

Southend-on-Sea Borough Council

Report of Director of Regeneration and Growth

To

Cabinet

On

30th June 2020

Report prepared by: Emma Cooney, Director of Regeneration
and Growth

Shareholder Representative

On behalf of the Better Queensway Partnership Board

Agenda
Item No.

Porters Place Southend-on-Sea LLP: Progress update and final proposals

A Part 1 Public Agenda item

Relevant Scrutiny Committee: Place Scrutiny
Cabinet Members: Councillors Gilbert and Woodley

1 Purpose of Report

The purpose of this report is to provide an update to Cabinet following the consideration of a report to the Shareholder Board on the 25th June 2020 (“The Shareholder Board Report”).

The Shareholder Board Report specifically considers the submission of the ‘final proposals’ as appended to this report for Porters Place Southend-on-Sea LLP alongside the progress being made in respect of additional affordable housing.

The Shareholder Board’s Report’s purpose is to provide the Shareholder Board with clarity and assurance in regard to the progress update and final proposals to allow Members to fulfil their responsibilities.

2 Recommendations

- 2.1 That the progress made in relation to the Better Queensway project by Porters Place Southend-on-Sea LLP (the “JV”), as set out in section 4 of the Shareholder Board Report, is noted;
- 2.2 That information provided by the JV, as set out in section 5 and Appendices 1 - 3 of the Shareholder Board Report, is agreed as the ‘final proposals’ (as provided in the Initial Business Plan agreed in November 2019 “the Business Plan”) prior to submission of the first planning application for the Better Queensway project;

- 2.3** That authority is delegated to the Director of Regeneration and Growth in consultation with the Leader to agree any non-material changes to the ‘final proposals’ whereupon any such matters shall be noted for information and reported to the following Shareholder Board;
- 2.4** That authority is delegated to the Director of Regeneration and Growth in consultation with the Leader, to review and assess any further documents that are submitted to the Council by the JV to consider as part of the final proposals process, and to sign off any of these that do not have a material impact on the final proposals appended to this report;
- 2.5** That it is agreed where information in the final proposals is updated from that in the Business Plan, this updated information will supersede the relevant information in the Business Plan and be adopted as a revision to the Business Plan from the date of approval of this report;
- 2.6** That authority is delegated to the Executive Director (Finance & Resources) to:
- 2.6.1** complete the Memorandum of Understanding to be made between the Council, the JV and Swan Housing Association that will document the JV’s commitment to offer the Council a minimum of 100 additional affordable homes for social rent;
- 2.6.2** finalise negotiations and settle the terms of a formal legally binding agreement (the “Agreement”) to capture the principles as set out in the Memorandum of Understanding; and
- 2.6.3** subject to approval of the Agreement by the Council, the JV and Swan Housing Association, bring a report to the next available Cabinet to approve the completion and entering into of the Agreement.

3 Background

- 3.1** The Better Queensway regeneration project (“the Project”) is a Southend 2050 roadmap project which contributes across all of the themes and outcomes as set out in the Shareholder Board Report.
- 3.2** On 12th February 2019, Cabinet agreed a report appointing Swan Housing Association (“Swan”) as the Council’s joint venture partner to progress the Project. This was the result of a compliant procurement process through which Swan demonstrated how the Council’s requirements and aspirations could be met. As provided in that Cabinet report, Swan established a subsidiary company, thereafter confirmed as Swan BQ Ltd, as the Swan Housing Association JV partner, specifically for the purpose of delivering the Project.
- 3.3** The joint venture legal entity (“the JV”), named Porters Place Southend-on-Sea LLP, was established in April 2019 as the vehicle to progress the delivery of the Project. Its activities are guided by a business plan. The current version of the business plan was agreed by the JV Board, and subsequently by the two

Shareholder Members (these being the Council and Swan) in November 2019 (Cabinet minute 526 refers) in accordance with the governance procedures.

- 3.4** The Shareholder Board Report provides an update on progress, details the final proposals as provided therein and the assurance sought from the Council's external advisors. This set of final proposals are in relation to the forthcoming planning application, as such they contain summary details of the entire submission. This planning submission will be a hybrid application covering the highway in detail and the residential development in outline.
- 3.5** Questions were raised at the Shareholder Board concerning, but not limited to, the highway, highways modelling and the underpass, the procurement of Swan as the JV partner, parking, the attenuation tanks and the phasing of the Project that were answered by Council officers and representatives from the JV and Swan.
- 3.6** The Shareholder Board Report is appended to this report for consideration by Cabinet as are the minutes from the Shareholder Board.

4 Other Options

- 4.1** Not approving the final proposals would mean that the planning application could not be submitted in July. This would have a negative impact on the expedient delivery of the Project and will add to the whole cost of delivery of the Project that could impact upon any final profit share by the Council and Swan at the end of the Project that the Council would use to reinvest in social housing.
- 4.2** Not approving the final proposals could also jeopardise the £15m HIF funding from Homes England which has a deadline for spend in 2023. Therefore delays resulting from not approving the final proposals could result in non-expenditure by the deadline and therefore a gap in project funding.
- 4.3** There is also a risk to the goodwill that has been established between the parties if the final proposals having been approved by the JV Board and recommended for approval were not approved by the Council. The final proposals that are subject of this report are a second iteration following the Council not being satisfied with the first set and as advised in this report the current final proposals are a significant improvement. Further delay would negatively impact on the relationship between the parties.
- 4.4** While a significant amount of design work and options have been developed in relation to the highway, only the highways design which brings the road up to being level with the surrounding land i.e. at grade (and the underpass filled in) has been assessed as a financially viable option in the bid and ensuing design work. Other options also do not generate the regeneration uplift through the value of place making and therefore the overall Project would potentially not reach the necessary values to make it viable. Nor is it considered that they would achieve the place-making and other non-financial benefits such as reduced severance and improved physical environment.
- 4.5** An alternative option could be to cease progression of the work towards the agreement in principle regarding the additional affordable rented homes,

thereby retaining the figure at 512. This would have a positive impact for the Council in relation to the Project as it would not have to meet the gap funding however it would not meet the requirement of the Project to maximise affordable homes nor would it remove the need for the Council to deliver more affordable homes in the borough and further would not support the additional commitments as agreed at Full Council (Minute 737).

5 Reasons for Recommendations

- 5.1** Review of the final proposals concludes that the information submitted presents some significant variations to the bid and business plan positions, but in a complex regeneration scheme this is to be expected and the explanations for the changes are in the spirit of the objectives. The recommended delegations are therefore included to provide for a review of all changes and if these are non-material in nature for these to be approved prior to planning submission and the completion of the MOU with regards the additional affordable housing for social rent.

6 Corporate Implications

As detailed in the Shareholder Board Report

6.1 Financial Implications

As detailed in the Shareholder Board Report

6.2 Legal Implications

As detailed in the Shareholder Board Report (at the end of the Financial Implications)

6.3 People Implications

As detailed in the Shareholder Board Report

6.4 Property Implications

As detailed in the Shareholder Board Report

6.5 Consultation

As detailed in the Shareholder Board Report

6.6 Equalities and Diversity Implications

As detailed in the Shareholder Board Report

6.7 Risk Assessment

As detailed in the Shareholder Board Report

6.8 Value for Money

As detailed in the Shareholder Board Report

6.9 Community Safety Implications

As detailed in the Shareholder Board Report

6.10 Environmental Impact

As detailed in the Shareholder Board Report

7 Background Papers

Initial Business Plan

8 Appendices

Appendix 1 Minutes of the Shareholder Board held on the 25th June 2020

Appendix 2 The Shareholder Board Report and appendices referred to therein