

## 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 FINANCE & RESOURCES ON 30 OCTOBER 2019**

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 7 November 2019** 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:** 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 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: RENEWAL OF LEASE FOR PART OF THE 2ND FLOOR OF BWH TO NHS PROPERTY SERVICES FOR 5 YEARS SUBJECT TO BREAKS**

**Key Decision No: 3919FR**

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 Finance & Resources in consultation with the Leader of the Council

**Details of decision:**

**RESOLVED:**

1. That the Council renew the lease for a further 5 years subject to tenant break for part second floor (annexe) of Bernard Weatherill House (BWH) to NHS Property Services and to the subsequent subletting to the CCG on the terms detailed in the associated Part B report;
2. Agree that, for the reasons detailed in paragraph 3.5 of the report, the Executive Director Resources be given delegated authority, in consultation with the Cabinet Member for Finance and Resources to make any minor amendments to the terms of the lease for part 2<sup>nd</sup> floor of BWH considered necessary after the decision has been made; and
3. Note that where any amendments are made under this delegation, the amended terms for the lease for the part 2<sup>nd</sup> floor of BWH will be published on the Council's website within 1 month of completion of the lease.

**Signed:** Council Solicitor and Monitoring Officer

**Notice Date:** 31 October 2019

## Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 7 November 2019** (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 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 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.
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:** Council Solicitor and Monitoring Officer

**Notice Date:** 31 October 2019

**Contact Officers:** [victoria.lower@croydon.gov.uk](mailto:victoria.lower@croydon.gov.uk) and [cliona.may@croydon.gov.uk](mailto:cliona.may@croydon.gov.uk)

**PROFORMA**

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

For the attention of: Victoria Lower, Democratic Services & Scrutiny  
e-mail to  
[Victoria.lower@croydon.gov.uk](mailto:Victoria.lower@croydon.gov.uk) and [cliona.may@croydon.gov.uk](mailto:cliona.may@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:

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**The outcome desired:**

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

Signed:

Date:

Member of \_\_\_\_\_ Committee

<b>DELEGATED DECISION REPORT TO:</b>	<b>Cllr Simon Hall Cabinet Member for Finance and Resources</b>
<b>SUBJECT:</b>	<b>Renewal of the lease for Part 2<sup>nd</sup> floor at Bernard Weatherill House</b>
<b>LEAD OFFICER:</b>	<b>Jacqueline Harris Baker Executive Director Resources</b>
<b>CABINET MEMBER:</b>	<b>Cllr Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>Fairfield</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>This report builds on the Council's Corporate Plan (2018) and helps deal with the impacts of austerity through the delivery of income through the letting of corporate assets as well as encouraging businesses to move to Croydon and invest in the borough and for existing businesses to grow.</p>	

<b>FINANCIAL IMPACT</b>
The letting will secure a significant revenue receipt through the rent and the rate and service charge contributions
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: 3919FR</b>
This is a Key Decision as defined in the council's constitution. 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 by the requisite number of councillors.

<p>The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below</p>
<p><b>1. RECOMMENDATIONS</b></p> <p>1.1 That the Cabinet agree that the Council renew the lease for a further 5 years subject to tenant break for part second floor (annexe) of Bernard Weatherill House (BWH) to NHS Property Services and to the subsequent subletting to the CCG on the terms detailed in the associated Part B report.</p> <p>1.2 Agree that, for the reasons detailed in paragraph 3.5 of the report, the Executive Director Resources be given delegated authority, in consultation with the Cabinet Member for Finance and Resources to make any minor amendments to the terms of the lease for part 2<sup>nd</sup> floor of BWH considered necessary after the decision has been made.</p>

<p>1.3 Note that where any amendments are made under this delegation, the amended terms for the lease for the part 2<sup>nd</sup> floor of BWH will be published on the Council's website within 1 month of completion of the lease.</p>
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## **2. EXECUTIVE SUMMARY**

- 2.1 As part of the Council's Asset Strategy a review of the occupational office portfolio has been undertaken to maximise its use and revenue generating potential. Through this work the top 4 floors as well as parts of the ground, first and second floors of Bernard Weatherill House have been let out to third parties.
- 2.2 This report is seeking approval for the Council to renew the lease part of the 2<sup>nd</sup> floor of BWH (the accommodation) to NHS Property Services and for the subsequent underletting to the CCG for a further term of up to 5 years.
- 2.3 The lease will produce a significant income to the Council through the rent and in addition significant revenue saving through the recovery of rates and service charge payments.

## **3. DETAIL**

- 3.1 With the current financial pressures on the Council it is even more important that the use of the property assets are optimised and used to generate income or a reduction in running costs wherever possible. As part of the Council's Asset Strategy, the Council's occupational portfolio has been reviewed to identify opportunities to release space.
- 3.2 Through adopting a more flexible approach to working and adopting an average 10:6 desk ratio it has been identified that between 50-60,000 sq ft of space could be released within BWH. The initial letting of the 9<sup>th</sup> and 10<sup>th</sup> floors was part of this process and terms have now been agreed to renew the lease for a further term of 5 years subject to break options.
- 3.3 The lease to the Tenant is for 6,500sq ft located in the 2<sup>nd</sup> floor annexe of BWH
- 3.4 The new lease will run from the expiry of the existing term and the terms of the letting are detailed in the Part B report as they are commercially sensitive.
- 3.5 Although the terms have been agreed in principle it may be necessary to make minor amendments during the drafting of the lease. A delegated authority has therefore been requested as part of the approval so that these can be dealt with swiftly. Any such amendments will not have a material impact on the overall financial benefits or contractual obligations to the Council
- 3.6 Whilst this space has not been marketed, other lettable space within BWH has been marketed and tested through negotiating with external agents. The terms for the letting have therefore been market tested. The market evidence for lettings of other modern office space within Croydon has been fully analysed

and the terms agreed for the proposed letting are considered to fairly represent the current market terms.

#### **4. CONSULTATION**

- 4.1 No consultation outside of the Council has taken place but consultation has been undertaken with the Workers Disability Group in connection with the proposed access control changes.

#### **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

##### **5.1 Risks**

Once the letting has been completed the Council will not be able to take the space back potentially until October 2023 as the lease does not contain a landlord's break option. At the end of the lease the Council would, however, be able to terminate the lease if they required it for their own occupation or some form of redevelopment.

##### **5.2 Options**

This proposal is being put forward as an opportunity to contribute towards the budget savings targets. The only other options would be to look towards other tenants as the need to let space has been identified.

The covenant strength of the proposed tenant is very good and the terms agreed are a fair reflection of the market terms for offices in Croydon. The letting will also help retain jobs to Croydon and help strengthen the relationship with a key partner organisation.

The space could be retained by the Council and not let but this would not meet the requirements to make best use of the Council's assets and it has been demonstrated through the staff engagement that the current numbers and work styles of staff allow the release of some space within the building.

##### **5.3 Future savings/efficiencies**

Although this is only a medium term letting, this will make a significant contribution towards the budget income targets and will continue to generate an annual income stream to the Council in the short term as there is no rent free period.

Approved by: Lisa Taylor, Director, Finance, Investment and s151 Officer

#### **6. LEGAL CONSIDERATIONS**

- 6.1 Under section 123 of the Local Government Act 1972, a local authority has the power to dispose of land. The main caveat to this power is that the Council must not do so for "*a consideration less than the best that can be reasonably obtained*". This is interpreted as being the best price achievable in the open market, and in agreeing the basis of the disposal, the Council must be satisfied that it is receiving the best price for the lease.

Approved by Gillian Jeffery, Solicitor, on behalf of Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer

## **7. HUMAN RESOURCES IMPACT**

- 7.1 The opportunity to release space within BWH has been possible as a result of the review of staff work styles that has been undertaken and the Council's requirement to move towards a more flexible working environment which allows 3:2 desk ratios to be adopted. The letting of this space as outlined will compliment these changes.

## **8. EQUALITIES IMPACT**

- 8.1 An equality impact assessment for the move into BWH was updated as part of the overall Enabling our Workforce project. This fully considered the impact both as a result of the changes to work styles and occupational space within the Council's corporate office accommodation.
- 8.2 Consultation has taken place with the Workers Disability Group to ensure that the proposed changes, including the installation of access control arrangements for each floor will take into account the needs of all employees and will not impede access to any areas.
- 8.3 The proposal to release the accommodation through entering into a lease was considered as part of this work but due to the mitigation works it was not considered to have any additional impact.

## **9. ENVIRONMENTAL IMPACT**

- 9.1 The increase in the number of people within the building is in compliance with all statutory requirements. The continued use of this space is not likely to have any environmental impacts and is more sustainable than providing new building to create the necessary space for the tenant to occupy

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There will be no impact on crime and disorder as a result of the letting.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The renewal of the lease for the accommodation will generate a significant financial contribution for the Council and help reduce its revenue costs for the building.

## **12. ALTERNATIVE OPTIONS CONSIDERED**

- 12.1 The only alternative option would be to reject the agreed terms on the grounds that they did not represent value for money, the tenant was unsuitable or the Council require the space for their own purposes. The detail provided in the body of the report demonstrates this is not the case.

## **13. DATA PROTECTION IMPLICATIONS**

### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF PERSONAL DATA?**

No

### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

As no personal data was used to prepare this report a DPIA has not been completed. All references in the report are to a company rather than an individual.

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#### **CONTACT OFFICER:**

Steve Wingrave Head of Asset Management  
and Estates ext 61512

#### **BACKGROUND PAPERS:**

None