

# Southend-on-Sea Borough Council

Report of Director of Regeneration and Growth

To

Shareholder Board

On

25<sup>th</sup> 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.

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## Porters Place Southend-on-Sea LLP: Progress Update

### A Part 1 Public Agenda item

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#### 1 Purpose of Report

This report provides an update on progress of the Better Queensway project. This report specifically deals with 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 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 this report, is noted;
- 2.2 That information provided by the JV, as set out in section 5 and Appendices 1 - 3 of this 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 section 11.
- 3.2** On 12<sup>th</sup> 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 (creating this subsidiary was required due to regulatory constraints imposed on Swan as a registered provider of social housing). For ease of reference these two Swan entities are referred to collectively as "Swan" in this report.
- 3.3** The joint venture legal entity ("the JV"), now 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 ("the Initial Business Plan")<sup>1</sup> was agreed by the JV Board, and subsequently by the two Shareholder Members (these being the Council

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<sup>1</sup> **Initial Business Plan:** This is the version of the Porters Place Southend-on-Sea LLP Business Plan which was agreed by the JV Board and its two shareholders in November 2019

and Swan) in November 2019 (Cabinet minute 526 refers) in accordance with the governance procedures.

- 3.4** When the Council agreed Swan as its partner for the Project on 12<sup>th</sup> February 2019 additional recommendations were also agreed which sought to maximise the level of affordable<sup>2</sup> homes to rent (minute 737 refers). This commitment has already been considered by the JV as agreed in the draft Memorandum of Understanding (MOU) that a recommendation is sought to approve, above, to deliver at least an additional 100 affordable rented homes at social rents over and above the number of affordable homes delivered by the core scheme (currently 512 in the Business Plan and this final proposals submission). This would be effected through the conversion of private sale units with gap funding provided by the Council i.e. a greater percentage of the total number of homes would be affordable rented homes as a result of this agreement. The parties are progressing a formal legal agreement to contractually secure the principles as set out in the MOU as recommendation 2.6 provides.
- 3.5** Within the Business Plan there is a provision (section 1.2.1) which states *“Quarterly updates against the Business Plan will be reported to the LLP Board and its two Members being Southend Borough Council (SBC) and Swan BQ. The LLP Board, and its 2 Members, will approve the final proposals prior to planning submission.”* This report seeks to provide comment and assurance on the progress update and information presented in advance of a planning submission expected in July 2020. This is a complex regeneration project which will be delivered in phases, therefore the information presented in this report does not seek to address all aspects of the Project as it will see changes as it progresses, however no material changes from this final proposals submission can be submitted to planning without further review by the JV Board and its 2 Members.
- 3.6** This set of final proposals are in relation to the forthcoming planning application, as such they contain summary details of the entire submission. This submission will be a hybrid application covering the highway in detail and the residential development in outline through parameter plans, an Illustrative Masterplan and a detailed Design Code (a document submitted as part of the planning process which combines text and diagrams which fixes and explains the precise

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<sup>2</sup> **Affordable Housing:** housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers):

- a) Affordable housing for rent: the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable)
- b) Starter homes
- c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value.
- d) Other affordable routes to home ownership: includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent)

*Explanation based on the National Planning Policy Framework (NPPF) 2019 Annex 2*

<sup>3</sup> **Reserved Matters Application:** The application for approval of reserved matters form should be used after an outline planning application has been approved. A reserved matters application deals with some or all of the outstanding details of the outline application proposal, i.e. where outline permission has been granted, the JV may, within three years of the outline approval, make an application for the outstanding reserved matters, i.e. the information excluded from the initial outline planning application. This will typically include information about the layout, access, scale and appearance of the development.

requirements for the physical elements, streets, buildings contained within the planning application) for all aspects of the scheme. The phase 1 A housing will subsequently be submitted as a Reserved Matters Application<sup>3</sup> (RMA) later in the year. Further sets of final proposals relating to future planning submissions, whether they be phases or other requirements will be brought forward through the same process for approval by the Council over the lifetime of the Project.

- 3.7** The November 2019 Cabinet Report contained a delegation to the Director of Regeneration and Growth, in consultation with the Leader, to agree non-material changes to the Business Plan. (minute 526 refers) This Cabinet Report further recommended that the Council agree with the JV the principles and process of establishing what constitutes the “final proposals” which are to be submitted to the Council for approval and the subject of this report, prior to submission of the planning application. The Council has agreed with the JV the form of final proposals.
- 3.8** The final proposals presented in this report are not the final and exact design for the whole Project, they are a summary of what will be applied for through the planning process. Proposals as to detail and design of future phases not captured within these final proposals nor in an approved business plan, at that time, will be contained in a future report of ‘final proposals’ for that element of the Project as they are submitted to planning.
- 3.9** The role of the Shareholder Board in reviewing the final proposals is to represent the Council’s interests as Shareholder which includes its interests as both body corporate and landowner, and as such to ensure that what is being submitted to planning is in line with the Council’s aspirations and objectives as originally set out during procurement and thereafter developed as the Project progresses and are fully considered in the work of the JV.
- 3.10** It is also important to remind Councillors that the role of the Council as Shareholder is distinct and separate to the Council’s functions as the Local Planning Authority (LPA) acting through its Development Control Committee (DCC). The Council, as landowner, can submit a planning application to itself for DCC to consider. In this case the JV, of which the Council is a 50% partner, will submit the planning application, therefore the Council will have an interest in this application. The Council’s constitution recognises this and there are rules concerning predetermination and bias and the process will be kept under review. The Councillors that sit on DCC will be advised about predetermination and retaining an open mind with regard to the final officer report that sets out the relevant policies and material considerations in relation to the planning application which DCC should consider. Therefore it follows that whilst it may be the case that the final proposals are approved by the Council as landowner, the planning application may or may not be recommended for approval by officers, albeit the JV will work with the Council in its role as LPA, to try and resolve any issues so arising or, alternatively, Councillors who sit on DCC may not agree with the planning officer’s recommendation.
- 3.11** The Business Plan forms the baseline for project progression and future versions of the Business Plan will perform the same function. Therefore, where the information agreed in this set of final proposals updates that in the Business

Plan, this will supersede it and be adopted as a revision to the Business Plan from this date.

- 3.12** The set of documents constituting final proposals in relation to the forthcoming planning application has been submitted to the Council by the JV for review following approval by the Porters Place Southend-on-Sea LLP board on 27<sup>th</sup> May 2020. Whilst the final proposals will, to a significant degree be replicated in the planning application, they are presented as the attached JV report to confirm in narrative form how the procurement objectives have been met and as a snapshot of the Project at present. These documents have been reviewed by the Council's relevant Council officers and its procured specialist advisors. Commentary and assurance and the highlighting of the main Project risks and mitigation of these resulting from that review are captured in this report so as to assist Members in their decision making in relation to final proposals. Appended to this paper is the report of the JV's Project Director (Appendix 1) and key drawings (Appendix 2), as well as a table demonstrating how the objectives have been met (Appendix 3) and the structure of this report will follow that of the Project Director for ease with an introductory section summarising progress to date.
- 3.13** As set out in paragraph 3.9 of this report the purpose of the 'shareholder' review of the final proposals is to ensure that the JV and the Council's objectives are being met through the scheme being set out, and that the Council is content as a Member of the JV with the scheme being submitted to planning. Therefore, the report will focus on the development of the scheme since it was last presented and analysis of the final proposals in relation to the objectives. Agreeing the final proposals as presented in this report will allow the JV to submit its planning application to the LPA in July and progress with delivering the Project.
- 3.14** The planning application that the JV is submitting will be a hybrid application seeking outline consent for the whole site through parameter plans with detail for the highway, and an Illustrative Masterplan as well as a detailed Design Code for all aspects of the scheme. This will be followed later in the year by a RMA for the first phase of housing. This is a variation to the approach set out in the Business Plan which has been agreed by the JV Board and is to maintain the pace of the Project and therefore stay on course to meet the deadline for the Housing Infrastructure Funding (HIF) of £15 Million secured from Homes England for the Project with a condition that these funds have to be spent by March 2023.

## **4 Progress Update**

- 4.1** Updates on the progress of the Project have been provided to the Council and are summarised below.
- 4.2** The JV and Swan have introduced themselves locally to residents and stakeholders in the context of the Project and the JV has embedded a Community Liaison Officer at the heart of the community engagement work.
- 4.3** The Project Director has confirmed that the project team has been supplemented with two Development Managers from Swan assisting with the

detailed work in relation to residential and non-residential uses within the masterplan. A full time Senior Development Manager is in the process of being recruited and is expected to be in post by summer 2020. The full design team, including all sub-consultant disciplines, has now been appointed.

- 4.4** A Housing Needs Survey to understand the needs of those who currently live on the Queensway estate, has been completed. The results of this, in parallel with the analysis of site and delivery constraints, are informing the configuration of the first phase of housing to ensure that suitable homes can be provided for the first residents to move in line with the phasing strategy for the Project. These surveys are to be undertaken every 6 months and a new survey is now due to be undertaken to give up to date information to the JV to aid and assist the development of the RMA for the first phase of housing (phase 1A).
- 4.5** Two periods of public engagement and consultation were held over the autumn-winter period of 2019/2020 meeting the Council's objective of "*keeping all relevant stakeholders engaged and informed in an open, honest, timely and appropriate way*". These were widely advertised, undertaken through a range of media and attracted good levels of interest. There have also been sessions specifically for Councillors, residents, businesses and the Youth Council. The second consultation period was extended to accommodate the level of interest and number of groups to be engaged. The consultations were to gauge opportunities in relation to the Project, ensure the wider community in Southend, but particularly residents of the estate, feel that they are part of the Project and able to shape and influence it, and to understand views on high-level principles, building on the consultation which the Council undertook in 2017 and the requirements set out in the procurement with a view to informing the final proposals. These sessions were very well attended (see Appendix 2 drawing 1). They also form part of the planning process and a summary will be included within the Statement of Community Involvement<sup>3</sup> which will be submitted as part of the planning application.
- 4.6** The consultations have captured quantitative and qualitative feedback, particularly hearing the 'resident voice' of their lived experience of life on Queensway currently and hopes for the new development.
- 4.7** The feedback from the consultations has largely been in support of the regeneration with particular support for measures to improve safety and security, greening and environmental sustainability, locally affordable homes and safe pedestrian crossings. Concerns and alternatives / options were also raised in regards to the highway in particular. These are addressed in section 6 of this report. All the feedback will be captured in a report within the Statement of Community Involvement as part of the planning application which will bring together both rounds of public consultation and all feedback received with a more detailed breakdown of responses.
- 4.8** Additional design work and generation of options has been undertaken in response to the feedback, particularly in relation to the highways design. While this has led to a slight delay in the timetable for submission of a planning application, it is illustrative of authentic consultation where feedback has genuinely been used to explore options and ideas. A preferred highways design

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<sup>3</sup> **Statement of Community Involvement** is the explanation of public participation in the preparation of development documents.

has been selected by the JV design team and this is the one included within these final proposals. This scheme has been through vigorous testing and iterations and the submitted scheme is the only scheme that proves to meet the Council and JV's objectives and viable and importantly, deliverable by the JV. If any amendments are required in advance of the planning submission, as a result of the ongoing transport modelling these will be presented to the Council for review. . If these changes are non-material they can be signed off through the delegation detailed at paragraph 2.3 above. If the changes are material this will trigger a new final proposals process.

- 4.9** The Highway scheme has not changed significantly from that approved when selecting our partner in February 2019 and remains at grade throughout as already agreed by the Council.
- 4.10** Subject to final proposals being agreed by both the Council and Swan, the JV is intending to submit a hybrid planning application in July which will be outline<sup>4</sup> for the whole site and detailed for the highway. This is with a view to starting on site in 2021. This is important both for expedient delivery of the Project which was sought by the Council during procurement and has been fed back by residents, as well as to meet the Housing Infrastructure Fund (HIF) milestones and deadlines requiring to be spent by the 31<sup>st</sup> March 2023.
- 4.11** The Environmental Impact Assessment (EIA) scoping report was submitted by the JV to the Council as LPA on 30<sup>th</sup> April 2020 as part of the usual planning application process. This publicly available document includes information about the possible total scope of development for comment and is not a commitment to delivery of the exact numbers and mix contained therein. Consultation responses have not yet been received from all agencies due to their adjusted working practices under the Covid19 lockdown. The result of this may be that the process identifies issues which need to be addressed prior to submitting a planning application. The extent of these possible changes will determine whether the final proposals need to be adjusted, and whether these amendments can be dealt with through the delegated authority detailed above or whether a second final proposals submission is needed. However, early engagement with consultees did not highlight any issues.
- 4.12** Separately, but alongside the work of the JV, the HIF grant agreement was signed by the Council and Homes England in December 2019 which is an important milestone in securing the funding and the terms under which it must be used and monitored.

## **5 Final Proposals**

- 5.1** The report of the JV's Project Director summarises the scheme being submitted for final proposals and sets out how it has developed in line with the JV and Council objectives and Business Plan. The rest of this report, will seek to follow the structure of the JV Project Director Report (Appendix 1) for ease, highlighting changes which have come about through the development of the final proposals and providing commentary/assurance relevant to these different

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<sup>4</sup> **Outline planning permission:** This is not a permission to start work on site. The permission notice will state which matters have been reserved for later approval. When all of the reserved matters have been approved, work may begin on the site.

sections. Appendix 3 maps the final proposals against the procurement objectives for completeness.

- 5.2** The Council's specialist advisers have reviewed the report. That review identified a number of areas that required clarification and points that needed to be resolved. The material points are addressed in this report, the non material points are capable of resolution subsequent to this report and will be addressed separately with the JV.
- 5.3** Councillors are reminded that the JV's Project Director's report has not been prepared by the Council and is a report of the JV that the Council needs to consider. Therefore, the Council, the JV and Swan may have differing views of some points of the process or documentation. The intention is for Officers to collate a table of such matters and return this to the JV for consideration. All points will need to be addressed prior to the JV planning submission, as such, if any issues arise in settling these points these would be brought back to the Council for review prior to this submission.
- 5.4** Section 1 of Appendix 1 provides an Executive Summary of the Project and work undertaken in developing it. It is important to note that a number of elements of procedure are incorrect, however, the general briefing of the scheme is accurate. These elements have been corrected within this cover report. One example to highlight is paragraphs 1.3 and 1.12 of the appended report referring to 'material/non-material' changes. The Council reviews all changes from the original scheme and can comment and accept or decline any of these.
- 5.5** Assessing whether changes to the scheme impact on the objectives is a complex assessment as one change could have a direct or indirect impact which may be considered significant. For example, an increase in housing numbers may be considered positive and in line with the objectives but if the consequence of this is reduced green space this may contradict another objective. Members should be reassured that Officers and project specialist advisors are reviewing all changes in view of this complexity and not looking at matters in isolation.
- 5.6** Sections 2-7 of the report provides background to the JV and final proposals which sets the scene and historical context.
- 5.7** Section 8 "Design and Planning" sets out a summary of the scheme being presented for final proposals. One significant omission from the report is a summary of the approach to planning that is being taken, and in particular the actual planning submission. As explained elsewhere in this report the planning submission includes the following elements:
- 2.6.1 Detailed Highways design application;
  - 2.6.2 Outline application for the remainder of the scheme, including:
    - i. Parameter plans – showing the development parameters that could be brought forward on the scheme such as housing numbers (between 1,669 and 1,760 homes), parking ratios (0.5 to 1 per home) and height limits and where they sit on the site (up to 18 storeys);
    - ii. Illustrative Masterplan for the lower of these parameters; and

- iii. A detailed Design Code setting a number of elements of the look and feel of the housing and other development and design principles that will underpin the future reserved matters applications
- 2.6.3 Following the significant omission as referred at 5.7 above being raised with the JV an explanation was received relating to the JV planning approach and the parameters being applied for. This is summarised below at 5.7.6 to 5.7.22.
- 2.6.4 The final proposals process is in place for the JV Board to review and approve each submission to planning and for this then to be presented to the two Members/Shareholders of the JV for them to review, comment on and if appropriate, approve. The final proposals process must be completed in advance of any planning submission and must be approved by the JV Board and two Members. The final proposals presented must be an accurate representation of the specific planning submission to be made but can be presented in summary form, for ease of understanding.
- 2.6.5 Any changes in the information to be submitted to planning following approval of the final proposals must be approved by the JV Board and two Members before the planning submission. If these changes are not material these can be reviewed, and if appropriate, approved by the Council through the delegation at 2.3. If material changes occur this will trigger a new final proposals process to the JV Board and two Members.
- 2.6.6 The hybrid application is for the highways solution in detail (comprising scale, appearance, landscaping) and the development plots in outline. It is important to stress that for the outline elements, only the principle of the development would be approved within the building envelopes applied for through the parameter plans. The future details of exact height, use and amount of development within buildings, as well as external appearance of buildings, access and landscaping would all still need Council approval – in the form of RMAs, although many elements of this will be set by the Design Code that is submitted with this final proposals process.
- 2.6.7 The outline element of the application is formed of the Parameter Plans and this Design Code.
- 2.6.8 The Access, Land Use and Building Heights Parameter Plans establish a three-dimensional volume of development, defining maximum heights, and footprints of buildings and location of access routes that would break up the built form. The Design Code then adds a further layer of principles to lead subsequent RMAs. The illustrative masterplan is one possible example of how a scheme could respond to or be in accordance with the parameter plans and the principles of the design code. It is an illustrative form of buildings into which different mixes of accommodation, in line with the parameter plans and design code, could be placed.
- 2.6.9 The individual phase detail will be dealt with through a RMA brought forward on a phase by phase basis based on the principles approved in

the Design Code as you would typically expect for a scheme of this timescale and complexity.

- 2.6.10 The individual phase reserved matters applications will each have to demonstrate compliance with the parameter plans i.e. they will need to fit within the envelope established and will also need to demonstrate how they comply and respond to the Design Code. For each individual reserved matters application, appropriate assessments to ensure this all works and complies with the wider scheme will have to be provided for example townscape/visual impact assessments, daylight sunlight analysis and wind and microclimate analysis. It will not be possible to depart from the parameter plans or the Design Code without the Council's approval through the final proposals process or the LPA through the planning process. The RMAs will each reference these documents through the final proposals and planning process, and officers and members will have the opportunity as highlighted above to determine the details of each future phase.
- 2.6.11 The illustrative masterplan as presented is just one example of how this project could eventually be delivered and is a way of setting out how the project could be brought forward at this point in time.
- 2.6.12 The JV have approved the outputs from the illustrative masterplan which demonstrates capacity for 1,669 homes based on an assumed accommodation mix of 40% 1 bed homes, 50% 2 bed homes and 10% 3 bed homes. The form of the illustrative masterplan fits within the parameter plans and is compliant with the proposed design code for the scheme.
- 2.6.13 The exact number of each dwelling type in an individual RMA will be aligned with the unit mix parameter which allows between 40 – 50% 1 bed homes, 40 – 50% 2 bed homes and a minimum of 10% 3 bed homes to be delivered across the scheme and in each phase.
- 2.6.14 The JV is seeking this flexibility in order to allow for evolving decant requirements phase to phase as the housing needs of existing secure tenants and the proportion of secure tenants wishing to return to new homes on the new estate, along with market needs, will vary over the course of the delivery of this long-term project.
- 2.6.15 The exact unit mix for an individual phase will be fixed at the point each RMA is brought forward and the JV and the two Members, will approve each of those through the final proposals process.
- 2.6.16 As a result of the application of the range of accommodation across the whole of the illustrative masterplan, it is also possible to accommodate up to 1,760 homes within the same illustrative masterplan i.e. within the same footprint of the plots.
- 2.6.17 The hybrid planning application will therefore reference a maximum of 1,760 homes and any affordable housing viability assessment required by the LPA will also likely be run on the 1,760 home number.

2.6.18 For Environmental Impact Assessment (EIA) purposes, the EIA assessments have been run based on a higher level of homes of up to 1,800 homes where the number of dwellings informs the outcome in line with the screening opinion submitted for up to 1,800 homes or the relevant maximum parameter, however the planning application is limited to 1,760 homes.

2.6.19 As an illustration of how this same illustrative masterplan with the same floor area assumption could accommodate a number of different mixes within it; we have prepared the following examples:

Total Homes	1b/2p	2b/3p	2b/4p	3b/5p	3b/6p
<b>1669</b>	40%	0	50%	9.7%	0.3%
<b>1729</b>	40%	25%	25%	9.7%	0.3%
<b>1760</b>	50%	20%	20%	9%	1%

2.6.20 The Illustrative masterplan at 1,669 represents the minimum proposed number of dwellings and there is also a proposed cap on the commercial floorspace across the masterplan of 10,000 sqm.

2.6.21 As the above analysis has shown the Design Code is a critical document as once approved through the planning process all RMA's will need to comply with it. It therefore sets many key principles for the development of housing, commercial and other uses. The previous scheme complied with the Design Policy and Principles document developed for the procurement process, and there is a need for the JV to continue to comply with this Design Policy and Principles document through this new Design Code.

2.6.22 The Design Code is still being developed, however, there is a commitment from the JV that the new Design Code will comply in full with the previous Design Policy and Principles document. As such the delegation at 2.4 will be used to review the Design Code, before it is submitted to planning, to ensure it does comply with this document. If there are any non material variances from this Design Policy and Principles document these can be approved through this delegation, however, if there are any material amendments this will trigger a second final proposals process.

**5.8** Appendix 3 (summary table against objectives) captures how the final proposals meet the original objectives as were agreed by the Council on 13<sup>th</sup> February 2018 (minute 743 refers) prior to procurement. There was also a set of minimum criteria which were:

5.8.1 Demolition of the four tower blocks

5.8.2 An increase on the 441 affordable homes currently on site

5.8.3 Delivery of a highways scheme with four lanes

5.8.4 Equivalent tenancy terms and conditions under an assured tenancy for existing Queensway tenants who return to the site

The overview provided in Section 8 confirms minimum criteria b) and c) with supporting documentation confirming criteria a) and d).

The Project must also be financially viable. The bid submission and business plan set out a financially viable scheme that Swan considers will meet the required hurdle of 15% profit on Sales Gross Development Value (GDV), subject to certain amendments to the legal suite as a result of inconsistencies in Swan's model at contract close. This is explained in more detail in the assurance section and financial implications section below.

**5.9** Sections 9-14 provide a position of the final proposals and section 15 outlines the changes made in reaching this set of final proposals.

**5.10** The table below captures against a series of themes a summary of the scheme being presented through final proposals and officer and advisor commentary upon these. This is then mapped against the procurement objectives in Appendix 3\*.

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
<p>a) Housing - See Appendix 1 Section 11 &amp; Appendix 2 drawings 2, 6, 7, 14-18.</p>	<p>The previous scheme, included within the Initial Business Plan, contained 1,658 units. The planning application to be submitted by the JV has increased housing numbers as a result of significant work carried out in the intervening period. The outline planning application is being submitted with a set of parameters for development. In housing numbers this is for a development that will deliver between 1,669 and 1,760 homes (an increase of between 11 and 102 homes). These plans are shown in Appendix 2 along with the Illustrative Masterplan. This Masterplan shows how the lower of these parameters (1,669) could be developed on the site.</p> <p>As the scheme design progresses there may be an opportunity to increase this number. A reduction in the total number of homes from these parameters (1,668 minimum) would have to go to the JV Board and the two shareholders for agreement.</p> <p>The number of affordable homes in the illustrative masterplan remains at 512 and the mix of bedroom sizes is in line with the previous</p>	<p>The Council's housing team welcomes the overall affordable housing numbers increasing from 441 to 512 which represents 30.61% of the overall housing delivery on site. This will contribute to developing a sustainable community on the new site moving forwards. This is also in line with the housing numbers contained within the previous scheme shown in the Business Plan.</p> <p>The wider phasing plan and associated affordable housing therein will need to meet decant needs of current tenants of the Queensway estate which will be monitored and agreed via the Housing and Decant Work stream meetings. There have been a number of changes to the phasing plan from the previous scheme, these are highlighted below in this report.</p> <p>In terms of wider housing considerations, improved levels of natural surveillance are welcomed and will be beneficial for housing management. Improved areas of amenity space in regards to the public open spaces and play spaces will assist with the health and wellbeing of residents.</p>

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
	<p>scheme. Further detail of the housing submission is included within Section 11 of the JV report (Appendix 1) and the drawings and diagrams in Appendix 2.</p>	
<p>b) Massing - See Appendix 1 Section 15.2 &amp; Appendix 2 drawing 5.</p>	<p>There have been a number of changes in massing from the scheme included within the Initial Business Plan. These have been as a result of requirements that have arisen over the intervening period. The key reasons for changes are as follows:</p> <ul style="list-style-type: none"> <li>• Concerns from the LPA in terms of the massing on the site in some locations (for example along Sutton Road)</li> <li>• A change in parking strategy that has removed basement parking and increased height to accommodate parking being located in podiums at the ground floor</li> <li>• A change in energy strategy that has required additional plant and equipment to be located on roofs, increasing height</li> <li>• A need for additional housing to increase viability as a result of costs identified within the scheme.</li> </ul> <p>This has resulted in additional height in strategic locations, changes in layout that have changed green space provision and changes in massing to</p>	<p>While important work still remains to be done on establishing a suitable massing approach for the scheme there has been a very positive direction of travel on this matter since the initial bid stage. Massing is captured in this submission through 2 main elements:</p> <ul style="list-style-type: none"> <li>• Parameter Plans – These show the potential massing on the site and applies for outline permission to develop a scheme of this massing on the site. Detailed design would however be subject to RMAs. This parameter plan is in line with the Indicative masterplan included at Appendix 2 and shows height in the same locations as well as the extent of parking etc. This is included at Appendix 2.</li> <li>• Illustrative Masterplan – This is a more detailed representation of the potential scheme at the lower end of the parameters (1,669 homes) shown in Appendix 2. This shows the potential massing for this scheme.</li> </ul>

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
	accommodate LPA comments.	These have both been reviewed by the Council and whilst there is still work to be done they show good progress.
c) Basement extent & parking strategy - See Appendix 1 Section 15.3 & Appendix 2 drawing 8.	There is a reduction to the extent of the proposed basement area which contained parking as illustrated in the bid scheme due to site constraints identified post-bid. The proposed solution is to allocate the majority of car parking in podium <sup>5</sup> and multi-storey car park structures with some temporary solutions to support individual phases.	<p>This approach does not present any particular challenges from a planning aspect. There will however be significant impacts on the look and feel of the site due to parking uses being based at street level and a significant new multi storey car park being introduced. The detail of how these challenges will be addressed will be through the RMA process.</p> <p>The introduction of 20% of spaces having EV charging and pre-wiring for the rest is welcome.</p>

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<sup>5</sup> **Podium parking** is parking provided under a building at street level i.e. it is sheltered under a building that is elevated.

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
<p>d) Building heights - See Appendix 1 Section 15.4 &amp; Appendix 2 drawings 4-6.</p>	<p>Some of the buildings proposed in the final proposals scheme are taller than was set out in the bid submission. However they will be lower (due to the Queensway site sitting lower due to the lay of the land) than the tallest building at the bottom of Victoria Avenue (Alexander House). To be clear this means that whilst 2 of the proposed buildings are slightly higher in actuality (if stood side by side to Alexander House) if a horizontal line was drawn across the top from Alexander House (including the mast) the proposed buildings would be very slightly shorter. This in line with guidance received from London Southend Airport. The tallest building in the scheme (including plant) is proposed to be 62.1m measured to the flue. This is 16.67m higher than the tallest building on Queensway currently.</p> <p>This is partly driven by changes to environmental regulations and the need to accommodate renewable technology in the overall building design and height. Also due to the introduction of communal areas on the ground floor.</p>	<p>If the heights now proposed are not objected to by the airport, which the Council is advised is the case, then the principle of buildings this tall is unlikely to raise issues on other design grounds. This matter would be the subject of further consideration on specific parts of the site through the landscape visual impact assessment, parameter plans, design code and the individual reserved matters applications. Collectively this should offer sufficient control to ensure a suitable design response.</p> <p>The Council's and JV objectives require the development of a scheme that limits height. The aspiration of the Council was to limit height to 12 storeys whilst also balancing the need to deliver higher amounts of parking and increases in affordable housing.</p> <p>The new scheme presented through final proposals does not provide any more affordable housing or parking and significant new height. This additional new height has been required for the following reasons:</p> <p>The basement car parking has been removed from the previous scheme as upon more detailed analysis it was proving a significant drag on viability due to the costs of excavation and was an impediment to the phasing strategy that has been developed.</p>

<b>Theme</b>	<b>Scheme Development &amp; Summary of Final Proposals</b>	<b>Officer Commentary</b>

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Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
		<p>Car parking has therefore largely been moved up a level, to the ground floor in a podium approach necessitating an additional floor to be added to a number of the blocks.</p> <p>Due to the predominantly parking use at the ground floor it was necessary to try and activate the frontages in order to improve the quality of the environment and improve security. Therefore alongside these parking uses more commercial and community concierge space has been added at ground floor level. This helps mitigate the issue of inactive space through car parking fronting the street level.</p> <p>Due to changes in the energy strategy there has been a need to locate additional plant and equipment on the roofs of the blocks. This has increased height by a storey.</p> <p>A number of these changes have caused significant challenges to the viability of the scheme. These costs are largely being recovered through increasing the number of the units on the site, by between 11 and 102 units (as per the parameter plan). In addition, due to the additional height this provides more high value units with sea views enabling a premium to be charged for these homes.</p>

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
		<p>The JV has sought to balance the needs of the scheme in terms of viability and delivery with the need to try and limit height whilst maintaining car parking and affordable housing numbers. Of these three factors it was felt that height should be increased rather than the other two factors reduced, the additional height has been limited as much as possible and therefore additional height shown is warranted.</p>
<p>e) Highways alignment - See Appendix 1 Section 10 and section 15.5 &amp; Appendix 2 drawings 1,5,6,7,11.</p>	<p>Due to the significance of the highway being the only part of the planning application below this a detailed submission this is referenced more fully in section 6 below.</p>	<p>Please see section 6 below.</p>
<p>f) Phase 1A &amp; Porters Park See Appendix 1 Section 15.8 &amp; Appendix 2 drawings 1,5,10,12.</p>	<p>Within the scheme shown in the Initial Business Plan a larger Porters Park space is included than the one included within the final proposals submission. The principle reasons for the reduction in scale of this space are as follows:</p> <ul style="list-style-type: none"> <li>• Changes in massing across the site that has necessitated a new building to be added to the East of the park to accommodate homes and parking. The reason this block was located here was that it was felt that the reduction in green space in this location would not fundamentally reduce the activities that</li> </ul>	<p>The new approach leads to a smaller main park area than was reviewed in the Initial Business Plan, but this space is not lost, it is redistributed across the site.</p> <p>The success of this approach will be dependent upon the quality and usability of the spaces created. Although the revised approach makes this more challenging it assists the project in other regards and it remains possible to create good quality usable open spaces across the site. This is a matter which can be addressed through the planning application stage of the process.</p>

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
	<p>could take place in the park. This has also led to the redistribution of this green space to other locations across the site. This has resulted in an additional benefit of improved accessibility of the area and providing a green link from the park towards the town centre. Overall the area of green space is in line with the previous scheme and the area will benefit from significantly more green space than is found there currently.</p> <ul style="list-style-type: none"> <li>• The Park has also been brought forward in the programme. This is to facilitate a better living environment being achieved earlier in the scheme and to activate the earliest occupiable spaces and provide support for them through the community concierge service.</li> </ul>	
<p>g) Cycling - See Appendix 1 Section 15.9 &amp; Appendix 2 drawings 1,2,3,9.</p>	<p>The overall cycling routes have not significantly changed from the bid submission. Various options around Short Street and the South section of the Queensway have been reviewed to enhance the current network of Cycle Lanes.</p> <p>Secure cycle stores will be contained within the curtilage of each residential building for residents. Extra external public cycle storage units are planned strategically across the site to encourage</p>	<p>The proposal links with the existing town centre cycle ring route to provide improved north/south connections. The addition of cycle crossing points assists with east west movements, which is a significant improvement of the existing situation.</p>

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
	visitors to cycle and remain and use the park and plaza.	
h) Street planting - See Appendix 1 Section 15.10 & Appendix 2 drawings 9,10,12.	Additional green space which did not feature in the bid proposal has been added across the rest of the development, including a green link <sup>6</sup> from the park towards the town centre. The green space at the heart of the development is slightly smaller than in the bid proposal, but would not fundamentally reduce the activities which could take place there. Overall the area of green space is in line with the previous scheme and the area will benefit from significantly more green space than is found there currently.	It would be helpful to have a clear written commitment to at least 2 for 1 replacement planting. This has been agreed verbally however. This is a matter which can be addressed through the planning application stage of the process.
i) Phasing strategy - See Appendix 1 Section 9 & 15.1 & Appendix 2 drawing 8.	<p>At all times, the JV will seek to ensure that the construction programme is as short as reasonably practicable, will not exceed peak funding capabilities and will provide a regular income from exchanges and completions.</p> <p>The Business Plan shows this first phase of housing to be constituted of 267 homes. The mix of these homes has been adjusted in response to the Housing Needs Survey to enable the first residents to move from their current homes to be accommodated.</p>	<p>It is important to note that an implication of the altered phasing is that some residents will enjoy new homes sooner than the tower blocks are demolished.</p> <p>The changes in phasing have been as a result of research, contractor engagement and market review. The overall scheme is still completed at the same pace, however, the delay in some phases and longer phase completion dates reflect this research.</p>

<sup>6</sup> **Green link** - is a wide street that has a pocket park within it

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
	<p>There have been some significant changes to the phasing of the scheme based on a more developed constraints plan and early contractor involvement. This has led to many of the phases taking longer than previously anticipated and the need to reorder some elements, however, the overall scheme is still due to be completed in line with the original programme.</p>	
<p>j) Energy Strategy - See Appendix 1 Section 15.12</p>	<p>The energy strategy for the site has changed as referenced elsewhere in this report. The principle reasons for the change have been government regulation that has defined the previous solution as not meeting its environmental requirements. The new strategy is a phase by phase decision process whereby one of a set of four strategies will be selected on an incremental basis in order to best reflect government regulation and the appropriate solution of the site.</p> <p>The programme presented in the Business Plan is slightly delayed due to the additional consultation and design work as set out in paragraph 4.7 of this report.</p>	<p>Whilst early discussions have indicated this will be the case, any deficiencies will be picked up at the planning stage.</p> <p>In terms of environmental sustainability it is envisaged that this will be an exemplar scheme.</p>
<p>k) Commercial and non-resi uses - See Appendix 1 Section 15.13 &amp; Appendix 2</p>	<p>Significant work has been undertaken since the adoption of the scheme in the Initial Business Plan. This has led to a refinement in the potential commercial solution for the site and changes in</p>	<p>The non-residential element of the proposal is important in achieving some of the wider objectives of the Project and this aspect of the scheme should offer a positive contribution to the</p>

Theme	Scheme Development & Summary of Final Proposals	Officer Commentary
drawing 7.	some of the locations. Overall the quantum of commercial and non-residential space remains consistent with the previous scheme. Further detail will be developed through the RMA process.	area.
l) Queensway South & Porters House interface - See Appendix 1 Section 15.14	As a result of the change of the Highway realignment from the bid submission, the proposals look to capitalise on the reduction in corridor width of the proposed Queensway south of Southchurch Road.	Work is ongoing on developing this aspect of the scheme, but it should offer the scope to improve the setting of Porters House.

## 6 Highways

- 6.1** The highway design will be presented in detail in the hybrid planning application. The highway design and associated environmental measures, such as drainage and Sustainable Urban Drainage Systems (SUDS)<sup>7</sup>, have undergone an extensive options analysis and design process. This has refined the indicative design to arrive at a preferred solution that will be tested via Southend's multi-modal traffic model when the planning application is made.
- 6.2** The multi-modal traffic model has formed the basis of the A127 schemes (including the bidding process) along with assisting in the evaluation of major developments for the last ten years. This model has been updated with the 2019 traffic count data. This data has included the August bank holiday (which was a dry, warm and sunny day) to provide a robust traffic model.
- 6.3** The model is now based on 2019 traffic data and has been further developed to take into account a growth factor (set by Government) and known developments in the town. The model now runs to a predicted 2023 traffic level for both the morning and afternoon peak flows. The Project's traffic movements are being applied to the model by the JV's highways consultants to fully demonstrate the impact. A series of eight indicative journeys has been modelled to ascertain the effect of the scheme, including a prediction of how drivers' behaviour will be modified to have wider network effects. This process provides an indication of the effect the scheme has on the indicative journeys along with suggesting areas of the wider network where mitigation may be required.
- 6.4** Initial feedback shows that whilst there may be a small increase in journey times which the JV's highways consultants believe could be mitigated by changes at Victoria Gateway, where a minimal intervention could realise benefits that bring the scheme back to a status quo position. The completed modelling information and its impact will be presented as part of the planning application.
- 6.5** However, the traffic modelling, both Saturn (network) and VISSM (scheme level) have yet to be finalised. So, further commentary is not yet possible as amendments to the highway alignment may be required. This carries a risk to the final proposals process. The JV have included the preferred option for the highways design that will be submitted to planning, however, due to the need for this work to be finalised there is the potential for the highways scheme to change before planning submission.
- 6.6** Through the consultation and design process a range of comments and concerns were raised in regards to the highway design. Some highlighting that the focus should be on the quality of place rather than on highways and others identifying concerns and ideas as to how they might be addressed. This design is being tested and is undergoing detailed traffic modelling to ensure that this option works and subsequently submitted as part of the hybrid planning application in July. As explained above this will be reviewed by the Council and if it leads to no, or non material changes this will be approved through the delegation at 2.3 of this report. If material changes arise from this work this will trigger a second final proposals process.

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<sup>7</sup> **Sustainable drainage systems (SuDS)** are a type of drainage designed to manage surface water runoff, in a more sustainable, natural way than by conventional drainage such as via gulleys and pipes.

- 6.7 Walking and cycling connectivity and permeability were also key aspects of the Council's aspirations for the Project. The information presented at bid stage, in the Business Plan and through drawings shared more recently confirms that there will be improved walking and cycling links across and connecting the site. See Appendix 2 drawings.
- 6.8 In addition to the traffic modelling the JV's highways consultants have been working on drainage and wider environmental proposals that could have a significant advantage for the town. The town centre area currently forms the catchment for the sea front area. Therefore any reduction of upstream pressure on this system would bring benefits to a wider area of Southend. This is being achieved via a mixture of SUDS and the addition of an attenuation tank where the underpass is currently located. This will provide a significant reduction in discharge rates into the Anglian Water drainage system.
- 6.9 Following on from the first round of consultation, various options were explored by the JV Design and Highways consultants. A summary of these has been supplied below and are also illustrated in Appendix 2 drawings 18 & 19.

*"Queensway alignment studies*

- *The existing Queensway road corridor is approximately 32 metres wide. Whilst the proposal still maintains Queensway as a high vehicular capacity road of four lanes at-grade, it released nearly half of the original road surface area back to other uses within the masterplan. To find the ideal alignment within the existing road corridor, three alternative alignments were studied with the wider design team as a part of the masterplanning process. A major constraint was the location of an existing 1.3 metre diameter surface water trunk sewer that pass under the Queensway. Three alignments were tested; a northern, central and southern alignment. Collectively, it was concluded that Queensway should follow the northern alignment as this provided the best geometry for the highway in balance with the other wider masterplan objectives. The central and southern alignment in particular resulted in a poor geometry at the roundabout, which was inefficient. The resulting alignment has added space for walking, cycling, tree planting, and Sustainable Urban Drainage that support the wider masterplan objectives.*

- *Design Speed 20 or 30mph*

*Studies were undertaken on the effects on the road and roundabout geometry of a 20 or 30mph speed limit. The 20mph speed limit results in a 'tighter' geometry as forward visibility and stopping sight distances are reduced. A lower speed limit would also lessen the formality of the pedestrian crossing points from controlled to uncontrolled. The 30mph geometry was chosen in consideration of the importance given to the movement of traffic on Queensway. The road has been designed with regular 'features' and the additional kerb side activity the development will create will promote a lower and consistent speed unlike the current Queensway.*

- *Coleman Street*

*A study was undertaken of potentially opening Coleman Street to Queensway to allow another route to Sutton Road. The junction with Queensway would have to be a left-turn-in-left-turn-out owing to its proximity to the Short Street/Chichester Road junction. Concerns were raised, including at the public consultation, on the potential of rat-running on an existing low trafficked residential road. Restrictions were considered allowing only access to 'residents' however this was fraught with difficulties. The impact to the proposed park of a new junction and the footways and cycle lanes were seen to outweigh the benefits.*

- *Roundabout Left Turn Flare*

*A left turn flare from Queensway to A13 Southchurch Road eastbound was considered. The length of the flare lane was constrained by building plots within the masterplan. The flare length that could be realistically provided could not provide the free-flow that was assumed when it was proposed. The flare would also increase the distance pedestrians would have to cross from 4 lanes to 5 lanes. This would result in traffic waiting longer negating some benefit of providing the flare. Also, the speed of left turn traffic would be higher and there was concern on the safety implications for the pedestrian crossing on Southchurch Road arm.”*

## **7 Commitment for Additional Affordable Homes**

- 7.1** The JV, the Council and Swan have reached agreement on a Memorandum of Understanding (MOU) whereby the Council will be given an option to gap fund or acquire at least 100 additional affordable social rented homes. It is then entirely at the Council's discretion whether to exercise this option, and if so, how many of the homes it wishes to take up. Authorisation to sign this MOU is being sought via this report to Shareholder Board, and subsequently to Cabinet.
- 7.2** The MOU will be formalised into a contract, as detailed earlier in this report, that will enable the Council to fund and draw down these homes. To note, as a legal document which includes commercially sensitive and confidential information, the MOU is not contained within this report, however, it was negotiated and finalised with assistance from the Council's legal and financial advisers. They have reviewed the agreed version and confirmed their recommendation that it is signed by the Council.
- 7.3** Whilst the option will be for a minimum of 100 additional homes at social rents, the Council is not prevented from drawing more homes down through this agreement or making a request to gap fund or acquire more homes through a separate arrangement at any time in the future.
- 7.4** When appointing Swan as the JV partner the Council also agreed additional recommendations which sought to maximise the level of affordable housing for rent and whilst this MOU supports this and the legal agreement will contribute towards this recommendation the Council also agreed that any surplus funds the Council receives should be reinvested in social housing therefore there is

the possibility at a later stage of the Project to utilise any surplus in these additional acquisitions.

## **8. Assurance**

**8.1** There are a number of levels of assurance which are not specific to this report but which are built in to the Project in its totality and are therefore worth noting:

8.1.1 The Council is a 50% partner in the JV and therefore makes up half of the JV board.

8.1.2 The Council has multiple roles in regards to the Project: as Shareholder (as is being exercised for this report), as landowner (which comes with a set of requirements in relation to the Project), as funder through its Junior Loan into the JV, and as the Local Planning Authority (LPA) (although it is crucial to note that this is not a protection provided via the JV itself).

8.1.3 The partnership documents and legal suite, including the business plan, set out the legal arrangements between the parties and offer a number of protections.

8.1.4 The agreed Business Plan also provides a remit for current activity and a baseline for the Project.

8.1.5 As the Project progresses further final proposals and business plans will need to be approved by the Council as Shareholder therefore it has a rolling oversight as to the next stages as the Project advances.

**8.2** Specifically in relation to this report the information has been reviewed and analysed in the context of the Council's procurement objectives, the position as at bid submission and the agreed Initial Business Plan by Council officers and its specialist procured advisors.

**8.3** The following comments have been provided by the Council's lead advisors 31ten Consulting (31ten) who have supported the Project through its development and procurement process and continue to do so. They have reviewed the final proposals submission to provide assurance on the completeness and reasonableness of the document. The results of this exercise are detailed below:

8.3.1 31ten has reviewed the final proposals made by the JV to the Council. The key themes emerging from this review are as follows:

8.3.2 The JV has undertaken significant consultation and work on the Bid scheme to develop an updated proposal that reflects the practical challenges of delivering the site whilst also being as closely aligned as possible to the JV objectives. This has resulted in a number of changes to the scheme, programme and approach to the delivery of Better Queensway.

- 8.3.3 The documents submitted contain the majority of these changes and high level explanations for their inclusion. A number of these changes have a positive impact in light of the objectives such as the additional cycling routes, additional water attenuation provisions and changes in massing to the north of the site. Other changes present a negative impact on the objectives, but are argued to be necessary for the delivery of the scheme, such as the increase in height of a number of the blocks, the change in parking strategy that would have significant impact on look and feel of the scheme and change in the size of the park (offset by additional green space elsewhere).
- 8.3.4 These types of changes are common for a project of this type as the scheme submitted through procurement is by necessity a scheme based on limited evidence. The additional work undertaken typically results in changes that are both positive and negative. The challenge is to ensure the balance still appears appropriate.
- 8.3.5 31ten's review has shown that this balance has clearly been a strong driver of the work undertaken to date and the proposals that have been submitted stay close to the spirit of the scheme submitted through the procurement. There are however key changes that depart from the Council's objectives that need to be reviewed and for the Council to ensure it is content with these departures.
- 8.3.6 It should be noted that there are a series of risks still outstanding that are referenced throughout this report and that Members must be aware of when agreeing the recommendations. In particular we would raise the following:
- i. Financial viability – In submitting the new scheme for final proposals review an inconsistency was highlighted in the way financial viability was being assessed by the JV compared to the provisions in the legal documentation. This has been discussed in detail with the JV and an agreement reached in principle for an amendment in approach that would provide consistency going forward. Provided this is formalised in revisions to the legal documents this will demonstrate that the Illustrative Masterplan scheme is financially viable and that the scheme hurdles the financial viability threshold of 15% based on the clarified definition.
  - ii. Parameter Plan Financial viability – The JV is applying for scheme parameters on the site that range between 2 scenarios. These include variations in unit numbers, parking ratios and many other assumptions. The viability assessment submitted to date is for the lower parameters. A higher parameter viability has yet to be submitted. This will likely be required for the planning submission and therefore should be reviewed before this is submitted. The risk is low that this would show a lower viability than the appraisal submitted but this should still be reviewed.
  - iii. Design changes – The scheme submitted at this stage is still being worked on by the JV with potential changes that could arise prior to planning submission in the form of highways design.

Should there be changes to the scheme that are significant then a second final proposals process would be required. The JV has however submitted the preferred approach in detail at this stage, therefore if this further work supports this no changes will be required.

- iv. Height – The new scheme includes significant new height with 3 sections of the parameter plans, and Indicative Masterplan now reaching up to 18 storeys. The explanations provided by the JV are limited to the planning arguments that support this height. However, the Council’s objectives aspire to the limitation of height to 12 storeys and for this to be balanced with the level of parking and affordable housing. The new scheme delivers the same number of affordable homes, the same level of parking and significantly more height. There are a series of arguments as to the need for the height to be added, including the change in car parking strategy, change in ground floor uses, the need for additional plant and equipment and improving security. Despite these arguments the new scheme does not address this objective as well as the previous scheme. It is for the Council to decide whether it feels the scheme addresses this objective well enough.
- v. Delegation – The approval of the final proposals contained in this report should be subject to further review of the final scheme to ensure there are no significant changes that the Council would need to review. These should be undertaken utilising the delegations to the Executive Director (Finance and Resources) and the Director of Regeneration and Growth in consultation with the Leader.
- vi. Additional Affordable Homes agreement – The MOU which will be signed if this report is approved and the parties should seek to enter the Agreement as soon as reasonably possible.

## **9 Other Options**

- 9.1** 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.
- 9.2** 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.
- 9.3** 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.

- 9.4** 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.
- 9.5** 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).

## **10 Reasons for Recommendations**

- 10.1** 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.

## **11 Corporate Implications**

### **11.1 Contribution to the Southend 2050 roadmap and outcomes**

The delivery of Better Queensway is a specific outcome identified in the Opportunity and Prosperity theme and is reflected in a number of milestones on the roadmap. The first of these has already been met in the signing of the legal agreements. The Project contributes towards a number of the Southend 2050 outcomes:

- **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.
- **By 2050 We are well on our way to ensuring that everyone has a home that meets their needs.** Queensway is centred on delivering more and better quality homes. The agreement in principle to deliver a

greater percentage of affordable rented homes within the overall scheme while being financially viable further contributes towards this outcome.

- **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.
- **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.
- **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.
- **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.

## 11.2 Financial Implications

The final proposals submitted are in the form of detailed highways designs, parameter plans for the remainder of the scheme, a Design Code and Illustrative Masterplan to support the lower end parameters. This submission has been supported with a financial viability appraisal that tests the viability of the lower parameters of the scheme, at 1,669 units.

As highlighted by our financial advisor review an inconsistency in approach was found between the parties, however, this has now been addressed and this scheme is shown as financially viable hurdling the 15% viability test based on the clarified definition. Were this scheme to be built out to exactly these assumptions, this would result in a profit of c£64m at the end of the scheme, of which the Council would receive half, £32m. There is a risk that a scheme developed on the upper level parameters could be non-viable but this risk is a small one.

As highlighted in the report above, there remains the potential for the Council to act as senior lender for all, or part of the scheme. Discussions continue on this potential, however, no decision is yet required on this role. Positive discussions are continuing and Cabinet will be updated on the position in the next Better Queensway report.

Section 7 has detailed the Memorandum of Understanding (MoU) that has been agreed in principle between the Council, Swan and the JV to convert at least 100 homes from private sale to affordable homes at a social rent. There are two potential approaches through which this conversion can be executed, both of which are covered by this agreement.

Approach 1 – In line with other affordable units on site Swan own the units but the Council have nomination rights to them across the life of the lease. Current estimates of the costs of this to the Council could be in the region of £75k per unit to secure these nomination rights. Based on this estimated figure If all 100 were converted using this approach this would result in a total cost of c.£7.5m. Although it should be noted that the costs could rise or fall from this figure based on the costs and values at the time the units are developed.

Approach 2 - The Council purchase the units and own and operate them itself as social rented from the HRA. Current estimates of the initial purchase costs of this approach to the Council would be in the region of £235k per unit based on current valuations. If all 100 units were purchased through this approach this would result in a cost in the region of £23.5m. The value of each unit to purchase may well go up or down as we proceed through the development.

The above figures give an indication of the additional initial cost to the council of securing these at least 100 affordable units.

The agreement is planned to enable the Council to select, in consultation with the JV and Swan, which approach is used on a phase by phase basis and a combination of approaches is anticipated. It is entirely at the Council's discretion whether to exercise its option for these homes, and if so, how many of the homes it wishes to take up.

The full detail of how this approach will operate will be developed as part of the full legal agreement. This will be developed if the above MOU is agreed.

The following comments have been provided by the Council's specialist legal advisors who have supported the Project through its development and procurement process.

If there are material amendments to the scheme following the approvals given in this report, this will trigger a second final proposals process.

If there are non material changes these could be reviewed by the Council, and if they are minded to approve them, these could be approved through the delegation detailed at 2.3 of this report.

The Council must therefore satisfy itself that it is content with every change in the final proposals, insofar as such change is a departure from the original scheme and the Initial Business Plan. This is particularly important in respect of the revised heights and the points raised in paragraph 5.10(d) above.

#### **11.4 People Implications**

In accordance with the Cabinet report of February 2019 three senior officers have been appointed to the JV board by the Council's Chief Executive in consultation with the Leader.

While the JV is responsible for delivery of the Project, the Project continues to be supported by a number of Council officers as technical experts in fulfilling Council responsibilities and in supporting the work of the JV, and on the Partnership Board which oversees the Council's work in regards to 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.

The Council continues to retain and utilise its procured specialist advisors alongside officers.

### **11.5 Property Implications**

The property implications are in line with those set out in the February 2019 Cabinet Report.

### **11.6 Consultation**

Two rounds of public consultation and engagement have been undertaken by the JV to inform the final proposals. This has included a specific session for Councillors, residents and businesses as well as opportunities for wider public response.

### **11.7 Equalities and Diversity Implications**

The Council has undertaken an Equalities Analysis in regards to the Project and this will be kept under review in regards to the evolution of the Project.

### **11.8 Risk Assessment**

Section 7 "Assurance" sets out assurances, risks and mitigations where appropriate.

### **11.9 Value for Money**

The bid scheme agreed within the Business Plan was assessed as representing Value for Money for the Council and approved through the November 2019 Cabinet report. As per Appendix 1 and 2 there are a number of changes to this scheme but the financial viability appraisal demonstrates that this scheme is viable, subject to the comments at xxx This appraisal continues to demonstrate Value for Money for the Council.

### **11.10 Community Safety Implications**

The creation of a safe community was one of the procurement requirements and has been a common theme in the consultations. While the design freeze is intended to be high-level and not look at the detail of the scheme it does reflect this theme through ensuring passive surveillance of public spaces is built into

the designs in the form of residential lobbies, active frontages or residential doors onto streets at ground level.

### **11.11 Environmental Impact**

Due to very recent changes to building regulations and energy requirements by Government, the previous energy strategy is being revisited and is not presented at this stage but remains a key component of the scheme and was highlighted during the consultations.

Additional green space which did not feature in the bid proposal has been added across the rest of the development, including a green link from the park towards the town centre. The green space at the heart of the development is slightly smaller than in the bid proposal, but would not fundamentally reduce the activities which could take place there. Overall, the area will benefit from significantly more green space than is found there currently. There will also be a net increase in the number of trees.

The JV and the Council are working to ensure that the most up to date waste strategy and collection methods are employed to deliver a clean and efficient environment for people live in and visit.

## **12 Background Papers**

Initial Business Plan

## **13 Appendices**

**Appendix 1** – LLP Project Director Report

**Appendix 2** – Final proposals, drawings and images

**Appendix 3** – Objectives summary table