

Scrutiny & Overview Committee Agenda



To: Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jade Appleton, Mike Bonello and Joy Prince

Reserve Members: Louis Carserides, Richard Chatterjee, Pat Clouder, Mary Croos, Clive Fraser and Oni Oviri

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Monday, 20 September 2021** at **6.30 pm**. This meeting will be held remotely.

Asmat Hussain
Executive Director for Resources &
Monitoring Officer (Interim)
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Simon Trevaskis
Senior Democratic Services & Governance
Officer - Scrutiny
simon.trevaskis@croydon.gov.uk
www.croydon.gov.uk/meetings
Friday, 10 September 2021

Members of the public are welcome to view the webcast both live and after the meeting has completed at <http://webcasting.croydon.gov.uk>

The agenda papers for all Council meetings are available on the Council website www.croydon.gov.uk/meetings

If you require any assistance, please contact Simon Trevaskis as detailed above.

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Disclosure of Interests

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

3. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

4. CALL-IN: Asset Disposal: Former CALAT Coulsdon, Malcolm Road and Barrie Close site (Coulsdon Community Centre) (Pages 5 - 52)

The Scrutiny & Overview Committee is asked to consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution.

Specifically, the Committee is asked to consider whether the decision was taken outside of policy framework, for the reasons set out in the call-in request.

5. Exclusion of the Press and Public

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the

press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

PART B

6. CALL-IN: Asset Disposal: Former CALAT Coulsdon, Malcolm Road and Barrie Close site (Coulsdon Community Centre) (Pages 53 - 82)

To consider and respond to the Call-In in accordance with the procedure set out in the Council’s constitution.

This item provides for the Committee’s consideration Appendix D of the CALL-IN: Asset Disposal: Former CALAT Coulsdon, Malcolm Road and Barrie Close site (Coulsdon Community Centre) report. This is the confidential part of the Cabinet report considered on 16 August 2021.

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Agenda Item 4

REPORT TO:	Scrutiny & Overview Committee 20 September 2021
SUBJECT:	CALL-IN - ASSET DISPOSAL: FORMER CALAT COULSDON, MALCOLM ROAD & BARRIE CLOSE SITE (COULSDON COMMUNITY CENTRE)
LEAD OFFICERS:	Sarah Hayward – Interim Executive Director for Place
CABINET MEMBER:	Councillor Callton Young OBE – Cabinet Member for Resources & Financial Governance

ORIGIN OF ITEM:	This item has been triggered by the call-in of the key decisions (3321RFG) taken by the Cabinet Member for Resources & Financial Governance in consultation with the Leader of the Council on 31 August 2021.
BRIEF FOR THE COMMITTEE:	<p>The Scrutiny & Overview Committee is asked to consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution (set out in section 3 below).</p> <p>Specifically, the Committee is asked to consider whether the decision was taken outside of policy framework, for the reasons set out in the call-in request.</p>

1. EXECUTIVE SUMMARY

- 1.1 The decision taken on the 'asset disposal: former Calat Coulsdon, Malcolm Road & Barrie Close Site (Coulsdon Community Centre)' by the Cabinet Member for Resources & Financial Governance in consultation with the Leader of the Council on 31 July 2021 has been called-in by Chair, Vice-Chair & Deputy-Chair of the Scrutiny & Overview Committee.
- 1.2 Attached to this report are:
 - **Appendix A** is the completed call in form that was received by the Monitoring Officer
 - **Appendix B** is the Key Decision Notice
 - **Appendix C** is the Property Disposals as part of the Interim Asset Disposal Strategy Report
 - **Appendix D** is the associated confidential part B report for this item.

2. CALL-IN: ASSET DISPOSAL - FORMER CALAT COULSDON, MALCOLM ROAD & BARRIE CLOSE SITE (COULSDON COMMUNITY CENTRE)

- 2.1 The decision taken by the Cabinet Member for Resources & Financial Governance, in consultation with the Leader of the Council, that is the subject of this call-in, was as follows:

Having carefully read and considered the Part A report, and associated confidential Part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Resources and Financial Governance in consultation with the Leader of the Council

RESOLVED: To approve the disposal of part of the former CALAT site, Malcolm Road, Coulsdon on the basis of the terms set out in Part A and Part B of the report.

- 2.2 The call-in pro-forma is attached at Appendix A. The decision form was received on 8 September 2021 from the Chair of the Scrutiny and Overview Committee, Councillor Sean Fitzsimons, with the call-in supported by the Committee Vice-Chair, Councillor Robert Ward and Deputy Chair, Councillor Leila Ben Hassel. This complies with the requirements for call-in as set out in paragraph 11.5 (i) in section 4E – Scrutiny & Overview Procedure Rules in the Council’s Constitution.
- 2.3 The reason stated in the request as to why the Call-In has been submitted is:-

1. The decision is outside of the Policy Framework in regards the Interim Asset Disposal Strategy agreed this year.

Officers presented the draft Interim Strategy to Scrutiny and the list of properties that were to be sold. The report stated the following: “Former CALAT Coulsdon, Malcolm Road and Barrie Close site (Coulsdon Community Centre) GF Old CALAT Centre now occupied by temporary residential occupiers acting as guardians. Large former school building with parking. Former BBB site with planning including new health centre. Planning linked to Barrie Close site so both assets need to be sold together to allow relocation of Community Centre”.

Decision is in contradiction of what officers had informed Scrutiny previously.

This disposals fail to meet two considerations set out in 3.1 of the Cabinet report [Interim Asset Disposal Strategy - Part A.pdf \(croydon.gov.uk\)](#) - 18th February 2021

3.1 Wider Consideration

- Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
- Achieving “Best Consideration” – would delaying a disposal be more beneficial

Lack of evidence that the Council has adhere to its policy adopted in February 2021 by Cabinet when it agreed its Asset Disposal Strategy and met the requirement set out in 4.3 of the report in regards the production and sign-off of the business case.

“4.3 A business case will be prepared and signed off by the Executive Leadership Team (ELT) to allow marketing to commence for the asset. This process will involve early engagement with both ward councillors and the relevant cabinet member to inform them of the proposed disposal. The business case report will include a minimum set of requirements, including:

- a) A business case summary template*
- b) The financial case for a disposal*
- c) Proposed timing of the disposal*
- d) Confirmation that the asset has been declared surplus*
- e) Confirmation of consultation with ward councillors and cabinet member*
- f) Impact/risks of the disposal – financial, reputational, political, and operational.*
- g) Evidence of an independent valuation to show that best consideration requirements are fully complied with*
- h) A valuation of the asset by an independent RICS Registered Valuer*
- i) A market assessment by a suitably qualified agent familiar with the local market/asset type including recommended method of disposal*

j) Sign off by the relevant ELT director for the disposal of the asset, where there is no longer a service requirement. This is not to be confused with ELT approval, which is required at a later stage.

k) Cost of sales and any budgetary approval required

l) Confirmation of deliverability of sale – where required. For example, if staff, public or other consultations are required, they need to have been completed and reported within the business case

m) Finance and legal sign off”

2.4 The outcomes desired from the Call-In is to withdraw the sales of these asset and to carry out a review to see if the original proposals for these Coulsdon Sites to build a new community centre, social housing and a new medical centre can be achieved.

2.5 The following information has been requested to inform the Scrutiny & Overview Committee’s consideration of the call-in request:-

- 1) An explanation as to why the original decision for these sites was abandoned.
- 2) A copy of the current business case, the requirement for which was set out in the February 2021 Cabinet Paper.

3. CALL-IN PROCEDURE

3.1 The Council’s Constitution, Part 4E Scrutiny & Overview Procedure Rule, states:

“11.08 The referral shall be considered at the next scheduled meeting of the Scrutiny and Overview Committee unless, in the view of the Borough Solicitor, this would cause undue delay. In such cases the Borough Solicitor, will consult with the decision-taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny and Overview Committee may only consider a maximum of three referrals at any one meeting.

11.09 At the meeting, the referral will be considered by the Committee which shall determine how much time it will give to the call-in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.

11.10 The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision taken by the Leader or Cabinet is outside the Budget and Policy Framework of the Council. The Council may decide to take no further action in which case the decision may be implemented. If the Council objects to Cabinet’s decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.

11.11 If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

11.12 If the Council determines that the decision was within the Policy Framework and consistent with the Budget, it will refer any decision to which it objects, together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either, amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet after the referral from the Council.

11.13 The responses of the decision-taker and the Council shall be notified to all

Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.

11.14 If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 11.08 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.”

CONTACT OFFICER:

Simon Trevaskis

(Senior Democratic Services and Governance Officer)

020 8726 6000 x 84384

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APPENDIX A is the completed call in form that was received by the Monitoring Officer

APPENDIX B is the Key Decision Notice

APPENDIX C is the Property Disposals as part of the Interim Asset Disposal Strategy Report

APPENDIX D is the associated confidential part B report for this item.

PROFORMA

REFERRAL OF A KEY DECISION TO THE SCRUTINY AND OVERVIEW COMMITTEE

For the attention of: Councillor Callton Young OBE – Cabinet Member for Resources & Financial Governance

Decision Title: ASSET DISPOSAL: FORMER CALAT COULSDON, MALCOLM ROAD AND BARRIE CLOSE SITE (COULSDON COMMUNITY CENTRE)

Key Decision No: 3321RFG

Reasons for referral:

- i) **The decision is outside of the Policy Framework in regards the Interim Asset Disposal Strategy agreed this year.**

Officers presented the draft Interim Strategy to Scrutiny and the list of properties that were to be sold. The report stated the following: “Former CALAT Coulsdon, Malcolm Road and Barrie Close site (Coulsdon Community Centre) GF Old CALAT Centre now occupied by temporary residential occupiers acting as guardians. Large former school building with parking. Former BBB site with planning including new health centre. Planning linked to Barrie Close site so both assets need to be sold together to allow relocation of Community Centre”.

Decision is in contradiction of what officers had informed Scrutiny previously.

This disposals fail to meet two considerations set out in 3.1 of the Cabinet report [Interim Asset Disposal Strategy - Part A.pdf \(croydon.gov.uk\)](#) - 18th February 2021

3.1 Wider Consideration

- Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
- Achieving “Best Consideration” – would delaying a disposal be more beneficial

Lack of evidence that the Council has adhere to its policy adopted in February 2021 by Cabinet when it agreed its Asset Disposal Strategy and met the requirement set out in 4.3 of the report in regards the production and sign-off of the business case.

“4.3 A business case will be prepared and signed off by the Executive Leadership Team (ELT) to allow marketing to commence for the asset. This process will involve early engagement with both ward councillors and the relevant cabinet member to inform them of the proposed disposal. The business case report will include a minimum set of requirements, including:

- a) A business case summary template*
- b) The financial case for a disposal*
- c) Proposed timing of the disposal*
- d) Confirmation that the asset has been declared surplus*
- e) Confirmation of consultation with ward councillors and cabinet member*
- f) Impact/risks of the disposal – financial, reputational, political, and operational.*

g) Evidence of an independent valuation to show that best consideration requirements are fully complied with

h) A valuation of the asset by an independent RICS Registered Valuer

i) A market assessment by a suitably qualified agent familiar with the local market/asset type including recommended method of disposal

j) Sign off by the relevant ELT director for the disposal of the asset, where there is no longer a service requirement. This is not to be confused with ELT approval, which is required at a later stage.

k) Cost of sales and any budgetary approval required

l) Confirmation of deliverability of sale – where required. For example, if staff, public or other consultations are required, they need to have been completed and reported within the business case

m) Finance and legal sign off”

ii) The decision is inconsistent with the budget

iii) The decision is inconsistent with another Council Policy

iv) Other: Please specify:

The outcome desired:

To withdraw the sales of these asset and to carry out a review to see if the original proposals for these Coulsdon Sites to build a new community centre, social housing and a new medical centre can be achieved.

Information required to assist the Scrutiny and Overview Committee to consider the referral:

- 1) An explanation as to why the original decision for these sites was abandoned.
- 2) A copy of the current business case, the requirement for which was set out in the February 2021 Cabinet Paper.

“The business case will be prepared and signed off by the Executive Leadership Team (ELT) to allow marketing to commence for the asset

4.3 A business case will be prepared and signed off by the Executive Leadership Team (ELT) to allow marketing to commence for the asset. This process will involve early engagement with both ward councillors and the relevant cabinet member to inform them of the proposed disposal. The business case report will include a minimum set of requirements, including:

a) A business case summary template

b) The financial case for a disposal

c) Proposed timing of the disposal

d) Confirmation that the asset has been declared surplus

e) Confirmation of consultation with ward councillors and cabinet member.

f) Impact/risks of the disposal – financial, reputational, political, and operational.

g) Evidence of an independent valuation to show that best consideration requirements are fully complied with

- h) A valuation of the asset by an independent RICS Registered Valuer*
- i) A market assessment by a suitably qualified agent familiar with the local market/asset type including recommended method of disposal*
- j) Sign off by the relevant ELT director for the disposal of the asset, where there is no longer a service requirement. This is not to be confused with ELT approval, which is required at a later stage.*
- k) Cost of sales and any budgetary approval required*
- l) Confirmation of deliverability of sale – where required. For example, if staff, public or other consultations are required, they need to have been completed and reported within the business case*
- m) Finance and legal sign off”*

Signed: Councillor Sean Fitzsimons

Date: 8 September 2021

Chair of Scrutiny & Overview Committee

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LONDON BOROUGH OF CROYDON

To: All Members of Council
Croydon Council website
Access Croydon & Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY CABINET MEMBER FOR RESOURCES AND FINANCIAL GOVERNANCE ON 31 AUGUST 2021

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 8 September 2021** unless referred to the Scrutiny and Overview Committee (ie after 13.00 hours on the 6th working day following the day on which the decision was taken). The call-in procedure is appended to this notice.

The following apply to the decision below:

Reasons for these decisions: As set out in the report.

Other options considered and rejected: As set out in the report.

Details of conflicts of interest declared by the decision maker: None

Note of dispensation granted by the Head of Paid Service in relation to a declared conflict of interest by that decision maker: None

The Leader of the Council has delegated to the decision maker the power to make the Key Decisions noted out below:

Decision Title: ASSET DISPOSAL: FORMER CALAT COULSDON, MALCOLM ROAD AND BARRIE CLOSE SITE (COULSDON COMMUNITY CENTRE)

Key Decision No: 3321RFG

Details of decision:

Having carefully read and considered the Part A report, and associated confidential Part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Resources and Financial Governance in consultation with the Leader of the Council

RESOLVED: To approve the disposal of part of the former CALAT site, Malcolm Road, Coulsdon on the basis of the terms set out in Part A and Part B of the report.

Signed: Executive Director of Resources and Monitoring Officer (Interim)

Notice Date: 31 August 2021

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 8 September 2021** (the 6th working day following the day on which the decision was taken) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair and Vice Chair of the Scrutiny and Overview Committee and 1 member of that Committee; or for education matters the Chair, Vice Chair and 1 member of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Victoria Lower by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision. The Chair of the Scrutiny & Overview Committee shall also be notified.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.
8. The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision is outside of the budget and policy framework of the Council. In such circumstances, the provisions of Rule 7 of the Budget & Policy Framework Procedure Rules (Part 4C of the Constitution) apply. The Council may decide to take no further action in which case the decision may be

implemented. If the Council objects to Cabinet's decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.

9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.
10. If the Council determines that the decision was within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
11. The responses of the decision-taker and the Council shall be notified to all Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.
12. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
13. **URGENCY:** The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process. The Chair of the Scrutiny and Overview Committee must agree that the decision proposed cannot be reasonably deferred and that it is urgent. In the absence of the Chair, the Deputy Chair's consent shall be required. In the absence of both the Chair and Deputy Chair, the Mayor's consent shall be required. Any such urgent decisions must be reported at least annually in a report to Council from the Leader including the reasons for urgency.

Signed: Executive Director of Resources and Monitoring Officer (Interim)

Notice Date: 31 August 2021

Contact Officers: victoria.lower@croydon.gov.uk and Anoushka.clayton-walsh@croydon.gov.uk

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For General Release

DELEGATED DECISION REPORT TO :	Cllr Callton Young, Cabinet Member for Resources and Financial Governance
SUBJECT:	Property Disposals as part of the Interim Asset Disposal Strategy
LEAD OFFICER:	Sarah Hayward, Interim Executive Director of Place
CABINET MEMBER:	Cllr Stuart King, Deputy Leader and Cabinet Member for Croydon Renewal Cllr Callton Young OBE, Cabinet Member for Resources and Financial Governance
WARDS:	Various
<p>COUNCIL PRIORITIES 2020-2024</p> <p>Croydon Renewal Plan – the recommendations in this report are in line with the new corporate priorities and new way for renewing Croydon</p> <p>Medium Term Financial Strategy</p>	
<p>FINANCIAL IMPACT</p> <p>This paper is seeking approval for the disposal of four assets in line with the Interim Asset Disposal Strategy. If these sales progress to completion they will deliver £2.1m capital receipt and over £120,000pa revenue savings. These disposals are part of the wider disposal strategy and will significantly contribute towards the 2021/22 assets disposal target in the MTFS of £4.2m.</p> <p>All disposal costs, including a contribution towards officer time will be paid for out of the capital receipt in line with the current financial guidelines which allow up to 4% of the capital receipt to be allocated against reasonable revenue costs in achieving the sales.</p>	
<p>FORWARD PLAN KEY DECISION REFERENCE NO.: 3821RFG, 3321RFG, 4421RFG and 4521RFG</p> <p>The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.</p>	
<p>The Leader of the Council has delegated to the Cabinet Member for Resources and Financial Governance the power to make the decisions set out in the recommendations below</p> <p>1. RECOMMENDATIONS</p> <p>Cabinet Member for Resources and Financial Governance in consultation with the Leader agrees the following:</p> <p>1.1 Approve the disposal of the Coulsdon Court Golf Club and Hotel, Old Coulsdon</p> <p>1.2 Approve the disposal of part of the former CALAT site, Malcolm Road, Coulsdon</p>	

- 1.3 Approve the disposal of a former HRA garage site at Windmill Road, Thornton Heath
- 1.4 Approve the disposal of the Scout Hut, Peppermint Close, Broad Green
- 1.5 Delegate the approval of the grant of a lease for Heathfield House to Cressey College to the Interim Executive Director Resources in consultation with the Cabinet Member for Croydon Renewal to allow for due consideration to be given to any comments received following the Notice for the disposal of public open space

On the basis of the terms set out in Part A and Part B of this report

2. EXECUTIVE SUMMARY

- 2.1 This Interim Disposal Strategy has been developed to support the requirements of the Croydon Renewal Plan and Medium Term Financial Strategy [MTFS] and sets out the guidance and governance necessary to allow the disposal of surplus Council assets. The strategy was approved and adopted by Cabinet in February 2021.
- 2.2 The properties included within this report have been identified as surplus within the context of the disposal strategy although not all were part of the suggested initial tranche.
- 2.3 All of the above proposals have followed the governance process as set out within the strategy and have been approved by Place DLT and ELT.

3. BACKGROUND

- 3.1 Given the significant financial challenges faced by the Council, it is important to ensure that the best outcome is achieved from any disposal and this includes
 - Holding cost of any surplus assets if to be retained for longer term use or sale
 - Running costs for under-utilised assets and how these can be reduced
 - Service requirements across the Council to ensure an asset is not being sold off if it could provide a cost effective solution for another service area
 - Achieving “Best Consideration” – would delaying a disposal be more beneficial
 - Loss of revenue from any income producing assets
 - Impact on the local area from holding assets empty for prolonged periods or the additional benefit from regeneration
 - Reputational issues from having vacant assets
- 3.2 The assets being recommended for disposal fall within the following categories:
 - Surplus assets released by service areas

- Income producing assets
- Housing Sites – largely comprising of former Brick by Brick sites

4. DETAIL

- 4.1 All of the sites that are being recommended for disposal or letting have not been subject to marketing as it is considered that all are subject to “special purchaser” criteria that demonstrates either an uplift in value on likely market values or significant benefits to the Council/local area in addition to achieving best consideration.
- 4.2 The disposal of any Council owned asset is subject to achieving “Best Consideration” either in line with s123 of the Local Government Act 1972 or s233 of the Town and Country Planning Act 1990 where land has previously been appropriated for planning purposes. There are exceptions where a disposal at less than best consideration can be permitted, where the variance does not exceed £2m if there are clear economic, social or environmental benefit in line with the terms of the General Disposal Consent (England) 2003 or otherwise where the Secretary of State has provided a specific consent on the basis of a Council request.
- 4.3 To help demonstrate that Best Consideration is being achieved, all assets have been valued by an external valuer as part of the disposal process and the terms agreed have been approved by the Head of Asset Management before being put through the formal governance process.

4.4 Coulsdon Court Golf Club

- 4.4.1 The golf course is set within metropolitan green belt and offers an 18 hole public course set in 140 acres of land together with 4 tennis courts, squash courts, golf shop and ancillary buildings. The course is currently let under the terms of a 125 year lease with 103 years remaining. An initial premium of £150,000 was paid in 1999 and there is an annual rental of around £19,000 based upon a percentage of the turnover income. The course, putting greens and tennis courts are required to remain as public facilities under the lease terms of the lease
- 4.4.2 The hotel is let on a separate lease of a similar length with 103 years remaining but is on a peppercorn rent. An initial premium of £600,000 was paid in 1999 for the lease. The hotel offers 5 function rooms, restaurant and 42 rooms.
- 4.4.3 The current tenants approached the Council to request the purchase of the freehold interest and terms have been negotiated as set out in Part B of this report.
- 4.4.4 The terms will require the Golf Course to remain accessible to the public adopting the same requirements as set out in the existing lease. The terms have also included an overage provision to allow the recovery of any additional value that may arise if consent for development is obtained over the next 30 years

4.5 Part of the Former CALAT Centre site, Malcolm Road, Coulsdon

- 4.5.1 This asset was formerly a 1 form entry primary school but more recently has been used as an adult education centre. Following closure of the centre the site was declared surplus and initially offered to Brick by Brick (BBB) as a potential development site but this was not taken forward. The part of the site that is currently under offer relates to the car park area to the south of the site as identified on the attached plan. This is currently being used as a car park that was opened on a temporary basis to help compensate for the lack of parking at Lion Green Road. The new car park at Lion Green Road has now been completed and was opened earlier this year.
- 4.5.2 As part of the BBB plans the former car park was identified as a site for a new Health Hub. This facility forms an essential part of the wider estates strategy for the NHS provision within the area and is needed to accommodate the increased demand, in part due to the large development on the former Cane Hill Hospital site.
- 4.5.3 The option to pursue a single developer rather than marketing the asset more widely has been necessary to ensure the development of a Health Centre on this site rather than an alternative within the Cane Hill development which was already at an advanced stage of negotiation by the NHS due to the lack of progress with the BBB site.
- 4.5.4 Terms have been agreed as set out in the Part B report and these are in line with the external valuation and are conditional on the developer obtaining a suitable planning consent. Due to the urgent need for this development the developer has already commenced the design and planning application process at risk.
- 4.5.5 The terms agreed are for the freehold disposal of the site subject to the requirement for a health centre to be built on the site.

4.6 Former HRA Garage site, Windmill Road

- 4.6.1 This is another BBB site that has not been taken forward due to viability issues. The site has a number of vacant garages that are in a poor state of repair at the edge of a local housing estate. The attached plan outlines the site location.
- 4.6.2 The site is subject to an easement permitting access to a development on the western side of the garage site which runs from the front to rear of the site which makes it extremely difficult for a third party to maximise the development potential.
- 4.6.3 Negotiations have taken place with the owner of the adjoining site and beneficiary of the easement as a special purchaser as they are best placed to bring forward any development and an offer has now been received that is at an acceptable level and a sale on this basis is recommended.

4.7 Scout Hut , Peppermint Close, Waddon

- 4.7.1 This is a small site located in a residential area and provides a former scout hut which was vacated by the scout group 2 years ago. It is in a poor state of repair and needs various urgent repairs and improvements especially to the services to allow continued long term use. At present the property is being used on a temporary basis by a local faith group at a very low rental who are interested in purchasing the property to allow them to carry out repairs to secure its long term use.
- 4.7.2 The current community use is likely to preclude it from becoming a redevelopment site for housing purposes under the current planning policies and therefore the only real alternative is for continued community use. If the Council retain the asset it would have to invest in replacement of the services and carry out other repairs if a longer term use were considered and it is unlikely that any significant rent would be achieved due to the size and nature of the building.
- 4.7.3 The offer received from the existing users is considered to be an acceptable one and reflects their current occupation and use of the property and a higher offer is considered to be unlikely if formerly marketed as demonstrated by the independent valuation that has been undertaken.

4.8 Grant of lease for Heathfield House, Coombe Road, Croydon

- 4.8.1 Heathfield House is currently used as a training centre by the Council. However, this has now been identified as one of the assets that can be disposed of as it is not being fully utilized and is expensive to maintain and manage. The Council now uses other delivery methods for training staff and therefore the demand for this space is likely to further decrease.
- 4.8.2 Consideration has previously been given to use of the centre as a wedding venue but due to the size of the rooms and the listed building status limiting potential alterations this has not proved to be viable, especially due to the alternative established wedding venues within the immediate area.
- 4.8.3 During the pandemic, the property has been utilised by Cressey College as an additional facility for the provision of education for SEN pupils within Croydon. They have found the property to be beneficial for this type of provision and therefore discussions have been ongoing about the possible long term use. This has resulted in a conditional offer being received for a lease for a 20 year term based on an FRI lease with the tenant being responsible for certain improvement works. The rent agreed is in line with that provided by external valuers to demonstrate that this is in line with the current market rental expectations.
- 4.8.4 The letting will incorporate a small area of the public open space immediately surrounding the building which is delineated on the attached plan. As this involves the disposal of public open space a Notice has been placed in the Croydon Guardian to inform the public of the Council's intention. This was placed for two consecutive weeks commencing 17 June 2021 with a deadline for comments by 8 July 2021.

- 4.8.5 As the comments will only be received shortly before the Cabinet meeting it has been requested that the decision to grant the lease is delegated to the interim Executive Director Place and Cabinet Member for Croydon Renewal to allow proper consideration of the comments received prior to the decision being made.
- 4.9 In line with the agreed governance, all the above proposed disposals have been referred back to ELT, the Cabinet Member for Resources and Financial Governance and Cabinet in line with the Financial Regulations as they related to disposal of assets.

5. CONSULTATION

- 5.1 External consultation has taken place for the letting of Heathfield House as referenced above.
- 5.2 Ward councilors have been informed of the intention to dispose of these assets and consultation has taken place with members and the Council's senior leadership team and Cabinet Members.

6. PRE-DECISION SCRUTINY

- 6.1 The proposed strategy has been presented to Scrutiny and their recommendations have been followed as part of the disposal process

7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 7.1 **Revenue and Capital consequences of report recommendations**
Given the significant financial challenges faced by the Council, the disposal of surplus corporate assets is vital to ensure an improvement in its financial position, secure value for money and achieve financial savings by considering the net costs/benefits of holding surplus assets versus sale of the assets. The capital expenditure incurred to decant some of these corporate properties, relocate staff to existing accommodation and adaptations of existing properties is factored in the net capital receipts in the table below. The running costs of these properties i.e. business rates, premises costs (cleaning, security, utilities etc) will be reduced, net of the loss of rental income streams is taken into consideration in the revenue savings in the table below. The decision to dispose of an asset will consider 'best consideration' i.e. delaying a disposal if the outcome is more beneficial with respect to its market price so the Council is able to maximise its capital receipts.

7.2 The effect of the decision

Savings and Capital Receipts Included within the MTF5 Budgets

Capital receipts generated from asset disposals				
				£000
		21/22	22/23	23/24
Capital receipts		£4,230	£19,994	£5,988

The capital receipts above will save the Council borrowing costs and interest repayment over the term of the borrowing. An assumption has been made that the cash receipt could replace borrowing over 20 years which incurs annual interest costs and a minimum revenue provision.

7.3 Risks

Disposal of properties in the corporate portfolio in the current economic climate gives rise to risks and uncertainties around achieving the best possible sale price. Although offers have been received in line with the Part B report and summarized in the table above, there is a risk that some of the offers may not complete especially as it is noted that two are conditional offers.

7.4 Future savings/efficiencies

The savings highlighted in the table above reflects an estimate of sales proceeds/capital receipts arising from disposal of the corporate properties based on the offers received and savings in borrowing costs i.e. interest and minimum revenue provision on the general fund budgets.

Approved by: Geetha Blood Interim Head of Finance for Place, Gateway, Strategy and Engagement

8. LEGAL CONSIDERATIONS

- 8.1 The Head of Commercial and Property Law comments on behalf of the Director of Law & Governance that, as set out earlier in this report, when disposing of land the Council has a statutory duty under section 123 of the Local Government Act 1972 (or section 233 of the Town and Country Planning Act 1990 where the land has been appropriated for planning purposes) to ensure that it obtains best consideration for the land and buildings disposed of and provisions of section 87-89 of the Localism Act 2011. In certain exceptional cases a disposal for less than best consideration is permitted where the difference in the value between the proposed disposal and the best consideration that might be obtainable on the market is less than £2M or, in other cases, with a specific consent from the Secretary of State. The processes set out in this report in relation to the Interim Disposal Strategy seek to ensure that best consideration is obtained in relation to proposed disposals. If and where disposals are proposed to proceed for less than best consideration (e.g. to secure wider community benefits) it is recommended that officers seek

detailed legal advice in relation to any potential 'Subsidy Control' issues (the Subsidy Control regime replaces the State Aid regulations).

- 8.2 Land should only be disposed of by a local authority where it is considered to be surplus to the Council's requirements. The process set out in the Interim Disposal seeks to ensure that consideration is given as to potential other Council uses of land before it is recommended for disposal.
- 8.3 As set out earlier in the report, where land considered for disposal forms part of an open space before disposing of the land the Council needs to publicise the intention to do so for two consecutive weeks in a local newspaper circulating in the area in which the land is situated, and consider any objections to the proposed disposal which may be made.

Approved by: Nigel Channer, Interim Head of Commercial Law and Property on behalf of the Interim Director of Law and Governance & Deputy Monitoring Officer

9. HUMAN RESOURCES IMPACT

- 9.1 The majority of the proposed disposals are for vacant properties and therefore have no direct impact on staffing levels, restructuring or recruitment. However, the letting of Heathfield House will impact on the delivery of staff training and therefore a different service delivery model will need to be developed. This is already taking place to some extent with the greater use of e-learning and therefore the impact is not considered to be significant compared to the potential wider corporate benefits.

Approved by: Sue Moorman, Director of Human Resources

10. EQUALITIES IMPACT

- 10.1 Where the sites comprise of vacant land or buildings the disposal will not impact individual's rights. The Equalities Analysis is used to inform the final decision to identify any impact on the changes on groups that share protected characteristics, evidence how we arrived at decisions that affect council staff, local people who use our council services and the wider community and help us to comply with the requirements of the Equality Act 2010.
- 10.2 An equalities impact assessment will be undertaken for individual disposals to ascertain the potential the impact they will have on groups that share protected characteristics.

Approved by: Yvonne Okiyo Equalities Manager

11. ENVIRONMENTAL IMPACT

- 11.1 The proposed disposals do not have any direct environmental impact. Any development that may take place on the disposed sites will have to be in full

compliance with current planning, building and environmental legislation. In many cases the sale of redundant buildings and land will lead to new development that will enhance the local areas and lead to improved building and energy efficiency.

12. CRIME AND DISORDER REDUCTION IMPACT

- 12.1 The disposal of vacant sites and redundant buildings should help to improve antisocial behavior and crime around the sites as the buildings and sites will either be re-used or redeveloped.

13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 13.1 The recommendations within this report are in line with the adopted Interim Asset Disposal Strategy and are being taken in a considered and transparent disposal process that is in line with governance expectations
- 13.2 The disposals will help to secure a significant capital contribution and annual revenue saving and will be helping to meet the requirements set out in the MTFS.
- 13.3 In addition to the financial benefits the disposals will help to deliver wider social benefits through helping to support partner organisations to secure a new Health Centre and enhanced SEN school provision.

14. OPTIONS CONSIDERED AND REJECTED

- 14.1 As the disposals are in line with the Interim Property Strategy there is no real alternative but to dispose of the assets. Failure to do so would not help the Council to address the immediate financial position and the requirements of the MTFS
- 14.2 Consideration has been given in each case to wider alternatives either through different forms of marketing or potential uses. In all cases the options being put forward are considered to be the most suitable both from a financial, timing and wider benefits perspective. For all the outright disposals there is an element of special purchaser which has helped to secure offers at or in excess of the external valuations.
The disposals are therefore recommended

15. DATA PROTECTION IMPLICATIONS

- 15.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

15.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO

Approved by: Steve Wingrave Head of Asset Management and Estates

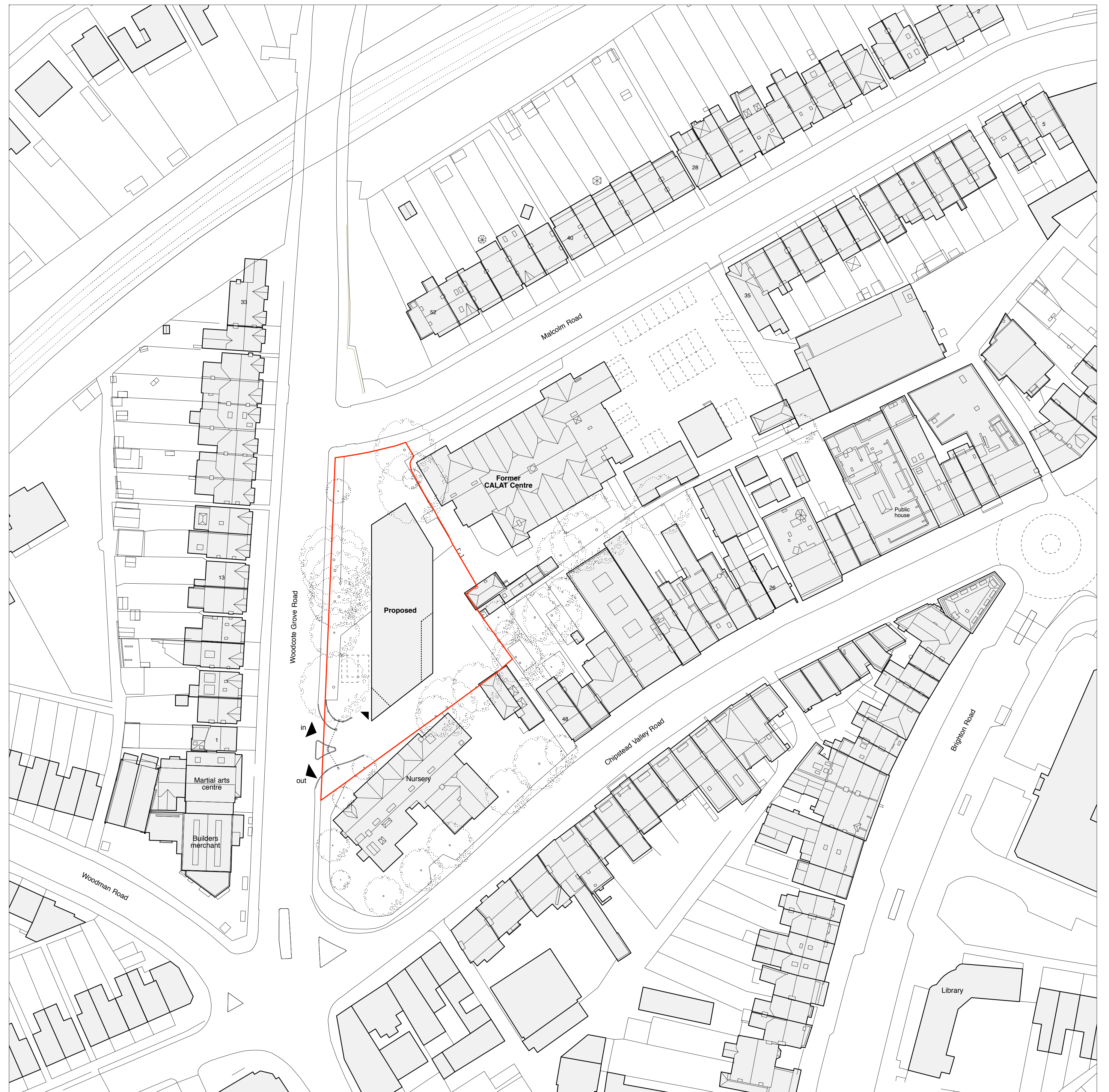
CONTACT OFFICER:

Steve Wingrave Head of Asset Management and Estates ext 61512.

BACKGROUND DOCUMENTS:

Location Plans for :

- Part CALAT site Malcolm Road Coulsdon
- Garage Site at Windmill Road
- Scout Hut, Peppermint Close
- Heathfield House lease



A Proposed Site Plan 1:500



Application site boundary

Valuation Report

Former CALAT Centre
Land West of 41 Malcolm Road
Coulsdon
CR5 2DB

Confidential

March 2021



Gen²
SMARTER PROPERTY

Document Control

Version	Date	Status	Prepared by	Checked by	Authorised by
1.0	17/03/2021	DRAFT	Katie Plews / Anna Ferraro	Richard Tapply	Richard Tapply
1.1	18/03/2021	ISSUE	Anna Ferraro / Katie Plews / Richard Tapply	Richard Tapply	Richard Tapply

Client

Stephen Wingrave
 Head of Asset Management and Estates
 Croydon Council

Valuation Team

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Statement

This document has been prepared solely for the use of Croydon Council and may not be used or relied upon by any third party, without specific written permission from Gen² Property Ltd.

1.0 Executive Summary

Property:	Former CALAT Centre and land west of 41 Malcolm Road
Location:	The property is located west of 41 Malcolm Road in a residential area within 0.6 miles of Coulsdon South and Coulsdon Town Railway Stations and local amenities.
Situation:	The site slopes up from the south along Woodcote Grove Road. The land is levelled and stepped to for two plateaus. It is predominately tarmac with grass banks to the roadside perimeters.
Description:	The property comprises a building which is a timber framed single storey portacabin and the land surrounding is laid out as car parking.
Externally:	The land is currently being used as a car park for the area which is accessed via a narrow access route between the Smitham Infants' School building and the terraces along Chipstead Valley Road.
Tenure:	The property is valued on the basis of full unencumbered freehold title, with vacant possession.
Existing Use:	Fitness Centre and car parking
Valuation:	£ 1,005,807.00 (say One Million)
Valuation Date:	17 th March 2021

This summary is provided for quick reference only and must not be relied upon out of context of the full report.

2.0 Instruction

In accordance with the instructions contained in your email dated Thursday 11th March 2021, attached as **Appendix A**, Gen² has carried out a desktop valuation of the above property and assessed and evaluated all information made available to us in order to provide you with our professional opinion of the Market Value of the site, with assumed planning consent for a Medical Center, as at 17th March 2021.

We understand that the purpose of the valuation is required for potential disposal of the property to Nexus, via an Option Agreement, who propose to redevelop the site for a medical facility.

I confirm that Gen² Property Ltd are external valuers in connection with this valuation instruction; the valuation date is the date of this report, valid for 3 months and the valuation has been made in accordance with the Practice Statements in the RICS Valuation – Global Standards ('Red Book Global Standards').

We confirm that there have been no conflicts of interest in accepting these instructions and that we have had no recent involvement with the property being valued, or with any other party we may be connected with this transaction.

We confirm that our insurance policy enables us to undertake commercial and residential valuations and our current sum insured is £10,000,000 (Ten Million Pounds), in respect of each and every claim.

3.0 Basis of Valuation

The basis upon which this valuation and report is prepared is set out in the email dated 11th March 2021, attached as **Appendix A**.

We have prepared our valuation on the basis the site has planning consent for a medical Center.

1. Market Value (MV) which is defined in the Valuation Standards, published by the RICS as;

The Total Valuation for the site as a whole as of: 17th March 2021

£ £1,005,807 (say One Million)

"The estimated amount which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

4.0 Site Location

We attach a location plan at **Appendix B**.

The property is situated at Malcolm Road and has been disused for a number of years.

The property sits within the residential suburb of Coulsdon, approximately 4.7 miles south of Croydon City Centre. It is well connected with numerous bus stops and a short walk to Coulsdon Town and Coulsdon South railway stations. Train services to London Bridge take around 30 minutes from Coulsdon South railway station and 10 minutes from East Croydon railway station.

The Coulsdon shopping centre is located to the south east of the site with several schools and open green spaces within walking distance of the site.

5.0 Site

We attach a copy of the Land Registry plan at **Appendix C**.

The land registry plan identifies the title and boundaries of the subject property. The title includes both the subject property and other land including the property numbered 41 Malcolm Road and the nursery as shown edged blue on the title plan which is let on a long lease. This information corresponds with the information provided by the client.

We have not been provided with a plan, detailing the land to be sold, however estimate the area to be circa 720m².

6.0 Description

The property slopes up from the south from Chipstead Valley Road and comprises a single storey timber framed portacabin which is being used as a fitness room and open land used for car parking.

The portacabin has a shallow pitched roof with a bituminous felt covering.

7.0 Construction

We have not carried out a site inspection, nor have we tested any of the services. However, we are in possession of a Building Condition Survey Report carried out by Baily Garner following site inspections in February and March 2018.

The timber framed structure is clad with timber panels which appear to be in fair condition although insulation is unlikely to achieve required U Values outlined in the Building Regulations. The pitched roof covering appears to be in fair condition with no signs of water ingress internally.

Windows consist of UPVC double glazed windows and although were not opened during the inspection appear to be in satisfactory condition. The front entrance door is UPVC with a double-glazed panel. The glazing panel was smashed, and the door requires replacement. Gen² cannot confirm whether this door has since been replaced.

The site is on masonry foundations with a wire mesh fence around the perimeter to prevent access. Floor is assumed to be timber joists although concealed from underneath. At eaves level, soffits are UPVC and fascias are timber panels which appear to be in fair condition.

Rainwater goods are UPVC half round and half round gutters and UPVC downpipes. There is vegetation growth to the left-hand side of the front elevation within the downpipe and gutter was noted, and the downpipe has become detached and requires re-fixing.

8.0 Services

We have not carried out a site inspection, nor have we tested any of the services.

9.0 Site Condition

We have not carried out a site inspection, although Baily Garner were commissioned to undertake a Building Condition Survey of the whole CALAT Centre. The report identifies that the property we are providing the valuation for is Building 4, of a 6-building site.

Should you require a more detailed report upon the structural condition and state of repair, a further inspection and report will be necessary, for which Gen² can provide upon instruction.

10.0 Contamination

We have not been instructed to make any investigations in relation to the potential presence of contamination in land or buildings.

In practice, purchasers in the property market do not make such assumptions about contamination and a purchaser would be required to carry out their own investigations to assess any risk before completing such a transaction. Should it be established that contamination exists, this could reduce the value now reported.

11.0 Ground Conditions

We have not carried out or commissioned a site investigation or geographical or geophysical survey and we can give no assurance that the ground has sufficient load bearing strength to support the proposed structure which may be erected in the future. In addition, we cannot provide any assurance that there are no underground mineral or other workings beneath the site or in its vicinity.

12.0 Flooding

We understand from the Environment Agency website that the centre of the postcode CR5 2DB falls inside the area classed as Flood Zone 1 which are areas shown to be less than 0.1% chance of flooding in any year, this is also known as having a 1:1000 year chance of flood.

There are very few restrictions in terms of flood risk to development on flood zone 1 area, the exception is for development over 1ha in size which must have a flood risk assessment undertaken as part of a planning application and areas deemed to be high risk of flooding from rainfall known as Critical Drainage Area.

13.0 Tenure

We have not been provided this information by the client, although we can assume that for the purposes of this report that the property is available freehold but subjected to good and marketable title being free from any onerous restrictions or covenants.

We have inspected the title documents from Land Registry. For the purposes of this valuation, we can confirm from the information made available, that the subject premises is unencumbered and free from any unduly onerous or unusual easement, restrictions, outgoings, covenants, or rights of way.

We can confirm that we have not had sight of the client's solicitors report on title however, we would be pleased to separately confirm whether the content of this has an impact on the advice provided within the report.

14.0 Town Planning

We have not had sight of any document of consent for the current user, and we have assumed that the property is not adversely affected by any proposals and that there are no outstanding notices. No formal search has been instigated and if reassurance is required, we recommend that verification be obtained.

For the purposes of this valuation, we have assumed that the current use falls within its current use classes order under the Town and Country Planning (Use Classes) Order 1987 and that the property has consent for this use. As the property is to be redeveloped, the purchaser will be required to obtain all the relevant planning permissions.

For the purpose of the valuation, we have assumed that the property could be used for a Medical Centre, subject to the appropriate planning consents. However, with regard to parking for the proposed use, 3 – 5 spaces is low provision for the requirement of a GP surgery. We are aware of two similar schemes in South West London; both around 550 – 600m² which have provision for 12/13 spaces. We understand there may be an option to have shared use of 30 spaces.

15.0 Rateable Value

The property is currently subjected to rateable value. As the property is to be redeveloped, it is assumed that the site will be taken out of the ratings list during this period.

16.0 Fire, Health and Safety Legislation

For the purposes of this report, as the property is to be demolished and the site redeveloped, we have assumed that there is no requirement for the current building to meet fire, health & safety regulations.

17.0 Disability Discrimination Act

For the purposes of this valuation, and as the building is to be demolished and the site cleared, it is not a requirement for the property or site to comply with the Disability Discrimination Act 1995 (the DDA).

18.0 Asbestos

An asbestos re-inspection report has been made available by the client. The report highlighted that the roof sheeting contains the deleterious material known as chrysolite. Any demolition works to the building should be carried out by a licensed asbestos contractor.

19.0 Value Added Tax

Our valuation is exclusive of VAT unless otherwise stated. VAT is now applicable for some commercial property transactions, but we have no information as to the status of this property.

20.0 Business/Trade

The property is currently being used as a fitness room.

21.0 Market Conditions

You will be aware that due to the outbreak of the Corona Virus (COVID-19) there have been significant changes in market conditions. Notwithstanding this fact the subject property and the purpose of the valuation is unlikely to have a significant impact.

Investment Market Size

There are a limited number of specialist funds active within the overall healthcare real estate market, but in Primary Care there are three main specialists:

- Primary Health Properties plc, a UK REIT quoted on the London Stock Exchange (over 300 primary healthcare facilities as at September 2018);
- Assura Group Ltd (525 primary care assets as at June 2018);
- MedicX Fund Limited, a specialist primary care investment fund (166 primary care assets as at July 2016).

Together they hold a portfolio of 991 primary care assets representing approximately 7% of all GP practices in the UK, with a combined contracted rent roll of £158.4 million per annum (11% of the total NHS expenditure in 2016). Complementing these specialist funds are a number of specialist development and construction companies focused on new purpose-built primary care practices, and this has provided these funds with a pipeline of development projects that feed into their respective portfolios.

Key Investment Criteria

- **Long Secure Lease Terms** – average commercial lease lengths have been in decline for a number of years, but primary care assets are typically let for +20 years, offering investors long term income streams. Leases are usually agreed without break clauses given that a primary care facility is located within a community, specifically serving a patient list within a catchment area. The likelihood of a void or tenant refusing to renew a lease is often considered remote. Buildings are typically let on Internal Repairing (IR) or Full Repairing and Insuring (FRI) terms, and market rents are adjusted to reflect these varying liabilities.

- **Covenant Strength** – the reimbursement of rent and operational costs by the NHS to the GP practice under the General Medical Service contract essentially provides an income stream backed by the Government, representing AAA rated secure covenant.
- **Location** – unlike other commercial real estate assets, primary care is unaffected by micro / macro regional differences.

22.0 Methodology

The property is valued using the investment method and residual method.

23.0 Valuations

Market Value

We are of the opinion that the current Market Value for the freehold interest of:

Land west of 41 Malcolm Road, Coulsdon CR5 2DB

As at the date of 17th March 2021 is:

£ £1,005,807 (say One Million)

We attach a copy of the valuation workings in **Appendix D**.

24.0 Comparable Evidence

Rent and Comparables

We have applied a rent of £273 m² based on comparable evidence and having liaised with third party providers.

Site	GMS Rent
Belmont, Sutton (Due to start in April 21)	£273 / m ²
Ravensbury Park, Mitcham	£267 / m ²
Lambton Road Medical Practice, Raynes Park	£285 / m ²
Kingston Health Centre, Kingston	£285 / m ²

Given that the plans show a building arranged over 3 floors a GIA:NIA of 85% is realistic given the stair / lift cores and other circulation space.

On the basis that the lease will be 21 years+, 3 yearly rental reviews we would expect the yield to be 4.25%.

25.0 Confidentiality

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed (Croydon Council) and no responsibility is accepted to any third party for the whole or any part of its contents.

Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Richard Tapply - Gen2

From: Wingrave, Stephen <Stephen.Wingrave@croydon.gov.uk>
Sent: 11 March 2021 15:43
To: Richard Tapply - Gen2
Subject: RE: Valuation Instruction
Attachments: FW: SCP Valuation Fees submission

Hi Richard

Further to our call please find attached the list of valuations and my estimate of the fees based on the likely values. As discussed, I have marked on the spreadsheet where I have allowed for some additional consultancy advice in case we need it.

I have asked for you to be set up on our finance system but as this may take a short while and I need to obtain a valuation for one of the sites urgently could this be done ahead of the paperwork on this occasion? I have attached the approval from our spend control panel by way of comfort ahead of the formal PO being issued.

The property in question is at Malcolm Road in Coulsdon

This is subject to an outline planning consent for a new health centre that was submitted by BBB. As we are no longer transferring the site to them I have taken up the negotiations direct with the developer, Nexus.

The planning is due to expire in April (17/06128/OUT) and therefore Nexus will be submitting a new full application shortly. We are proposing to enter into an Option Agreement with them subject only to planning so the value should reflect the benefit of planning. Hopefully the planning details will provide sufficient information – the site is largely a tarmacked surface with some ancillary structures on it at the moment.

The proposal is for a 1400m (gross) centre with limited parking for 3-5 cars.
From the report that the DV has carried out for a similar site in Coulsdon he has assumed:
85% ratio from gross to net areas - proposal is for a 3 storey building so sounds OK
Current Market Rent of £267.75/m. I am aware of a recent deal in Sutton area at £262/m so sounds reasonable
Developers profit assumed at 6-8%
Proposal is for a 25 year lease subject to reviews every 3 years on Internal Repairing Terms

For the yield we are assuming that the lease will be taken by NHS Property Services or equivalent.

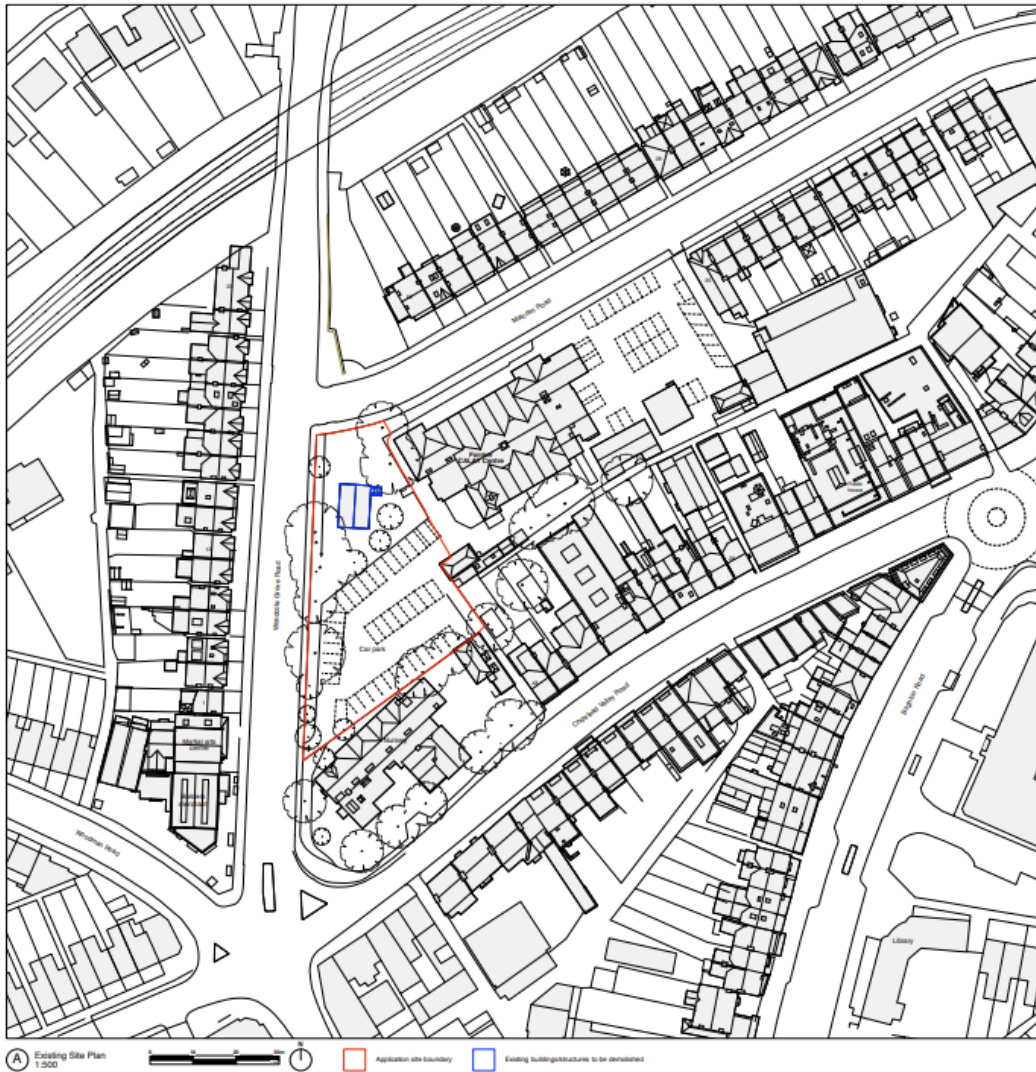
Hopefully this will give you sufficient to get started on this one and if you could provide the report by next Thursday that would be really helpful.

Kind regards

Steve

Steve Wingrave
Head of Asset Management and Estates
Tel 0208 726 8000 ext 61512

Appendix B– Location Plan



HM Land Registry
Current title plan

Title number **SGL531091**
Ordnance Survey map reference **TQ2959NE**
Scale **1:1250**
Administrative area **Croydon**



Appendix D – Valuation

Set out below is our assessment of pricing of the Gross Development Value of the proposed Medical Centre, on the Special Assumption that the planning consent is obtained for a 1400 m sq medical centre.

Land West of 41 Malcolm Road				
Investment Method				
Area		1400	1,190	net area @85% less 5%
Rate per sq. m		£ 273	£ 259.35	
Parking			3	
£ per space			£ 550	
Total Rent			£ 326,520	
Market Rent YP in Perp	4.25%	23.53	£ 326,520	
Gross MV			£ 7,183,440	
	Less purchaser costs		6.50%	
Total MV			£ 6,716,516.40	
Development Costs				
1	Total build cost	1400	m2 @ 3100	£ 4,340,000
2	Contractors Bond		1%	£ 43,400
3	Site Preparation Work		5%	£ 217,000
4	Professional Fees		12%	£ 520,800
5	Surveys	BREAM		£ 45,000
6	Contingencies		5%	£ 217,000
7	Finance 16 month		4%	£ 232,830
8	Additional costs S106/CIL			N/A
9	SUB TOTAL ESTIMATE			£ 5,616,030
10	Developers Profit		10%	£ 561,603
11	Total Estimated Costs			£ 6,177,633
12	Estimated Land Value			£ 1,005,807

1. Introduction

1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

2. Proposed change

Directorate	Place
Title of proposed change	Property Disposals as part of the Interim Asset Disposal Strategy
Name of Officer carrying out Equality Analysis	Steve Wingrave

2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

The Council is proposing to vary the lease terms for the two existing leases at Concord and Sycamore House that are currently used to provide Emergency Temporary Accommodation (ETA). The lease changes do not impact on the use or tenure of the individual occupiers but helps to secure additional capital for the Council and possibly secure the premises for a longer term

3. Impact of the proposed change

Important Note: It is necessary to determine how each of the protected groups could be impacted by the proposed change. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/>. Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

3.1 Additional information needed to determine impact of proposed change

Table 1 – Additional information needed to determine impact of proposed change

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table.

Additional information needed	Information source	Date for completion
The proposed Disposals for vacant premises will not impact the delivery of services by the Council as they have all been declared surplus to requirements and many have been vacant for some time. This report covers the disposal of a Golf Course and hotel let under a long lease, a former car park area, HRA garages, Heathfield House former training centre and a vacant scout hut	Asset Management/ELT	June 2021

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultation>

3.2 Deciding whether the potential impact is positive or negative

Table 2 – Positive/Negative impact

For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. . If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgement where possible.			
Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change	None	Asset Management Team
Disability	- The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change. In the case of letting of Heathfield House this will be to Cressey College for the education of children with SEN needs and will therefore enhance the local facilities for children with disabilities	None	As above
Gender	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change	None	As above.

Gender Reassignment	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change	None	As above.
Marriage or Civil Partnership	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change	None	As above.
Religion or belief	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change. The proposed purchaser for the former scout hut is a faith group and therefore this will improve the provision of facilities for some faith groups in the area	None	As above.
Race	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change	None	As above.
Sexual Orientation	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change	None	As above.
Pregnancy or Maternity	The proposed changes will not impact any protected characteristic group as either the buildings are vacant and have been declared surplus to requirements or the current use where tenanted will not change. In the case of the car park at the former Malcolm Road CALAT this is to be for the development of a medical centre which will enhance local	None	As above.

	provision and care for people with medical needs		
<p>Important note: You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.</p> <p>When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics.</p>			

3.3 Impact scores

Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)
2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact)
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

S e	3	3	6	9
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	2	2	4	6
	1	1	2	3
		1	2	3
Likelihood of Impact				

Key

Risk Index	Risk Magnitude
6 – 9	High
3 – 5	Medium
1 – 3	Low

Table 5 – Impact scores

<p>Column 1</p> <p>PROTECTED GROUP</p>	<p>Column 2</p> <p>LIKELIHOOD OF IMPACT SCORE</p> <p>Use the key below to score the likelihood of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p>1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact</p>	<p>Column 3</p> <p>SEVERITY OF IMPACT SCORE</p> <p>Use the key below to score the severity of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p>1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact</p>	<p>Column 4</p> <p>EQUALITY IMPACT SCORE</p> <p>Calculate the equality impact score for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group.</p> <p>Equality impact score = likelihood of impact score x severity of impact score.</p>
Age	1	1	1
Disability	2	3	6 (in a positive way)
Gender	1	1	1
Gender reassignment	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	2	2	4 (in a positive way)
Sexual Orientation	1	1	1
Pregnancy or Maternity	2	2	2(in a positive way)

4. Statutory duties

4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

Important note: If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

5. Action Plan to mitigate negative impacts of proposed change

Table 5 – Action Plan to mitigate negative impacts

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability	No Negative Impact			
Race	No Negative Impact			
Sex (gender)	No Negative Impact			
Gender reassignment	No Negative Impact			
Sexual orientation	No Negative Impact			
Age	No Negative Impact			
Religion or belief	No Negative Impact			
Pregnancy or maternity	No Negative Impact			

Equality Analysis

Marriage/civil partnership	No Negative Impact		
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6. Decision on the proposed change

Based on the information outlined in this Equality Analysis enter **X** in column 3 (**Conclusion**) alongside the relevant statement to show your conclusion.

Decision	Definition	Conclusion - Mark 'X' below
No major change	Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision. The proposed changes to the lease involve the insurance obligations, the right to redevelop and the right to potentially extend the term of the lease. None of these will have an impact on the current use of the premises	x
Adjust the proposed change	We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form	
Continue the proposed change	We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.	
Stop or amend the proposed change	Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.	

Will this decision be considered at a scheduled meeting? e.g. Contracts and Commissioning Board (CCB) / Cabinet Yes.	Meeting title: Cabinet Date: 13 July 2021
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7. Sign-Off

Officers that must approve this decision			
Equality lead	Name: Yvonne Okiyo	Date: ne	
	Position: Equalities Manager		
Director	Name:	Date:	
	Position: Director of Housing and Social Investment		



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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