

**Meeting:** Cabinet  
**Date:** 29<sup>th</sup> July 2024  
**Classification:** Part 1  
**Key Decision:** Yes  
**Title of Report:** Better Queensway Update

**Executive Director:** Alan Richards, Executive Director for Environment and Place  
**Report Author:** Glyn Halksworth, Director of Regeneration, Housing & Regulatory Services  
**Executive Councillor:** Cllr Ian Gilbert, Regeneration, Major Projects and Regulatory Services.

## **1. Executive Summary**

- 1.1. The Better Queensway Project (“the Project”) is a large-scale multi-phase regeneration project which aspires to deliver the complete regeneration of a large section of central Southend, mainly comprising and including Quantock, Malvern, Pennine and Chiltern tower blocks, the Essex Street and Short Street car parks and other property in the vicinity of them. The Project also includes the Queensway road and the surrounding public realm.
- 1.2. The Council procured Swan Housing Association as Joint Venture Partner to secure planning and deliver the regeneration project on 24<sup>th</sup> April 2019. The Joint Venture was formalised between the Southend-on-Sea City Council [then Borough] (SCC) and Swan BQ, a subsidiary company of Swan Housing Association. Subsequently In December 2021, the Regulator of Social Housing (RSH) downgraded the landlord from G2/V2 to G3/V3, meaning it was non-compliant with both elements of the Governance and Financial Viability Standard. This ultimately led to Swan Housing Association (Swan HA) becoming part of Sanctuary Housing Association in February 2023, with Sanctuary becoming the new parent company to Swan BQ. Sanctuary Housing Association and the Council mutually agreed, at Sanctuary’s initiation, a package of terms to enable Sanctuary to exit the Joint Venture (JV) at the end of 2023. Porters Place Southend-on-Sea, the joint venture company, is therefore now wholly owned by SCC.
- 1.3. This report makes a series of recommendations to Cabinet to enable the project, including the road scheme, to continue.
- 1.4. Members will recall that, on Thursday 29<sup>th</sup> June 2023 Full Council confirmed by voting on a Notice of Motion, which stated that: *‘The Better Queensway Project is an investment in the future of our city that aims to create a good*

*quality housing and regeneration of the Queensway area and demonstrates this Council's ambition for the future of our city'.*

At that meeting, 'Southend-on-Sea City Council [resolved] to;

- "1. Recognise that the Better Queensway Project aims to deliver better quality housing for those living in and around Queensway, and those families on the Council Housing Waiting List.*
- 2. Work to improve the living standards of those currently living on the Queensway estate to ensure they have a decent standard of living and make the best temporary use of vacant units whilst the scheme is developing.*
- 3. Regenerates the Queensway area and demonstrates the ambition for the future of our city.*
- 4. Acknowledge that there is currently a hybrid planning permission which has outline planning permission for a housing scheme and full planning permission for a road network scheme [which] has been agreed as acceptable to the Council.*
- 5. Do everything possible to deliver a financially viable Better Queensway scheme that increases genuinely affordable housing, and honours promises made to residents."*

1.5. This report therefore updates on the current situation, considering the options for future phases as the Council aims to regenerate the whole estate over a period of time and in phases. It sets out a series of steps to progress with the project to secure the regeneration of the Better Queensway area, including the tower blocks and the road scheme which has been approved by the Council in its role as the Local Planning Authority (subject to any necessary minor amendments necessary due to passage of time) which, for the avoidance of doubt, includes the rearrangement of junctions and bringing the main carriageway up to grade.

## **2. Recommendations**

**It is recommended that Cabinet:**

- 2.1. Approves to continue with the Reserved Matters Application for Phase 1a (the first phase of housing) and to proceed with the procurement of a partner to submit a planning application to bring forward the development of the area occupied by the existing temporary Essex Street Car Park, as set out in Section 4 – Phase 1a of this report.**
- 2.2. Approves to the commencement of the highways work in line with the consented outline planning application, conditionally granted on 6<sup>th</sup> September 2021 which states bringing the Queensway underpass up to grade, creating a new roundabout and providing a new 4-lane carriage way with associated footpath. Further details set out in Sections 3.2, and at Appendix 1.**

- 2.3. **Notes the need to provide additional resource funding for the proposed project for the remainder of 2024/25 and futures years and that once that resource requirement is established this is subject to a further cabinet decision and will then need Council approval for addition to the Capital Investment Programme.**

### **3. Background**

- 3.1. In September 2021, Porters Place Southend-on-Sea LLP was granted conditional hybrid planning permission.

- 3.2. The consent, as described in the application and the decision notice (see **Appendix 1**) is for;

***1. Outline consent for the phased demolition of existing residential and commercial units, pedestrian footbridge, and associated structures and redevelopment to provide up to 1,760 dwellings (up to 177,650sqm) including provision of affordable housing in buildings of up to 89,43M above ordnance datum (approximately 18 storeys);***

***Up to 10,000SQM of commercial uses comprising***

***(A) up to 5,000SQM of retail and cafes \*(use class E, F. 2, SUI generis) (with a maximum of 1,500SQM outside the primary shopping area);***

***(B) up to 5,000SQM of employment space consisting of workshops/artistic studios/recording studios/ brewery/bakery; (Use class E,B2 and SUI generis); and office space (use class E capped at 2,500SQM);***

***(C) up to 1,500SQM of community and creche/nursery (use class E/F.1)***

***(D) up to 1,000SQM of leisure (use class E);***

***And (E) up to 500SQM of event space (use class E/SUI generis)***

***New public open space; associated landscaping; car parking, public realm enhancements; access arrangements and associated infrastructure.***

***2. Detailed (Full) application for phased engineering works to remove roundabout at Queensway/Sutton Road/Southchurch Road, and associated underpass, with re-grading of the Queensway, to provide a new 4 lane carriage way at grade with footpath; cycle lane, bus facilities, public realm, landscaping and associated structures as well as a new roundabout at grade, linking Southchurch Road and Queensway, and closure/stopping up of Sutton Road.***

### **Joint Venture Partnership Breakdown Summary**

- 3.3. After eighteen months' work on preparing the Phase 1a Reserved Matters Application, in 2022 it emerged that Swan HA (the Council's joint venture partner), and consequently Swan BQ, was in financial difficulty and the

Council was forced to pause work on the project while the Regulator of Social Housing (RSH) worked with Orbit Housing Association, and then subsequently Sanctuary Housing Association to rescue Swan HA. As Sanctuary is a large developing housing association with significant regeneration experience the Council was hopeful that it could continue to deliver the scheme as soon as Sanctuary had completed their takeover of Swan HA and formed their new operating model.

- 3.4. In the summer of 2023, Sanctuary Housing Association informed the Council that they were unable to proceed with the Project, due to challenges of other Swan HA development projects they had taken on and an operational need to prioritise existing Swan residents.
- 3.5. During Autumn 2023, the Council and Sanctuary, along with their lawyers, prepared for Sanctuary to exit the partnership through a formal agreement and, on 28<sup>th</sup> November 2023, the Council became sole owners of Porters Place Southend-on-Sea LLP.
- 3.6. Due to the nature of a JV, Southend City Council had 6 months from the date of Sanctuary's exit to find another partner for the LLP or dissolve the partnership.
- 3.7. A paper was prepared for Shareholder Board on 27<sup>th</sup> February 2024 proposing that Southend Housing Ltd becomes a minority share partner in the LLP. This meeting did not go ahead and authorisation for this decision was sought and granted on 30<sup>th</sup> May 2024 from the Leader of the Council as a single cabinet member decision.
- 3.8. The new arrangement has been set up as a 1% share opportunity for Southend Housing Ltd with Southend City Council retaining 99% of shares. A set of signed agreements for this working arrangement were sealed and sent to Companies House on Friday 21<sup>st</sup> June 2024.

#### **4. Project Update**

##### **Funding Update**

- 4.1. At the South East Local Enterprise Partnership (SELEP) accountability Board on 12<sup>th</sup> January 2024 the Get Building Fund (GBF) award of £4.2M for the Project was retained. It was agreed that further work is required to confirm the delivery route for all phases of the Project and SELEP acknowledged the intention to agree with the Department for Levelling Up, Housing and Communities (DLUHC) that ongoing oversight of the Project will sit with them following the close of SELEP.
- 4.2. The Project team is in regular communication with Homes England, with regards to the previously awarded Housing Infrastructure Fund (HIF) grant of £15M.
- 4.3. £500k of this funding has been drawn down and spent in line with the required conditions, with the remaining £14.5M currently under discussion

- 4.4. Homes England is fully aware of the circumstances surrounding Swan, Sanctuary and consequently, Porters Place Southend-on-Sea LLP. The Project team has been working closely with Homes England team to maintain a positive working relationship during this period of standstill and change.
- 4.5. To enable Homes England to release the balance of the £15m, SCC needs to present a remediation plan to evidence how the full amount of funding can be spent by the deadline of 31<sup>st</sup> March 2025. This will include costs that have been spent to date 'sunk costs' making it achievable to spend the full amount by the deadline date.
- 4.6. The remediation plan covers the current spend to date, and the expected programme for the next few years, which outlines (in line with this report) the procurement of a partner to carry out the first phase of works and the highways road development.
- 4.7. As part of the remediation plan, the Project Team and Homes England are carrying out an exercise to understand the current costs incurred to date that are deemed, by Homes England, to be pure 'infrastructure' or 'enabling' costs. Once these are confirmed the funding can be applied accordingly to the Council's capital programme.

#### **Phase 1A**

- 4.8. Phase 1a covers three blocks (C, D and G) to be developed within the land currently occupied by the temporary car park at Essex Street (please see image at appendix 2).
- 4.9. This currently includes, according to the Phase 1 RMA; 218 homes, 108sqm allocated for a café; 86.8sqm office space; Porters Park, associated landscaping; Provision of new road with access from Chichester Road with associated public realm and infrastructure; Parking and temporary parking arrangements.
- 4.10. The RMA outlines that Phase 1a involves constructing plots C and D first with the 'New Street' (shown on image at appendix 2), and the public realm works associated with Porters Park. Buildings C and D are proposed to provide initial homes for existing tenants to be rehomed before the demolition of Quantock tower block (Phase 1B). After the completion of the highways works along Queensway, Plot G can be constructed.
- 4.11. Since the RMA for Phase 1a was prepared there has been a change in Building Regulations, including changes to fire safety regulations which will affect how we approach this build.
- 4.12. The Building Safety Act 2022 requires the inclusion of second staircases in residential buildings in England above 18 metres in height, aligning with expert recommendations and international standards. In-house architects analysed

and designed the changes needed to install the required extra stairways in Phase 1a to bring the project in line with the new regulations.

- 4.13. The Phase 1a RMA is currently paused in the planning process and will need to be updated and amended once a new partnership is formed. Any amendments will need to be worked within the parameters of the consented outline planning hybrid application to gain agreement and progress.
- 4.14. Once ready, the Phase 1a RMA will be re-submitted to the Council in its role as Local Planning Authority for public consultation, consideration, and ultimately determination by Development Control Committee.

### **Project Approach – Next Steps**

- 4.15. Outline planning consent for the whole regeneration area provides certainty of the extent of the developable area and sets out clear development parameters to guide the design team. The development will come forward in several phases, each presenting its own challenges and opportunities. By approaching the regeneration project in this phased way, our approach can be iterative and evolutionary to adjust to changes in the market, demand and changes to regulation with greater flexibility.
- 4.16. To progress, the project team will need to be mobilised, this will involve looking at internal and commissioned resourcing and skills for the team to deliver the outcomes desired for the next few years, including the procurement of the external advice/advisors necessary to support this work. This resource the associated cost is being worked through presently.
- 4.17. Following changes to the residential development and finance markets in the last couple of years, which in part contributed to the challenges which were faced by Swan HA, it is sensible that the Council examines afresh the most suitable routes to bring forward the first phase of Better Queensway, including the changes to the road layout and public realm.
- 4.18. There has been recent interest from some significant developers and development facilitators, and now is a good time for the Council to be looking at a procurement in anticipation of improving market conditions for delivery therefore, subject to decisions arising from this report, it is recommended that the Council now prepares for the procurement of a new partner to deliver at least the first phase(s) of the regeneration project.
- 4.19. The procurement process will involve early market analysis and engagement followed by an open tender process that from experience, is likely to take in the region of 9-12 months to complete. It is also inevitable that any incoming partner will have their own views and will look to make amendments to any planning permission, including for the Phase 1a RMA.
- 4.20. Alongside the procurement process for a partner the project team will continue to re-work the current Phase 1a RMA - and factor in the material amendments that need to be made to adhere to incoming regulations and revisit the viability

and overarching delivery strategy for this regeneration project, including any compulsory purchase considerations which may be required.

## **5. Highways Update**

- 5.1. To progress the highways development in line with the full detailed planning consent (extract of planning permission wording at section 3.2), the original contractor, secured via a procurement process, will need to be re-engaged.
- 5.2. The successful contractor from the previous exercise will be approached to ascertain if they are able to hold their previously tendered cost (original cost was approx. £19M, which is now anticipated to be around £21.5M accounting for additional inflation increases). This tender included a price fluctuation clause, which provided a mechanism to impartially update the tender total accounting for inflation.
- 5.3. The inflationary pressure that accounted for a significant amount of risk has stabilised since conversations were last had with the contractor (over a year ago) providing a greater degree of material cost certainty for the duration of the 18-24 month expected contract period.
- 5.4. There will need to be resource budget allocated to mobilise and oversee this work, for the financial years 24/25 and 25/26. This figure will include consultant support (to assist with technical queries) phase construction planning, document review/production/re-design work, and will need to consider contingency and factored-in risk budget.
- 5.5. Funding options are being explored with Anglian Water who have applied for an advanced Water Industry National Environment Programme (WINEP) grant. If successful Anglian Water has expressed an interest in co-funding the water attenuation features included in the scheme design due to their wider strategic benefits which include significant opportunities to help manage surface water run off and reduce pressure from stormwater which are regularly experienced in the seafront area.

## **Queensway Bridge – Appendix 3**

- 5.6. The removal of the Queensway footbridge is progressing with one of the most experienced bridge demolition experts in the country, working with SCC's contractors and crane engineers.
- 5.7. Highway Stopping Up Orders are in place, meaning this bridge is no longer part of the highway network.
- 5.8. The demolition is multifaceted with complexities around the height and weight of the bridge, how it is cut and supported and the gradient of the road below, with its existing underground utilities / overground reserve and lamp column positions.

- 5.9. Delays have been caused around the temporary works design, which now plans to use the crane as a temporary works/support whilst the bridge is cut. This option was originally ruled out as an unviable solution, but experts are confident this can be achieved and will save time and money by utilising existing onsite equipment.
- 5.10. Officers are advised that there is only one crane in the country with the technical specifications needed to carry out this work and conversations are being had around timescales for utilisation. Whilst it can be seen in the photos in **Appendix 3** that the bridge was erected using smaller cranes, at this time the road was at grade so the lift specifications were very different.
- 5.11. The contractor is finalising detailed crane methodology to be able to provide a quote for a full works package for the bridge demolition. Work permits will be required to cover a 5-week period in which night-work may be required to complete the works to minimise impacts on timescale, cost and road disruption. If the full bridge lift proves to be impractical or prohibitively expensive, there are reduced options which could be explored which would still secure the material start onsite, leaving the full bridge removal to be completed alongside the rest of the highways works.

## **6. Reasons for Decisions**

- 6.1. Decent, affordable homes are the foundations for people's lives. By creating these new homes, the council will be providing residents with stability, comfort and security to enrich their lives which will support mental and physical health.
- 6.2. The tenants in the tower blocks have been waiting patiently and supporting the project for almost a decade with its aims to uplift the area. By moving forward with this project and providing a better quality of housing we are upholding our duty and alleviating the stress and worry of an uncertain future.
- 6.3. Without the Council's commitment to this project the HIF grant Homes England are providing will be at risk. There would be a risk of clawback of £500k by Homes England and the opportunity to secure and invest the further £14.5M which must be spent by 31<sup>st</sup> March 2025 would be lost.
- 6.4. The Benefits realised from the installation of the attenuation tanks installed within the current underpass, once the road is brought up to grade. These tanks will help to mitigate the flood risks to the seafront and City Beach areas a part of a wider approach to water management across the city.
- 6.5. To secure the outline planning permission granted in 2021 in perpetuity, and its associated value, a material start on site must be made before September 2024. The Queensway Bridge removal will constitute material start on site meaning that the hybrid planning permission will then be secured to keep all development options open for the council (and any new partner).



- 6.6. Better Queensway demonstrates SCC's commitment to excellence by aligning with a number of the Council's corporate priorities, namely;

A growing city with a strong and prosperous community

- This project will deliver economic regeneration and business development

A safe city with a good quality of life for all

- New housing will provide; quality, affordable safe homes
- safe, inclusive communities and neighbourhoods

A clean city with a resilient environment

- The highways work will provide an improved transport system
- Enhanced and protected street scene and environment

## 7. Other Options

- 7.1. **Do nothing** – Stop and do not carry on with the Project.

- 7.2. The do-nothing option is drastic and causes financial loss and potential reputational damage. The housing issues, living standards, antisocial behaviour, community severance and long Council Housing waiting list will remain a problem and will need to be dealt with by another means. There are considerable capital costs associated with the Queensway estate and the road which would need to be found elsewhere as the existing funding opportunities to cover these would fall away.

- 7.3. **Do something** – Look at a different first phase.

- 7.4. This would involve starting fresh on a new area within the redline boundary. The other sites opportune for this could be Short Street and/or the Range site (which is subject to an income generating lease which includes a break clause exercisable in 4 years). This would be time consuming with new architect drawings/ viability work needing to be undertaken.

- 7.5. **Do minimal** - Re-design Phase 1

- 7.6. Work carried out to date would be wasted, new architectural designs will need to be instructed and viability work undertaken. This would cause a significant time delay.

## 8. Financial Implications

### If the project was not to progress

- 8.1. If the Project was not to progress in a timely manner the Homes England funding grant allocated of £15M would almost certainly be withdrawn.

- 8.2. The £500k of Homes England grant that has already been drawn down could also be at risk of being clawed back if the Project does not proceed

- 8.3. The opportunity to utilise the Homes England grant for costs previously incurred 'sunk costs' (c.£5M) with this project have been charged to the Capital Investment Programme and if a scheme does not proceed then under current capital accounting rules this sum would not be eligible as capitalisation and therefore would need to be charged to the Council's revenue budget. Given the amount involved this would then need to be funded from the Council's reserves as a one off position.
- 8.4. The existing homes will need significant improvements which will be a cost to the Council's capital investment programme over a number of years and also without this project continuing there would be no uplift in additional homes in this area to support the pressures on the housing register and its associated budget.
- 8.5. Road maintenance on the current system would be required at an approximate cost of £25M over the next 20 years.

### **If the project is to progress**

- 8.6. The total Project cost of Phase 1a (including full up-front highways build) is estimated currently at c.£130M.
- 8.7. The current allocated budget in the Capital Investment programme for this project in 2024/25 is £272k and there is no budget allocated for the following years.
- 8.8. To progress the work stated in Section 4 'Next Steps' on Phase 1a and the highways work outlined in Section 5 the in-house team will need to be appropriately resourced, a Project board will need to be re-established and external advisors re-procured.
- 8.9. To effectively resource the work stated above there will need to be an increase on the current £272k allocated. The Project team are looking at these costs for the next two years, considering the implications of covering risk, building an effective project team and factoring in contingency.

### **9. Legal Implications**

- 9.1. The Council will either need to progress the Project to meet the requirements of the funding agreement from Homes England or will risk having to pay back sums already drawn down on.

### **10. Policy Context**

- 8.1. The works outlined above will be in accordance with existing regeneration and growth policies.

### **11. Carbon Impact**

- 11.1. The Project will include strong sustainability credentials and the designs will have regard to current standards, embodied carbon, lifecycle costing and energy compliance. The contractors will be expected to report on how they can demonstrate a low carbon impact on the City and positive environmental credentials for the regeneration project.

## 12. Equalities

- 12.1. Previous Equalities Analysis was carried out in 2018. This is being updated.

## 13. Consultation

- 13.1. Engagement with residents through South Essex Homes is on-going. With the last engagement day taking place at the beginning of May. Issues raised at these meetings need to be addressed from a project point of view which will be planned, along with further consultation, as the Project progresses.

## 14. Appendices

- 14.1. **Appendix 1**: Hybrid Outline Planning Permission  
 14.2. **Appendix 2**: Phase 1A Boundary view  
 14.3. **Appendix 3**: Queensway Bridge

## 15. Report Authorisation

<b>This report has been approved for publication by:</b>		
	<b>Name:</b>	<b>Date:</b>
S151 Officer	Joe Chesterton	14/06/2024
Monitoring Officer	Susan Zeiss	14/06/2024
Executive Director(s) Director	Alan Richards	27/06/2024
Relevant Cabinet Member(s)	Cllr Ian Gilbert	30/05/2024