthened accordingly.
- 3.25 A key deliverable was the development of an evaluation and moderation tool which clearly maps across the key elements of the offer at the final tender stage against the requirements in each of the technical (qualitative) questions and the requirements set out in the objectives. Prior to commencement of the final tender stage, this tool was approved by Internal Audit as providing a clear rationale for the outcome of the evaluation and moderation process and as an evidence tool as to the value for money in relation to the final tender submission.
- 3.26 This has been deemed to be a compliant process, meeting all the objectives set out in the procurement documents by legal, financial, procurement and audit.
- 3.27 A decision not to proceed with the appointment of Swan as JV partner for the project would not only mean that these benefits would not be realised but would expose the Council to a range of other risks including:
- Reduced confidence in the Council by residents of Queensway and the wider community to be able to deliver the regeneration as a 2050 roadmap project.
  - A potential legal challenge by Swan, including a claim for financial compensation, on the basis of the Council not acting rationally in failing to

award a contract to a bidder whose submission met the objectives of the procurement and was the most economically advantageous tender.

- Reputational damage amongst the development industry thereby compromising Southend's ability to secure a partner for future schemes at this site and others across the borough.
- The £15m Housing Infrastructure Fund (HIF) allocation by Homes England for the Project would likely be lost resulting in a significant budget challenge for alternative schemes and a reputational risk with Government and key funders for future investment and grant funding.
- Reduced ability to make the significant contribution towards meeting the housing need of Southend and delivery of more affordable homes into the market.

### 3.28 Legal

3.29 Recommendation 2.4 details the primary documentation required to establish the JV and progress the Project. Further detail of the documents referred to in the recommendation is set out below.

- **LLP partnership agreement.** This is the overarching agreement that captures the legal arrangements between the Council, Swan, a Swan subsidiary formed for the purpose of this project and the LLP itself. The Swan subsidiary will be a new company established specifically for the delivery of the Project. The parent company (Swan) will also be a party to the LLP agreement to ensure the new company meets its obligations.
- **Land agreement.** This details the process that enables the LLP to draw down the land forming part of the Project area as the scheme progresses. Once the land is drawn down, a 250 year lease will be granted by the Council to the LLP for each phase of the works and will enable construction to commence. Once the phase has completed then long leases shall be granted to individual owners of each home.
- **CPO indemnity agreement.** This sets out the process for the LLP to acquire land that is in the ownership of third parties, through the Council exercising its CPO powers, and the process to reimburse the Council for its costs.
- **Development and purchase agreement.** This details the arrangements whereby Swan will acquire the completed units from the LLP.

3.30 The Council will be required, with Swan, to register the LLP at Companies House and thereafter appoint an auditor, prepare and sign the accounts on behalf of the LLP, deliver the accounts to Companies House and notify Companies House of any changes to the LLP board, or of a change to the registered office address or name of the LLP.

3.31 The LLP board will consist of six individuals; three appointed by Swan and three appointed by the Council. Their duty will be to the LLP and to act in the best interests of the LLP. The three Council representatives must declare their role

on the LLP as an interest and consider any potential conflict that arises in their position as part of the LLP board.

- 3.32 The final scheme for the Project will be developed and delivered by the new JV partnership, to which the Council will be a 50% partner. The Council, at the appropriate points, will also exercise its role as Local Planning Authority, Highways Authority, Housing Authority and to facilitate any financial arrangements agreed with Swan.

### **3.33 Finance**

- 3.34 As part of the proposed contractual arrangements the Council will need to make an equity investment of £1.5M on entering into the LLP and subsequently make a junior loan facility available of £13.5M to the LLP. The investment and junior loan will be matched equally by Swan and will form the initial cash flow for the development to proceed. The Council's investment and loan will be fully recompensed by the LLP. This will need an addition to the capital investment programme to enable the relevant authority for this investment.

## **4. Other Options**

- 4.1 To withdraw from the procurement and abandon the process of appointing the JV partner. This is not recommended due to the significant potential risks associated with this course of action, which are identified in paragraph 3.27.
- 4.2 The result of such a decision would be a termination of the regeneration of the Queensway site and the benefits of the Project would not be delivered. Existing residents would continue with the status quo until an alternative could be identified and the costs of it met.

## **5. Reasons for Recommendations**

- 5.1 The Council has undertaken a procurement process which is fully compliant with the Public Contracts Regulations 2015.
- 5.2 Swan's submission has been evaluated and demonstrates that Swan is not only able to meet the Council's agreed red line requirements, but also that they have developed an example scheme that delivers significant value against a challenging set of evaluation criteria.
- 5.3 It is recommended that Swan is appointed as the preferred bidder and subsequently the JV partner and a JV partnership is set up with them for delivery of the Project. The Council can be reassured that the proposed JV partner has a substantial track record of delivering high quality, housing-led regeneration schemes offering a mix of tenures including affordable homes to rent and to buy. **Appendix 1** provides further information about Swan's previous experience. The reasons for the recommendations are further set out within the body of the report.

## **6. Next Steps**

- 6.1 Once Swan has been appointed as the preferred bidder, the contract documents will be optimised with a view to achieving formal contract close in the spring and the establishment of the JV partnership.
- 6.2 It will be necessary to establish a joint venture LLP with duly constituted partners and for the Council's internal governance structures and its relationship to the LLP to be clearly configured. Transition arrangements are being put in place to enable the Project to proceed at pace.
- 6.3 The JV will then commence several work streams. The initial work will focus on consultation and engagement with key stakeholders, particularly Queensway residents, and the development of a masterplan for submission to the Council as Local Planning Authority. This is currently estimated for submission summer 2020.

## 7. Corporate Implications

### 7.1 Contribution to the Southend 2050 Road Map

- 7.1.1 By entering into partnership with Swan the resultant development should contribute to the Southend 2050 aspirations, as follows:
  - 7.1.2 **By 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer.** A regenerated Better Queensway at the heart of the City with a high quality new development with large new parks and clean and inviting streets will achieve this.
  - 7.1.3 **By 2050 Southend on Sea is a successful City and we share our prosperity amongst all of our people.** Better Queensway will have been delivered and it is an integral part of a thriving town centre providing a mix of affordable and private sale homes, jobs and aspirational places to live and play for all sections of Southend's community.
  - 7.1.4 **By 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure.** Better Queensway will have improved connectivity with a new Queensway boulevard that reconnects the town centre to the rest of the town, new cycle and pedestrian routes and a variety of digital improvements.
  - 7.1.5 **By 2050 people in Southend feel safe in all aspects of their lives and are well enough to live fulfilling lives.** Better Queensway will have a new green neighbourhood with a variety of homes which have been designed with safety at its heart. It has overlooked streets and active new parks as well as improved connectivity between the town centre and North Eastern Southend.
  - 7.1.6 **By 2050 we will have a thriving, active and involved community that feel invested in our city.** The new neighbourhood will have residents at its heart. Swan will be running a new community concierge service overseeing and managing active parks and open spaces with a range of activities funded by the Better Queensway community fund.

## **7.2 Financial Implications**

- 7.2.1 Under the proposed contractual arrangements, the Council will be required to invest an equity investment<sup>1</sup> of £1.5M on the formation of the LLP in 2019/20. Additionally, it is obliged to commit to making available a junior loan<sup>2</sup> amount of £13.5M, estimated to be advanced in the financial year 2020/21. Swan will be making identical financial investments through their special purpose subsidiary.
- 7.2.2 Both the equity investment and the junior loan are made at risk. The junior loan will be made on the basis of a charge against the assets of the LLP, although it will rank below the senior loan<sup>3</sup> that the LLP will need to raise. Senior loan would be repaid first and then junior loan. Both the equity investment and the junior loan will be earn interest paid by the LLP, which will cover the Council's cost of borrowing and, therefore, will have no impact on the Council's budget.
- 7.2.3 Both the equity investment and the junior loan will count as capital investment. As such, the Council's capital investment programme will need to be amended and agreed to reflect this investment.
- 7.2.4 The junior loan and equity investment are repayable in that order, as the development phase progresses and the sale of assets realised. By the time the development phase concludes, all monies will have been fully repaid. In the scheme submitted for the procurement exercise this was assumed to be by 2032/33.
- 7.2.5 Following the conclusion of the development phase, any development surplus will be distributed equally to the two parties. This represents the commensurate reward to the Council for the investment risk it is taking.
- 7.2.6 As part of the procurement process, the Council signalled that it may be willing to act as senior lender in place of a commercial lender, subject to being approached by the LLP and full due diligence being undertaken at the time by the Council. At present there has been no commitment made by the Council to be a senior lender. However, if it decided to do this it would be agreed through the Council's normal governance processes. Should any loan be made, it would be made on appropriate commercial terms so as to avoid any state aid issues. Any senior loan issued would have first charge on the assets of the LLP.
- 7.2.7 The Council has secured £15M Housing Infrastructure Fund (HIF) grant specifically for the Project that will be put at the disposal of the LLP in order to part fund the construction of the new highway scheme through the site. The HIF grant has time constraints on it that requires it to be spent by March 2021. Satisfying the conditions of the grant will be an onus on the LLP, with any failure to do so at their risk.

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<sup>1</sup> Equity Investment – Unsecured investment in the LLP to purchase the Council's share. This is ultimately repaid out of the profits generated by the LLP.

<sup>2</sup> Junior Loan – A loan to the LLP that is secured against the land, this funding is ranked behind the senior loan in terms of repayment.

<sup>3</sup> Senior Loan- A loan to the LLP that is secured against the land. It ranks first in terms of repayment.

- 7.2.8 The Council will be disposing of the land to the JV partnership in line with its best consideration obligations by way of a 250 year lease, retaining the freehold in the Council's ownership. The LLP will draw down the land phase by phase as required to develop out a scheme.
- 7.2.9 Parts of the site, although owned in freehold by the Council, are currently leased to individual residents. Other parts are in private ownership. The Council will therefore need relevant CPO's to ensure all property interests can be acquired, but will also seek to acquire by negotiation where possible. Under the proposed contract, the costs of acquisition will be met by the LLP, with the Council gaining and retaining the freehold of the entire site. On the same basis, any home loss and disturbance payments made to Queensway tenants will be fully funded by the LLP.
- 7.2.10 The current Queensway estate is part of the Housing Revenue Account (HRA). The HRA accounts for the rental income from the existing properties, against which is set the cost of management and maintenance. The new scheme will be owned by the LLP through a long lease, and therefore will no longer be within the HRA. Work needs to be undertaken to establish fully the financial impact on the HRA, weighing the loss of rental income against the loss of costs, particularly the long term future maintenance costs of the current tower blocks. This will be built into future iterations of the HRA medium term financial plan and forecast, and the longer term HRA business plan.
- 7.2.11 Management of the Queensway estate is currently provided by the Council's wholly owned company South Essex Homes. Initially they will work alongside the LLP, but as the current council owned homes are redeveloped, their management responsibilities and therefore their associated management fee will fall away. South Essex Homes will need to reflect this in their own business plans. The Council will work with them to achieve this.
- 7.2.12 There are other associated financial benefits and costs that would arise from the redevelopment of the Queensway estate. These would include such things as new homes bonus, council tax revenues, business rates, CIL / planning fees, infrastructure maintenance, income and running costs. All of these will be subject to the eventual design of the development and therefore the relevant impact will be addressed as part of each year's budget setting process.

### **7.3 Legal Implications**

- 7.3.1 Section 1 of the Localism Act 2011 is a very broad based power which allows local authorities to do anything that an individual may do, subject to certain statutory restrictions.
- 7.3.2 Section 4 of the Localism Act 2011 provides that if an authority is exercising the general power for a commercial purpose then the local authority must do it via a company. The Council has a power to create JV companies under the Localism Act 2011 Section 3. The LLP though is not a company.
- 7.3.3 To deliver the Project the Council is proposing entering into an LLP for the purposes set out in the Cabinet report of February 2018 and the primary purposes of such are non-commercial and social objectives. It was explained to

all of the bidders at the outset of the procurement that the JV would be an LLP. The position remains therefore (based on the advice provided by the Council's external advisers) that the Council may rely on the general power as legal authority for the setting up of the JV as an LLP. Leading counsel's advice was sought which confirmed the acceptability of this approach.

- 7.3.4 The Council will be a 50% stakeholder in the LLP and as such will be equally represented on the LLP board with Swan. The delivery of the Project will be undertaken by the LLP. The Council has a Shareholder Board which currently provides oversight to Council owned companies. It is considered appropriate that the terms of reference of this board be amended to also include this LLP. On this basis the LLP will provide reports to the Council's Shareholder Board on a regular basis so that the Council can exercise its need to protect the Council's interests while holding the LLP to account.
- 7.3.5 On all disposals it is advisable for local authorities to obtain a robust valuation so that they can determine whether the proposed price is the best consideration reasonably obtainable, or whether any further specific consent is needed. This should be done irrespective of the method of disposal.
- 7.3.6 In the case of the Project, the Council will need to be satisfied that the disposal of any interest in land to the JV satisfies requirements for best consideration. This condition will need to be met before land can be transferred and is part of the conditionality regarding the drawdown and transfer of land for any phase of the scheme.

## **7.4 People Implications**

- 7.4.1 The Project currently draws significantly on internal staff resource supplemented by procured specialist advisors, this will continue during the creation of the LLP and to an extent during the project's lifetime.
- 7.4.2 The timing and extent of staff resource required will be mapped against the programme for the Project. It may be necessary to consider backfill or additional resource in some teams so as to ensure that other Council priorities are also met and outcomes delivered.
- 7.4.3 The appointment to the LLP board will be made by the Chief Executive in consultation with the Leader. All other internal resourcing matters will be made by the Chief Executive in discussion with the Corporate Management Team and relevant line managers where appropriate.

## **7.5 Property Implications**

- 7.5.1 While much of the land and premises within the Project area is owned by the Council it is proposed that the acquisition of those property interests which are not, but which may be of strategic importance to the Project or where the Council has been directly approached by an affected party who has a property interest in the regeneration area, are considered on a case by case basis. Specialist advice has been sought to develop an approach to land acquisition using all powers available to the Council, to ensure that the Council complies with compulsory purchase legislation and the compensation code.

7.5.2 Approval to issue Initial Demolition Notices under Section 138(a) and Schedule 5(A) of the Housing Act 1985 (as amended) was agreed by Cabinet in September 2016.

## **7.6 Consultation**

7.6.1 Ahead of the procurement process, a successful wide-ranging stakeholder consultation was undertaken between October and December 2017, informed by the Consultation Institute and led by the Council's procured consultation advisors, Copper Consultancy.

7.6.2 This consultation built on the preceding years of dialogue and engagement with Queensway residents via numerous resident update sessions, newsletters and storehouse drop in sessions, plus previous attempts to engage with businesses in the area. The results of this consultation shaped the final objectives for the procurement and the feedback included in the data provided to bidders.

7.6.3 Once the new JV partnership is in place between the Council and Swan it will undertake further consultation at appropriate stages in the Project as well as statutory consultation in relation to specific activity.

## **7.7 Equalities and Diversity Implications**

An Equalities Analysis has been undertaken for the current phase of the project. It identifies actions to be taken by the project to address gaps in data and analysis of the impact of the project. The analysis will be revisited and revised at relevant points in the future and with the JV.

## **7.8 Risk Assessment**

7.8.1 There is a comprehensive risk register specifically for the project which has been developed through cross-organisational consultation, is owned by the Project Office and the respective work streams, and is reviewed by the Project Board. This will be revised and updated to reflect the Council's risks as it moves into the next phase.

7.8.2 As part of the final submission Swan has provided their risk register which will be worked up with the Council's existing register to develop a new LLP assessment during set up and contract optimisation.

## **7.9 Value for Money**

7.9.1 A full Value for Money (VFM) assessment was undertaken by the Council's Strategic, Financial and Property advisors, in partnership with the Project Team. It was then reviewed and approved by the Council's Section 151 officer.

7.9.2 This value for money review has not highlighted any significant issues in terms of VFM and has demonstrated that the mechanisms included within the final tender submission are appropriate to enable the solution to provide VFM across the life of the partnership.

## **7.10 Community Safety Implications**

The procurement documents set out that 'The Council is seeking the establishment of a safe, vibrant, sustainable community throughout the Better Queensway scheme that will impact positively on the environment and social well-being of the community'. The evaluation of the submission confirms that this has been met by the bidder.

## **7.11 Environmental Impact**

A development of this scale and nature will have a significant impact on the local environment. In this instance the Project seeks to improve the environmental impact through the introduction of measures, technology and future-proofing capability which respond to climate change, water drainage and management, sustainable transport air quality and energy generation as well as the introduction of more green space. The Project also seeks to manage the environmental impact during construction as well with specific measures relating to dust and construction traffic management.

## **8. Background Papers**

- Better Queensway Cabinet Report 13<sup>th</sup> February 2018 – item 743
- Better Queensway Cabinet Report 28<sup>th</sup> March 2017 – item 892
- Equality Analysis
- Southend Central Area Action Plan (SCAAP)
- Project Objectives
- Value for Money Report

## **9. Appendices**

- **Appendix 1** – Swan Housing Association
- **Appendix 2 (Part 2)** – Project Objectives

## Appendix 1 - Swan Housing Association

Swan Housing Association (HA) celebrates its 25<sup>th</sup> anniversary this year of providing high-quality and affordable homes to rent and buy. They operate in Essex and East London and locally manage over 11,000 homes, with a secured development pipeline of over 6,500 homes which they will build using their in-house developer NU living using both traditional and offsite construction.

Swan HA are committed to growth and innovation in delivering excellent services. They are one of the UK's leading regeneration housing associations and boast a host of award-winning schemes which they are delivering in partnership including the £500m regeneration of Blackwall Reach in Poplar with London Borough of Tower Hamlets and the GLA and Beechwood Village in Basildon in partnership with Basildon Borough Council and Homes England. They pride themselves on being “the local partner” and are experienced in working in a range of joint venture arrangements to deliver new, high quality housing across all tenures.

Swan was one of the first housing associations to create their own in-house developer – NU living - and are experienced in delivering complex regeneration projects, including associated infrastructure. For example, at their award-winning regeneration at Bow Cross in Tower Hamlets they transformed a hostile, isolated urban landscape into a welcoming, safe and overlooked space by redesigning and realigning the access road to disguise the fact that the estate is some six meters below the surrounding neighbourhood – at the same time, successfully building over the adjacent DLR railway line. At their £1billion regeneration of Purfleet, Swan build a new road bridge over the railway to replace the existing level crossing and to improve connections between the river and the new town centre. As such, they are well positioned to deal with the complex highways infrastructure needed to deliver a Better Queensway.

Swan HA's in-house developer; NU living, is building homes which are environmentally, socially and economically sustainable. Among its innovative projects is high quality modular housing built in their Basildon factory under the NU build brand. This allows generated income produces gift aid to make a real difference to local communities in the provision of affordable homes, care and support.

Swan has successfully secured a Strategic Partnership and grant allocation from Homes England in January 2019. Swan submitted a joint bid with Curo, a Housing Association based in Bath, who like Swan have established their own in-house contractor enabling them to work in an innovative and entrepreneurial way. Together Swan and Curo have secured an additional £51m of grant which will allow them to deliver an additional 1,067 affordable homes over the next five years. This was one of eight Strategic Partnerships awarded by Homes England.

Throughout this process Swan HA have demonstrated ethics and values to delivering high quality services that would complement Southend and the Council. They hold Investors in People 'Gold' Status and were ranked 22<sup>nd</sup> in the Times Top 100 Best Not for Profit Companies in the UK 2018. Such accolades demonstrate it is a customer focused organisation which places the community at the heart of what they do and their ability to contribute towards the Southend 2050 outcomes.