

Part A For General Release

REPORT TO:	CABINET MEMBER FOR FINANCE AND TREASURY 14 July 2014
AGENDA ITEM:	<i>[to be completed by Democratic Services]</i>
SUBJECT:	Acquisition of a 125 year lease for the community centre at the CCURV development at Lion Green Road
LEAD OFFICER:	Richard Simpson, Director of Finance and Assets
CABINET MEMBER:	Cllr Simon Hall, Cabinet member for Finance and Treasury
WARDS:	Coulsdon West
CORPORATE PRIORITY/POLICY CONTEXT: Protect Residents Priorities - To develop Croydon's Adult Learning And Training (CALAT) services and learning provision to respond to learner needs and funding requirements as set out in the Corporate Plan	

FINANCIAL IMPACT The agreement requires the Council to enter into a 125 year lease on terms outlined in the Part B report for the community centre at the former Lion Green Road Car Park.
FORWARD PLAN KEY DECISION REFERENCE NO.:

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

That the Cabinet Member for Finance and Treasury agree:

- 1.1 That the Council enter into a 125 year lease on the terms detailed in the associated Part B report, to acquire the premises at the former Lion Green Road Car Park site.
- 1.2 That the Executive Director of Development and Environment, in consultation with the Cabinet Member for Finance and Treasury be given delegated authority to negotiate and approve the final lease premium figure up to a variance of 10% or less of that detailed in the associated Part B report.
- 1.3 That the Executive Director of Development and Environment in consultation with the Council Solicitor, be given executive delegated authority to undertake relevant steps and conclude the final terms of the lease and any related documentation or agreements between the Council and CCURV/ Investor.
- 1.4 Note that the Leader will be requested to delegate authority to determine the involvement of CALAT in the scheme, following consultation with staff and stakeholders, to the Cabinet member for Children, Families and Learning, in consultation with the Cabinet member for Finance and Treasury.

2 EXECUTIVE SUMMARY

- 2.1 As part of the Croydon Council Urban Regeneration Vehicle ('CCURV') development at Lion Green Road Car Park, Coulsdon, the Council has the opportunity to acquire a lease of premises within the new development for use as a community space. The premises will provide 9,500 square feet of space over two floors with associated parking.
- 2.2 This report recommends that the Council enter into a 125 year lease for the agreed price (subject to the delegation in 1.2) set out in the financial section of this report. This would then create an opportunity to consider its use to accommodate the services currently offered at the Croydon Adult Learners and Training ('CALAT') centre in Malcolm Road, Coulsdon subject to consultation with the service.
- 2.2 The premises could provide modern, fit-for-purpose space for CALAT to enable it deliver the wide range of learning opportunities currently available at the Malcolm Road centre. A key priority will be to provide suitable facilities to deliver its programme of learning for Adults with Learning Disabilities and Difficulties (ALDD). In addition to which there will be purpose built facilities for the range of practical and physical skills based learning currently available
- 2.3 The agreed price includes a budget to fit-out the premises to Category B (does not include soft furnishings, IT equipment AV equipment etc.). An additional budget over the agreed price would be needed to cover any costs for relocating CALAT/ purchase the furniture and kit from the existing site to provide the full set of services that are operated from there. The acquisition and transfer of premises will be funded via the proceeds of the redevelopment of Lion Green Road.
- 2.4 Full consultation with CALAT users is yet to be undertaken but, subject to acquisition of the lease, is proposed to take place during the construction of the development starting in January 2015. As detailed in the report, if it were

decided that CALAT would not move to the new premises there is the potential to secure a rental for alternative community use.

3 BACKGROUND

- 3.1 The Council have previously resolved to grant conditional planning permission subject to referral to the Mayor of London for Lion Green Road. The scheme is currently being reviewed by the Secretary of State in relation to the Environmental Impact Assessment regulation 2011. Upon consent CCURV shall re-develop the Council owned car park at Lion Green Road to provide 50,000 square feet of space for a food store and 9,500 square feet of community space (the 'Community Centre').
- 3.2 The community space is integrated in a single building with the new supermarket, enjoying visibility and access at ground level from SAM Street (see Appendix 1). It is split over two floors connected via stairs and a lift. The community space, although connected, is separate and independent to the main Waitrose food store. To the front of the community space are 12 parking spaces and a drop-off bay for ambulance vehicles; which are for the sole use of the community space.
- 3.3 It was initially proposed that the premises would be used for a Doctors practice however current negotiations have failed due to the doctors not being able to secure finance required and there is an opportunity for the Council to step-in to secure it to provide community services.

4 DETAIL

- 4.1 The existing CALAT centre in Malcolm Road occupies a former school building of circa 9,500 square feet which is similar in size to the space that will be available at Lion Green Road. The existing space is not ideal for the delivery of CALAT services and individual room sizes are often too small to meet requirements for the courses that are run at this centre. The proposal is that the Council acquire a long lease of 125 years and that this would be funded through the proceeds from the sale of Lion Green Road Car Park to CCURV.
- 4.2 Subject to consultation, the relocation of CALAT to Lion Green Road would free-up the existing CALAT site which could be considered for an alternative Council use, such as a school, or for the site to be declared surplus to Council requirements and either redeveloped or disposed of via CCURV or on the open market. This would generate a capital receipt.
- 4.3 The CALAT Centre offers a very broad curriculum. It delivers an extensive programme of learning for adults with learning difficulties and/or disabilities focused on the development of life and employability skills. It is the main CALAT centre for the following curriculum areas, creative arts and crafts, cookery and food, home and garden, fitness and exercise. This provision is a combination of accredited learning leading to qualifications for employment and self-financing courses for leisure. The centre also houses a beauty studio which operates as a social enterprise.
- 4.4 Due to the nature of the curriculum delivered at Coulsdon a new centre would need a range of facilities. These would include a kitchen, fitness studio, large classrooms fitted for art, craft and practical skills courses, and large multi- use

classes. Outdoor space for employment based learning such as bricklaying and gardening would be beneficial.

- 4.5 Co-location with a supermarket could provide the additional benefit of introducing new learners to CALAT who may not at present know what it has to offer. Previous experience of the co-location of Selsdon library with Sainsbury's has demonstrated this bring in new members and increased usage.
- 4.6 Subject to planning permission being approved, the development of Lion Green Road car park is programmed to commence in January 2015 with practical completion during November 2015. As the acquisition of the lease is not dependant on the sale of the existing site at Malcolm Road, it would allow the relocation during the Christmas holidays or a phased relocation could be considered. It would also ensure continuity of service.
- 4.7 Formal consultation between CALAT users and the Council will take place prior to and during the construction process. The current proposal would provide like-for-like space, but also provide the facilities within a modern facility and gives CALAT the opportunity to assess the services it offers to see where improvements and service developments can be made.
- 4.8 While the 125 year lease provides rent free space for the CALAT the service would still be responsible for service charges to the landlord and management fees to Interserve.
- 4.9 The terms detailed in the Part B report for the acquisition are considered to be competitive and compare favourably against current rental values in the private commercial rental market. Due to the Council's strong covenant it has been able to negotiate a low price for the space; this has been confirmed via market advice from local property agents. Therefore, in the event that CALAT do not wish to proceed following further exploration and consultation, based on current market rents for community space the Council would be able to secure a higher rental on the open market to offset the sum paid for the lease.
- 4.10 Should the Council proceed with the lease it will ensure the proposed development at Lion Green Road proceeds on time (subject to planning) and that Waitrose occupy the food store which will bring wider benefits to the local area.

5 CONSULTATION

- 5.1 Consultation with CALAT staff and users has not been undertaken but the principle of the move is supported by the Cabinet Member for Children, Families and Learning subject to formal consultation.
- 5.2 As detailed in paragraph 4.9, if at conclusion of the consultation, a decision is made not to use the space for the CALAT service, other options are available.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 The principle risk is the commitment to the 125 year term for the Community Centre by the Council. However, as set out above, as market intelligence suggests that in the event CALAT did not want to progress with the lease, based on current market conditions the Council would be able to market the unit on the open market for community use, generating a revenue stream.

- 6.2 The food store lease is for a period of 30 years; in the event that Waitrose do not renew their lease, the investor would be left to negotiate with the Council to terminate the lease. As the Council has a 125 year lease this would put the Council in a strong position to secure either a good receipt to be bought out of the lease or provided with an equivalent facility via any future redevelopment.
- 6.3 The Council has agreed a one-off purchase price for the 125 year lease. This enables CALAT to take the property and not have to allocate a revenue stream to cover rental costs. As stated above, CALAT will need to make provision for running costs which they currently pay now at their current location.
- 6.4 As under the proposed terms of the lease, the fit-out of the new premises to category B (final detail to be agreed between CALAT and developer post formal consultation) will be covered in the agreed lease premium. In addition to this, a separate budget will cover the costs to relocate current furnishings and equipment.

7 Options

- 7.1 Should the Council decide to take the lease but CALAT do not wish to proceed the Council can either:
- a) Let the space to alternative community use; or
 - b) Let the space on the open market as a community use.
 - c) Do not enter the lease and the council take a lower land receipt for the disposal of Lion Green Road. The council would lose the opportunity to relocate and provide better facilities for council services.

8 Future savings/efficiencies

- 8.1 The current CALAT centre operates from a Victorian school which by its age and layout is not energy efficient. The new building, constructed using modern methods of construction being built to BREEAM excellent (BREEAM sets the standard for best practice in sustainable building design, construction and operation) will provide an energy efficient building. This will help the Council drive down its overall carbon footprint and running costs which is in line with the Council's strategy of building an efficient Council.
- 8.2 The capital cost of this project will be met out of the receipt from the disposal of Lion Green Road Car Park.
- 8.3 (Approved by: Richard Simpson, Director of Finance and Assets)

9 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 9.1 The Council Solicitor comments that in agreeing the basis of the acquisition, the Council must be satisfied that it is paying a fair market value for the lease. The best consideration test and requirements are set out in section 123 of the Local Government Act 1972.

9.2 Insofar as consultation may be required in relation to moving the CALAT service, it will be important that this is undertaken and any responses considered before a final decision is taken.

Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer.

10 HUMAN RESOURCES IMPACT

10.1 As the current provisions already rely on third party providers there are no expected human resources impacts.

10.2 Approved by: Adrian Prescod, HR Business Partner, for and on behalf of Interim Director of Human Resources, Chief Executive department

11 EQUALITIES IMPACT ASSESSMENT

11.1 An initial equality analysis assessment (EIA) has been undertaken as part of the planning application. Depending on the end user group an EIA will be carried out as part of the consultation.

12 ENVIRONMENTAL IMPACT

12.1 The environmental impact has been considered as part of the planning application that was considered at committee in July 2014.

13 CRIME AND DISORDER REDUCTION IMPACT

13.1 The buildings will be managed during the daytime and monitored in the evening by alarms. It is proposed that the buildings will have an entry door system to try and prevent unauthorised access outside of the hours that the building is managed.

14 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

14.1 A 125 year lease for the community space at Lion Green Road will allow the Council to provide a cost effective community space delivering important Council services.

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BACKGROUND PAPERS

1. Indicative floor layout plans for the ground and first floors
2. Site plan