

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE DEPUTY LEADER (STATUTORY) AND CABINET MEMBER FOR HOMES, REGENERATION AND PLANNING ON 1 AUGUST 2016

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 9 August 2016** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by any Cabinet Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

CABINET MEMBER'S EXECUTIVE DECISION REFERENCE NO. : 33.16.HRP
Decision Title: Taberner House Redevelopment

Having carefully read and considered the attached Part A report and the associated 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 Deputy Leader (statutory) and Cabinet Member for Homes, Regeneration & Planning in consultation with the Cabinet Member for Finance and Treasury.

RESOLVED:

- 1.1 To agree to dispose of the Taberner House site under the terms as laid out in the attached Part A report and to note and approve the retention by the Council of land on which affordable housing will be developed.
- 1.2 To agree to provide debt to the developer on the terms as set out in the associated Part B report.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 9 August 2016** (5 working days after the decisions were made) 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 or Deputy Chair of the Scrutiny and 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 James Haywood by 9 August 2016. 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.
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 the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and 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 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 Overview Committee
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 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: Acting Council Solicitor & Acting Monitoring Officer

Date: 01.08.16

Contact Officers: jim.simpson@croydon.gov.uk ; james.haywood@croydon.gov.uk

Telephone: 020 8726 6000 Ext. 62326 or 63319

PROFORMA

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

For the attention of: Jim Simpson, Democratic Services & Scrutiny
e-mail to jim.simpson@croydon.gov.uk and james.haywood@croydon.gov.uk

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 Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

For General Release

REPORT TO:	Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning And Cabinet Member for Finance & Treasury
AGENDA ITEM:	not applicable
SUBJECT:	Taberner House Redevelopment
LEAD OFFICER:	Colm Lacey Director of Development
CABINET MEMBER:	Cllr Alison Butler Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning Cllr Simon Hall Cabinet Member for Finance & Treasury
WARDS:	Fairfield
CORPORATE PRIORITY/POLICY CONTEXT: <u>The Croydon Promise: Growth for All</u> The site is highlighted as a key central Croydon project. <u>Croydon Challenge</u> Contribute positively to the Council's financial position and therefore the goals of the Croydon Challenge. <u>Community Strategy</u> Redevelopment of Taberner House enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy 2013-18. <u>Corporate Plan 2013-15</u> The redevelopment of Taberner House is a specific target within the Corporate Plan. <u>Mid-Croydon Masterplan</u> The proposals seek to improve and enhance The Queen's Gardens in line with the Mid-Croydon Masterplan, and additionally deliver a net increase in the quantum of public open space at The Queen's Gardens.	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: The proposals presented in this report: <ul style="list-style-type: none">• Improve the development opportunity afforded by Taberner House.• Bring closer to delivery one of the key development sites in the town centre.• Maximise the use of the Council's assets to deliver new homes, including	

affordable housing, private for sale and private rented stock.

- Secure a greater amount of open space within Queen's Gardens for the benefit of all Croydon residents.

FINANCIAL IMPACT

The detail is contained within the Part B report. The council will receive a capital receipt for the site from the sale.

There will also be a loan made from the Revolving Investment Fund (RIF) at a market rate. The interest received will be treated as revenue income.

The purchase of the social rented properties will be financed from the HRA at the agreed values and is reflected in the HRA Business Plan.

FORWARD PLAN KEY DECISION REFERENCE NO.: 33.16.HRP 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 & Overview Committee by the requisite number of Councillors.

The Leader of the Council (decision reference no. 54.16.LR) has delegated to the Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning in consultation with the Cabinet Member for Finance & Treasury the power to make the decisions set out in the recommendations below.

1 RECOMMENDATIONS

To agree to dispose of the Taberner House site under the terms as laid out in this report and to note and approve the retention by the Council of land on which affordable housing will be developed.

To agree to provide debt to the developer on the terms as set out in the associated Part B report.

2. EXECUTIVE SUMMARY

2.1 The Croydon Challenge programme is the Council's strategic response to the need to save £100m by 2018. It demands that the Council keep under constant review how it operates and delivers its objectives more effectively. Two themes of the Croydon Challenge - Places Transformation and Places Investment - directly relate to the development of the Taberner House site.

2.2 During 2013/14 Croydon Council's Urban Regeneration Vehicle (CCURV) and the Council agreed a Business Plan for the delivery of the Taberner House scheme, and this 'consented scheme' secured planning permission in May 2014.

- 2.3 Officers reviewed this proposed delivery methodology for the Taberner House scheme to ensure that it was being brought forward in a way that would be most advantageous to the borough in a number of respects.
- 2.4 This review led to the proposal of a new delivery structure which generated much improved value to the Council than the previously consented scheme. In addition, the proposed scheme included a greater proportion of affordable housing within the scheme and an increase in the amount of open space provided at Queen's Gardens in comparison to the consented scheme. This was detailed in reports to Cabinet in December 2014 and July 2015.
- 2.5 Officers have continued to review and test the commercial structure of the Taberner House deal, including market testing with a number of leading development organisations who have delivered schemes of a similar scale and level of complexity in London.
- 2.6 This process has led to the agreement of a revised set of Heads of Terms and associated Agreement for Sale – these are detailed in Part B of this report. Subject to approval of the recommendations in this report, officers will proceed to exchange and complete detailed legal contracts and associated documentation on this basis.
- 2.7 It is also proposed that the Council provide development finance for the scheme under the terms as set out in Part B of this report.
- 2.8 Under these terms, a revised planning application, incorporating the greater level of affordable housing and larger quantity of open space, will be submitted in Autumn 2016 with a view to works starting on site in early 2017.

3. BACKGROUND – The Consented Scheme

- 3.1 In November 2013 the CCURV Board agreed and adopted a new Business Plan for the delivery of the Taberner scheme. The Council's approval of the Business Plan subsequently followed under delegated authority dated 17 January 2014 to the Council CCURV Board Representatives.
- 3.2 The adopted November 2013 Business Plan set out proposals for a 420 unit residential scheme with 15% affordable housing and 7,480 sqft of ground floor commercial space to be delivered in two phases:
 - Phase 1 containing circa 230 private rented sector (PRS) homes in a 32 storey tower; and
 - Phase 2 comprising 190 mixed tenure homes in four medium rise blocks.
- 3.3 A scheme derived from the November 2013 Business Plan secured planning permission in May 2014 and is referred to in this report as the 'consented scheme'.
- 3.4 In December 2014 Cabinet agreed to an amendment to the previously agreed commercial arrangements whereby CCURV would continue to deliver the scheme, but with the Council instead taking ownership of the 190 new non-PRS homes. This enabled the Council to ensure an increased level of affordable provision within the scheme, and a mix of tenure and unit sizes more appropriate to the housing need in Croydon.

- 3.5 The December 2014 Cabinet report also provided the necessary approvals with regard to appropriation of land, specifically authority to:
- Appropriate the Taberner House site for planning purposes pursuant the Council's powers under section 122 of the Local Government Act 1972.
 - Proceed to publicly advertise the proposed appropriation of the areas of Queen's Gardens that are intended to be redeveloped (subject to satisfactory planning approval) and, subject to the outcome of public advertisement and consideration of objections, to appropriate the areas of Queen's Gardens for planning purposes pursuant to the Council's powers under section 122 of the Local Government Act 1972.
- 3.6 There followed a number of changes to the wider regeneration and development context since the consented scheme was approved and since the report to Cabinet on Taberner House in December 2014. In light of these changes, the Council reviewed the delivery methodology for the Taberner House redevelopment and concluded that there was scope to secure a scheme that delivered better outcomes for Croydon, including:
- An increase in the level of affordable housing from 15% to 30%
 - A reduction in development encroaching onto The Queen's Gardens
 - An increase in the amount of open space provided at Queen's Gardens
 - A net value return to the Council at least double that of the consented scheme
 - Significantly reduced risk profile for the Council
- 3.7 The previously agreed transaction under the consented scheme was therefore reviewed and, mindful of the need to secure best consideration for the Council, officers designed a structure in partnership with a new delivery partner which significantly improved the Council's financial return from the scheme while also generating a long-term income stream from the affordable housing. Heads of Terms were drafted for this approach and approved by Cabinet and officers subsequently proceeded to negotiate contracts and associated documentation with the development partner.
- 3.8 In the course of these discussions, it became apparent that the development partner may not be able to fully honour the terms set out. Officers therefore undertook a soft market testing exercise for the sale of the Taberner House land in order to a) test the attitude of the wider market to the scheme and b) develop an alternative delivery approach should one be needed.
- 3.9 This process was completed in April 2016 and a revised set of Heads of Terms was agreed with a new purchaser. The Heads have now been developed into an Agreement for Sale, a copy of which is provided as Appendix 1 in the associated Part B paper.
- 3.10 Under these terms, the purchaser takes on full delivery risk for the scheme and makes an agreed payment for every completed private unit. The Council retains the land on which affordable rent units will be delivered at the Council's cost, with that cost capped at an agreed amount. The Council is also providing development funding to the purchaser for elements of the scheme and would benefit from the interest accrued on the loan in that event. Other benefits accruing to the Council include an allowance for ground rent income.

Enhancing The Queen's Gardens

- 3.11 The new scheme will expand and enhance Queen's Gardens to provide a greater amount of public space than the consented scheme. In respect of the future management, maintenance and security of Queen's Gardens, the gardens will remain the responsibility of the Council. Some areas of open space created by the development outside of the boundary of Queen's Gardens may ultimately end up being the responsibility of the management company for the new development, working in close collaboration with the Council's Green Space team. In order to enable this improvement scheme (and/or the wider scheme) to be delivered, part of Queens Gardens may need to be closed temporarily. Details of the terms of this temporary closure will be agreed through the standard Council processes.

Increasing the Number of Affordable Homes

- 3.12 The total number of residential units at this stage of the design process is approximately 500. This total is subject to testing through the planning process and may vary as further design work is undertaken prior to submission of the planning application.
- 3.13 The new scheme will increase the level of affordable housing to 30% by unit rather than the 15% in the consented scheme. The affordable units will be split 60% affordable rent and 40% intermediate homes. The Council will retain ownership of the affordable rent homes.

Programme

- 3.14 The proposed programme for design and delivery is as follows:

Jul 2016	Exchange of contracts between the Council and purchaser
Jan 2017	Long stop date for submission of revised planning application
Jun 2017	Estimated construction start on site
2019-20	Phased completions

4. CONSULTATION

- 4.1 The consented scheme has previously been the subject of informal and formal public consultation as part of the planning process. The revised scheme featuring a greater proportion of affordable housing and an increase to the size of Queens Gardens will similarly be consulted on as part of the process of submitting a new planning application.
- 4.2 In addition to consultation via the planning process, there will be public advertisements and consideration of objections as part of the appropriation process of those elements of Queens Gardens that will form part of the development.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 REVENUE AND CAPITAL CONSEQUENCES OF REPORT RECOMMENDATIONS

The detail is contained within the Part B report.

The Council will receive a sale price for the land which will be treated as a capital receipt when received and meets best value considerations. This will support future capital requirements for the council and reduce borrowing.

The council will be providing debt from the RIF at market rates which will generate a revenue income stream for the council.

The affordable rented property will be purchased by the council on the terms agreed and funded as capital expenditure within the HRA.

(Approved by: Richard Simpson, Director of Finance and Assets and S151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

This section is contained in the Part B report.

(Approved by Sean Murphy, Principal Corporate Solicitor (Regeneration), on behalf of the Council Solicitor and Monitoring Officer)

7. HUMAN RESOURCES IMPACT

7.1 There are no human resources impacts arising from this paper.

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

8. EQUALITIES IMPACT

8.1 An equality analysis helps the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector Equality Duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a “protected characteristic” and those who do not and take action to eliminate the potential of discrimination in the provision of services.

8.2 An initial equality analysis was undertaken to assess any adverse impact on people who share a protected characteristic and those who do not. The equality analysis concluded that a full equality analysis will not be required because the change will not have a different/significant impact on protected groups (compared to non-protected groups).

9. ENVIRONMENTAL IMPACT

9.1 The redevelopment will be designed to be a highly sustainable scheme in line with planning policy. The scheme will also benefit from utilizing the local supply chain, sourcing products and services from local suppliers and contractors where possible.

9.2 A design statement will be provided as part of the revised planning application. This will justify the approach and design of the buildings and explain how the development would contribute to the surrounding area in design terms.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 Officers within the Community Safety team and the Metropolitan Police crime prevention design advisor will be consulted via the planning process to ensure that the scheme positively contributes towards public safety and crime reduction.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The recommendations of this report will enable officers to move forward with the new approach to the delivery of Taberner House and prepare and settle the legal documentation required to achieve the delivery of the Taberner House scheme, including documentation relating to the funding and financing of the project.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Previously options to design and develop a scheme solely on the footprint of the Taberner House site were explored by officers. These included a conversion of the Taberner House building itself. None of these options proved financially viable, nor did they deliver a scheme of the quality that is demanded in this key town centre location.

CONTACT OFFICERS:

Colm Lacey, Director of Development, ext. 47637

BACKGROUND DOCUMENTS – Initial Equality Analysis (as provided on www.croydon.gov.uk)

- Taberner House Redevelopment, Cabinet 13 July 2015
- Taberner House Redevelopment Savings Queens Gardens for the People of Croydon, Cabinet 15 December 2014