

Southend-on-Sea Borough Council

Joint Report of Corporate Director for People and
Corporate Director for Corporate Services

to
Cabinet

on
20 September 2016

**Agenda
Item No.**

Report prepared by: David Ubaka
Project Manager – Better Queensway

**Options for Better Queensway Project – the Regeneration of Housing Land and
Property adjoining the Town Centre (including the four Town Centre Tower Blocks)**

**Relevant Scrutiny Committee: Policy and Resources Scrutiny Committee
Executive Councillors: Councillor John Lamb and Councillor Ann Holland**

A Part 1 Public Agenda Item

1 Purpose of Report

To provide an update on work undertaken on the Better Queensway Project ('the Project') since the decision of Cabinet on 22nd September 2015 and make recommendations to progress to Phase 3 of the Project.

2 Recommendation

- 2.1 To note the work on the Better Queensway Project ('the Project') to date;
- 2.2 To progress to Phase 3 of the Project based on the latest option development attached at **Appendix 1** and to agree;
- 2.3 To continue to investigate the use of the Council's Compulsory Purchase Powers and to undertake preparatory work for the making of a Compulsory Purchase Order (CPO), which will be subject to a formal resolution of the Cabinet in future.
- 2.4 That the Project should involve the demolition of the tower blocks and other flats (where the Council owns the freehold) within the Project area.
- 2.5 To serve Initial Demolition Notices under Section 138(a) and Schedule 5(A) of the Housing Act 1985 (as amended) on all secure tenants of house and flats within the Project area.
- 2.6 That based on **Appendix 1**, an outline planning application for the Project be prepared and submitted.

- 2.7 That further work is undertaken on the preferred Joint Venture approach (through competitive dialogue) with a report being submitted to Cabinet to determine this matter and the selection of a development partner.
- 2.8 That delegated authority be given to the Section 151 officer in consultation with the Deputy Leader to agree the terms of any proposed Leaseholder swaps. (para 6.12 & 6.13 refers).
- 2.9 To note further reports will also need to give approval to additional matters such as; land appropriation, CPO resolution and a decant policy for re-housing of tenants and Leaseholders .

3 Background

- 3.1 The report to Cabinet on 22nd September 2015 outlined the general background of the site, the key challenges relating to the towers, highways and land ownership. It also explained the various phases proposed for the regeneration Project:

Phase 1	Identify the scope of the Project
Phase 2	Test the viability, assess market interest, and identify procurement and financing routes
Phase 3	Procure a Delivery Partner and secure financing
Phase 4	Delivery of Project.

- 3.2 Cabinet resolved that Phase 2 of the Project be progressed, including the following (minute 255 refers):

- Inclusion of Network Rail land at Victoria Station within the outline masterplan
- Undertake further works to determine the future of the Tower Blocks
- The proposed preferred offer to leaseholders
- Progress investigation work to 'cover' the Underpass and the remodelling of the roadways including the possible widening of Chichester Road
- Progress with further investigation work on the 3 financial options, including procurement routes
- Identify social infrastructure requirements as part of the whole development
- Continue to work with the Smart Cities Project
- Undertake an Economic Impact Assessment which will inform the design brief

- 3.3 Phase 2 established financial viability and further investigation including opportunities and challenges to feed into a future delivery model.

- 3.4 Within the 2016/17 approved budget, provision was made for the following; £500,000 for acquisition of commercial properties and £500,000 for acquisition of residential properties. A further £500,000 was allocated for on-going project costs.

4 Progress

- 4.1 After Cabinet in September 2015 a rationalisation process started to flesh out some of the detail behind the high-level design and principles of the Project, in order to arrive at a robust baseline position. This exercise led to the identification of a short list of preferred delivery option(s) (of which the previous administration gave detailed consideration to the Joint Venture Option), a high level procurement process and a frozen master design.
- 4.2 Following on from the rationalisation process a Soft Market Testing event was undertaken to verify the findings with various private sector developer and investment organisations to ensure the Project would be marketable and viable to the private sector. The event was well attended with a good mix of high profile investors and developers. Feedback received was extremely positive with all parties in agreement that the scheme is viable. The market queried the proposed Private Rented Sector (PRS) levels, and commented that parking was high given the town centre location and a regeneration project of this nature. This market feedback has been reflected but not for the market's view on parking in the latest option development of which are shown in **Appendix 1**.
- 4.3 The new Administration has carefully considered proposals to take the Better Queensway Project forward and have made some suggested amendments to the scheme which include; increased parking from 0.8 to 1:1; amended density and heights within the scheme to reflect the existing heights in the town centre and these have been incorporated into the latest option development at **Appendix 1**.
- 4.4 In June an EU-compliant procurement exercise was carried out to appoint four strategic adviser roles; Lead; Design and Urban Planning; Strategic Property and Financial. These roles are to assist us with the additional expert resource needed to procure a Delivery Partner and achieve an outline planning permission.

5 Principle of CPO Action

- 5.1 Much of the Queensway site is owned by the Council. However it is a mixture of assets held by the HRA and the General Fund, and held for a variety of reasons such as housing, parking, highways, open space etc.
- 5.2 The proposed Project will deliver a mixed development of residential units, car parking, retail, community, public realm and highway improvements.
- 5.3 As previously reported the Council does not own all of the land within the proposed Project area. The properties facing onto Southchurch Road, the corner of Chichester Road and Essex Street to the rear, are a mixture of commercial, retail and residential units in private ownership, with approximately 72 separate property interests. It is difficult to specify exactly how many interests exist because not all of the interests have been registered, however the exact number will be determined after land referencing has been undertaken. In addition, there are some 53 leasehold interests that exist from right to buy sales within the tower blocks.

- 5.4 The Council will need to acquire all of these interests, and obtain vacant possession of the secure tenanted properties. The preference will be to acquire all of the privately owned interests by agreement wherever possible. However with so many interests to acquire there is every possibility that not all owners will be willing to engage in discussions with the Council, or may elongate the process for their benefit. Compulsory purchase is a tool used by many Local Authorities undertaking regeneration schemes to complete the land assembly in order to help deliver social, environmental and economic change within a reasonable timescale and budget.
- 5.5 The preparation of a CPO is crucial to its success and Cabinet is therefore being asked to confirm its willingness to investigate the use of compulsory purchase powers. If a CPO needs to be made, the Council must be able to demonstrate that it has taken reasonable steps to acquire all of the land and rights included in the CPO by agreement.
- 5.6 The Council has wide powers of compulsory purchase provided:
- The Council is authorised by statute to purchase land for a particular purpose and the CPO is necessary to achieve that purpose;
 - There is a compelling case in the public interest;
 - The Council has the finances to undertake the regeneration within a reasonable timeframe;
 - There is a reasonable prospect of the scheme going ahead within a reasonable timeframe i.e. there is a delivery mechanism in place and planning permission has either been granted or there are no planning obstacles; and
 - CPO is a measure of last resort, and negotiations for acquisition by agreement have been unsuccessful

The Council would need to be satisfied that it has met these requirements before proceeding to pass a resolution to use CPO powers.

- 5.7 CPO guidance sets out the statutory process and requirements that acquiring authorities must adhere to.
- 5.8 Officers must now start preparing a detailed case to support the use of these powers. As part of the continued preparatory work, formal land referencing will be undertaken to establish a definitive list of property and occupancy interests affected by the regeneration.
- 5.9 First and foremost residents and affected property owners must be fully engaged and consulted in regards the regeneration and the Council must demonstrate that all attempts to acquire property interests by negotiation have been made and have failed.
- 5.10 It should be noted that negotiations with individuals to acquire property interests should only begin once funding for the regeneration is agreed. All negotiations will be undertaken sympathetically and in accordance with compulsory purchase guidance and the compensation code.

- 5.11 In addition to the statutory provisions for the CPO there are statutory obligations under the Housing Act 1985 that the Council must follow in respect of its secure tenants. The Council will be required to obtain the approval of the Secretary of State for the redevelopment when seeking to re-house secure tenants to ensure that vacant possession is possible where tenants will not leave properties that are due to be demolished. The consent of the Secretary of State will enable the Council to serve Ground 10A notices under the Housing Act 1985 to gain vacant possession of homes. In order to mitigate any risk, it is proposed that all secure tenancies are included within the proposed CPO's for the Project.
- 5.12 The key to completing the land assembly will therefore depend upon the Council successfully being able to use its compulsory purchase powers should the need occur and satisfying the Secretary of State that there are grounds for possession in respect of the secure tenants.
- 5.13 The compulsory purchase process is a complex, lengthy, costly and specialist area. The Council has already taken expert CPO advice in respect of compensation costs and strategy, and will continue this work with the newly appointed property adviser who has the necessary CPO expertise and experience to advise the Council on all aspects of the CPO process. This work will include reviewing the existing CPO cost estimates, in light of market changes and additional information obtained through the land referencing exercise.
- 5.14 At this stage, Cabinet is being asked only to make a decision to continue preparatory work. Any future formal resolution to make a CPO will be subject to the Council being satisfied it has met the pre-conditions referred to under paragraph 5.6 and any additional legal conditions and a further report(s) will be prepared for Cabinet to deal with these in more detail. A prerequisite to any resolution will be a robust and viable business plan and funding strategy for delivery of the regeneration.

6. Initial Demolition Notices suspending the Right to Buy

- 6.1 As part of the rationalisation process the Project Team looked at the four tower blocks currently providing public housing within the Project area from a design, value and place making point of view as well as the like for like cost of refurbishment. Retention of the towers caused a negative impact on potential values of new properties, made the place quality less and the overall masterplan design difficult. In addition the cost to refurbish the towers to a new build standard is approx. £30M per tower. For these reasons it is recommended that the project should involve the demolition of the four tower blocks.
- 6.2 A continuing risk to the viability of the Project is the possibility that secure tenants within the Project area, will continue to apply to purchase their properties under right to buy or just purely purchase for a speculative reason.

- 6.3 This will lead to increased acquisition and compensation costs and will also add to the number of parties that the Council will need to negotiate with.
- 6.4 This risk can be mitigated by the issue of Initial Demolition Notices, which effectively suspend any existing right to buy applications that have yet to complete (currently 2). It does not prevent new applications being made, but the Council is not required to complete them.
- 6.5 The Initial Demolition Notice outlines the Council's intentions, but is not specific to a date, allowing the Council to work up its scheme. Final Demolition Notices are issued when the Council has actually set a date for the demolition to take place.
- 6.6 Initial Demolition Notices remain in force for a period of 7 years and can be immediately followed by issuing Final Demolition Notices which are valid for 2 years. This provides a total period of up to 9 years to undertake the re-housing and demolition in phases within the valid notice period.
- 6.7 Final demolition notices are served once the Council has acquired all private interests in the tower blocks or once the CPO is approved. This ends the right to buy completely. Compensation is payable to applicants based on expenses incurred, where the application was made before the Initial Demolition Notice.
- 6.8 Consequently, the Project should involve the demolition of the tower blocks and other flats within the Project area and that preparations are made to serve Initial Demolition Notices on all secure tenants affected by the Project.
- 6.9 Careful consideration will be given to the timing of the notices, to ensure that they will remain valid for the entire phased decant and demolition period, once these details have been formulated.
- 6.10 If for any reason the demolition does not take place the notices can be retracted, however no further notice can be served for a period of 5 years without the consent of the Secretary of State.
- 6.11 Following stopping the right to buy, commencement of the leaseholder swap options, agreed by Cabinet on 22nd September 2015, will begin.
- 6.12 There are 53 leaseholders within the Project area which include some resident leaseholders and non-resident leaseholders who rent out their properties through an assured short hold tenancy to a private tenant. Negotiations will take place with each Leaseholder to either repurchase their property, or for them to do a leaseholder swap of another similar Council property in the Borough. Although this will reduce the availability of Council properties the repurchased/swapped properties will be used on a temporary basis as temporary accommodation for homeless households before the commencement of the Project.

- 6.13 Alternatively the resident leaseholder will either purchase a new property in the new scheme in due course and pay the difference between the value of their current property and the value of the new home, or will have a shared ownership lease at a percentage of the market value compared with their new home. For example if the value of their current home is £100,000 and a new similar property is valued at £200,000 then they will have a 50% stake in their home and the Council will retain the other 50%. There will be no rent to pay by the leaseholder on the Council's share.
- 6.14 It is recommended that delegated authority be given to the Section 151 Officer in consultation with the Deputy Leader to agree the terms of any proposed swap.

7. The Submission of an Outline Planning Application for the Project

- 7.1 An Outline Planning Application should be submitted to allow the parameters of the development to be established, whilst enabling a degree of flexibility to be retained in relation to the layout, scale, appearance, landscaping of and access to the development. Advisors can be instructed to prepare an application on behalf of the Council.
- 7.2 The Southend Central Area Action Plan (SCAAP) is an emerging Development Plan Document that will be a material consideration in the determination of any forthcoming planning application and will be integral to the masterplan. The SCAAP designates Queensway as an Opportunity Site (OS4) and includes Policy PA4 (Queensway Policy Area Development Principles).
http://www.southend.gov.uk/info/200420/development_plan_documents/391/southend_central_area_action_plan_scaap
- 7.3 Following continued discussions with Network Rail there are two considerations that need to be made in order for them to remain within the outline application red line;
1. Agreement needs to be reached between Quorum (owners of the Victoria Shopping Centre) and Network Rail in regards to the direct link between the station and the Victoria Shopping centre as set out in the Cabinet paper September 2015.
 2. In principle it has been agreed with Network Rail that the site can be a mixed use development. This is subject to them to providing the defined class uses and area quantum's (square meter age of intended residential and commercial space) for planning to approve.
- 7.4 Development Plan Policy DM15 sets out that an appropriate parking provision for residential properties within the Southend Central Area is 1 space per dwelling, with it noted that a lower or higher provision should be justified. The policy also states that *"Residential vehicle parking standards may be applied flexibly where it can be demonstrated that the development is proposed in a sustainable location with frequent and extensive links to public transport and/ or where the rigid application of these standards would have a clear detrimental impact on local character and context."* The central location of the Queensway site and the proximity to sustainable transport connections and the services and employment opportunities available within the Southend Central Area means that a lower rate of parking provision can legitimately be proposed at this site as there is likely to

be a reduced need for residents to travel by car. Cycle parking should be provided at a minimum rate of one space per dwelling, unless a garage or alternative secure area is provided.

- 7.5 Parking standards for other uses of land are expressed as maximum standards and cycle parking is expressed as a minimum standard for each use.

8. Progressing the most appropriate procurement and financing route

- 8.1 At the conclusion of the rationalisation work in March 2016, the Project had narrowed the number of suitable approaches to two, which were:

- **Option 1** — Joint Venture, Sale & Rent: A Joint Venture approach in which both sale and rental units are developed. The Council will therefore take on some risk but utilises the specialist skills of a Delivery Partner to mitigate these risks. The Council will potentially be rewarded with both capital receipts and a long-term revenue stream. The Council will deliver and operate all affordable units outside the partnership.
- **Option 2** — Investment Approach: An approach in which the Council puts in place a lease mechanism with an external funder to develop all "for rent", private and affordable housing. The Council bears little development risk but takes on full risk for "letting" the properties. Further the Council self-develops all "for sale" units outside of this mechanism taking all risk and reward for the development and sale of these units.

- 8.2 Subsequent discussion led to the development of a third alternative approach, the Hybrid Approach as it is important that the Council retains significant amounts of control over the quality and timetable of the delivery of the Project.

- **Option 3** — Hybrid Model. This model, as currently set out, would not involve the Council borrowing on its own balance sheet, instead an investment partner would fund all units in the Project, affordable, private sale, private rent and road infrastructure. The Council would pay an on-going lease over the life of the Project that would cover the costs of this borrowing and return to the funder. There would be agreed points throughout the arrangement where lump sum repayments would be made, to the funder, from the proceeds of private sale units, thus reducing the Council's lease liability relevant to these units. These sales can be undertaken by the Council at its discretion provided enough income is still generated from the remaining units to cover the lease payments (plus an agreed margin). As with the Investor Approach, this approach results in less development risk to the Council, however the Council would be exposed to sales risk as lump sum repayments would be due to the funder whether sales have been achieved or not. These lump sums could be funded from other internal resources or debt if these sales have not been achieved. However, at this point no council budget provision exists for these payments and if the Hybrid model is chosen the costs, timing and funding of payments would need resolution.

- 8.3 Due to the size of the Project, and the type of services being procured, the Council may need to go through an OJEU process. This is dependent on the option chosen and whether the ultimate procurement involves a "works contract".
- 8.4 There are 2 potential options that would be suitable either through or outside of the OJEU process; The Negotiated Procedure or Competitive Dialogue. At this stage, Competitive Dialogue is recommended as it will allow:
- Flexibility for the Council to conduct negotiations in stages by de-selection and to alter the stages during the process if it so desires
 - Open dialogue in order to 'identify and define the means best suited to satisfying their needs' without a prescriptive delivery structure determined at the outset
 - Final tenders may be 'clarified, specified and optimised' before a final agreement document is sealed.
- 8.5 It is possible, depending upon the exact nature of the services being procured, and whether they constitute a "works contract" that neither the Investment Approach nor the Hybrid Approach would require a full OJEU process, whereas a traditional Joint Venture would. As a consequence, and subject to Procurement approval, there is the potential that the process employed for either of the investment based options will be shorter and less complex than full OJEU, although if OJEU is not used a fully competitive process would still be required.

9. Financial Analysis

- 9.1 At this stage it is difficult to accurately quantify the total cost of the regeneration of this area but the capital costs are likely to be significant. Financial analysis to date shows that the potential gross capital cost of the Project could be in the region of £300M plus. Therefore, a key aspect of any proposal would be to maximise the amount of external investment which could be attracted into the Project and in particular attracting private finance investment. There will be an expectation that the Project will fund the replacement of existing HRA properties by building new affordable homes.
- 9.2 The financial analysis work undertaken since the September 2015 Cabinet report has revolved around a specific funnelling review of the final three finance options at that point in time (Joint Venture, Investment Approach and Self-development) and testing the viability of the Project with the remaining two options.
- 9.3 The funnelling review eliminated the option of self-development, leaving the Joint Venture model and Investment model options for further evaluation. As part of the funnelling review a further option of a Hybrid model was identified and evaluated.
- 9.4 The key elements of the Joint Venture and Investment models at this stage require the Council to fund a portion of the Project by borrowing to varying degrees. The structure of these models are not set in stone but represent an example of how the scheme could be financed by utilising both Council and Private finance. Depending upon the input from the Council, this brings both risk and commensurate potential rewards.

- 9.5 Under the Joint Venture model approach the Council funds the affordable housing for the Project and the Special Purpose Vehicle established under the model, funds the private units for sale and private rented stock elements.
- 9.6 Under the Investment model approach the Council funds the private for sale element and all the rented stock (both private and affordable) is funded through the established Investment Vehicle.
- 9.7 Both of the above models can be flexed to amend the level of Council borrowing, but any reduction in borrowing compared to the current assumption brings a lower potential financial reward for the Project.
- 9.8 The Hybrid model, as currently set out, would not involve the Council borrowing on its own balance sheet, instead an investment partner would fund all units in the Project, affordable, private sale, private rent and road infrastructure.
- 9.9 The three different approaches have been modelled based on the latest option development as shown on **Appendix 1**. The table below sets out a comparison of the three approaches based on an estimated gross scheme cost of £300 million plus.

		Joint Venture	Hybrid Approach	Investment Approach
1	Procurement - Requires OJEU	Probably yes	Potentially not	Potentially not
2	Peak Borrowing Requirement (£m)	c£74m	£0m	c£35m
3	Year liability ceases (loan/lease)	2047	2061	2061
4	Cumulative revenue account shortfall	£0m	£4.1m	£0.8m
5	NPV Net Capital Position in 2061 (£m)	c£25m	£0m	c£61m
5a	Equivalent NPV Revenue Position (£m)	c£30m	£0m	c£74m
6	NPV Net Revenue Position in 2061 (£m)	c£103m	c£113m	c£69m
5a+6	Total Equivalent Net Revenue Position in 2061 (£m)	c£133m	c£113m	c£143m
7	Asset Value in 2062 (£m)	c£124m	c£204m	c£204m
8	Annual Rent in 2062 (£m)	c£5.7m	c£8.2m	c£8.2m

- 9.10 To provide meaningful comparison of the returns to the Council Net Present Values are used. Further, in both the Joint Venture and Investment Approach some of the returns are of a capital nature (line 5). For comparison purposes an equivalent revenue position (line 5a) has been calculated based on appropriate current PWLB interest rates (1.9%) and a standard allowance for debt repayment

(2%). Line 5a+6 illustrates the comparable returns to the Council of the three approaches. Line 4 shows the cumulative shortfall in the revenue account over the early years of the scheme that would need to be funded by the Council.

- 9.11 The Investment Approach which takes full development and sales risk for the "for sale" units together with rental risk for the "for rent units" potentially provides the highest return. This approach also requires some Council debt. The Joint Venture approach is when all risk is shared with a development partner and requires the most Council debt, but provides the next best return. The Hybrid model, for which the Council is not required to borrow, provides the least return on investment. In this approach the Council takes little development risk but all sales and rental risk. The high level advantages and disadvantages of each of the approaches are highlighted below:

Joint Venture Approach

9.12 Advantages

- Financial, development, sales and rental risk is shared by partnering with an external party. They will bring private equity alongside development expertise from the private sector, and funding will be secured against the land, therefore reducing the cost to the public sector and incentivising the partner to deliver.
- The Freehold of the land is held by the Council
- The Council will share in any uplift in value arising from the development.
- Once the Joint Venture has been established, and if procured correctly, it can be used to develop further assets at a significant saving in procurement costs etc.
- A successful and well procured Joint Venture partnership will give the Council access to strategic and commercial development skills and potentially see the transfer of skills and expertise to council staff.
- There is an on-going role for the Council as a shareholder in the vehicle, member of the Board and service provider, as such it has an on-going voice in strategic planning and the development process enabling it to further its place shaping role.

9.13 Disadvantages

- The land is leased in to the vehicle and borrowing secured against it, thus it is put at risk.
- The Council will share development proceeds with a partner rather than realising all of them itself.
- Establishing a Joint venture structure can be time consuming and costly.

- By transferring the asset into a joint venture and only receiving returns over time the Council is deferring its capital receipt.
- Whilst the Joint Venture will be established to meet the Council's need, its governance must be independent of the Council. As such future decisions made by the Joint Venture must be for the benefit of the Joint Venture.

Investment Approach

9.14 Advantages

- Development risk is taken by the funder, thus, the Council is guaranteed delivery of the units for an agreed price.
- The Council will share in any uplift in value arising from the development.
- There is an on-going role for the Council as a 100% owner of the vehicle and will be responsible for all sales and rental activity.
- The Council maintains use of all assets throughout the life of the arrangement and at the conclusion of the lease all non-sale assets transfer back to the Council.

9.15 Disadvantages

- The Council takes all sales and rental risks itself, and it would need to develop or purchase the expertise to manage these risks.
- The cost of funding is higher than if the Council funded these activities itself or than a Joint Venture as the funding is index linked over the life of the debt.
- Unlike in a Joint Venture approach the construction / development organisation is not as easily incentivised to deliver quality as they are not tied in to a long term arrangement.
- The Council would be signing up to an on-going lease liability for a significant period, of say 50 to 60 years. This would most likely be significantly longer than the liability incurred (i.e. debt) through a Joint Venture approach.
- The funding terms must be set at the commencement of the arrangement, as such, changing unit mix is more difficult during the life of the scheme, and any impact of change are the responsibility of and borne by the Council.

Hybrid Approach

9.16 This approach largely mirrors the investment approach above, and therefore, all of the advantages and disadvantages above hold true. The main difference is that the external funder would fund the private sale assets, rather than the Council. The additional advantages and disadvantages are as follows:

9.17 Advantages

- The Council would not need to borrow on its own balance sheet to fund the private sale elements, these would be funded by the investor.
- It is easier than in the investment approach to holistically address the private elements as they are all part of one funding and delivery arrangement.

9.18 Disadvantages

- The investor funds the private sale assets at a higher funding cost than the Council.

Conclusion of Financial Models

9.19 Currently of the models evaluated the Joint Venture approach would meet the Council's aspirations for the delivery of the Better Queensway site and is currently the preferred approach. However, further financial analysis, due diligence and exploration of potential partners would inform the final decision on the approved version of the model to be used to take forward and fund the Project.

Other Financial information

9.20 External Funding - In May 2016, the Council submitted a revised, final Local Growth Fund 3 application for £22.75million, to the South East Local Enterprise Partnership board for consideration. The outcome of this submission is expected in Autumn 2016.

9.21 This key strategic Project will require further pump priming funds from the Council to undertake the necessary on-going feasibility and options appraisal study, procurement activity, purchase of properties (residential and commercial) alongside the continued examination and analysis of the potential funding streams and models of delivery.

9.22 The initial pump priming costs incurred for the Project up to 30 June 2016 are circa £425,000, which has been fully financed. Additional costs for areas identified above up to the early part of 2017/18 is estimated to be circa £660,000, of which there is equivalent funding available. In addition, there is funding approved as part of the Council 2016/17 budget of £500,000 for leasehold buy backs and £1 M (£500,000 in both 2016/17 and 2017/18) for commercial buy backs.

10. Corporate Implications

10.1 Contribution to Council's Aims and Priorities

The regeneration of the Queensway site fully supports the Council's aim to create a Better Southend, enabling well planned quality housing in a vibrant, safe, prosperous community.

10.2 Financial Implications

These are fully set out in section 9.

10.3 Legal Implications

The legal aspects associated with the Project, particularly the CPO, the Development Agreement and the arrangements with tenants, will be further investigated as the Project progresses.

The Council has various powers to compulsory purchase land, for example, the power under section 226(1) of the Town and Country Planning Act 1990 (as amended) and the power under section 17 of the Housing Act 1985 etc.

Before determining whether or not to make a formal resolution to make a CPO the Council will consider which compulsory purchase power is the most appropriate to be utilised in this case and will provide a justification for the use of such power in any future reports that seek a formal resolution to make a CPO (if applicable).

In order to establish the need for a CPO the Council must have first taken all reasonable steps to acquire the land by negotiation.

The Council has the power to seek possession of secure tenancies under various grounds set out in Schedule 2 of the Housing Act 1985. Ground 10A of Schedule 2 allows the Council to obtain possession in an area the subject of a redevelopment scheme. In order to obtain possession the Council must undertake statutory consultation with affected tenants and have the approval of the Secretary of State. Possession under Ground 10A will also only be granted where suitable accommodation must be available to affected tenants.

The Council has the right under Schedule 5A of the Housing Act 1985 (as amended) to serve Initial Demolition Notices on secure tenants. These notices must be in a prescribed form and have effect of suspending a tenant's Right to Buy under the Act. The Initial Demolition Notice allows the Council a reasonable period to carry out demolition of the property that is subject to the notice but that period must not exceed seven years from the date of the notice.

As part of the preparation for future redevelopment, it will be necessary, in due course, to consider whether or not those assets should be appropriated from their existing purpose to planning and other purposes so as to facilitate site assembly. Approval of the Secretary of State would also be required to appropriate housing land for purposes other than housing.

10.4 People Implications

In order to progress a project of this magnitude a team led by Senior Council officers will be necessary with external support. This will ensure that there is sufficient project management capacity available. Communications, consultations and transition planning with existing residents, businesses and the public will require significant staffing resources.

The Project will support the Council's strategic programme of training to provide the full range of skills required to build, sell, maintain and manage this new regeneration area

10.5 Property Implications

There are a number of buildings included within the scope of the Project, the majority of which are in the Council's ownership and the impact on any proposals will need to consider the implications on the Council's assets and the revenue returns currently generated

10.6 Consultation

A robust and meaningful communications and consultation plan has been established alongside the overarching project plans. Three well supported residents meetings have been held to date, along with 'A Day in the Life' session to guide the principle of better living. A Community Officer is being part-funded to work with residents and a regular newsletter is being distributed. A trader session was organised and well promoted but poorly attended. This event was followed up by a letter to traders potentially impacted. A resident design session, which will be an engaging and interactive event will be organised shortly.

A Tenant Survey form has been sent out to all tenants on the Queensway estate to give an indication as to how many tenants may want to move out of the Estate in the near future.

The Project is creating a new role to act as the main point of contact for tenants and leaseholders who will be affected by the Project. This role will assist and give guidance to residents of the Estate as the project develops, and keep abreast of the changes and actions associated with the project as it develops.

Full public consultation exercises will be undertaken as the proposals develop as well as focused meetings with the business community. Project timetable attached at **Appendix 2**.

10.7 Risk Assessment

There are a wide range of risks that will need to be addressed as the Project progresses and these have been captured and mitigated for the 'start-up' stage of the Project. The Risk Register forms part of the Project Management Documentation for continued monitoring. The full financial implications of the final scheme will be fully addressed as part of future Cabinet reports.

10.8 Value for Money

One of the important considerations of the overall Project will be to achieve value for money for the significant investment that will be required to transform and improve this important area in the Town Centre.

10.9 Community Safety Implications

As the tower blocks and the surrounding area have been subject to some anti-social behaviour in the past it will be an important objective for the project to reduce such instances through the regeneration proposals. It will be essential to work closely with the Police to achieve secured by design principles. In addition work has been completed to install security doors to the tower blocks and Victoria neighbourhood patrols continue.

Investigation work has been carried out with the local community and third sector partners to investigate what type of community facilities may be needed on the Better Queensway Estate.

10.10 Environmental Impact

There is an aspiration that, within the limits of financial viability, any new properties developed or refurbished would achieve higher standards of energy efficiency than the existing buildings in the area, which will achieve lower fuel bills for the residents and a reduction in CO2 emissions.

The Environmental work stream has been set up to address Climate Change, Energy and Sustainable urban Drainage (SuDS) and will make recommendations relating to managing flood, heat, drought and energy supply issues that exist currently and to address how they are expected to be exacerbated by Climate Change locally in Southend over the next 50-75 years.

11. Background Papers

Cabinet Report September 2015

12. Appendices

Appendix 1 Latest Option Development

Appendix 2 Project Timetable