



Policy and Resources Committee

Date: Thursday, 7 October 2021

Time: 6.00 p.m.

Venue: Floral Pavilion, New Brighton

Members of the public are encouraged to view the meeting via the webcast (see below), but for anyone who would like to attend in person, seating is limited therefore please contact us in advance of the meeting if you would like to reserve a seat. All those attending will be asked to wear a face covering (unless exempt) and are encouraged to take a Lateral Flow Test before attending. You should not attend if you have tested positive for Coronavirus or if you have any symptoms of Coronavirus.

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This meeting will be webcast at
<https://wirral.public-i.tv/core/portal/home>

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AGENDA SUPPLEMENT

SECTION C - REFERRALS FROM COMMITTEES / COUNCIL

9. REFERRALS FROM ECONOMY, REGENERATION AND DEVELOPMENT COMMITTEE

9a. PROPERTY DISPOSALS (Pages 1 – 5)

Covering report and minute extract attached.

10. REFERRAL FROM CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE - CHILDREN'S RESIDENTIAL TRANSFORMATION PROGRAMME (Pages 7 - 14)

Covering report and minute extract attached.

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POLICY AND RESOURCES COMMITTEE

Thursday 7 October 2021

REPORT TITLE:	PROPERTY DISPOSALS
REPORT OF:	DIRECTOR OF LAW AND GOVERNANCE

REPORT SUMMARY

This report seeks approval to the disposal of three of the Council's property assets.

The associated Report of the Director of Regeneration and Place is appended and the full minutes of the Economy, Regeneration and Development Committee of the 29 September have been circulated to Members of the Committee in advance of this meeting.

RECOMMENDATION/S

The Policy and Resources Committee is requested to consider the request from the Economy, Regeneration and Development Committee to approve that:

1. 27 Balls Road, Oxton be declared surplus to requirements and authority be given to the Director of Law and Governance, in consultation with the Director of Regeneration and Place, to arrange for its disposal by auction on the terms described in paragraphs 3.2 and 3.3 of the appended report to Economy Regeneration and Development Committee;
2. Plymyard Cemetery Lodge, 996 New Chester Road, Eastham, be declared surplus to requirements and authority be given to the Director of Law and Governance, in consultation with the Director of Regeneration and Place, to arrange for its disposal through a local estate agency on the terms described in paragraphs 3.4 and 3.5 of the appended report to Economy Regeneration and Development Committee;
3. In the event that a sale of Plymyard Cemetery Lodge through an estate agency is not achieved expeditiously, the Director of Law and Governance, in consultation with the Director of Regeneration and Place, be authorised to arrange for its disposal by auction on the terms described in paragraphs 3.4 and 3.5 of the appended report to Economy Regeneration and Development Committee;
4. The Director of Law and Governance, in consultation with the Director of Regeneration and Place be authorised to sell the Laser Engineering Centre to the current tenant, Quinnovations, for £340,000 (excluding VAT plus fees of £1,500).

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To meet targets for the generation of capital receipts from the sale of property assets and to dispose of surplus and non-operational assets.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other options have been considered and are included within the appended report.

3.0 BACKGROUND INFORMATION

- 3.1 Set out in the appended report is the description and background to three properties which have been identified for disposal. Each has been considered by the Capital and Assets Group with an officer recommendation that they be sold to generate capital receipts which have been factored into the Council's financial forecast.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The sales will generate capital receipts as indicated in the report. The actual sale prices in respect of 27 Balls Road and Plymyard Cemetery Lodge will only be established at the time of sale.
- 4.2 The sale of the former Laser Centre will generate a capital receipt of £340,000 (excluding VAT) plus a contribution towards the Council's costs. The receipt will be in lieu of the annual rent of £28,000
- 4.3 In accordance with the Council's Constitution any amendment to the Capital Programme requested by a Committee or officer in excess of £100,000 is reserved to Policy & Resources Committee

5.0 LEGAL IMPLICATIONS

- 5.1 In accordance with Part 3B of Constitution (Committee Terms of Reference), the Policy and Resources Committee has two main areas of responsibility, which is to provide strategic direction to the operation of the Council, including making decisions on policies and co-ordinating spend not reserved to full Council, and to maintain a strategic overview of outcomes, performance, risk management and budgets.
- 5.2 The Policy and Resources Committee is charged by full Council to provide a co-ordinating role across all other service committees and retain a 'whole-council' view of performance, budget monitoring and risk management. In particular, this includes specific responsibility for a decision on any amendment to the Capital Programme requested by a Committee or officer in excess of £100,000.
- 5.3 As part of the matter of business that was the subject of the report to Economy, Regeneration and Development Committee falls under that responsibility reserved to the Policy and Resources Committee, the Economy, Regeneration and Development Committee's resolution is presented as a recommendation.

5.4 As the decision in this matter is the subject of a recommendation from another Committee, the Policy and Resources Committee must take into account the resolution of that Committee and give due regard to the guidance and comments made by its members. The Policy and Resources Committee must not, however, consider itself bound by that Committee's recommendations or otherwise fetter its discretion; its Members must come to their own decision. In doing so, the Committee must satisfy itself that it has been provided with all relevant information or a suitable précis to enable it to comply with its duties and make a lawful decision.

5.5 Other legal considerations are as set out in the appended report(s).

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no IT or staffing implications arising from the disposal of this land.

6.2 The asset implications are the subject of this report.

7.0 RELEVANT RISKS

7.1 Failure to conclude the sales will impact on the anticipated capital receipts programme.

7.2 When selling by auction reserve sale prices will be set based on the recommendation of the auctioneer. Should bidding not meet or better the reserve, the sales will not proceed.

7.3 The Laser Engineering Centre benefitted from European Regional Development Funding in 2006 under the project heading "Engineering and Construction Centre". The total grant was £890,652 but with a maximum re-payable element in the sum of £545,652 should the terms of the grant fail to be complied with. The repayable element is also based on a diminishing scale over the 20-year life of the grant. On the face of it, the terms of the grant will still be met by the current occupier but will be subject to verification by the grant funding body. There is therefore a risk that the grant funding body may take a different view and an element of the grant will be repayable. This would, however, be the case whether or not the Council sells the freehold. If the Council sells the freehold there will at least be a capital receipt in place to cover the clawback.

8.0 ENGAGEMENT/CONSULTATION

8.1 There are no engagement or consultation implications arising from the proposals set out within this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are no implications relevant to equality arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The sale of these properties will not have any direct implications for the environment or climate.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report seeks to dispose of surplus assets which will bring them back in to us

APPENDICES

Appendix 1 Property Disposals full report

BACKGROUND PAPERS

Marketing advice from the agent and auctioneer.

Independent valuation appraisal

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

MINUTE EXTRACT

ECONOMY, REGENERATION AND DEVELOPMENT COMMITTEE 29 SEPTEMBER, 2021

33 PROPERTY DISPOSALS

David Armstrong, Assistant Chief Executive, presented this report of the Director of Regeneration and Place which sought approval to the disposal of three of the Council's property assets which were no longer required for operational needs.

Members queried some details of the proposals to ensure they were clear on the extent of the disposals.

Resolved – That,

- (1) 27 Balls Road, Oxton, be declared surplus to requirements and authority be given to the Director of Law and Governance, in consultation with the Director of Regeneration and Place, to arrange for its marketing by auction and subsequent sale on the terms described in paragraphs 3.2 and 3.3. of this report;**
- (2) Plymyard Cemetery Lodge, 996 New Chester Road, Eastham, be declared surplus to requirements and authority be given to the Director of Law and Governance, in consultation with the Director of Regeneration and Place, to arrange for its marketing through a local estate agency on the terms described in paragraphs 3.4 and 3.5. of this report;**
- (3) In the event that a sale of Plymyard Cemetery Lodge through an estate agency is not achieved expeditiously, the Director of Law and Governance, in consultation with the Director of Regeneration and Place, be authorised to arrange for its marketing by auction and subsequent sale on the terms described in paragraphs 3.4 and 3.5. of this report;**
- (4) The Director of Law and Governance, in consultation with the Director of Regeneration and Place be authorised to secure the sale of the Laser Engineering Centre to the current tenant, for £340,000 (excluding VAT) plus fees of £1,500.**

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POLICY AND RESOURCES COMMITTEE

7 October 2021

REPORT TITLE:	CHILDREN'S RESIDENTIAL TRANSFORMATION PROGRAMME
REPORT OF:	DIRECTOR OF LAW AND GOVERNANCE

REPORT SUMMARY

The report provides for consideration of the recommendations of the Children, Young People and Education Committee in respect of Children's Residential Transformation Programme. The full minute of the Children, Young People and Education Committee and associated Report of the Director of Children, Families and Education is attached.

RECOMMENDATION/S

The Children, Young People and Education Committee held on Monday, 4 October 2021 resolved to recommend that the Policy and Resources Committee:

- 1) approves the issue of a commercial loan facility to We Are Juno CIC, in terms approved by the Director of Resources, in consultation with the Director of Law and Governance, as set out in section 5 of this report, in the sum of up to £1,000,000;
- 2) authorises the Director of Resources, in consultation with the Director of Law and Governance, to:
 - (a) settle and perfect such security for the performance of the borrower's obligations under the commercial loan facility as is offered by We Are Juno CIC to the Council; and
 - (b) agree such minor variations in the terms of the commercial loan facility as are necessary to reflect any changes in circumstances arising during the term of any loan agreed, including any security pursuant to recommendation 2(a) above.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The external due diligence has now been completed: The Children, Young People and Education Committee gave an in-principle agreement for the recommended investment, subject to due diligence being carried out. An external organisation, Camdor Global, was requested to complete the due diligence work, taking into account the business case and financial plans produced by the proposed borrower, We Are Juno CIC . A report was produced, as attached at Appendix A, which provides a balanced overview of the proposals and identifies a recommended loan interest rate for Wirral Council. Appendix A to this report contains exempt information as defined in Schedule 12 A of the Local Government Act 1972. It is in the public interest to exclude the press and public during consideration of this item under paragraph 3 (information relating to the financial and/or business affairs of any particular person including the authority holding the information). Given that the due diligence work is now complete, and a full report can be presented, it is anticipated that the Committee will be in a better position to make an informed decision on whether to recommend the proposal to Policy and Resources Committee.
- 1.2 To ensure there are local homes for Wirral Children Looked After as the numbers of children in care continues to rise: Across the Liverpool City Region (LCR), the number of Children Looked After has increased by 18% since April 2016. Wirral Council has implemented a rigorous programme to reduce numbers, however, the current number of children in care is 820, is still high. With 11% fewer independent foster carers than in 2016 and with in-house foster carers reducing across the region, the number of carers is failing to grow in line with increases in Children Looked After.
- 1.3 To help address the financial pressures for Wirral Council as the costs of placements continues to increase: With demand outstripping supply, there is no incentive for providers to be competitive in their pricing resulting in costs . Indeed the increase in costs shows little sign of slowing. The current average weekly cost of a residential placement in the North West is £4,196 per week with some placements for children presenting more complex needs, costing over £6,000 per week.
- 1.4 To provide high quality provision for the borough's most vulnerable children in a market where the quality of current provision is mixed: Whilst the Council tries to ensure Wirral children are placed in provision rated good or outstanding by Ofsted, the mixed position of quality in the market means that this is not always possible. To mitigate this, the Council has put measures in place to ensure regular quality monitoring and review of premises and organisations offering placements. There remains a need to drive up quality so that children have holistic environments which not only provide basic care requirements, but also provide support for emotional wellbeing and education outcomes.

- 1.5 To create more local placements and help reduce the number of children who must be placed out of the borough: Currently residential placements for Children Looked After are commissioned via an established procurement framework - the North West Flexible Purchasing Scheme. This framework offers competitive placement rates compared with other frameworks across the country. Many local authorities seek to reduce placement costs by commissioning via the North West Flexible Purchasing Scheme thereby reducing the number of local placements available in Wirral. This results in the Council having to place children in out of borough homes away from their families and local communities. It also has a significant financial impact on the Council, given that out of borough placement unit costs are higher and require additional resources to support the child e.g. travel and time required by key workers such as social workers, Independent Reviewing Officers and support workers.
- 1.6 To increase sufficiency within the current children's care sector: The Council has an average of 8% of Children Looked After in externally commissioned residential placements. As at the end of April 2021, 61 residential placements were commissioned with 26 children (42.6%) living in-borough and 35 children placed out of borough. Of the 35 children living out of borough, 27 live more than 20 miles away from the Wirral, some as far away as Scotland, Cumbria and Durham, rupturing ties with their local community, peers, schools and, at times, family. These 'at a distance' placements hinder the Council's ability to monitor value for money, quality standards and most importantly the progress and outcomes of the young person. Whilst in some circumstances it is in the child's best interest to be out of area, for safeguarding reasons and/or matching reasons, a proportion of out of area placements relate to lack of current local options.
- 1.7 To invest in an ethical provider to provide balance to a market dominated by private providers who use growth acquisition models to increase market share and encourage resilience in the supply of placement opportunities : It is evident that private equity companies have used growth acquisition models (where private companies buy other private companies) to increase their market share in the children's care sector. This means that a large proportion of the children's residential market is owned by small number of private companies. Within the North West, five private providers provide 30% of all residential placements. This risk is that should any of these companies enter significant financial difficulty and be unable to continue to provide homes for children, there would be a significant adverse effect on Wirral's most vulnerable children and young people. 1.8 The current model of growth by acquisition may possibly come to an end or be restricted as the Competition and Markets Authority starts to investigate sales and potentially intervene: This means the next tranche of private equity owners may not be able to rely on economies of scale and efficiency savings through growth by acquisition. The unavoidable consequence of this is that future profitability of these organisations may need to be gained through higher prices and/or lower service investment.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other options have been considered as reported within the minutes of the Children, Young People and Education Committee and appended report.

3.0 BACKGROUND INFORMATION

- 3.1 In June 2021, the Children, Young People and Education Committee considered a report which requested approval for a financial investment of £1,000,000 by way of a commercial loan to support the development of up to four new children's homes in Wirral.
- 3.2 The Committee gave an in-principle agreement to the proposal subject to due diligence being carried out and requested that the Director for Children, Families and Education bring a further report back to the Committee at an appropriate date.
- 3.3 This report presents a summary of the external due diligence work carried out and outlines the proposed loan arrangements for the investment.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The report is before Policy and Resources Committee as the decision is deemed significant in terms of impact on the Council's revenue or capital.
- 4.2 Other financial implications are as set out in the appended report.

5.0 LEGAL IMPLICATIONS

- 5.1 In accordance with the Part 3B of Constitution (Committee Terms of Reference), the Policy and Resources Committee has two main areas of responsibility, which is to provide strategic direction to the operation of the Council, including making decisions on policies and co-ordinating spend not reserved to full Council, and to maintain a strategic overview of outcomes, performance, risk management and budgets.
- 5.2 the Policy & Resources Committee is charged by full Council to provide a co-ordinating role across all other service committees and retain a 'whole-council' view of performance, budget monitoring and risk management. In particular, this includes specific responsibility for a decision which is deemed significant in terms of impact on the Council's revenue or capital (Section 1.2 (b) (vi) of the Constitution).

As part of the matter of business that was the subject of the report to Children, Young People and Education Committee falls under that responsibility reserved to the Policy and Resources Committee, the Children, Young People and Education Committee's resolution is presented as a recommendation.

- 5.3 As the decision in this matter is the subject of a recommendation from another Committee, the Policy and Resources Committee must take into account the resolution of that Committee and give due regard to the guidance and

comments made by its members. The Policy and Resources Committee must not, however, consider itself bound by that Committee's recommendations or otherwise fetter its discretion; its Members must come to their own decision. In doing so, the Committee must satisfy itself that it has been provided with all relevant information or a suitable précis to enable it to comply with its duties and make a lawful decision.

5.3 Other legal considerations are as set out in the appended report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 This report is for information only and does not contain any direct resource implications.

7.0 RELEVANT RISKS

7.1 The risks were covered in the original report submitted to the Committee.

8.0 ENGAGEMENT/CONSULTATION

8.1 Engagement and Consultation were covered in the original report submitted to the Committee.

9.0 OTHER IMPLICATIONS (EQUALITY, ENVIRONMENT, CLIMATE & COMMUNITY WEALTH BUILDING)

9.1 Other implications arising from the subject matter were considered as set out in the annexed report(s) and meeting minute.

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APPENDICES

Appendix 1 – Minute Extract from Children, Young People and Education Committee
4 October 2021

BACKGROUND PAPERS

Council Constitution

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Children, Young People and Education Committee	15 June 2021
	4 October 2021

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MINUTE EXTRACT**CHILDREN, YOUNG PEOPLE AND EDUCATION COMMITTEE
4 OCTOBER, 2021****36 CHILDREN'S RESIDENTIAL TRANSFORMATION PROGRAMME**

Anne-Marie Carney, Children's Commissioning Manager introduced the report which requested approval for a financial investment of £1,000,000 by way of a commercial loan to support the development of up to four new children's homes in Wirral. Members were informed of the background to the project, alongside an update on the main developments since it was last reported to the Committee in June 2021.

The Committee discussed the report in detail and several members sought clarification on the risks associated with the loan. The Director of Children, Families and Education responded accordingly.

Resolved – That Policy and Resources Committee be recommended to:

- (1) approve the issue of a commercial loan facility to We Are Juno CIC, in terms approved by the Director of Resources, in consultation with the Director of Law and Governance, as set out in section 5 of the report, in the sum of up to £1,000,000.**
- (2) authorise the Director of Resources, in consultation with the Director of Law and Governance, to:**
 - a) settle and perfect such security for the performance of the borrower's obligations under the commercial loan facility as is offered by We Are Juno CIC to the Council; and**
 - b) agree such minor variations in the terms of the commercial loan facility as are necessary to reflect any changes in circumstances arising during the term of any loan agreed, including any security pursuant to recommendation 2(a) above.**

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