

SCRUTINY AND OVERVIEW COMMITTEE

Minutes of the meeting held on Monday 9 November 2015 at 6:38pm in the Council Chamber, the Town Hall, Croydon

This meeting was filmed for broadcast on the council's internet site at:
<http://www.croydon.public-i.tv/core/portal/home>

MINUTES – PART A

Present: Councillor Sean Fitzsimons
 Councillors Sara Bashford (Vice Chairman), Carole Bonner (Deputy Chair), Mario Creatura, Sherwan Chowdhury and Bernadette Khan

Also in attendance for part or all of the meeting:

Councillor Alison Butler
 Councillor Jason Cummings
 Councillor Lynne Hale
 Councillor Dudley Mead
 Councillor Margaret Mead
 Councillor Tim Pollard
 Councillor Joy Prince
 Councillor Manju Shahul-Hameed
 Councillor Louisa Woodley

A29/15 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Sherwan Chowdhury during the meeting. Councillor Bernadette Khan was present as his reserve.

Councillor Emily Benn arrived at 6:45pm and apologised for lateness.

A30/15 DISCLOSURES OF INTERESTS

None. However, in the interests of transparency and openness, Councillor Carole Bonner informed those present that her son had undertaken occasional freelance work at Fairfield Halls.

A31/15 URGENT BUSINESS

None.

A32/15 EXEMPT ITEMS

RESOLVED – that the allocation of business on Part A of the Agenda be confirmed.

The Chair stated that Councillor Jason Cummings had made a request in writing to remain for Part B and this was agreed by the Committee. Councillor Tim Pollard had been provided with copies of Part B papers and would therefore also remain for Part B.

A33/15

CALL IN: COLLEGE GREEN CULTURAL AND EDUCATION QUARTER (Agenda item 5)

Present for this item:

Councillor Alison Butler, Cabinet Member for Regeneration

Jo Negrini, Executive Director Place

Colm Lacey, Director of Development

Sean Murphy, Principal Corporate Solicitor Regeneration

Simon Thomsett, Chief Executive, Fairfield (Croydon) Limited

Councillor Alison Butler made a short presentation, a copy of which has been loaded to the council website at:

<https://secure.croydon.gov.uk/akscroydon/users/public/admin/kabmenu.pl?cmte=SOC>

During the course of the presentation Councillor Alison Butler provided the following information:

- The redevelopment of this important area of Croydon town centre would include Fairfield Hall, a new College and new homes and aimed to make the most of the potential offered by College Green
- The development would result in an improved Fairfield Halls cultural space with public facing food and beverage spaces and a new step free route from East Croydon station to and from the town centre
- Phase 1 would comprise modernising Fairfield Hall, the new purpose-build Croydon College, an enhanced College Green and new homes
- The proposal to close Fairfield Halls for two years from summer 2016 was needed to enable the structural works to be completed safely and to budget and that closure, rather than phased works, would save £4.8m
- An indicative programme of works aimed to see the completion of Phase 1 in 2018

The Chair invited the Chief Executive, Fairfield (Croydon) Limited to respond. He stated that:

- The development plans and vision for Fairfield Halls was welcome
- Fairfield Halls has a vision as well and aims to continue to make improvements to the programme including by including more community activities, events for young people, comedy and music as well as maintaining its more traditional offering
- Fairfield Halls questioned the need for full closure, that this was very unusual in the industry and would increase risk

- Phased closure was not at all unknown in the industry as it helped ensure the continuation of the programme, reduced loss of patrons, reduced financial loss and protected the business from losing valuable and skilled staff
- Even phased closure needed time to plan and that a 2-year closure would take a considerable time to recover from and may not necessarily save £4.8m
- Fairfield (Croydon) Limited was very aware that it did not own the building although it was the custodian of an important cultural offer in Croydon

The Chair invited Councillor Sara Bashford to outline the reasons for the call-in, which she gave as being:

- The current recommendation closes the Fairfield for over 2 years which is inconsistent to the most effective financial functioning of the Fairfield Halls and Council
- The minority group requires a risk assessment to be undertaken to consider the threat to the market share and brand of Fairfield and how long it would take Fairfield to recover from closure in line with the council's current cultural statements

She commented further that:

- There was lack of detail in the report which was considered by Cabinet and it did not provide sufficient detail of the financial risk to the council
- A copy of the Mott McDonald Report referred to at the Cabinet meeting and promised by the Leader of the Council at that meeting had not been forthcoming and it was therefore difficult to properly assess the decision due to the lack of information
- There was no detail on what the predicted savings of £4.8m comprises

Councillor Bashford asked the Committee to consider recommending to Cabinet that the decision be rescinded and for the scheme to be reconsidered in order to allow Fairfield Halls to operate during the refurbishment to ensure Croydon has the benefit of its prime cultural venue.

On the basis of the information received, the Committee **RESOLVED** to consider the call in item: **College Green Cultural and Educational Quarter.**

The Committee asked questions and the following information was provided.

The Executive Director Place stated that:

- The Cabinet decision related to Fairfield Halls (the building) which the council owns and that Fairfield (Croydon) Limited is a separate entity which provides the programme and receives a grant (subsidy) from the council

- The Mott McDonald summary report referred to at Cabinet has been provided and had been circulated, partly as Part A (publically available information) and partly as Part B (exempt, confidential information)
- The total cost of the scheme would be £30m which the council would be underwriting in its totality before recouping the costs by selling the homes on the site after the redevelopment of Fairfield Halls and the new Croydon College had been built
- The bulk of the cost relates to substantial refurbishment work to Fairfield Halls including demolishing and taking the heart out of the building before replacing it back in over an 18 month basis
- The work will include the replacement of mechanical and electrical systems as well as the removal of asbestos and the latter would be particularly difficult to achieve during partial closure
- It was understood that there were concerns and doubts about Fairfield Halls not reopening after the closure but this was an iconic cultural centre for Croydon and the refurbishment would deliver an improved venue for the borough

The Director of Development added that:

- There had been a number of meetings with Fairfield (Croydon) Limited and a lot had been achieved in the last few months
- The Chief Executive and his team at Fairfield (Croydon) Limited were invaluable and there was an understanding about their aspirations for the programme and the building
- The council had involved a number of experts including Mott McDonald, Rick Mather Architects and an independent theatre consultancy to advise on the project
- The planning application was likely to be considered by the Planning Committee in December 2015

The Cabinet Member stated that:

- The council had the greatest respect for Fairfield (Croydon) Limited and that the decision to close Fairfield Halls had not been taken lightly or quickly
- All options had been considered but the council wanted to bring the scheme forward and it was an important element of the town centre regeneration
- The council had many calls on its budget and in the light of likely further cuts of up to 30% to local government, it did not have £4.8m for a phased closure

The Executive Director Place provided further information to the Committee about the proposed 'new' Fairfield Halls following redevelopment:

- The building will be very different with opportunities to open up space not currently used and by incorporating the mezzanine, sky bars and public spaces to the side in the plans
- A Programme Board had been established to oversee the project

- and to ensure that it would be delivered to time and budget
- The planned work is not about refurbishment it is structural and will involve the replacement of mechanical, electrical and ventilation systems as well as the core structure of the building being worked on
- Fairfield (Croydon) Limited is approaching the project from an arts and cultural point of view which is valid although the council's professional judgment is that the viability of trying to deliver continuity of offer would be difficult and questionable

The Executive Director Place informed the Committee that:

- With regard to reopening Fairfield Halls following its closure and the possible impact on Fairfield Hall 'the brand', the council was still in discussions with Fairfield (Croydon) Limited about transition plans
- There were options for different operating models to be adopted in the future and that this would be handled sensitively and that these options would be discussed with Fairfield (Croydon) Limited

The Chief Executive, Fairfield (Croydon) Limited stated further that he felt that the council was underestimating what Fairfield (Croydon) Limited does and that:

- Fairfield (Croydon) Limited believed that continuity of trading and the delivery of culture was crucial
- Fairfield (Croydon) Limited had an on-going plan for the removal of asbestos and that this was achieved at convenient times
- It had produced a phased plan budgeted at £12m that allowed for additional funds to be added at later stages and enabled the building to remain open apart from a shorter period over the summer (2016) when it was quieter
- The £18m difference between Fairfield (Croydon) Limited's £12m proposals and the £30m now suggested had not been secured as far as Fairfield (Croydon) Limited was aware
- This was a rational way forward and would enable Fairfield Halls to reopen in time for Christmas in 2016 and would allow for the retention of skilled staff
- There was not enough detail available at present to know whether full closure was needed or what would be required by way of planning or a programme to open again successfully in 2018
- If the additional £18m for this scheme was not secure the risk of full closure was high
- £12m, as proposed by Fairfield (Croydon) Limited in August 2015, is a lot of money and would transform the building although the bigger budget now proposed is very exciting
- It is not clear if £30m budget includes the costs attached to reopening Fairfield Halls
- Fairfield (Croydon) Limited has had some meetings with the engineers and architects involved in the project but it is early days and not enough detail is available yet
- In his experience of 30+ years, it was not advisable to close a

cultural venue like Fairfield and that a number of other large venues have been subject to transformational redevelopment while remaining open

Councillor Dudley Mead stated that past experience showed that Fairfield Halls could deliver improvements to the building while remaining open and advised the council to listen to the Chief Executive, Fairfield (Croydon) Limited and his experience. He added that he was concerned that Croydon would be without a significant element of its cultural offering for 2 years and that it would be very expensive to reopen.

Councillor Lynne Hale, as Shadow Cabinet Member for Culture, Leisure and Sport stated that the summary report from Mott McDonald was woefully inadequate and that she was concerned that if the council was relying on the sale of the flats to pay for the redevelopment, this was high risk.

The Director of Development confirmed again that the Fairfield Halls redevelopment project will be funded by the council and at its risk and that the sale of the flats incorporated in the scheme would help pay back after the project has been completed. He confirmed that the total borrowing figure was in the confidential Part B papers which had been made available to the Committee. He also confirmed that this project related only to Phase 1 of the redevelopment plan and that further reports would be considered by Cabinet as the scheme moves forward.

The Principal Corporate Solicitor Regeneration advised the Committee that the cost of borrowing, and the amount to be borrowed to complete the whole scheme, was commercially sensitive information and fell within the realm of Part B.

In response to a question about the level of risk to the council, the Executive Director Place stated that the level of risk was dependent on the operating model adopted and that there were a number of options available including bringing in a partner, selling off the site or delivering the whole scheme. The report to Cabinet was based on the council delivering the whole scheme though further decisions may be made on this aspect after planning consent. She added that as finance from central government dwindles it was becoming commonplace for local authorities to use their capabilities for borrowing cheaply to fund developments ranging from affordable housing to complex mixed use developments. She added that the council will forward fund the refurbishment of Fairfield Halls and that there is no risk to the refurbishment project and that any risk attached to other elements or phases of the scheme will depend on the operating route chosen but that risk to the council will be minimised.

In response to a question about staffing at Fairfield Halls, the Chief Executive, Fairfield (Croydon) Limited confirmed that there are 150 contract and casual staff including 70 permanent staff. With regard to potential job losses, the Executive Director Place stated that the council had asked Fairfield (Croydon) Limited to prepare a proposal based on full closure and that the council would establish a job brokerage service and a package of support for affected staff as a minimum. The council was committed to working with Fairfield (Croydon) Limited during the transition period.

The Chief Executive, Fairfield (Croydon) Limited stated that the company has a lease which runs to 2020 and that it had not anticipated a closure announcement this soon. He added that producers and promoters had been calling the venue since the news of the imminent closure had been released and that audiences were nervous about the future.

The Executive Director Place stated that Fairfield Halls was not the only cultural venue in the borough and that new venues including those offered by Box Park and Braithwaite Hall were opening. The redeveloped Fairfield Halls will offer a variety of spaces and is being designed to ensure it is as flexible as possible and that there are a number of opportunities for concessions. The council wanted to agree an operating model before the final design for the building is signed off as this will help ensure that it works and there is a programme in place for the re-launch. She added that it was too early in the process to discuss governance structures and what role Fairfield (Croydon) Limited may have in the future. The council will talk to trusts, private partners and Fairfield (Croydon) Limited as the council will be looking to move away from a grant-based subsidy for programming towards revenue generation support in the future. The final outcome will be negotiated by the council and ensuring the protection of community and education events, including the Remembrance Service, will be part of these negotiations.

Councillor Dudley Mead stated that overall the development will be of benefit and the increasing link between the new college and Fairfield is positive. The methodology needs to be discussed as it is easier to raise £5m capital than to generate £5m revenue and the cost of severance, revenue costs and pension deficit will impact on the suggested £4.8m saving from full closure.

The Cabinet Member informed the Committee that the council was in discussion with Fairfield (Croydon) Limited and would continue to look at how other venues operate to learn from best practice. Croydon will not be without a cultural offering during the closure of Fairfield and the council will do all it can to help find alternative venues for events such as the Remembrance Service and the pantomime.

The Chief Executive, Fairfield (Croydon) Limited stated that the organisation would be happy to propose an interim offer regarding a phased closure as there is no equivalent 3000 seat venue in Croydon. This could build on the Ambition Festival, make the best use of the space available during the period and would help the venue re-open successfully. He added that it was hard for cultural events to be seen to be competing for funding with other council services, such as social services. However, Fairfield has a positive economic impact with each £1 of subsidy creating £6 which goes back to the community in addition to the quality of life, inclusion and integration benefits it offers.

The Chief Executive, Fairfield (Croydon) Limited confirmed that he welcomes the proposed £30m investment and the ambition it represents though he had not been aware of this figure until the meeting this evening. He added that he believed there should continue to be a level of council subsidy though this could reduce down by about two thirds but that he did not believe that the programme delivered now, let alone an enhanced programme, could be delivered with zero subsidy. The momentum for leveraging in additional funding to replace the subsidy would be compromised by the full closure proposal.

The Executive Director Place stated that the Cabinet had made this decision on the basis of cost, timescales and health and safety grounds and recognition that transition was not a realistic option. She added that she was not sure on what basis a two thirds reduction of the subsidy was being proposed and suggested that it was premature of Fairfield (Croydon) Limited to offer this.

The Chief Executive, Fairfield (Croydon) Limited confirmed that under transition arrangements parts of Fairfield Halls would close for periods of time.

The Committee **RESOLVED** that, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the remainder of this item on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

The Part A concluded at 9:17pm and the meeting moved to Part B.

The Part B element of the meeting concluded at 9:25pm and the meeting resumed.

At 9:27 Councillor Sean Fitzsimons proposed the suspension of standing orders to extend the meeting beyond 9:30pm in order to complete the business on the agenda. The proposal was seconded by Councillor Sara Bashford.

In reaching its conclusions the Committee:

- 1) Expressed concern about the impact of full closure on the staff and asked the council to work with Fairfield (Croydon) Limited to develop a strong plan to support staff during the closure period
- 2) Would like to see more information on how the closure will be managed and will monitor the process
- 3) Is keen to understand the operating model and the level of subsidy and community outreach elements of the model going forward and aims to monitor this through scrutiny in the future
- 4) Would like the council to take into account the long history Fairfield (Croydon) Limited has in delivering the programme at Fairfield Halls and the support network it has developed when it considers the future operating model

Councillor Sara Bashford proposed, and it was seconded, that the Committee recommended to Cabinet that the decision be rescinded and that the scheme be reconsidered in order to allow Fairfield Halls to operate during the refurbishment thereby ensuring that Croydon has the benefit of its prime cultural venue.

The Committee voted to reject the proposal and therefore **RESOLVED** that no further action was necessary in respect of the decisions taken by Cabinet on 20 October 2015 in relation to College Green Cultural and Education Quarter and confirmed that the decisions could now be implemented.

The meeting closed at 9:40pm.