

LONDON BOROUGH OF CROYDON

To: Croydon Council website
Access Croydon & Town Hall Reception

STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY, COUNCILLOR SIMON HALL, ON 25 MARCH 2015

This statement is produced in accordance with Regulation 12 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

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

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

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

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member: none

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

CABINET MEMBER'S DECISION REFERENCE NO. 10/15/FT

Decision title: Renewal of Fairfield Car Park Lease to NCP

Having carefully read and considered the Part A & B reports, the Cabinet Member for Finance and Treasury, in consultation with the Leader of the Council

RESOLVED to agree to the renewal of the lease of Fairfield Car Park to National Car Parks Ltd on terms detailed in paragraph.3.1 of the confidential Part B report (which is exempt from publication),

Contact Officer: jim.simpson@croydon.gov.uk

Democratic Services Manager

Date: 10 April 2015

Part A Report

DELEGATED DECISION REPORT TO:	Councillor Simon Hall, Cabinet Member for Finance and Treasury
AGENDA ITEM:	N/A
SUBJECT:	Renewal of Fairfield Car Park Lease to NCP
LEAD OFFICER:	Steve Wingrave Head of Asset Management and Estates
CABINET MEMBER:	Councillor Simon Hall Cabinet member for Finance and Treasury
Ward	Fairfield
CORPORATE PRIORITY/POLICY CONTEXT: Delivering high Quality public services and improving value for money	
FINANCIAL SUMMARY The acceptance of the proposals to renew the lease of the car park to National Car Parks Ltd (NCP) will secure an income of stream until the site is required for development as part of the College Green/Fairfield proposals.	
FORWARD PLAN KEY DECISION REFERENCE NO.: This is not a key decision.	

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

1. RECOMMENDATIONS

That the Cabinet member having carefully read and considered the Part A and B reports:

1.1 Agrees to the Renewal of the lease of Fairfield Car Park to National Car Parks Ltd on the terms detailed in the associated Part B report

2. SUMMARY

- 2.1 This report recommends the renewal of the short term lease to the existing tenants, National Car Parks Ltd (NCP). This will ensure a significant income is maintained and provide the flexibility to accommodate any future development of the College Green/Fair Field site that will require at least part of the existing car park site..

3. BACKGROUND

- 3.1 The Council's freehold interest of the Fairfield car park was subject to a long (250 year) lease which was granted as part of a disposal programme in 2005 to Eagle Fairfield and Dingwall Ltd. The Council subsequently purchased this long leasehold interest in November 2011 to help facilitate any future redevelopment of the College Green area. This was subject to a lease which had been granted to NCP by Eagle Fairfield and Dingwall Ltd which is due to expire on 31st March 2015.

4. DETAIL

- 4.1 The NCP were granted a short term lease for a term of 8 years which is due to expire on 31st March 2015. As the lease is contracted out of the Landlord and Tenant Act they do not have an automatic right to renew the lease.
- 4.2 Work has been undertaken with the Parking Team to assess whether it would be more beneficial for the Council to take the running of the car park back in house. Due to the current condition of the Multi Story Car Park it is envisaged that certain repairs will need to be undertaken if the council was to manage the car park as opposed to leasing it. Additionally some of the infrastructure in place is not compatible with the current systems within the council (i.e. CCTV and Pay and Display). These costs in year one are anticipated to be £125,000.
- 4.3 Should the Council insource the management of Fairfield Halls MSCP as opposed to leasing to a third party the following summary is the financial effect over the next four years (dependent on when the College Green Development commences). This clearly shows that the insourcing of this service would be detrimental in the short term.
- 4.4 It is therefore proposed that the existing lease is renewed to NCP on the terms detailed below. This will include the required flexibility to allow the lease to be terminated on redevelopment grounds at any time on giving 6 months notice.
- Demise: the existing car park site comprising of 960 spaces less an area to be agreed on the basement level for 40 spaces to be reserved for use by the Fairfield Halls. This area is required as part of the release of the forecourt area to the front of the Halls..
 - Term: 3 years from 1 April 2015 to be contracted out of the Landlord and Tenant Act.
 - Break Option: Rolling Landlord only redevelopment break at any time on giving at least 6 months prior notice

- All other terms to be as per the existing lease

4.5 Given the desired flexibility required within the lease the letting has not been re-marketed as it was not felt that this would generate any improved offers. It is believed, having spoken to agents that the uncertainty over the possible length of occupation is likely to lead to lower offers from other operators who would be looking to generate higher profit levels to offset the risk and required initial capital investment in new machinery or purchase of the existing equipment.

5 FINANCIAL & RISK ASSESSMENT CONSIDERATIONS

1 The effect of the decision

The renewal of the lease will allow a substantial income to continue to be generated and the revised lease terms will provide the flexibility to allow any development to proceed without undue delay.

By retaining NCP as tenants there will be no interruption to service or break in the income stream.

2 Risks

There are no inherent risks from agreeing this transaction. The terms of the new lease will allow the required flexibility over the future use of the site

3 Options

The Council could decline to renew the lease and remarket or run the car park internally.

Consideration has been given to running the car park through the Council's parking team but the Head of Service has confirmed, based on the usage data and accounts provided by NCP that this is unlikely to generate any additional income over and above the agreed rent.

A further option would be to market the lease to other prospective operators but given the flexibility required it is not believed that this would generate an increased income level over the likely period of operation.

4 Savings/ future efficiencies

The renewal of the lease does not produce any savings or future efficiencies for the Council as the current lease is on a full repairing basis. The letting is at a level below the current rental and therefore there will be a reduction on the current rent income

(Approved by Richard Simpson, Assistant Chief Executive (Corporate Resources and Section 151 officer))

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council comments that Section 123 of the Local Government Act 1972 requires that any disposal should be on the best terms that can reasonably be obtained. Based on the advice from the Council's Head of Asset Management and Estates, the disposal on the terms outlined in the part B report would appear to satisfy that requirement.

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

7. EQUALITIES IMPACT

- 7.1 An initial equality impact assessment has been undertaken and determined that:
- No major change - the Equality Analysis demonstrates that the proposed disposal will not lead to potential for discrimination and that all opportunities to advance equality have been taken;

8. ENVIRONMENTAL IMPACT

- 8.1 The lease renewal will not lead to any material changes

9. CRIME AND DISORDER REDUCTION IMPACT

- 9.1 As this is a lease renewal to the existing operator there are unlikely to be any changes. The completion of this disposal is likely to lead to more investment by the Club which may benefit security at the Club

10. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

The renewal of the lease will secure a continued and significant income whilst allowing the desired flexibility for the redevelopment of the College Green/Fair Field site and the changes to the Fairfield Halls forecourt area..

CONTACT OFFICER: Steve Wingrave
Head of Asset management and Estates Ext. 61512

BACKGROUND DOCUMENTS: None