

Scrutiny & Overview Committee

Meeting held on Friday, 6 October 2023 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

- Present:** Councillors Rowenna Davis (Chair), Richard Chatterjee (Vice-Chair), Leila Ben-Hassel, Gayle Gander (reserve for Jade Appleton), Eunice O'Dame
- Also Present:** Councillor Jason Cummings – Cabinet Member for Finance
- Apologies:** Councillors Jade Appleton and Simon Fox

PART A

60/23 **Disclosure of Interests**

Although there were no disclosures of interest made at the meeting, the Chair, Councillor Rowenna Davis, confirmed for the record that The Colonnades was based in her ward.

61/23 **Urgent Business (if any)**

There were no items of urgent business for the consideration of the Scrutiny & Overview Committee at this meeting.

62/23 **Pre-Decision Scrutiny: The Colonnades, 619 Purley Way, Croydon CR0 4RQ - Asset Disposal (Part A)**

The Committee considered a Part A report set out in the agenda supplement, which detailed the proposed disposal of The Colonnades, 619 Purley Way, Croydon CR0 4RQ. The Chair advised that this unscheduled meeting of the Committee had been set up to provide the opportunity to seek further reassurance on the proposed asset disposal, following the Chair's permission being sought to exempt the decision from call-in. In holding a formal Committee meeting prior to the decision being made it also allowed any concerns about the proposal to be highlighted to the Corporate Director of Resources, Jane West, prior to her taking the decision under the authority delegated in the Asset Disposal Plan.

The Cabinet Member for Finance, Councillor Jason Cummings, the Director for Commercial Investment and Capital, Huw Rhys-Lewis and the Deputy Monitoring Officer, Looqman Desai were in attendance at the meeting for this item.

During the introduction to the report by the Cabinet Member for Finance, it was highlighted that the Colonnades had been included in the first tranche of assets for disposal, agreed by the Mayor as part of the Asset Disposal Plan at the Cabinet meeting on 24 May 2023. The Colonnades was the largest asset marked for disposal in the first tranche and its disposal was a part of the strategy to reduce the Council's debt and would help to satisfy the Improvement and Assurance Panel that progress was being made with delivering the Asset Disposal Plan.

As the Committee was keen to ensure as much of the discussion as possible was held in public, before commencing its questioning on the proposed decision, the Chair invited the Deputy Monitoring Officer to explain what information was and was not considered to be exempt, as a guide for the meeting. Additionally, an explanation was given on the difference between the Council's general best value duty and the specific duty when making land disposals to secure the best price reasonably obtainable.

The first question raised by the Committee asked for an explanation why a red book valuation was not needed as part of the disposal process for the Colonnades. It was advised that in most instances a red book valuation would be undertaken, but in this case the market was used to determine the valuation. The Council's decision was informed by the advice of its appointed selling agent, Savills, who had provided a marketing valuation, which was in line with the existing book valuation.

The Cabinet Member advised that although the red book valuation could provide further information on the potential value of an asset, in actual terms the valuation was determined by the market. The disposal of the Colonnades was different to many other council assets targeted for disposal in that it was an investment asset rather than an operational one and as such had been treated differently.

It was questioned whether the Council's financial situation could result in bidders submitting lower than anticipated bids for assets and whether by having red book valuation in place it would provide additional reassurance, beyond that of a market-led valuation. In response it was emphasised that the Council was not in a position to consider whether it was the best time to sell its assets, as it needed to urgently dispose of assets to manage its debt situation, as such the market interest in an asset provided a reliable indication of its current value.

In response to a question about whether other disposal mechanisms, such as an auction, had been considered for the Colonnades, it was highlighted that a range of options were being used to sell other assets listed in the Asset Disposal Plan. However, for an asset like the Colonnades, it would be highly unusual to dispose of it through an auction. The Council had followed the standard industry practice for disposing of a large retail asset and on balance

it was felt to have achieved the right outcome considering the market conditions.

It was noted that from the marketing exercise there had been eight bidders in the first round and six in the second round, with it questioned how this compared to other similar disposals. It was advised that the level of interest received in purchasing the Colonnades should be seen as positive in the current market.

At this stage of the meeting the Committee concluded its questioning on the Part A report and agreed a motion to exclude the press and public for the remainder of the meeting.

63/23 Exclusion of the Press and Public

The following motion was proposed by Councillor Rowenna Davis seconded by Councillor Richard Chatterjee and agreed by the Committee to exclude the press and public for the remainder of the 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 paragraph 3 as indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended”.

64/23 Pre-Decision Scrutiny: The Colonnades, 619 Purley Way, Croydon CR0 4RQ - Asset Disposal (Part B)

Please note that a full confidential minute has also been produced that includes confidential conclusions of the Committee.

The Committee considered the confidential report set out in the agenda supplement which provided further information on the proposed disposal of The Colonnades. During its consideration of this information, the Committee asked questions on the following areas: -

- Further questioning on the value of the asset
- The impact of the disposal on the Council’s debt.
- The potential purchase price of the asset and how it compared to the cost of the asset when it was purchased in 2018.
- Potential future options for the Colonnades site.
- The credibility of the preferred bidder.

The meeting ended at 8.15 pm

Signed:

Date:

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