

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
16 January 2020

Agenda
Item No.

Report prepared by:
Alan Richards – Director of Property & Commercial

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.

2. Recommendations

- 2.1 To note progress on the Acquisitions Programme for Council Housing as set out in sections 3.5 – 3.8.
- 2.2 To note the progress of the first phase of housing and development pipeline sites currently in delivery as set out in section 3.12 and progress with PSP Southend LLP in section 3.14 – 3.16.
- 2.3 To note the progress of the Allocations Policy as set out in sections 3.18 – 3.21.

3. Background

- 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, Cabinet agreed to the re-branding of PSP Southend LLP and to updating related governance arrangements. Agreement was also reached 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 This report updates on the work undertaken subsequently and on the next phases of work which will be required to support the Council's ambitious housing and land development programme.

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
Q2	£ 1,844,114.14
Q3	£ 1,916,028.32
Q4	£ 880,947.56
Total	£ 4,641,090.02

- 3.6 Housing, Corporate Property & Asset Management and South Essex Homes officers have been progressing with the identification and acquisition process agreed by Cabinet previously. To this end, as at the end of December 2019, 18 properties have been purchased to a value of £4.37m, with a further 9 properties under offer and with solicitors to the value of £1.97m.
- 3.7 The 2019 Quarter 2 and Quarter 3 target has been met and the target for Quarter 4 is on track to be met ahead of schedule.
- 3.8 Of the properties acquired in this programme; 4 are already tenanted, 2 have been identified for adaptations by the Council's Aids and Adaptations team, 9 have voids works ongoing and 3 are awaiting surveys.
- 3.9 The table overleaf sets out the properties currently completed or under offer and the total anticipated spend:

Property Type	Bedrooms	Offer	Completed	Completion Date	Anticipated completion
semi-detached	4	£ 335,000.00	Y	26/07/2019	
semi-detached	3	£ 248,000.00	Y	16/08/2019	
semi-detached bungalow	2	£ 255,000.00	Y	30/08/2019	
Terraced	3	£ 230,000.00	Y	03/09/2019	
semi-detached	3	£ 320,000.00	Y	13/09/2019	
semi-detached	2	£ 240,000.00	Y	20/09/2019	
semi-detached	3	£ 260,000.00	Y	23/09/2019	
semi-detached	3	£ 245,000.00	Y	23/09/2019	
flat	2	£ 182,500.00	Y	24/09/2019	
semi-detached	3	£ 254,000.00	Y	26/09/2019	
flat	2	£ 185,000.00	Y	30/09/2019	
end of terrace	3	£ 270,000.00	Y	04/10/2019	
semi-detached	3	£ 248,000.00	Y	23/10/2019	
semi-detached	2	£ 235,000.00	Y	25/10/2019	
terraced	3	£ 242,500.00	Y	12/11/2019	
end terrace	2	£ 225,000.00	Y	04/12/2019	
end of terrace	2	£ 260,000.00	Y	06/12/2019	
flat	1	£ 135,000.00	Y	20/12/2019	
semi-detached	3	£ 245,000.00			19/20 Q4
semi-detached bungalow	2	£ 252,500.00			19/20 Q4
flat	2	£ 170,000.00			19/20 Q4
terraced	3	£ 250,000.00			19/20 Q4
flat	2	£ 185,000.00			19/20 Q4
terraced	3	£ 130,000.00			19/20 Q4
end of terrace	3	£ 240,000.00			19/20 Q4
end of terrace	3	£ 260,000.00			19/20 Q4
Semi-detached	2	£ 245,000.00			19/20 Q4
TOTAL = 27		£ 6, 347,500.00			

Regeneration Framework and Development Pipeline

3.10 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.

- 3.11 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.
- 3.12 The next stage of the pipeline work is now being undertaken which involves assembling and bundling the sites and high-level feasibility work. This is now underway on an initial batch of sites, with scale and massing work commissioned to establish the development potential. The remainder of the pipeline will be subject to further procurement and the brief for this work is being developed. The findings of this work will enable a more detailed assessment of the number of units which could be delivered across the pipeline and the most appropriate delivery vehicle for achieving this.
- 3.13 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 Units	Delivery Vehicle	Progress comment	Estimated completion
Friars, Constable Way	Nursery plus 9 houses	PSP Southend LLP	Nursery has now been completed. Housing has now started on site.	Q4 2020
Ilfracombe Avenue Car Park	24 flats	PSP Southend LLP	Agreed to proceed to PSP Southend LLP at Cabinet on 17 th September. Pending agreement at the next stage by the LLP.	Q4 2021
Modern Methods of Construction (MMC) Pilot Project	4-5 Units	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.	2021/22 Q1
HRA Phase 3	Estimated 25 Units	Self Development	Site investigation has now been carried out. EA to be appointed following procurement exercise in December 2019.	2021/22 Q3
HRA Phase 4	Estimated 20 - 31 Units	Self Development	Site investigation has now been carried out. EA was appointed in December 2019.	2021/22 Q4
HRA Phase 5 & 6	Tbc	Self Development	Feasibility work to determine Phases 5 & 6 now underway.	tbc
Total	82-94 +			

PSP Southend LLP Update

- 3.14 On 14 June 2011, Cabinet agreed to establish a Limited Liability Partnership (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 as PSP Southend LLP (“the LLP”).
- 3.15 Following Cabinet in September, discussions have been progressing to re-set and re-brand PSP Southend LLP and to align the governance to the Shareholder Board. Once settled, the new arrangements will be presented to Cabinet for agreement so that the legal work can then be completed to establish the partnership for the next period. It is anticipated that the revised arrangements will be ready to present to 25 February 2020 Cabinet.
- 3.16 It is expected that the new arrangements will be in place for the start of the 2020-21 Financial Year.

Supported Living/Extra Care Accommodation

- 3.17 Within the pipeline work, a number of sites are being considered for supported housing/extra care accommodation and officers across Adult Social Care, Housing and Property are looking at the appropriate models and sites which could accommodate (in whole or part) schemes including supported living/extra care accommodation including for example the land off Prittlewell Chase adjacent to the new-build currently on-site. The review of the sheltered accommodation forms part of the overall pipeline work.

Allocations Policy

- 3.18 A draft Allocations Policy has been drawn up and went out to 2nd stage of consultation which finished on 18th November 2019. There was a good mix of respondents across both internal teams and third party organisations.
- 3.19 Officers are currently following up on some of the comments received from those who did not strongly agree and making amendments to the policy document where appropriate.
- 3.20 It is envisaged that the amendments to the policy document will be ‘minor’ and mainly related to procedure and communications, and therefore will be able to be signed off under delegated authority, as agreed by Members.
- 3.21 A number of changes to the Housing webpages are being finalised and the Housing Options Wizard, (interactive tool offering information and guidance) is being updated following feedback from the consultation. The policy also requires changes to be made to our Allocations software and initial scoping with our provider has taken place. We will shortly receive our quote for the length of time and cost of implementing the required changes, but aim to be going live with the policy early next year.

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 a number of sites as previously agreed.

5. Reasons for Recommendations

- 5.1 To update Cabinet on the progress of the HRA infill sites, acquisition programme and PSP Southend LLP developments.
- 5.2 To update on the pipeline and regeneration framework.

6. Corporate Implications

6.1 Contribution to the Southend 2050 Road Map

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”**.

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”**.

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).

6.3 Legal Implications

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.

Legal considerations relating to individual sites will be dealt with through the usual due diligence process.

Legal considerations relating to the PSP Southend LLP governance changes will be addressed as negotiations progress.

6.4 People Implications

No People Implications regarding the Pipeline or the re-branding of PSP Southend LLP although work is underway looking at to what extent internal resources could be used to supplement the LLP work and then charged back to development projects where appropriate.

6.5 Property Implications

The main purpose of the pipeline work is to review, and develop a strategic approach for the Council's forthcoming and latent development opportunities and this will of course generate many strategic and detailed property implications as the work progresses.

6.6 Consultation

Consultation has taken place with internal colleagues for the pipeline of projects and the work is being progressed by a corporate team.

Following the initial feasibility, early engagement with Cabinet Members and the Housing and Homelessness Working Party will be important. Further consultation will be undertaken with planning, local residents and ward members as appropriate and for the larger sites, soft market testing will be an important part of the process.

6.7 Equalities and Diversity Implications

The relevant equality assessments will be undertaken where 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.

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.

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.

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