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SOUTHEND-ON-SEA BOROUGH COUNCIL

Meeting of Cabinet

Date: Tuesday, 24th November, 2020

Place: Virtual Meeting via MS Teams

Present: Councillor I Gilbert (Chair)
Councillors R Woodley (Vice-Chair), T Harp, A Jones, C Mulroney,
K Robinson and M Terry

In Attendance: Councillors K Buck and K Evans
A Griffin, J Williams, A Lewis, J Chesterton, C Gamble, A Keating
and A Richards, R Harris and E Cook

Start/End Time: 2.00 - 2.42 pm

572 Apologies for Absence

There were no apologies for absence at this meeting.

573 Declarations of Interest

The following Councillors declared interests, as indicated:

(a) Councillor Harp – Agenda Items 3 and 5 (Roots Hall and Fossetts Farm) – Disqualifying Pecuniary Interest – Season ticket holder at Southend United Football Club (withdrew);

(b) Councillor Jones – Agenda items 3 and 5 (Roots Hall and Fossetts Farm) – Non-pecuniary interest – member of Development Control Committee;

(c) Councillor Mulroney – Agenda items 3 and 5 (Roots Hall and Fossetts Farm) – Non-pecuniary interest – member of Development Control Committee;

(d) Councillor Terry - Agenda Items 3 and 5 (Roots Hall and Fossetts Farm) – Disqualifying Pecuniary Interest – Season ticket holder at Southend United Football Club (withdrew);

574 Roots Hall and Fossetts Farm

The Cabinet considered a report of the Executive Director (Finance and Resources) providing an update on the proposed development of housing for rent at both Roots Hall and Fossetts Farm.

The report highlighted that in order for the developments to proceed, decisions would also separately need to be made by all members of the Council in their capacity as Trustees of the Jones Memorial Trust, Youth Commemoration Ground Trust and the Victory Sports Ground Trust. A separate report on the Trust matters would be submitted to the next meeting of Council on 10th December 2020.

Resolved:

1. That authority be given to enter into all necessary transactions to facilitate the developments at Roots Hall and Fossetts Farm, as set out in the submitted report, subject to the following pre-conditions:

(a) The submission of due diligence reports on the following matters which are satisfactory to the Executive Director of Finance and Resources in consultation with the Leader of the Council:

- i) Independent financial review;
- ii) Review by the Council's external auditors;
- iii) Property report by Cushman Wakefield;
- iv) Legal report by Gowling WLG; and

(b) The developer reimbursing the Council the sum of £100,000 in respect of certain costs incurred to date (further costs will be reimbursed to the Council as development costs as the developments progress).

2. That the transactions referred to in resolution 1 above will not become unconditional until:

i) Planning Permission (including 30% affordable housing and the resolution of any required highway matters) has been granted for the developments at both Roots Hall and Fossetts Farm; and

ii) The necessary Charity Commission consents have been obtained in respect of the matters involving Jones Memorial Trust, Youth Commemoration Ground Trust and the Victory Sports Ground Trust

3. That the income strip leases for the Roots Hall and Fossetts Farm developments (each comprising a series of land transactions) be granted directly to the Council with the options to acquire the freehold reversions for £1 being granted to the Council's Housing Investment Company to ensure that the transaction is tax effective fundable at the optimal rate and the reversionary interests are suitably protected.

4. That authority be granted to the Executive Director of Finance and Resources in consultation with the Leader of the Council to:

(a) Agree any final adjustments to the terms of the transactions, or the final documentation, including any adjustments required as a consequence of the due diligence reviews;

(b) Authorise the completion of all necessary agreements to progress the transaction including but not limited to the sale of the Council's land at both Roots Hall and Fossetts Farm, the leases in and the options to acquire the freeholds at the end of the leases;

(c) Authorise any necessary management and contracting arrangements for the new affordable and private rented accommodation. (Note: long-term property management has been considered but does not need to be concluded at this stage); and

(d) Agree the use of all capital and revenue income from the developments and in particular the holding of reserves to ensure that the Council's long-term position is protected.

5. That it be noted that the authority to complete the following Trust matters will be separately considered by Full Council (acting as sole trustee of the three relevant trusts) and any necessary Charity Commission consents will also need to be obtained:

- a) the proposed easement over Jones Memorial Ground Trust land relating to the 'Supporters' Way' access from Sutton Road and ancillary access to Fossetts Farm residential development;
- b) the lease agreement required in relation to replacement parking for Jones Memorial Ground;
- c) the minor boundary adjustment to Victory Sports Ground to accommodate the required highways changes on the Sutton Road/Eastern Avenue roundabout; and
- d) a shared use agreement between the Youth Commemoration Ground Trust and the Loxford Trust to enable the release of the former Cecil Jones Junior School playing field land to the north of the Jones Memorial Ground (subject to the agreement of the Secretary of State for Education and the Charity Commission which the Loxford Trust may require).

(The decisions for the Council as Trustee, set out above, need to be taken in the best interests of each Trust. This requirement should be met as the arrangements will enable the development and generation of capital and long-term income for the Trusts to help support their objectives).

Reasons for Decisions:

To enable the Roots Hall and Fossetts Farm development proposals to be progressed with Citizen Housing, Homes England (if/as required) and SUFC so that the following objectives can be achieved:

- 502 homes at Roots Hall in partnership with the Council (subject to planning)
- 850 homes at Fossetts Farm in partnership with the Council (subject to planning)
- Affordable housing which is policy compliant (30%) for both sites
- The construction and longer term job creation and wider economic benefits arising from £500m of private investment in the developments
- The opportunity for the Council to become a major player in the Southend Private Rent market and to drive quality and safety standards.
- The potential for further additional homes at Fossetts Farm under a separate joint venture partnership between other parties.
- The opportunity to deliver a profit rent as commercial income/dividend for the long term and to benefit from the full value of the reversion.
- A new football stadium and new training ground for SUFC at Fossetts Farm to replace the current stadium at Roots Hall, which is nearing obsolescence and presents a significant risk to the future of SUFC, and current training ground at Boots & Laces
- The Council will receive profit rent, capital contributions and profit share and the combined developments will deliver substantial additional council tax income to the Council.

Other Options

As set out in the submitted report.

Note: This is an Executive Function
Referred direct to: Policy and Resources Scrutiny Committee
Cabinet Member: Cllr Gillbert

575 Exclusion of the Public

Resolved:-

That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the item of business set out below on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

576 Roots Hall and Fossets Farm - Confidential Appendix

The Cabinet considered a confidential appendix in relation to agenda item 3 above.

Resolved:

That the confidential appendix, be noted.

Note: This is an Executive Function
Referred direct to: Policy and Resources Scrutiny Committee
Cabinet Member: Cllr Gilbert

Chair: _____