

## **Audit and Governance Committee**

**23 June 2021**

**Report prepared by:** Cllr Sir Ron Watson CBE, Dukes Ward Member

**Subject Matter:** Bootle New Strand and Surrounding Area

I have previously submitted a formal application to have this matter raised under Section 82 of the Cabinet Constitution.

This request was made on a formal basis on 2 July 2020.

This formal request was rejected by the Chairman of the Cabinet and the Leader of the Council, Councillor Ian Maher.

His justification for refusal was based on the fact that he considered it to be “premature”.

Whilst I clearly did not agree with that decision on the basis that there were issues to be addressed at that time it is now clear following on from a recent press release that there have been a significant range of negotiations and decisions taken without any involvement of Elected Members as a corporate body.

The decisions that have been taken and their justification first came to the attention of Elected Members via a press release dated 14 August 2020.

At the very least Elected Members should have had a minimum of 48 hours advance notice of the information in this press release if only as a matter of courtesy with an addition on a practical level as it would have been clear that a number of them would be invited by the press and media to make comment.

The original decision by the Council to borrow some £32m to purchase The Strand was controversial at the time and subsequent events excluding the impact of Covid-19 have heightened the concerns that many Members have expressed.

At the outset the fact that no private sector company or organisation was prepared to contemplate taking on The Strand was an indication that people who are expert in this field clearly recognised that it was a loss-making development and was not viable in any normal commercial sense.

There has been further concern with the capital re-evaluation of the complex and the Council is now in a position where the public have an outstanding debt of £32m on a complex that is now considered to be worth £21.4m.

The whole scheme therefore is clearly in what is normally referred to as ‘negative equity with annual interest payments being made on the original amount borrowed that

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are far in excess of what the amount would have been if the current and more realistic valuation had applied at the time of purchase.

The claim has consistently been made that The Strand was generating an income to the Council of £1m per annum.

This figure is grossly misleading and whilst there were some financial benefits they were clearly of a temporary and one-off nature.

In addition many Elected Members from all Parties have expressed their concern that it has not been possible to ascertain what the amount was spent on and whether or not it was factored in as an ongoing sum.

There have been attempts to have any specific Council areas of service that have benefitted identified but these attempts have not been successful and Members have been left with generalised statements that the amount has been used for general commitments.

In addition the budget that has been approved for 2020/21 and approved by the Full Council clearly indicates that there is no financial contribution to be anticipated from The Strand in the current year.

A preliminary look at the situation towards the end of the last financial year clearly showed that The Strand's revenue situation was deteriorating month by month and there were also additional concerns over elements of repairs and maintenance.

Once again it is important to stress that none of these factors bear any relationship at all to any subsequent deterioration that has taken place because of Covid-19.

The press release issued by the Council with a comment by the Leader of the Council was imprecise and raises the following questions:-

1. Who agreed the purchase of the sites surrounding The Strand?
2. What purchase price has been agreed and were they independently assessed?
3. What are the annual repayment costs?
4. What is meant by the word 'meanwhile' uses of the area?
5. What are the proposals and annual revenue costs to be borne by all Sefton Council tax payers?
6. What enquiries have been made of the private sector in respect of retail development?
7. Has there been an independent review of the proposals and is there is a report available?

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8. In the event of a review not having taken place how can Elected Members come to an informed judgement about the validity of the proposals?
9. What elements of a 'consultation' process will involve spelling out to all Sefton Council tax payers the financial consequences of any proposals adopted?

Whilst Members will clearly be seeking definitive and none ambiguous answers to these questions in the intervening period I would maintain that it will be undemocratic and irresponsible to proceed any further where there are so many issues that have not been addressed and where there is a clear factual void.

I hope that Cabinet Members led by the Leader of the Council will feel that the time has come for there to be a much more open and transparent assessment of The Strand and that no further financial commitments should be entered into until such time as a detailed response to the issues raised have been addressed to the satisfaction of Elected Members who have a corporate responsibility of justifying any decisions to the council tax payer in Sefton.

There is a further element to this position in the sense that the Council whilst having received over £20m of additional funding from the national tax payer via the Government along with many other Local Authorities they will maintain that in itself the amount has not been sufficient to cover the various losses and costs that refer to Covid-19.

In order to make the best case possible it would be essential for Sefton Council to be able to demonstrate that they have acted in an inclusive manner that has in turn enabled all Elected Members to come to a factually based view on The Strand.

In the event of this criteria being met it would in itself strengthen any application for additional financial help on a national basis.

I express the hope that Cabinet Members will feel that they are in a position to consider carefully on a pragmatic and non-political basis the points made in this report and to take the appropriate action on behalf of all council tax payers in the borough.

**Councillor Sir Ron Watson CBE**