

COUNCIL – 28TH FEBRUARY 2019

QUESTIONS RAISED BY MEMBERS OF THE COUNCIL

1.	<u>Question submitted by Councillor Sir Ron Watson CBE to the Cabinet Member for Communities and Housing (Councillor Hardy)</u>
	<p>(a) “I raised the issue of what I describe as new council house building and the problems that there were with not having an HRA Account.</p> <p>(b) The Minister has replied so my question to the Council is “following on from the Notice of Motion concerning the new freedoms that Local Authorities have been given to develop further social housing projects the Minister has replied that Local Authorities such as Sefton that Local Authorities that do not have an HRA Account can borrow in line with the Prudential Code to build up to 200 homes without opening an HRA subject to requesting a direction not to account for these homes in an HRA from the Secretary of State”. This is usually a formality.</p> <p>In these circumstances would the Cabinet Member please advise what proposals are to be brought forward to take advantage of this situation following the helpful clarification that has been made and has there been any assessment since this information was received of appropriate sites.”</p>
	Response:
	<p>“The Council has reviewed its own Asset Register and Local Plan sites for residential development, and identified a number for future development by its new Development Company, Sandway Homes.</p> <p>Sandway Homes will meet all Council planning policies on the provision of high quality, affordable rented homes in Sefton, which is likely to be achieved in partnership with a housing association partner.</p> <p>I am still concerned that the potential financial barriers related to debt have not been adequately answered by MHCLG. The letter does not clearly state that the historic debt that would have been taken into account at the point of transfer is to be written off.</p> <p>I also note that the Council would be limited to providing no more than 200 homes before it would have to re-open a Housing Revenue Account. Only when the Council gets to the point of re-opening a HRA would the following MHCLG appear to apply;</p> <p>HRA finances are ring fenced and so will not impact on the funding of other public services.</p> <p>Until we get to 200 homes we would be in the position where (as MHCLG state), Local authorities that do not have an HRA can borrow in line with the Prudential Code to build up to 200 homes without opening an HRA.</p> <p>There would be a number of matters for the Council to consider, before it could pursue any council housing provision for social rent.</p>

This would include: -

- the capital cost and investment required to build or acquire housing stock. The Government have indicated relaxation of borrowing restrictions, but nevertheless the Council would have to consider the extent of borrowing (and debt) it would have to take on in order to pursue this, and its ability to repay debt (particularly if it were in line with the prudential code) from rental income.
- putting in place the development expertise to design, procure and project manage any construction activities.
- identification of suitable sites, in suitable locations, where council housing could be provided (in addition to the commitment to provide sites to Sandway Homes).
- the need to put in place arrangements for the future management and maintenance of any council housing; including recruitment of suitable and experienced Housing staff, the cost of employing those staff and whether those costs could be fully funded from rental income, and having the expertise to procure suitable contractors to perform future maintenance activities. Given the possible restriction of only providing 200 homes, the Council may face risks of realising sufficient rental income to meet operating costs as well as new debt commitments.

All of the above issues would require a lot of 'capacity' and expense for us to address, in terms of time, effort and expertise. However, the Labour Group remains committed to the provision of council housing when feasible and when the HRA debt question is adequately answered."

2. **Question submitted by Councillor Sir Ron Watson CBE to the Cabinet Member for Planning and Building Control (Councillor Veidman)**

"The Cabinet meeting on the 7th February considered a report on Southport Town Centre - Townscape Heritage Lottery, second round application agenda item 7, pages 45-51. The Cabinet decided to delegate the preparation of the proposals to the relevant Chief Officer in consultation with the Cabinet Member.

Notwithstanding the helpful report that has since been produced and circulated to all Members it would be fair to say that newer Members, such as myself, are not necessarily as familiar with the overall programme and background and as such would the Cabinet Member be good enough to respond to the following questions: -

- (a) What direct consultation has there been with individual Ward Councillors in the past and what is envisaged for round two?
- (b) I assume that there has been significant involvement with organisations such as BID and the Southport Civic Society and can this be confirmed with specific examples of how suggestions by such groups have been incorporated up to now?

Would the Cabinet Member please confirm the list of people on the consultation list for the second round?

	<p>(c) Sefton has agreed for the provision of £200,000 match funding out of a total project value of £2.36m and how has the Council funded what I assume is an annual revenue commitment?</p> <p>(d) Is it anticipated that under Phase 2 the recommendations of Sir John Timpson under the High Street Task Force Initiative will be included and will there definitely be as he recommends “a Southport high street perfect day”?</p> <p>(e) Is there agreement that Southport Town Hall is accepted as an important part of our civic and public heritage. Will it be possible under the criteria to include aspects of it’s much needed refurbishment under this project that will result in the reinstatement of our own ‘White House’?</p> <p>(f) Would it be able under this heading to incorporate proposals for the use of Southport Town Hall for various community based activities that could for example include business start-up advice for young people and IT familiarisation for members of the public who feel they need help in this area in view of the fact that many services are being denied to those who do not have and are not able to afford internet services?”</p>
	<p>Response:</p>
	<p>a) “At the start and inception of the project ward Councillors were individually briefed on this project.</p> <p>As part of Stage 2 all current Dukes Ward councillors, including Cllr Watson, were contacted by e-mail. This was to provide an update on the project and advising that if they wanted to find out more about the project to get in touch and that separately officers would be present at a series of events to discuss the project further if required (including the Southport Investor event and Southport Constituency Forum). Within this correspondence it was also confirmed that Ward Councillors would be updated with any other developments or news on the project as things progress.</p> <p>b) Yes, there has been significant involvement with the BID and Southport Civic Society, who are both partners in the project and this will continue until the project has been finalised.</p> <p>Examples of previous involvement include complementary initiatives such as the Lord Street Verandah project, Heritage Trails and publication of documentation of both.</p> <p>In addition, the Civic Society has provided a public realm audit and this is included as evidence within the application to the Heritage Lottery Fund.</p> <p>Consultation on the project was approved by the Public Consultation and Engagement Panel on 26th November 2018 - please see report for further details but for ease the target audience includes: -</p> <ul style="list-style-type: none"> • Ward Councillors • Southport BID Board • Building owners, landlords, tenants (including business tenants) and residents directly impacted as they have an interest in the suggested target area. • Local Heritage and other built environment conservation interest groups.

	<ul style="list-style-type: none"> • Sefton Council - Officers representing Estates, Planning, Highways and Tourism services. • For complimentary initiatives specially target underrepresented groups such as young people and our migrant population. <p>c) Financial details regarding the project are highlighted in the Cabinet Report 07/02/19 and as stated funding from Council resources will be underwritten from the growth budget.</p> <p>d) There are elements of the project that will no doubt overlap with this initiative and this will be looked at as the project progresses and as part of the draft Activity Plan. If the Second Round bid is approved it will be investigated further for delivery.</p> <p>e) Agreed - Southport Town Hall is an important part of our civic and public heritage. It will not be eligible for this Townscape Heritage funding stream.</p> <p>f) We will look to include Southport Town Hall as part of the educational elements within the draft Activity Plan.</p> <p>Community based activities may take place at a number of venues in Southport Town Centre depending on the nature of that activity.</p> <p>These activities will need to be relevant to the Heritage emphasis of the project.”</p>
3.	<p>Question submitted by Councillor Sir Ron Watson CBE to the Leader of the Council (Councillor Maher)</p>
	<p>“Along with a number of colleagues I attended the Southport Community Forum held at the Atkinson Centre on the 13 February.</p> <p>However, the attendance was poor and I spoke to two people, over a nearly two hour period, neither of whom were my Ward constituents and where the issues they wished to raise were not Sefton Council matters.</p> <p>This is a stark contrast to the successful nature and public involvement in the Southport Area Committee whose arbitrary abolition is still greatly resented by many people in Southport.</p> <p>Would the Leader of the Council at the very least agree that if the Forums are to continue there should be provision for a public Q&A session where members of the public could raise matters not relating to any individual circumstances but to Southport wide issues in general.</p> <p>Such a provision is sorely missing and the provision of such a facility would go at least some way to mitigating the worst effects of abolishing the Southport Area Committee.”</p>
	<p>Response:</p>
	<p>“At the Community Forums members of the public gain access to their ward Councillors during which they may indeed raise matters relating to individual circumstances; however, they also have an opportunity to raise questions and or issues with their local Councillor(s) regarding borough-wide issues in general.</p>

	As identified in our LGA Review Action Plan we will continue to refine and develop the Community Forums. Following the scheduled Community Forums, we will be seeking feedback from Elected Members and partners.”
4.	Question submitted by Councillor Shaw to the Leader of the Council (Councillor Maher)
	<p>“There have been many reports in recent months of plummeting values of retail premises and shopping centres. For example the Sunday Times of 20 January 2019 carried a report entitled:</p> <p style="padding-left: 40px;">“Retail crisis sparks alert on shopping centres”, and which started:</p> <p style="padding-left: 40px;">“The valuations of high street shops and shopping centres could be slashed after property agents were ordered to reflect the havoc sweeping the retail industry. The Royal Institution for Chartered Surveyors (RICS) has taken the rare step of instructing valuers to be “aware of the potential for significant changes in value” in retail properties - and to use the widest possible range of evidence to take account of the seismic shifts in shopping habits. ...” and which ended:</p> <p style="padding-left: 40px;">“The Postings shopping centre in Kirkcaldy, Fife, was put up for sale last week with a reserve price of £1.”</p> <p>Would the Leader of the Council please advise me, in relation to the Bootle Strand Shopping Centre: -</p> <ol style="list-style-type: none"> 1. What was the cost to the Council of purchasing the Shopping Centre? Please indicate whether this includes relevant acquisition costs including fees etc. 2. What was the valuation of the Strand at 31 March 2018? 3. Who carried out that valuation and what were their professional qualifications? 4. Based on past experience of when valuations are received from external valuers in order to feed into the Council’s annual Financial Statements, when is it expected that the valuation of the Strand as at 31 March 2019 will be received by the Council? <ol style="list-style-type: none"> 1. What was the amount of the valuation as at 31 March 2018? <p>From your role on Audit and Governance committee, you will be aware that the valuation of the Council’s assets is an annual accounting exercise conducted to help complete the Council’s statement of accounts. As this is undertaken at a single point in time each year, and is subject to a range of factors out of the Council’s control, including market conditions, the value of all Council assets go up and down from one year to the next.</p> <p>Any changes in value are notional and have no impact on the financial position of the Council whilst the asset is in the Council’s control. Therefore, if the value of an asset goes up there is no financial benefit to the Council, and if value goes down, there is no detriment and has no impact on the Council’s overall financial standing, health or ability to fund services. The value of the asset at a point in time only has a financial impact if a decision is made to sell the asset, which is not the Council’s intention.</p>

This was illustrated recently when in 16/17 there was a significant reduction in the value of the Council's schools' estate of £92m as a result in a change in valuation methodology compared to the previous year. However, it was a notional adjustment with no impact on the Council's overall financial health or standing.

The valuation of the Strand as at 31 March 2018 was £30.54m.

In determining the value of the asset at this point, the primary factors that contributed to the exercise were economic context, an assessment of the retail sector and the shopping centre investment market; and the tenancy schedule and tenancy covenant.

The valuation report provided to the Council outlined two key points for consideration:

- The limited amount of current investment activity and consequent lack of liquidity in the market is making shopping centre valuations increasingly difficult as there is minimal transactional evidence to determine exactly where the market lies.

Accordingly, current valuations are sentiment-led to some degree and it should be appreciated that there is an element of uncertainty surrounding valuations in such a thin market.

- Rents within The Strand have remained consistent between acquisition and this valuation and new lettings and rent reviews that are in place are at the level expected at acquisition.

Therefore, the business plan objectives were achieved in this year with Audit and Governance committee receiving confirmation that a £1m surplus was generated.

2. What was the "final" cost of acquisition including any relevant capital additions and improvements?

The cost of acquisition was outlined to the Overview and Scrutiny session in January 2018 and there were no additional capital additions in 2017/18.

3. When is it expected that the "updated" valuation as at 31 March 2019 will be supplied to the Council?

At this stage, it is not possible to state what the valuation will be. This will depend on the issues that are outlined in Question 1.

Response:

1. "The cost of acquisition was outlined to the Overview and Scrutiny session in January 2018 and there were no additional capital additions in 2017/18."

2. "The valuation of the Strand as at 31 March 2018 was £30.54m.

In determining the value of the asset at this point, the primary factors that contributed to the exercise were economic context, an assessment of the retail sector and the shopping centre investment market; and the tenancy schedule and tenancy covenant. Current valuations are sentiment-led to some degree and it should be appreciated that there is an element of uncertainty surrounding valuations in such a thin market.

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Therefore, the business plan objectives were achieved in this year with Audit and Governance committee receiving confirmation that a £1m surplus was generated.”

3. “GVA completed the valuation of the asset with the lead officers being members of Royal Institution of Chartered Surveyors.”
4. “The Council’s accounts need to be closed by 31st May 2019, therefore the valuation will take place within that timeframe with subsequent reporting to Audit and Governance committee.”