

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR HOMES & REGENERATION AND CABINET MEMBER FOR FINANCE & TREASURY ON 13 APRIL 2015

In accordance with the Scrutiny and Strategic Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 21 April 2015** unless referred to the Scrutiny and Strategic Overview Committee:

The Cabinet has delegated to the Cabinet Member for Homes & Regeneration and Cabinet Member for Finance & Treasury the power to make the decisions set out below:

CABINET MEMBER'S DECISION REFERENCE NO. : 36/14/HRFT

Decision Title: Use of the Council's Revolving Investment Fund to support the delivery of the Council's Growth Plan: Meanwhile Use East Croydon

Having carefully read and considered the Part A & B reports, the Cabinet Member for Homes & Regeneration and the Cabinet Member for Finance & Treasury pursuant to the authority delegated to them by Cabinet on the 29th of September 2014 (Minute Reference A79/14)

RESOLVED to:

- 1.1 Approve a £3,000,000 loan to be made by LBC to Boxpark from the Council's Revolving Investment Fund (RIF).**
- 1.2 Note investment in a 5 year pop up shop programme in Boxpark Croydon to undertake a meanwhile use of Ruskin Square through a five year £160,000 per annum pop up program within the development to promote local businesses.**
- 1.3 Note viability grant funding to Boxpark Croydon of £61,500 per annum to support the operations of Boxpark Croydon.**

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 21 April 2015** (5 working days after the decisions were made) unless referred to the Scrutiny and Strategic Overview Committee.
2. The Council Solicitor, Director Democratic and Legal Services shall refer the matter to the Scrutiny and Strategic Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Strategic Overview Committee and 4 members 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 Jim Simpson and Solomon Agutu by **1300 hours on 21 April 2015**. 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 Strategic 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.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Strategic Overview Committee unless, in view of the Borough Solicitor, Director of Legal and Democratic Services, this would cause undue delay. In such cases The Borough Solicitor, Director of Legal and Democratic Services will consult with the decision taker and the Chair of Scrutiny and Strategic Overview to agree a date for an additional meeting. The Scrutiny & Strategic Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Strategic 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 the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Strategic Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.

9. If the Scrutiny and Strategic Overview Committee decides that no further action is necessary then the decision may be implemented.
10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is 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. The decision taker 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.
13. The response shall be notified to all Members of the Scrutiny and Strategic Overview Committee
14. If either the Council or the Scrutiny and Strategic 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.
15. **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.

Signed: Borough Solicitor & Monitoring Officer, Director of Legal & Democratic Services

Date: 13 April 2015

Contact Officers: jim.simpson@croydon.gov.uk; Solomon.Agutu@croydon.gov.uk

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PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND STRATEGIC OVERVIEW COMMITTEE**

For the attention of: Jim Simpson & Solomon Agutu,
Democratic & Legal Services Division

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

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

Signed:

Date:

Member of _____ Committee

For General Release

REPORT FROM: :	<p>Richard Simpson, Director of Finance and Assets</p> <p>Jo Negrini, Executive Director of Place</p>
SUBJECT:	<p>Use of the Council’s Revolving Investment Fund to support the delivery of the Council’s Growth Plan: Meanwhile Use East Croydon</p>
REPORT TO CABINET MEMBERS:	<p><i>Councillor Alison Butler, Deputy Leader (Statutory) & Cabinet Member for Homes and Regeneration</i> <i>And</i> <i>Councillor Simon Hall, Cabinet Member for Finance & Treasury</i></p>
WARDS:	<p>Fairfield</p>
<p>CORPORATE PRIORITY/POLICY CONTEXT:</p> <p>The establishment of Boxpark Croydon will support the economic priorities of the Croydon Economic Development Plan 2013-2018:</p> <ul style="list-style-type: none"> • Begin to create an improved town centre mix • Positive promotion of Croydon 	
<p>AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:</p> <p>The strategic aim of this project is to reactivate a previously long term vacant derelict development site at a key gateway location in Croydon with a nationally significant, sustainable meanwhile use. If successful this project is designed to:</p> <ol style="list-style-type: none"> 1) Catalyse the development of 1.07 million sq.ft. of commercial office space. 2) Create up to 200 direct new full time equivalent jobs and substantially more indirect jobs. Over 50% of which to come from Croydon, based on existing employment patterns. 3) Generate at least an additional £9 million GVA per annum for the Croydon economy 4) Provide more than £3.9 million in income to Croydon domiciled staff through wages. 5) Deliver a substantial annual calendar of events and promotions which will significantly increase footfall in the area. 6) Substantially improve the perception of Croydon as a commercial and leisure destination. 7) Create more than £5 million AVE of positive publicity for Croydon. 	
<p>FINANCIAL IMPACT</p> <p>The Council propose to make a £3,000,000 loan to Boxpark Croydon to finance the development.</p> <p>In addition, the Council will commit to leasing 8 units within the development at market rents, to be managed by Boxpark Croydon, to deliver a high value pop up</p>	

shop/community engagement programme.

This scheme is also projected to deliver between £7,334,528 million and £10,378,560 million per annum GVA to the wider Croydon economy through new jobs and growth over the first five years, including a direct income stream to the Council of £173,000 per annum through business rates retention for the lifetime of the development

KEY DECISION REFERENCE NO: 36/14/HR&FT 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

1. RECOMMENDATIONS

That the Cabinet Member for Homes & Regeneration and the Cabinet Member for Finance and Treasury pursuant to the authority delegated to them by Cabinet on the 29TH Of September 2014 (Minute Reference A79/14):

- 1.1 Approve a £3,000,000 loan to be made by LBC to Boxpark from the Council's Revolving Investment Fund (RIF)
- 1.2 Note investment in a 5 year pop up shop programme in Boxpark Croydon to undertake a meanwhile use of Ruskin Square through a five year £160,000 per annum pop up program within the development to promote local businesses.
- 1.3 Note viability grant funding to Boxpark Croydon of £61,500 per annum to support the operations of Boxpark Croydon.

2. EXECUTIVE SUMMARY

Activating Ruskin Square to improve the perception of Croydon

The Council identified activating this site as a key priority for driving commercial occupier interest in Croydon. In December 2013, the inward investment team made contact with Boxpark Ltd, a pop up mall operator that specialises in activating temporarily vacant development sites by converting shipping containers into retail & leisure units and arranging them to provide a vibrant temporary commercial complex. Boxpark currently operate a highly successful pop up mall on vacant development land next to Shoreditch High Street station, a development which has been credited with playing a major role in the wider regeneration of the area.

After initial discussions with CGLP and Boxpark to establish outline lease arrangements and site layout, Boxpark approached the London Borough of Croydon (LBC) to provide development financing and funding support. Due to the specialist nature of the proposed company structure and lease arrangements, development funding could not be obtained from any other source.

If this funding is made available, Boxpark propose to develop an 80 unit temporary mall on approximately 0.45 hectares on the southern tip of the Ruskin Square development site. This will be arranged over two floors, with a performance space at the centre and a canopy over the entire unit enabling events to take place throughout the year.

Benefits to Croydon

Boxpark Croydon is expected to deliver 240 FTE jobs generating a GVA to Croydon of between £7,334,528 and £10,378,560 per annum. Of these 240 FTE jobs it is estimated, based on current commuting trends, that 56% of these jobs will be filled by Croydon residents, a total of 134 FTE jobs. These jobs are expected to deliver £5,645,760 in employee income of which £3,161,626 will be income to Croydon residents.

Longer term, the Council also anticipate this use will catalyse the comprehensive redevelopment of the site. CGLP have advised that in order to bring forward the new scheme, they need to evidence significant new occupier demand. One of key barriers cited by letting agents and developers is that Croydon does not have leisure facilities/quality of experience on street and at major arrival points, such as East Croydon, to attract new business occupier concerned with attracting a high quality workforce – a major barrier to attracting new tenants. This scheme will substantially address these concerns and support the comprehensive development of the site.

Summary

This reports sets out:

- The proposed funding arrangements and repayment schedule for a £3 million development loan to Boxpark Croydon to develop the Boxpark Croydon site.
- Costs, risks, and future income to LBC as a result of the loans and grant funding

2. DETAIL

Development Loan

LBC is proposing to make available a £3 million development loan to the New Co Boxpark Croydon, incorporated by Boxpark Ltd to operate this development and repayable over a term of 5 years.

Repayment schedule

The loan will be repaid quarterly in arrears.

Pop-up Retail Program

To promote Boxpark Croydon and Croydon as a place for businesses to locate LBC will rent 8 pop up units per year for five years.

The purpose of providing 8 pop up showcase units (“LBC Units”) to be used to attract and showcase high profile businesses-led activities to Croydon that would not otherwise have chosen to come to Croydon, and to introduce Croydon as a viable long term business location to target/start up brands. LBC will have access to these units to deliver events, activities or displays for its own purposes.

Additional Grant Funding

LBC will also provide Boxpark with a grant of £61,500 per annum for five years.

3. BACKGROUND

Ruskin Square

Ruskin Square is Croydon’s primary commercial development opportunity. It is the highest profile commercial site within Croydon’s Opportunity Area and its success, or otherwise, in both the short and long term is critical to the long term viability of Croydon as a major commercial destination, our ability to attract high value jobs to the borough, and Croydon’s identity as a destination.

The Ruskin Square site has stood derelict for more than 30 years and, as a gateway location and effective ‘billboard’ for passengers travelling through East Croydon, the inactivity here has been a major blight on the perception of Croydon and its attractiveness as both an investment and occupier location. The current owners Croydon Gateway Limited Partnership (CGLP) have held the site for over 13 years, and whilst productive discussions with them has resulted in a great deal of positive activity over the past year and schemes progressing in the north of the site, it is anticipated that the southern end of the site will remain vacant in the medium to long term.

Partners

Boxpark

Boxpark Ltd is a pop up mall development company set up in 2011 by Roger Wade, the founder of the successful Boxfresh fashion label. It launched its first project in Shoreditch in 2011 with 45 units arranged on a piece of vacant land due for redevelopment but with no pending activity adjacent to railway lines.

Boxpark is attributed to playing a major role in the renaissance of Shoreditch as an attractive and vibrant location. It is currently trading with full occupancy, a long waiting lists and more than 50 events occurring on site each year. It has been so successful in helping create place the developer has brought forward development plans 10 years earlier than anticipated, and therefore the scheme will need to vacate the site by 2016.

CGLP/GLA

The site owners CGLP and the GLA are very supportive of this project. CGLP have already agreed Heads of Terms on a peppercorn letting arrangement and have committed to bring forward site clearance and preparation works more than 5 years ahead of schedule at an estimated cost of c£1 million to enable Boxpark to enter the site. The GLA have committed £250,000 towards the £500,000 required for predevelopment costs (design, planning and presales launch and marketing).

The Council and Boxpark Ltd have met the rest of the predevelopment costs.

4. CONSULTATION

LB Croydon economic development/inward investment officers have worked closely with CGLP and Boxpark Ltd to develop this model with strategic input from the planning/spatial planning/HDR teams and in consultation with finance, legal services and procurement.

Externally, LBC have engaged directly with the GLA and consulted informally with Croydon BID, Develop Croydon and a variety of business and business referral partners to determine whether they would support this proposal – all the feedback has been positive.

This scheme would require a full temporary planning permission (although the extent of retail floorspace required for this scheme falls within that granted for the outline planning consent for the comprehensive Ruskin Square scheme, so would not require amending). The scheme will also require licensing and advertising permissions. Therefore, it will be required to go through the planning/licensing consultation process as any other scheme.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report recommendations

These are detailed in the Part B report.

2 The effect of the decision

This would be the first investment from the RIF. The £3m loan would sit as a debtor of the councils balance sheet..

3 Risks

These are detailed in the Part B report.

4 Options

This scheme requires all the proposed funding to progress. Therefore the decision will be to progress the scheme through granting the loan or discontinuing all work on this development.

5 Future savings/efficiencies

- Business rate retention is estimated to generate c£173,000 per annum over 5 years

In addition, whilst the large number of new jobs and businesses created by this development will not have a direct saving/efficiency to the Council, they will provide an indirect GVA benefit of £7m - £10m to the local Croydon economy.

Finally, it is anticipated that Boxpark will help to stimulate the commercial office market in Croydon and in particular bringing forward 1.07 million sq.ft. of new commercial space. The business rates income from this new development would be at least £7 million per annum. Ruskin Square has the potential to deliver 10,000 new jobs to Croydon. This would result in a £432 million increase in Croydon GVA per annum for each year the scheme is brought forward.

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council comments that the principle of supporting a meanwhile use scheme at Ruskin Square was approved by Cabinet on the 29th of September 2014 as part of the establishment of the Council's Revolving Investment Fund and the delivery of such a use was categorised as a potential 'early win'. The detail set out in this report seeks to ensure the project is secured.
- 6.2 The proposals set out in this report are fully within the powers of the Council. Using the power of general competence under section 1 of the Localism Act 2011, the Council is able to provide loans to businesses as under the general power of competence given that the Council, as local authority, has *'the power to do anything that individuals may generally do'*.
- 6.3 Any loans provided using the power of general competence must be in compliance with State Aid legislation. The loan and arrangements with BoxPark have been structured in a way that complies with State Aid requirements and advice on State Aid issues has been taken by the Council from the early stages of this project. Outside of compliance with the general law, there are certain restrictions on the use of the power of competence but none of those affect the present proposals.

(Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration) on behalf of the Council Solicitor & Director of Democratic & Legal Services)

7. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

7.1 The proposed decision to invest in the meanwhile use at Ruskin Square is recommended because:

- Boxpark will support the creation of an enhanced town centre retail and leisure offer that will attract more people into the Croydon town centre.
- Boxpark Croydon will deliver a nationally significant retail and leisure offer to the Croydon town centre and challenge some negative perceptions about the urban district.
- Boxpark Croydon will significantly improve the Croydon night time offer through improving the leisure, retail, restaurant, and cultural offer.
- Boxpark Croydon will provide an alternative retail and leisure destination during a time when the Croydon town centre will be severely impacted by the proposed Westfield redevelopment of the Whitgift Centre.
- Boxpark Croydon will deliver an additional 240 FTE jobs into the Croydon town centre and will provide an additional £7million - £10 million GVA per annum into the Croydon economy.
- Boxpark Croydon has the potential to catalyse the development of 1.07million square feet of grade A commercial office space at Ruskin Square.
- Boxpark Croydon will deliver substantial new income streams to LBC

8 OPTIONS CONSIDERED AND REJECTED

- 8.1 The Council considered a number of funding options and operational models with Boxpark Croydon, including JV arrangements and acquiring an interest into the site to facilitate this use. This was determined to be the only viable option based on feedback from partners and legal advice
- 8.2 The Council considered a number of different development plots for this scheme. The success of the development is dependent on very high natural footfall, close proximity to major public transport hubs, a large number of prospective users within 5 minutes walking distance and a high profile location with good site access/visibility. This is the only site which fits these criteria.
- 8.3 The Council considered approaching another partner to deliver this scheme. As this is a specialist field, no alternative appropriate developer was identified who could meet the tenancy criteria set by CGLP.

Contact officer: Matthew McMillan, Development Team

Background documents: Loan agreement; Grant agreement, PSA (CGLP)