

Report to:	Cabinet	Date of Meeting:	Thursday 27 July 2023
Subject:	Disposal of Ainsdale ATC and Meadows Site, Sandbrook Road, Ainsdale		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	Ainsdale
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No, but Appendices 1 and 4 of the Report are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

This paper requests Cabinet approval to complete the asset disposal of the Meadows/Sandbrook ATC site in Ainsdale to Registered Provider, The Riverside Group. Following the disposal, the site will be redeveloped to provide affordable housing, an extra-care housing scheme, and a learning disabilities and autism short-term assessment unit (STAU), the latter to be owned by the Council.

The Meadows/Sandbrook ATC site was included in the Asset Maximisation: Phase 1 Disposals Programme presented to Cabinet on 9 January 2020. A comprehensive review of the Council's asset base is being undertaken in phases, with assets defined as either supporting operational activity, having heritage value, being required to support the growth programme or being available for disposal. The Meadows ATC site was identified as being available for disposal to a Registered Provider to deliver a sheltered housing-led scheme.

On 9 January 2020, Cabinet gave authority to officers to negotiate the disposal and heads of terms have been agreed with The Riverside Group (Riverside), which are set out in Appendix 1. Riverside will acquire the freehold title to a large proportion of the site, as shown edged red on the plan in Appendix 2, which will be redeveloped for the extra-care and housing elements of the scheme. A separate development agreement will also be entered into where Riverside will build the STAU, however this part of the site will remain in the Council's ownership. The extent of the site for the STAU is shown edged red on the plan in Appendix 3. Upon completion of the STAU, the Council will procure an operator to run and manage the new facility.

On 29th July 2021 Cabinet and subsequent Full Council in September 2021 approved the business case and capital programme to provide a Short-Term Assessment Unit

(STAU) at the Meadows site for adults who are at risk of crisis and require step up care which will prevent unnecessary hospital admissions and the use of out of area placements. This facility will also enable the Council to meet the national policy in respect of Transforming Care Programme and the intended outcomes around improving health and care services so that more people can live in the community, with the right support, and close to home whilst reducing the number of acute hospital admissions..

In 2021 Riverside submitted a planning application (ref: DC/2020/02187) for the proposed scheme and progressed intrusive site investigations to access ground stability and contamination risk. The basis of the property deal requires Riverside to progress all demolition works post sale completion. The costs associated with the demolition works and abnormal foundations, specifically ground gas preventative measures and the need for piled foundations have now been confirmed and an independent valuation has been completed to support the agreed land price, detailed in Appendix 4.

Planning consent was granted in September 2022, and subsequent work continued to finalise the design of the STAU. In March 2023 Riverside raised issues with the financial viability of the overall scheme, due to construction cost increases. The impact of these cost pressures has resulted in the capital cost of the STAU increasing by £1m over the previously reported cost to Cabinet in September 2021.

Recommendations:

That Cabinet:

- (i) Approve the sale of the Council's freehold interest in land at Sandbrook Road, Ainsdale (shown edged red on the plan within Appendix 2) to The Riverside Group on the basis of the Heads of Terms detailed within Appendix 1 of this report.
- (ii) Approve the transfer of the relevant section of the existing highway land (detailed in Section 4.2 of this report) from The Sovini Group to the Council at a nominal value, which will in turn form part of the wider land sale transfer to The Riverside Group.
- (iii) Approve a supplementary capital estimate in the Adult Social Care capital budget programme of £0.987m to deliver the STAU – this is in addition to the £2.580m that was previously approved by Council following recommendation from Cabinet in September 2021 and is funded by the Better Care Fund – Disabled Facilities Grant (DFG) . This development is within the conditions of the DFG grant that permit the Local Authority to expend a proportion of its allocation on other social care projects.
- (iv) Approves the deduction of 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.
- (v) Delegate authority to the Executive Director of Adult Social Care and Health in consultation with Cabinet Member to approve any design changes to the STAU during the delivery phase and associated cost increases as a result of varying the contract.

- (vi) Authorise the Chief Legal and Democratic Officer to complete the necessary legal formalities for the transfer of the section of highway land from The Sovini Group to the Council and in turn dispose of the land shown edged red on the plan within Appendix 2 to The Riverside Group.
- (vii) Authorise the Chief Legal and Democratic Officer to complete the necessary legal formalities in relation to the development agreement for The Riverside Group to construct the STAU, on the Council's retained land shown edged red on the plan within Appendix 3; and
- (viii) Note that The Riverside Group's contractor partner will commence site works immediately. The new Short Term Assessment Unit is anticipated to be fully operational by July 2026.
- (ix) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had given her consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred because of the need to facilitate the completion of the land sale transfer with The Riverside Group as soon as practically possible, which will allow the demolition of existing buildings to commence. The site has been a target for anti-social behaviour with youths causing damage to buildings and nuisance to local residents. It is essential that the buildings are removed as swiftly as possible to remove this public health risk.

Reasons for the Recommendations:

- (i) This property transaction ensures delivery of a new Short Term Assessment Unit and a 90 unit extra care housing scheme that will support strategic aims of Adult Social Care. This project has already been approved by Cabinet (29 July 2021).

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

- (i) Option 1 – "*Do nothing*": do not dispose of the site to Riverside. This would result in no new autism care facility on the site. The Council would continue to utilise current provision and out of borough placements which do not meet its needs and are financially unsustainable. There are also holding costs attached to the vacant assets on the site as well as ongoing anti-social behaviour which requires constant review, management and revenue expenditure.

Risk: a continuation of current out of borough placements would mean that the Council continues to incur substantial revenue costs.

- (ii) Option 2 – "*Redevelop the Meadows site for alternative use*": this may generate a higher capital receipt but leave the Council with having to use existing building-based provision – this has been explored and discounted as an option as refurbishment and redevelopment of several existing care facilities would be at a higher cost and the technology and space standards could not be integrated due to age of buildings. In addition, there would be a

need to identify alternative services/placements whilst this happened for an extended period.

Risk: higher capital cost to the Council and refurbishment of older buildings may not meet the stringent care quality standards set by wider NHS partners.

- (iii) Option 3 – “*Design and build of the STAU solely by the Council*”: would have an additional capital impact of £0.75m. By pursuing a partnership approach, the Council will be benefiting from the economies and capacity to deliver the scheme as part of the larger build contract.

Risk: higher capital costs to the Council and there would be additional resourcing requirements. A professional team would need to be procured to lead on technical design and the procurement of building contractor.

What will it cost and how will it be financed?

(A) Revenue Costs

Work streams to conclude the sale will be progressed by internal team resources. Riverside are paying the Council’s reasonable legal costs and surveyor’s fees incurred in the transaction.

(B) Capital Costs

Cabinet previously approved a supplementary capital estimate of £2.58m for inclusion in the capital programme to fund the construction of the STAU (see Cabinet paper 29 July 2021). The costs for the project have increased to £3.567m due to a combination of the construction industry not fully recovering from the impact of Covid-19, global supply chain disruption/ lack of materials from overseas, labour shortages and the costs of materials increasing on the back of higher inflation.

Adult Social Care have also incurred costs associated with the appointment of intelligent client/ QS support (Ridge and Partners LLP). This role has assisted the Council in finalising the technical design specification for the STAU and will provide ongoing support during the construction programme, by overseeing the build, authorising payments and signing off the final completed development to ensure that the building meets all requirements detailed in the development agreement.

The cost of the capital project will be fully funded by the Better Care Fund – Disabled Facilities Grant.

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 and the fees for negotiating the terms for the disposal will be deducted from the eventual receipt.

Implications of the Proposals:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Resource Implications (Financial, IT, Staffing and Assets): Property and Facilities Management to work alongside Corporate Legal Services to oversee the completion of the disposal.

Legal Implications: The Chief Legal and Democratic Officer will complete the legal documentation for the disposal in 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: Yes - the STAU is for adults only, but children in lower-income families will be positively impacted through access to new affordable family homes provided by the wider development.

Climate Emergency Implications:

The recommendations within this report will

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

The recommendations within this report will have a negative impact on the carbon footprint of the Borough. There are the direct emissions which result from redevelopment of the vacant site as well as the long-term carbon emissions from each new building / operation created.

The scheme will be designed and built out to the latest rendition of the building regulations. The extra care scheme is being designed as a full electric scheme with individual air source heat pumps and PV on the roof. There will be mechanical ventilation with heat recovery (MVHR) within all properties on the scheme to reduce the heating requirements by recycling heat. All houses will utilise air source heat pumps (ASHP) with PVs.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: The eventual property transaction supports a wider capital project being delivered by the Adult Social Care Team on transforming care that focuses on improving health and care services so that more people can live in the community, with the right support, and be close to home. During 2016 Sefton Council led on developing a new and exciting vision for the future of the borough. One pledge from the Vision was to work together to ensure housing choice across all types and tenures across the Borough which will ensure Sefton people have housing choice. The development scheme being proposed by Riverside will provide affordable homes for rent and shared ownership alongside a 90-unit Extra Care Housing Scheme.

Facilitate confident and resilient communities: The eventual property transaction will deliver a new respite care facility and the model of service supports and promotes independence, including ensuring that people who need care and support remain as part of, and can continue to access their local community.

<p>Commission, broker and provide core services: The property transaction supports new and appropriate facilities being provided in which statutory services will be delivered to vulnerable people.</p>
<p>Place – leadership and influencer: The property transaction proposed will deliver a development that meets the strategic vision for Adult Social Care and Health in relation to promoting choice and control and ensuring that there are local services available for those in need.</p>
<p>Drivers of change and reform: The Meadows site has been released for housing development and will support the need to offer more suitable accommodation options and divert away from the more costly residential and out of Borough care model.</p>
<p>Facilitate sustainable economic prosperity: Riverside’s building contractor, Vistry will seek to use local labour in their supply chain during the construction works.</p> <p>The overall £30m construction cost is estimated to deliver the following economic impacts:</p> <ul style="list-style-type: none"> • 450 direct jobs • 690 indirect jobs created in supply chain and economy. <p>Source: Lichfield - Economic Footprint of UK House Building, 2018.</p>
<p>Greater income for social investment: The disposal of the land will secure a capital receipt that will directly contribute to funding of the Council’s Growth Programme.</p>
<p>Cleaner Greener: New buildings provided as part of the scheme will utilise energy efficiency measures, including air source heat pumps, PVs, and mechanical ventilation with heat recovery.</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7293/23) and the Chief Legal and Democratic Officer (LD.5493/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

External engagement with partnership/stakeholder has been ongoing over the past year with a focus on this provision:

- The Riverside Group.
- Mersey Care in relation to the clinical support.
- Sefton Partnership.
- People who use services.
- Sandbrook Co-production group <https://www.sefton.gov.uk/social-care-and-health/adult-social-care/adults/find-support/short-term-assessment-unit-stau/>

Implementation Date for the Decision

With immediate effect. The Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) has given approval under Rule 46 of the Overview and Scrutiny Procedure Rules for the 'call-in' period to be waived in respect of the executive decision.

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Appendices :

The following appendices are attached to this report:

Appendix 1 – Heads of Terms for Freehold Disposal

Appendix 2 – Site Plan – Land to be acquired from The Sovini Group and total land to be disposed of to The Riverside Group

Appendix 3 – Site Plan – Land retained by the Council for STAU

Appendix 4 - Valuation

Background Papers:

There are no background papers available for inspection.

Disposal of Ainsdale ATC and Meadows Site, Sandbrook Road, Ainsdale

Introduction

- 1.1** On 29 July 2021, Cabinet approved a paper presented by Executive Director of Adult Social Care and Health, which set out a business case and capital investment ask to support people with complex learning disability and/or autism and mental health through. Cabinet approved the development of a new building-based service which will reduce in some instances and prevent out of area and acute admission to hospital by providing a local service to assess and plan long term solutions and allow a period of respite when mental health deteriorates.
- 1.2** In 2019 the Council received an approach from Riverside in relation to the closure of a sheltered housing scheme located in Ainsdale. They provided the Council with an alternative solution in relation to purchasing a parcel of land that is currently owned by Sefton and is “derelict.” The site known as the Meadows/Sandbrook ATC was in the Asset Maximisation: Phase 1 Disposals Programme presented to Cabinet in January 2020. Cabinet gave authority to officers to negotiate the Heads of Terms for the disposal of the site for affordable housing and STAU. Heads of terms for the sale of the Council’s freehold interest in land shown edged red in Appendix 2 have been provisionally agreed with Riverside and are detailed in Appendix 1. A comprehensive redevelopment scheme has now been approved by the Local Planning Authority.
- 1.3** Alongside the STAU, Riverside’s proposals include developing affordable homes for rent and shared ownership alongside a 90-unit Extra Care Housing Scheme (ECH). The ECH will offer more suitable housing provision to residents that may alternatively be placed in a residential home.
- 1.4** A report approved by the Public Engagement and Consultation Panel in Feb 2022 approved the inception of the Sandbrook co-production group which worked to co-produce the design of the STAU including the apartments, communal rooms, sensory room and external gardens. All details of the work undertaken are available via the dedicated website attributed to the STAU.
- 1.5** As part of the due diligence process Adult Social Care appointed Ridge and Partners LLP to act as an employer’s agent for the construction of the STAU. A list of tasks and final report in relation to the predevelopment phase have been undertaken including:
 - A red flag review of the proposal in construction terms.
 - Review of the construction specification.
 - Review of the Mechanical & Engineering specification.
 - Review of any contractual documents.
 - A quantity surveyor role to review costings.
 - Project management and overview throughout the construction phase.
- 1.6** The value for money report produced by Ridge concludes that the proposed development sum for the design, construction works and fees represents value for money. A final review of all contractual documents will be undertaken prior to signing.

- 1.7 Once the development commences on site, any minor changes to the building internal specification (e.g. as a result of new legislation) will be picked up as a variation to the contract and done under delegated authority to agree any final changes.
- 1.8 Existing Adult Social Care budgets will meet the future revenue costs associated with the care and support contract, mobilisation costs, running costs and building maintenance for the STAU.

Planning Policy Context

- 2.1 The Meadows/Sandbrook ATC site is allocated in the Local Plan and forms a significant housing development opportunity. Riverside secured planning consent in September 2022.

Land Disposal Deal

- 3.1 Cabinet is asked to approve the sale of the freehold interest in the land shown edged red in Appendix 2 to The Riverside Group. The Council will retain the freehold title to the land shown edged red on the plan in Appendix 3 which will house the STAU, which will be owned and operated by the Council. The STAU will be built out under a development agreement and then handed over to the Council upon practical completion.
- 3.2 The land price that Riverside will pay the Council for the land required to deliver the new housing and ECF is presented at Appendix 4. The valuation was undertaken by Matthews and Goodman. The basis of the land deal allowed deductions for abnormal site costs and demolition works. Riverside completed intrusive site investigations and Officers appointed external quantity surveyors, Ridge and Partners to verify these costs. The final land sale price takes account of the verified costs as accepted deductions.
- 3.3 The Council's cost consultant Ridge and Partners will continue to support the Council during the construction phase, to ensure that the project delivers value for money. Capital funding to deliver the STAU was previously approved by Cabinet in 2021. However, the costs for the project have increased to £3.567m due to a combination of the construction industry not fully recovering from the impact of Covid-19, global supply chain disruption/ lack of materials from overseas, labour shortages and the costs of materials increasing on the back of higher inflation. Upon completion of the development agreement between the Council and The Riverside Group any future cost increases during the construction programme will be met by the main works contractor.

Road Adoption Works

- 4.1 In November 2022 legal due diligence on the land sale process highlighted that there was a strip of existing highway providing access to the Riverside scheme that had not been adopted. It is essential that this road becomes adopted otherwise the future maintenance and insurance liability for the roads designated within the Meadows scheme would rest with Riverside and the Council. The small section of highway forms part of a previous housing development located to the

north of the Meadows site that was completed for The Sovini Group. The legal obligation to secure the road adoption was set out in a development agreement with Sovini's developer partner, Mulberry Homes. This agreement lapsed when the developer went into administration in advance of the Section 38 agreement being executed.

- 4.2** To resolve this issue, an agreement has been reached whereby Sovini will transfer the relevant section of the existing highway within their ownership to the Council at nominal value. This will then form part of the wider land sale transfer to The Riverside Group to enable the necessary works to be undertaken to the road to secure its adoption as part of the wider scheme. Sovini have agreed with the Council to underwrite the costs of the intrusive surveys and works required to bring the access road strip to an adoptable standard.

Best Consideration

- 5.1** 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 approach set out in the preceding sections of the report for the disposal complies with such an obligation, with the disposal facilitating a redevelopment scheme with clear social and economic benefits.
- 5.2** 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.

Timescales

- 6.1** Pending Cabinet approval to the proposed deal, timescales as follows:
- Exchange and Completion of land sale contracts by start of August 2023.
 - Start on Site – demolition and site enabling works: 7th August 2023.
 - Completion of scheme: June 2026.
 - Short Term Assessment Centre operational: July 2026.