

Public Document Pack

Sefton Council 

MEETING: CABINET
DATE: Thursday 2nd November, 2023
TIME: 10.00 a.m.
VENUE: Birkdale Room, Town Hall, Southport

DECISION MAKER: **CABINET**

Councillor Ian Maher (Chair)
Councillor Atkinson
Councillor Cummins
Councillor Doyle
Councillor Fairclough
Councillor Hardy
Councillor Lappin
Councillor Moncur
Councillor Roscoe
Councillor Veidman

COMMITTEE OFFICER: Debbie Campbell
Democratic Services Manager
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The Cabinet is responsible for making what are known as Key Decisions, which will be notified on the Forward Plan. Items marked with an * on the agenda involve Key Decisions

A key decision, as defined in the Council's Constitution, is: -

- any Executive decision that is not in the Annual Revenue Budget and Capital Programme approved by the Council and which requires a gross budget expenditure, saving or virement of more than £100,000 or more than 2% of a Departmental budget, whichever is the greater
- any Executive decision where the outcome will have a significant impact on a significant number of people living or working in two or more Wards

If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.

We endeavour to provide a reasonable number of full agendas, including reports at the meeting. If you wish to ensure that you have a copy to refer to at the meeting, please can you print off your own copy of the agenda pack prior to the meeting.

A G E N D A

Items marked with an * involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1	Apologies for Absence		
2	Declarations of Interest Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda. Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation. Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision.		
3	Minutes of the Previous Meeting Minutes of the meeting held on 5 October 2023		(Pages 5 - 10)
4	Appointment to Liverpool Women's Hospital NHS Foundation Trust Council of Governors Report of the Chief Legal and Democratic Officer	All Wards	(Pages 11 - 14)
5	Executive/Scrutiny Protocol Report of the Chief Legal and Democratic Officer	All Wards	(Pages 15 - 32)

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|-----|--|-----------|-----------------|
| * 6 | Financial Management 2023/24 to 2026/27 - Revenue and Capital Budget Update 2023/24 – November Update

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (To Follow) |
| * 7 | Treasury Management Position to September 2023

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (Pages 33 - 44) |
| 8 | <p>Exclusion of Press and Public</p> <p>To comply with Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, notice has been published regarding the intention to consider the following matter(s) in private for the reasons set out below.</p> <p>The Cabinet is recommended to pass the following resolution:</p> <p>That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The Public Interest Test has been applied and favours exclusion of the information from the Press and Public.</p> | | |
| 9 | Provision of Council Housing at Buckley Hill Lane Netherton - Exempt Appendix

Exempt appendix of the Assistant Director of Place (Economic Growth and Housing) | | (Pages 45 - 66) |
| 10 | Land at Lunt, Sefton - Exempt Appendix

Exempt appendix of the Executive Director of Corporate Resources and Customer Services | | (Pages 67 - 68) |
| 11 | <p>Re-admittance of the Public</p> <p>The Cabinet meeting will now move back into open session to consider the following agenda items</p> | | |

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|------|---|-------------|-----------------|
| * 12 | Provision of Council Housing at Buckley Hill Lane Netherton | St. Oswald | (Pages 69 - 86) |
| | Report of the Assistant Director of Place (Economic Growth and Housing) | | |
| * 13 | Land at Lunt, Sefton | Manor; Park | (Pages 87 - 96) |
| | Report of the Executive Director of Corporate Resources and Customer Services | | |

THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON THURSDAY 19 OCTOBER 2023

CABINET

MEETING HELD AT THE TOWN HALL, BOOTLE ON THURSDAY 5TH OCTOBER, 2023

PRESENT: Councillor Ian Maher (in the Chair)
Councillors Atkinson, Cummins, Doyle, Hardy,
Lappin, Moncur, Roscoe and Veidman

ALSO PRESENT: Councillor Sir Ron Watson CBE

65. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Fairclough.

66. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interests or personal interests were received.

67. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the Minutes of the meeting held on 7 September 2023 be confirmed as a correct record.

68. EXTENSION OF HIGHWAY MAINTENANCE CONTRACTS

The Cabinet considered the report of the Assistant Director of Place (Highways and Public Protection) seeking approval to extend five Highway maintenance service contracts, in accordance with the options available in the tender awards.

Decisions Made:

That

- (1) the Highway Term Maintenance Contracts HM01 (Carriageway resurfacing), HM08 (Surface treatments) and HM10 (Highway Maintenance) be extended until the end of the available contract period in 2026;
- (2) the HM20 (Street Lighting Installation and Maintenance) Contract be extended until 31/03/26;
- (3) the Intelligent Transport Systems (ITS) Contract be extended until 31/03/25;

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- (4) the Assistant Director of Place (Highways & Public Protection), in consultation with the Chief Legal and Democratic Officer, be authorised to formally extend the contracts in accordance with the agreed contract conditions; and
- (5) the Assistant Director of Place (Highways & Public Protection), in consultation with the Chief Legal and Democratic Officer and the Cabinet Member - Locality Services, be authorised to negotiate any further extensions that may be available for HM20 and the Intelligent Transport Systems (ITS) Contract, ensuring best value for the Council.

Reasons for the Decisions:

To allow continuity of work and ensure that projects are delivered on time and within budget provision.

Alternative Options Considered and Rejected:

The contracts could be re-tendered. Due to uncertainty in the market, this could mean a significant increase in rates which might affect the Council's ability to deliver projects on budget.

Extending existing contracts would also allow continuity of work and enhance the Council's ability to deliver high profile projects such as the Street Lighting LED scheme, thus maximising carbon and energy savings to the Council.

69. SCHOOLS INTERNET CONNECTIVITY

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services setting out the background to the current ICT connectivity provision provided to approximately 40 schools within the authority and proposing the associated procurement route required to renew the service.

The report indicated that the ICT connectivity provision referred to internet access, firewall protection and web/content filtering services provided to the schools concerned.

Decisions Made:

That

- (1) the Executive Director of Corporate Resources & Customer Services be authorised to conduct a direct award procurement exercise for the continuation of direct internet access, firewall and web-filtering provisions to schools within the authority who wish to continue or take up the use of this service, for a new 3-year period. This approach is compliant with the contract procedure rules and

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the Public Contract Regulations as the framework that is being used allows for a direct award; and

- (2) the Executive Director of Corporate Resources and Customer Services, in consultation with the Cabinet Member - Regulatory, Compliance and Corporate Services, be granted delegated authority to award the Contract resulting from the procurement exercise.

Reasons for the Decisions:

To continue offering an appropriate internet provision to schools who opted into this service from the Council which contributed towards the educational provision for children within the Borough.

Alternative Options Considered and Rejected:

There were two options considered and rejected.

- (1) To run a full procurement exercise and open competition to other providers on relevant frameworks.

This option identified that in switching to another provider and/or solution would require new hardware in each school as the current equipment was leased under contract and not owned by the Council or school. There would therefore be an additional cost to each school to provide a new solution and the current equipment in each school was also far from end-of-life.

Indicative costs of new equipment, included in the previous tender, added between £850 and £1,900 to each school's cost over a 3-year period. There would also be additional costs to the Council from its ICT Service Provider to make configuration changes to continue allowing schools to link to the Council's network. This cost of change was estimated at circa 50k (estimate based on previous project costs).

Other periphery costs or disruptions would be associated with potentially training school staff to use a new solution and support for other third-party providers used by schools.

- (2) To stop offering this service to schools.

This option would result in each school needing to procure their own internet provisions and associated services from 1 April 2024. As detailed further in the report, a high proportion of schools who used this service currently had expressed intent to continue using it should it be available. Should the offer be removed, this could put schools at risk who were inexperienced or lacked sufficient ICT knowledge to procure a similar solution from elsewhere themselves.

70. FINANCIAL MANAGEMENT 2023/24 TO 2026/27 - REVENUE

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AND CAPITAL BUDGET UPDATE 2023/24 – OCTOBER UPDATE

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services advising of:

- 1) The current position relating to the 2023/24 revenue budget.
- 2) The current forecast on Council Tax and Business Rates collection for 2023/24.
- 3) The monitoring position of the Council's capital programme to the end of August 2023:
 - The forecast expenditure to year end.
 - Variations against the approved budgets and an explanation of those variations for consideration by Members.
 - Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

The Capital Programme 2023/24 to 2025/26 was attached to the report at Appendix A.

Decisions Made:

That

Revenue Budget

- (1) the current position relating to the 2023/24 revenue budget be noted;
- (2) the actions being taken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position, be noted;
- (3) the financial risks associated with the delivery of the 2023/24 revenue budget be recognised, and the fact that the forecast outturn position will continue to be reviewed, and remedial actions put in place, to ensure a balanced forecast outturn position and financial sustainability can be achieved, be acknowledged;

Capital Programme

- (4) the spending profiles across financial years for the approved capital programme, as set out in paragraph 7.1, be noted;
- (5) the latest capital expenditure position as at 31 August 2023 of £11.047m, as set out in paragraph 7.6; and the latest full year forecast is £66.536m, as set out in paragraph 7.7, be noted; and
- (6) the fact that capital resources will be managed by the Executive Director of Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding

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arrangements secure the maximum financial benefit to the Council, as set out in paragraphs 7.10 -7.12, be noted.

Reasons for the Decisions:

To ensure the Cabinet was informed of the current position in relation to the 2023/24 revenue budget.

To provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

To keep Members informed of the progress of the Capital Programme against the profiled budget for 2023/24 and agreed allocations for future years.

To progress any changes that were required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To approve any updates to funding resources so that they could be applied to capital schemes in the delivery of the Council's overall capital strategy.

Alternative Options Considered and Rejected:

Not applicable.

71. ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services that sought approval for the revised Sefton Council Anti-Fraud, Bribery and Corruption Policy for adoption by the Council. The existing Policy had been reviewed and revised to strengthen and improve the Council's overall arrangements for the prevention, detection and investigation of fraud, bribery and corruption.

The revised Policy provided guidance on how any individual could report, in confidence, any suspected fraudulent or corrupt activity.

The Sefton Council Anti- Fraud, Bribery and Corruption Policy was attached to the report at Appendix 1.

Decision Made:

That the revised Sefton Council Anti-Fraud, Bribery and Corruption Policy be approved for adoption by the Council.

Reasons for the Decision:

The Council was required by law to protect the public funds it administered and to raise awareness in relation to any potential threats that might affect

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the financial and/or reputational position of the Council. The revised Council Anti-Fraud, Bribery and Corruption Policy would support the Council's commitment to creating an environment in which fraud, bribery and corruption was minimised and complemented a number of other Council policies which supported internal controls and expected standards of behaviour.

Alternative Options Considered and Rejected:

If the Council failed to put in place proper policies regarding fraud, bribery and corruption, it would be unable to demonstrate adherence to proper practices in relation to the prevention and detection of fraud and its actions or decisions could be challenged. The Council also faced financial and reputational risk in that:

- Standards of public service that the Council was attempting to achieve were undermined.
- Financial resources available to pay for vital services were reduced.
- Public confidence in the Council was affected.

Agenda Item 4

Report to:	Cabinet	Date of Meeting:	2 November 2023
Subject:	Appointment to Liverpool Women's Hospital NHS Foundation Trust Council of Governors		
Report of:	Chief Legal and Democratic Officer	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Health and Wellbeing		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The report seeks to appoint an elected Member as a Governor on the Liverpool Women's Hospital NHS Foundation Trust Council of Governors, following the resignation of Councillor Thomas.

Recommendation:

That Councillor Nina Killen be appointed as the Sefton Council representative to the Liverpool Women's Hospital NHS Foundation Trust Council of Governors, with immediate effect, until 30 September 2026.

Reasons for the Recommendation(s):

The Cabinet has delegated powers set out in Chapter 5, Paragraph 40 of the Constitution to appoint the Council's representatives to serve on Outside Bodies.

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs

None arising from this report.

(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None
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<p>Legal Implications: Paragraph 40 of Chapter 5 in the Constitution gives the Cabinet delegated powers to make appointments to Outside Bodies, appropriate.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Impact on Children and Young People: Yes Liverpool Women’s Hospital NHS Foundation Trust is one of only two NHS Trusts in the UK dedicated to the healthcare of women, babies, and their families.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>No</td> </tr> <tr> <td>Have a neutral impact</td> <td>Yes</td> </tr> <tr> <td>Have a negative impact</td> <td>No</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>Yes</td> </tr> </table> <p>There are no climate emergency implications arising from the report.</p>		Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No								
Have a neutral impact	Yes								
Have a negative impact	No								
The Author has undertaken the Climate Emergency training for report authors	Yes								

Contribution to the Council’s Core Purpose:

<p>Protect the most vulnerable: The appointment of a Council representative will ensure that the interests of residents of Sefton are taken into account.</p>
<p>Facilitate confident and resilient communities: As above.</p>
<p>Commission, broker and provide core services: As above.</p>
<p>Place – leadership and influencer: As above.</p>
<p>Drivers of change and reform: As above.</p>
<p>Facilitate sustainable economic prosperity: As above.</p>
<p>Greater income for social investment: As above.</p>
<p>Cleaner Greener: As above.</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7391/23.) and the Chief Legal and Democratic Officer (LD.5591/23) have been consulted and any comments have been incorporated into the report.

Consultations have taken place with the Labour Group, in order to obtain a replacement appointment.

(B) External Consultations

Consultations have taken place with the Trust Secretary at the Trust, regarding the term of office for the replacement.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

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Appendices:

There are no appendices to this report.

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 The Cabinet has delegated powers set out in Chapter 5, Paragraph 40 of the Constitution to appoint the Council’s representatives to serve on Outside Bodies.
- 1.2 At its meeting held on 25 May 2023, the Cabinet approved the appointment of Councillor Thomas to serve as a Governor on the Liverpool Women’s Hospital NHS Foundation Trust Council of Governors. The term of office of the appointment was for the period 1 October 2023 to 30 September 2026.
- 1.3 Councillor Thomas has now resigned from this position. Accordingly, there is now a Governor vacancy that Sefton Council is entitled to fill.
- 1.4 Representations have been received from the Labour Group that Councillor Nina Killen be appointed to fill the vacancy; and the Cabinet is recommended to approve this request.

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Agenda Item 5

Report to:	Cabinet	Date of Meeting:	2 November 2023
Subject:	Executive/Scrutiny Protocol		
Report of:	Chief Legal and Democratic Officer	Wards Affected:	All
Cabinet Portfolio:	Adult Social Care Children's Social Care Communities and Housing Education Health and Wellbeing Locality Services Planning and Building Control Regeneration and Skills Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

Further to Minute No. 69 of the meeting held on 3 December 2020 to present the views of the four Overview and Scrutiny Committees seeking formal approval of changes to the Executive/Scrutiny Protocol.

Recommendation:

That changes to the Executive/Scrutiny Protocol be approved in relation to:

- (1) Executive Directors and Assistant Directors, whose responsibilities fall within the remit of Overview and Scrutiny Committees, being requested to seek the views of the Committees on all strategies and plans prior to submission to Cabinet and Council; and that if it is not possible, due to time constraints, to submit the final strategy or plan for consideration, then an outline or synopsis be submitted to the Committees to allow an oversight of the proposals to be considered and commented upon; and Section 6 of the Protocol relating to pre-scrutiny be amended accordingly; and
- (2) reference being made to informal meetings of Overview and Scrutiny Committees to review topics in Section 8 of the Protocol.

Reasons for the Recommendation(s):

To comply with decisions of the four Overview and Scrutiny Committees.

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Alternative Options Considered and Rejected: (including any Risk Implications)

No alternative options have been considered because a decision is required by the Cabinet.

What will it cost and how will it be financed?

There are no direct financial implications arising from approval of changes to the protocol.

(A) Revenue Costs

See above

(B) Capital Costs

See above

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None	
Legal Implications: None	
Equality Implications: There are no equality implications directly associated with this report. However, matters considered at meetings of Overview and Scrutiny Committees; or when plans and strategies are discussed may have positive or negative equality impacts. Such impacts will be described in more detail at the meetings or when plans and strategies are considered.	
Impact on Children and Young People: Yes. There is a potential that topics considered by informal meetings; and plans and strategies submitted to the Overview and Scrutiny Committee (Children's Services and Safeguarding) will have an impact on children and young people. Such impacts will be described in more detail at the informal meetings or when plans and strategies are considered.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
There are no direct climate emergency implications associated with this report. However, matters considered at informal meetings of Overview and Scrutiny Committees; or when plans and strategies are discussed may have positive or negative impacts. Such impacts will be described in more detail at the informal meetings or when plans and strategies are considered.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: The development of an Executive / Scrutiny Protocol should improve the quality of relationships between Cabinet and Scrutiny Members; clarify respective roles; and contribute towards more effective scrutiny in Sefton.
Facilitate confident and resilient communities: As above.
Commission, broker and provide core services: As above.
Place – leadership and influencer: As above
Drivers of change and reform: As above
Facilitate sustainable economic prosperity: As above.
Greater income for social investment: As above.
Cleaner Greener: As above.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7375/23) has been consulted and any comments have been incorporated into the report. The Chief Legal and Democratic Officer (LD5575/23) is the author of the report.

The four Overview and Scrutiny Committees and the Overview and Scrutiny Management Board have been consulted and their views are contained in this report.

(B) External Consultations

Consultation has taken place with other local authorities that have previously adopted an Executive/Scrutiny Protocol. Findings indicate that the existence of a Protocol improves the quality of relationships between Cabinet and Scrutiny Members; clarifies respective roles; and contributes towards more effective scrutiny.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

Appendix A - amended Executive/Scrutiny Protocol if recommendations are approved by Cabinet. Track changes highlighted in red show the changes if approved.

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Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 Following consideration of guidance published by the Centre for Public Scrutiny during February 2020 entitled “Taking Scrutiny Seriously” the Cabinet, at its meeting held on 30 July 2020, resolved (Minute No. 27) that the Overview and Scrutiny Management Board be requested to develop an Executive/Scrutiny protocol for use in Sefton.
- 1.2 At its meeting held on 8 September 2020 the Overview and Scrutiny Management Board approved a draft protocol that was subsequently approved by the four Overview and Scrutiny Committees.
- 1.3 The Cabinet, at its meeting held on 3 December 2020 considered and approved (Minute No. 69) the Executive/Scrutiny Protocol for use in Sefton.

2. Suggested Additions to the Executive/Scrutiny Protocol by the Overview and Scrutiny Management Board

- 2.1 At its first meeting of the 2023/24 municipal year, held on 20 June 2023, the Overview and Scrutiny Management Board considered the Executive/Scrutiny Protocol.
- 2.2 The Management Board suggested two additions to the Protocol and these are set out in Paragraphs 3 and 4 below.

3. Pre-Scrutiny - Submission of Plans and Strategies to Overview and Scrutiny Committees

- 3.1 The Management Board noted that often strategies and plans were included on the Forward Plan but that rarely were they submitted to Overview and Scrutiny for comment prior to their submission to Cabinet/Council; and suggested that officers should plan more time into the process for formulating plans and strategies to enable Overview and Scrutiny to have an input and provide comments to Cabinet/Council.
- 3.2 The Management Board resolved that Executive Directors and Assistant Directors, whose responsibilities fell within the remit of Overview and Scrutiny Committees, should seek the views of the Committees on all strategies and plans prior to submission to Cabinet and Council; and that if it was not possible, due to time constraints, to submit the final strategy or plan for consideration, then an outline or synopsis be submitted to the Committees to allow an oversight of the proposals to be considered and commented upon.
- 3.3 The Overview and Scrutiny Committee (Regeneration and Skills) at its meeting held on 27 June 2023 also agreed a similar resolution to that detailed in paragraph 3.2 above.

4. Working Group Reviews/Informal Meetings

- 4.1 Section 8 of the Protocol refers to the arrangements to be adopted by Overview and Scrutiny Committees when establishing topics for review by Working Groups.
- 4.2 The Management Board noted that a number of Overview and Scrutiny Committees during 2022/23 established informal meetings, rather than Working Groups, to undertake reviews of services. This practice has continued into 2023/24.
- 4.3 Accordingly, the Management Board agreed that the Executive/Scrutiny Protocol should be updated to reflect the operation of informal meetings.

5. Consideration of the Proposals by Overview and Scrutiny Committees

- 5.1 The four Overview and Scrutiny Committees considered the suggestions made by the Management Board during the September 2023 cycle of meetings.
- 5.2 The Overview and Scrutiny Committees approved the proposals.

6. Conclusion

- 6.1 Cabinet is requested to consider the proposed changes to the Executive/Scrutiny Protocol as referred to in paragraphs 3 and 4 above.
- 6.2 For illustrative purposes, an updated version of the Executive/Scrutiny Protocol is attached. Track changes highlighted in red show the changes if approved.

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EXECUTIVE / SCRUTINY PROTOCOL



ONECOUNCIL Working Together

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APPENDIX A

PROTOCOL ON EXECUTIVE & OVERVIEW AND SCRUTINY RELATIONS IN SEFTON

Contents

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2. Aims of the Protocol
3. Functions of Overview and Scrutiny
4. The Conduct of Meetings
5. The Overview and Scrutiny Work Programme
6. Pre-Scrutiny
7. “Call-In” of Decisions
8. Working Group Reviews
9. Public Participation in the Overview and Scrutiny Process
10. Specific Duty of the Overview and Scrutiny Committee (Adult Social Care and Health) – Joint Health Scrutiny Arrangements

APPENDIX A

1. Introduction

- 1.2 This Protocol applies to all Members of Overview and Scrutiny (O&S) Committees, co-opted members who sit on O&S Committees, all Members of the Cabinet and senior officers.
- 1.3 The Protocol is not intended to replace *Chapter 6 – Overview and Scrutiny of the Council's Constitution*, nor is intended to replace *Chapter 2 – Members – Code of Conduct*, rather it is intended to enhance and supplement the requirements of the Constitution and set out guidance for good practice.
- 1.4 Scrutiny should be a strategic function of the authority. It should be central to the organisation's corporate governance; a crucial cog in the decision-making machine.

2. Aims of the Protocol:

- 2.1 Clarify Relationships
- 2.2 The aim of the Protocol is to clarify relationships between O&S Members and Cabinet Members, to ensure an efficient O&S function, including holding the Cabinet to account on behalf of the electorate, and to encourage good communication between O&S and the Cabinet.
- 2.3 Positive Interaction
- 2.4 The Protocol refers to the respective powers, roles and responsibilities for both O&S Members and Cabinet Members. Guidance is set out on the way in which both O&S Members and Cabinet Members should interact, in order that Members maximise their roles and for the Authority to have an effective O&S function for the benefit of the Council as a whole. It also offers guidance to senior officers who support this process.
- 2.5 Promote a Culture of Mutual Respect
- 2.6 The Protocol aims to promote a culture of mutual respect, trust and courtesy in the relationships between O&S Members, Cabinet Members and senior officers, and to foster a climate of openness leading to constructive debate and communication, with a view to ensuring service improvements for the benefit of Sefton citizens.
- 2.7 Parity of Esteem
- 2.8 "Parity of esteem" means that the scrutiny function of the Council deserves the same respect, and has the same importance in the governance system, as

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executive decision-making activities. Requests from scrutiny to engage with, and recommended changes to, policies, plans and activities should be treated with the same respect and consideration as if they came from a Cabinet Member.

3. Functions of Overview and Scrutiny

3.1 The general role and specific functions of the O&S Committees can be found within Chapter 6 of the Council's Constitution. The key responsibilities of O&S are to:

- (a) Hold the Cabinet, Cabinet Members and senior officers to account for their decisions, on behalf of the electorate;
- (b) Review Council policy, the way policies are implemented and their impact on local citizens;
- (c) Scrutinise Executive decisions before they are made and before they are implemented; and
- (d) Contribute to the development of policy by investigating issues of local concern and making recommendations to the Cabinet, to the Council and to partner organisations.

4. The Conduct of Meetings

- 4.1 Cabinet Members are actively encouraged to attend meetings of O&S Committees relevant to their Portfolio, in order to present their Cabinet Member Update Reports and to respond to questions/comments from O&S Members.
- 4.2 Cabinet Members may be required to attend meetings of O&S Committees in particular circumstances, e.g. the consideration of "called-in" items.
- 4.3 The principle of the "critical friend" should always be adhered to between Scrutiny Members and Cabinet Members, senior officers and any external partners.
- 4.4 All Members should promote an atmosphere of openness at the O&S Committee meetings and should strive to ensure that questioning and debate takes place within a climate of mutual respect and trust.
- 4.5 O&S Committee Members should be prepared to ask searching questions and where necessary, provide constructive challenge to Cabinet Members on issues that fall under their Portfolio.

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- 4.6 Cabinet Members should be willing to respond to any question put. However, it should be noted that that Cabinet Members may not necessarily be in a position to answer every question immediately or in detail. In such circumstances the matter may be referred to a senior officer in attendance or a written answer may be sought.
- 4.7 Cabinet Members should value the contribution of O&S Committee Members who raise issues and respond in an appropriate and manner, in order to make a positive contribution to Scrutiny meetings.
- 4.8 Cabinet Members should, with the permission of the Chair, be permitted by the O&S Committee to speak upon any item on the agenda under discussion and may at any time offer to assist the Committee by the provision of factual information or advice in relation to the matters under discussion.
- 4.9 The Chair, supported by senior officers, shall provide leadership and guidance to the Committee on all scrutiny matters and shall promote the Committee's role in improving services and monitoring the effectiveness of Council policies, through effective scrutiny.
- 4.10 Party politics and the use of the Party Whip shall be avoided during O&S Committees.
- 4.11 Senior officers shall liaise and agree their attendance at meetings of O&S Committees during the Municipal Year.

5. The Overview and Scrutiny Work Programme

- 5.1 The Council's Strategic Leadership Board, comprised of the Chief Executive, Executive Directors and Heads of Service, shall be invited to identify any appropriate items for inclusion in the Work Programme of O&S Committees.
- 5.2 The Work Programme of items submitted to O&S Committees at the beginning of each Municipal Year shall be drafted in liaison with the appropriate Heads of Service, whose roles fall under the remit of the Committee.
- 5.3 A manageable number of items should be identified in order to demonstrate that the scrutiny function "adds value" to the Council.
- 5.4 The O&S Committees will be responsible for setting their own work programme.
- 5.5 O&S Members are reminded at each meeting that they are able to request other items for inclusion within the Work Programme, provided such items fall within the terms of reference of the Committee.

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- 5.6 A Member of an O&S Committee is entitled to give notice to the Chief Legal and Democratic Officer that they wish an item relevant to the functions of the Committee to be included on the agenda for the next available meeting of the Committee.
- 5.7 The Cabinet and/or the Council may refer a matter to one or more O&S Committees.
- 5.8 The Chair of the O&S Committee may consider alternative methods of dealing with items in order to avoid over-loading Committee agendas. These may include informal presentations, visits to front-line services, site visits / informal discussions with external partners, etc.

6. Pre-Scrutiny

- 6.1 The Key Decision Forward Plan sets out the list of items to be submitted to the Cabinet for consideration during the following four-month period. The Forward Plan is updated and published each month. The Forward Plan appears on the Council's website and an email alert is sent to all Members of the Council when a new Forward Plan is published.
- 6.2 A summary of the latest Forward Plan, setting out the Key Decisions that fall under the remit of each O&S Committee, is submitted to each meeting of the O&S Committees and appears under the Work Programme item, a standing item on each O&S agenda.
- 6.3 O&S Members should peruse Decisions to be taken and may request to pre-scrutinise items from the Key Decision Forward Plan that fall under the remit (terms of reference) of the O&S Committee.
- 6.4 The pre-scrutiny process assists the Cabinet Members to make effective decisions by examining issues beforehand and making recommendations prior to a determination being made. Pre-scrutiny can be used to resolve potential disagreements.
- 6.5 Any items agreed for pre-scrutiny will be included within the O&S Committee's work programme.
- 6.6 Where O&S Committees request to pre-scrutinise a Key Decision, the relevant Cabinet Member should endeavour to attend the meeting concerned, in order to respond to questions, and consider the views put by O&S Members.
- 6.7 Relevant senior officers shall attend an O&S Committee meeting where a Key Decision is pre-scrutinised by O&S Members, in order to respond to questions, and consider the views put by those Members.

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- 6.8 Cabinet Members may wish to seek views from Scrutiny Members on a Key Decision, particularly on policy development and review, before it is taken. The relevant senior officer will be responsible for forwarding the details through to the Scrutiny Manager for inclusion on the agenda.
- 6.9 The O&S Committee may express views or make recommendations in relation to Decisions to be taken.
- 6.10 The Cabinet will consider any recommendations or views expressed by the O&S Committees and to take such action it sees fit.
- 6.11 Utilising the option for pre-scrutiny does not exclude the Decision from being subject to “call-in”. However, it will allow the Cabinet Member(s) the ability to consider different views and perspectives of a Decision, before it is taken and avoid potential conflict and a requirement for “call-in”.
- 6.12 Heads of Service shall be requested to identify any policy/strategy items for pre-scrutiny by the relevant O&S Committee.
- 6.13 Executive Directors and Assistant Directors, whose responsibilities fall within the remit of Overview and Scrutiny Committees, should seek the views of the Committees on all strategies and plans prior to submission to Cabinet and Council; and that if it is not possible, due to time constraints, to submit the final strategy or plan for consideration, then an outline or synopsis be submitted to the Committees to allow an oversight of the proposals to be considered and commented upon.

7. “Call-In” of Decisions

- 7.1 Decisions taken by the Cabinet appear within the Minutes of Cabinet Meetings. The Minutes indicate the “call-in” period for the Decisions made.
- 7.2 Decisions taken by individual Cabinet Members are subject to “call-in”, are published on the Council’s website, and an email alert is sent to all Members of the Council.
- 7.3 “Call-in” can occur when three non-Executive Members have reasons/evidence to challenge the Decision, based on the guidance set out within Chapter 6 of the Council’s Constitution.
- 7.4 A decision shall only be the subject of one “call-in” by non-Executive Members.
- 7.5 Non-Executive Members shall refer to a specific Decision and in instigating the “call-in”, are required to provide as much information, detail, explanation, evidence and/or facts as possible, within the requisition. This will enable appropriate officers to determine whether the “call-in” is valid or not.

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- 7.6 Non-Executive Members shall trigger the “call-in” electronically, using the Council’s Modgov system. This will alert the relevant officers and prevent the Decision from being actioned.
- 7.7 During 2017/18, the O&S Management Board developed a [Call-In Procedure](#) to be used at O&S Committees when dealing with “called-in” items. This was agreed by the four O&S Committees and shall be adhered to at all meetings held to consider “call-in items”.
- 7.8 The following are required to attend the O&S Committee meeting to consider the “called-in” item, in order to address O&S Members on the item and respond to questions / comments raised by O&S Members:
- (a) the lead “call-in” Member;
 - (b) the Leader of the Council and/or relevant Cabinet Member; and
 - (c) relevant senior officer representative(s).
- 7.9 Only the lead call-in Member shall be permitted to:
- Address the O&S Committee, explaining the reason for “call-in”;
 - Respond to questions put by Committee Members; and
 - Sum up the case for “call-in”.
- 7.10 Subject to the agreement of the O&S Committee, a representative of the public may make representations in relation to the “called-in” item, in accordance with the Call-In Procedure previously agreed by O&S Committees.
- 7.11 The “call-in” procedure should not be abused. It should not be used as a substitute for early involvement in the decision-making process. Its use as a party-political tool should be avoided.

8. Working Group Reviews/Informal Meetings of Committees

- 8.1 Heads of Service will be requested to consider potential topics for review via the Strategic Leadership Board and these will be submitted to O&S Committees for consideration, along with any other suggestions from O&S Members. The Committee shall approve any topics to be reviewed.
- 8.2 The [Criteria Checklist for Selecting Topics for Review](#) shall be considered in approving topics to be reviewed.
- 8.3 If a topic for review is to be considered by a Working Group at least 3 Members of the Committee shall be required to sit on a Working Group and one Member will be appointed as the Lead Member. Co-opted Members may sit on a Working

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Group. If a topic for review is to be considered at an informal meeting of the Committee then all Members of the Committee will be invited to attend; and the Lead Member shall be the Chair of the Committee unless decided otherwise by the Committee. Informal meetings do not have decision making powers and are best suited to situations where members wish to be briefed on a subject by officers.

- 8.4 Heads of Service have a valuable role to play in the review process in terms of suggesting appropriate topics for review, possibly contributing to the scope for the review, the provision of factual evidence, and identifying suitable witnesses. Officers involved in the review shall be open and honest in their discussions with Working Group Members.
- 8.5 The role of the Lead Officer for the review will be to assist in drafting the scope for the review, to provide professional advice and to ensure access to relevant information and personnel for Working Group Members.
- 8.6 Further to a report on Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities being agreed by O&S Committees during October/November 2019, Working Groups shall consider if it is appropriate to seek the views of the general public on the matter under their consideration and, if so, how this should be carried out.
- 8.7 Working Group meetings shall be conducted in the manner outlined within paragraph 4 above. Working Group Members shall adhere to the principle of the “critical friend” during the course of a review. Constructive challenge may be adopted during discussions with Council officers, external partners, key stakeholders, etc. However, a culture of mutual respect shall be maintained at all times.
- 8.8 A final report, including any recommendations from the Working Group, will be drafted by the relevant officer from Democratic Services to reflect the views and wishes of the Working Group concerned, subject to any legal and/or financial implications provided by Legal and Finance officers.
- 8.9 Recommendations may be produced that impact on the Council or external partners.
- 8.10 The final report will be presented to the parent O&S Committee, the Cabinet, and finally to full Council.
- 8.11 The Lead Member of the Working Group concerned will normally present the final report to the Cabinet and to the Council. Where this is not possible, an alternative Member of the Working Group will be asked to present.

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8.12 The relevant senior officer shall ensure that an update on the implementation of recommendations is presented to the parent Committee approximately six months following approval of the final report by the Council. Actions taken since approval of the recommendations should be outlined within the update, together with progress on any implementation required. Where actions have not been carried out, reasons should be given, together with an anticipated timeline for implementation.

9. Public Participation in the Overview and Scrutiny Process

9.1 O&S Members should represent the voice of the public.

9.2 As outlined in paragraph 3.1 above, key responsibilities of O&S are to:

- (a) Hold the Cabinet, Cabinet Members and senior officers to account for their decisions, on behalf of the electorate; and
- (b) Review Council policy, the way policies are implemented and their impact on local citizens;

9.3 The Constitution indicates that O&S Committees allow citizens to have a greater say in Council matters by holding public inquiries into matters of local concern.

9.4 Citizens may contribute to Council considerations by participating in question time at Council meetings, making representations to the Cabinet, a Cabinet Member or a Committee and may be asked to contribute to O&S Working Group reviews.

9.5 The Council's petitions scheme, detailed within the Constitution, allows citizens to address O&S Committees.

9.6 As outlined in paragraph 7.11 above, subject to the agreement of the O&S Committee, a representative of the public may make representations in relation to the "called-in" item, in accordance with the Call-In Procedure previously agreed by O&S Committees.

9.7 As outlined in paragraph 9.5 above, O&S Working Groups shall consider if it is appropriate to seek the views of the general public on the matter under their consideration and, if so, how this should be carried out.

9.8 Senior officers may advise O&S Committees of particular matters of public concern, with a view to the possible establishment of a Working Group review to address such matters.

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10. Specific Duty of the Overview and Scrutiny Committee (Adult Social Care and Health) – Joint Health Scrutiny Arrangements

- 10.1 Local authorities may review and scrutinise any matter relating to the planning, provision and operation of the health service in its area.
- 10.2 The NHS Act 2006 (as amended by the Health and Social Care Act 2012) places a statutory duty on commissioners and providers of NHS / health services to consult local authority health overview and scrutiny committees on any proposals for significant development or substantial variation/reconfiguration in health services.
- 10.3 Section 30 of The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 provides that where more than one local authority is consulted on proposals for significant development or substantial variation in health services, a joint overview and scrutiny committee may be established to comment on the proposals for change.
- 10.4 The Council has delegated its duties relating to health services to the Overview and Scrutiny Committee (Adult Social Care and Health).
- 10.5 At its meeting on 3 June 2014, the Council approved the [Protocol for the Establishment of Joint Health Scrutiny Arrangements for Cheshire and Merseyside](#).
- 10.6 The Council and the Overview and Scrutiny Committee (Adult Social Care and Health) shall adhere to the Protocol in relation to substantial variations and joint health scrutiny arrangements.

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Report to:	Cabinet	Date of Meeting:	2 November 2023
Subject:	Treasury Management Position to September 2023		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This report provides Members with a review of the Treasury Management activities undertaken to 30th September 2023. This document is the mid-year report to Cabinet and Council, as well as the second report of the ongoing quarterly monitoring provided to Audit & Governance Committee whose role it is to carry out scrutiny of treasury management policies and practices.

Recommendation(s):

Members are requested to note the Treasury Management update to 30th September 2023, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Recommendation(s):

To ensure that Members are fully appraised of the treasury activity undertaken to 30th September 2023 and to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

Alternative Options Considered and Rejected: (including any Risk Implications)

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

The financial position on the external investment budget to the end of September indicates a surplus to the end of the period. The forecast to the end of the financial year also shows that investment income will exceed the level set in the budget.

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(B) Capital Costs

None.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): A surplus in investment income has been forecast for 2023/24 financial year due to prevailing market conditions.</p>									
<p>Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>No</td> </tr> <tr> <td>Have a neutral impact</td> <td>Yes</td> </tr> <tr> <td>Have a negative impact</td> <td>No</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>No</td> </tr> </table> <p>The Council has during 2023/24, invested its reserves and balances overnight with either banks or money market funds in order to maintain high security and liquidity of such balances. It has not had the opportunity to invest in longer term financial instruments or investment funds for which there may be a chance to consider the impact on the Council's Climate Emergency motion.</p> <p>In the event that the Council has more surplus balances available in future that may lead to longer term investing, the Council will take account of the climate emergency when discussing the options available with the Treasury Management Advisors.</p>		Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	No
Have a positive impact	No								
Have a neutral impact	Yes								
Have a negative impact	No								
The Author has undertaken the Climate Emergency training for report authors	No								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: n/a
Facilitate confident and resilient communities: n/a
Commission, broker and provide core services: n/a
Place – leadership and influencer: Support strategic planning and promote innovative, affordable and sustainable capital investment projects through application of the CIPFA Prudential Code.
Drivers of change and reform: The Treasury Management function ensures that cash flow is adequately planned and cash is available when needed by the Council for

improvements to the borough through its service provision and the Capital Programme.
Facilitate sustainable economic prosperity: Pursuit of optimum performance on investments activities and minimising the cost of borrowing and the effective management of the associated risk continues to contribute to a balanced budget for the Council.
Greater income for social investment: n/a
Cleaner Greener: n/a

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7389/23) is the author of the report.

The Chief Legal and Democratic Officer (LD5589/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

N/A

Implementation Date for the Decision

With immediate effect.

Contact Officer:	Graham Hussey
Telephone Number:	Tel: 0151 934 4100
Email Address:	graham.hussey@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

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1. Background to the Report

- 1.1. As recommended under CIPFA's revised 2021 Code of Practice on Treasury Management in Public Services, the Council's Treasury Management Policy and Strategy document for 2023/24 (approved by Council on 2nd March 2023) included a requirement for regular updates to be provided on the investment activity of the Authority. This report is the second of such reports for the year and presents relevant Treasury Management information for the period ending 30th September 2023.
- 1.2. The report includes information on the investments held / entered into during the period and the interest rates obtained (with a comparison of performance against a standard benchmark figure). In addition, the report highlights whether there has been any variance from the Treasury Management Policy and Strategy and the Council's approved Prudential Indicators (the operational boundaries within which the Council aims to work).

2. Investments Held

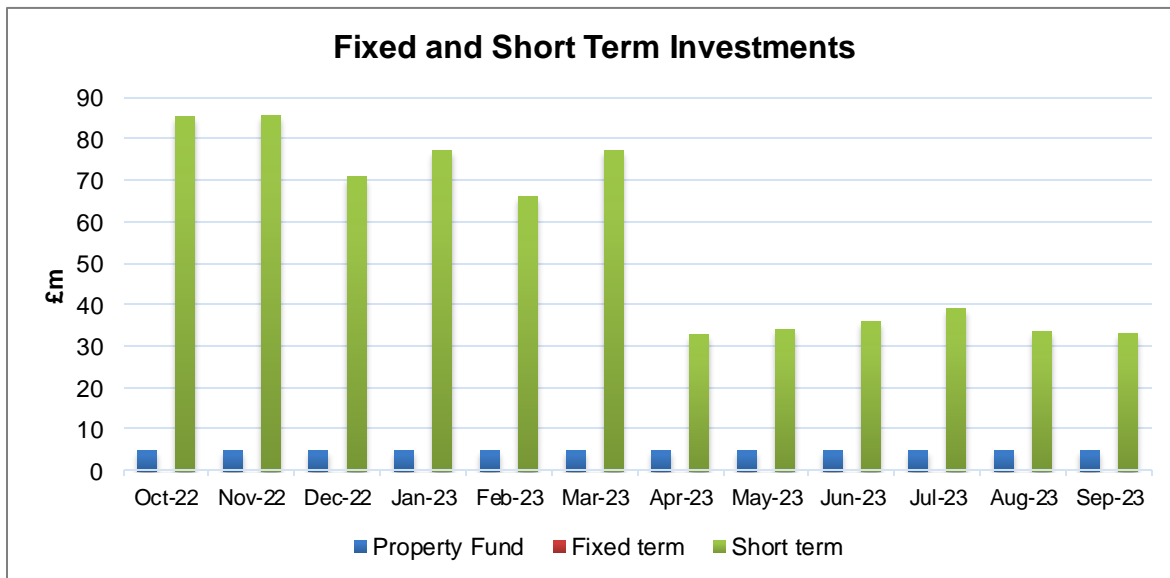
- 2.1. Investments held at the 30/09/2023 comprise the following:

Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	3.83	5.24	01.10.23	AAA
Aviva	3.83	5.32	01.10.23	AAA
BNP Paribas	3.22	5.28	01.10.23	AAA
Goldman-Sachs	3.83	5.22	01.10.23	AAA
HSBC	3.30	5.21	01.10.23	AAA
Invesco	3.83	5.33	01.10.23	AAA
Morgan Stanley	3.83	5.27	01.10.23	AAA
Federated	3.83	5.35	01.10.23	AAA
Insight	3.83	5.30	01.10.23	AAA
Total	33.33			
Property Fund:				
CCLA	5.00	4.49	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	38.33			

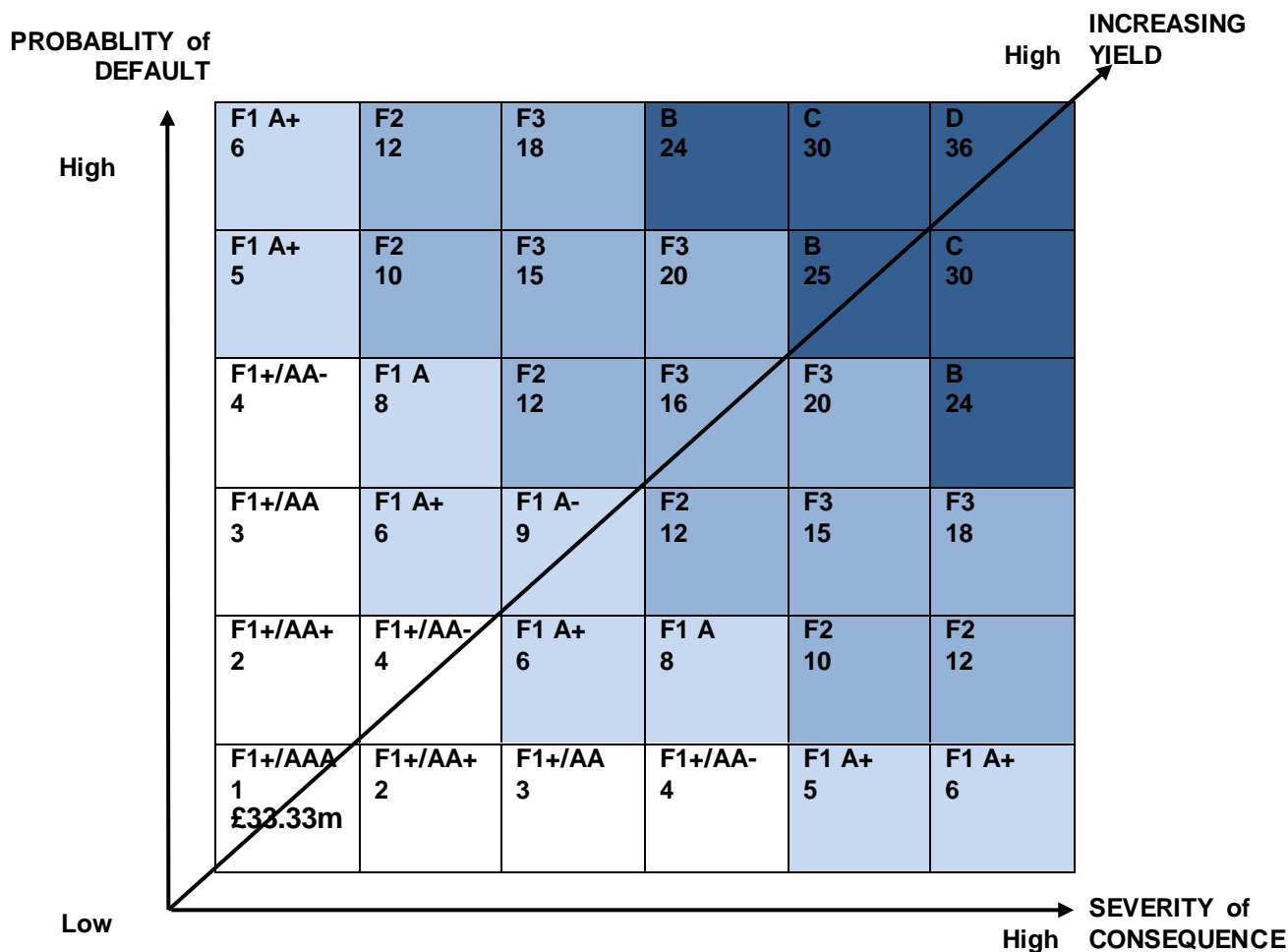
- 2.2. The Authority holds significant invested funds, representing grant income received in advance of expenditure plus balances and reserves held. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they are required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2023/24. The balance of investments is therefore expected to fall over the coming months as the income is fully expended.

- 2.3. All of the investments made since April 2023 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £15m. Whilst the maximum should be retained, in light of current economic conditions, a day to day operational maximum of 10% of the total portfolio is currently being imposed for investments. This will spread the risk for the Council but will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.
- 2.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 2.8).
- 2.5. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 2.6. The Net Asset Value (NAV) of the Property Fund has decreased over a 12-month period to August 2023 from 347.79p per unit to 284.97p per unit, a decrease of 18%. The fund is considered to be a long-term investment and fluctuations in value are to be expected with this type of asset. The investment market over the past 12 months has been turbulent and driven by interest rates rather than property fundamentals. The CCLA is well positioned in the property market and has experienced no material change in tenant default rates with income levels remaining stable and reliable. The fund has a high industrial weighting with future growth potential and is making a strategic shift away the weaker office sector. The overall value of the Council's investment in the fund still remains higher than the original principal sum invested. It should also be noted that much of the fluctuation mentioned above took place in the latter half of 2022 and NAV prices have now stabilised in recent months. The situation will continue to be monitored closely however, and advice taken from the Council's treasury advisers should its position in the fund need to be reviewed. The income yield on the Property fund at the end of August 2023 was 4.49% which is above the level of returns received in the past.
- 2.7. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:

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2.8. The matrix below shows how the Council has set its risk appetite by being risk averse and putting security and liquidity before yield when investing:



SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£33.33m

LOW - MEDIUM	5 - 9	Investment Grade	£0
MEDIUM	10 - 20	Investment Grade	£0
HIGH	21 - 36	Speculative Grade	£0

2.9. The Council will continue to maximise any investment opportunities as they arise, but in light of current economic conditions and uncertainty around interest rates it is not envisaged that any substantial increase in returns can be achieved for the remainder of the current financial year. Cash balances available for investment will be held in overnight deposits to allow the council to respond to any exceptional demands for cash as they arise. The possibility for making long term deposits at potentially improved rates will be reviewed once economic conditions stabilise.

3. Interest Earned

3.1. The actual performance of investments against the profiled budget to the end of September 2023 and the forecast performance of investments against total budget at year end is shown below:

	Budget £m	Actual £m	Variance £m
September-23	0.602	1.059	0.457

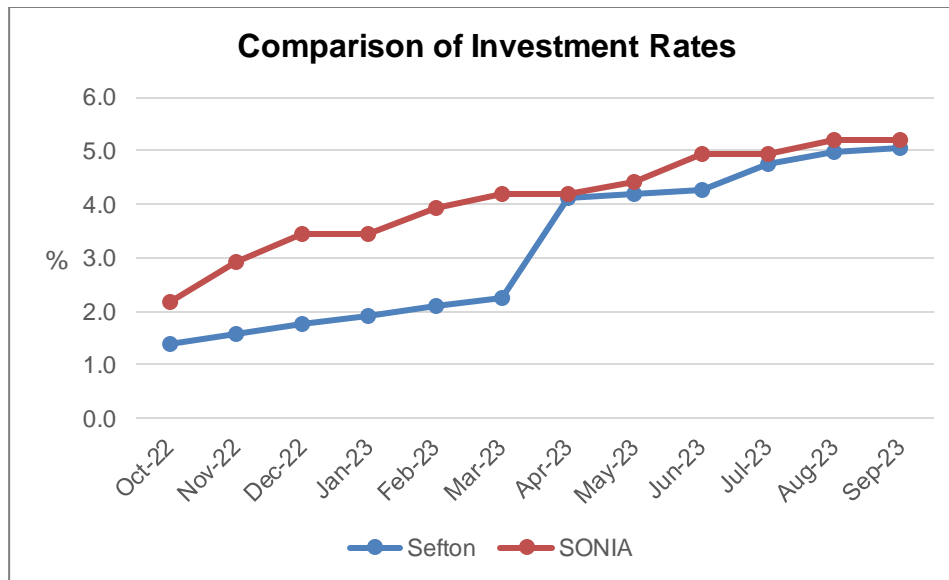
	Budget £m	Forecast £m	Variance £m
Outturn 2023/24	1.317	1.989	0.672

3.2. The forecast outturn for investment income shows the level of income to be above target against the budget for 2023/24. Investment rates have increased significantly in the past 12 months (see 3.4. below) largely in response to rises in interest rates. The forecast income for 2023/24 has therefore been set at a higher level when compared to previous financial years.

3.3. As mentioned in paragraph 2.9, it is not envisaged that increased rates will lead to a significant improvement in the forecast income from investments for the remainder of 2023/24 as cash balances are diminishing and held in short term deposits. Interest rate uncertainty has also made future returns difficult to forecast and a prudent approach has therefore been taken when forecasting returns for the rest of the year.

3.4. The Council has achieved an average rate of return on its investments of 5.06%. The chart below shows the average rate of return plotted against the SONIA benchmark.

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- 3.5. As can be seen from the chart above, Sefton's investments have slightly underperformed (by 0.12%) compared to SONIA to the end of September 2023, although the investment income received is above target as per the 2023/24 budget as shown in paragraph 3.1 (above).

4. Borrowing Strategy

- 4.1. As outlined in the Treasury Management Strategy approved by Council in March, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 4.2. There has been a substantial rise in the cost of taking out new loans, both short- and long-term, over the last 18 months. The Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. The Bank Rate was 2% higher than at the end of September 2022.
- 4.3. The Council has PWLB loan maturities of £11.9m scheduled during 2023/24 comprising several historic loans. The Council pursues a strategy of internal borrowing as per the Treasury Management Strategy approved by Council. Cash balances will therefore be reduced to replace maturing loans where possible and when interest rates on deposits remain lower than PWLB borrowing rates.
- 4.4. Following consultation with the Council's treasury advisers, it is considered prudent to continue to pursue the above strategy in view of recent interest rate uncertainty. The borrowing position will be kept under review however and further advice sought should the need arise to take out external borrowing from the PWLB.

5. Interest Rate Forecast

5.1. Arlingclose, the Council's treasury advisors, have provide the following economic and interest rate view as at September 2023:

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

- *UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.*
- *Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.4%, beating expectations of a 0.2% increase. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.*
- *July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.*
- *Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.*
- *The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.*
- *Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.*
- *Following the September MPC meeting, Arlingclose, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.*

6. Compliance with Treasury and Prudential Limits

6.1. During the first half of 2023/24 financial year, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management

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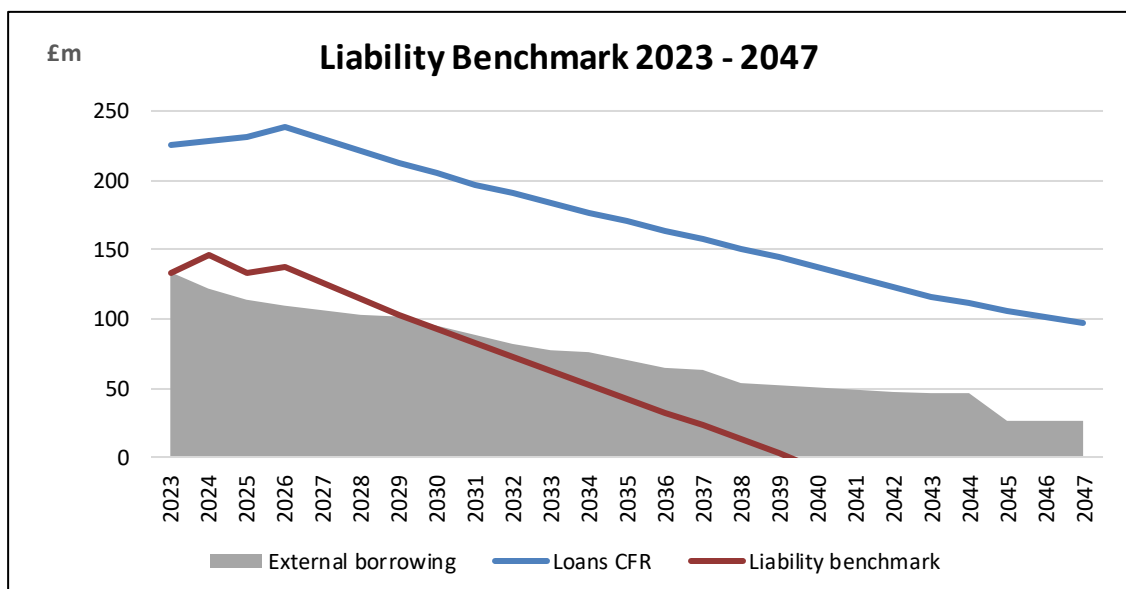
Strategy Statement and in compliance with the Council's Treasury Management Practices.

6.2. The key treasury indicators compared to the actuals as at 30th September 2023 are shown below:

6.2.1. Liability Benchmark: This new indicator compares the Authority's existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

Liability Benchmark	31.03.23 Estimate £m	31.03.24 Estimate £m	31.03.25 Estimate £m	31.03.26 Estimate £m
Loans CFR	225.4	228.6	230.5	238.0
Less: Balance sheet resources	-102.6	-93.1	-106.9	-111.2
Net loans requirement	122.8	135.6	123.7	126.8
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	132.8	145.6	133.7	136.8

A long term forecast for the liability benchmark plotted against external borrowing for the next 25 years can be seen in the chart below. The long-term liability benchmark assumes capital expenditure funded by borrowing in line with the approved capital programme, minimum revenue provision on new capital expenditure based on standard asset life and income, expenditure and reserves all increasing by inflation of 2.5% each year.



6.2.2. Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Maturity structure of fixed rate borrowing:	Upper Limit %	Lower Limit %	Actual %
Under 12 months	15	0	2
12 months to 24 months	20	0	6
24 months to 5 years	20	0	9
5 years to 10 years	45	10	21
10 years to 15 years	45	10	19
15 years +	50	30	43

6.2.3. External Debt: This indicator shows the levels of actual debt compared to the authorised limit and operational boundary set for the current financial year:

External Debt:	2023/24 £m
Authorised limit for external debt	190
Operational boundary for external debt	165
Actual external debt 30.09.23	129

6.2.4. Long-term Treasury Management Investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

Long-term Treasury Management Investments:	2023/24 £m	2024/25 £m	2025/26 £m	No fixed date £m
Limit on principal invested beyond year end	15	10	5	15
Actual principal invested beyond year end	0	0	0	5

6.2.5. Interest Rate Risk Indicator: This indicator is set to control the Authority's exposure to interest rate risk. A target is set for the one-year impact of a 1% rise

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and a 1% fall in interest rates on the revenue account. This is measured by examining the parallel shifts in yield curves on borrowing net of treasury investments. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1m

The Bank Rate rose by 1% from 4.25% on 1st April to 5.25% by 30th September. As mentioned in 3.2 above, the Authority has experienced an over-achievement in investment income due to interest rate rises during the year. The impact of the increase has not exceeded the £1m tolerance set at the start of the year.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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Report to:	Cabinet	Date of Meeting:	2 November 2023
Subject:	Provision of Council Housing at Buckley Hill Lane, Netherton		
Report of:	Assistant Director of Place (Economic Growth and Housing)	Wards Affected:	St. Oswald;
Portfolio:	Cabinet Member - Communities and Housing		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No, however, the information contained in Appendix 1 is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt		

Summary:

This report provides an update to approval given by Cabinet in May 2022 to acquire properties at Buckley Hill Lane for use as Council Housing. This report seeks approval to a revised proposal to acquire 18 homes (apartments) for social rent.

Recommendation(s):

Cabinet is asked to:

(1) Agree the updated Business Case for the acquisition of 18 homes for social rent from Sandway Homes at the Buckley Hill Lane development in Netherton and recommend that Council approve and financially support as a capital scheme committing the use of Section 106 affordable housing receipts and Historic Right to Buy receipts to fund the purchase.

(2) Give authority to the Assistant Director of Place (Economic Growth and Housing) in consultation with the Cabinet Member for Communities and Housing and Cabinet Member for Regulatory Compliance and Corporate Services to negotiate and agree the financial terms with Sandway Homes as identified within Appendix 1 and formally submit an offer to acquire the homes.

(3) Give authority to the Assistant Director of Place (Economic Growth and Housing) in consultation with the Cabinet Member for Communities and Housing and Cabinet Member for Regulatory Compliance and Corporate Resources to enter into contract with Homes England subject to the Council receiving a grant offer through the Affordable Homes Programme 2021-26.

(4) Give authority to the Assistant Director of Place (Economic Growth and Housing) to negotiate the contract terms and finalise all associated legal documentation for the purchase and acquisition.

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(5) Recommend to Council to approve a Supplementary Capital Estimate of £2,222,783 funded as fully detailed in the updated Business Case at Appendix 1 through s106 affordable housing capital receipts, historic right to buy sharing agreement receipts and Homes England grant funding.

(6) Note the intention to seek Council approval for the net rental income from the scheme, including that received during the initial payback period, is reserved and reinvested into the Council Housing Programme.

Reasons for the Recommendation(s):

To progress with the delivery of council housing at Buckley Hill Lane through the acquisition of 18 apartments for social rent.

Alternative Options Considered and Rejected: (including any Risk Implications)

Option 1 – Do Nothing, choose not to provide council housing.

Cabinet has already approved the acquisition of properties at Buckley Hill Lane for use as Council Housing in January 2021, and May 2022. However, the Council could choose not to provide council housing at Buckley Hill Lane, however this could limit the opportunity to provide new social housing aimed to meet identified housing need in Netherton and does not align with the strategic case for Council housing delivery. Further, this option would remove the complimentary offer of additional social housing provision thereby relying on housing associations to meet housing need.

Option 2 – Acquire 18 apartments for social rent without grant funding.

The Council could proceed with approval for the acquisition of homes at Buckley Hill Lane choosing not to apply to Homes England for grant funding through the AHP and instead fund solely from its own financial resources. This option is not recommended as the updated financial case presented at Appendix 1 justifies the need for grant funding to deliver social rent homes and funding is available through the AHP to deliver affordable housing in the way in which the Council proposes. Seeking to achieve grant funding would mean the Council's capital resources are available to deliver future Council Housing Programme opportunities.

Option 3 – Acquire 9 apartments for social rent.

A further option would be not to acquire 18 apartments and instead acquire 9 apartments for social rent as was approved at Cabinet in January 2021. Whilst this option would still deliver council housing in line with strategic priorities, market changes which affect Sandway Homes have seen a reduced demand for apartment sale properties and as such, the remaining 9 apartments could be sold to a housing association. The Council acquiring all 18 apartments offers benefits that it would be the sole provider of affordable housing on the site, especially with the apartment blocks being in close proximity to one another. Housing waiting list data from Property Pool Plus demonstrates strong need for smaller 1 and 2-bedroom properties.

What will it cost and how will it be financed?

(A) Revenue Costs

Revenue costs will be required for the ongoing and long-term housing management and maintenance of the properties once they are in Council ownership. The cost of this service will be off set against the rental income that the Council will receive from letting of the properties. An assumption of costs has been made within the updated Business Case based on the recent procurement exercise to appoint a Housing Management Agent and benchmarking with the social housing sector.

No borrowing has been assumed in the delivery of the scheme due to the existing capital finance available within the Council to support the delivery of social housing, however the appraisal is modelled to generate payback of the capital investment. It is recommended that this payback and any future net rental income beyond the payback period is reserved and reinvested into the Council Housing Programme to reflect year on year fluctuations and also develop and enable the provision of future council housing delivery across Sefton. There is therefore no impact on the bottom-line budget.

(B) Capital Costs

Capital acquisition costs are fully detailed within the updated Business Case along with the potential level of grant funding. The final capital cost required will be subject to a grant offer from Homes England.

Sufficient finance is available to support the acquisition through S106 commuted sum monies for the provision of affordable housing and Historic Right to Buy Sharing Agreement receipts following the Councils stock transfer to One Vision Housing.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

Financial resources are required to fund the acquisition of properties from Sandway Homes as a capital cost. Revenue resources are required to fund the housing management and maintenance service that the Council will offer to its tenants through an appointed Housing Management Agent, the cost of which will be fully funded by rental income received for the properties.

Specialist external advice is required to support in a number of areas to enable the operational activity in delivering council housing including legal and project management of the acquisition. The procurement and financing of external support was approved at Cabinet in January 2021.

There will be an asset implication resulting from the acquisition of properties, although the management and maintenance of which will be managed by a Registered Provider.

Legal Implications:

A local authority may hold up to 199 homes outside of a Housing Revenue Account under a Government direction subject to writing to the Secretary of State for Housing Communities and Local Government to apply to hold specific homes outside of an HRA.

Sefton Council have registered as a Registered Provider of Social Housing with the Regulator of Social Housing based on the intention to provide social housing as is

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required under Section 114 of the Housing and Regeneration Act. The Council will be subject to regulatory and legislative requirements and compliance through its new landlord duties.

There would be a requirement to provide tenancy agreements for each property determined by the Housing Act 1985, Housing Act 1996, and Localism Act 2011. Standard tenancy agreements would need to be developed with the support of expert legal advice. Such agreements could then be utilised for any future council housing properties considered.

Section 27 of the Housing Act 1985 allows local authorities to enter into management agreements in relation to their housing stock. Under this Section 27, local authorities which are registered providers of social housing are required to seek the approval to these agreements from the Regulator of Social Housing. A Management Agent has been appointed following a competitive and fully compliant procurement process. Regulator approval is pending.

The Council would need to enter into a new supply contract with Homes England to agree to the terms and conditions attached to any grant offer and ensure compliance with the AHP.

Equality Implications:

An Equality Impact Assessment has been undertaken and no negative impacts have been identified. The EIA found that the provision of council housing and subsequent landlord service will have a positive impact on the protected characteristics of age and disability. The EIA will be reviewed and updated at the relevant review point and as work continues with the operational requirements to enable the Council to provide council housing.

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Although building of new homes will have a negative impact on the Climate Change Emergency as a result of the construction and build process. Sandway Homes have included mitigation measures within their design for the development and will be undertaking the development in a manner compliant with Planning policy EQ7 Energy efficient and low carbon design.

Measures introduced at Buckley Hill Lane to reduce the carbon footprint through construction include:

- Electric vehicle charging points to each dwelling and to the apartment block
- Energy efficient design with high thermal efficiency values to reduce heat loss, high efficiency boilers and heating systems
- Sustainable design and landscaping throughout the site with 'green streets'
- Surface water drainage integrated into landscape features to encourage wildlife

The properties that will be constructed will conform to the latest Building Regulations which will ensure that they will have a higher energy efficiency rating than the average equivalent property in Sefton.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: New council housing at Buckley Hill Lane will provide secure, quality homes to those most in housing need. Homes will be let at social rent level which offers the most affordable route to social housing. Homes will be developed to high energy efficiency standards which will help to reduce energy bills for tenants.

Facilitate confident and resilient communities: Provision of new council housing will provide additional housing choice to local communities in Sefton. Homes will be offered through Council tenancies enabling stability for households and families in housing need creating sustainable, confident, and resilient communities. A new housing management and maintenance service will be in place for tenants of any new council owned homes and will support tenants and communities through this service. Provision of shared ownership homes will provide an added housing offer and alternative route to home ownership at Buckley Hill Lane.

Commission, broker and provide core services: Provision of new council housing will become a core service. A housing management and maintenance service will be in place, and the Council will work with its appointed management agent to deliver this for new Council tenants. Homes will be let through the existing allocations scheme, Property Pool Plus which is already in place as a core service.

Place – leadership and influencer: Not applicable.

Drivers of change and reform: Delivery of new council housing will offer homes at social rent adding to the existing provision of social housing in Sefton and providing an alternative social housing offer to those in housing need.

Facilitate sustainable economic prosperity: Development of Buckley Hill Lane and other sites within Sandway Homes' Phase 1 programme will generate direct and indirect employment and training opportunities supporting economic prosperity. Supply chains such as contractors, suppliers, technical and professional services will be supported throughout the development process.

Greater income for social investment: Not applicable.

Cleaner Greener: Newly developed council housing will provide high quality homes and be energy efficient with low carbon design measures. Design of the homes has been developed by Sandway Homes to be compliant with Planning policy and Building Regulations.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

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The Executive Director of Corporate Resources and Customer Services (FD 7390/23) and the Chief Legal and Democratic Officer (FD 5590/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable

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Email Address:	Suzanne.Blundell@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

Appendix 1 – Exempt Appendix Updated Business Case: Provision of Council Housing at Buckley Hill Lane, Netherton

Appendix 2 – Equality Impact Assessment: Provision of Council Housing

Appendix 1 is exempt from publication under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it contains commercially sensitive information.

Background Papers:

Cabinet (07/01/2021) – Item 79 – Provision of Council Housing Buckley Hill Lane, Netherton

Cabinet (26/05/2022) – Item 11 – Provision of Council Housing at Buckley Hill Lane, Netherton

Cabinet (06/04/2023) – Item 154 – Council Housing Business Plan

1. Introduction/Background

- 1.1 In January 2021, Cabinet considered a report seeking approval for the Council to re-enter the social housing market through the provision of Council housing for rent and set out the direction of travel to achieve this.
- 1.2 Since the January 2021 Cabinet resolution, a considerable amount of work has been undertaken to bring forward the recommendations, including establishing a new Council Housing Programme Business Plan which was approved at Cabinet in April 2023 and bringing forward the acquisition of homes at Buckley Hill Lane.
- 1.3 Discussion and negotiation has been underway with Sandway Homes in respect of the acquisition of properties at Buckley Hill Lane. A revision to the proposed mix previously agreed by Cabinet is presented within this report to acquire 18 apartments to deliver as social rent homes. A timeline is provided as follows:

- December 2021 – Cabinet agreed the strategic case for Sefton Council re-entering the social housing market through the provision of council housing for rent and as the start of its future housing stock from Sandway Homes. Cabinet gave authority to negotiate terms to acquire 1 apartment block at Buckley Hill Lane, comprising 9 apartments (6 x 1-bed and 3 x 2-bed).
- May 2022 – Cabinet considered a Business Case and approved the acquisition of 4 houses to be provided as Shared Ownership homes, in addition to the 9 apartments previously approved with the proposed acquisition being in line with the Planning Policy compliant affordable housing requirement.
- April 2023 – Council Housing Business Plan approved by Cabinet confirming negotiations were underway to acquire both apartment blocks (18 apartments, a mix of 1 and 2-bedrooms), an increase in the total number of affordable homes on the site and in place of the planning policy requirement of 13 homes.
- November 2023 (current position) – Negotiations have progressed with the proposal presented to acquire both apartment blocks on the site comprising of 18 apartments which will see 9 x 1-bed and 9 x 2-bed apartments provided. With the affordable housing requirement removed by Planning Committee, the Council can seek to apply for grant funding from Homes England through the AHP to help fund the acquisition.

- 1.4 An Updated Business Case is appended for consideration by Cabinet, setting out the proposed acquisition and detailed costs to the Council and to seek approval to proceed with the acquisition as a capital scheme. A full risk register is detailed within the Updated Business Case document.

Strategic Case

- 1.5 As Members will recall, the Business Case presented to Cabinet in 2022 set out a detailed strategic case for the delivery of Council Housing and specifically the acquisition of new homes at Buckley Hill Lane. Affordable housing need is still strong across Sefton and whilst evidence suggests that there is an adequate supply of general needs rented housing across the South of the borough (Bootle/Netherton), there remains need for smaller 1 and 2-bedroom homes which are being provided at Buckley Hill Lane.
- 1.6 Demand for the Council's Housing Options service remains very high with homeless presentations increasing over the last 2-years and an increased need and demand for temporary accommodation.
- 1.7 Property Pool Plus is the Choice Based Lettings Scheme in place in Sefton allows households seeking affordable housing to rent to register and apply for housing. Data from Quarter 1 2023-24 shows that there are currently 3,517 households registered for rented affordable housing in Sefton, 63% have an assessed housing need and nearly half (46%) require a 1-bedroom home to meet their housing need. Of the properties advertised to let there are, on average, 162 bids made per property. Data also demonstrates strong demand for adapted properties with 208 households requiring an adapted property compared to 31 adapted properties being advertised to let.

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- 1.8 The delivery of Council Housing presents an opportunity to intervene to meet housing need and demand as this grows and changes, including the opportunity to relieve homelessness pressures. The 18 apartments at Buckley Hill Lane will be a mix of 1 and 2-bedroom homes with those on the ground floor being built to Building Regulations M4(2) standard meaning that they are accessible and adaptable.

2. Buckley Hill Lane Development

Financial Position

- 2.1 In working to bring forward Council housing at Buckley Hill Lane, a full financial viability appraisal has been undertaken, with the support of a specialist consultant. The appraisal is based on a key set of assumptions to determine the viability of delivering the 18 apartments for social rent of which independent valuation has been obtained and purchase price agreed with Sandway Homes ensuring that value for money is achieved and a purchase price is not being agreed above open market value.
- 2.2 Total scheme costs are £2,222,783. The appraisal shows that the acquisition would generate a positive return with the assumption of £60,000 per apartment Homes England grant funding. The appraisal is run over a 40-year period which is typical for a social housing development given the lifecycle of housing with some housing providers now appraising over much longer periods.
- 2.3 Officers have been in dialogue with Homes England about the availability of grant funding to support the delivery of council housing at Buckley Hill Lane and funding remains available through Continuous Market Engagement (CME) route i.e. on a scheme by scheme basis which is the intended route for any bid made by the Council. The programme requires a start on site by 30 September 2025 and completion by March 2026, which is in line with Sandway's programme for the site and achievable. An application for Investment Partner status will be made and is to be achieved prior to the payment of any grant.
- 2.4 Since the introduction of the AHP in 2021, Homes England have announced some key changes to the programme. Relevant to the acquisition at Buckley Hill Lane is the February 2023 update which introduced social rent-specific grant rates in all parts of the country meaning that higher grant rates can be achieved for housing organisations delivering social rent homes. Prior to this update, providers wanting to deliver homes for social rent could only do so at grant levels mirroring that of affordable rent, a more expensive rent which typically requires less grant.
- 2.5 Approval of any grant funding will require the Council to enter into a new supply contract with Homes England and ensure compliance with the contractual framework, including the Capital Funding Guide and recovery determination. A review of compliance may take place though Compliance Audit post completion and handover of the homes and so it is important to prepare and plan for this throughout the bidding process and grant drawdown process.

- 2.6 Ringfenced capital resources are available internally to fund the purchase of homes from Sandway Homes arising from s106 commuted sum monies for the provision of affordable housing of which £379,500.50 is available and proposed to be committed and the historic Right to Buy Sharing Agreement following the Council's stock transfer of which £763,282.50 to be committed assuming that the Council achieves the assumed £60,000 per apartment grant offer from Homes England.
- 2.7 In addition to the total scheme costs of £2,222,783, the Housing and Investment Service anticipate incurring estimated fees during 2023/24 of £18,561 which includes consultancy fees and external legal advice required to bring forward the acquisition. It is proposed to capitalise these fees for 2023/24 committing Right to Buy Sharing Agreement receipts to cover the cost.
- 2.8 The Affordable and Supported Housing Supplementary Planning Document (SPD) was adopted on 25th May 2023 to inform decisions on land use planning in Sefton and sets out the exceptional circumstances that may justify off-site affordable housing provision and financial contributions in lieu of on-site provision. Future affordable housing contributions secured through the planning process will enable a future capital funding opportunity to support the Council Housing Programme.
- 2.9 As noted in section 4, there is a risk that grant funding is not achieved. This would leave the Council with the option of choosing not to progress with the acquisition in which case an alternative Registered Provider (housing association) would likely be sought.
- 2.10 However, given the strategic case and positive benefits that the delivery of Council housing will bring as outlined in previous reports and the approved Council Housing Business Plan, the Council could choose to bridge the funding gap with the use of capital receipts. Payback is currently generated in year 17 and cash flow positive from year 1 with surplus net rental income paid back to reinvest in the Council Housing Programme.
- 2.11 To mitigate the risk, officers have been in dialogue with Homes England from an early point and consultants will support with the development and submission of a grant funding bid.

Sensitivity Analysis

- 2.12 Sensitivity analysis has been undertaken to understand the impact that the following sensitivities will have on the financial position, particularly given the initial small number of homes proposed as the Council Housing Programme progress. The main sensitivity areas are as follows:
- Void (Empty Properties) – Given the small number of properties proposed, one empty property can have an impact on the financial position. As such, an increase in empty properties has been tested.
 - Bad Debts – A reasonable assumption has been included within the Business Case, however an increased level of bad debt has been tested given the likely pressures that communities and households are facing due to the cost of living crisis in paying households build and rent.

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- Inflation – Inflation has been assumed at 2% within the appraisal as this reflects the Government’s target to bring inflation back down to this level. Inflation has however been fluctuating over the past 12-18 months with levels of 11.1% (CPI) reached in October 2022. Whilst inflation has continued to fall, sensitivity has been tested to determine the position if inflation were to remain at 6.7% as reported in the 12 months to August 2023.

3. Update on the Operational Requirements

Housing Management Agent

- 3.1 Further to the January 2021 Cabinet resolution, a housing management agent has now been appointed. The Council has appointed a Registered Provider through competitive and fully compliant procurement process. Contracts have not yet been entered into as the Council awaits approval from the Regulator under Section 27 of the Housing Act 1985 to enter into a management agreement.
- 3.2 Work is underway to develop related operational requirements including, the development of policies relating to the management and maintenance of socially rented housing, tenancy agreements for the letting of homes and future Governance arrangements. Operational requirements will be developed prior to the onboarding of properties at Buckley Hill Lane and will be subject to a future report to Cabinet as was recommended at the May 2022 meeting.

Regulatory Requirements

- 3.3 Registered Providers of Social Housing in England are regulated by the Regulator of Social Housing (RSH) and Sefton Council are registered as a Registered Provider of Social Housing based on the intention to provide Council Housing.
- 3.4 The Social Housing (Regulation) Bill received Royal Assent on 20th July 2023 bringing forward some of the biggest reforms to social housing, and in particular the regulation of social housing in decades. Largely a result of the tragic events at Grenfell Tower which saw serious issues on the safety and quality of social housing identified as well as the way in which social housing tenants are treated by their landlords. Subsequent proposals were introduced within the 2018 social housing green paper and 2020 social housing white paper, many of which have now been brought forward with the introduction of the Act.
- 3.5 Many of the provisions are not yet in force and are subject to further regulations made by the Secretary of State, however, it is anticipated that most aspects of the Act will take effect on 1st April 2024 when the proposed new consumer standards come into place following consultation by the Regulator of Social Housing (RSH).
- 3.6 The law brings forward some ground-breaking changes, including:
- Strengthening the RSH to carry out regular inspections of the largest social housing providers and the power to issue unlimited fines to social landlords.
 - Enhancing the RSH’s role in regulating the consumer standards.

- Additional Housing Ombudsman powers to publish best practice guidance to landlords following investigations into tenant complaints.
- Powers to set strict time limits for social landlords to address hazards such as damp and mould.
- New qualification requirements for social housing managers.
- Introducing stronger economic powers to follow inappropriate money transactions outside of the sector.

3.7 New proposals for consumer regulation will see the RSH regulating in a pro-active way with greater enforcement powers for those housing providers that are not complying with the standards. As a social housing provider, the Council will need to ensure that tenants are receiving a service that meet the standards and that the Council is complying with the standards. This forms part of the housing management agent contract and the ability to hold the service provider to account. As referenced at paragraph 3.2, Governance arrangements will be developed with regulatory compliance a key feature.

4. Risk

4.1 A full risk register is included within Appendix 1 outlining a number of risks to the acquisition of Council Housing at Buckley Hill Lane. The key risks are detailed in the table below with the Right to Buy risk further expanded.

Key Risks	
Risk	Mitigation
1. Insufficient Funding – Homes England grant funding does not support the scheme.	Dialogue with Homes England in advance of grant funding bid. Appointed consultants supporting preparation and submission of bid. Robust financial viability appraisal demonstrating financial position.
2. Right to Buy – Council housing sold through Right to Buy.	Calculating discount eligibility through the Right to Buy requires calculating the cost floor and accounting for the cost of constructing, acquiring, repairing, or maintaining the property within the last 15 years meaning a Right to Buy sale is less likely within the first 15 years.
3. Economic Uncertainty – Acquisition price changes due to continued increase in construction, material, and inflation costs.	Fixed purchase price to be agreed with Sandway Homes as soon as practicably possible. Negotiation to include discussions around market uncertainty and potential inflated costs. Robust Financial Viability Appraisal undertaken to determine offer to Sandway Homes. Contingency modelled.

Right to Buy Risk

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- 4.2 Cabinet is particularly asked to note that the direct delivery model will mean that there will be a risk that properties can be bought under the Right to Buy (RTB). However, some protection against this provided by the 'Cost Floor Rule':

A special limit on the amount of discount may apply if the property is newly built or acquired, or where there have been improvements, repairs or maintenance work on the property. This is known as the 'cost floor rule'.

If a total of £5,000 or more has been spent in the 10 years (15 years for properties built or acquired by the landlord on or after 2 April 2012) before the right to buy application, the discount must not reduce the sale price below the amount that has been spent.

Ongoing repairs and maintenance work to existing properties (as opposed to work on recently acquired dwellings) can only be counted if the cost of the work exceeds £5,500.

- 4.3 The 'cost floor rule' will mitigate the risk that properties will be lost to RTB but not completely remove it. Should a property be lost to RTB the Council will automatically retain 25% of the receipt with the remaining 75% paid to central government. However, under changes introduced by government in April 2021 to the RTB pooling arrangements local authorities can apply to retain a greater proportion of receipts for reinvestment into affordable housing delivery.
- 4.4 In April 2012, the government raised the maximum cash cap on RTB discounts to £75,000 and confirmed that receipts generated by additional sales resulting from the discount increases (against a baseline of sales forecast before the increases) would be used to fund replacement stock on a one-for-one basis nationally. At the same time, the government offered to enter into an agreement with any local authorities that wished to retain their own receipts from additional RTB sales so that they could reinvest them in new affordable housing themselves.
- 4.5 To retain their "additional receipts", local authorities must enter into an agreement with the Secretary of State under section 11(6) of the Local Government Act 2003 (as substituted by section 174 of the Localism Act 2011). Under this agreement, authorities can retain receipts arising from additional RTB sales provided the authority spends a sufficient level of those receipts on replacement social housing within a 5-year period.
- 4.6 Additional restrictions apply to acquisition of properties; however, all local authorities are free to use any retained receipts to acquire up to 20 replacement properties each year.
- 4.7 It is difficult to anticipate the level of RTB interest that there will be in the new stock, however, the 'cost floor rule' is likely to be a significant disincentive to potential purchasers.

5. Conclusion

- 5.1 Following detailed financial viability appraisal and discussion and negotiation with Sandway Homes, delivery of the Council's first homes at Buckley Hill Lane can be

achieved in financial terms and will meet the Councils strategic priorities by providing new, quality, safe and secure homes to households in housing need.

- 5.2 A revised acquisition mix is presented to acquire 18 apartments. The mix of homes will meet housing need and deliver the most affordable rent offer being for social rent. Social rent-specific grant rates are now available in all parts of the country through Homes England's AHP and so the Council can now seek to achieve a higher level of grant that previously envisaged.

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Equality Impact Assessment

An Equality Impact Assessment (EIA) stems from the general duty placed on public authorities to eliminate unlawful discrimination and is required to ensure that equality is placed at the centre of policy development and review, as well as service delivery. The purpose of this EIA is to analyse the likely impact of a service, policy or proposals on different community groups, and how the needs of such groups have been taken in to account in developing those proposals.

Public Sector Equality Duty

The Equality Act 2010 requires that those subject to the Equality Duty must, in the exercise of their functions have due regard to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
3. Foster good relations between people who share a protected characteristic and those who do not.

The Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low

1. Name of Policy or Service	
Provision of Council Housing – proposal to deliver a new landlord service to tenants owned by Sefton Council	
2. Responsible Officer	
Suzanne Blundell	
3. Date EIA Completed	Review Date
03/10/2023	03/10/2024
4. Description and aims of policy / service / practice	
<p>Sefton Council transferred its housing stock to a housing association in 2006 and has not been a provider of social housing since this time. New provision of Council housing in Sefton will see the Council once again becoming a landlord of social housing and providing services to tenants in respect of housing management and maintenance.</p> <p>The Council is at the start of its journey to provide Council housing and over the coming weeks, months and years, operational practices will be introduced to enable the Council to</p>	

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deliver its landlord function and provide homes to households in housing need within Sefton. This EIA will therefore be continually reviewed throughout, and separate EIA's undertaken where appropriate and necessary for the development of new policies.

Homes will be provided through the Councils existing Choice Based Lettings Scheme known as Property Pool Plus (PPP) to households in housing need, this may include vulnerable households, households with disabilities and households with other protected characteristics under the Equality Act 2010. The PPP scheme has recently been reviewed following a period of public consultation and an independent EIA undertaken as part of the review.

Provision of new Council housing will provide an alternative social housing offer in Sefton to complement existing delivery of affordable housing by developers and Registered Providers and will support vulnerable residents in housing need by offering stable homes and tenancies.

5. Could there be any implications for a protected characteristic group (as defined by the Equality Act 2010) in this (or the development of) this policy/practice?

The protected characteristics under the Equality Act 2010 are:

Protected Characteristics	Impact	Comments
Age	+	Good quality housing is recognised as a key factor in promoting health and wellbeing and supporting independent living. Council housing will be developed to target housing need within Sefton and this includes meeting the need of older and younger people where a need is identified. Housing will be let through PPP which includes policies to support people of different age groups according to housing need.
Disability	+	Provision of Council housing will support and empower people to remain in their own homes and to live independently contributing to quality of life. New homes at the proposed Buckley Hill Lane development will deliver a proportion of accessible and adaptable housing within the social housing sector to meet identified need and reduce demand on other services.
Gender Reassignment	O	No differential impact identified
Marriage / Civil Partnership	O	No differential impact identified
Pregnancy / Maternity	O	No differential impact identified
Race	O	No differential impact identified
Religion or Belief	O	No differential impact identified
Sex / Gender	O	No differential impact identified
Sexual Orientation	O	No differential impact identified

Key	Impact
+	Positive
O	Neutral / Negligible
-	Negative
P	Potential Issue

6. What research / data / information have you used to support this process?

Research / data / information used to support the proposal to provide Council housing includes the Sefton Local Plan, Strategic Housing Market Assessment, ONS data, Census data, Property Pool Plus data and empty property data.

7. Consultation

The Council is at the start of its proposals to deliver Council housing in Sefton.

A draft of Sefton's Housing Strategy (2022-2027) was published for a wider 12-week public consultation in early May 2022 and concluded on 31st July 2022. The draft housing strategy was developed over a number of months in partnership with a range of internal and external stakeholders. The development of a robust housing strategy has followed good practice guidance, which indicated the importance of developing a 'shared' strategy, in collaboration with key Local Authority partners, and also through consultation with a wider group of stakeholders and the local community.

The stakeholder collaboration to produce the draft Housing Strategy was achieved through working with a diverse range of groups. Additionally, members of the public and Housing Association partners have been briefed on the development of the housing strategy. Importantly they also had a key input in 'shaping' the draft strategy through the initial strategy drafting phases and also throughout the public consultation process.

The Housing Strategy presents five themes. All five priority themes remain interlinked and relevant to the provision of Council housing, with the directly related theme being number five below:

1. Driving housing quality in communities and neighbourhoods
2. Meeting people's housing needs
3. Enabling people to live independently
4. Tackling barriers to obtaining suitable housing for the most vulnerable and ensuring equal access to housing services
5. Effectively utilising Council assets to support housing delivery

Extensive 12-week public consultation was also undertaken on proposed policy changes to the Council's PPP scheme, the scheme is a partnership scheme with other Local Authorities across the Liverpool City Region Combined Authority and enables the letting of social housing for rent in Sefton and the wider Liverpool City Region.

Consultation has also taken place with key partners and stakeholders including local Registered Providers and Homes England.

8. What are the potential implications or barriers?

No implications or barriers have been identified at this time.

9. Evidence of addressing barriers and meeting public duties

As Sefton Council develops its plans, policies, procedures and services relating to Council housing provision, this EIA will be reviewed and updated accordingly. Further EIA's will also be undertaken and introduced if and when required.

Monitoring of ongoing consultations will also inform the EIA assessment.

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10. Outline any changes to be made to policy/practice because of this assessment

No changes have been made at this stage. As the Council continues with its work to deliver new Council housing, a range of policies and practices will be developed. As policies and practices are developed, they will undergo Equality Impact Assessments to identify any potential impacts on each protected characteristics under the Equality Act 2010.

Sefton's current Housing Strategy is was refreshed in summer 2022, with the draft version of the document consulted on between May and July 2022. The housing strategy builds upon themes and priorities identified in previous strategic housing documents and helps address the significant and national housing challenges that Sefton's residents face. One of the key housing priorities of the 2022-2027 strategy identifies how; the Council can effectively utilise its assets to support housing delivery by: ***Progressing the acquisition of Council Housing to meet housing needs***. The housing strategy is directly related to the provision of Council housing.

11. Progress update on actions required for the named policy/practice

An EIA has been undertaken and no negative impacts have been identified. The EIA will be updated in 12-months time or sooner if found to be required.

12. Is a Full Equality Impact Assessment and Equality Action Plan required?

No. A Full Equality Impact Assessment and Equality Action Plan is not required at this time. No negative impacts have been identified. Requirement for an action plan will be reconsidered at the point of review.

Report to:	Cabinet	Date of Meeting:	2 November 2023
Subject:	Land at Lunt, Sefton		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	Manor; Park;
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No, but the information appearing in Appendix 2 of the report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

To report on the principal terms and conditions that have been agreed for the freehold disposal of approximately 193 acres (78 hectares) of land at Lunt Village, Thornton, Sefton.

Recommendation(s):

- (1) That approval be granted to dispose of approximately 193 acres (78 hectares) of land at Lunt Village, Thornton on the terms and conditions detailed within this report.
- (2) That the Chief Legal and Democratic Officer be authorised to complete the necessary legal documentation.
- (3) That approval be granted to deduct up to 4% of the eventual capital receipt to cover the professional fees and incidental costs of disposal as set out in Capital Accounting Regulations.

Reasons for the Recommendation(s):

- (i) The disposal will generate a capital receipt that can support the delivery of economic development and regeneration projects, which form part of the Growth and Strategic Investment Programme.
- (ii) Incidental costs of disposal such as Consultant's fees and valuation reports can be deducted from a capital receipt in accordance with Local Authority Capital accounting Regulations.

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- (iii) The proposed purchaser intends to enhance biodiversity of the area, contribute to increasing the ability of the area to capture carbon from new woodland planting and wetland creation and to work alongside other not-for-profit, charity and statutory landowners and occupiers, potentially through a form of joint management agreement, to develop a more extensive forest park in the area.
- (iv) It is proposed that the Council would retain an ongoing involvement in the development, delivery and future management of the more extensive forest park.

Alternative Options Considered and Rejected: (including any Risk Implications)

The Council could retain the land in its ownership and market the property to let for agricultural use, however this would not generate a capital receipt to fund the Growth and Strategic Investment Programme. The sale of the Grange land is included in Phase 1 of the Asset Maximisation proposals.

The Council could retain the land for carbon capture or open space amenity, however responsibility for managing the land would also stay with the Council. There is currently no staff or budget for the management of this land and provision would need to be considered to avoid a negative impact on existing land management budgets (regardless of which portfolio assumed responsibility).

What will it cost and how will it be financed?

(A) Revenue Costs

Each party is to bear their own legal and surveyors fees as per the provisionally agreed Heads of Terms.

(B) Capital Costs

Under Local Authority Capital Accounting Regulations' the Council is entitled to use up to 4% of a capital receipt to meet the incidental costs of a disposal. In this case the costs of the valuation report for the disposal will be deducted from the eventual receipt.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
Property and Facilities Management and Green Sefton will work alongside Legal and Democratic Services to complete the matter.
Legal Implications:
The Chief Legal and Democratic Officer will complete the necessary legal documentation for the freehold disposal accordance with Section 123 of the Local Government Act 1972 (as amended).
Equality Implications:
There are no equality implications.
Impact on Children and Young People: No

Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

The recommendation within this report will have a positive impact as the ambition of the purchaser is to enhance biodiversity of the area, contribute to increasing the ability of the area to capture carbon from new woodland planting and wetland creation as well as offering new access opportunities to people in the Borough of Sefton.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable.
Facilitate confident and resilient communities: The proposed disposal intends to offer new access opportunities to people in the borough which would improve the quality of life, neighbourhood and environment.
Commission, broker and provide core services: The sale of the land to generate a capital receipt will support a number of Council service priorities under the Growth and Strategic Investment Programme and Framework for Change.
Place – leadership and influencer: This disposal provides an opportunity for the proposed purchaser, the Council and other statutory landowners at Lunt to develop and deliver a more extensive forest park in the area.
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: The Council's disposal strategy of which this landforms part of Phase 1 is critical to facilitating the delivery of the wider Growth Programme and individual economic development projects.
Greater income for social investment: The disposal of the land at Lunt will secure a capital receipt and directly contribute to the Council's Growth Programme.
Cleaner Greener: The proposed purchaser intends to enhance biodiversity of the area and contribute to increasing the ability of the area to capture carbon from new woodland planting and wetland creation. The disposal could also facilitate the development of a more extensive forest park in the area which would deliver a significant contribution to improving the quality of life, neighbourhood, and the environment, whilst also increasing the ability to meet Net Zero targets for the area as more carbon is captured through this landscape scale approach. All of the above works toward achieving the Councils 2030 Vision and improving peoples wellbeing.

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What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7396) and the Chief Legal and Democratic Officer (LD 5595) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Partners such as MEAS and other not-for-profit, charity and statutory landowners and occupiers who would form part of a partnership to create a wider forest park have been consulted and provided advice and guidance on the proposals where applicable and appropriate.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Suzanne Rimmer
Telephone Number:	
Email Address:	suzanne.rimmer@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

Appendix 1 - Site Plan
Appendix 2 - Financial Details

Background Papers:

There are no background papers.

1. Introduction/Background

- 1.1 The Grange land at Lunt comprises approximately 193 acres of vacant farmland which is designated as Green Belt within the Council’s Local Plan.
- 1.2 The land was previously let for many years to a local farmer, however in 2020 the farmer (via his appointed agent) contacted the Council expressing a wish to retire. Negotiations were undertaken between the parties and a surrender of the agricultural tenancies completed in January 2021.
- 1.3 The surrender of the agricultural tenancies presented the Council with an asset management opportunity to generate a capital receipt. The land was marketed for sale with a view to selling the land with vacant possession further to the surrender of the agricultural tenancies, however the sale did not complete.

- 1.4 Whilst the Council could choose to retain its land holdings at Lunt and manage it, resource and financial pressures are prohibitive of this. This sale of the land would generate a capital receipt, lead to improved biodiversity, carbon capture and habitat creation, and potentially facilitate the development of a more extensive forest park in the area, delivering greater public value delivering against several aspects of the Council's 2030 Vision.

2. Purchasers Proposal

- 2.1 The Purchaser approached the Council in 2022 expressing an interest in purchasing the Council's land at Lunt with the intention to enhance biodiversity of the area, contribute to increasing the ability of the area to capture carbon from new woodland planting and wetland creation and work alongside other not-for-profit, charity and statutory landowners and occupiers to develop a more extensive forest park in the area, providing more public benefit from this land, both from a nature and public access perspective. They are also keen for the Council to retain ongoing involvement in the development of a wider forest park.
- 2.2 The Purchaser intends to develop and create an extensive new area of mixed woodland, wetland and open space, with a network of improved access routes. They see this forming part of a masterplan for a larger forest park.. They have also indicated that part of their interest in the Council-owned land is to offset some of their own Carbon footprint.
- 2.3 The project will be funded by their own resources, with match-funding from the Trees for Climate Grant, which is a DEFRA fund, administered locally by Mersey Forest. To meet the terms of the Grant, the Purchaser needs to meet several criteria: including Forestry Commission approval to plant trees, and a demonstration of their ability to deliver sufficient quantity of planting across the site, to be undertaken with the designated time frame.
- 2.4 To provide the evidence for these criteria, the Purchaser needs to complete the Woodland Creation Planning Grant (WCPG) process, which they will be working alongside Mersey Forest to deliver. Details of the WCPG process can be found here:[A Guide to Planning New Woodland in England V1.0 Nov2021.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/102117/A_Guide_to_Planning_New_Woodland_in_England_V1.0_Nov2021.pdf)
- 2.5 In order to start the Grant process the Purchaser first needs the Council's confirmation that it is willing to sell the land as per the Heads of Terms detailed in Section 3 below. The reasons for this are detailed in 2.6 and 2.7 below.
- 2.6 The Woodland Creation Planning Grant Process (WCPG) is split into two parts and the first stage has been led by Mersey Forest, who have already completed much of the initial scoping and survey works as part of the WCPG Stage 1. This initial application has been submitted to the Forestry Commission (FC) for consultation and approval, and the Purchasers are currently in the analysis/synthesis stage. The Purchasers are already aware that there are some areas – e.g. archaeology, where more detailed survey work has been requested and further surveys may be required as the plan develops.
- 2.7 One of the reasons for clarity about the land acquisition is the resource cost around the due diligence, both in terms of contractors' time and staff resource.

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The Purchaser has opted to follow the WCPG process as it automatically engages the Environmental Impact Assessment process, ensuring all the necessary criteria is met. Consultation with the local community will be a part of the process also.

- 2.8 The purchaser has also offered to support the Council to plant trees on other land in Council ownership, or on land the Council rents or buys. This would be subject to a separate partnership agreement and availability of funding (e.g. from Mersey Forest, Council funds etc.), but they have provided some relevant examples of similar work they are already doing with other Council's in the UK. In light of the Council's limited resources, and net-zero commitment, this is not an unhelpful element of the offer, and one that officers could explore further once the proposed sale is determined.

3. Heads of Terms

- 3.1 The following Terms and Conditions for the sale of land at Lunt have been provisionally agreed with the Purchaser:-

Property

193 acres (78 hectares) or thereabouts of agricultural land at Lunt Village, Thornton Merseyside, L29 7WB (shown, for identification purposes only, edged red on the plan at Appendix 1.

The Purchaser will assume all existing Statutory and other liabilities relating to repair and maintenance of the land rights of way, access roads, footpaths and gates.

Purchaser

See Point 1 in Appendix 2

Purchase Price

See Point 2 in Appendix 2.

VAT

The purchase price is exclusive of VAT.

Overage Deed

The Purchaser shall enter into an Overage Deed with the Vendor for a period of 25 years in respect of any future residential use and for non-agricultural or non-equestrian development. The overage payment shall be 50% of the uplift in value following the grant of planning permission for residential, non-agricultural or non-equestrian purposes. Amenity use of the land shall be acceptable and not trigger the payment of overage.

Rights of Way, Public Footpaths, Wayleave, Easements etc.

The Property is to be sold subject to any existing rights of way public footpaths easements and Wayleaves in force. The Vendor is aware of Wayleaves to Scottish Power for existing electricity poles and wires across part of the Property.

Stewardship Agreements

The Property is not known to be entered into any countryside stewardship scheme.

Basic Payment Scheme entitlements

Non SDA Basic Payment Scheme Entitlements are not included in the sale of the Property.

Sporting and Mineral Rights

All sporting and mineral rights associated with the Property are to be included in the sale.

Services

The Vendor is not aware of any mains services connected to the Property. There are no irrigation Licences as far as the Vendor is aware.

Carbon

There will be no reservation of carbon by the Vendor.

Non Development Transfer Back

Not applicable

Conditions

The foregoing terms are subject to:-

1. Vendor's Independent Valuation confirming the Purchase Price is best consideration as per Section 123 of the Local Government Act 1972 (as amended).
2. Vendor's formal Cabinet approval to the sale and call in period.
3. Purchaser completing the Woodland Creation Planning Grant process to meet the terms of the Trees for Climate Grant.
4. Purchaser confirming Trees for Climate Grant drawn down and in place.
5. Contract.

Timescales

- 2 November 2023 – Vendor's Cabinet meeting seeking approval to Heads of Terms for the sale of the subject Property. Subject to call in, contract and Trees for Climate grant.
- November 2023 – Vendor and Purchasers Legal Teams instructed to complete necessary legal formalities (subject to Call In period)
- November 2023 – July 2024 – Purchaser undertakes WCPG and Trees for Climate Grant application process.
- 31 July 2024 – Purchaser confirms to Vendor if all approvals needed to draw grant, including permission to plant from Forestry Commission, are in place.
- August 2024 – Purchaser draws down Trees for Climate Grant and contracts exchanged.
- 30 August 2024 – Complete contracts.

Extension of Timescales

If an extension of any of the timescales above is required, the Purchaser will notify the Vendor in writing at the earliest opportunity and the Vendor can at its sole discretion grant an extension to the timescales. Should an extension of the timescales be agreed between the parties and go beyond 1 November 2024, the

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Vendor shall commission a further valuation of the Purchase Price to ensure best consideration is still achieved.

Deposit

A deposit of 10% of the Purchase Price is payable upon exchange of contracts expected to be August 2024.

Professional Fees

Each party shall be responsible for the payment of their own professional fees incurred in the transaction.

Confidentiality

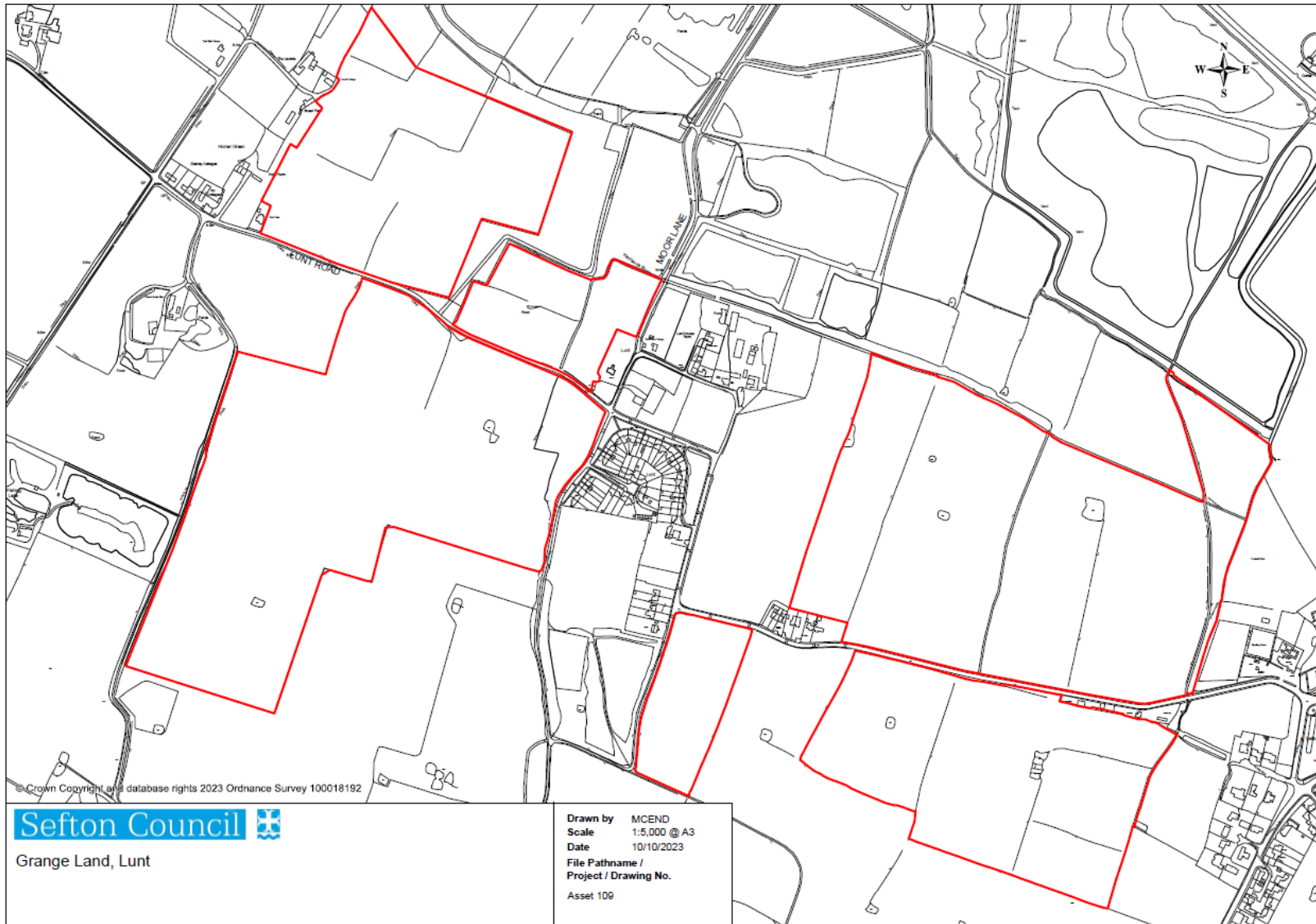
The Parties agree that the terms of this transaction shall remain confidential between the Parties, but that an agreed communications strategy will jointly allow the public announcement of the disposal in due course.

- 3.2 The Heads of Terms details additional Conditions and Timeframes to allow the Grant process to be undertaken. The Purchaser has confirmed the following in addition to these:-
- If they can work through the Grant Process more quickly they will
 - If they are unable to secure permission to undertake tree planting, and so obtain the Grant, they would withdraw.
 - If they still don't know in this timeframe and specifically by 31 July 2024, they would contact the Council to request an extension to the Timescales, but otherwise they would expect to have to withdraw.
 - If they do confirm by 31 July 2024 that all the permissions are in place, they would expect completion based on the agreed Heads of Terms and Timescales therein.

4. Best Consideration

- 4.1 The Council is under an obligation to ensure that any offers for properties represent "best consideration" in accordance with Section 123 of the Local Government Act 1972 (as amended). The land sale price agreed and detailed within Appendix 1 is subject to independent valuation to confirm it complies with such an obligation.
- 4.2 The proposed approach also takes account of the Council agreed Asset Disposal Policy which enables sales by way of private treaty or negotiated disposal where there are compelling reasons to treat with a purchaser such as the nature of the sites and the identified parties' status as a special or unique purchaser. The Council's Monitoring Officer has confirmed that this is the case in this disposal.
- 4.3 The value of the disposal means this is a decision for Cabinet in accordance with the Asset Disposal Policy agreed by Council in March 2023.
- .

Appendix 1 – Site Plan



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