

Economic and Environmental Wellbeing Scrutiny and Policy Development
Committee

Meeting held 14 March 2018

PRESENT: Councillors Denise Fox (Chair), Ian Auckland (Deputy Chair), Mike Chaplin, Mark Jones, Abdul Khayum, Ben Miskell, Robert Murphy, Colin Ross, Jackie Satur, Ian Saunders, Martin Smith and Paul Wood

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Neale Gibson, Moya O'Rourke and Gail Smith.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 The Chair reported that Appendix A to the report of the Policy and Improvement Officer at Agenda Item 8 – 'Call-in of the Individual Cabinet Member Decision on the Disposal of Property at Mount Pleasant, Sharrow Lane' (Item 7 of these minutes) was not available to the public and press because it contained exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended, relating to the financial or business affairs of any particular person.

3. DECLARATIONS OF INTEREST

3.1 In relation to Agenda Item 8 (Call-in of the Individual Cabinet Member Decision on the Disposal of Property at Mount Pleasant, Sharrow Lane), Councillor Rob Murphy declared a personal interest as being involved in deciding how funding granted to the former Central Ward had been allocated, when he was a Member of that former Ward.

4. MINUTES OF THE PREVIOUS MEETING

4.1 The minutes of the meeting of the Committee held on 31st January 2018, were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Shamir Lim questioned whether, with the push for autonomous vehicles by Chancellor Hammond in his Autumn Budget speech, there were any policy developments for disruption to taxi drivers in Sheffield.

5.2 The Chair stated that the question would be referred to the relevant officer, with a request that they respond to Mr Lim at the earliest possible opportunity.

6. IMPLICATIONS FOR SHEFFIELD OF THE VOTE TO LEAVE THE EUROPEAN UNION (BREXIT) - UPDATE AND CURRENT POSITION

- 6.1 Chris Lowry (Policy and Improvement Officer) gave a presentation, providing an update on Brexit, together with the implications for Sheffield. Also in attendance for this item were Laurie Brennan (Policy and Improvement Manager) and Richard Wright (Executive Director) and Tom Sutton (Membership Manager), Sheffield Chamber of Commerce and Industry.
- 6.2 Chris Lowry referred to the current position with regard to the negotiations, reporting on the three parallel strands – Separate, Transition and Next Steps, the key points arising from the Prime Minister, Theresa May’s speech at Mansion House, the key events with regard to the countdown to Brexit, and reported on the implications as to what the transition period meant for the UK. Mr Lowry then referred to the likely impacts of Brexit, both nationally, and on the implications for Sheffield, referring to statistics regarding local growth, EU and non-EU exports as at 2015, together with the results of surveys of Council Leaders/Chief Executives in terms of the likely impacts on their local authority areas. He referred to the freedom of movement with regard to migration to and from the UK, both 12 months after the Brexit vote and 12 months before the Brexit vote, and concluded by referring to a number of significant issues which still needed addressing during upcoming negotiations, including trade, immigration and customs.
- 6.3 Richard Wright stated that there were still a number of questions to be resolved with regard to Brexit, but also referred specifically to the recent announcement from the USA, regarding the proposal to impose steep tariffs on imports of steel. Both of these could potentially have an adverse effect on the City’s manufacturing industry, but especially on those companies producing engineering products. Tariffs and customs restrictions reduced the competitiveness of business, and could create cash flow problems for a number of local companies. A potential way round the customs delays was a method of clearing products pre-shipment (known as AES), which needs business to get approved. This was impractical for small and medium sized businesses (SMEs), which form the majority of the City’s businesses, but the Chamber of Commerce and Industry was already taking steps to get the approval so it could do it for them, thereby facilitating as seamless a transition as possible.
- 6.4 Tom Sutton referred specifically to those problems which needed addressing on a micro level, including potential employment problems facing of labour shortages facing the NHS and some other sectors.
- 6.5 Members of the Committee raised questions, and the following responses were provided:-
- There was no current data in terms of how many families were likely to be affected by changes to immigration status, following Brexit, but this information could be found and circulated to Members.
 - Availability of information would be explored in regard to any significant impact on people’s spending habits.

- It was accepted that there could be issues, particularly regarding realistic timescales, in terms of the UK having to renegotiate trade deals/customs arrangements with the 101 countries it currently had such deals with via the EU.
- It was still not clear at this stage what the short and long-term impacts would be on the UK, following Brexit. Most of the current forecasts being reported were based on economic modelling, and it was expected that details regarding likely impacts would be confirmed as the process developed. The majority had produced negative forecasts, but there had been a few that have projected a positive economic impact.
- The UK's ability to provide an effective level of skills was key to minimising any adverse impacts on, or assisting, businesses going forward after Brexit. It had been acknowledged that there was a need to build on Sheffield's existing strengths in the supply chain, both nationally and internationally. The UK had got to find better ways of creating wealth, and distributing it evenly.
- There had been a detrimental effect on social care, and a significant reduction in the number of EU nationals working, and applying to work in, social care. This would create a very real demand pressure when local authorities were already facing significant and growing demand pressures in both adult and children's social care.
- There was a high possibility that Brexit could have an adverse effect on social cohesion.

6.6 RESOLVED: That the Committee:-

- (a) notes the information now reported as part of the presentation, and the responses to the questions raised;
- (b) requests that the information requested, relating to how many families were likely to be affected by immigration status, be forwarded to Members; and
- (c) thanks Chris Lowry, Laurie Brennan, Richard Wright and Tom Sutton for attending the meeting and responding to the questions raised.

7. CALL-IN OF THE INDIVIDUAL CABINET MEMBER DECISION ON THE DISPOSAL OF PROPERTY AT MOUNT PLEASANT, SHARROW LANE

7.1 The Committee considered the following decision of the Cabinet Member for Finance, made on 22nd February 2018:-

That the Chief Property Officer and the Director of Legal and Governance be authorised to negotiate final sale terms and enter into all necessary legal documentation to facilitate the disposal of Mount Pleasant and Hub buildings on Sharrow Lane to Hermes Care.

7.2 Signatories

The lead signatory to the call-in was Councillor Jim Steinke, and the other signatories were Councillors Alison Teal, Mike Chaplin, Mohammad Maroof and Mark Jones.

7.3 Reasons for the Call-in

The signatories confirmed that they wanted confirmation that the decision had been based on accurate costings and the appropriate process had been adhered to.

7.4 Attendees

- Councillor Olivia Blake (Cabinet Member for Finance)
- Tammy Whitaker (Head of Property Services)
- David White (Senior Surveyor)

7.5 Questions Submitted by Members of the Public

7.5.1 Brian Holmshaw

Brian Holmshaw submitted the following questions:-

- (a) In the report (Background 1.4) it says that the previous developers - Seven Hills - went into receivership. My information from 2015 was that Seven Hills pulled out as they decided their scheme to restore Mount Pleasant and build a new care home on the former garden was un-affordable. Is this true?
- (b) What is the previous developer's relationship to the chosen applicant? There appear to be illustrative drawings used in media articles and the ownership of dementia care homes in common.
- (c) In the report (Background 1.7) it says that 'Deliverability, funding and finance are key to finding a solution for the building.' Given that Hermes Care are a private company and unable to bid for Heritage Lottery Fund, Architectural Heritage Fund, Historic England or other public funds, how can they raise the capital investment to restore the buildings and 'secure the long-term future of these nationally important Grade II * Listed Buildings.?'
- (d) Did any of the relevant Cabinet Members making this decision read the bids before the decision was made?
- (e) What is the City Council Surveyor's estimate of restoration costs for Mount Pleasant House and how are these figures broken down? Can these be made available to the Scrutiny Committee and public?
- (f) What is the City Council Surveyor's estimate of restoration costs for the stable blocks at Mount Pleasant House and how are these figures broken

down? Can these be made available to the Scrutiny Committee and public?

- (g) Was a Sheffield City Council Conservation Department assessment of the building's condition prepared and can it be made available to the Scrutiny Committee and public on the day?
- (h) National planning policy does not normally permit development which would adversely affect the setting of a listed building. Given that Hermes Care cannot draw on heritage funding for their restoration and 'a further optional phase includes a sensitive new build of additional flats' (Report 2.4), what assurances have Hermes Care provided that they will not build upon the former gardens of Mount Pleasant House to fund their restoration?
- (i) What evidence of community consultation or supporting statements have Hermes Care provided in their submission?
- (j) Have they had discussions with Sharrow Community Forum, with Sharrow School, with ShipShape, or with residents locally?
- (k) Heart of Sharrow have provided a best practice example of community engagement in respect of their bid. Why was this not taken into account in assessing the relative merits of each bid?
- (l) The Equality Impact Assessment provides a partial understanding of the impact locally of the chosen scheme. Were the health, wellness, community cohesion, local economic impact, skills and affordable housing implications of all the bidders fully assessed and taken into account before Hermes Care was chosen?

7.5.2 Nigel Slack

Nigel Slack submitted the following questions:-

- (a) Can we have a copy of the Equality Impact Assessment (EIA 179) mentioned on Form 2 of the Lead Officer's Report? Will the Scrutiny Committee see this report as part of this call-in process and who read this report prior to the decision being made?
- (b) The agenda records that Appendix A is restricted for the usual Paragraph 3 reasons. Will the information in Appendix A that is not exempt, due to the Companies Act 1985, i.e. the delayed company accounts of Hermes, be placed into the public realm before this scrutiny draws its conclusions? Historic accounts for the Company suggest a compromised financial position and the public interest in disclosing the strength or weakness of their finances is key to confidence in this decision and this scrutiny process.
- (c) Form 2 also suggests that the full report is not for publication; "The report is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)." If errors can be made at this basic level of the report, how will scrutiny assure

themselves that no other basic errors have been made in the substance of this report, without a broader remit than looking at the process of the decision?

- (d) Paragraph 1.4 of the Lead Officer's Report states that the original developer went into receivership and this was what prompted Sheffield City Council to remarket the property. It is true that 'Sevenhills Estates Ltd' went into receivership, the same people had already set up a company called 'Sevenhills (Mount Pleasant) Ltd'. This would seem to indicate an intention to continue the business under a different name directly associated with the site. As it happens, the original company came out of administration in 2017, after which 'Sevenhills (Mount Pleasant) Ltd' was dissolved.

Was Sheffield City Council aware of this at the time? Why was that information left out of this report? Are any of the individuals or companies associated with this original deal involved in the current Hermes bid?

Will Scrutiny also examine the Sheffield City Council internal investigation around the circumstances of the original marketing and disposal process and that investigation's role in the decision to market the property afresh?

What other parties were interested in the site at this stage?

- (e) In paragraph 1.7 of the report it states a "clear, open and transparent process" was undertaken. This was not our experience as bidders, nor apparently the experience of Cabinet Members. What evidence will scrutiny consider to assure themselves of this process?
- (f) Paragraph 3.3 of the report states the proposal will meet current adult social care needs in the area. Yet the Council report on care home fees in 2017 suggests that whilst it is important to retain the current level of support in the market, Council policy is currently aimed at a reduction in demand with interventions to keep people at home. How are these contrary statements reconciled?
- (g) Paragraph 5.3 of the report states that Hermes will be obliged to carry out their scheme of substantial refurbishment to a point of practical completion whereas, in para 2.2, the report suggests a scheme of repair, not refurbishment. Will scrutiny ensure clarity on these points?

Also with respect to paragraph 5.3, should Hermes fail to deliver the scheme after the property is transferred, what recourse will SCC have to prevent the property falling onto the open market? How does this compare with the Heart of Sharrow bid in protecting these nationally important Grade II * Listed Buildings for the City and the public?

- (h) Paragraph 7.1 of the report states that Hermes Care offers the best consideration for the Council, does consideration mean money? Where is Social Value consideration in this?

With the concerns over the care home market and business model as recently expressed by several national media outlets and, indeed, Councillor Olivia Blake in the Sheffield Star on the 13th March, where she explained Council policy is to enable people to access support in their homes, how will the Committee assure themselves that the report's statement that this proposal is financially viable is carefully scrutinised?

- (i) Paragraph 7.4 states the company will not be relying on bank or development finance for the refurbishment work. How will scrutiny assure themselves that a company who, according to its last submitted financial returns were in a compromised financial position, have found this investment fund? Is this fund the Company's, or one or more partner organisations, and is it clear on what basis any external investor will receive a return?

Despite the comment in paragraph 7.4 of there being no revenue implications, any residents will create a cost for Sheffield City Council if only at the low agreed rates. How does this compare to the revenue positive proposals from Heart of Sharrow? How was this considered in scoring the proposals?

7.5.3 Pennie Raven

Pennie Raven submitted the following questions:-

Scrutiny Report

- (a) We were promised a properly scored and evaluated consideration of all schemes, including criteria for best Social Value. What Social Value Criteria was evaluated, and was the evaluation made on all bids?
- (b) 1. Scrutiny will be ensuring the appropriate process has been followed and adhered to - what is the appropriate and formal process, and how has it been determined as relevant?
- (c) 1.4 As part of our agreement regarding the remarketing of Mount Pleasant, we were assured that the disposal decision would be made at a full Cabinet due to the importance of the asset from a heritage perspective, and its impact on the local community. Why did this change, leaving Councillor Olivia Blake as the sole Cabinet decision maker?
- (d) 2.2 states that if the decision is referred, it will go to Councillor Julie Dore as Leader of the Council. Can Scrutiny confirm that it will be Julie, that it should be a different person to the Deputy Leader responsible for reconsidering the Deputy Leader's decision? And that the decision will be reconsidered in a full Cabinet meeting, with an opportunity for all bidders to ensure their scheme is merited with the full consideration they, the people of Sharrow and the heritage asset, deserve?

Lead Officer Report

- (e) There is no indication in this table of any consultation with Heritage Experts - was any such consultation undertaken? If so, who with, can you confirm each proposal was considered, and what were the findings for each proposal?
- (f) 1.6 Will scrutiny assure themselves that the requirement for the proposal to conserve etc, are properly evidence-based as per the sales particulars; have they seen the sales particulars and will they compare all bids to see if they meet the requirements of the sales particulars?
- (g) 1.7 The clear, open and transparent process required to be undertaken has not been available to bidders, Council or Cabinet. Who is responsible for supplying the policy and process requirements, and why have they not been available?. Will scrutiny be asking to see evidence of the process? And will they inquire why, despite several requests before, during and after the bidding process, it has not been available?
- (h) 2.2 If the only internal alterations relate to the subdivision of rooms, what is the impact and how will all the internal lists features be restored? Also, how can these alterations be achieved without first the required decontamination of the site of asbestos?
- (i) 2.3 The proposal plans to restore the gardens - what historical evidence are these based on? The formal gardens comprised the whole of the site. Which parts will they be restoring and how will they remain in the public domain?
- (j) 2.4 Where is the evidence of a sensitive new build of additional flats, and how many are proposed? How much of these will be affordable housing? Of those, how many will be 3 and 4 bedroom affordable houses, very much needed for local families? Will there be requirements to not allow buy to rent and HMOs?
- (k) 2.6 What steps have been taken and what expected timescales are expected for the relocation of Ship Shape that will enable them to continue and grow their services?
- (l) 3.1 How does specialist nursing and respite facilities preserve or enhance the character of this building?
- (m) 3.3 states that the Hermes proposal addresses adult social care current needs of the area. However, the Council report on care home fees suggests that whilst it is important to retain the current level of support in the market, Council policy is currently aimed at a reduction in demand with interventions to keep people at home. How are these contrary statements reconciled?
- (n) 4.1 Why has the Council's Heritage Champion been excluded from consultation or any external heritage experts?
- (o) 5.1 Why does this report suggest that the impact of moving Ship Shape

Services for more than 2300 vulnerable clients is not significant. Has any assessment of the significant positive impact of the Avenues to Zero scheme been made, and if so, what was assessed and what were the findings?

- (p) 5.1 We understand the positive impact on financial inclusion of 10 affordable housing units as per Hermes proposal; how does that compare to Avenues to Zero affordable housing for 150 people in 50+ units?
- (q) 5.3 Should Hermes fail to deliver the scheme after the property is transferred - what recourse will SCC have to prevent the property falling onto the open market?
- (r) 5.3 Avenues to Zero made a competitive bid offer of £500,000. 5.3 states that Hermes Care lodged the highest offer? Can you confirm that the Hermes offer is more than £550,000 and that the ongoing revenue is significantly higher than Avenues to Zero? Has the relocation and increased costs to delivering Ship Shape Services to the community been factored into this?
- (s) 6.0 Where is the Heart of Sharrow - Avenues to Zero bid in this section. It is misleadingly suggesting our scheme was evaluated as the existing guardian scheme provided by a company called ADHOC. Can Scrutiny please ask what specific consideration was given to the Heart of Sharrow - Avenues to Zero scheme?
- (t) 6.2 Suggests that the Avenues to Zero proposal should be in the comment See Above. See Above where? The wording in 6.2 would seem to link Avenues to Zero to the current guardian scheme run by adhoc. Can the Scrutiny Committee confirm that it was made clear to decision-makers that these two 'schemes' are in no way related, that the Avenues to Zero scheme was actually shortlisted, and that all public documents will be updated to ensure there can be no misunderstanding?
- (u) 7.1 states that Hermes Care offers the best consideration for the Council - what are the considerations? Will Scrutiny please advise if they believe that social consideration is an important and relevant consideration to this scheme?
- (v) 7.1 With the concerns over the care home market and business model as recently expressed by Councillor Olivia Blake in the Sheffield Star on 13th March and Council policy to enable people to access support in their homes will Committee assure themselves that the report's assertion that Hermes proposal is financially viable is carefully scrutinised.

7.5.4 Jonny Douglas

- (a) When can Avenues to Zero have the documents and all communications of how our bid has represented to Cabinet / decision makers and officer colleagues?

Scrutiny Report

- (b) Will Scrutiny be seeing all the confidential information about the bids? What is Appendix A and what type of information is contained in it? Specifically, does Appendix A contain a weighted and scored assessment of the two shortlisted bids, comparing the Hermes and Avenues to Zero schemes?
- (c) With regard to 'Background papers', have the Scrutiny Committee Members seen the full 126 page document submitted by Avenues to Zero on Friday 17th July 2017? Were they also made aware that full copies of the AtoZ bid were printed and hand delivered to the Town Hall (by prior arrangement with a Cabinet Member) to be distributed to Cabinet decision makers and the three Ward Councillors, but did not make it to their agreed recipients? Can Scrutiny confirm where each of these commercially sensitive and confidential documents ended up?

ICM Report

- (d) Can Scrutiny confirm why in 1.2 the report states that "*The House, stables and Hub Buildings have been largely vacant since 2009*", when in fact the stables have been in continual use, firstly by FURD from 1995 to 2012 and from 2012 by ShipShape Health and Wellbeing Services; and that the HUBS Building was still being used as a community centre up until 2013/14?
- (e) Can Scrutiny confirm what the definition of 'Soft Marketing, is in 1.3 please? Can they also clarify why in this section it states "*A formal offer and terms for disposal were finally agreed in December 2014*", when (on record) in a previous investigation about the circumstances of this property's disposal it clearly states that negotiations were still taking place in September 2015 and a deal had yet to be signed?
- (f) Are the Scrutiny Committee aware of the investigation which took place about the previous marketing and attempted disposal of the property/site?
- (g) We know that the AtoZ scheme is fully funded for all its phases - does 1.5 suggest that the Hermes project will require additional financing?
- (h) Can Scrutiny confirm who the two parties who made previous challenges to the remarketing of the building were in 1.8 please? In doing so, can they also confirm that these 'two parties' were not Jonny Douglas and Pennie Raven? Will Scrutiny see evidence of the thorough assessment of the bids, including assessment of the social benefits?
- (i) Are all 6 elements in question 1.9 equally weighted and will Scrutiny seek to compare each bid's assessment? On the basis that the scoring for each of the two shortlisted bids is not commercially sensitive to either Hermes Care Ltd or Avenues to Zero CIC, when will it be made available? Under which of the six criteria have the social benefits to the community been evaluated?

- (j) Can Scrutiny confirm that the two shortlisted proposals are Hermes Care and Avenues to Zero, as this is not clear in 1.10? Can they confirm that the summary in Annex A are for these two Companies' bids? Can they also confirm which individuals/parties have seen the full bid documents?
- (k) In 2.2 it states "*Detailed designs are yet to be determined but the principles have been discussed with SCC Planning and Conservation Team and are felt to be consistent with the buildings listed status.*" Can Scrutiny confirm if the conversation discussing these details was between the decision makers and Planning/Conservation OR between Hermes and Planning/Conservation, as AtoZ was not invited to have these discussions?
- (l) Can Scrutiny clarify whether the term 'conversion' for Phase 2 in 2.4 involve keeping the existing Old School or, as it is not listed, clearing that section of the site for newly built housing?
- (m) Is Scrutiny satisfied that the statement in 3.2 is true if, in 2.4, it clearly states a new build of additional flats? If Avenues to Zero submitted their proposal with the new build parts of the scheme as "further optional phases", would the bid have been considered differently?
- (n) Can Scrutiny confirm which units mentioned in 3.3 are the affordable rentals... is this Phase 2 or Phase 3 or both?
- (o) 5.3 states that Hermes will be obliged to carry out their scheme of substantial refurbishment to a point of practical completion, whereas in 2.2 the report suggests a scheme of repair, not refurbishment. Will scrutiny ensure clarity on these points?
- (p) 5.3 also states "*The property has been exposed to the open market and Hermes Care has lodged the highest offer.*" Can Scrutiny confirm what the definition of 'highest offer' is in this instance?
- (q) Will Scrutiny seek to satisfy themselves that the "*thorough assessment process*" claimed in 7.1 has taken place, after the fact that a number of significant issues around the misinterpretation of figures, usage and models has come to light. Are they also satisfied that "*the opportunity to present their proposals in detail*" when, other than the interview, no real dialogue has taken place with officers about the AtoZ bid and they have had significant and ongoing issues with communication and responses from officers for four years?
- (r) 7.2 states Hermes want to work with SCC to deliver the greatest benefit for SCC. Will Scrutiny satisfy itself that the greatest benefit for SCC is also the greatest benefit to the neighbourhoods and Sharrow community? Can Scrutiny also clarify how 7.2 relates to the statements in 3.2 and 3.3?
- (s) In 7.4, can Scrutiny clarify how, when according to their last submitted financial returns, the recommended Company have bank loans and overdrafts of £5.4 million, which they have secured by a charge on the

company's freehold property and a fixed and floating charge over the Company's other assets, and they have net current liabilities which means they have limited cashflow resources, without resorting to further borrowings, to fund a significant investment like the one they propose? And on the basis that the Company have stated they are not relying on bank or development finance for the refurbishment work, how are they funding their proposed scheme? Can Scrutiny also clarify if this 'fund' is the Company's or a partner organisation; and on what basis any external investor receives a return?

(t) Issue History - Work Programme

- 19/01/2018 - Full Cabinet // Decision date 14th Feb
- 26/01/2018 - Full Cabinet // Decision date 14th Feb
- 01/02/2018 - Cabinet Member for Finance // Decision date not before 12th Feb
- 08/02/2018 - Cabinet Member for Finance // Decision date not before 22nd Feb
- 15/02/2018 - Cabinet Member for Finance // Decision date not before 22nd Feb
- 22/02/2018 - Agenda item scheduled, Cabinet
- 22/02/2018 - Cabinet Member for Finance // Decision date not before 22nd Feb
- 23/02/2018 - Cabinet Member for Finance // Decision date not before 22nd Feb
- 01/03/2018 - Cabinet Member for Finance // Decision date not before 22nd Feb

Can Scrutiny please clarify the reasons for the change in the decision for disposal from Full Cabinet to the Cabinet Member for Finance at the beginning of February, and the postponement for the decision date?

Individual Cabinet Member Decision Record

- (u) Item 2 (Decision Taken) - Can the Scrutiny Committee confirm that the "final sale terms" are for a 250 year lease, not an outright sale? Can they also confirm that, in disposing of the site, Hermes Care will be the sole leaseholder for the 250 year term?
- (v) Item 3 - What is the definition of "*wider community benefits*" and how have these been properly assessed, measured and compared? On the basis that other documents state that there are currently no detailed proposals for the scheme, how will detailed planning proposals with all the necessary considerations for such an important heritage asset be submitted quickly? *NB. Section 2.2 Lead Officer Report* - What are the timescales for these?
- (w) Item 4 - Why is the detailed, fully financed Avenues to Zero 'Heart of Sharrow' shortlisted offer not listed as a considered alternative, as only two offers were taken to interview?

- 7.6 In the light of the number, and complexity of, questions submitted by members of the public, the Chair had agreed to allow them to ask a selected number of questions only at the meeting, and which had been responded to, where possible, by Tammy Whitaker and Councillor Olivia Blake. She added that written responses would be provided to all the questions submitted at the meeting, at the earliest possible opportunity.
- 7.7 Councillor Jim Steinke, as Lead Signatory to the call-in, stressed that he did not favour either of the two bids taken forward to interview, stating that he believed both schemes would benefit the local community, but was keen that due process had been followed, as part of the procurement process, including the decision being made based on correct costings. Councillor Steinke added that he considered it was important that the site was still accessible for use by the local community, and stated that there was a need to ensure that the public had confidence in the decision made.
- 7.8 Councillor Mohammad Maroof, as a signatory to the call-in, stated that he endorsed Councillor Steinke's comments, indicating that he had received a number of concerns from local residents with regard to the future use of the site, and also wanted to make sure that the procurement process had been followed correctly, to the satisfaction of both the bidders and the local community.
- 7.9 Tammy Whitaker introduced the report, referring specifically to the disposal process and the information and advice provided to Councillor Olivia Blake prior to the decision being made on 22nd February 2018. Councillor Olivia Blake stated that she had been provided with all relevant information to enable her to make an informed decision.
- 7.10 Members of the Committee raised questions, and the following responses were provided:-
- Stringent due diligence checks had been undertaken in respect of all five applicants. The application by Hermes was based partly on respite and rehabilitation and colleagues in Adult Social Care had confirmed that there was a need for these facilities in this area.
 - The Authority followed the disposal process as set out in the Disposal Framework, which indicated that there was no legal requirement to take the local community's view into consideration.
 - The Authority recognised the importance and relevance of the Grade II* listed status of Mount Pleasant, and this had been considered in the disposal process and assessment of the offers. However, the listed status of the building does not require the Council to consult with the local community as regards the proposals. In assessing the two shortlisted bids though, consideration had been given to the wider benefits that would be delivered.
 - Only the two shortlisted bids were scrutinised in detail at the Panel meeting, and it was considered that, given all the information provided, including

financial details and due diligence, together with the information provided through the tender and interview process, it had been deemed that full consideration had been given to the two shortlisted bids. As part of the Individual Cabinet Member decision-making process, Councillor Blake had discussed the two bids with Councillor Mazher Iqbal (Cabinet Member for Business and Investment) and Councillor Ben Curran (Cabinet Member for Planning and Development).

- The scheme proposed by Sevenhills comprised residential apartments targeted at retirement age.
- It was envisaged that it would take approximately 12 to 18 months for Hermes to obtain necessary consents in order to implement their scheme, including planning permission and listed building consent. In working up the scheme, Hermes would need to commission a range of specialist surveys to inform their design and works. The Authority would ensure that all necessary works had been undertaken as part of this process, and that a scheme of substantial repair was undertaken prior to handing over the lease for the building.
- It was not possible to provide any details, including costs, regarding the affordable housing element of any of the bids in a public meeting.
- Whilst it was not possible to provide any information in terms of Hermes' business operation, including details of its Care Quality Commission status, in a public meeting, detailed discussions had been held with Adult Social Care regarding the proposals and Hermes as a care home operator.
- The Authority was currently in discussion with Shipshape, a local community group currently occupying the stable block on a temporary basis, and working with them to find a permanent home. The services provided by the group were considered important to the local community.
- The decision to dispose of Mount Pleasant and hub buildings to Hermes Care had been determined based on a range of criteria, including the impact of the scheme on the listed building and planning considerations, wider benefits to the Council, finance funding and due diligence, deliverability and track record, income and cash benefits.
- The decision to opt for Hermes Care, as part of the procurement process, had not been made based on a scoring and ratings system, but by weighing up all the pros and cons of each element of the two shortlisted bids.
- The role of the City's Heritage Champion was set out by Historic England, and primarily concerned promotion of the historic environment rather than the assessment of specific schemes. Input from the Heritage Champion had not been considered necessary as part of the assessment of the two shortlisted bids.
- It was believed that, as stated in the report, the Council had secured best

consideration in disposing of the land and buildings, and that a clear, open and transparent process had been undertaken in assessing bids from interested parties. As part of this process, the assessment criteria had been made available to all interested parties, and the two shortlisted parties had been informed of what questions would be asked as part of the interviews. In addition, all the relevant information had been made available to relevant Cabinet Members, as part of briefing meetings.

- The Council was very assured that the correct decision had been made in terms of the successful scheme.
- Serious consideration had been given to the community elements of the bid from Avenues to Zero. Whilst acknowledging and appreciating the high level of community interest with regard to this site, it had been decided that the decision could be made by the relevant Individual Cabinet Member, and not the Cabinet.
- It had been accepted that there were currently serious issues with regard to the delayed transfer of care, both on a local and national level, resulting in an urgent need for more settings where people could move from hospital into residential care. The need for an increase in such settings had been confirmed by Adult Social Care.
- Whilst the Council had given consideration to drawing up a scheme regarding the future use of Mount Pleasant to put out to market, after careful deliberation, it had been decided that, given the time this would take, as well as the associated costs, this option would not be pursued.
- In terms of timescales, it was envisaged that the process with regard to obtaining Listed Building Consent would take approximately 12-18 months, and that the developers would be onsite as soon after such consent had been secured.
- As part of the successful bid by Hermes Care, there were plans to restore and make available the green space to the public.

7.11 RESOLVED: That the public and press be excluded from the meeting before discussion takes place on Appendix 'A' to the report on the grounds that, if the public and press were present during the transaction of such business, there would be a disclosure to them of exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

7.12 Officers in attendance responded to a number of questions raised by Members of the Committee on the contents of Appendix 'A' to the report now submitted.

7.13 At this stage in the proceedings, the meeting was re-opened to the public and press and attendees.

7.14 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, together with the comments now made and the responses to the questions raised; and
- (b) agrees to take no action in relation to the called-in decision, but requests that the Cabinet Member for Finance and the Chair of the Scrutiny Committee meet with representatives of Avenues to Zero, at the earliest possible opportunity, to explain to them, more fully, information underlying the Individual Cabinet Member Decision; and
- (c) whilst acknowledging that officers provided verbal responses to a select number of questions raised by members of the public, given the number, and detailed nature of, some of the questions, requests that written responses be provided to all questions raised.

The votes on the above resolution were ordered to be recorded, and were as follows:-

- For the resolution (11) - Councillors Ian Auckland, Mike Chaplin, Denise Fox, Mark Jones, Abdul Khayum, Ben Miskell, Colin Ross, Jackie Satur, Ian Saunders, Martin Smith and Paul Wood
- Abstained (1) - Councillor Robert Murphy

8. ANNUAL REPORT 2017/18 AND DRAFT CONTENT AND WORK PROGRAMME 2018/19

- 8.1 The Committee received and endorsed the contents of a report of the Policy and Improvement Officer, providing a summary of its activities during the Municipal Year 2017/18, for inclusion in the Scrutiny Annual Report 2017/18, together with a list of topics which it had been recommended to carry forward for consideration as part of its Work Programme 2018/19.

9. DATE OF NEXT MEETING

- 9.1 It was noted that the next meeting of the Committee would be held on a date and time to be arranged.